

## PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2022

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 under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (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 Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. See "TAX CONSIDERATIONS" herein.

### New Issue

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

### CITY OF EDINA, MINNESOTA (Hennepin County)

### \$29,255,000\* GENERAL OBLIGATION BONDS, SERIES 2022A

**PROPOSAL OPENING:** June 21, 2022, 10:00 A.M., C.T.

**CONSIDERATION:** June 21, 2022, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$29,255,000\* General Obligation Bonds, Series 2022A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 162.18 and Chapters 429, 444 and 475, by the City of Edina, Minnesota (the "City") for the purpose of financing various 2022 street reconstruction and utility infrastructure improvement projects in 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:

July 14, 2022

### MATURITY:

February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	\$1,485,000	2030	\$1,900,000	2036	\$2,175,000
2025	1,655,000	2031	1,960,000	2037	2,245,000
2026	1,690,000	2032	2,015,000	2038	2,320,000
2027	1,740,000	2033	2,090,000	2039	200,000
2028	1,795,000	2034	2,035,000		
2029	1,845,000	2035	2,105,000		

### 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:

February 1, 2023 and semiannually thereafter.

### OPTIONAL

### REDEMPTION:

Bonds maturing on February 1, 2033 and thereafter are subject to call for prior optional redemption on February 1, 2032 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM PROPOSAL:** \$29,020,960.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$585,100 shall be made by the winning bidder by wire transfer of funds.

### PAYING AGENT:

U.S. Bank Trust Company, 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.



BUILDING COMMUNITIES. IT'S WHAT WE DO.

info@ehlers-inc.com

1 (800) 552-1171

www.ehlers-inc.com

## 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.

# TABLE OF CONTENTS

INTRODUCTORY STATEMENT. ....	1	FINANCIAL STATEMENTS. ....	A-1
THE BONDS. ....	1	FORM OF LEGAL OPINION. ....	B-1
GENERAL. ....	1	BOOK-ENTRY-ONLY SYSTEM. ....	C-1
OPTIONAL REDEMPTION. ....	2	FORM OF CONTINUING DISCLOSURE COVENANTS (EXCERPTS FROM SALE RESOLUTION). ....	D-1
AUTHORITY; PURPOSE. ....	2	TERMS OF PROPOSAL. ....	E-1
ESTIMATED SOURCES AND USES. ....	3		
SECURITY. ....	4		
RATING. ....	4		
CONTINUING DISCLOSURE. ....	5		
LEGAL OPINION. ....	5		
TAX CONSIDERATIONS. ....	5		
MUNICIPAL ADVISOR. ....	8		
MUNICIPAL ADVISOR AFFILIATED COMPANIES. ....	8		
INDEPENDENT AUDITORS. ....	9		
RISK FACTORS. ....	9		
VALUATIONS. ....	12		
OVERVIEW. ....	12		
CURRENT PROPERTY VALUATIONS. ....	13		
2021/22 NET TAX CAPACITY BY CLASSIFICATION. ....	14		
TREND OF VALUATIONS. ....	14		
LARGER TAXPAYING PARCELS. ....	15		
DEBT. ....	16		
DIRECT DEBT. ....	16		
SCHEDULES OF BONDED INDEBTEDNESS. ....	17		
DEBT LIMIT. ....	27		
OVERLAPPING DEBT. ....	28		
DEBT RATIOS. ....	29		
DEBT PAYMENT HISTORY. ....	29		
FUTURE FINANCING. ....	29		
TAX RATES, LEVIES AND COLLECTIONS. ....	30		
TAX LEVIES AND COLLECTIONS. ....	30		
TAX CAPACITY RATES. ....	31		
LEVY LIMITS. ....	31		
THE ISSUER. ....	32		
CITY GOVERNMENT. ....	32		
EMPLOYEES; PENSIONS; UNIONS. ....	32		
POST EMPLOYMENT BENEFITS. ....	32		
LITIGATION. ....	32		
MUNICIPAL BANKRUPTCY. ....	33		
FUNDS ON HAND. ....	33		
ENTERPRISE FUNDS. ....	34		
SUMMARY GENERAL FUND INFORMATION. ....	36		
GENERAL INFORMATION. ....	37		
LOCATION. ....	37		
LARGER EMPLOYERS. ....	37		
BUILDING PERMITS. ....	38		
U.S. CENSUS DATA. ....	39		
EMPLOYMENT/UNEMPLOYMENT DATA. ....	39		

## **CITY OF EDINA CITY COUNCIL**

		<u>Term Expires</u>
James Hovland	Mayor	January 2025
Ron Anderson	Council Member	January 2023
Carolyn Jackson	Council Member	January 2025
James Pierce	Council Member	January 2025
Kevin Staunton	Council Member	January 2023

## **ADMINISTRATION**

Scott Neal, City Manager  
Alisha McAndrews, Director of Finance  
Andrea Rich, Assistant Finance Director

## **PROFESSIONAL SERVICES**

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota  
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other office located in Waukesha, Wisconsin)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Edina, Minnesota (the "City") and the issuance of its \$29,255,000\* General Obligation Bonds, Series 2022A (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 June 21, 2022.

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 July 14, 2022. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

\*Preliminary, subject to change.

## **OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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, Section 162.18 and Chapters 429, 444 and 475, by the City, for the purpose of financing a portion of the City's 2022 Street Reconstruction including the Blake Road and Morningside reconstruction projects, Flood Risk Reduction projects, and watermain utility improvements (further breakout of portions listed on next page).

Minnesota Statutes, Section 162.18, allows cities with a population of 5,000 or more to issue debt for the purpose of establishing, locating, relocating, constructing, reconstructing, and improving municipal state-aid streets therein. The obligations shall be issued in amounts and on terms such that the average annual amount of principal and interest due in all subsequent calendar years on the obligations, including any similar obligations of the municipality which are outstanding, shall not exceed 90 percent of the amount of the last annual allotment (most recent allotment was \$2,088,393) preceding the bond issue received by the municipality from the construction account in the municipal state-aid street fund.

## ESTIMATED SOURCES AND USES\*

Sources	Permanent Improvement Revolving Fund (PIR) Portion	State Aid Portion	Storm Sewer Portion	Watermain Portion	Total Bond Issue
Par Amount of Bonds	\$2,405,000	\$11,230,000	\$14,620,000	\$1,000,000	\$29,255,000
Planned Issuer Equity contribution	<u>805,948</u>	<u>-</u>	<u>-</u>	<u>1,267,000</u>	<u>2,072,948</u>
<b>Total Sources</b>	<b>\$3,210,948</b>	<b>\$11,230,000</b>	<b>\$14,620,000</b>	<b>\$2,267,000</b>	<b>\$31,327,948</b>

### Uses

Total Underwriter's Discount (0.800%)	\$19,240	\$89,840	\$116,960	\$8,000	\$234,040
Costs of Issuance	14,140	66,025	85,956	5,879	172,000
Deposit to Capitalized Interest Fund	119,391	-	-	-	119,391
Deposit to Construction Fund	3,057,466	11,071,539	14,418,600	2,253,186	30,800,792
Rounding Amount	<u>711</u>	<u>2,596</u>	<u>(1,516)</u>	<u>(66)</u>	<u>1,725</u>
<b>Total Uses</b>	<b>\$3,210,948</b>	<b>\$11,230,000</b>	<b>\$14,620,000</b>	<b>\$2,267,000</b>	<b>\$31,327,948</b>

### Breakdown of Principal Payments:

Payment Date	PIR Portion	State Aid Portion	Storm Sewer Portion	Watermain Portion	Total Bond Issue
2/01/2024	-	\$605,000	\$790,000	\$90,000	\$1,485,000
2/01/2025	\$130,000	625,000	810,000	90,000	1,655,000
2/01/2026	130,000	640,000	830,000	90,000	1,690,000
2/01/2027	135,000	655,000	855,000	95,000	1,740,000
2/01/2028	140,000	675,000	880,000	100,000	1,795,000
2/01/2029	145,000	695,000	905,000	100,000	1,845,000
2/01/2030	150,000	715,000	930,000	105,000	1,900,000
2/01/2031	155,000	740,000	960,000	105,000	1,960,000
2/01/2032	155,000	760,000	990,000	110,000	2,015,000
2/01/2033	165,000	785,000	1,025,000	115,000	2,090,000
2/01/2034	170,000	810,000	1,055,000	-	2,035,000
2/01/2035	175,000	840,000	1,090,000	-	2,105,000
2/01/2036	180,000	865,000	1,130,000	-	2,175,000
2/01/2037	185,000	895,000	1,165,000	-	2,245,000
2/01/2038	190,000	925,000	1,205,000	-	2,320,000
2/01/2039	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>Total</b>	<b>\$2,405,000</b>	<b>\$11,230,000</b>	<b>\$14,620,000</b>	<b>\$1,000,000</b>	<b>\$29,255,000</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.

The City anticipates that debt service on the PIR Portion of the Bonds will be paid from revenues of the City's PIR Fund established under Minnesota Statutes, Section 429.091. The City anticipates that all of the debt service will be paid by special assessments levied against properties benefitted by improvements financed by the PIR Portion of the Bonds. All revenues from the special assessments shall be paid into the PIR Fund which will then be used to pay debt service as needed. Receipt of special assessments and collection of ad valorem taxes, if necessary, will be sufficient to provide not less than 105% of principal and interest on the PIR Portion of the Bonds as required by Minnesota law.

The City anticipates that debt service on the State Aid Portion of the Bonds will be paid entirely from municipal state aid derived from the State of Minnesota's Highway User Tax Distribution Fund, which receives its revenue from motor fuel taxes, vehicle sales taxes and registration fees. The City will pledge an appropriate amount of the funds allotted to the City from its account in the state-aid road fund sufficient to pay the principal of and interest due on the State Aid Portion of the Bonds.

The City anticipates that the debt service on the Storm Sewer and Watermain Portions of the Bonds will be paid entirely from net revenues of the storm water and water systems ("utility revenues") which are owned and operated by the City. Should the revenues pledged for payment of the Storm Sewer and Watermain Portions 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.

Should the special assessments, state aids, and/or utility 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 to make up any deficiency.

## **RATING**

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

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

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

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



## CONTINUING DISCLOSURE

In order to assist 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.

In the Award Resolution, the City shall 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.

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.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("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 application of the alternative minimum tax or the additional tax on net investment income, nor does it 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 expressly 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 of 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 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 under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (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 Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net 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 with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. 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 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 that 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 the 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 stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax bases 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, and 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 purchase of the Bonds. The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) 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. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **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, 2021 have been audited by CliftonLarsonAllen LLP, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## RISK FACTORS

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

**Taxes:** The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments, state aids, and utility 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.

**Impact of the Spread of COVID-19:** In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

# 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	2019/20	2020/21	2021/22
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 \$1,880,000 - 0.50% <sup>2</sup> Over \$1,880,000 - 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>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% <sup>2</sup> Over \$1,890,000 - 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 \$150,000 - .75% Over \$150,000 - .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 \$162,000 - .75% Over \$162,000 - .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 \$174,000 - .75% Over \$174,000 - .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 \$100,000 - 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

2020/21 Economic Market Value <sup>1</sup>		<u>\$14,077,303,428<sup>2</sup></u>
	<b>2021/22 Assessor's Estimated Market Value</b>	<b>2021/22 Net Tax Capacity</b>
Real Estate	\$13,760,758,800	\$169,227,375
Personal Property	35,622,300	700,853
Total Valuation	<u>\$13,796,381,100</u>	\$169,928,228
Less: Captured Tax Increment Tax Capacity <sup>3</sup>		(1,861,452)
Fiscal Disparities Contribution <sup>4</sup>		(16,575,905)
Taxable Net Tax Capacity		<u>\$151,490,871</u>
Plus: Fiscal Disparities Distribution <sup>4</sup>		4,507,212
Adjusted Taxable Net Tax Capacity		<u>\$155,998,083</u>

---

<sup>1</sup> Most recent value available from the Minnesota Department of Revenue.

<sup>2</sup> According to the Minnesota Department of Revenue, the 2020/21 Assessor's Estimated Market Value (the "AEMV") for the City is about 95.70% 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 a 2020/21 Economic Market Value ("EMV") for the City of \$14,077,303,428.

<sup>3</sup> The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

<sup>4</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.

## 2021/22 NET TAX CAPACITY BY CLASSIFICATION

	<b>2021/22 Net Tax Capacity</b>	<b>Percent of Total Net Tax Capacity</b>
Residential homestead	\$109,615,643	64.507%
Commercial/industrial	43,477,956	25.586%
Public utility	94,856	0.056%
Railroad operating property	152,252	0.090%
Non-homestead residential	15,833,570	9.318%
Commercial & residential seasonal/rec.	7,727	0.005%
Other	45,371	0.027%
Personal property	700,853	0.412%
Total	<u>\$169,928,228</u>	<u>100.000%</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 Increase/Decrease in Estimated Market Value</b>
2017/18	\$11,655,317,800	\$11,547,519,732	\$141,934,212	\$128,452,728	6.90%
2018/19	12,370,204,900	12,271,672,648	151,279,391	136,082,956	6.13%
2019/20	12,879,164,400	12,785,797,501	157,910,360	141,311,302	4.11%
2020/21	13,344,357,600	13,255,470,961	164,716,554	145,322,698	3.61%
2021/22	13,796,381,100	13,713,196,631	169,928,228	155,998,083	3.39%

---

<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>

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Southdale Center LLC	Commercial	\$2,710,250	1.59%
Galleria Shopping Center	Commercial	2,390,690	1.41%
HSRE MN Edina SMC LLC	Commercial	1,495,926	0.88%
Southdale Office Partnership	Commercial	1,009,858	0.59%
LMC Edina Holdings LLC	Apartment	922,383	0.54%
Bel Loden I LLC	Apartment	837,969	0.49%
Centennial Lakes V LLC	Commercial	797,170	0.47%
Centennial Lakes IV LLC	Commercial	785,224	0.46%
One Southdale Place LLC	Apartment	749,796	0.44%
7700 France Avenue LLC	Commercial	700,760	0.41%
Total		<u>\$12,400,026</u>	<u>7.30%</u>

City's Total 2021/22 Net Tax Capacity      \$169,928,228

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

---

<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 municipal revenues	\$10,374,000
Total G.O. debt secured by special assessments and taxes (includes the PIR Portion of the Bonds)*	26,708,000
Total G.O. debt secured by state aids (includes State Aid Portion of the Bonds)*	11,230,000
Total G.O. debt secured by tax increment revenues	7,545,000
Total G.O. debt secured by taxes	13,065,000
Total G.O. debt secured by utility revenues (includes the Storm Sewer and Watermain Portions of the Bonds)*	39,947,000
Total General Obligation Debt*	<u>\$108,869,000</u>

#### Non-General Obligation Debt (see schedule following)

Total non-general obligation debt paid by annual appropriation <sup>2</sup> (Edina Housing and Redevelopment Authority (HRA))	<u>\$12,930,000</u>
--	---------------------

\*Preliminary, subject to change.

---

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

<sup>2</sup> Non-general obligation debt has not been included in the debt ratios.

City of Edina, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Municipal Revenues  
(As of 07/14/2022)

Dated Amount	Maturity	G.O. Bonds 1) Series 2015B		Recreational Revenue Bonds 1) Series 2017B		Recreational Revenue Refunding Bonds 1) Series 2017D		Recreational Revenue Refunding Bonds 1) Series 2021C		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
07/09/2015 \$2,140,000	02/01	0	21,172	0	102,050	66,000	11,390	0	38,313	66,000	172,924	238,924	10,308,000	.64%	2022
		135,000	40,319	470,000	194,700	134,000	20,790	200,000	58,300	939,000	314,109	1,253,109	9,369,000	9.69%	2023
		140,000	36,194	485,000	175,600	137,000	18,100	210,000	52,150	972,000	282,044	1,254,044	8,397,000	19.06%	2024
		145,000	31,919	510,000	155,700	139,000	15,350	215,000	45,775	1,009,000	248,744	1,257,744	7,388,000	28.78%	2025
		150,000	27,494	530,000	134,900	142,000	12,550	225,000	39,175	1,047,000	214,119	1,261,119	6,341,000	38.88%	2026
		155,000	22,919	550,000	113,300	145,000	9,700	225,000	32,425	1,075,000	178,344	1,253,344	5,266,000	49.24%	2027
		160,000	18,194	470,000	92,900	148,000	6,780	235,000	25,525	1,013,000	143,399	1,156,399	4,253,000	59.00%	2028
		165,000	13,319	490,000	73,700	151,000	3,810	240,000	18,400	1,046,000	109,229	1,155,229	3,207,000	69.09%	2029
		165,000	8,266	510,000	56,250	77,000	770	160,000	12,400	912,000	77,686	989,686	2,295,000	77.88%	2030
		175,000	2,844	525,000	40,725			165,000	8,350	865,000	51,919	916,919	1,430,000	86.22%	2031
				540,000	24,750			165,000	5,050	705,000	29,800	734,800	725,000	93.01%	2032
				555,000	8,325			170,000	1,700	725,000	10,025	735,025	0	100.00%	2033
		1,390,000	222,638	5,635,000	1,172,900	1,139,000	99,240	2,210,000	337,563	10,374,000	1,832,340	12,206,340			

1) The City has pledged the net revenues from the municipal golf courses, ice arena, swimming pool and liquor stores for these issues.

City of Edina, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 07/14/2022)

Dated Amount Maturity	Improvement Bonds 1) Series 2011A		Improvement Bonds 2) Series 2015A		Permanent Imp. Revolving Fund Bonds 3) Series 2016A		Permanent Imp. Revolving Fund Bonds 4) Series 2017A		Permanent Imp. Revolving Fund Bonds 5) Series 2018A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
10/27/2011 \$3,320,000	0	5,550	0	111,963	0	41,275	0	0	0	31,897
02/01	370,000	5,550	510,000	213,725	245,000	78,875	115,000	53,000	125,000	61,919
			535,000	192,825	250,000	71,450	120,000	48,300	130,000	58,094
			550,000	173,875	255,000	65,150	125,000	43,400	130,000	53,544
			565,000	157,150	260,000	59,675	130,000	38,300	135,000	48,244
			585,000	139,900	270,000	53,375	135,000	33,675	145,000	42,644
			605,000	121,294	275,000	46,563	140,000	29,550	150,000	37,494
			620,000	101,388	280,000	39,275	140,000	25,350	155,000	32,919
			640,000	80,913	290,000	31,438	145,000	21,075	155,000	28,269
			660,000	58,963	295,000	23,025	150,000	16,650	160,000	23,544
			685,000	35,425	305,000	14,025	155,000	12,075	165,000	18,669
			150,000	20,813	315,000	4,725	160,000	7,350	170,000	13,644
			155,000	15,281			165,000	2,475	175,000	8,359
			160,000	9,375					180,000	2,813
			170,000	3,188						
	370,000	11,100	6,590,000	1,436,075	3,040,000	528,850	1,680,000	358,850	1,975,000	462,050

1) This represents the \$3,320,000 Assessed Improvement Projects portion of the \$14,550,000 General Obligation Bonds, Series 2011A.  
This portion will be paid solely from special assessments and no tax levy.

2) This represents the \$9,040,000 Improvement and PIR portions of the \$14,275,000 General Obligation Bonds, Series 2015A.  
This portion will be paid solely from special assessments and no tax levy.

3) This represents the \$3,940,000 Permanent Improvement Revolving Fund portion of the \$16,350,000 General Obligation Bonds, Series 2016A.  
This portion will be paid solely from special assessments and no tax levy.

4) This represents the \$1,995,000 Permanent Improvement Revolving Fund portion of the \$8,590,000 General Obligation Bonds, Series 2017A.  
This portion will be paid solely from special assessments and no tax levy.

5) This represents the \$2,210,000 Permanent Improvement Revolving Fund portion of the \$5,515,000 General Obligation Bonds, Series 2018A.  
This portion will be paid solely from special assessments and no tax levy.

--Continued on next page

City of Edina, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 07/14/2022)

Dated Amount Maturity	Permanent Imp. Revolving Fund Bonds 6) Series 2019A		Permanent Imp. Revolving Fund Bonds 7) Series 2020A		Improvement Refunding Bonds 8) Series 2020B		Permanent Imp. Revolving Fund Bonds 9) Series 2021A		Refunding Bonds 10) Series 2021B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
06/13/2019	0	41,800	0	5,250	98,000	7,674	0	90,575	0	40,000
\$2,195,000	110,000	80,850	20,000	10,100	197,000	13,745	0	181,150	125,000	60,875
02/01	115,000	75,225	20,000	9,300	199,000	11,592	280,000	175,550	145,000	54,125
	120,000	69,350	20,000	8,500	200,000	9,418	290,000	164,150	150,000	46,750
	125,000	63,225	25,000	7,600	203,000	7,232	300,000	152,350	155,000	39,125
	135,000	56,725	25,000	6,600	200,000	5,030	315,000	140,050	165,000	31,125
	140,000	49,850	25,000	5,600	206,000	2,834	325,000	127,250	170,000	22,750
	145,000	42,725	25,000	4,850	105,000	572	340,000	113,950	180,000	14,000
	155,000	35,225	25,000	4,350			350,000	100,150	190,000	4,750
	160,000	28,950	25,000	3,850			365,000	85,850		
	165,000	24,075	30,000	3,300			380,000	72,850		
	170,000	19,050	30,000	2,700			395,000	61,225		
	175,000	13,875	30,000	2,100			405,000	49,225		
	185,000	8,475	30,000	1,500			415,000	36,925		
	190,000	2,850	30,000	900			430,000	24,250		
			30,000	300			440,000	13,400		
							450,000	4,500		
	2,090,000	612,250	390,000	76,800	1,408,000	58,097	5,480,000	1,593,400	1,280,000	313,500

6) This represents the \$2,455,000 Permanent Improvement Revolving Fund portion of the \$12,740,000 General Obligation Bonds, Series 2019A. This portion will be paid solely from special assessments and no tax levy.

7) This represents the \$390,000 Permanent Imp. Revolving Fund Bonds portion of the \$5,220,000 General Obligation Bonds, Series 2020A.

8) This represents the \$1,601,000 Improvement Refunding portion of the \$3,015,000 General Obligation Refunding Bonds, Series 2020B. This portion will be paid solely from special assessments, with no annual tax levy.

9) This represents the \$5,480,000 Permanent Improvement Revolving Fund portion of the \$13,025,000 General Obligation Bonds, Series 2021A. This portion will be paid solely from special assessments, with no annual tax levy.

10) This represents the \$1,287,000 Series 2013A Permanent Improvement Revolving Fund Refunding portion of the \$3,795,000 General Obligation Refunding Bonds, Series 2021B. This portion will be paid solely from special assessments and no tax levy.

--Continued on next page

## City of Edina, Minnesota

Permanent Imp.  
Revolving Fund Bonds 11)  
Series 2022A

11) This represents the \$2,405,000 Permanent Improvement Revolving Fund Bonds portion of the \$29,255,000 General Obligation Bonds, Series 2022A. This portion will be paid solely from special assessments and no tax levy.



**City of Edina, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by State Aids**  
**(As of 07/14/2022)**

**State Aid Bonds 1)**  
**Series 2022A**

<b>Dated Amount</b>	<b>07/14/2022</b>										
	<b>\$11,230,000*</b>										
<b>Maturity</b>	<b>02/01</b>										
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Estimated 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>			
<b>2023</b>	0	368,858	0	368,858	368,858	11,230,000	.00%	<b>2023</b>			
<b>2024</b>	605,000	344,663	605,000	344,663	949,663	10,625,000	5.39%	<b>2024</b>			
<b>2025</b>	625,000	328,819	625,000	328,819	953,819	10,000,000	10.95%	<b>2025</b>			
<b>2026</b>	640,000	311,578	640,000	311,578	951,578	9,360,000	16.65%	<b>2026</b>			
<b>2027</b>	655,000	293,284	655,000	293,284	948,284	8,705,000	22.48%	<b>2027</b>			
<b>2028</b>	675,000	273,994	675,000	273,994	948,994	8,030,000	28.50%	<b>2028</b>			
<b>2029</b>	695,000	253,439	695,000	253,439	948,439	7,335,000	34.68%	<b>2029</b>			
<b>2030</b>	715,000	231,758	715,000	231,758	946,758	6,620,000	41.05%	<b>2030</b>			
<b>2031</b>	740,000	209,020	740,000	209,020	949,020	5,880,000	47.64%	<b>2031</b>			
<b>2032</b>	760,000	185,205	760,000	185,205	945,205	5,120,000	54.41%	<b>2032</b>			
<b>2033</b>	785,000	160,289	785,000	160,289	945,289	4,335,000	61.40%	<b>2033</b>			
<b>2034</b>	810,000	134,168	810,000	134,168	944,168	3,525,000	68.61%	<b>2034</b>			
<b>2035</b>	840,000	106,733	840,000	106,733	946,733	2,685,000	76.09%	<b>2035</b>			
<b>2036</b>	865,000	77,958	865,000	77,958	942,958	1,820,000	83.79%	<b>2036</b>			
<b>2037</b>	895,000	47,814	895,000	47,814	942,814	925,000	91.76%	<b>2037</b>			
<b>2038</b>	925,000	16,188	925,000	16,188	941,188	0	100.00%	<b>2038</b>			
	11,230,000	3,343,763	11,230,000	3,343,763	14,573,763						

\* Preliminary, subject to change.

1) This represents the \$11,230,000 State Aid portion of the \$29,255,000 General Obligation Bonds, Series 2022A.

City of Edina, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Tax Incremental Revenues  
(As of 07/14/2022)

Tax Incremental Revenue Bonds 1)

Series 2021A

Dated Amount	06/24/2021 \$7,545,000		
Maturity	02/01		
Calendar Year Ending	Principal	Interest	
2022	0	111,125	
2023	250,000	217,250	
2024	260,000	207,050	
2025	270,000	196,450	
2026	280,000	185,450	
2027	290,000	174,050	
2028	300,000	162,250	
2029	315,000	149,950	
2030	325,000	137,150	
2031	340,000	123,850	
2032	355,000	111,725	
2033	365,000	100,925	
2034	375,000	89,825	
2035	385,000	78,425	
2036	395,000	66,725	
2037	410,000	56,700	
2038	415,000	48,450	
2039	425,000	40,050	
2040	435,000	31,450	
2041	445,000	22,650	
2042	450,000	13,700	
2043	460,000	4,600	
	7,545,000	2,329,800	

Calendar Year Ending	Principal Outstanding	% Paid	Calendar Year Ending
2022	7,545,000	.00%	2022
2023	7,295,000	3.31%	2023
2024	7,035,000	6.76%	2024
2025	6,765,000	10.34%	2025
2026	6,485,000	14.05%	2026
2027	6,195,000	17.89%	2027
2028	5,895,000	21.87%	2028
2029	5,580,000	26.04%	2029
2030	5,255,000	30.35%	2030
2031	4,915,000	34.86%	2031
2032	4,560,000	39.56%	2032
2033	4,195,000	44.40%	2033
2034	3,820,000	49.37%	2034
2035	3,435,000	54.47%	2035
2036	3,040,000	59.71%	2036
2037	2,630,000	65.14%	2037
2038	2,215,000	70.64%	2038
2039	1,790,000	76.28%	2039
2040	1,355,000	82.04%	2040
2041	910,000	87.94%	2041
2042	460,000	93.90%	2042
2043	0	100.00%	2043

Total Principal	Total Interest	Total P & I	Principal Outstanding
0	111,125	111,125	7,545,000
250,000	217,250	467,250	7,295,000
260,000	207,050	467,050	7,035,000
270,000	196,450	466,450	6,765,000
280,000	185,450	465,450	6,485,000
290,000	174,050	464,050	6,195,000
300,000	162,250	462,250	5,895,000
315,000	149,950	464,950	5,580,000
325,000	137,150	462,150	5,255,000
340,000	123,850	463,850	4,915,000
355,000	111,725	466,725	4,560,000
365,000	100,925	465,925	4,195,000
375,000	89,825	464,825	3,820,000
385,000	78,425	463,425	3,435,000
395,000	66,725	461,725	3,040,000
410,000	56,700	466,700	2,630,000
415,000	48,450	463,450	2,215,000
425,000	40,050	465,050	1,790,000
435,000	31,450	466,450	1,355,000
445,000	22,650	467,650	910,000
450,000	13,700	463,700	460,000
460,000	4,600	464,600	0
7,545,000	2,329,800	9,874,800	

1) This represents the \$7,545,000 Tax Incremental Revenue portion of the \$13,025,000 General Obligation Bonds, Series 2021A.

City of Edina, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 07/14/2022)

Dated Amount Maturity	Capital Improvement Plan Refunding Bonds 1) Series 2016A		Capital Improvement Plan Refunding Bonds Series 2017C		Equipment Certificates 2) Series 2019A		Refunding Bonds 3) Series 2021B		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	07/06/2016 \$3,635,000 02/01	Principal Interest	12/14/2017 \$8,955,000 02/01	Principal Interest	06/13/2019 \$2,805,000 02/01	Principal Interest	12/16/2021 \$2,515,000 02/01	Principal Interest						
2022	0	26,850	0	96,925	0	57,125	0	78,594	0	259,494	259,494	13,065,000	.00%	2022
2023	330,000	48,750	785,000	178,150	280,000	107,250	85,000	123,625	1,480,000	457,775	1,937,775	11,585,000	11.33%	2023
2024	340,000	38,700	815,000	146,150	295,000	92,875	110,000	118,750	1,560,000	396,475	1,956,475	10,025,000	23.27%	2024
2025	350,000	30,100	850,000	112,850	310,000	77,750	340,000	107,500	1,850,000	328,200	2,178,200	8,175,000	37.43%	2025
2026	360,000	22,550	885,000	78,150	325,000	61,875	360,000	90,000	1,930,000	252,575	2,182,575	6,245,000	52.20%	2026
2027	365,000	13,938	920,000	51,020	340,000	45,250	375,000	71,625	2,000,000	181,833	2,181,833	4,245,000	67.51%	2027
2028	375,000	4,688	935,000	31,539	360,000	27,750	395,000	52,375	2,065,000	116,351	2,181,351	2,180,000	83.31%	2028
2029			955,000	10,744	375,000	9,375	415,000	32,125	1,745,000	52,244	1,797,244	435,000	96.67%	2029
2030							435,000	10,875	435,000	10,875	445,875	0	100.00%	2030
	2,120,000	185,575	6,145,000	705,528	2,285,000	479,250	2,515,000	685,469	13,065,000	2,055,821	15,120,821			

1) This represents the \$3,635,000 Series 2007A Refunding portion of the \$16,350,000 General Obligation Bonds, Series 2016A.

2) This represents the \$3,300,000 Equipment Certificates portion of the \$12,740,000 General Obligation Bonds, Series 2019A.

3) This represents the \$2,515,000 Series 2013A Capital Improvement Refunding portion of the \$3,795,000 General Obligation Refunding Bonds, Series 2021B.

City of Edina, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Utility Revenues  
(As of 07/14/2022)

Calendar Year Ending	Utility Revenue Bonds Series 2014A		Utility Revenue Bonds 1) Series 2015A		Utility Revenue Bonds 2) Series 2016A		Utility Revenue Bonds 3) Series 2017A		Utility Revenue Bonds 4) Series 2018A	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2022	0	02/01	0	02/01	0	02/01	0	02/01	0	02/01
2023	605,000	02/01	550,000	02/01	895,000	02/01	645,000	02/01	315,000	02/01
2024	630,000	02/01	565,000	02/01	915,000	02/01	665,000	02/01	325,000	02/01
2025			590,000	02/01	940,000	02/01	695,000	02/01	330,000	02/01
2026					965,000	02/01	725,000	02/01	345,000	02/01
2027					980,000	02/01	750,000	02/01	360,000	02/01
2028							780,000	02/01	370,000	02/01
2029									385,000	02/01
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
	1,235,000		1,705,000		4,695,000		4,260,000		2,430,000	
					347,500		531,300		343,200	

- 1) This represents the \$5,235,000 Utility Improvement portions of the \$14,275,000 General Obligation Bonds, Series 2015A.
- 2) This represents the \$8,775,000 Utility Revenue portions of the \$16,350,000 General Obligation Bonds, Series 2016A.
- 3) This represents the \$6,595,000 Utility Revenue portions of the \$8,590,000 General Obligation Bonds, Series 2017A.
- 4) This represents the \$3,305,000 Utility Revenue portions of the \$5,515,000 General Obligation Bonds, Series 2018A.

--Continued on next page

City of Edina, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Utility Revenues  
(As of 07/14/2022)

Calendar Year Ending	Utility Revenue Bonds 5) Series 2019A			Utility Revenue Bonds 6) Series 2020A			Utility Revenue Refunding Bonds 7) Series 2020B			Utility Revenue Bonds 8) Series 2022A			Principal Outstanding	Total P & I	Total Interest	Total Principal	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Interest	Principal	Interest	Principal	Principal	Interest	Principal	Interest	Principal	Estimated Interest						
2022			121,625	0	72,150	0	355,000	3,880	0	0	0	426,162	39,592,000	781,162	426,162	355,000	89%	2022
2023			230,625	505,000	135,900	420,000	357,000	1,946	0	511,304	0	1,285,662	4,292,000	5,577,662	1,285,662	4,292,000	11.63%	2023
2024			204,625	535,000	118,800	435,000	357,000		880,000	477,248		1,102,785	4,950,000	6,052,785	1,102,785	4,950,000	24.02%	2024
2025			177,125	565,000	101,000	455,000			900,000	454,323		943,160	4,475,000	5,418,160	943,160	4,475,000	35.23%	2025
2026			148,250	590,000	82,400	475,000			920,000	429,518		799,874	4,020,000	4,819,874	799,874	4,020,000	45.29%	2026
2027			118,000	620,000	63,100	490,000			950,000	403,100		660,950	4,150,000	4,810,950	660,950	4,150,000	55.68%	2027
2028			86,250	650,000	43,000	515,000			980,000	375,108		533,158	3,295,000	3,828,158	533,158	3,295,000	63.93%	2028
2029			52,875	685,000	27,350	535,000			1,005,000	345,326		431,326	2,610,000	3,041,326	431,326	2,610,000	70.46%	2029
2030			17,875	715,000	16,550	545,000			1,035,000	313,958		348,383	2,295,000	2,643,383	348,383	2,295,000	76.21%	2030
2031					5,550	555,000			1,065,000	281,141		286,691	1,620,000	1,906,691	286,691	1,620,000	80.26%	2031
2032									1,100,000	246,768		246,768	1,100,000	1,346,768	246,768	1,100,000	83.01%	2032
2033									1,140,000	210,643		210,643	1,140,000	1,350,643	210,643	1,140,000	85.87%	2033
2034									1,055,000	174,710		174,710	1,055,000	1,229,710	174,710	1,055,000	88.51%	2034
2035									1,090,000	139,045		139,045	1,090,000	1,229,045	139,045	1,090,000	91.24%	2035
2036									1,130,000	101,578		101,578	1,130,000	1,231,578	101,578	1,130,000	94.07%	2036
2037									1,165,000	62,271		62,271	1,165,000	1,227,271	62,271	1,165,000	96.98%	2037
2038									1,205,000	21,088		21,088	1,205,000	1,226,088	21,088	1,205,000	100.00%	2038
				4,865,000	1,157,250	4,425,000	712,000	5,826	15,620,000	4,547,125		7,774,251	39,947,000	47,721,251	7,774,251	39,947,000		

\* Preliminary, subject to change.

5) This represents the \$6,985,000 Water, Sanitary Sewer and Storm Sewer Utility portions of the \$12,740,000 General Obligation Bonds, Series 2019A.

6) This represents the \$4,830,000 Water, Sanitary Sewer and Storm Sewer Revenue portions of the \$5,220,000 General Obligation Bonds, Series 2020A.

7) This represents the \$1,414,000 Utility Revenue portion of the \$3,015,000 General Obligation Refunding Bonds, Series 2020B.

8) This represents the \$15,620,000 Storm Sewer and Watermain portions of the \$29,255,000 General Obligation Bonds, Series 2022A.

**Edina Housing and Redevelopment Authority, Minnesota**  
**Schedule of Bonded Indebtedness**  
**Non-General Obligation Debt Secured by Annual Appropriation**  
**(As of 07/14/2022)**

		Public Project Revenue Bonds Series 2014		Public Project Revenue Refunding Bonds Series 2015A						
Dated Amount	07/15/2014 \$16,155,000	07/09/2015 \$3,490,000								
Maturity	02/01	05/01								
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	0	188,859	0	19,263	0	208,122	208,122	12,930,000	.00%	2022
2023	735,000	366,694	335,000	33,500	1,070,000	400,194	1,470,194	11,860,000	8.28%	2023
2024	755,000	344,344	345,000	23,300	1,100,000	367,644	1,467,644	10,760,000	16.78%	2024
2025	780,000	321,319	355,000	13,688	1,135,000	335,006	1,470,006	9,625,000	25.56%	2025
2026	800,000	297,619	370,000	4,625	1,170,000	302,244	1,472,244	8,455,000	34.61%	2026
2027	825,000	273,244			825,000	273,244	1,098,244	7,630,000	40.99%	2027
2028	850,000	247,588			850,000	247,588	1,097,588	6,780,000	47.56%	2028
2029	875,000	220,088			875,000	220,088	1,095,088	5,905,000	54.33%	2029
2030	905,000	191,163			905,000	191,163	1,096,163	5,000,000	61.33%	2030
2031	935,000	160,678			935,000	160,678	1,095,678	4,065,000	68.56%	2031
2032	965,000	128,013			965,000	128,013	1,093,013	3,100,000	76.02%	2032
2033	1,000,000	93,625			1,000,000	93,625	1,093,625	2,100,000	83.76%	2033
2034	1,030,000	57,456			1,030,000	57,456	1,087,456	1,070,000	91.72%	2034
2035	1,070,000	19,394			1,070,000	19,394	1,089,394	0	100.00%	2035
	11,525,000	2,910,081	1,405,000	94,375	12,930,000	3,004,456	15,934,456			

## 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 issued for improvements payable wholly or partly from special assessments levied against benefitted property (includes the PIR Portion of the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience (includes the Storm Sewer and Watermain Portions of the Bonds); (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 to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and 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 (includes the State Aid Portion of the Bonds).

2021/22 Assessor's Estimated Market Value	\$13,796,381,100
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$413,891,433
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(13,065,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (HRA)	<u>(12,930,000)</u>
Unused Debt Limit	<u><u>\$387,896,433</u></u>

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2021/22 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt <sup>2</sup>	City's Proportionate Share
County of:				
Hennepin	\$2,336,109,435	6.6777%	\$1,065,595,000 <sup>3</sup>	\$71,157,237
School Districts of:				
I.S.D. No. 270 (Hopkins Public Schools)	148,353,842	7.7521%	144,830,000	11,227,366
I.S.D. No. 271 (Bloomington Public Schools)	166,358,494	0.0162%	140,445,000 <sup>4</sup>	22,752
I.S.D. No. 272 (Eden Prairie Schools)	124,250,639	0.9861%	92,635,000	913,474
I.S.D. No. 273 (Edina Public Schools)	125,283,801	98.8686%	183,225,000	181,151,992
I.S.D. No. 280 (Richfield Public Schools)	66,297,431	29.2059%	132,980,000	38,838,006
I.S.D. No. 283 (St. Louis Park Public Schools)	83,118,061	0.0197%	118,895,000	23,422
Special Districts of:				
Metropolitan Council	5,197,211,231	3.0016%	166,860,000 <sup>5</sup>	5,008,470
Three Rivers Park District	1,631,381,661	9.5623%	46,120,000	4,410,133
City's Share of Total Overlapping Debt				<u><u>\$312,752,853</u></u>

<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. It 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 \$14,077,303,428</b>	<b>Debt/ Per Capita 53,494<sup>1</sup></b>
Direct G.O. Debt Secured By:			
Municipal Revenues	\$10,374,000		
Special Assessments & Taxes*	26,708,000		
State Aids*	11,230,000		
Tax Increment Revenues	7,545,000		
Taxes	13,065,000		
Utility Revenues*	39,947,000		
Total General Obligation Debt (includes the Bonds)*	\$108,869,000		
Less: G.O. Debt Paid Entirely from Revenues <sup>2</sup>	(50,321,000)		
Tax Supported General Obligation Debt*	\$58,548,000	0.42%	\$1,094.48
City's Share of Total Overlapping Debt	\$312,752,853	2.22%	\$5,846.50
Total*	\$371,300,853	2.64%	\$6,940.98

\*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 plans to consider the issuance of approximately \$16,000,000 General Obligation Bonds for facility improvements in the next 12 months.

---

<sup>1</sup> 2020 U.S. Census population.

<sup>2</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
2017/18	\$35,662,043	\$35,551,096	\$35,626,854	99.90%
2018/19	37,228,136	37,104,274	37,204,807	99.94%
2019/20	39,563,814	39,392,703	39,527,478	99.91%
2020/21	41,896,275	41,704,258	41,704,258	99.54%
2021/22	45,370,008	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.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The City cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

---

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

<sup>2</sup> Collections are through January 1, 2022.

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

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

	2016/17	2017/18	2018/19	2019/20	2020/21
Hennepin County	42.808%	41.861%	41.084%	38.210%	38.535%
City of Edina	27.849%	27.499%	28.082%	28.939%	29.088%
I.S.D. No. 270 (Hopkins Public Schools)	29.035%	27.022%	27.190%	26.478%	26.783%
I.S.D. No. 271 (Bloomington Public Schools)	20.764%	20.133%	19.858%	20.251%	21.511%
I.S.D. No. 272 (Eden Prairie Schools)	20.525%	20.756%	21.555%	21.717%	20.995%
I.S.D. No. 273 (Edina Public Schools)	30.972%	30.589%	30.589%	31.474%	29.975%
I.S.D. No. 280 (Richfield Public Schools)	37.050%	33.331%	32.658%	30.517%	28.708%
I.S.D. No. 283 (St. Louis Park Public Schools)	28.615%	26.659%	25.820%	25.846%	24.913%
Hennepin County Regional Railroad Auth.	1.962%	1.807%	1.388%	1.323%	1.329%
Hennepin County HRA	0.457%	0.535%	0.801%	0.722%	0.771%
Metro Mosquito	0.456%	0.427%	0.412%	0.381%	0.377%
Metropolitan Council	0.844%	0.659%	0.616%	0.631%	0.659%
Metropolitan Transit	1.383%	1.456%	1.433%	1.256%	1.204%
Park Museum	0.710%	0.705%	0.710%	0.707%	0.722%
Three Rivers Park District	3.161%	2.961%	2.859%	2.793%	2.787%

### *Referendum Market Value Rates:*

I.S.D. No. 270 (Hopkins Public Schools)	0.15045%	0.14703%	0.16182%	0.14358%	0.14030%
I.S.D. No. 271 (Bloomington Public Schools)	0.20361%	0.20271%	0.19620%	0.18647%	0.17280%
I.S.D. No. 272 (Eden Prairie Schools)	0.22945%	0.22153%	0.20912%	0.20120%	0.20500%
I.S.D. No. 273 (Edina Public Schools)	0.22182%	0.21038%	0.21897%	0.21097%	0.21895%
I.S.D. No. 280 (Richfield Public Schools)	0.17401%	0.16526%	0.14849%	0.12789%	0.12760%
I.S.D. No. 283 (St. Louis Park Public Schools)	0.19722%	0.18270%	0.16574%	0.14818%	0.14838%

**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.

---

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

### EMPLOYEES; PENSIONS; UNIONS

The City currently has 319 full-time, 259 part-time, and 351 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 Association of Firefighters Local 1275	December 31, 2022
Minnesota Teamsters Public & Law Enforcement Local 320	December 31, 2021
Minnesota Public Employees Association Public Safety Dispatchers Local 320	December 31, 2022
IUOE Local 49 (AFL-CIO)	December 31, 2023

#### Status of Contracts

The contract which expired on June 30, 2021 is currently in mediation.

### 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 \$2,518,251 as of December 31, 2021. 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 May 19, 2022)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$14,662,168
Special Revenue	2,630,865
Debt Service	1,329,773
Capital Projects	25,252,982
Enterprise Funds	29,296,715
Internal Service Fund	4,522,836
<b>Total Funds on Hand</b>	<u><u>\$77,695,338</u></u>

## ENTERPRISE FUNDS

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

	2019	2020 <sup>1</sup>	2021
<b>Utilities</b>			
Total Operating Revenues	\$21,846,239	\$25,731,887	\$27,663,593
Less: Operating Expenses	<u>(18,457,754)</u>	<u>(21,401,340)</u>	<u>(21,950,832)</u>
Operating Income	\$3,388,485	\$4,330,547	\$5,712,761
Plus: Depreciation	<u>5,402,610</u>	<u>5,725,846</u>	<u>5,931,178</u>
Revenues Available for Debt Service	<u><u>\$8,791,095</u></u>	<u><u>\$10,056,393</u></u>	<u><u>\$11,643,939</u></u>
<b>Liquor</b>			
Total Operating Revenues	\$13,094,407	\$12,117,414	\$14,313,232
Less: Operating Expenses	<u>(11,949,857)</u>	<u>(11,522,017)</u>	<u>(13,519,779)</u>
Operating Income	\$1,144,550	\$595,397	\$793,453
Plus: Depreciation	<u>103,685</u>	<u>113,853</u>	<u>120,830</u>
Revenues Available for Debt Service	<u><u>\$1,248,235</u></u>	<u><u>\$709,250</u></u>	<u><u>\$914,283</u></u>
<b>Aquatic Center</b>			
Total Operating Revenues	\$996,778	\$0	\$1,069,724
Less: Operating Expenses	<u>(957,966)</u>	<u>(375,188)</u>	<u>(1,079,317)</u>
Operating Income	\$38,812	(\$375,188)	(\$9,593)
Plus: Depreciation	<u>277,330</u>	<u>280,518</u>	<u>283,470</u>
Revenues Available for Debt Service	<u><u>\$316,142</u></u>	<u><u>(\$94,670)</u></u>	<u><u>\$273,877</u></u>
<b>Golf Course</b>			
Total Operating Revenues	\$3,395,815	\$3,947,681	\$5,384,684
Less: Operating Expenses	<u>(3,684,311)</u>	<u>(4,027,075)</u>	<u>(4,835,667)</u>
Operating Income	(\$288,496)	(\$79,394)	\$549,017
Plus: Depreciation	<u>756,156</u>	<u>893,542</u>	<u>894,499</u>
Revenues Available for Debt Service	<u><u>\$467,660</u></u>	<u><u>\$814,148</u></u>	<u><u>\$1,443,516</u></u>

---

<sup>1</sup> Due to the COVID-19 pandemic, various City enterprise facilities underwent temporary closures in 2020 with the exception of the City's aquatic facility which was closed for the entire 2020 season. The facilities re-opened under COVID-19 protocols for capacity and social distancing, resulting in reduced operations. The aquatic facility re-opened in 2021, and all facilities continue to operate under COVID-19 protocols.

**ENTERPRISE FUNDS CONTINUED**

	<b>2019</b>	<b>2020</b>	<b>2021<sup>1</sup></b>
<b>Arena</b>			
Total Operating Revenues	\$2,516,115	\$1,636,138	\$2,347,070
Less: Operating Expenses	<u>(2,874,276)</u>	<u>(2,808,984)</u>	<u>(2,846,078)</u>
Operating Income	(\$358,161)	(\$1,172,846)	(\$499,008)
Plus: Depreciation	<u>666,629</u>	<u>665,072</u>	<u>657,745</u>
Revenues Available for Debt Service	<u><u>\$308,468</u></u>	<u><u>(\$507,774)</u></u>	<u><u>\$158,737</u></u>

---

<sup>1</sup> Due to the COVID-19 pandemic, various City enterprise facilities underwent temporary closures in 2020 with the exception of the City's aquatic facility which was closed for the entire 2020 season. The facilities re-opened under COVID-19 protocols for capacity and social distancing, resulting in reduced operations. The aquatic facility re-opened in 2021, and all facilities continue to operate under COVID-19 protocols.

## 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 2021 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Unaudited <sup>1</sup>	2022 Adopted Budget <sup>2</sup>
<b>Revenues</b>					
Property taxes	\$28,367,096	\$29,743,751	\$31,901,482	\$33,827,443	\$36,708,036
Franchise fees	845,178	821,932	811,004	845,329	810,000
Lodging tax	25,298	24,119	8,313	17,214	20,000
License and permits	5,836,167	5,109,994	6,381,889	6,008,225	5,391,060
Intergovernmental	1,737,423	1,585,444	5,976,630	2,464,397	1,888,750
Charges for services	4,686,446	5,190,705	4,812,575	5,536,786	5,737,905
Fines and forfeitures	1,042,091	988,254	485,472	460,914	650,000
Investment income	298,135	630,274	597,073	(151,907)	250,000
Rental of property	632,011	487,797	479,148	491,579	339,000
Parkland dedication	0	0	0	0	0
Other revenues	555,463	152,260	132,657	186,591	287,000
<b>Total Revenues</b>	<b>\$44,025,308</b>	<b>\$44,734,530</b>	<b>\$51,586,243</b>	<b>\$49,686,571</b>	<b>\$52,081,751</b>
<b>Expenditures</b>					
Current:					
General government	\$7,159,873	\$7,568,505	\$7,626,995	\$8,825,723	\$9,410,820
Public safety	20,204,391	21,514,903	25,411,355	25,527,556	26,567,898
Public works	8,016,635	8,302,557	8,053,512	8,878,567	9,621,712
Parks	5,182,745	5,413,259	4,883,218	5,916,078	6,631,321
Capital outlay	0	0	75,047	26,676	0
Debt service	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$40,563,644</b>	<b>\$42,799,224</b>	<b>\$46,050,127</b>	<b>\$49,174,600</b>	<b>\$52,231,751</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$3,461,664</b>	<b>\$1,935,306</b>	<b>\$5,536,116</b>	<b>\$511,971</b>	<b>(\$150,000)</b>
<b>Other Financing Sources (Uses)</b>					
Utility Contribution	\$37,978	\$0	\$0	\$0	\$0
Sale of capital assets	0	0	75	0	0
Transfers in	50,000	165,494	3,115,261	442,606	150,000
Transfers out	(2,039,771)	(3,388,864)	0	(4,503,106)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,951,793)</b>	<b>(3,223,370)</b>	<b>3,115,336</b>	<b>(4,060,500)</b>	<b>150,000</b>
<b>Net changes in Fund Balances</b>	<b>\$1,509,871</b>	<b>(\$1,288,064)</b>	<b>\$8,651,452</b>	<b>(\$3,548,529)</b>	<b>\$0</b>
General Fund Balance January 1	\$18,369,854	\$19,879,725	\$18,591,661	\$27,243,113	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$19,879,725	\$18,591,661	\$27,243,113	\$23,694,584	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$0	\$28,403	\$28,403	\$85,083	
Restricted	961,133	58,086	58,086	58,086	
Assigned	2,105,741	2,093,760	6,679,877	5,627,113	
Unassigned	16,812,851	16,411,412	20,476,747	17,924,302	
<b>Total</b>	<b>\$19,879,725</b>	<b>\$18,591,661</b>	<b>\$27,243,113</b>	<b>\$23,694,584</b>	

<sup>1</sup> Unaudited data is as of May 20, 2022.

<sup>2</sup> The 2022 budget was adopted on December 13, 2021.



## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 53,494 and a current population estimate of 53,572, and comprising an area of 16.5 square miles, is located adjacent to the southwest corner of the City of Minneapolis.

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

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Edina Realty	Residential realty services	2,304 <sup>2</sup>
I.S.D. 273 (Edina Public Schools)	Elementary and secondary education	2,000
Coldwell Banker Realty	Residential realty services	1,870 <sup>2</sup>
Fairview Southdale Hospital	Hospital and medical services	1,624 <sup>3</sup>
The City	Municipal government and services	929
BI Worldwide	Marketing consulting services	737
Dow Water & Process Solutions	Water purification/filtration	600
Lund Food Holdings	Corporate headquarters and retail grocery stores	500 <sup>4</sup>
Western National Insurance Company	Personal and commercial insurance	430
Target	Department store	375

**Source:** *Data Axle Reference Solutions, written and telephone survey (May 2022), and the Minnesota Department of Employment and Economic Development.*

---

<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. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

<sup>2</sup> Includes agents in remote offices.

<sup>3</sup> Total number of employees is as of April 2021.

<sup>4</sup> Includes total number of employees at both retail locations and corporate office in the City.

## BUILDING PERMITS

	2018	2019	2020	2021	2022 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	1,695	1,885	3,771	3,608	707
Valuation	\$106,086,177	\$103,911,656	\$142,742,249	\$168,306,886	\$57,676,450
<u>New Multiple Family Buildings</u>					
No. of building permits	135	126	110	130	43
Valuation	\$95,026,068	\$35,245,128	\$126,955,104	\$30,203,796	\$138,706,628
<u>New Commercial/Industrial</u>					
No. of building permits	340	298	254	291	131
Valuation	\$142,138,201	\$74,113,087	\$87,013,432	\$71,217,964	\$24,398,999
<u>All Building Permits</u>					
No. of building permits	2,170	2,309	4,135	4,029	881
Valuation	\$344,150,446	\$213,269,871	\$357,710,785	\$269,662,046	\$220,782,087

**Source:** The City.

---

<sup>1</sup> As of May 23, 2022.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census population	47,941
2020 U.S. Census population	53,494
2021 Metropolitan Council population estimate	53,572
Percent of Change 2010 - 2020	11.58%

### Income and Age Statistics

	<b>The City</b>	<b>Hennepin County</b>	<b>State of Minnesota</b>	<b>United States</b>
2020 per capita income	\$72,296	\$47,618	\$38,881	\$35,384
2020 median household income	\$108,576	\$81,169	\$73,382	\$64,994
2020 median family income	\$151,352	\$108,580	\$92,692	\$80,069
2020 median gross rent	\$1,442	\$1,176	\$1,010	\$1,096
2020 median value owner occupied units	\$501,400	\$292,100	\$235,700	\$229,800
2020 median age	44.3 yrs.	36.7 yrs.	38.1 yrs.	38.2 yrs.

	<b>State of Minnesota</b>	<b>United States</b>
City % of 2020 per capita income	185.94%	204.32%
City % of 2020 median family income	185.94%	189.03%

### Housing Statistics

	<b><u>The City</u></b>		
	<b>2010</b>	<b>2021</b>	<b>Percent of Change</b>
All Housing Units	21,655	22,224	2.63%

**Source:** 2010 and 2020 Census of Population and Housing, and 2020 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>) and 2021 Preliminary Population Estimates, Metropolitan Council (<https://metro council.org/>).

## 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>
2018	685,853	2.5%	3.0%
2019	691,497	2.8%	3.2%
2020	662,530	6.2%	6.2%
2021	667,931	3.6%	3.4%
2022, April	701,638	1.4%	1.6%

**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.



# **2021** Annual Comprehensive Financial Report

---

City Of Edina, Minnesota  
For The Fiscal Year Ended December 31, 2021

**CITY GOALS:**

Strong Foundation

Livable City

Reliable Service

Better Together



**CITY OF EDINA, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021**

<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	4
Organization	5
Organization Chart	6
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	7
Management's Discussion and Analysis	11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements	
Balance Sheet – Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position – Custodial Funds	33
Notes to Financial Statements	34
Required Supplementary Information	
Budgetary Comparison Schedules	
Budgetary Comparison Schedule – General Fund	73
Budgetary Comparison Schedule – Housing and Redevelopment Authority (HRA) Fund	77

**CITY OF EDINA, MINNESOTA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR ENDED DECEMBER 31, 2021**

Prepared by:  
Department of Finance  
  
Alisha McAndrews – Finance Director  
Andrea Rich – Assistant Finance Director  
Pa Thao – Accounting and Auditing Coordinator

**CITY OF EDINA, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

**CITY OF EDINA, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

Other Postemployment Benefits Plan Schedule of Changes in the City's Total OPEB Liability and Related Ratios	78	Major Governmental Fund – Construction Capital Projects	
Defined Benefit Pension Plans GERS/PEPFF Retirement Funds	79	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	98
GERF Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability and Schedule of City Contributions	79	Combining Statement of Net Position – Nonmajor Proprietary Funds	99
PEPFF Schedule of City's Proportionate Share of Net Pension Liability and Schedule of City Contributions	80	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	100
Notes to Required Supplementary Information	81	Combining Statement of Cash Flows – Nonmajor Proprietary Funds	101
Combining and Individual Fund Financial Statements and Schedules		Combining Balance Sheet and Statement of Changes in Assets and Liabilities – Custodial Funds	102
Combining Balance Sheet – Nonmajor Governmental Funds	89	Supplementary Financial Information	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	90	Tax Capacity, Tax Levies, and Tax Capacity Rates	103
Special Revenue Fund – Community Development Block Grant		Combining Schedule of Bonded Indebtedness	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	91	Schedule of Balance Sheet Accounts – Tax Increment Financing Districts	106
Special Revenue Fund – Police		Schedule of Revenues, Expenditures, and Changes in Fund Balances – Tax Increment Financing Districts	107
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	92	<b>STATISTICAL SECTION (UNAUDITED)</b>	
Special Revenue Fund – Braemar Memorial		Financial Trends	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	93	Net Position by Component	108
Special Revenue Fund – Pedestrian and Cyclist Safety		Changes in Net Position	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	94	Fund Balances of Governmental Funds	112
Special Revenue Fund – Arts and Culture		Changes in Fund Balances of Governmental Funds	114
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	95	Revenue Capacity	116
Special Revenue Fund – Conservation and Sustainability		Assessed Value, Actual Value, and Tax Capacity of Taxable Property	116
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	96	Direct and Overlapping Tax Capacity Rates	117
Major Governmental Fund – Debt Service		Principal Property Taxpayers	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	97	Property Tax Levies and Collections	119
		Debt Capacity	120
		Ratios of Outstanding Debt by Type	120
		Ratios of General Bonded Debt Outstanding	121
		Direct and Overlapping Governmental Activities Debt	122
		Legal Debt Margin Information	123

CITY OF EDINA, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021

Pledged Revenue Coverage	124
Demographic and Economic Information	125
Demographic and Economic Statistics	125
Principal Employers	126
Operating Information	127
Full-Time Equivalent City Government Employees by Function	128
Operating Indicators by Function	129
Capital Asset Statistics by Function	



May 25, 2022

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

Minnesota statutes require that every city publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2021.

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

CliftonLarsonAllen, LLP, a firm of licensed certified public accountants, has issued an unmodified (clean) opinion on the City's financial statements for the year ended December 31, 2021. The independent auditors' report is located at the front of the financial section of this report.

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

#### Profile of the City

The City, incorporated in 1888, is a fully developed first-ring suburb of Minneapolis. The City currently occupies a land area of 16 square miles and serves a population of 53,494. Currently, 98% of the City is developed with 55.5% of the land attributed to residential uses, 13.1% to roadways, and 11.8% supporting the park and open spaces. The remainder of the land is used for commercial, industrial, and public/semi-public uses. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has operated under the Council-Manager form of government since 1955. Policy-making and legislative authority are vested in a City Council (Council) consisting of the Mayor and four other members, all elected on a nonpartisan basis. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the city government, and for appointing the heads of the various departments. Council members serve four-year terms, with two Council members elected every two years. The Mayor also serves a four-year term. The Council and Mayor are elected at large.

The City provides a full range of services, including police, fire and emergency medical services; the construction and maintenance of highways, streets, and other infrastructure; water and sewer services and recreational and cultural activities and events.

The Council is required to adopt a final budget by no later than the close of the previous fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may use resources within a department as they see fit. The City Manager may authorize transfers of budgeted amounts between departments.

#### CITY OF EDINA

4801 West 50th Street • Edina, Minnesota 55424

(1)



## Local Economy

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

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

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

## Long-Term Financial Planning

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan and state law requires cities to update their plans every 10 years. The last plan was adopted in 2020. The Comprehensive Plan guides development and redevelopment and addresses changes likely to occur due to various social and market forces.

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

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

## Relevant Financial Policies

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

Assignments for fund balances and compensated absences are all calculated as specified in the policies. In addition, the City has \$18,003,259 unassigned fund balance in the general fund. This amount is \$2,485,884 above the goal range identified in the policy.

## Major Initiatives

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

(2)

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edina for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the eleventh consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Alisha McAndrews, Finance Director



Andrea Rich  
Assistant Finance Director



Pa Thao  
Accounting and Auditing Coordinator

(3)

CITY OF EDINA, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2021

	Term Expires
Mayor: James Hovland	December 31, 2024
Council Members: Carolyn Jackson James Pierce Kevin Staunton Ron Anderson	December 31, 2024 December 31, 2024 December 31, 2022 December 31, 2022
City Manager: Scott Neal	Appointed
Finance Director/Treasurer: Alisha McAndrews	Appointed
City Clerk: Sharon Allison	Appointed



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Edina  
Minnesota

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*  
Executive Director/CEO

(4)

(5)



## INDEPENDENT AUDITORS' REPORT

City Council and Management  
City of Edina, Minnesota

### Report on the Financial Statements *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Edina, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Edina's basic financial statements as listed in the table of contents.

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 of Edina, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

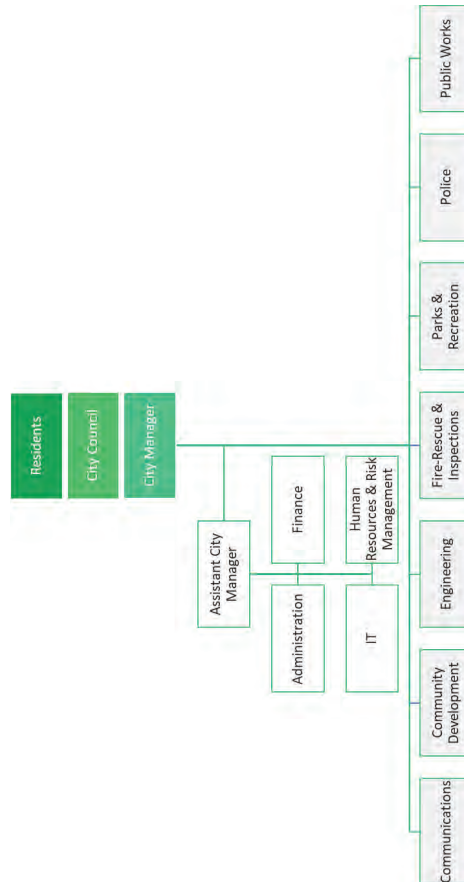
### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Edina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Edina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



(6)

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Edina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Edina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

(6)

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, Other Postemployment Benefits Plan Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and Defined Benefit Pension Plans Schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edina's basic financial statements. The combining and individual fund financial statements and schedules, Tax Capacity, Tax Levies, and Tax Capacity Rates information, Combining Schedule of Bonded Indebtedness, and Tax Increment Financing District Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, Tax Capacity, Tax Levies, and Tax Capacity Rates information, Combining Schedule of Bonded Indebtedness, and Tax Increment Financing District Schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(9)

City Council and Management  
City of Edina, Minnesota

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of the City of Edina'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Edina's 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 City of Edina's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota  
May 25, 2022

(This page left blank intentionally.)

**CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

As management of the City of Edina (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes this report.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$328,779,614 (net position). Of this amount, \$47,562,839 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$19,697,950 from the prior year. Of that total, \$14,734,012 is the increase in Governmental Activities net position and \$4,963,938 is the increase in Business-Type Activities net position.
- At the close of the 2021 fiscal year, the City's governmental funds reported combined ending fund balances of \$103,341,648, an increase of \$19,924,967 from the prior year. The increase can be attributed to increases in the Debt Service, Construction, and Housing and Redevelopment Authority (HRA) funds.
  - General obligation bonds, series 2021A was issued in 2021 in the amount of \$13,025,000.
  - \$3,795,000 General Obligation Bonds, Series 2021B, was issued to refund general obligations series 2013A, with the refunding not occurring until 2022.
  - \$2,210,000 General Obligation Recreational Revenue Bonds, Series 2021C, was issued to refund series 2012C bonds, with the refunding not occurring until 2022.
  - The HRA Fund balance increased \$14,751,365 from tax increment collections, affordable housing fees collected, the 2021A bond issuance for public improvement projects in the Grandview 2 TIF district, and the sale of the 4100 West 76<sup>th</sup> Street property.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,003,259, or 37% of total general fund expenditures.
- The City's total bonded debt increased by \$2,875,000 during the current fiscal year, from \$107,433,000 at the end of 2020 due to the debt issuance mentioned above.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

(11)

**CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

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

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

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

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

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

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

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

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

(12)



CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

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

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

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

**Internal service funds.** Internal service funds are used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City utilizes four internal service funds to account for insurance and risk management activities, equipment operations, IT services, and facilities management. These services have been allocated proportionately to governmental and business-type activities in the government-wide financial statements.

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

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

**Other information.** The combining and individual fund financial statements and schedules referred to earlier in connection with nonmajor governmental and enterprise funds, as well as internal service funds, are presented immediately following the required supplementary information. Supplementary financial information and the statistical section are the final two items presented.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$328,779,614 at the close of the most recent fiscal year.

(13)

CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

The largest portion of the City's net position (\$203,729,416 or 62%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City of Edina's Net Position

	Governmental Activities		Business-Type Activities		Total
	2021	2020	2021	2020	
<b>Assets:</b>					
Current and Other Assets	\$ 141,851,857	\$ 117,350,841	\$ 45,767,891	\$ 46,835,488	\$ 187,619,748
Capital Assets	177,099,202	175,520,090	130,894,190	129,507,070	307,593,392
Total Assets	<u>\$ 318,951,059</u>	<u>\$ 292,870,931</u>	<u>\$ 176,662,081</u>	<u>\$ 176,342,558</u>	<u>\$ 486,213,439</u>
<b>Deferred Outflows of Resources:</b>					
OPFB Plan Deferrals	\$ 438,242	\$ 386,225	\$ 40,254	\$ 32,475	\$ 478,496
Pension Plan Deferrals	19,205,795	7,659,878	2,855,311	458,037	22,061,106
Total Deferred Outflows of Resources	<u>\$ 19,644,037</u>	<u>\$ 7,995,103</u>	<u>\$ 2,895,565</u>	<u>\$ 490,512</u>	<u>\$ 22,537,602</u>
<b>Liabilities:</b>					
Long-Term Liabilities	\$ 82,895,114	\$ 82,251,250	\$ 41,449,445	\$ 50,204,303	\$ 124,344,558
Outstanding	21,481,865	14,969,186	14,023,300	10,722,053	35,484,969
Other Liabilities	<u>\$ 104,558,779</u>	<u>\$ 97,220,439</u>	<u>\$ 35,412,745</u>	<u>\$ 60,926,356</u>	<u>\$ 199,229,525</u>
<b>Deferred Inflows of Resources:</b>					
OPFB Plan Deferrals	\$ 1,491,449	\$ 1,681,591	\$ 155,666	\$ 176,792	\$ 1,647,115
Pension Plan Deferrals	24,419,341	8,373,450	3,475,148	238,773	27,894,489
Total Deferred Inflows of Resources	<u>\$ 25,910,790</u>	<u>\$ 10,055,041</u>	<u>\$ 3,630,814</u>	<u>\$ 416,565</u>	<u>\$ 29,541,604</u>
<b>Net Position:</b>					
Net Investment in Capital Assets	\$ 116,754,295	\$ 117,052,475	\$ 86,975,121	\$ 81,135,647	\$ 203,729,416
Restricted	76,262,266	60,063,244	32,225,083	32,883,479	107,469,359
Unrestricted	<u>\$ 205,326,527</u>	<u>\$ 153,591,515</u>	<u>\$ 120,455,067</u>	<u>\$ 115,480,149</u>	<u>\$ 328,779,614</u>
Total Net Position					<u>\$ 309,081,684</u>

A portion of the City's net position (\$77,487,359) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$47,562,839) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was a decrease of \$1,998,980 in unrestricted net position. This was mainly due a transfer of unrestricted general fund balance to the construction fund.

The increases in deferred outflows of resources and deferred inflows of resources relate to the changes in the City's share of state pension plan amounts while the decrease in long-term liabilities is primarily attributable to regular scheduled payments on the City's outstanding bonds, partially offset by newly issued debt.

(14)

**CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

As shown below, the City's net position increased by \$19,697,950 during the current fiscal year. Factors contributing to this change are discussed in the next two sections.

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

	Governmental Activities		Business-Type Activities		Total
	2021	2020	2021	2020	
<b>Revenues:</b>					
Transfers	\$ 13,529,378	\$ 15,333,404	\$ 52,785,310	\$ 45,003,860	\$ 66,314,688
Charges for Services					\$ 60,337,284
Operating Grants and Contributions	2,721,724	7,626,236	404,419	47,780	3,126,143
Capital Grants and Contributions	4,030,108	7,318,897	-	396,103	4,030,108
General Revenues:					
Property Taxes	41,826,967	39,445,279	-	-	41,826,967
Other Taxes	11,403,292	9,532,524	-	-	11,403,292
Gain on Disposal of Assets	101,404	-	-	7,359	101,404
Unrestricted Investment Earnings	(372,080)	1,835,870	(141,650)	945,580	(513,730)
Total Revenues	73,240,793	81,192,000	53,048,079	46,400,682	126,288,872
<b>Expenses:</b>					
General Government	14,844,795	11,698,533	-	-	14,844,795
Public Safety	24,288,956	27,058,719	-	-	24,288,956
Parks	1,456,865	1,456,865	-	-	1,456,865
Interest on Long-Term Debt	7,365,766	6,798,866	-	-	7,365,766
Water	1,282,299	1,561,482	-	-	1,282,299
Sewer	-	-	9,094,274	9,592,913	9,094,274
Stormwater	-	-	7,690,708	7,641,660	7,690,708
Recycling	-	-	3,146,475	3,424,049	3,146,475
Liquor	-	-	1,956,546	1,392,003	1,956,546
Aquatic Center	-	-	13,435,305	11,500,971	13,435,305
Community Course	-	-	390,026	390,026	390,026
Arts	-	-	4,652,338	4,652,338	4,652,338
Area	-	-	2,882,067	2,876,897	2,882,067
Community Activity Centers	-	-	3,231,622	3,412,784	3,231,622
Total Expenses	59,279,241	63,234,640	47,311,681	44,484,787	106,590,922
Increase in Net Position Before Transfers	13,961,552	17,957,360	5,736,398	1,915,895	19,897,950
Transfers	772,460	-	(772,460)	(283,536)	-
Change in Net Position	14,734,012	18,241,186	4,963,938	1,632,359	19,873,255
Net Position - January 1	193,591,515	175,550,319	115,490,149	113,858,090	299,208,409
Net Position - December 31	\$ 208,325,527	\$ 193,791,515	\$ 120,454,087	\$ 115,490,449	\$ 309,081,664

**GOVERNMENTAL ACTIVITIES**

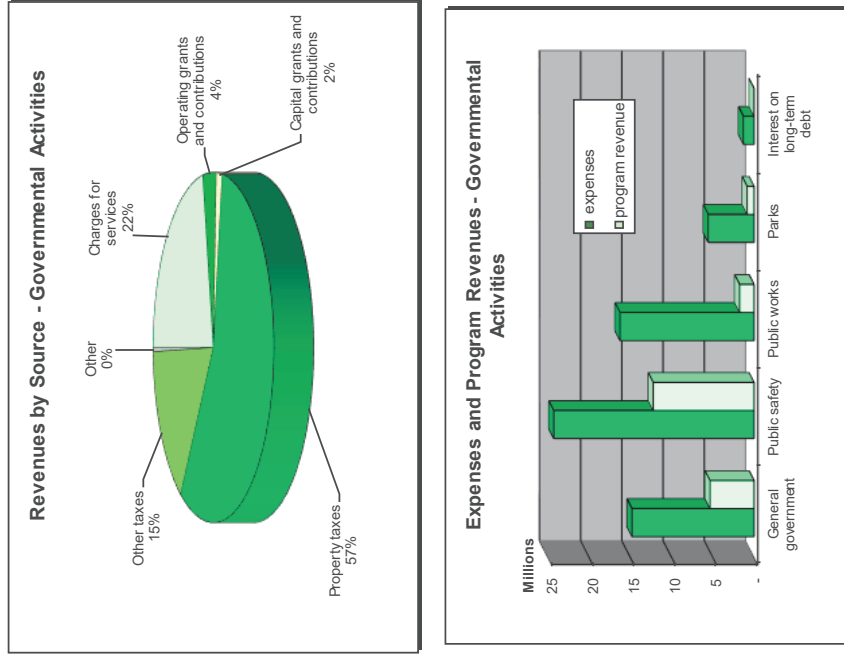
Governmental activities increased the City's net position by \$14,734,012, accounting for 75% of the total growth in net position. Key elements of the increase are as follows.

- Property taxes increased by \$2,281,688 as the result of an increased general operating levy that provides funding to continue existing service levels.
- Other taxes increased by \$1,870,768 due to an increase in tax increment collections from the Southdale 2, Pentagon Park, and Grandview 2 tax increment financing districts.
- Investment earnings decreased by \$2,207,950, or -120%, in 2021 due to unrealized losses.

(15)

**CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

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



(16)

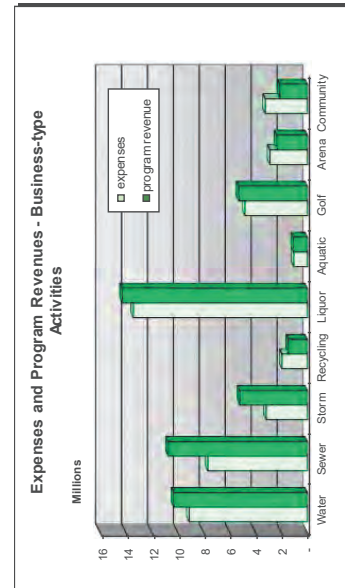
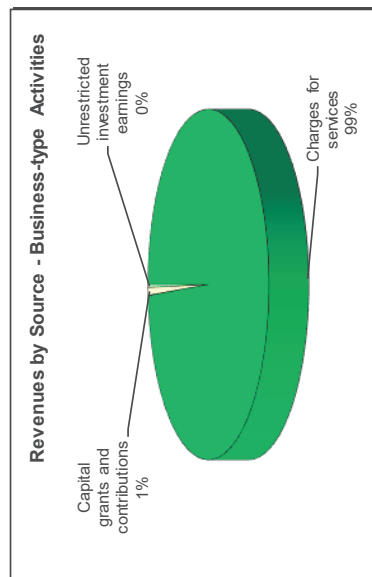


CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased net position by \$4,963,938, accounting for 25% of the City's growth in net position. Key elements of the current year increase are as follows:

- The utility fund had income before contributions and transfers of \$5,938,870 for 2021. This additional equity is used to maintain and invest in the utility infrastructure according to the City's CIP and utility rate study.
- The liquor fund had income before contributions and transfers of \$780,499 for 2021. This income is used to subsidize operations at other enterprise facilities.
- The golf course had an income before contributions and transfers of \$429,146.
- The other enterprise funds had a loss before contributions and transfers of \$1,723,897 in total. These enterprises had operating expenses that exceeded revenues.



(17)

CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$103,341,648, an increase of \$19,924,967 in comparison with the prior year. Approximately 17% of this total amount (\$18,003,259) constitutes unassigned fund balance. The remainder of the fund balance is 1) restricted by external creditors, grantors, laws, or regulations (\$53,775,730), or 2) assigned by internal constraints (\$31,405,792), or 3) nonspendable in the form of prepaid items (\$156,867).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18,003,259. As a measure of the general fund's liquidity, unassigned fund balance represents 37% of total general fund expenditures.

The fund balance of the City's general fund decreased by \$3,469,572 during the current fiscal year. Key factors related to this increase include:

- Total general fund expenditures exceeded budget by \$288,632, but revenues were \$957,695 over budget. This is due to an increase in licenses and permits as well as intergovernmental revenue related to federal response and recovery funding for COVID-19.
- The general fund transferred \$4,503,106 of 2020 surplus primarily to the construction fund for capital projects.

The Housing and Redevelopment Authority fund balance increased by \$14,751,365 in the current fiscal year due to higher than anticipated tax increment collections, less spent on capital outlay than anticipated, and bonds issued.

The debt service fund has a total fund balance of \$11,178,492, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$1,451,186. Fund balance increased as the result of a \$2,955,444 transfer in from the construction fund to pay debt service. This transfer is made annually with the amount varying slightly depending on available resources.

The construction fund balance increased by \$6,202,184 in 2021 due to transfers in of \$4,710,306 primarily from the general fund as well as bonds issued.

(18)

CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

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

Unrestricted net position of the utility fund at the end of the year amounted to \$28,521,154. The total growth in net position from current year operations was \$5,188,539. Operating revenues in the utilities fund increased by 7.5% while expenses increased by 2.6% in 2021. The revenue increase was due to an increase in the water, sewer, and storm rates as well as connection fees in 2021. Expenses increased because of higher depreciation expenses related to infrastructure projects completed in recent years and higher personal services expenses for operating the utility system. The City invested \$9,819,247 in utility fund capital assets during 2021, a 117% increase from 2020.

Unrestricted net position of the liquor fund at the end of the year amounted to \$1,850,907. Total net position decreased by \$65,345. The liquor fund continues to transfer profits back into other City funds, including the general fund, construction, arena, and art center funds. The liquor fund made transfers totaling \$850,000 to these other funds in 2021. The transfers out were greater than operating income of \$793,453 in 2021, leading to the reduction in net position in the liquor fund in 2021.

Unrestricted net position of the aquatic center fund at the end of the year amounted to \$1,005,283, which is a 31% increase over 2020. The Aquatic Center was closed for all of 2020 due to COVID-19, resulting in no revenue and minimal expenses.

Unrestricted net position of the golf course fund at the end of the year amounted to a deficit of (\$1,020,894), an improvement of \$27,527 from the prior year. Operating income for the golf course fund was \$549,017 in 2021, compared to a loss of (\$81,394) in 2020, a sign of improving profitability.

Unrestricted net position of the arena fund at the end of the year amounted to a deficit of (\$1,813,801), an increase in the deficit by \$1,622,882 from the prior year. Revenues increased by \$710,932 over 2020 while expenses increased by \$37,094. The operating loss for the arena was (\$499,008) for 2021 compared to (\$1,172,846) for 2020, during which the arena was largely impacted by COVID-19.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, revenues were \$957,695 more than budget, as the continued commercial and residential redevelopment of the City increased our licenses and permits, which exceeded budget by \$828,711, and surpluses in state and federal aid of \$811,179 over budget. These increases offset deficits in fines and forfeits and tax revenues, which together came in (\$683,614) under budget.

During the year, expenditures were over budget by \$288,632. Public safety and general government were over budget by \$663,596, which was offset by Public Works and Parks coming in under budget by \$401,640.

CITY OF EDINA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounted to \$307,993,392 (net of accumulated depreciation). This investment in capital assets included land, land improvements, intangible assets such as easements, infrastructure assets (roads, bridges, sidewalks, and similar items), buildings, vehicles, equipment, parks, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 1%.

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

- A variety of utility infrastructure improvements, including water main, sanitary and storm sewer, construction in progress as of the close of the fiscal year reached \$12,562,430 in the utility fund. The City spent \$358,167 on a dehumidifier for the South Rink at Braemar Arena.
- A variety of street construction, sidewalk and park projects; construction in progress as of the close of the fiscal year reached \$9,042,909 (PIR + PACS).
- The City has a number of public improvements underway in the Grandview district including rehabilitation of the Wooddale Ave Bridge and the Grandview Pedestrian Bridge, and parking and road improvements in the district. The construction in process cost was \$2,730,354.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Land Improvements	\$ 27,965,567	\$ 30,114,862	\$ 10,295,102	\$ 10,552,207	\$ 38,260,669	\$ 40,666,269
Easements	253,000	253,000	35,600	36,000	288,600	289,000
Buildings and Structures	34,130,177	35,375,635	15,516,491	17,440,027	49,646,668	52,824,662
Machinery and Equipment	10,364,447	10,429,312	5,914,574	5,676,069	16,279,021	16,105,381
Infrastructure	81,127,850	83,180,690	86,425,752	89,475,819	167,553,602	172,656,509
Parks	10,767,120	9,475,466	-	-	10,767,120	9,475,466
Construction in Progress	12,481,041	6,691,865	12,706,671	6,318,348	25,187,712	13,010,213
Total	\$ 172,089,202	\$ 175,520,050	\$ 130,884,180	\$ 129,507,070	\$ 302,973,382	\$ 305,027,120

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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded long-term debt outstanding of \$110,308,000, an increase of \$2,875,000 from 2020. \$17,735,000 is for general obligation improvement debt that is supported by property tax levies and special assessments.

\$27,740,000 is for permanent improvement revolving (PIR) bonds, which finance the City's street reconstruction program. This amount increased from 2020 due to newly issued debt.

Also outstanding is \$13,970,000 HRA public project revenue bonds which financed two gymnasiums, the new public works facility, sports dome, outdoor rink at the arena, and improvements to Pamela Park. This amount decreased from 2020 due to regularly scheduled principal payments.

**CITY OF EDINA, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2021**

There is a total of \$43,318,000 in revenue bonds for improvements to the enterprise funds. This amount decreased \$5,619,000 during the year due to regularly debt service payments.

**City of Edina's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total
	2021	2020	2021	2020	
General Obligation Bonds	\$ 7,725,000	\$ 7,725,000	-	-	\$ 7,725,000
Public Works Bonds	27,545,000	27,545,000	-	-	27,545,000
Public Project Revenue Bonds	13,970,000	16,245,000	-	-	13,970,000
Tax Increment Financing Bonds	7,545,000	-	-	-	7,545,000
Revenue Bonds	-	-	43,318,000	48,937,000	43,318,000
Total	\$ 66,990,000	\$ 58,495,000	\$ 43,318,000	\$ 48,937,000	\$ 110,308,000
					\$ 107,453,000

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

State statutes limit the amount of general obligation debt a Minnesota city may issue up to 3% of total Estimated Market Value. The current debt limitation for the City is \$400,330,728. Only \$31,705,000 of the City's outstanding debt is counted within the statutory limitation.

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

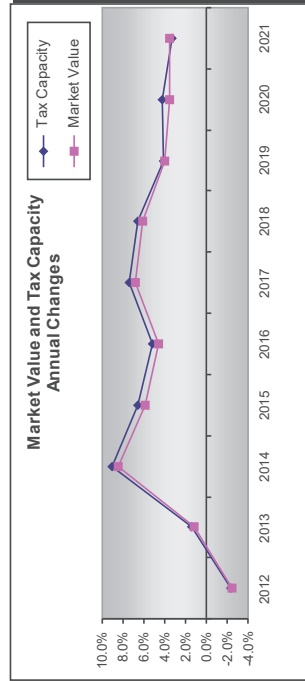
**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City strives to provide an uncommonly high quality of life for our residents and businesses and the relatively healthy local economy helps to make this goal a reality. The unemployment rate in Edina has remained under 4% (not seasonally adjusted) since mid-2013, which is below the state and national levels. The City is home to Southdale Center, the nation's first fully enclosed climate-controlled regional shopping mall, Fairview Southdale hospital, as well as several corporate headquarters. In addition to its healthy economy, Edina is known for excellent public schools, as the Edina school system has been consistently selected as one of the best in the country. Ninety-eight percent of students graduate, with eighty-nine percent pursuing some sort of post-secondary education.

(21)

**CITY OF EDINA, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2021**

Property values in Edina decreased for several years from 2009-2012 and have risen each year since. Estimated market value of real estate increased 3.6% for taxes payable in 2021 (market value in 2020).



The City collects property taxes based on tax capacity, which roughly equals estimated market value multiplied by class rates for different types of parcels (commercial, residential, etc.). Class rates are set by state statute. Tax capacity for real estate increased 4.3% in 2020 for taxes payable in 2021 and remained positive for the eighth consecutive year.

All these factors above were considered in preparing the City's budget for the 2022 fiscal year. The City's adopted 2022 budget includes a property tax levy of \$45,367,336 for all funds, an increase of 7.97% from the 2021 levy, with the increase being attributed to the introduction of the street reconstruction levy, which will eventually replace special assessments for road reconstruction. The increased levies are also for the City's equipment replacement expenditures, HRA operating expenditures, and general operating levy.

**REQUESTS FOR INFORMATION**

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

(22)

**CITY OF EDINA, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 100,089,655	\$ 33,480,157	\$ 133,549,812
Restricted Cash and Investments	4,956,194	2,356,943	7,313,137
Accrued Interest	298,010	145,272	443,282
Accounts Receivable, Net	1,726,992	6,964,546	8,691,538
Special Assessments Receivable	20,434,060	340,519	20,774,579
Internal balances	(441,302)	441,302	-
Due from Other Governments	3,901,726	3,070	3,904,796
Prepaid Items	786,343	10,251	796,594
Inventory	-	2,045,831	2,045,831
Total Current Assets	131,751,678	45,767,891	177,519,569
Noncurrent Assets:			
Investment in Joint Powers Agreement	1,770,353	-	1,770,353
Loans Receivable	8,329,298	-	8,329,298
Nondepreciable Capital Assets	34,149,124	13,481,042	47,630,166
Depreciable Capital Assets (Net)	142,950,078	117,413,148	260,363,226
Total Noncurrent Assets	187,199,381	130,894,190	318,093,571
Total Assets	318,951,059	176,662,081	495,613,140
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB Plan Deferrals	436,242	40,254	476,496
Defined Benefit Pension Plans	19,205,705	2,895,511	22,091,106
Total Deferred Outflows of Resources	19,642,037	2,895,565	22,537,602
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	3,277,740	2,696,568	5,974,308
Salaries Payable	1,741,535	361,937	2,103,472
Accrued Interest Payable	866,740	580,636	1,447,376
Contracts Payable	287,676	302,145	589,821
Due to Other Governments	23,684	211,819	235,503
Deposits Payable	1,328,565	-	1,328,565
Unearned Revenue	2,773,469	479,123	3,252,612
Compensated Absences Payable	1,917,236	353,072	2,270,309
Bonds Payable	9,245,000	9,038,000	18,283,000
Total Current Liabilities	21,461,065	14,023,300	35,484,366
Noncurrent Liabilities:			
Total OPEB Liability	2,316,600	201,561	2,518,251
Net Pension Liability	15,244,814	3,762,468	19,007,222
Compensated Absences Payable	2,875,565	526,009	3,401,574
Bonds and Loans Payable, Net	62,457,965	36,936,967	99,394,922
Total Noncurrent Liabilities	82,895,144	41,426,945	124,322,089
Total Liabilities	104,356,779	55,472,745	159,829,524
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB Plan Deferrals	1,491,449	155,666	1,647,115
Defined Benefit Pension Plans	24,419,341	3,475,148	27,894,489
Total Deferred Inflows of Resources	25,910,790	3,630,814	29,541,604
<b>NET POSITION</b>			
Net Investment in Capital Assets	116,754,295	86,975,121	203,729,416
Restricted for Tax Increments	35,195,113	-	35,195,113
Restricted for Affordable Housing	3,741,466	-	3,741,466
Restricted for Debt Service	12,302,516	1,225,093	13,527,609
Restricted for Highway Construction	2,857,594	-	2,857,594
Restricted for Capital Projects	18,491,384	-	18,491,384
Restricted for Parkland Dedication	58,086	-	58,086
Restricted for Police	762,008	-	762,008
Restricted for Braemar Golf Donations	131,145	-	131,145
Restricted for Pedestrian and Cyclist Improvements	423,591	-	423,591
Restricted for Conservation and Sustainability Initiatives	2,299,363	-	2,299,363
Unrestricted	15,308,966	32,253,873	47,562,839
Total Net Position	\$ 208,325,527	\$ 120,454,087	\$ 328,779,614

See accompanying Notes to Financial Statements.

(23)

(This page left blank intentionally.)

CITY OF EDINA, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	General	Housing and Redevelopment Authority	Debt Service	Construction	Normajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 28,584,240	\$ 31,739,553	\$ 6,194,280	\$ 26,584,091	\$ 3,139,323	\$ 96,241,487
Restricted Cash and						
Investments	-	-	4,956,194	-	-	4,956,194
Accrued Interest	94,811	81,229	-	114,038	7,932	238,010
Accounts Receivable	669,689	98,597	-	65,313	545,257	1,378,856
Taxes Receivable	267,435	-	25,667	28,747	-	321,849
Special Assessments	-	-	-	-	-	-
Receivable	-	-	1,965,575	18,468,485	-	20,434,060
Due from Other Governments	952,414	12,284	27,990	2,890,078	18,860	3,901,626
Prepaid Items	85,083	-	-	58,250	13,534	156,867
Loans Receivable	-	8,329,826	-	-	-	8,329,826
Total Assets	\$ 30,653,672	\$ 40,261,489	\$ 13,169,706	\$ 48,209,002	\$ 3,724,906	\$ 136,018,775
<b>LIABILITIES</b>						
Accounts Payable	\$ 862,532	\$ 1,249,331	\$ 450	\$ 799,263	\$ 83,593	\$ 2,995,169
Salaries Payable	1,946,107	6,618	-	5,631	4,462	1,662,818
Contracts Payable	-	52,201	-	214,731	20,744	287,676
Due to Other Governments	18,782	-	-	3,470	-	22,232
Deposits Payable	1,324,805	3,760	-	-	-	1,328,565
Unearned Revenue	2,760,489	13,000	-	-	-	2,773,489
Total Liabilities	6,612,695	1,324,910	450	1,023,095	108,799	9,069,949
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Taxes	267,436	-	25,667	28,747	-	321,850
Special Assessments	-	-	1,965,097	18,462,637	-	20,427,734
Unavailable Revenue - Other	-	-	-	2,857,594	-	2,857,594
Total Deferred Inflows of Resources	267,436	-	1,990,764	21,348,978	-	23,607,178
<b>FUND BALANCE</b>						
Nonspendable	85,083	-	-	58,250	13,534	156,867
Restricted	58,086	38,936,579	11,178,492	-	3,602,573	53,775,730
Assigned	5,627,113	-	-	25,778,679	-	31,405,792
Unassigned	18,003,259	-	-	-	-	18,003,259
Total Fund Balance	23,773,541	38,936,579	11,178,492	25,836,929	3,616,107	103,341,648
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,653,672	\$ 40,261,489	\$ 13,169,706	\$ 48,209,002	\$ 3,724,906	\$ 136,018,775

CITY OF EDINA, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

	Expenses	Charges for Service	Program Revenues	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
General Government:							
Public Safety	\$ 14,844,765	\$ 2,207,889	\$ 414,927	\$ -	\$ (12,221,969)	\$ -	\$ (12,221,969)
Parks and Recreation	24,288,956	9,970,031	2,248,479	-	(12,070,446)	-	(12,070,446)
Public Works	7,395,795	3,155,545	4,030,106	-	(6,527,891)	-	(6,527,891)
Interest on Long-Term Debt	1,282,299	765,315	52,580	-	(1,282,299)	-	(1,282,299)
Total Government Activities	39,279,241	13,329,376	2,727,724	-	(30,998,031)	-	(30,998,031)
<b>Business-Type Activities:</b>							
Water	9,094,274	10,302,974	-	-	1,208,700	1,208,700	1,208,700
Sewer	7,690,708	10,322,193	-	-	3,041,485	3,041,485	3,041,485
Stormwater	3,155,545	5,272,555	-	-	2,108,030	2,108,030	2,108,030
Refuse	3,155,545	4,477,226	384,298	-	(125,052)	(125,052)	(125,052)
Liquor	13,435,305	14,280,055	-	-	844,750	844,750	844,750
Aquatic Center	1,052,346	1,071,692	-	-	19,346	19,346	19,346
Golf Course	4,622,338	5,290,109	-	-	467,771	467,771	467,771
Arena	2,882,067	2,847,678	-	-	(534,389)	(534,389)	(534,389)
Community Activity Centers	47,311,081	52,765,310	20,151	-	5,078,048	(1,879,083)	3,208,965
Total Business-Type Activities	105,950,922	126,765,310	404,419	-	5,078,048	(1,879,083)	3,208,965
Total Primary Government	\$ 144,230,163	\$ 140,094,686	\$ 3,132,143	\$ 4,030,106	\$ (25,919,983)	\$ (1,879,083)	\$ (27,799,068)
<b>General Revenues:</b>							
Property Taxes					41,826,987	-	41,826,987
Franchise Taxes					8,296,756	-	8,296,756
Lodging Taxes					3,090,322	-	3,090,322
Unrestricted Investment Earnings					17,214	-	17,214
Transfers - Internal Activities					(372,080)	(141,650)	(513,730)
Transfers - External Activities					772,460	(772,460)	-
Total General Revenues and Transfers					53,722,043	(914,110)	52,807,933
Change in Net Position					14,734,012	4,983,938	19,697,950
Net Position - Beginning					193,591,515	115,490,149	309,081,664
Net Position - Ending					\$ 208,325,527	\$ 120,454,087	\$ 328,779,614

See accompanying Notes to Financial Statements.

(24)

See accompanying Notes to Financial Statements.

(25)

**CITY OF EDINA, MINNESOTA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

Total Fund Balances - Governmental Funds \$ 103,341,648

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

Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.  
 Cost of Capital Assets 335,035,671  
 Accumulated Depreciation (157,936,469)

Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.

Bonds Payable (66,990,000)  
 Loans Payable (750,000)  
 Premium on Bonds (3,962,955)  
 Compensated Absences Payable (4,793,091)  
 Total OPEB Liability (2,316,690)  
 Net Pension Liability (15,244,614)

Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.

Investment in joint powers agreement are not available to pay for current period expenditures, and therefore, are not reported in the funds.

1,770,353

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

Deferred Outflows - OPEB 436,242  
 Deferred Outflows - Pension 19,205,795  
 Deferred Inflows - OPEB (1,491,449)  
 Deferred Inflows - Pension (24,419,341)  
 Deferred Inflows - Property Taxes 321,850  
 Deferred Inflows - Special Assessments 20,427,734  
 Deferred Inflows - Other 2,857,594

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.

Total Net Position - Governmental Activities \$ 208,325,527

See accompanying Notes to Financial Statements.

(26)

**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	General	Housing and Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
General Property Taxes	\$ 33,827,443	\$ 230,166	\$ 3,632,895	\$ 4,105,959	\$ -	\$ 41,796,463
Tax Incremental Collections	-	8,295,756	-	-	-	8,295,756
Franchise Taxes	824,286	-	-	86,100	2,175,936	3,080,322
Lodging Tax	17,214	-	-	-	-	17,214
Special Assessments	-	-	191,646	3,939,057	-	4,130,703
License and Permits	6,008,225	-	-	69,221	-	6,077,446
Intergovernmental	2,564,397	-	-	606,925	150,000	3,321,222
Charges for Services	5,536,786	228,216	-	215,266	-	5,980,258
Fines and Forfeitures	460,914	-	-	-	-	460,914
Investment Income (Loss)	(151,907)	(98,804)	-	(110,770)	(10,599)	(372,080)
Rental of Property	491,579	-	-	-	-	491,579
Other Revenues	186,591	300,000	-	12,425	205,542	704,558
Total Revenues	49,765,528	8,955,334	3,824,541	8,924,073	2,524,879	73,994,355
<b>EXPENDITURES</b>						
Current:						
General Government	8,825,723	2,872,302	-	388,796	150,000	12,236,821
Public Safety	25,527,556	-	-	52,884	113,815	25,694,255
Public Works	8,878,567	-	-	1,379,305	460,206	10,718,078
Parks	5,916,078	-	-	1,034	450	5,917,562
Capital Outlay:						
General Government	-	2,672,078	-	144,659	-	2,816,737
Public Safety	-	-	-	519,458	-	519,458
Public Works	-	-	-	7,510,434	741,709	8,262,143
Parks	26,676	-	-	435,761	-	462,437
Community Development	-	152,717	-	-	-	152,717
Debt Service:						
Bond Principal	-	-	8,326,000	-	-	8,326,000
Interest and Fiscal Charges	-	-	1,892,346	-	-	1,892,346
Total Expenditures	49,174,600	5,697,097	10,218,346	10,432,331	1,466,180	76,988,554
<b>REVENUES OVER (UNDER)</b>	590,928	3,258,237	(6,393,805)	(1,508,258)	1,058,699	(2,994,199)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	442,606	300,000	2,955,444	4,710,306	-	8,408,356
Transfers Out	(4,503,106)	-	-	(3,067,655)	(68,895)	(7,639,656)
Sale of Capital Assets	-	2,900,000	-	100,821	-	3,000,821
Bonds Issued	-	7,545,000	4,085,343	5,189,657	-	16,820,000
Premium on Bonds Issued	-	748,128	804,204	777,313	-	2,329,645
Total Other Financing Sources (Uses)	(4,060,500)	11,493,128	7,844,991	7,710,442	(68,895)	22,919,166
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	(3,469,572)	14,751,365	1,451,186	6,202,184	989,804	19,924,967
Fund Balance - January 1	27,243,113	24,185,214	9,727,306	19,634,745	2,626,303	83,416,681
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$ 23,773,541</b>	<b>\$ 38,936,579</b>	<b>\$ 11,178,492</b>	<b>\$ 25,836,929</b>	<b>\$ 3,616,107</b>	<b>\$ 103,341,648</b>

See accompanying Notes to Financial Statements.

(27)



**CITY OF EDINA, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

Total Net Change in Fund Balances - Governmental Funds	\$ 19,924,967
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.	
Capital Outlays	11,670,235
Depreciation Expense	(7,191,666)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds and insurance recoveries are included in the change in fund balances.	
Proceeds from the Sale of Capital Assets	(3,000,821)
Gain (Loss) on the Sale of Capital Assets	101,404
Revenues in the statement of activities that do not provide current financial resources (property tax special assessment, and other unavailable receivables) are not reported as revenues in the funds.	(808,224)
The amount of debt issued, principal as well as any issuance premiums or discounts, are reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.	(19,149,645)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.	8,326,000
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, they are only included in the change in fund balances when due.	(100,325)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. Amortization for the current year is included in interest expense on the Statement of Activities.	710,372
Pension and Other Postemployment Benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. Pension and OPEB expenses on the Statement of Activities are measured by the change in the net pension liability/total OPEB liability and the related deferred inflows and outflows of resources.	
Pension	3,358,226
OPEB	(36,381)
In the governmental funds, compensated absences expenditures are measured by the amount of financial resources used (amounts actually paid). In the Statement of Activities, however, compensated absences expenses are measured by the amounts earned during the year.	
Compensated Absences	(185,418)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	
Change in Net Position - Governmental Activities	1,115,288
	<u>\$ 14,734,012</u>

See accompanying Notes to Financial Statements.

(28)

**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>								
Current Assets:								
Cash and Investments	\$ 24,913,241	\$ 2,512,175	\$ 2,239,912	\$ 1,026,830	\$ 568,186	\$ 2,209,813	\$ 23,460,157	\$ 3,846,188
Restricted Cash and Investments	-	-	-	590,491	1,766,452	-	3,356,943	-
Interest Receivable	103,230	9,590	10,065	4,257	1,572	16,858	145,272	-
Accounts Receivable, Net	6,741,714	442	-	15,891	177,516	48,983	6,984,546	26,287
Special Assessments Receivable	340,519	-	-	-	-	-	340,519	-
Due to Other Governments	-	-	-	-	-	-	-	100
Prepaid Expenses	-	8,548	-	1,703	-	3,070	10,251	629,478
Inventory	20,087	1,947,020	2,248,877	78,724	2,953,726	-	2,045,331	-
Total Current Assets	32,088,951	4,477,775	5,488,687	1,717,895	5,488,687	2,278,424	45,326,889	4,504,031
Noncurrent Assets:								
Net Capital Assets	103,226,545	1,603,046	1,412,332	10,419,977	6,802,429	7,423,859	130,884,160	-
Total Assets	135,315,536	6,080,823	6,901,019	12,137,875	9,301,135	9,702,283	176,211,049	4,504,031
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
OPEB Deferred Outflows	9,909	10,189	-	6,605	5,551	8,000	40,254	-
Pension Deferred Outflows	83,801	653,716	4,282	483,334	297,255	549,923	2,855,311	-
Total Deferred Outflows of Resources	93,710	663,905	4,282	489,938	302,806	557,923	2,895,565	-
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	1,381,498	863,575	1,340	78,609	122,441	249,105	2,696,568	282,571
Salaries Payable	103,841	87,475	2,742	61,425	41,886	64,588	361,537	78,717
Compensated Absences Payable	-	-	-	11,172	30,010	-	44,182	-
Contracts Payable	302,145	-	8,017	11,712	-	-	322,145	-
Due to Other Governments	11,133	171,290	-	15,597	6,260	7,539	211,819	1,482
Unearned Revenue	-	181,770	-	286,661	10,851	19,841	478,123	-
Compensated Absences Payable	104,579	92,002	-	80,051	31,680	44,760	353,072	-
Bonds Payable - Current	5,727,600	-	80,000	1,165,000	2,038,000	-	9,038,000	-
Total Current Liabilities	8,099,153	1,386,112	92,099	1,779,535	2,278,128	389,815	14,023,300	362,740
Noncurrent Liabilities:								
Total OPEB Liability	43,446	42,980	-	51,131	17,722	46,282	201,561	-
Net Pension Liability	1,129,376	879,220	5,072	648,217	303,771	727,152	3,782,408	-
Compensated Absences Payable	159,868	138,004	-	120,077	47,519	67,141	529,609	-
Bonds Payable - Total of Unamortized Bond Premium	25,926,032	-	494,281	7,578,092	2,886,457	-	36,935,867	-
Total Noncurrent Liabilities	27,334,722	1,060,204	499,053	8,398,532	3,345,469	840,575	41,449,445	-
Total Liabilities	35,433,875	2,456,316	592,852	10,177,577	5,623,597	1,230,388	55,472,745	362,740
<b>DEFERRED INFLOWS</b>								
OPEB Deferred Inflows	42,896	36,651	-	24,706	23,506	27,897	155,666	-
Pension Deferred Inflows	1,038,713	807,796	5,212	595,551	361,793	680,893	3,475,148	-
Total Deferred Inflows of Resources	1,079,609	844,457	5,212	620,257	385,289	698,590	3,630,814	-
Total Liabilities and Deferred Inflows of Resources	36,474,524	3,300,773	598,164	10,797,844	6,009,886	1,922,988	59,103,559	362,740
<b>NET POSITION</b>								
Net Investment in Capital Assets	71,191,368	1,603,046	838,051	2,266,371	3,646,424	7,423,859	86,975,121	-
Restricted for Edina Law Debt	-	-	1,225,093	-	-	-	1,225,093	-
Unrestricted	28,521,154	1,850,907	1,005,283	(430,403)	(47,349)	912,979	31,812,571	4,141,291
Total Net Position	\$ 99,712,622	\$ 3,453,953	\$ 3,068,427	\$ 1,835,968	\$ 3,599,075	\$ 8,396,938	\$ 120,012,785	\$ 4,141,291

Explanation of difference between Proprietary Funds Statement of Revenue, Expenses, and Changes in Fund Net Position and the Statement of Activities:

The City uses internal service funds to charge the cost of its risk management, equipment operations, IT, and facilities management to individual funds. This amount represents the total income that has been allocated back to the business-type activities in the government-wide Statement of Activities that is attributable to the City's business-type activities each year.

Net position of business-type activities

\$ 120,454,087

See accompanying Notes to Financial Statements.

(29)

CITY OF EDINA, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>								
Sales - Retail	\$ -	\$ 14,116,427	\$ -	\$ 98	\$ -	\$ -	\$ 14,116,525	\$ -
Sales - Wholesale	-	586,805	6,726	-	26,101	6,845	546,286	-
Sales - Utilities	26,335,795	-	-	-	-	-	26,335,795	-
Sales - Concessions	-	-	155,701	52	175,207	24,551	355,601	-
Memberships	-	-	371,891	201,499	-	77,902	651,292	-
Admissions	-	-	-	464,859	23,550	262,290	1,924,996	-
Rental of Space	-	-	-	-	-	-	2,545,000	-
Building Rental	-	-	68,651	155,324	1,934,360	664,956	2,821,301	-
Rental of Equipment	-	-	-	381,616	2,144	108,923	452,693	-
Greens Fees	-	-	-	2,109,267	-	269,667	2,378,934	-
Other Fees	1,327,795	-	(64)	1,056,652	155,658	673,215	3,243,239	7,421,050
Total Operating Revenues	27,653,593	14,313,232	1,037,24	5,384,684	2,347,070	2,097,439	52,899,742	7,421,050
<b>OPERATING EXPENSES</b>								
Cost of Sales and Services	-	10,553,194	60,370	235,073	67,517	10,704	10,726,858	-
Personnel Services	2,812,860	1,988,609	352,375	2,271,801	990,205	1,228,326	9,674,376	2,153,814
Contractual Services	10,671,011	986,621	232,907	694,017	843,938	842,903	13,971,397	27,059,930
Commodities	1,145,518	57,000	75,914	497,948	73,955	2,525,958	2,089,493	-
Professional Services	3,915,365	3,700	3,700	2,716,316	2,716,316	2,716,316	11,137,038	-
Depreciation	5,931,178	320,380	284,420	864,469	637,145	667,524	8,555,346	-
Total Operating Expenses	21,350,832	13,319,779	1,073,317	4,353,667	2,446,076	3,331,462	47,553,135	5,937,762
<b>OPERATING INCOME (LOSS)</b>	5,712,761	793,453	(6,083)	549,017	(499,006)	(1,240,023)	5,306,607	1,423,308
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Intergovernmental	384,298	-	-	-	-	-	384,298	-
Investment Income	(100,528)	(13,269)	(10,212)	(6,229)	(1,186)	(10,186)	(141,650)	-
Donations	-	-	-	-	-	3,602	3,602	-
Interest and Fiscal Charges	(1,048,696)	-	(21,667)	(269,713)	(73,226)	-	(1,413,302)	-
Allocation of Bond Premiums	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	964,536	-	27,803	156,071	12,823	-	1,161,033	-
Miscellaneous	17,437	-	-	-	-	-	17,437	-
Total Nonoperating Revenues (Expenses)	9,092	345	15,164	-	603	81,414	106,623	-
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	228,109	(12,954)	1,088	(119,871)	(51,181)	74,820	119,011	-
<b>TRANSFERS</b>								
Transfers In	5,938,870	780,489	1,495	429,146	(590,180)	(1,166,203)	5,424,618	1,423,308
Transfers Out	-	-	-	-	-	-	-	-
Total Transfers	5,938,870	780,489	1,495	429,146	(590,180)	(1,166,203)	5,424,618	1,423,308
<b>CHANGE IN NET POSITION</b>								
Net Position - January 1	94,525,985	3,925,300	3,043,653	1,353,458	3,818,659	9,089,564	115,360,627	2,714,223
<b>NET POSITION - DECEMBER 31</b>	\$ 30,712,522	\$ 3,459,905	\$ 3,084,427	\$ 1,835,968	\$ 3,459,075	\$ 8,339,836	\$ 120,012,785	\$ 4,141,291
Explanation of difference between Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position and the Statement of Activities:								
The City uses internal service funds to charge the cost of the risk management, equipment operations, IT, and facilities management to individual funds. This amount represents the income that has been allocated back to the business-type activities in the government-wide Statement of Activities that is attributable to the City's business-type activities:								
							311,780	
Change in net position of business-type activities							\$ 4,953,936	

See accompanying Notes to Financial Statements. (30)

CITY OF EDINA, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Customers and Users	\$ 26,003,783	\$ 14,391,252	\$ 1,084,888	\$ 5,445,033	\$ 2,337,468	\$ 2,148,491	\$ 52,310,915	\$ -
Receipts from City Funds	(1,179,472)	(11,054,066)	(412,631)	(1,989,371)	(1,110,101)	(1,248,012)	(27,164,033)	7,430,013
Payment to Suppliers	(2,517,424)	(2,055,803)	(374,677)	(2,115,260)	(973,054)	(1,692,129)	(10,730,353)	(3,546,320)
Net Cash Provided (Used) by Operating Activities	12,666,789	1,274,583	297,580	1,737,402	254,263	(762,250)	15,468,427	17,907,698
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfer to Other Funds	-	4,156	17,289	53,364	340,605	412,477	827,871	3,760
Net Cash Provided (Used) by Noncapital Financing Activities	(750,331)	(845,844)	17,289	53,364	340,605	412,477	(1,600,331)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
State Grant	405,642	-	-	-	-	-	405,642	-
Proceeds from Capital Debt	(6,819,477)	-	-	601,624	1,800,054	-	2,401,678	-
Acquisition of Capital Assets	(84,684)	-	(946)	(49,053)	(51,570)	(107,198)	(10,152,038)	-
Sale of Capital Assets	(6,920,000)	-	(80,000)	(965,000)	(264,000)	-	(7,859,000)	-
Principal Paid on Bonds	(1,143,595)	-	(23,000)	(277,734)	(75,883)	-	(1,520,118)	-
Interest and Fiscal Charges Paid on Bonds and Related Financing Activities	(17,460,165)	(64,684)	(103,346)	(260,163)	1,408,466	(107,198)	(16,677,000)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest Received	65,648	30,652	23,536	14,374	2,781	29,500	169,491	-
Purchase of Investments	-	-	-	(590,489)	(1,766,446)	-	(2,356,935)	-
Sale of Investments	1,790,384	-	-	-	-	-	1,790,384	-
Net Cash Provided (Used) by Investing Activities	1,790,384	30,652	23,536	(576,115)	(1,763,665)	29,500	(466,000)	-
<b>NET INCREASE (DECREASE) IN CASH</b>	(3,747,975)	394,707	235,099	924,488	239,699	(408,411)	(2,447,093)	17,941,548
Cash - January 1	25,928,881	2,127,298	2,001,603	107,925	316,644	2,674,111	32,736,562	2,113,620
<b>CASH - DECEMBER 31</b>	\$ 21,761,406	\$ 2,522,005	\$ 2,236,702	\$ 1,032,413	\$ 556,343	\$ 2,185,700	\$ 30,289,469	\$ 3,845,168
<b>CASH AND INVESTMENTS PRESENTED IN THE STATEMENT OF NET POSITION</b>								
Cash	\$ 21,761,406	\$ 2,522,005	\$ 2,236,702	\$ 1,032,413	\$ 556,343	\$ 2,185,700	\$ 30,289,469	\$ 3,845,168
Investments	3,151,935	(9,830)	3,210	(6,553)	1,843	29,113	3,170,688	-
Total Cash and Investments	\$ 24,913,341	\$ 2,512,175	\$ 2,239,912	\$ 1,025,860	\$ 558,186	\$ 2,214,813	\$ 33,460,157	\$ 3,845,168

See accompanying Notes to Financial Statements. (31)



**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 5,712,761	\$ 793,453	\$ (9,693)	\$ 549,017	\$ (499,000)	\$ (1,240,023)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	5,931,178	120,830	283,470	894,499	667,524	8,555,246
Miscellaneous Income	9,092	345	15,164	-	608	85,016
(Increase) Decrease in:						
Accounts Receivable	(735,933)	-	-	(13,123)	(16,515)	(778,891)
Special Assessments Receivable	(33,519)	219	-	-	(14,000)	(33,519)
Due from Other Governments	-	-	-	-	(3,070)	(3,070)
Inventory	(3,801)	(481,066)	-	24,353	-	16,226
Prepaid Expenses	1,598	14,903	-	(816)	-	15,685
Deferred Outflows of Resources	(743,379)	(554,905)	(4,282)	(427,323)	(251,039)	(2,405,053)
Income Taxes	1,486,233	817,242	841	44,957	84,124	2,640,120
Accounts Payable	5,402	10,462	1,156	7,596	9,183	4,659
Salaries Payable	2,692	4,996	-	11,502	3,903	7,430
Due to Other Governments	-	-	-	73,917	6,135	30,722
Unearned Revenue	9,881	7,406	-	8,442	(10,600)	146,408
Unearned Revenue	-	7,406	-	8,442	-	146,408
Net Pension Liability	(31,625)	(262,781)	5,972	(14,640)	(998,563)	(1,023,309)
Compensated Absences	83,252	(1,150)	-	23,646	23,577	(50,677)
Deferred Inflow of Resources	973,027	745,167	5,212	559,320	333,810	3,214,249
Total Adjustments	6,954,028	481,130	307,233	1,185,365	753,271	9,016,020
Net Cash Provided (Used) by Operating Activities	\$ 12,666,789	\$ 1,274,583	\$ 297,640	\$ 1,732,402	\$ (254,283)	\$ 15,488,427
<b>NONCASH INVESTING ACTIVITIES</b>						
Increase in Fair Value of Investments	(240,820)	\$ (44,765)	\$ (34,374)	\$ (29,692)	\$ (34,321)	\$ (379,145)
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of Capital Assets with Contracts Payable	\$ 302,145	\$ -	\$ -	\$ -	\$ -	\$ 302,145
Capital Assets Acquired (to) from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

(32)

**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET POSITION AND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**DECEMBER 31, 2021**

	ASSETS	Custodial Funds
Cash and Investments		\$ 342,719
Accounts Receivable		17,585
Total Assets		<u>360,304</u>
<b>LIABILITIES</b>		
Accounts Payable		124,406
Salaries Payable		17,913
Due to Other Governmental Units		12,037
Unearned Revenue		5,163
Total Liabilities		<u>159,519</u>
<b>NET POSITION</b>		<u>\$ 200,785</u>
Restricted for Organizations and Other Governments		
<b>ADDITIONS</b>		
Collections on Behalf of Others	\$ 1,662,677	
<b>DEDUCTIONS</b>		
Payments on Behalf of Others	2,074,559	
Net Increase (Decrease) in Fiduciary Net Position		<u>(411,882)</u>
Net Position - Beginning		612,667
Net Position - Ending		<u>\$ 200,785</u>

See accompanying Notes to Financial Statements.

(33)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**A. Financial Reporting Entity**

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

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

Component Unit

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

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

(34)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide and Fund Financial Statements**

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

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

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

(35)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

(36)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

**Internal service funds** – the *risk management, equipment operations, information technology, and facilities management internal service funds* account for costs of insurance and risk management programs, equipment operations, IT services, and facilities management across all municipal departments. Internal service funds operate in a manner similar to enterprise funds; however, it provides services primarily to other departments within the City.

**Custodial funds** – the *police seizure, Public Safety Training Facility, and Minnesota Task Force 1 funds* account for fees collected for other government agencies.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Aggregated information for the internal service funds is reported in a single column in the proprietary fund financial statements. These services have been allocated proportionately to governmental and business-type activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

(37)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments

Cash and Investments

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

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

Debt securities classified in Level 2 of the fair value hierarchy are valued using evaluations based on various market and industry inputs.

See Note 2 for the City's recurring fair value measurements as of the current year-end.

Restricted Cash and Investments

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

Cash Equivalents

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

(38)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at December 31, 2021 are planned to be eliminated in 2022. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

F. Revenue Recognition

1. Property Tax Revenue Recognition

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

(39)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenue Recognition (Continued)

2. Special Assessment Revenue Recognition

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

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources. The following is a breakdown of special assessments receivable at December 31, 2021:

	Governmental Funds			Enterprise Funds	
	Debt Service	Construction	Utilities		
Special Assessments Receivable:					
Delinquent	\$ 478	\$ 40,457	\$ 29,424		
Deferred	\$ 1,965,097	\$ 18,428,028	\$ 311,095		
Total	<u>\$ 1,965,575</u>	<u>\$ 18,468,485</u>	<u>\$ 340,519</u>		

(40)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Prepaid Items

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

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

H. Capital Assets

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

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

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

Assets	Life
Golf Course	10 to 35 Years
Land Improvements	15 to 50 Years
Building and Structures	15 to 40 Years
Furniture and Office Equipment	5 to 10 Years
Vehicles and Equipment	3 to 20 Years
Parks	5 to 100 Years
Utility Infrastructure	20 to 50 Years

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

(41)



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

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

J. State-Wide Pension Plans

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

Pension liabilities are liquidated by various governmental funds based on where the corresponding employees' salaries are allocated.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the 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 plus any premium received is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(42)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualifies for reporting in this category.

Deferred outflows of resources related to pensions and OPEB are reported in the government-wide and enterprise funds statement of net position. These deferred outflows result from differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

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

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

Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and enterprise fund statement of net position. These deferred inflows result from differences between expected and actual experience, changes of assumptions, and the difference between projected and actual investment earnings. These amounts are deferred and amortized as required under pension and OPEB standards.

M. Interfund Transactions

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

(43)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Fund Balance Classification**

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

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

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

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

**O. Net Position**

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

(44)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Net Position (Continued)**

- **Unrestricted Net Position** – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

**P. Use of Estimates**

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

**NOTE 2 CASH AND INVESTMENTS**

**A. Components of Cash and Investments**

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

Deposits	\$ (1,838,594)
Cash on hand	36,050
Investments	143,008,212
Total	<u>\$ 141,205,668</u>

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

Cash and Investments - Statement of Net Position	\$ 133,549,812
Restricted Cash and Investments - Statement of Net Position	7,313,137
Cash and Investments - Statement of Fiduciary Net Position	342,719
Total	<u>\$ 141,205,668</u>

The City had restricted investments of \$7,313,137 as of December 31, 2021 that represents unspent bond proceeds to be used for bond refunding payments in 2022.

**B. Deposits**

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

(45)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 CASH AND INVESTMENTS POLICIES (CONTINUED)

B. Deposits (Continued)

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

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

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

At year-end, the carrying amount of the City's deposits was (\$1,838,594) while the balance on the bank records was \$657,623. At December 31, 2021, all of the City's deposits were properly collateralized in accordance with state statutes.

C. Investments

The City has the following investments at year-end:

Investment	Credit Risk		Fair Value Measurements	Interest Risk - Maturity Duration in Years					Total
	Rating	Agency		Using					
					< 1	1 to 5	5 to 10	> 10	
U.S. Treasuries	N/A	N/A	Level 1	-	\$ 16,504,363	\$ 7,465,984	\$ -	\$ -	\$ 24,389,747
Commercial CDs	AA+	S&P	Level 2	2,732,073	3,802,216	-	-	-	6,534,289
SBA Notes	AA+	S&P	Level 1	-	81,813	363,578	-	-	445,391
FHLMC	AA+	S&P	Level 2	76,019	467,069	-	-	-	543,088
FFMCA	AA+	S&P	Level 2	-	18,983	182,678	-	1,493,496	1,700,157
FFMCA	AA+	S&P	Level 2	-	1,822,674	869,697	-	8,171,056	10,863,967
Municipal Bonds	AA+ to AAA	S&P	Level 2	22,439,081	20,363,500	881,770	-	-	43,689,351
Corporate Bonds	AA+	S&P	Level 2	-	986,210	-	-	-	986,210
Subtotal				\$ 25,202,173	\$ 44,669,095	\$ 9,762,477	\$ 9,670,152	\$ -	\$ 89,261,608
Money Market									53,046,274
4M Fund <sup>2</sup>									763,151
Total Investments									\$ 143,068,212

N/A - Not Applicable

NR - Not Rated

<sup>2</sup> - The City's money market investments do not have maturities

(46)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 2 CASH AND INVESTMENTS POLICIES (CONTINUED)

C. Investments (Continued)

The Minnesota Municipal Money Market Fund (4M Fund) is regulated by Minnesota Statutes and the board of directors of the League of Minnesota Cities. The 4M Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The City's investment in the 4M Fund is measured at amortized cost which approximates fair value. The fair value of its position in the pool is the same as the value of the pool shares. The fund does not have any limitations or restrictions on participant withdrawals.

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

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

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

**Concentration Risk** – This is the risk associated with investing a significant portion of the City's investment (considered 5% or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. The City's investment policies specifically address the City's desire to limit concentration risk, but do not set specific guidelines for measurement of this risk. At year-end, the City's investments include 12.18% in securities issued by FNMA.

(47)



**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 CASH AND INVESTMENTS POLICIES (CONTINUED)**

**C. Investments (Continued)**

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

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 24,298,526	\$ -	\$ (2,893,443)	\$ 21,405,083
Easements	253,000	-	-	253,000
Construction in Progress	6,691,865	9,803,421	(4,004,245)	12,491,041
Total Capital Assets Not Being Depreciated	31,243,391	9,803,421	(6,897,688)	34,149,124
Capital Assets Being Depreciated:				
Land Improvements	26,121,978	1,267,588	-	27,389,566
Buildings and Structures	64,210,041	453,471	-	64,663,512
Furniture and Office Equipment	3,937,521	136,831	(23,385)	4,050,967
Vehicles and Equipment	21,429,509	1,718,422	(791,417)	22,356,514
Infrastructure	156,222,111	-	-	156,222,111
Parks	23,909,130	2,294,747	-	26,203,877
Total Capital Assets Being Depreciated	295,830,290	5,871,059	(814,802)	300,886,547
Less Accumulated Depreciation for:				
Land Improvements	(20,306,442)	(522,640)	-	(20,829,082)
Buildings and Structures	(29,112,739)	(1,746,052)	-	(30,858,791)
Furniture and Office Equipment	(3,659,188)	(89,708)	23,385	(3,725,511)
Vehicles and Equipment	(11,000,197)	(1,777,313)	785,443	(11,992,067)
Infrastructure	(73,041,421)	(2,052,840)	-	(75,094,261)
Parks	(14,433,644)	(1,003,113)	-	(15,436,757)
Total Accumulated Depreciation	(151,553,631)	(7,191,666)	808,828	(157,936,469)
Total Capital Assets Being Depreciated, Net	144,276,659	(1,320,607)	(5,974)	142,950,078
Governmental Activities Capital Assets, Net	\$ 175,520,050	\$ 8,482,814	\$ (6,903,662)	\$ 177,099,202

(48)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 285,341	\$ -	\$ -	\$ 285,341
Easements	35,000	-	-	35,000
Construction in Progress	6,318,348	9,407,009	(2,565,256)	13,160,101
Total Capital Assets Not Being Depreciated	6,639,289	9,407,009	(2,565,256)	13,481,042
Capital Assets Being Depreciated:				
Land Improvements and Golf Course	15,689,326	33,389	-	15,722,715
Buildings and Structures	39,120,897	108,457	-	39,229,354
Furniture and Office Equipment	140,448	-	-	140,448
Vehicles and Equipment	14,006,550	579,038	(19,890)	14,565,698
Utility Infrastructure	156,666,203	2,379,729	-	159,045,932
Lease Property Capital Lease	430,614	-	-	430,614
Total Capital Assets Being Depreciated	226,054,038	3,100,613	(19,890)	229,134,761
Less Accumulated Depreciation for:				
Land Improvements and Golf Course	(5,422,460)	(706,954)	-	(6,129,414)
Buildings and Structures	(21,671,870)	(1,624,533)	-	(23,296,403)
Furniture and Office Equipment	(140,448)	-	-	(140,448)
Vehicles and Equipment	(8,330,481)	(793,963)	19,890	(9,104,554)
Utility Infrastructure	(67,190,384)	(5,429,796)	-	(72,620,180)
Lease Property Capital Lease	(430,614)	(8,555,246)	-	(830,614)
Total Accumulated Depreciation	(103,186,257)	(8,555,246)	19,890	(111,721,613)
Total Capital Assets Being Depreciated, Net	122,867,781	(5,454,633)	-	117,413,148
Business-Type Activities Capital Assets, Net	\$ 129,507,070	\$ 3,952,376	\$ (2,565,256)	\$ 130,894,190

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

Governmental Activities:		
General Government	\$	190,093
Public Safety		1,591,894
Public Works		3,728,298
Parks		1,681,381
Total Depreciation Expense - Governmental Activities	\$	7,191,666
Business-Type Activities:		
Utilities	\$	5,931,178
Liquor		120,830
Aquatic Center		283,470
Golf Course		894,499
Arena		657,745
Art Center		5,892
Edinborough Park		100,562
Centennial Lakes		37,144
Sports Dome		523,926
Total Depreciation Expense - Business-Type Activities	\$	8,555,246

(49)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 3 CAPITAL ASSETS (CONTINUED)

Construction Commitments

At December 31, 2021, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

Project #	Project Description	Contract Amount	Remaining Commitment
ENG21-1	Creek Knoll A&B	\$ 2,904,014	\$ 99,330
ENG21-2	Melody Lake A/B, Grandview A, Birchcrest C	10,536,643	1,164,632
ENG21-6	Eden Ave & Brookside	4,204,575	3,387,276
ENG21-12	Highlands Park Trail Improvements	124,196	8,300
ENG21-13	Townes Road Sump Drain	41,159	41,159
ENG21026	GV Pedestrian Bridge	1,857,023	1,630,295
	Total		\$ 6,330,992

Commitments above that are significant to the applicable fund include the Eden Ave & Brookside Project in the HRA fund, the Grandview Pedestrian Bridge in the HRA fund, and the Melody Lake A/B, Grandview A, and Birchcrest C project in the PIR Construction fund and the Utilities fund.

NOTE 4 LONG-TERM DEBT

The City has five types of bonded debt outstanding at December 31, 2021: general obligation bonds, permanent improvement revolving bonds, tax increment financing bonds, public project revenue bonds, and G.O. revenue bonds. The first type is payable from general property taxes. The second type is payable primarily from special assessments with any deficiency to be provided for by general property taxes. The third type is payable from future tax increment payments received. The fourth type is payable solely from annual appropriation lease payments received from the City of Edina pursuant to a lease between the Edina Housing and Redevelopment Authority and the City. The fifth type is payable primarily from enterprise revenue with any deficiency to be provided for by general property taxes. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

(50)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

Governmental Activities

As of December 31, 2021, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2021
General Obligation Bonds:					
General Obligation - Capital Improvement Plan, 2013A - Refunding	3.00-3.50%	10/10/2013	2/1/2030	\$ 5,710,000	\$ 3,330,000
General Obligation, 2016A - Refunding	2.00-3.00%	7/6/2016	2/1/2028	3,635,000	2,440,000
General Obligation, 2017C - Refunding	3.00-3.50%	10/17/2017	2/1/2035	9,850,000	6,000,000
General Obligation, 2018A - Refunding	3.00-3.50%	6/13/2018	2/1/2038	2,850,000	2,555,000
General Obligation, 2021B - Refunding	5.00%	12/16/2021	2/1/2030	2,515,000	2,515,000
Total General Obligation Bonds				23,620,000	17,735,000
Permanent Improvement Revolving (PIR) Bonds:					
Permanent Improvement Revolving, 2010B	2.00-3.00%	11/18/2010	2/1/2022	2,305,000	255,000
Permanent Improvement Revolving, 2011A	3.00-3.50%	10/27/2011	2/1/2023	3,320,000	730,000
Permanent Improvement Revolving, 2011B	3.00-3.50%	10/27/2011	2/1/2023	2,100,000	1,000,000
Permanent Improvement Revolving, 2015A - Parking	2.00-4.00%	7/9/2015	2/1/2038	2,465,000	2,005,000
Permanent Improvement Revolving, 2016A	2.00-3.00%	7/6/2016	2/1/2033	3,940,000	3,275,000
Permanent Improvement Revolving, 2017A	3.00-4.00%	6/29/2017	2/1/2034	1,995,000	1,790,000
Permanent Improvement Revolving, 2018A	3.00-4.00%	6/27/2018	2/1/2035	2,210,000	2,095,000
Permanent Improvement Revolving, 2019A	3.00-4.00%	6/13/2019	2/1/2036	2,195,000	2,195,000
Permanent Improvement Revolving, 2020A	2.00-4.00%	12/30/2020	2/1/2029	1,601,000	1,590,000
Permanent Improvement Revolving, 2021A	2.00-4.00%	6/24/2021	2/1/2043	5,480,000	5,480,000
Permanent Improvement Revolving, 2021B	5.00%	12/16/2021	2/1/2030	1,280,000	1,280,000
Total PIR Bonds				38,301,000	27,740,000
Tax Increment Financing Bonds					
Tax Increment Financing, 2021A	2.00-4.00%	6/24/2021	2/1/2043	7,545,000	7,545,000
Public Project Revenue Bonds:					
Public Project Revenue, 2014A	2.00-3.625%	7/15/2014	2/1/2035	16,155,000	12,240,000
Public Project Revenue, 2015A - Refunding	2.50-3.00%	7/9/2015	5/1/2026	3,490,000	1,730,000
Total Public Project Revenue Bonds				19,645,000	13,970,000
Total Bonded Indebtedness - Governmental Activities				\$ 89,111,000	\$ 66,980,000

(51)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities**

Revenue Bonds:	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2021
Recreational Facility Bonds, Series 2012C	2.00-3.00%	11/15/2012	2/1/2023	\$ 2,100,000	\$ 1,905,000
Recreational Facility Bonds, Series 2013B	3.00-3.45%	10/10/2013	2/1/2029	1,125,000	665,000
Recreational Facility Bonds, Series 2015B	2.00-3.25%	7/9/2015	2/1/2031	2,140,000	1,520,000
Recreational Facility Bonds, Series 2017B	3.00-4.00%	6/29/2017	2/1/2033	7,425,000	6,085,000
Recreational Facility Bonds, Series 2017D - Refunding	2.00%	12/20/2017	2/1/2030	1,640,000	1,204,000
Recreational Facility Bonds, Series 2021C - Refunding	2.00-3.00%	12/16/2021	2/1/2033	2,210,000	2,210,000
Utility Revenue Bonds, Series 2011A	2.00-3.00%	10/27/2011	2/1/2022	1,120,000	1,255,000
Utility Revenue Bonds, Series 2014A	2.00-3.00%	7/15/2014	2/1/2024	5,680,000	1,830,000
Utility Revenue Bonds, Series 2015A	2.00-4.00%	7/9/2015	2/1/2025	5,235,000	2,230,000
Utility Revenue Bonds, Series 2016A	2.00-3.00%	7/6/2016	2/1/2027	8,775,000	5,660,000
Utility Revenue Bonds, Series 2017A	3.00-4.00%	6/29/2017	2/1/2028	6,395,000	4,880,000
Utility Revenue Bonds, Series 2018A	3.00-4.00%	6/13/2018	2/1/2030	5,250,000	4,550,000
Utility Revenue Bonds, Series 2019A	3.00-4.00%	6/13/2019	2/1/2032	8,915,000	5,350,000
Utility Revenue Bonds, Series 2020A	2.00-4.00%	6/25/2020	2/1/2031	4,830,000	4,830,000
Utility Revenue Bonds, Series 2020B - Refunding	1.00%	12/30/2020	2/1/2023	1,414,000	1,064,000
Total Bonded Indebtedness - Business-Type Activities				\$ 75,229,000	\$ 43,318,000

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

Year Ending December 31,	General Obligation Bonds				Governmental Activities				Business-Type Activities			
	Principal	Interest	Revolving Bonds	Public Improvement	Principal	Interest	Revolving Bonds	Public Project Revenue Bonds	Principal	Interest	Revolving Bonds	Public Project Revenue Bonds
2022	\$ 4,670,000	\$ 950,081	\$ 3,535,000	\$ 1,067,763	\$ 1,040,000	\$ 428,269						
2023	1,480,000	457,775	1,817,000	759,789	1,070,000	400,194						
2024	1,480,000	457,775	1,817,000	759,789	1,070,000	400,194						
2025	1,850,000	398,475	1,840,000	634,136	1,135,000	335,095						
2026	1,930,000	292,575	1,888,000	572,901	1,170,000	302,244						
2027-2031	6,245,000	361,302	9,766,000	1,874,337	4,390,000	1,092,761						
2032-2036	-	-	6,170,000	491,516	4,065,000	298,488						
2037-2041	-	-	920,000	18,200	-	-						
2042-2043	-	-	-	-	-	-						
Total	\$ 17,735,000	\$ 2,746,408	\$ 27,740,000	\$ 6,104,103	\$ 13,970,000	\$ 3,224,606						

Year Ending December 31,	Governmental Activities				Business-Type Activities			
	Principal	Interest	Revolving Bonds	Public Improvement	Principal	Interest	Revolving Bonds	Public Project Revenue Bonds
2022	\$ -	\$ 245,092	\$ 9,038,000	\$ 1,665,280				
2023	250,000	217,250	5,231,000	1,085,467				
2024	260,000	207,050	5,042,000	907,581				
2025	270,000	198,450	4,584,000	737,581				
2026	280,000	189,650	4,126,000	577,581				
2027-2031	1,570,000	747,250	13,946,000	1,102,452				
2032-2036	1,875,000	447,625	1,430,000	39,825				
2037-2041	2,130,000	199,300	-	-				
2042-2043	910,000	18,300	-	-				
Total	\$ 7,545,000	\$ 2,463,767	\$ 43,318,000	\$ 6,125,661				

(52)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

**Change in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 17,725,000	\$ 2,515,000	\$ (2,505,000)	\$ 17,735,000	\$ 4,870,000
Public Project Revenue	24,526,000	6,760,000	(3,546,000)	27,740,000	3,535,000
PIR	16,245,000	-	(2,275,000)	13,970,000	1,040,000
Tax Increment Financing	-	7,545,000	-	7,545,000	-
Less Deferred Amounts:					
Premiums on Bonds	2,343,682	2,329,645	(710,372)	3,962,955	-
Total Bonds Payable	60,839,682	19,149,645	(9,036,372)	70,952,955	9,245,000
Loans Payable	750,000	-	-	750,000	-
Compensated Absences	4,607,673	2,011,381	1,825,963	4,793,091	1,917,237
Governmental Activity Long-Term Liabilities	\$ 66,197,355	\$ 21,161,026	\$ (7,210,409)	\$ 76,496,046	\$ 11,662,237
Business-Type Activities:					
Bonds Payable:					
General Obligation Revenue Bond	\$ 48,937,000	\$ 2,210,000	\$ (7,829,000)	\$ 43,318,000	\$ 9,038,000
Less Deferred Amounts:					
Premiums on Bonds	3,625,222	191,678	(1,161,033)	2,655,867	-
Total Bonds Payable	52,562,222	2,401,678	(8,990,033)	45,973,867	9,038,000
Compensated Absences	804,033	360,644	281,996	882,881	353,072
Business-Type Activity Long-Term Liabilities	\$ 53,366,255	\$ 2,762,322	\$ (8,708,037)	\$ 46,856,548	\$ 9,391,072

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

On June 24, 2021, the City issued \$5,480,000 of General Obligation PIR Bonds and \$7,545,000 of General Obligation TIF Bonds, Series 2021A. The proceeds of these bonds are being used to finance various assessable public improvements and the construction of public improvements within the Grandview 2 Tax Increment Financing District in the City. The bonds include coupon rates of 2.00-4.00%, with a final maturity date of February 1, 2038 for the PIR portion of the bonds and February 1, 2043 for the TIF portion of the bonds.

On December 14, 2021, the City issued \$2,515,000 of General Obligation Refunding Bonds and \$1,280,000 of General Obligation PIR Refunding Bonds, Series 2021B, to advance refund, in 2022, the 2023 through 2030 maturities of the City's outstanding 2013A bonds. The bonds include coupon rates of 5.0%, with a final maturity date of February 1, 2030.

On December 14, 2021, the City issued \$2,210,000 of General Obligation Recreational Revenue Refunding Bonds, Series 2021C, to advance refund, in 2022, the 2023 through 2033 maturities of the City's outstanding 2012C bonds. The bonds include coupon rates of 2.00-4.00%, with a final maturity date of February 1, 2029 for the golf course portion and February 1, 2033 for the ice arena portion.

(53)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

On February 1, 2021, the City used proceeds from the 2020B General Obligation Refunding Bonds to call the 2012A General Obligation PIR and Utility Revenue bonds. The refunding resulted in a cash flow savings of \$156,914 and a net present value savings of \$138,558.

Revenue Pledged

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

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Terms of Pledge		Principal Paid	Pledged Received
2012C Recreational Facility Bonds	Arena Improvements	Arena	100 %	2013-2023	\$ 1,928,972	\$ 184,969	\$ 2,347,070
2013B Recreational Facility Bonds	Golf Course Improvements	Golf	100	2014-2029	675,583	97,290	5,384,684
2015B Recreational Facility Bonds	Golf Course Improvements	Golf	100	2016-2031	1,762,789	177,544	5,384,684
2016B Recreational Facility Bonds	Pool Improvements	Pool	100	2017-2027	601,900	103,000	1,069,724
2017B Recreational Facility Bonds	Arena Improvements	Arena	100	2018-2030	1,315,280	155,020	2,347,070
2021C Recreational Facility Bonds	Arena Improvements	Arena	100	2023-2033	1,927,400	-	2,347,070
2021C Recreational Facility Bonds	Golf Course Improvements	Golf	100	2023-2033	620,163	-	5,384,684
2021C Recreational Facility Bonds	Utility Infrastructure	Utility	100	2023-2033	1,307,237	-	2,347,070
2014A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2014-2024	1,910,426	1,270,897	27,663,593
2015A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2016-2025	2,391,950	633,460	27,663,593
2016A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2017-2027	5,980,131	997,683	27,663,593
2017A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2018-2028	5,501,250	786,800	27,663,593
2018A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2019-2029	3,134,326	368,600	27,663,593
2019A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2020-2030	5,576,050	746,000	27,663,593
2020A Utility Revenue Bonds	Utility Infrastructure	Utility	100	2021-2031	5,576,050	176,560	27,663,593
2020B Utility Revenue Bonds	Utility Infrastructure	Utility	100	2021-2023	1,075,624	359,034	27,663,593

NOTE 5 LEGAL DEBT MARGIN

The City is subject to a statutory limitation by the state of Minnesota for bonded indebtedness payable principally from property taxes. The City of Edina's legal debt margin for 2021 is computed as follows:

Market Value (After Fiscal Disparities)	December 31, 2021
	<u>\$ 13,344,357,600</u>
Debt Limit (3% of Market Value)	<u>\$ 400,330,728</u>
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 110,308,000
Less:	
Public Improvement Revolving Bonds	(27,740,000)
Tax Increment Financing Bonds	(7,545,000)
Revenue Bonds	(43,318,000)
Total Debt Applicable to Debt Limit	<u>\$ 31,705,000</u>
Legal Debt Margin	<u>\$ 368,625,728</u>

(54)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE

The City participates in various pension plans, with total pension expense for the year ended December 31, 2021 of \$125,177. The components of pension expense are noted in the following plan summaries:

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the 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 (IRC).

1. General Employees Retirement Plan

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

2. 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.

B. 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.

1. 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.

(55)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for 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. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

(56)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$1,607,199. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$1,850,353. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$12,320,807 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing 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 \$379,625.

The net pension liability was measured as of June 30, 2021, 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 proportionate share 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2911% at the end of the measurement period and 0.2764% for the beginning of the period.

(57)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$ 12,320,807
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	379,625
Total	<u>\$ 12,700,432</u>

For the year ended December 31, 2021, the City recognized pension expense of \$263,367 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$30,631 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, 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 Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 75,690	\$ 377,051
Changes in Actuarial Assumptions	7,522,829	272,544
Differences Between Projected and Actual Investment Earnings	-	10,670,339
Changes in Proportion	908,716	-
Contributions Paid to the PERA Subsequent to the Measurement Date	793,641	-
Total	<u>\$ 9,300,876</u>	<u>\$ 11,319,934</u>

\$793,641 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	(176,470)
2022	148,326
2023	126,687
2024	(2,911,242)

(58)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$6,706,215 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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 proportionate share 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.8688% at the end of the measurement period and 0.8704% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2021, the City recognized pension expense of (\$301,922) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$78,192 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

(59)



NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Plan Pension Costs (Continued)

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$54,909 for the year ended December 31, 2021 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 Fund.

City's Proportionate Share of the Net Pension Liability	\$ 6,706,215
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	301,506
Total	<u>\$ 7,007,721</u>

At December 31, 2021, 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 Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,288,006	\$ -
Changes in Actuarial Assumptions	9,856,384	3,684,650
Differences Between Projected and Actual Investment Earnings	-	12,813,878
Changes in Proportion	680,209	76,027
Contributions Paid to the PERA Subsequent to the Measurement Date	935,631	-
Total	<u>\$ 12,760,230</u>	<u>\$ 16,574,555</u>

\$935,631 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (4,314,923)
2022	(674,968)
2023	(648,020)
2024	(1,265,367)
2025	2,153,322

(60)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

E. Long-Term Expected Return on Investment

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 Equity	33.5 %	5.10 %
International Equity	16.5 %	5.30
Fixed Income	25.0 %	0.75
Private Markets	25.0 %	5.90

F. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

(61)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

F. Actuarial Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire were completed in 2020 and were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

(62)

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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 positions of the General Employees Fund, the Police and Fire Fund, and the Correctional 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.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
The City's Proportionate Share of the GFRF Net Pension Liability	\$ 25,242,986	\$ 12,320,807	\$ 1,717,370
The City's Proportionate Share of the PEPFF Net Pension Liability	\$ 21,291,100	\$ 6,706,215	\$ (5,249,776)

I. Pension Plan Fiduciary Net Position

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

J. Public Employees Defined Contribution Plan (DCP)

Board members of the City are covered by the DCP, a multiemployer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the IRC and all contributions by or on behalf of employees are tax deferred until time of withdrawal. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5.0% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary.

(63)



NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

J. Public Employees Defined Contribution Plan (DCP) (Continued)

Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0% of employer contributions and twenty-five hundredths of 1.0% (0.0025) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,523	\$ 2,523	5 %	5 %	5 %

NOTE 7 MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

City employees belonging to International Union of Operating Engineers (IUOE) are participants in a multiemployer defined benefit pension plan Central Pension Fund of the International Union of Operating Engineers and Participating Employers (GRF) administered by the board of trustees of the Central Pension Fund. The plan is a cost-sharing pension plan that is not a state or local governmental pension plan, is used to provide defined benefit pensions both to employers that are not state or local governmental employers, and has no predominant state or local government employer. The plan issues a publicly available financial report located on their website at [www.cplfuoe.org](http://www.cplfuoe.org).

The City has 56 employees who are covered by the pension plan. The plan provides benefits such as monthly retirement income, special and early retirement benefits, postretirement surviving spouse benefits, and disability benefits. The CPF is a supplemental Pension Fund authorized by Minnesota Statutes, 356.24, subdivision 1(9). The CPF Plan of Benefits and the Agreement and Declaration of Trust will serve as the governing documents.

The City's contributions to the plan are pursuant to a collective bargaining agreement with the IUOE which expired December 31, 2021. The required contribution rate is \$0.75 per hour, which is applied to all compensated hours, and capped at \$5,000 per year. Total employer contributions for the year ended December 31, 2021 were \$115,544. With regard to withdrawal from the pension plan, the parties agree that the amount that would otherwise be paid in salary or wages will be contributed instead to the CPF as pretax employer contributions.

(64)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides postemployment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All postemployment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the City upon retirement 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.

For police officers and firefighters disabled in the line-of-duty, Minnesota Statutes require the City to continue payment of the employer's contribution toward health coverage for the police officer or firefighter and their spouse, if the spouse was covered at the time of disability, until age 65.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$148,000. Total OPEB liability will be paid by the general fund and enterprise funds.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	22
Active Plan Members	301
Total Members	323

(65)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Total OPEB Liability of the City

The City's total OPEB liability was determined by an actuarial valuation with a valuation date of January 1, 2020. Liabilities in this report were rolled forward to the measurement date of December 31, 2021.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	2.74%
20-Year Municipal Bond Yield	2.74%
Salary Increases	3.25%
Medical Trend Rate	7.33% grading to 5.00% by 2028

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota city employees. The state pension plans base their assumptions on periodic experience studies. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 2.74%, which was set by considering published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date. The City discount rate used in the prior measurement date was 4.09%.

Mortality rates were based on the RP-2014 mortality tables adjusted for white collar and mortality improvements using projection scale MP-2018, from a base year of 2014 for GERP members and MP-2018, from a base year of 2006 for PEPFF members.

Future retirees electing coverage is assumed to 55%. Married future retirees electing spouse coverage is assumed to range from 40% to 60% based on classification of employee.

(66)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance	\$ 2,188,763
Changes for the Year:	
Service Cost	239,792
Interest	65,302
Difference between expected and actual experience	9,714
Changes of Assumptions	105,246
Benefit Payments	(90,566)
Total Net Changes	329,488
Ending Balance	\$ 2,518,251

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 4.09% to 2.47%.
- The payroll growth rate changed from 3.50% to 3.25%

H. Total OPEB Liability Sensitivity to Discount and Health Care Cost Trend Rate Changes

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 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Discount Rate	1.74 %	2.74 %	3.74 %
Total OPEB Liability	\$ 2,708,547	\$ 2,518,251	\$ 2,334,374

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 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Medical Trend Rate	Medical Trend Rate	1% Increase in Medical Trend Rate
OPEB Medical Trend Rate	6.67% decreasing to 4.00% over 10 years	7.67% decreasing to 5.00% over 10 years	8.67% decreasing to 6.00% over 10 years
Total OPEB Liability	\$ 2,179,298	\$ 2,518,251	\$ 2,929,082

(67)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$135,989. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		
Changes of Assumptions		
City Contributions Subsequent to the Measurement Date		
Total	\$ 8,735	\$ 1,524,688
	314,761	122,427
	153,000	-
	<u>\$ 476,496</u>	<u>\$ 1,647,115</u>

A total of \$153,000 reported as deferred outflows of resources related to OPEB resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ended December 31,	OPEB Expense Amount
2022	\$ (169,105)
2023	(169,105)
2024	(169,105)
2025	(169,105)
2026	(169,105)
Thereafter	(478,094)

(68)

CITY OF EDINA, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 9 RECEIVABLES, PAYABLES, AND TRANSFERS

Transfer Out	General	Housing and Redevelopment Authority	Debt Services	Construction	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise	Internal Service Funds	Total
General Fund	\$ 112,211	\$ 300,000	\$ -	\$ 4,203,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,203,106
Construction Fund	-	-	2,955,444	-	-	-	-	-	-	-	2,955,444
Nonmajor	68,895	-	-	-	-	-	-	-	-	-	68,895
Utilities Fund	211,500	-	-	357,200	4,186	17,269	53,364	40,605	62,477	3,760	750,311
Liquor Fund	50,000	-	-	150,000	-	-	-	300,000	350,000	-	800,000
Total	<u>\$ 442,606</u>	<u>\$ 300,000</u>	<u>\$ 2,955,444</u>	<u>\$ 4,710,306</u>	<u>\$ 4,186</u>	<u>\$ 17,269</u>	<u>\$ 53,364</u>	<u>\$ 300,605</u>	<u>\$ 912,477</u>	<u>\$ 3,760</u>	<u>\$ 9,939,691</u>

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

1. The liquor fund transferred \$300,000, \$250,000, \$100,000, and \$50,000 to the arena fund, art center fund, Centennial Lakes fund, and general fund, respectively.
2. The utilities fund and liquor fund transferred \$357,200 and \$150,000 to the construction fund to fund the capital improvement program, as planned in the 2021 budget.
3. The construction fund transferred \$2,955,444 of PIR assessment revenue to the debt service fund for related debt payments.
4. The general fund transferred \$300,000 and \$4,203,106 to the HRA fund (rental assistance) and construction fund (capital funding).
5. The utilities fund transferred a total of \$393,131 to the general fund, other enterprise funds, and internal service funds to offset the cost of internal utilities.
6. Nonmajor governmental funds and the construction fund transferred \$68,895 to close the arts & culture fund and \$112,211 to assist with various costs.

NOTE 10 TAX INCREMENT DISTRICTS

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

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

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

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

(69)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 10 TAX INCREMENT DISTRICTS (CONTINUED)**

District number 1215 (50th and France 2) is an economic development district established in 2017 pursuant to Minnesota Statutes with a termination date of 2045.

District number 1216 (44th and France 2) is a renewal and renovation development district established in 2019 pursuant to Minnesota Statutes with a termination date of 2036.

District number 1217 (West 76th Street) is a housing district established in 2019 pursuant to Minnesota Statutes with a termination date of 2042.

District number 1218 (72nd and France) is a housing district established in 2019 pursuant to Minnesota Statutes with a termination date of 2043.

District number 1219 (Amundson Ave) is an affordable housing district established in 2019 pursuant to Minnesota Statutes with a termination date of 2042.

The following table reflects values as of December 31, 2021:

	TIF #1211	TIF #1212	TIF #1214	TIF #1215	TIF #1216	TIF #1217	TIF #1218	TIF #1219	Total
Original Tax Capacity	\$ 691,608	\$ 39,890	\$ 15,315	\$ 57,986	\$ 29,735	\$ 42,886	\$ 217,506	\$ 16,948	\$ 1,111,874
Current Tax Capacity	1,485,764	597,528	30,494	497,500	237,130	38,100	2,175,066	38,275	3,152,287
Fiscal Disparities	555,089	28,460	-	78,013	10,793	-	61,154	-	756,509
Retained Captured	246,067	529,178	15,179	361,501	196,602	(4,786)	(81,154)	21,327	1,263,914
Tax Capacity	<u>\$ 246,067</u>	<u>\$ 529,178</u>	<u>\$ 15,179</u>	<u>\$ 361,501</u>	<u>\$ 196,602</u>	<u>\$ (4,786)</u>	<u>\$ (81,154)</u>	<u>\$ 21,327</u>	<u>\$ 1,263,914</u>

**NOTE 11 CONTINGENCIES**

**A. Risk Management**

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

Workers' compensation insurance was provided through the League of Minnesota Cities Insurance Trust. There is a \$50,000 deductible per occurrence and \$150,000 in aggregate. The City has an annual deposit premium that is subject to adjustment based on the actual audited payroll.

A package policy, including property, general liability, and automobile coverage, is provided through the League of Minnesota Cities Insurance Trust. Under this policy, the City pays an annual premium and had a \$75,000 per occurrence deductible and is subject to an annual aggregate deductible of \$150,000, with a \$1,000,000 per occurrence maximum.

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

Settlement claims have not exceeded insurance coverage for each of the past three years. There were no significant decreases in insurance coverage during 2021.

(70)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 11 CONTINGENCIES (CONTINUED)**

**B. Litigation**

The City attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

**C. Federal and State Funds**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

**D. Tax Increment Districts**

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

**NOTE 12 CONDUIT DEBT OBLIGATION**

As of December 31, 2021, the City of Edina had four series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$27,340,000. The bonds are payable solely from revenues of the respective organizations and do not constitute an indebtedness of the City and are not a charge against its general credit or taxing power. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**NOTE 13 JOINT VENTURE**

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

(71)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 14 RELATED PARTY TRANSACTIONS**

The City pays an annual membership fee to the South Metro Public Safety Training Facility as part of the joint venture agreement. The membership fee is paid by the Police and Fire departments and is based on a Cost Sharing Formula. For the year ended December 31, 2021, the City paid a total of \$71,104 in membership fees to the PSTF, equal to 19.0% of membership fees collected for the year.

**NOTE 15 FUND BALANCES**

**A. Classifications**

At December 31, 2021, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	HRA Fund	Debt Service Fund	Construction Fund	Nonmajor Funds	Total
Nonspendable:	\$ 85,083	\$ -	\$ -	\$ 30,250	\$ 13,334	\$ 128,667
Restricted:						
Park Dedication	58,066	-	-	-	-	58,066
Police Training	-	35,185.13	-	-	-	35,185.13
Affordable Housing	-	3,741,466	-	-	-	3,741,466
Debt Service	-	-	11,178,492	-	-	11,178,492
Pedestrian and Cyclist Improvements	-	-	-	-	423,591	423,591
Fortiflex	-	-	-	-	748,474	748,474
Conservation and Sustainability Initiatives	-	-	-	-	131,145	131,145
Total Restricted	58,066	38,926,579	11,178,492	-	2,293,363	53,775,730
Assigned:						
Compensated Absences	1,853,100	-	-	-	-	1,853,100
Budget Stabilization	3,589,331	-	-	-	-	3,589,331
Building Security	184,383	-	-	-	-	184,383
Public Health Grant	299	-	-	-	-	299
Special Projects	-	-	-	1,645,116	-	1,645,116
Equipment	-	-	-	3,383,712	-	3,383,712
PIR	-	-	-	6,712,739	-	6,712,739
Constitution	5,627,113	-	-	14,037,110	-	19,664,223
Total Assigned	10,154,522	-	-	25,778,676	-	35,933,198
Unassigned	18,003,259	\$ 38,926,579	\$ 11,178,492	\$ 25,836,929	\$ 3,816,017	\$ 103,341,648
Total Fund Balance	\$ 29,775,841	\$ -	\$ -	\$ -	\$ -	\$ -

**B. Unassigned Fund Balance Policy**

The City Council has formally adopted a fund balance policy regarding the desired range for unassigned fund balance for the general fund. The policy establishes a goal for unassigned general fund balance of 42% – 47% of the subsequent year's budgeted property tax revenue. As of December 31, 2021, the City has \$18,003,259 of unassigned fund balance in the general fund, or 48.77% of 2022 budgeted property tax revenue. This amount is \$2,485,884 above the minimum goal identified in the policy.

**C. Deficit Fund Equity**

The following funds had a deficit fund balance/net position at December 31, 2021:

Nonmajor Proprietary Funds:	
Art Center	\$ (46,431)

(72)

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General Property Taxes	\$ 33,986,471	\$ 33,986,471	\$ 33,827,443	\$ (159,028)
Franchise Taxes	850,000	850,000	824,286	(25,714)
Lodging Tax	27,000	27,000	17,214	(9,786)
Total Taxes	34,863,471	34,863,471	34,668,943	(194,528)
Licenses and Permits	5,179,514	5,179,514	6,006,225	828,711
Intergovernmental:				
Federal	416,657	416,657	735,937	319,280
State:				
Municipal State Aid	195,000	195,000	195,000	-
Other	142,500	142,500	436,436	293,936
State Aid - Police	430,000	430,000	491,802	61,802
State Aid - Fire	450,000	450,000	504,511	54,511
Health Programs	119,061	119,061	200,711	81,650
Total Intergovernmental	1,753,218	1,753,218	2,564,397	811,179
Charges for Services:				
Administration	19,750	19,750	228,652	208,902
Communications and Technology	101,827	101,827	75,421	(26,406)
Finance	1,203,839	1,203,839	1,204,237	398
Engineering	230,400	230,400	145,012	(85,388)
Police	680,150	680,150	729,076	48,926
Fire	2,491,800	2,491,800	2,376,583	(115,217)
Parks and Recreation	555,637	555,637	642,713	87,076
Community Development	151,527	151,527	135,092	(16,435)
Total Charges for Services	5,434,930	5,434,930	5,536,786	101,856
Fines and Forfeits	950,000	950,000	460,914	(489,086)
Miscellaneous:				
Investment Income	150,000	150,000	(151,907)	(301,907)
Rental of Property	458,800	458,800	491,579	32,779
Other	17,900	17,900	186,591	168,691
Total Miscellaneous	626,700	626,700	526,263	(100,437)
Total Revenues	48,807,833	48,807,833	49,765,528	957,695

See accompanying Notes to Required Supplementary Information.  
(73)

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
General Government:				
Administration:				
Personal Services	\$ 1,214,062	\$ 1,214,062	\$ 1,272,871	\$ 58,809
Contractual Services	900,559	900,559	871,022	(29,537)
Commodities	90,300	90,300	85,277	(5,023)
Internal Services	151,020	151,020	151,020	-
Total Administration	2,355,941	2,355,941	2,380,190	24,249
Communications:				
Personal Services	937,637	937,637	932,752	(4,885)
Contractual Services	232,700	232,700	282,618	49,918
Commodities	124,500	124,500	22,015	(102,485)
Internal Services	109,572	109,572	109,572	-
Total Communications	1,404,409	1,404,409	1,346,957	(57,452)
Human Resources:				
Personal Services	940,985	940,985	1,462,653	521,668
Contractual Services	290,900	290,900	208,521	(82,379)
Commodities	27,800	27,800	10,344	(17,456)
Internal Services	57,600	57,600	57,600	-
Total Human Resources	1,317,285	1,317,285	1,739,118	421,833
Finance:				
Personal Services	799,711	799,711	867,746	68,035
Contractual Services	340,250	340,250	508,599	168,349
Commodities	15,500	15,500	7,288	(8,212)
Internal Services	65,076	65,076	65,076	-
Total Finance	1,220,537	1,220,537	1,448,709	228,172
Community Development:				
Personal Services	1,566,246	1,566,246	1,561,800	(4,446)
Contractual Services	318,600	318,600	204,238	(114,362)
Commodities	8,500	8,500	1,167	(7,333)
Internal Services	143,544	143,544	143,544	-
Total Community Development	2,036,890	2,036,890	1,910,749	(126,141)
Total General Government	8,335,062	8,335,062	8,825,723	490,661
Public Safety:				
Police:				
Personal Services	10,967,916	10,967,916	10,995,161	27,245
Contractual Services	955,070	955,070	919,300	(35,770)
Commodities	112,040	112,040	240,608	128,568
Internal Services	1,504,296	1,504,296	1,504,296	-
Total Police	13,539,322	13,539,322	13,659,365	120,043
Fire:				
Personal Services	8,666,732	8,666,732	8,917,737	251,005
Contractual Services	851,210	851,210	823,485	(27,725)
Commodities	405,993	405,993	271,581	(134,412)
Internal Services	718,908	718,908	718,908	-
Total Fire	10,642,843	10,642,843	10,731,711	88,868

See accompanying Notes to Required Supplementary Information.  
(74)

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Public Safety (Continued):				
Public Health:				
Personal Services	\$ 659,191	\$ 659,191	\$ 665,391	\$ 6,200
Contractual Services	452,533	452,533	413,002	(39,531)
Commodities	9,000	9,000	6,355	(2,645)
Internal Services	51,732	51,732	51,732	-
Total Public Health	1,172,456	1,172,456	1,136,480	(35,976)
Total Public Safety	25,354,621	25,354,621	25,527,556	172,935
Public Works:				
Public Works:				
Personal Services	3,188,240	3,188,240	2,934,040	(254,200)
Contractual Services	666,200	666,200	493,470	(172,730)
Commodities	1,263,500	1,263,500	1,048,123	(215,377)
Internal Services	1,219,032	1,219,032	1,219,233	201
Total Public Works	6,336,972	6,336,972	5,694,866	(642,106)
Engineering:				
Personal Services	1,595,127	1,595,127	2,032,474	437,347
Contractual Services	783,350	783,350	826,654	43,304
Commodities	126,400	126,400	105,105	(21,295)
Internal Services	219,468	219,468	219,468	-
Total Engineering	2,724,345	2,724,345	3,183,701	459,356
Total Public Works	9,061,317	9,061,317	8,878,567	(182,750)
Parks:				
Parks and Recreation:				
Personal Services	3,763,500	3,763,500	3,479,462	(284,038)
Contractual Services	1,356,245	1,356,245	1,508,250	152,005
Commodities	404,975	404,975	317,990	(86,985)
Internal Services	610,248	610,248	610,376	128
Total Parks and Recreation	6,134,968	6,134,968	5,916,078	(218,890)
Total Parks	6,134,968	6,134,968	5,916,078	(218,890)
Capital Outlay:				
Parks	-	-	26,676	26,676
Total Expenditures	48,885,968	48,885,968	49,174,600	288,632

See accompanying Notes to Required Supplementary Information.  
(75)



CITY OF EDINA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	\$ (78,135)	\$ (78,135)	\$ 590,928	\$ 689,063
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	50,000	50,000	442,606	392,606
Transfers Out	-	-	(4,503,106)	(4,503,106)
Total Financing Sources (Uses)	50,000	50,000	(4,060,500)	(4,110,500)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ (28,135)</u>	<u>\$ (28,135)</u>	<u>(3,469,572)</u>	<u>\$ (3,441,437)</u>
Fund Balance - January 1			27,243,113	
<b>FUND BALANCE - DECEMBER 31</b>			<u>\$ 23,773,541</u>	

See accompanying Notes to Required Supplementary Information.  
(76)

CITY OF EDINA, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
HOUSING AND REDEVELOPMENT AUTHORITY (HRA) FUND  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
General Property Taxes	\$ 230,400	\$ 230,400	\$ 230,166	\$ (234)
Tax Increment Collections	7,969,700	7,969,700	8,295,756	326,056
Investment Income	227,058	227,058	(98,804)	(325,862)
Charges for Services	2,000	2,000	228,216	226,216
Other Revenues	16,000	16,000	300,000	284,000
Total Revenues	8,445,158	8,445,158	8,955,334	510,176
<b>EXPENDITURES</b>				
Current:				
Personal Services	220,353	220,353	169,215	(51,138)
Contractual Services	1,333,000	1,333,000	2,702,469	1,369,469
Commodities	2,500	2,500	618	(1,882)
Capital Outlay	4,710,000	4,710,000	2,824,795	(1,885,205)
Debt Service				
Interest and Fiscal Charges	8,000	8,000	-	(8,000)
Total Expenditures	6,273,853	6,273,853	5,697,097	(576,756)
<b>REVENUES OVER (UNDER)</b>	2,171,305	2,171,305	3,258,237	1,086,932
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	300,000	300,000
Bonds Issued	-	-	7,545,000	7,545,000
Premium on Bonds Issued	-	-	748,128	748,128
Total Other Financing Sources (Uses)	-	-	11,493,128	11,493,128
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ 2,171,305</u>	<u>\$ 2,171,305</u>	<u>14,751,365</u>	<u>\$ 12,580,060</u>
Fund Balance - January 1			24,185,214	
<b>FUND BALANCE - DECEMBER 31</b>			<u>\$ 38,936,579</u>	

See accompanying Notes to Required Supplementary Information.  
(77)

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL**  
**OPEB LIABILITY AND RELATED RATIOS**  
**YEAR ENDED DECEMBER 31, 2021**

	Measurement Date		
	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability:			
Service Cost	\$ 239,792	\$ 192,093	\$ 296,634
Interest	65,302	154,222	128,559
Difference Between Expected and Actual Experience	9,714	(1,909,627)	-
Changes of Assumptions	105,246	212,364	(178,824)
Benefit Payments	(90,566)	(77,801)	(138,732)
Net Changes in Total OPEB Liability	329,488	(1,428,749)	107,637
Total OPEB Liability - Beginning of Year	2,188,763	3,617,512	3,509,875
Total OPEB Liability - End of Year	\$ 2,518,251	\$ 2,188,763	\$ 3,617,512
Covered-Employee Payroll	\$ 26,700,000	\$ 25,800,000	\$ 24,800,000
Total OPEB Liability as a Percentage of Covered-Employee Payroll	9.43%	8.48%	14.59%
			14.69%

Notes: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

(78)

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GERF SCHEDULE OF CITY'S AND NONEMPLOYER PROPORTIONATE SHARE OF NET PENSION**  
**LIABILITY AND SCHEDULE OF CITY CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2021**

Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability									
City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability			City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
					Share of the Net Pension Liability	Share of the Net Pension Liability	Share of the Net Pension Liability		
12/31/2015	6/30/2015	0.2683%	\$ 13,765,652	\$ -	\$ 13,765,652	\$ 15,508,173	\$ 15,508,173	88.76%	78.20%
12/31/2016	6/30/2016	0.2722%	13,519,304	278,968	13,798,272	15,567,131	15,567,131	88.73%	78.20%
12/31/2017	6/30/2017	0.2772%	14,713,374	220,280	14,933,654	17,759,591	17,759,591	89.33%	75.00%
12/31/2018	6/30/2018	0.2675%	14,745,577	482,647	15,228,224	18,007,013	18,007,013	84.39%	79.53%
12/31/2019	6/30/2019	0.2694%	16,405,731	462,813	16,868,544	19,093,827	19,093,827	79.78%	80.00%
12/31/2020	6/30/2020	0.2764%	12,320,807	511,142	12,831,949	19,847,440	19,847,440	85.23%	79.06%
12/31/2021	6/30/2021	0.2911%	12,320,807	379,625	12,700,432	20,888,307	20,888,307	60.77%	87.00%

Schedule of City Contributions				
City Fiscal Year-End Date	Statutory Required Contributions	Contributions in Excess of the Statutory Required Contributions		Contributions as a Percentage of Covered Payroll
		Contributions	Deficiency (Excess)	
12/31/2015	\$ 1,248,845	\$ -	\$ -	7.50%
12/31/2016	1,265,817	-	16,877,580	7.50%
12/31/2017	1,317,596	-	17,567,947	7.50%
12/31/2018	1,378,743	-	18,382,627	7.50%
12/31/2019	1,440,625	-	19,246,587	7.50%
12/31/2020	1,518,494	-	20,246,587	7.50%
12/31/2021	1,607,199	-	21,429,320	7.50%

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

(79)



**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**PEPFF SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2021**

Schedule of City's Proportionate Share of Net Pension Liability									
City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability		City's Proportionate Share of the Net Pension Liability Covered by Payroll	City's Proportionate Share of the Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
					Proportionate Share of the Net Pension Liability Associated with the City	Proportionate Share of the Net Pension Liability Associated with the City			
12/31/2015	6/30/2015	0.8070%	\$ 9,169,408	\$ -	\$ 9,169,408	7,737,803	117.59%	86.60%	
12/31/2016	6/30/2016	0.7890%	32,063,260	-	32,063,260	7,922,605	116.44%	85.43%	
12/31/2017	6/30/2017	0.8110%	10,949,465	-	10,949,465	8,222,605	131.35%	85.43%	
12/31/2018	6/30/2018	0.8022%	8,550,626	-	8,550,626	8,454,142	101.14%	88.84%	
12/31/2019	6/30/2019	0.8475%	9,026,752	-	9,026,752	9,151,062	98.64%	89.30%	
12/31/2020	6/30/2020	0.8704%	11,472,803	270,277	11,743,080	9,819,457	119.59%	87.19%	
12/31/2021	6/30/2021	0.8688%	6,706,215	301,506	7,007,721	10,268,277	68.25%	93.70%	

Schedule of City Contributions						
City Fiscal Year-End Date	Statutory Required Contributions	Contributions in Relation to the Statutory Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
12/31/2015	\$ 1,268,476	\$	\$ 1,268,476	\$ -	7,830,099	16.20%
12/31/2016	1,272,485		1,272,485		7,854,846	16.20%
12/31/2017	1,335,917		1,335,917		8,246,401	16.20%
12/31/2018	1,389,053		1,389,053		8,623,704	16.22%
12/31/2019	1,435,824		1,435,824		8,845,569	16.23%
12/31/2020	1,784,694		1,784,694		10,093,037	17.70%
12/31/2021	1,850,353		1,850,353		10,453,972	17.70%

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

(80)

**CITY OF EDINA, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 LEGAL COMPLIANCE – BUDGETS**

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

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

**NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

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

General Fund:	Final Budget		Actual		Over Budget	
General Government:						
Administration	\$ 2,355,941		\$ 2,380,190		\$	24,249
Human Resources	1,317,285		1,739,118		421,833	
Finance	1,220,537		1,448,712		228,175	
Public Safety:						
Police	13,539,322		13,659,365		120,043	
Fire	10,642,843		10,731,711		88,868	
Public Works:						
Engineering	2,724,345		3,183,701		459,356	
Capital Outlay	-		26,676		26,676	

Excess expenditures in the Human Resources are due to severance in the current year. Severance varies from year to year. Excess expenditures in Finance are due to American Rescue Plan Act (ARPA) expenditures incurred in 2021. Excess expenditures in Fire are related to severance benefits associated with the dissolution of the Fire Relief Association.

(81)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

**NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)**

Excess expenditures in Engineering are due to changes in the organizational structure. Facilities management was moved from Public Works to Engineering for actual but budgets were not adjusted, resulting in unfavourability in Engineering and favorability in Public Works. Remaining excess expenditures were due to slightly higher than anticipated costs.

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

	Final Budget	Actual	Over Budget
Debt Service Fund	\$ 7,287,877	\$ 10,218,346	\$ 2,930,469
Construction Fund	8,074,690	10,432,331	2,357,641
Braemar Memorial Fund	-	450	450
CDBG Fund	125,000	150,000	25,000

Excess expenditures in the debt service fund are the result of higher than anticipated costs related to the issuance of new debt as well as total interest payments. Excess expenditures in the construction fund are the result of the timing of several larger construction projects. Excess expenditures in the remaining funds are due to slightly higher than anticipated costs.

**NOTE 3 PENSION INFORMATION**

**General Employees Retirement Fund**

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

(82)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

**NOTE 3 PENSION INFORMATION (CONTINUED)**

**General Employees Retirement Fund (Continued)**

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.
- Changes in Plan Provisions
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

(83)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

NOTE 3 PENSION INFORMATION (CONTINUED)

General Employees Retirement Fund (Continued)

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% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00% , beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% , effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

(84)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

NOTE 3 PENSION INFORMATION (CONTINUED)

General Employees Fund Retirement Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

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.

Public Employees Police and Fire Fund

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

(85)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

NOTE 3 PENSION INFORMATION (CONTINUED)

Public Employees Police and Fire Fund (Continued)

2021 Changes (Continued)

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

2020 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.
- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

(86)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

NOTE 3 PENSION INFORMATION (CONTINUED)

Public Employees Police and Fire Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions (Continued):

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested 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% 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% to 60%.
- 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 postretirement benefit increase rate was changed from 1.0% for all years to 1.0% per year through 2064 and 2.5% thereafter.
- The single discount rate changed from 5.6% to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.05% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

(87)

CITY OF EDINA, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021

**NOTE 3 PENSION INFORMATION (CONTINUED)**

**Public Employees Police and Fire Fund (Continued)**

2015 Changes

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS INFORMATION**

**Other Postemployment Benefits Plan**

2020 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.09% to 2.74%.
- The payroll growth rate was changed from 3.50% to 3.25%

2019 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.44% to 4.09%.

2018 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 4.50% to 3.44%.

(This page left blank intentionally.)

## Special Revenue Funds

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

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

Arts and Culture Fund – This fund was established to account for funds donated to the City for the purpose of enhancing public arts and culture related activities. This fund was closed into the General Fund in 2021.

Conservation and Sustainability Fund – This fund was established to account for funds received from gas and electric franchise fees to be used for initiatives focused on conservation and sustainability.

Assets	Special Revenue				Conservation and Sustainability	Total Nonmajor Governmental Funds
	Community Development Block Grant	Police	Braemar Memorial	Pedestrian and Cyclist Safety		
Cash and Investments	\$ -	\$ 736,467	\$ 130,532	\$ 205,343	\$ -	\$ 3,139,323
Accrued Interest	-	-	613	1,100	-	7,932
Accounts Receivable	-	-	-	307,139	-	545,255
Due from Other Governments	-	18,860	-	-	-	18,860
Prepaid Items	-	13,534	-	-	-	13,534
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 768,861</b>	<b>\$ 131,145</b>	<b>\$ 513,592</b>	<b>\$ -</b>	<b>\$ 3,724,906</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ -	\$ 6,853	\$ -	\$ 69,247	\$ -	\$ 83,593
Salaries Payable	-	-	-	-	-	4,462
Contract Payable	-	-	-	20,744	-	20,744
<b>Total Liabilities</b>	<b>-</b>	<b>6,853</b>	<b>-</b>	<b>89,991</b>	<b>-</b>	<b>108,799</b>
<b>Fund Balance:</b>						
Nonspendable	-	13,534	-	-	-	13,534
Restricted	-	748,474	131,145	423,591	-	3,602,573
<b>Total fund balance</b>	<b>-</b>	<b>762,008</b>	<b>131,145</b>	<b>423,591</b>	<b>-</b>	<b>3,616,107</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ -</b>	<b>\$ 768,861</b>	<b>\$ 131,145</b>	<b>\$ 513,592</b>	<b>\$ -</b>	<b>\$ 3,724,906</b>

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Community Development Block Grant	Police	Braemar Memorial	Special Revenue	Pedestrian and Cyclist Safety	Arts and Culture	Conservation and Sustainability	Total Nonmajor Governmental Funds
<b>REVENUES</b>								
Franchise Taxes	\$ -	\$ -	\$ -	\$ 1,229,526	\$ -	\$ 950,410	\$ 2,179,936	
Intergovernmental	150,000	-	-	-	-	-	150,000	
Investment Income (Loss)	-	31	(597)	(1,077)	-	(8,956)	(10,599)	
Other Revenues	-	187,853	5,500	-	-	-	205,542	
Total Revenues	150,000	187,884	4,903	1,228,449	-	953,643	2,524,879	
<b>EXPENDITURES</b>								
Current:								
General Government	150,000	-	-	-	-	-	150,000	
Public Safety	-	113,815	-	-	-	-	113,815	
Public Works	-	-	-	43,519	-	416,687	460,206	
Parks	-	-	450	-	-	-	450	
Capital Outlay:								
Public Works	-	-	-	710,729	-	30,980	741,709	
Total Expenditures	150,000	113,815	450	754,248	-	447,667	1,466,180	
Revenues Over (Under) Expenditures	-	74,069	4,453	474,201	-	505,976	1,058,699	
Other Financing Uses:								
Transfers Out	-	-	-	-	-	(68,895)	(68,895)	
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	-	74,069	4,453	474,201	(68,895)	505,976	989,804	
Fund Balance - January 1	-	687,939	126,692	(50,610)	68,895	1,793,387	2,526,303	
<b>FUND BALANCE - DECEMBER 31</b>	\$ -	\$ 762,008	\$ 131,145	\$ 423,591	\$ -	\$ 2,299,363	\$ 3,516,107	

(90)

**CITY OF EDINA, MINNESOTA**  
**SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT BLOCK GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2021**

	REVENUES	Budgeted Amounts	Actual Amounts	Variance with Final budget
Intergovernmental		Original	Final	
	\$	\$ 125,000	\$ 125,000	\$ 25,000
<b>EXPENDITURES</b>				
Current:				
General Government				
Contractual Services		125,000	125,000	25,000
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	\$	\$ -	\$ -	\$ -
Fund Balance - January 1				
<b>FUND BALANCE - DECEMBER 31</b>				

(91)

CITY OF EDINA, MINNESOTA  
SPECIAL REVENUE FUND – POLICE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
<b>REVENUES</b>				
Investment Income			\$ 31	\$ 26
Other Revenues	\$ 5	\$ 172,061	\$ 187,853	\$ 15,792
Total Revenues	172,066	172,066	187,884	15,818
<b>EXPENDITURES</b>				
Current:				
Public Safety:				
Contractual Services	92,882	92,882	104,592	11,710
Commodities	7,500	7,500	9,223	1,723
Capital Outlay:				
Public Safety	47,500	47,500	-	(47,500)
Total Expenditures	147,882	147,882	113,815	(34,067)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ 24,184</u>	<u>\$ 24,184</u>	<u>74,069</u>	<u>\$ 49,885</u>
Fund Balance - January 1			687,939	
<b>FUND BALANCE - DECEMBER 31</b>			<u>\$ 762,008</u>	

(92)

CITY OF EDINA, MINNESOTA  
SPECIAL REVENUE FUND – BRAEMAR MEMORIAL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 2,007	\$ 2,007	\$ (597)	\$ (2,604)
Donations	2,500	2,500	5,500	3,000
Total Revenues	4,507	4,507	4,903	396
<b>EXPENDITURES</b>				
Current:				
Parks and Recreation:				
Contractual Services	-	-	450	450
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ 4,507</u>	<u>\$ 4,507</u>	<u>4,453</u>	<u>\$ (54)</u>
Fund Balance - January 1			126,692	
<b>FUND BALANCE - DECEMBER 31</b>			<u>\$ 131,145</u>	

(93)



CITY OF EDINA, MINNESOTA  
SPECIAL REVENUE FUND – PEDESTRIAN AND CYCLIST SAFETY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Franchise Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,229,526	\$ 29,526
Investment Income	1,060	1,060	(1,077)	(2,137)
Total Revenues	1,201,060	1,201,060	1,228,449	27,389
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Personal Services	120,202	120,202	10,651	(109,551)
Contractual Services	75,000	75,000	-	(75,000)
Commodities	15,000	15,000	25,008	10,008
Internal Services	7,860	7,860	7,860	-
Capital Outlay:				
Public Works:	924,225	924,225	710,729	(213,496)
Total Expenditures	1,142,287	1,142,287	754,248	(388,039)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ 58,773</b>	<b>\$ 58,773</b>	<b>474,201</b>	<b>\$ 415,428</b>
Fund Balance - January 1			(50,610)	
<b>FUND BALANCE - DECEMBER 31</b>			<b>\$ 423,591</b>	

(94)

CITY OF EDINA, MINNESOTA  
SPECIAL REVENUE FUND – ARTS AND CULTURE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
General Property Taxes	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Investment Income	485	485	-	(485)
Other Revenues	2,500	2,500	-	(2,500)
Total Revenues	22,985	22,985	-	(22,985)
<b>EXPENDITURES</b>				
Current:				
Parks:				
Contractual Services	14,000	14,000	-	(14,000)
Commodities	600	600	-	(600)
Total Expenditures	14,600	14,600	-	(14,600)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,385</b>	<b>8,385</b>	<b>-</b>	<b>(8,385)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(68,895)	(68,895)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ 8,385</b>	<b>\$ 8,385</b>	<b>(68,895)</b>	<b>\$ (77,280)</b>
Fund balance - January 1			68,895	
<b>FUND BALANCE - DECEMBER 31</b>			<b>\$ -</b>	

(95)

**CITY OF EDINA, MINNESOTA**  
**SPECIAL REVENUE FUND – CONSERVATION AND SUSTAINABILITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
<b>REVENUES</b>				
Franchise Taxes	\$ 1,000,000	\$ 1,000,000	\$ 950,410	\$ (49,590)
Investment Income (Loss)	5,190	5,190	(8,956)	(14,146)
Other Revenues	7,000	7,000	12,189	5,189
Total Revenues	1,012,190	1,012,190	953,643	(58,547)
<b>EXPENDITURES</b>				
Current:				
Public Works:				
Personal Services	165,109	165,109	116,119	(48,990)
Contractual Services	123,100	123,100	253,711	130,611
Commodities	-	-	38,613	38,613
Internal Services	8,244	8,244	8,244	-
Capital Outlay:				
Public Works	600,000	600,000	30,980	(569,020)
Total Expenditures	896,453	896,453	447,667	(448,786)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ 115,737</b>	<b>\$ 115,737</b>	<b>505,976</b>	<b>\$ 390,239</b>
Fund Balance - January 1			1,793,387	
<b>FUND BALANCE - DECEMBER 31</b>			<b>\$ 2,299,363</b>	

**MAJOR GOVERNMENTAL FUNDS**

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

Construction Fund – This fund was established to account for various special assessment and state aid projects throughout the City. This fund also provides financing for capital improvements as designated in the City's capital improvement budget.

**CITY OF EDINA, MINNESOTA**  
**GOVERNMENTAL FUND – DEBT SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts	Actual	Variance with
	Original	Final	Final budget
<b>REVENUES</b>			
General Property Taxes	\$ 3,651,400	\$ 3,632,895	\$ (18,505)
Special Assessments	-	191,646	191,646
Investment Income	8,000	-	(8,000)
Total Revenues	3,659,400	3,824,541	165,141
<b>EXPENDITURES</b>			
Debt Service	7,287,877	10,218,346	2,930,469
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(3,628,477)	(6,393,805)	(2,765,328)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,955,444	2,955,444	-
Bonds Issued	-	4,085,343	4,085,343
Premium on Bonds Issued	-	804,204	804,204
Total Other Financing Sources (Uses)	2,955,444	7,844,991	4,889,547
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ (673,033)</u>	<u>\$ 1,451,186</u>	<u>\$ 2,124,219</u>
Fund Balance - January 1		9,727,306	
<b>FUND BALANCE - DECEMBER 31</b>		<u>\$ 11,178,492</u>	

(97)

**CITY OF EDINA, MINNESOTA**  
**GOVERNMENTAL FUND – CONSTRUCTION CAPITAL PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts	Actual	Variance with
	Original	Final	Final budget
<b>REVENUES</b>			
General Property Taxes	\$ 4,130,000	\$ 4,130,000	\$ (24,041)
Franchise Taxes	105,000	105,000	(18,900)
Special Assessments	4,281,222	3,939,057	(342,165)
License and Permits	79,000	79,000	(9,779)
Intergovernmental	950,000	606,825	(343,175)
Charges for Services	200,000	215,256	15,256
Investment Income	225,000	(110,770)	(335,770)
Other Revenues	-	12,425	12,425
Total Revenues	9,970,222	8,924,073	(1,046,149)
<b>EXPENDITURES</b>			
Current:			
General Government:			
Personal Services	-	25,948	25,948
Contractual Services	-	356,998	356,998
Commodities	-	5,850	5,850
Public Safety:			
Contractual Services	-	58,951	58,951
Commodities	-	(6,067)	(6,067)
Public Works:			
Personal Services	104,740	98,139	(6,601)
Contractual Services	303,671	1,270,092	966,421
Commodities	24,151	9,922	(14,229)
Internal Services	1,152	1,152	-
Parks:			
Personal Services	-	13	13
Contractual Services	-	780	780
Commodities	-	241	241
Capital Outlay:			
General Government	91,000	144,659	53,659
Public Safety	1,381,450	519,458	(861,992)
Public Works	6,075,526	7,510,434	1,434,908
Parks	93,000	435,761	342,761
Total Expenditures	8,074,690	10,432,331	2,357,641
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	1,895,532	(1,508,258)	(3,403,790)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	250,000	4,710,306	4,460,306
Transfers Out	(2,955,444)	(3,067,655)	(112,211)
Sale of Capital Assets	-	100,821	100,821
Bonds Issued	3,144,367	5,189,657	2,045,270
Premium on Bonds Issued	-	777,313	777,313
Total Other Financing Sources (Uses)	438,943	7,710,442	7,271,499
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ 2,334,475</u>	<u>\$ 6,202,184</u>	<u>\$ 3,867,709</u>
Fund Balance - January 1		19,634,745	
<b>FUND BALANCE - DECEMBER 31</b>		<u>\$ 25,836,929</u>	

(98)

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

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

(This page left blank intentionally.)

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

Edinborough Park Fund – This fund accounts for activities related to Edinborough Park.

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

Braemar Field Fund – This fund accounts for activities related to the Sports Dome.

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

<b>ASSETS</b>	<b>Art Center</b>	<b>Edinborough Park</b>	<b>Centennial Lakes</b>	<b>Braemar Field</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>Current Assets:</b>					
Cash and Investments	\$ 67,727	\$ 619,394	\$ 333,120	\$ 1,189,572	\$ 2,209,813
Interest Receivable	223	8,506	2,871	4,958	16,558
Accounts Receivable	-	20,856	28,127	-	48,983
Due from Other Governments	-	-	2,920	150	3,070
Total Current Assets	67,950	648,756	387,038	1,194,680	2,278,424
<b>Noncurrent Assets:</b>					
Net Capital Assets	36,870	1,129,408	198,806	6,057,775	7,423,859
Total Assets	104,820	1,778,164	585,844	7,252,455	9,702,283
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB Deferred Outflows	532	4,233	3,235	-	8,000
Pension Deferred Outflows	73,162	231,779	209,516	34,466	548,923
Total Deferred Outflows of Resources	73,694	236,012	212,751	34,466	556,923
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	916	220,217	16,440	11,532	249,105
Salaries Payable	2,738	32,460	24,692	4,678	64,568
Due to Other Governments	-	5,095	1,254	1,190	7,539
Unearned Revenue	251	4,235	15,355	-	19,841
Compensated Absences Payable	8,765	23,190	12,815	-	44,760
Total Current Liabilities	12,670	285,187	70,556	17,400	385,813
<b>Noncurrent Liabilities:</b>					
Total OPEB Liability	12,768	17,723	15,791	-	46,282
Net Pension Liability	96,916	307,035	277,544	45,657	727,152
Compensated Absences Payable	13,148	34,770	19,223	-	67,141
Total Noncurrent Liabilities	122,832	359,528	312,558	45,657	840,575
Total Liabilities	135,502	644,715	383,114	63,057	1,226,388
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB Deferred Inflows	400	16,072	11,425	-	27,897
Pension Deferred Inflows	89,043	282,093	254,989	41,948	668,063
Total Deferred Inflows of Resources	89,443	298,165	266,424	41,948	695,980
<b>NET POSITION</b>					
Net Investment in Capital Assets	36,870	1,129,408	198,806	6,057,775	7,423,859
Unrestricted	(83,301)	(58,112)	(69,749)	1,124,141	912,979
Total Net Position	\$ (46,431)	\$ 1,071,296	\$ 130,057	\$ 7,181,916	\$ 8,336,838

(99)

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	<b>Art Center</b>	<b>Edinborough Park</b>	<b>Centennial Lakes</b>	<b>Braemar Field</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>OPERATING REVENUES</b>					
Sales - Retail	\$ 28	\$ 6,817	\$ -	\$ -	\$ 6,845
Sales - Concessions	-	9,396	15,155	-	24,551
Memberships	-	77,902	-	-	77,902
Admissions	-	255,945	-	6,345	262,290
Lodging Tax	-	3,090	-	-	3,090
Building Rental	-	116,444	65,833	482,579	664,956
Rental of Equipment	-	-	108,923	-	108,923
Greens Fees	-	-	269,667	-	269,667
Class Registration and Other Fees	62,166	207,658	403,419	(28)	673,215
Total Operating Revenues	62,194	677,252	863,097	488,896	2,091,439
<b>OPERATING EXPENSES</b>					
Cost of Sales and Services	-	1,098	9,606	-	10,704
Personal Services	(14,673)	646,729	554,883	41,387	1,228,326
Internal Services	37,784	383,942	289,220	131,957	842,903
Commodities	14,326	103,326	83,958	10,948	212,558
Internal Services	75,838	144,833	113,057	35,719	369,447
Depreciation	5,892	100,562	37,144	523,926	667,524
Total Operating Expenses	119,167	1,380,490	1,087,868	743,937	3,331,462
<b>OPERATING INCOME (LOSS)</b>	(56,973)	(703,238)	(224,771)	(255,041)	(1,240,023)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	-	(3,405)	(1,513)	(5,278)	(10,196)
Donations	1,402	-	2,200	-	3,602
Miscellaneous	14,215	15,302	1,247	50,650	81,414
Total Nonoperating Revenues (Expenses)	15,617	11,897	1,934	45,372	74,820
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(41,356)	(691,341)	(222,837)	(209,669)	(1,165,203)
<b>TRANSFERS</b>					
Transfers In	250,000	12,673	149,112	692	412,477
<b>CHANGE IN NET POSITION</b>	208,644	(678,668)	(73,725)	(208,977)	(752,726)
Net Position - January 1	(255,075)	1,749,964	203,782	7,390,893	9,089,564
<b>NET POSITION - DECEMBER 31</b>	\$ (46,431)	\$ 1,071,296	\$ 130,057	\$ 7,181,916	\$ 8,336,838

(100)

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Art Center	Edinborough Park	Centennial Lakes	Braemar Field	Total Nonmajor Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 68,847	\$ 685,796	\$ 853,352	\$ 540,466	\$ 2,148,461
Payment to Suppliers	(123,841)	(440,064)	(487,903)	(166,204)	(1,218,012)
Payment to Employees	(176,056)	(739,377)	(628,217)	(148,579)	(1,692,229)
Net Cash Provided (Used) by Operating Activities	(211,050)	(494,145)	(262,768)	(223,715)	(762,250)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer from Other Funds	250,000	12,673	149,112	692	412,477
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	-	(45,818)	(12,863)	(108,457)	(167,138)
Interest Received	-	7,847	3,469	12,164	23,500
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	18,950	(519,443)	(123,030)	130,112	(493,411)
Cash and Investments - January 1	47,889	1,117,264	430,163	1,058,775	2,654,111
<b>CASH AND INVESTMENTS - DECEMBER 31</b>	<b>\$ 66,839</b>	<b>\$ 597,821</b>	<b>\$ 307,133</b>	<b>\$ 1,188,887</b>	<b>\$ 2,160,700</b>
<b>CASH AND INVESTMENTS PRESENTED ON THE STATEMENT OF NET POSITION:</b>					
Cash	\$ 66,839	\$ 597,821	\$ 327,153	\$ 1,188,887	\$ 2,180,700
Investments	888	21,573	5,987	695	29,113
<b>Total Cash and Investments</b>	<b>\$ 67,727</b>	<b>\$ 619,394</b>	<b>\$ 333,120</b>	<b>\$ 1,189,582</b>	<b>\$ 2,209,813</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (56,973)	\$ (703,238)	\$ (224,771)	\$ (255,041)	\$ (1,240,023)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	5,892	100,562	37,144	523,926	667,524
Miscellaneous Income	15,617	15,302	3,447	50,650	85,016
(Increase) Decrease in:					
Accounts Payable	-	(10,963)	(35,627)	22,500	(14,090)
Due From Other Governments	-	-	(2,520)	(150)	(3,070)
Inventory	3,447	-	-	-	3,447
Deferred Outflows of Resources	(41,574)	(185,174)	(178,706)	(18,671)	(424,125)
Increase (Decrease) in:					
Accounts Payable	693	188,046	6,664	11,330	206,723
Due From Other Governments	(2,151)	1,240	4,000	1,000	4,089
Due to Other Governments	(3)	5,089	1,254	1,090	7,530
Unearned Revenue	(8,964)	4,205	15,355	(21,400)	(10,804)
Total OPEB Liability	-	3,295	3,295	-	6,590
Net Pension Liability	(234,513)	(190,108)	(53,885)	(120,057)	(598,563)
Compensated Absences	14,985	17,192	(82,854)	-	(50,677)
Deferred Outflows of Resources	1,000	2,000	1,000	33,890	37,890
Total Adjustments	(174,077)	(239,083)	(137,597)	(480,754)	(477,173)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (231,050)</b>	<b>\$ (494,145)</b>	<b>\$ (262,768)</b>	<b>\$ (225,713)</b>	<b>\$ (762,250)</b>
<b>NONCASH INVESTING ACTIVITIES</b>					
Increase (Decrease) in Fair Value of Investments	-	-	-	-	-
	\$ -	\$ -	\$ (5,094)	\$ (17,766)	\$ (94,321)

**FIDUCIARY FUNDS**

**Custodial Funds**

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

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

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

**Minnesota Task Force 1** – This fund accounts for assets and liabilities of the Minnesota Task Force 1, which is comprised of personnel and equipment from public safety and specialist personnel from supporting entities that operates as part of a joint powers agreement that the City has administrative responsibilities for.

**CITY OF EDINA, MINNESOTA**  
**COMBINING BALANCE SHEET AND STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Police Seizure	Public Safety Training Facility	Minnesota Task Force 1	Total
<b>ASSETS</b>				
Cash and Investments	\$ 15,288	\$ 337,337	\$ (9,906)	\$ 342,719
Accounts Receivable	-	17,595	-	17,595
Total Assets	<u>15,288</u>	<u>354,932</u>	<u>(9,906)</u>	<u>360,304</u>
<b>LIABILITIES</b>				
Accounts Payable	-	9,131	115,275	124,406
Salaries Payable	-	11,561	6,332	17,913
Due to Other Governmental Units	11,747	290	-	12,037
Unearned Revenue	-	5,163	-	5,163
	<u>11,747</u>	<u>26,165</u>	<u>121,607</u>	<u>159,519</u>
<b>NET POSITION</b>				
Restricted for Organizations and Other Governments	<u>\$ 3,541</u>	<u>\$ 328,757</u>	<u>\$ (131,513)</u>	<u>\$ 200,785</u>
<b>ADDITIONS</b>				
Police Seizure			Minnesota Task Force 1	Total
\$ 3,560	\$ 619,910	\$ 1,039,207	\$ 1,662,677	
<b>DEDUCTIONS</b>				
Payments on Behalf of Others		889,290	1,185,269	2,074,559
Net Increase (Decrease) in Fiduciary Net Position	3,560	(269,380)	(146,062)	(411,882)
Net Position-Beginning	(19)	598,137	14,549	612,667
Net Position-Ending	<u>\$ 3,541</u>	<u>\$ 328,757</u>	<u>\$ (131,513)</u>	<u>\$ 200,785</u>

(This page left blank intentionally.)

**CITY OF EDINA, MINNESOTA**  
**TAX CAPACITY, TAX LEVIES, AND TAX CAPACITY RATES**  
**(SHOWN BY YEAR OF TAX COLLECTIBILITY)**

	2018	2019	2020	2021	2022
<b>Total Tax Capacity</b>	<b>\$ 141,934,212</b>	<b>\$ 151,279,391</b>	<b>\$ 157,910,360</b>	<b>\$ 164,716,554</b>	<b>\$ 169,928,228</b>
<b>Increment Valuation</b>	<b>(4,525,127)</b>	<b>(5,229,452)</b>	<b>(5,929,603)</b>	<b>(8,291,891)</b>	<b>(1,861,452)</b>
<b>Contribution to Fiscal Disparities Pool</b>	<b>(12,166,916)</b>	<b>(13,440,625)</b>	<b>(14,369,737)</b>	<b>(15,151,282)</b>	<b>(16,575,905)</b>
<b>Tax Capacity Used for Rate Calculation</b>	<b>125,242,169</b>	<b>132,609,314</b>	<b>137,611,020</b>	<b>141,273,381</b>	<b>151,490,871</b>
<b>Fiscal Disparities Distribution</b>	<b>3,210,559</b>	<b>3,473,642</b>	<b>3,700,282</b>	<b>4,049,317</b>	<b>4,507,212</b>
<b>Adjusted Net Tax Capacity</b>	<b>\$ 128,452,728</b>	<b>\$ 136,082,956</b>	<b>\$ 141,311,302</b>	<b>\$ 145,322,698</b>	<b>\$ 155,998,083</b>
<b>Tax Levies:</b>					
General Fund	\$ 28,493,077	\$ 30,009,121	\$ 32,021,243	\$ 33,986,471	\$ 36,708,036
Arts and Culture Fund	20,000	20,000	20,000	20,000	-
Equipment	2,567,000	2,630,000	2,830,000	4,130,000	5,190,000
Debt Service	4,579,700	4,611,900	4,596,300	3,651,400	3,232,000
HRA Operating	125,000	160,000	192,000	230,400	237,300
<b>Total Certified Tax Levies</b>	<b>35,784,777</b>	<b>37,431,021</b>	<b>39,659,543</b>	<b>42,018,271</b>	<b>45,367,336</b>
<b>Referendum Market Value Levy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Levy</b>	<b>\$ 35,784,777</b>	<b>\$ 37,431,021</b>	<b>\$ 39,659,543</b>	<b>\$ 42,018,271</b>	<b>\$ 45,367,336</b>
<b>Tax Capacity Rate:</b>					
General Fund Revenue	24.187%	23.992%	24.690%	26.264%	27.657%
Bonds and Interest	3.564%	3.388%	3.255%	2.515%	2.135%
HRA	0.098%	0.119%	0.137%	0.163%	0.157%
<b>Total Tax Capacity Rate</b>	<b>27.849%</b>	<b>27.499%</b>	<b>28.082%</b>	<b>28.942%</b>	<b>29.947%</b>
<b>Market Value Rate</b>	<b>0.00000%</b>	<b>0.00000%</b>	<b>0.00000%</b>	<b>0.00000%</b>	<b>0.00000%</b>

(103)

**CITY OF EDINA, MINNESOTA**  
**COMBINING SCHEDULE OF BONDED INDEBTEDNESS**  
**DECEMBER 31, 2021**

	Interest Rates	Date	Final Maturity Date	Prior Years Original Issue	Refunded
<b>General Obligation Bonds:</b>					
GO Capital Improvement Plan, Series 2010A	2.00 - 4.00	11/18/10	02/01/21	\$ 8,285,000	\$ 7,990,000
GO Capital Improvement Plan, Series 2013A - Refunding	3.00 - 3.50	10/10/13	02/01/30	5,710,000	2,660,000
GO Refunding, Series 2016A	2.00 - 3.00	07/06/16	02/01/28	3,635,000	885,000
GO Refunding, Series 2017C	2.00 - 3.00	07/06/16	02/01/29	8,955,000	1,330,000
GO Equipment Certificate, Series 2019A	5.00	06/13/19	02/01/29	2,805,000	-
GO Refunding, Series 2020A - General Obligation Bonds	5.00	12/16/21	02/01/30	31,905,000	11,845,000
<b>Permanent Improvement Revolving (PIR) Bonds:</b>					
GO Permanent Improvement Revolving Series 2010B	2.00 - 3.00	11/18/10	02/01/22	2,305,000	1,800,000
GO Permanent Improvement Revolving Series 2011A	2.00 - 3.00	10/27/11	02/01/23	3,320,000	2,240,000
GO Permanent Improvement Revolving Series 2012A	3.00 - 4.00	11/15/12	02/01/29	2,675,000	915,000
GO Permanent Improvement Revolving Series 2013A	3.00 - 3.50	10/10/13	02/01/30	2,555,000	730,000
GO Permanent Improvement Revolving Series 2015A	2.00 - 4.00	07/09/15	02/01/32	6,545,000	1,090,000
GO Permanent Improvement Revolving Series 2015A - Parking	2.00 - 4.00	07/09/15	02/01/36	2,495,000	390,000
GO Permanent Improvement Revolving Series 2016A	2.00 - 3.00	07/06/16	02/01/33	3,940,000	435,000
GO Permanent Improvement Revolving Series 2017A	3.00 - 4.00	06/29/17	02/01/34	1,995,000	100,000
GO Permanent Improvement Revolving Series 2018A	3.00 - 3.125	06/27/18	02/01/35	2,210,000	-
GO Permanent Improvement Revolving Series 2019A	3.00 - 5.00	06/13/19	02/01/36	2,195,000	-
GO Permanent Improvement Revolving Series 2020A	2.00-4.00	06/25/20	02/01/37	390,000	-
GO Permanent Improvement Revolving Series 2020B - Refunding	1.09	12/30/20	02/01/29	1,601,000	-
GO Permanent Improvement Revolving Series 2021A	2.00 - 4.00	06/24/21	02/01/38	5,480,000	-
GO Permanent Improvement Revolving Series 2021B - Refunding	5.00	12/16/21	02/01/30	1,280,000	7,700,000
<b>Tax Increment Financing Bonds*</b>					
Public Project Revenue Bonds:					
Leasable Public Project Revenue, Series 2009A	2.00 - 3.625	07/15/14	02/01/35	16,155,000	1,330,000
HRA Public Project Revenue, Series 2015A - Refunding	2.50 - 3.00	07/09/15	05/01/26	3,490,000	3,220,000
<b>Total Public Project Revenue Bonds</b>				<b>22,240,000</b>	<b>5,995,000</b>
<b>Revenue Bonds:</b>					
Recreational Facility Bonds, Series 2012C	2.00 - 3.00	11/15/12	02/01/33	2,100,000	60,000
Recreational Facility Bonds, Series 2015B	2.00 - 3.25	07/09/15	02/01/31	2,140,000	300,000
Recreational Facility Bonds, Series 2017B	3.00 - 4.00	06/29/17	02/01/33	7,425,000	900,000
Recreational Facility Bonds, Series 2017D - Refunding	2.00	12/20/17	02/01/30	1,640,000	307,000
Recreational Facility Bonds, Series 2021C - Refunding	2.00 - 3.00	12/16/21	02/01/33	2,210,000	-
Utility Revenue Bonds, Series 2011A	2.00 - 3.00	10/27/11	02/01/22	11,230,000	8,760,000
Utility Revenue Bonds, Series 2012A	3.00 - 4.00	11/15/12	02/01/23	6,100,000	4,030,000
Utility Revenue Bonds, Series 2014A	2.00 - 3.00	07/15/14	02/01/24	5,680,000	3,270,000
Utility Revenue Bonds, Series 2015A	2.00 - 3.00	07/15/14	02/01/25	5,680,000	3,270,000
Utility Revenue Bonds, Series 2018A	2.00 - 3.00	07/06/16	02/01/27	8,775,000	2,375,000
Utility Revenue Bonds, Series 2017A	3.00 - 4.00	06/29/17	02/01/28	6,595,000	1,120,000
Utility Revenue Bonds, Series 2018A	3.00 - 3.125	06/27/18	02/01/29	3,305,000	285,000
Utility Revenue Bonds, Series 2019A	5.00	06/13/19	02/01/30	5,815,000	-
Utility Revenue Bonds, Series 2020A	2.00-4.00%	06/25/20	02/01/31	4,830,000	-
Utility Revenue Bonds, Series 2020B - Refunding	1.09%	12/30/20	02/01/23	75,610,000	24,472,000
<b>Total Public Project Revenue Bonds</b>				<b>\$ 168,750,000</b>	<b>\$ 49,832,000</b>
<b>Total - Bonded Indebtedness</b>					

(104)



**CITY OF EDINA, MINNESOTA**  
**COMBINING SCHEDULE OF BONDED INDEBTEDNESS (CONTINUED)**  
**DECEMBER 31, 2021**

Outstanding 12/31/2020	2021 Issued	Payments 1/23/2021	Payable 12/31/2021	Principal Due 11/2/2022	Interest Due 11/2/2022	Interest Payable to Maturity
\$ 895,000	\$ -	\$ 895,000	\$ -	\$ -	\$ -	\$ -
3,650,000	-	320,000	3,330,000	49,313	49,313	49,313
2,750,000	-	310,000	2,440,000	217,225	217,225	217,225
1,850,000	-	175,000	1,675,000	105,875	105,875	105,875
2,850,000	-	255,000	2,595,000	120,375	120,375	120,375
-	2,515,000	-	2,515,000	-	78,594	683,469
17,725,000	2,515,000	2,505,000	17,735,000	4,670,000	516,232	2,312,560
505,000	-	235,000	265,000	3,625	3,625	3,625
1,060,000	-	350,000	730,000	16,500	22,050	22,050
1,760,000	-	1,760,000	-	-	44,850	197,025
1,825,000	-	160,000	1,665,000	24,650	24,650	24,650
5,455,000	-	360,000	5,075,000	365,000	165,575	965,968
2,105,000	-	100,000	2,005,000	105,000	68,150	571,850
3,505,000	-	230,000	3,275,000	235,000	86,075	573,600
1,895,000	-	105,000	1,790,000	110,000	57,000	388,700
2,210,000	-	115,000	2,095,000	120,000	65,594	493,747
2,195,000	-	-	2,195,000	105,000	86,225	666,675
390,000	-	-	390,000	-	10,500	82,050
1,601,000	-	96,000	1,505,000	195,000	15,576	66,299
-	5,460,000	-	5,460,000	-	199,768	1,702,593
24,526,000	1,280,000	3,546,000	27,740,000	3,535,000	885,088	6,084,602
-	7,545,000	-	7,545,000	-	245,092	2,463,767
1,265,000	-	1,265,000	-	-	-	-
12,035,000	-	695,000	12,240,000	715,000	394,869	3,106,091
2,045,000	-	315,000	1,730,000	325,000	43,500	119,513
16,245,000	-	2,275,000	13,970,000	1,040,000	423,259	3,224,604
2,040,000	-	135,000	1,905,000	23,972	23,972	23,972
740,000	-	75,000	665,000	10,583	10,583	10,583
1,650,000	-	130,000	1,520,000	44,294	245,759	245,759
6,335,000	-	440,000	5,895,000	213,160	213,160	1,233,550
1,333,000	-	120,000	1,204,000	131,000	23,430	111,280
-	2,210,000	-	2,210,000	-	38,513	337,563
2,070,000	-	1,215,000	1,255,000	1,295,000	18,825	18,825
2,410,000	-	595,000	1,830,000	595,000	-	-
2,745,000	-	915,000	2,230,000	525,000	43,000	80,425
5,475,000	-	515,000	4,960,000	137,500	171,960	171,960
5,475,000	-	595,000	4,880,000	620,000	167,500	621,250
3,020,000	-	290,000	2,730,000	300,000	87,750	389,325
5,815,000	-	465,000	5,350,000	485,000	255,375	1,284,375
4,830,000	-	-	4,830,000	405,000	152,400	746,050
-	350,000	-	350,000	-	10,500	10,500
48,937,000	2,210,000	7,626,000	43,318,000	9,036,000	1,263,306	5,745,462
\$ 407,433,000	\$ 11,465,000	\$ 16,155,000	\$ 110,308,000	\$ 18,263,000	\$ 3,122,895	\$ 17,367,246

(105)

**CITY OF EDINA, MINNESOTA**  
**SCHEDULE OF BALANCE SHEET ACCOUNTS**  
**TAX INCREMENT FINANCING DISTRICTS**  
**DECEMBER 31, 2021**

	Centennial District No. 1203	Valley View District No. 1207	Southdale 2 District No. 1208	Pemberton Park District No. 1211	Grandview 2 District No. 1212	66th West District No. 1214	50th and France 2 District No. 1215	West 76th Street District No. 1217	Total Tax Increment Financing Districts
<b>ASSETS</b>									
Accounts Receivable	\$ 2,695,898	\$ 341,215	\$ 17,434,547	\$ 1,201,008	\$ 7,172,613	\$ 25,740	\$ 253,948	\$ 10	\$ 29,124,979
Accrued Interest	2,439	1,677	53,342	2,629	6,299	104	94	-	66,484
Loans Receivable	4,650,000	-	6,470,967	-	-	-	-	-	6,470,967
Due from Other Districts	-	-	265,000	-	-	-	-	-	4,915,000
Due from Other Governments	-	-	13,049	-	-	-	-	-	13,049
<b>Total Assets</b>	<b>\$ 7,348,337</b>	<b>\$ 342,892</b>	<b>\$ 24,234,205</b>	<b>\$ 1,203,637</b>	<b>\$ 7,178,912</b>	<b>\$ 25,844</b>	<b>\$ 254,042</b>	<b>\$ 10</b>	<b>\$ 40,557,879</b>
<b>LIABILITIES</b>									
Accounts Payable	\$ -	\$ -	\$ 17,204	\$ 1,464	\$ 616,394	\$ 554	\$ 224,698	\$ 528	\$ 861,002
Accounts Payable - Other	840	-	527	1,049	52,201	-	525	-	56,102
Contract Payable	-	-	-	-	500,000	265,000	4,150,000	-	4,915,000
Due to Other Districts	-	-	-	-	-	-	-	-	-
Unearned Revenue	13,000	-	-	-	-	-	-	-	13,000
<b>Total Liabilities</b>	<b>13,840</b>	<b>-</b>	<b>17,731</b>	<b>2,513</b>	<b>1,169,644</b>	<b>265,554</b>	<b>4,375,383</b>	<b>528</b>	<b>5,845,193</b>
<b>FUND BALANCE</b>									
Reserve for Contingencies	7,334,497	342,892	24,216,474	1,201,124	6,090,268	(238,710)	(4,121,341)	(516)	34,742,686
<b>Total Liabilities and Fund Balance</b>	<b>\$ 7,348,337</b>	<b>\$ 342,892</b>	<b>\$ 24,234,205</b>	<b>\$ 1,203,637</b>	<b>\$ 7,178,912</b>	<b>\$ 25,844</b>	<b>\$ 254,042</b>	<b>\$ 10</b>	<b>\$ 40,557,879</b>

(106)

## STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	108
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	116
Debt Capacity <i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	120
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	125
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	127

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

### CITY OF EDINA, MINNESOTA SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TAX INCREMENT FINANCING DISTRICTS YEAR ENDED DECEMBER 31, 2021

	Central No. 1203	Valley View No. 1207	Southdale 2 No. 1208	Pentagon Park No. 1211	Grandview 2 No. 1211	68th West No. 1214	50th and France No. 1215	West 76th Street No. 1217	Total Tax Increment Financing Districts
<b>REVENUES</b>									
Tax Increment Collections	\$ -	\$ -	\$ 6,081,171	\$ 529,365	\$ 534,481	\$ 15,813	\$ 4,961,140	\$ -	\$ 8,256,970
Investment Income	(6,177)	(1,587)	(88,320)	(3,901)	(2,898)	(127)	(403)	517	(83,413)
Other Revenues	-	-	2,900,000	-	-	-	-	-	2,900,000
Total Revenues	(6,177)	(1,587)	8,512,851	525,464	531,583	15,686	4,957,737	517	11,074,074
<b>EXPENDITURES</b>									
Current:									
General Government	50,503	-	81,758	19,415	123,551	3,165	516,762	1,036	796,189
Capital Outlay:									
General Government	-	-	-	-	2,672,076	-	-	-	2,672,076
Total Expenditures	50,503	-	81,758	19,415	2,795,627	3,165	516,762	1,036	3,463,587
<b>REVENUES OVER (UNDER)</b>	(56,680)	(1,587)	9,431,093	506,049	(2,264,044)	12,521	(21,025)	(518)	7,605,507
<b>OTHER FINANCING SOURCES (USES)</b>									
Interfund Loan Interest	50,000	-	(59,000)	-	7,545,000	-	-	-	7,545,000
Premium on Bonds Issued	-	-	-	-	748,128	-	-	-	748,128
Total Other Financing Sources (Uses)	50,000	-	(59,000)	-	8,293,128	-	-	-	8,293,128
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	2,320	(1,587)	9,372,093	506,049	(6,029,062)	12,521	(21,025)	(518)	15,698,935
Fund Balance - January 1	7,332,177	344,479	14,844,381	695,075	(19,814)	(252,231)	(4,100,316)	-	18,843,751
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$ 7,334,497</b>	<b>\$ 342,892</b>	<b>\$ 24,216,474</b>	<b>\$ 1,201,124</b>	<b>\$ 6,009,266</b>	<b>\$ (239,710)</b>	<b>\$ (4,121,341)</b>	<b>\$ (518)</b>	<b>\$ 34,742,686</b>

**CITY OF EDINA, MINNESOTA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2012	2013 <sup>a</sup>	2015 <sup>b</sup>
<b>GOVERNMENTAL ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 78,644,392	\$ 83,842,970	\$ 85,708,114
Restricted	23,215,910	20,289,579	18,268,724
Unrestricted	29,587,700	33,242,317	31,316,605
Total Governmental			
Activities Net Position	<u>\$ 131,448,002</u>	<u>\$ 137,374,866</u>	<u>\$ 135,293,443</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Net Investment in Capital Assets	\$ 63,766,144	\$ 66,126,387	\$ 75,803,672
Restricted	876,909	611,377	619,295
Unrestricted	14,390,609	16,867,459	21,176,026
Total Business-Type			
Activities Net Position	<u>\$ 79,033,662</u>	<u>\$ 83,605,223</u>	<u>\$ 97,598,993</u>
<b>PRIMARY GOVERNMENT</b>			
Net Investment in Capital Assets	\$ 142,410,536	\$ 149,969,357	\$ 161,511,786
Restricted	24,092,819	20,900,956	18,888,019
Unrestricted	43,978,309	50,109,776	52,492,631
Total Primary Government			
Net Position	<u>\$ 210,481,664</u>	<u>\$ 220,980,089</u>	<u>\$ 232,892,436</u>
			<u>\$ 225,316,482</u>

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

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

<sup>c</sup> The City implemented GASB 75 in fiscal year 2018. Prior year information has not been restated as a result of this change in accounting principle.

(This page left blank intentionally.)

CITY OF EDINA, MINNESOTA  
NET POSITION BY COMPONENT (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year					
	2016	2017	2018 <sup>c</sup>	2019	2020	2021
	\$ 93,247,973	\$ 96,149,011	\$ 107,133,225	\$ 110,670,335	\$ 117,052,475	\$ 116,754,295
	20,892,680	22,840,869	25,017,586	36,999,647	60,063,244	76,262,266
	22,146,168	26,412,441	31,277,308	27,680,337	16,475,796	15,308,966
	\$ 136,286,821	\$ 145,402,321	\$ 163,428,119	\$ 175,350,319	\$ 193,591,515	\$ 208,325,527
	\$ 85,158,869	\$ 82,338,560	\$ 81,980,815	\$ 80,452,583	\$ 81,135,647	\$ 86,975,121
	804,393	1,338,276	1,360,336	1,360,336	1,268,479	1,225,093
	17,300,872	22,443,806	27,285,949	32,045,171	33,086,023	32,253,873
	\$ 103,264,134	\$ 106,120,642	\$ 110,627,100	\$ 113,858,090	\$ 115,490,149	\$ 120,454,087
	\$ 178,406,842	\$ 178,487,571	\$ 189,114,040	\$ 191,122,918	\$ 198,188,122	\$ 203,729,416
	21,697,073	24,179,145	26,377,922	38,359,983	61,331,723	77,487,359
	39,447,040	48,856,247	58,563,257	59,725,508	49,561,819	47,562,839
	\$ 239,550,955	\$ 251,522,963	\$ 274,055,219	\$ 289,208,409	\$ 309,081,566	\$ 328,779,614

<sup>a</sup> The City implemented GASB 85 in fiscal year 2013. Prior year information has not been restated as a result of this change in accounting principle.

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

<sup>c</sup> The City implemented GASB 88 in fiscal year 2015. Prior year information has not been restated as a result of this change in accounting principle.

<sup>d</sup> The City implemented GASB 88 in fiscal year 2018, moving parks maintenance activities from public works to parks. The City also implemented GASB 31 in fiscal year 2018. Prior year information has not been restated as a result of either change.

<sup>e</sup> The City broke out the various functions within the utilities fund for the first time in 2020. Prior year information has not been restated.

CITY OF EDINA, MINNESOTA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2012	2013*	2014*	2015*
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 12,588,979	\$ 8,256,261	\$ 8,522,319	\$ 8,518,236
Public Safety	46,588,423	17,117,693	18,145,686	19,507,770
Police & Fire Works	1,000,000	1,000,000	1,000,000	1,000,000
Parks	6,130,749	6,130,709	6,335,367	3,385,367
Interest on Long-Term Debt	2,222,932	-	-	-
Business-Type Activities Expenses	40,767,603	45,032,862	47,542,313	2,169,678
Business-Type Activities:				
Water	12,610,975	13,746,196	14,207,197	14,960,304
Wastewater	-	-	-	-
Stormwater	-	-	-	-
Landfill	11,709,413	12,291,413	12,393,413	11,816,602
Recycling Center	1,440,444	-	827,485	819,600
Solid Waste	3,293,192	3,199,815	3,342,544	3,409,343
Air Quality	2,182,200	2,272,510	2,604,297	2,642,097
Aerospace	2,272,510	2,272,510	2,272,510	2,642,097
Community-Activity Centers	-	-	-	-
Community-Activity Centers	33,536,064	35,291,197	36,121,369	37,162,631
Total Primary Government Expenses	\$ 80,297,897	\$ 80,306,633	\$ 83,653,172	\$ 86,019,459
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
General Government	\$ 1,426,864	\$ 1,259,098	\$ 1,529,585	\$ 1,328,430
Public Safety	6,549,629	7,410,755	8,102,352	8,683,405
Police & Fire Works	1,000,000	1,000,000	1,000,000	1,000,000
Operating Grants and Contributions	1,685,206	2,283,407	1,578,538	3,121,718
Credit Grants and Contributions	9,317,011	9,317,011	8,244,695	10,047,047
Capital Grants and Contributions	-	-	-	-
Unvested Investment Earnings	-	-	-	-
Insurance Recovery	-	-	-	-
Revenue	19,428,814	16,173,424	20,415,401	24,330,357
Business-Type Activities:				
Water for Service:				
Wastewater	17,729,589	17,831,225	17,550,802	19,354,443
Sewer	-	-	-	-
Stormwater	-	-	-	-
Recycling	-	-	-	-
Liquor	13,320,841	13,711,557	13,515,168	12,462,387
Aquatic Center	1,001,948	991,925	918,425	971,358
Solid Waste	2,942,425	2,942,425	2,942,425	2,942,425
Aerospace	1,452,435	1,942,971	2,062,557	2,316,553
Community Activity Centers	2,369,660	2,625,033	2,833,257	3,137,979
Community Activity Centers	1,047,414	1,047,414	1,047,414	1,047,414
Credit Grants and Contributions	-	-	-	-
Unvested Investment Earnings	-	-	-	-
Insurance Recovery	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 40,881,787	\$ 40,267,426	\$ 40,317,970	\$ 41,693,719
Total Primary Government Program Revenues	\$ 42,308,601	\$ 41,440,850	\$ 40,735,371	\$ 46,024,076
<b>NET (EXPEND) REVENUE</b>	<b>\$ (39,140,916)</b>	<b>\$ (39,860,250)</b>	<b>\$ (42,127,801)</b>	<b>\$ (39,594,383)</b>
Business-Type Activities	\$ 6,545,893	\$ 4,996,452	\$ 4,196,517	\$ 5,151,108
Business-Type Activities	\$ (32,595,023)	\$ (44,856,702)	\$ (46,324,318)	\$ (44,745,491)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Total Primary Government Net Expense	\$ (32,595,023)	\$ (44,856,702)	\$ (46,324,318)	\$ (44,745,491)
Other Changes:				
Property Taxes	\$ 25,864,662	\$ 26,864,161	\$ 27,062,224	\$ 29,632,072
Tax Incremental Bonds	3,536,935	3,961,158	5,052,705	1,792,866
Lottery Proceeds	815,130	1,591,161	2,100,000	2,100,000
LogGING Taxes	-	-	11,301	22,716
Unvested Investment Earnings	341,966	(98,300)	440,551	19,650
Insurance Recovery	-	816,654	2,905,237	4,190
Transfers	696,035	133,907	(9,052,225)	(2,230,960)
Capital Assets	3,333,881	3,333,881	25,435,481	31,543,276
Business-Type Activities:				
Unvested Investment Earnings	113,777	(77,849)	191,974	191,974
Gain (Loss) on Disposal of Capital Assets	2,681,456	2,681,456	9,905,225	2,290,500
Total Business-Type Activities	\$ 2,795,233	\$ 2,603,637	\$ 10,197,200	\$ 2,482,474
Total Business-Type Activities	\$ 39,337,144	\$ 33,444,723	\$ 34,942,688	\$ 33,959,576
Total Primary Government	\$ 39,337,144	\$ 33,444,723	\$ 34,942,688	\$ 33,959,576
<b>CHANGE IN NET POSITION</b>				
Business-Type Activities	\$ 3,943,605	\$ 6,776,033	\$ 6,749,463	\$ 6,749,463
Business-Type Activities	\$ 8,926,188	\$ 4,801,262	\$ 13,953,747	\$ 8,784,608
Total Primary Government	\$ 12,869,793	\$ 11,577,290	\$ 20,703,210	\$ 15,534,071

<sup>a</sup> The City implemented GASB 85 in fiscal year 2013. Prior year information has not been restated as a result of this change in accounting principle.

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

<sup>c</sup> The City implemented GASB 88 in fiscal year 2015. Prior year information has not been restated as a result of this change in accounting principle.

<sup>d</sup> The City implemented GASB 88 in fiscal year 2018, moving parks maintenance activities from public works to parks. The City also implemented GASB 31 in fiscal year 2018. Prior year information has not been restated as a result of either change.

<sup>e</sup> The City broke out the various functions within the utilities fund for the first time in 2020. Prior year information has not been restated.

**CITY OF EDINA, MINNESOTA**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(ACCURAL BASIS OF ACCOUNTING)**

	2018	2017	Fiscal Year		2019	2020 <sup>a</sup>	2021
\$	9,597,597	\$	9,164,272	\$	11,252,539	\$	14,844,785
	20,243,209		21,815,101		20,971,184		24,288,856
	19,444,472		17,750,935		14,170,463		11,487,445
	1,544,717		1,544,717		1,544,717		1,544,717
	2,133,474		1,996,354		1,726,901		1,282,259
	55,231,438		54,949,083		55,282,218		59,278,241
	10,789,474		17,361,659		19,303,212		9,094,274
	-		-		-		7,607,708
	-		-		-		1,466,449
	-		-		-		1,392,003
	12,130,254		11,895,159		11,070,880		13,435,305
	3,041,190		3,041,190		3,041,190		3,041,190
	2,842,680		2,842,680		2,842,680		2,842,680
	3,953,091		4,095,300		4,095,300		4,095,300
	3,953,091		4,095,300		4,095,300		4,095,300
	94,729,646		95,669,726		95,669,726		95,669,726
	1,453,009		1,453,009		1,453,009		1,453,009
	8,962,046		9,627,422		9,627,422		9,627,422
	1,289,770		1,289,770		1,289,770		1,289,770
	12,252,861		12,252,861		12,252,861		12,252,861
	20,743,181		24,027,214		23,114,179		20,281,210
	10,505,905		21,361,872		21,075,655		9,226,465
	-		-		-		4,773,432
	-		-		-		1,448,388
	12,037,095		12,037,095		12,037,095		12,037,095
	9,965,068		9,965,068		9,965,068		9,965,068
	2,809,702		1,254,412		1,396,173		3,395,815
	3,189,775		3,189,775		3,189,775		3,189,775
	445,464		179,066		44,853		47,780
	42,159,898		43,511,112		44,872,027		45,547,743
	71,803,070		67,538,326		69,772,529		73,726,070
	(25,488,257)		(30,321,449)		(30,321,449)		(30,321,449)
	2,696,690		2,696,690		2,696,690		2,696,690
	(22,891,567)		(28,321,426)		(31,453,939)		(33,118,983)
	31,365,421		33,665,029		35,616,432		39,545,279
	2,346,423		2,346,423		2,346,423		2,346,423
	22,624		21,006		24,119		8,313
	1,000,000		1,000,000		1,000,000		1,000,000
	65,044		514,073		5,032,815		18,835,870
	-		-		-		-
	-		-		-		-
	37,055,409		40,036,391		48,348,427		51,187,359
	136,208		254,900		481,754		945,980
	(99,673)		(99,673)		(305,428)		(305,428)
	72,581		72,581		72,581		72,581
	37,129,040		40,293,434		48,974,853		51,866,012
	11,565,202		11,565,202		11,565,202		11,565,202
	2,669,271		2,669,271		2,669,271		2,669,271
	14,234,473		11,827,088		15,153,105		19,873,255

(111)

**CITY OF EDINA, MINNESOTA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		2012	2013	2014 <sup>a</sup>	2015
<b>GENERAL FUND</b>						
Nonspendable	\$	413,200	\$	13,322	\$	240,291
Restricted		880,395		185,395		757,673
Assigned		1,643,077		1,559,461		1,566,329
Unassigned		11,902,462		12,573,457		11,429,444
<b>Total General Fund</b>			\$	14,331,635	\$	13,993,737
			\$	14,839,134	\$	14,320,383
<b>ALL OTHER GOVERNMENTAL FUNDS</b>						
Nonspendable	\$	-	\$	-	\$	-
Restricted, Reported in:						
Special Revenue Funds		13,185,962		13,040,516		9,719,309
Debt Service Funds		9,704,408		6,246,769		12,678,291
Construction Funds		2,759,463		3,318,947		6,598,832
Assigned, Reported in:						
Capital Projects Funds		7,159,890		8,354,288		7,046,610
Unassigned, Reported in:						
Special Revenue Funds		-		-		-
Total all Other Governmental Funds			\$	32,809,723	\$	36,043,042
			\$	30,960,500	\$	30,219,345

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

(112)

CITY OF EDINA, MINNESOTA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
<strong>REVENUES</strong>				
General Property Taxes	\$ 25,838,422	\$ 26,891,756	\$ 26,988,493	\$ 29,535,270
Tax Increment Collections	3,536,935	3,981,938	5,052,705	1,792,896
Franchise Taxes	815,530	1,891,967	2,055,396	2,089,038
Lodging Fees	-	-	11,301	22,716
Special Assessments	4,975,641	4,854,510	4,606,010	4,132,128
License and Permits	3,155,351	4,150,512	4,583,183	4,907,364
Intergovernmental	2,032,966	2,509,166	3,961,509	6,093,966
Charges for Services	3,708,482	3,667,612	4,270,720	4,414,991
Fines and Forfeitures	1,195,054	1,109,710	1,163,907	1,195,271
Investment Income	341,986	(96,390)	440,051	195,314
Rental of Property	506,276	518,862	546,874	416,522
Parkland Dedication	702,100	-	757,278	800,000
Other Revenues	240,841	278,607	78,775	361,425
Total Revenues	47,049,584	49,789,250	54,516,202	55,956,901
<strong>EXPENDITURES</strong>				
General Government	6,624,573	7,351,556	7,625,826	6,337,944
Public Safety	14,985,068	15,859,622	16,647,821	17,537,528
Public Works	6,277,506	7,018,614	10,201,335	10,578,472
Parks	3,852,260	3,915,568	1,341,884	1,416,858
Capital Outlay	13,622,443	10,690,207	19,883,144	19,912,565
Debt Service:				
Principal	6,620,000	14,531,375	4,096,375	13,276,375
Interest and Other Charges	2,292,394	2,270,259	1,923,647	2,375,613
Total Expenditures	54,274,244	61,637,201	61,720,032	71,435,355
<strong>REVENUES OVER (UNDER)</strong>	(7,224,660)	(11,848,951)	(7,203,830)	(15,478,454)
<strong>OTHER FINANCING SOURCES (USES)</strong>				
Utility Contributions from Other Funds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	4,495,940	3,472,964	1,404,975	3,232,770
Sale of Capital Assets	(3,799,005)	(3,338,057)	(11,010,200)	(6,472,066)
Insurance Recovery	94,975	61,642	70,603	78,509
Loans Issued	-	816,654	-	167,167
Bonds Issued	2,748,720	2,555,000	16,155,000	9,040,000
Refunding Bonds Issued	1,990,000	5,710,000	5,180,000	3,490,000
Premium on Bonds Issued	436,148	275,360	327,987	492,838
Discount on Bonds Issued	-	(60,334)	(179,891)	(47,815)
Payment to Refunding Escrow	-	-	-	-
Total Other Financing Sources (Uses)	5,966,778	9,492,229	11,948,474	9,981,403
<strong>NET CHANGE IN FUND BALANCES</strong>	<strong>\$ (1,257,882)</strong>	<strong>\$ (2,356,722)</strong>	<strong>\$ 4,744,644</strong>	<strong>\$ (5,497,051)</strong>
Debt Service as a Percentage of Noncapital Expenditures	19.4%	32.2%	13.7%	28.9%

(114)

**CITY OF EDINA, MINNESOTA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
\$	31,354,023	\$ 33,696,550	\$ 35,613,883	\$ 37,093,074	\$ 39,509,239	\$ 41,796,463
	2,779,097	3,422,898	4,997,706	5,447,108	6,452,819	8,295,756
	2,346,423	2,408,884	2,559,443	2,881,726	3,071,392	3,090,322
	22,624	21,006	25,298	24,119	8,313	17,214
	5,276,194	5,330,766	4,747,205	4,741,557	4,629,551	4,130,703
	5,268,519	5,403,222	5,912,757	5,183,754	6,454,749	6,077,446
	5,775,114	3,687,262	5,124,573	3,687,620	11,218,739	3,321,222
	4,689,389	4,917,173	4,898,548	5,431,941	4,968,288	5,980,258
	1,016,817	1,135,986	1,122,426	1,097,122	485,472	460,914
	344,344	512,448	889,550	1,989,881	1,835,870	(372,080)
	514,955	459,099	632,011	487,797	479,148	491,579
	1,250,000	33,460	-	-	-	-
	2,599,830	761,281	990,277	600,905	3,089,269	704,558
	63,237,329	61,790,035	67,513,677	68,666,604	82,182,849	73,994,355

(115)

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

Fiscal Year	Market Value (in Thousands) <sup>a</sup>		Tax Capacity (in Thousands)		City Tax Capacity Rate	City Referendum Rate	Estimated Direct Rate
	Estimated	Limited	Taxable	Total	Used for Rate	Adjusted Net	
2012	\$ 9,179,305	\$ 9,179,305	\$ 9,025,565	\$ 109,013	\$ 94,811	\$ 97,879	26.247%
2013	8,955,431	8,955,431	8,798,601	106,530	93,504	96,120	27.216%
2014	9,065,550	9,065,550	8,911,695	108,069	93,607	96,156	27.920%
2015	9,837,972	9,837,972	9,701,677	117,907	106,662	109,203	26.605%
2016	10,420,339	10,420,339	10,296,342	125,664	112,491	115,128	27.137%
2017	10,902,621	10,902,621	10,785,198	132,180	116,664	119,756	28.271%
2018	11,655,318	11,655,318	11,547,520	141,934	125,242	128,453	27.849%
2019	12,370,205	12,370,205	12,271,673	151,279	132,609	136,083	27.499%
2020	12,879,164	12,879,164	12,785,798	157,910	137,611	141,311	28.062%
2021	13,344,357	13,344,357	13,255,470	164,716	141,273	145,322	28.942%

Source: Hennepin County Taxpayer Services.

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

(116)

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

Fiscal Year	City Rates				Overlapping Rates			Total Direct and Overlap
	Basic Rate	Debt Rate	HRA Rate	Total Tax Capacity	RMV	Hennepin	ISD #273 Edina Tax Cap.	
2012	23.131%	3.116%	0.000%	26.247%	0.007%	48.231%	27.565%	112.954%
2013	23.762%	3.454%	0.000%	27.216%	0.007%	49.461%	27.762%	115.922%
2014	24.456%	3.462%	0.000%	27.920%	0.007%	49.959%	27.556%	117.486%
2015	22.477%	4.128%	0.000%	26.605%	0.006%	46.388%	27.344%	111.447%
2016	23.223%	3.914%	0.000%	27.137%	0.006%	45.366%	34.898%	118.645%
2017	24.348%	3.841%	0.082%	28.271%	0.000%	44.087%	34.798%	118.213%
2018	24.187%	3.564%	0.098%	27.849%	0.000%	42.808%	30.872%	112.296%
2019	23.992%	3.388%	0.119%	27.499%	0.000%	41.861%	30.589%	109.663%
2020	24.690%	3.255%	0.137%	28.082%	0.000%	41.084%	30.589%	109.663%
2021	26.264%	2.515%	0.163%	28.942%	0.000%	38.210%	31.474%	107.459%

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

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

(117)

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

Taxpayer	2021			2012		
	Tax Capacity	Rank	Percentage of Total Capacity	Tax Capacity	Rank	Percentage of Total Capacity
Galleria Shopping Center	\$ 2,746,321	1	1.62%	\$ 1,271,050	2	1.17%
Southdale Shopping Center	2,737,316	2	1.62%	2,373,048	1	2.18%
Southdale Medical Building	1,602,487	3	0.95%	620,285	5	0.57%
Southdale Office Center	893,250	4	0.53%	686,102	3	0.63%
Onyx Apartments	860,663	5	0.51%	DNA	DNA	DNA
Loden Apartments	837,969	6	0.50%	DNA	DNA	DNA
Centennial Lakes Phase V	797,170	7	0.47%	553,770	6	0.51%
Centennial Lakes Phase IV	785,224	8	0.46%	543,040	7	0.50%
One Southdale Place Apartments	749,796	9	0.44%	DNA	DNA	DNA
Lifetime Fitness/Lifetime Works	749,558	10	0.44%	DNA	DNA	DNA
Centennial Lakes Retail	DNA	DNA	DNA	670,848	4	0.62%
National Car	DNA	DNA	DNA	484,530	8	0.44%
Target	DNA	DNA	DNA	439,250	9	0.40%
Hellmuth & Johnson	DNA	DNA	DNA	358,912	10	0.33%
Totals	\$ 12,759,754		7.54%	\$ 8,000,835		7.35%

Source: City of Edina Assessing Office  
DNA: Data is not available

(118)



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

Taxes Payable	Total Tax Levy	Collected within the			Collections in		Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy	Amount	Subsequent Years	Amount	Percentage of Levy	
2012	\$ 26,248,226	\$ 25,983,685	98.99%	\$ 25,983,685	\$ (132,633)	\$ 25,851,052	98.49%	
2013	26,747,384	26,545,984	99.25%		(201,500)	26,344,484	98.49%	
2014	27,454,872	27,326,092	99.53%		(44,905)	27,281,187	99.37%	
2015	29,700,010	29,497,362	99.32%		(80,678)	29,416,684	99.05%	
2016	31,799,123	31,383,415	98.69%		45,132	31,428,547	98.83%	
2017	33,822,369	33,645,085	99.48%		(56,896)	33,588,189	99.31%	
2018	35,784,777	35,551,096	99.35%		(33,548)	35,517,548	99.25%	
2019	37,431,021	37,104,274	99.13%		62,960	37,167,234	99.30%	
2020	39,659,543	39,392,703	99.33%		(96,138)	39,296,565	99.08%	
2021	42,018,271	41,704,258	99.25%		(74,324)	41,629,934	99.08%	

Source: Hennepin County Taxpayer Services.

(119)

**CITY OF EDINA, MINNESOTA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Fiscal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Debt	Public Project Revenue	Tax Incremental Bonds	Enterprise Revenue Bonds	Notes Payable	Enterprise Revenue Bonds			
2012	\$ 28,318	\$ 11,787	\$ 550	\$ 22,067	\$ 74	\$ 5,952	\$101,908	3.21%	\$ 2,087
2013	32,035	5,627	-	18,889	62	6,540	92,788	3.14%	1,885
2014	30,806	21,445	-	21,554	51	6,249	39,633	3.84%	2,382
2015	27,225	21,300	-	24,776	40	8,055	113,971	3.53%	2,245
2016	28,990	20,395	-	26,874	28	7,677	120,225	3.68%	2,321
2017	31,748	19,485	-	26,772	17	16,946	133,629	3.75%	2,545
2018	31,748	19,484	-	26,772	13	16,946	133,629	3.75%	2,545
2019	21,211	17,495	-	26,523	-	12,423	117,432	3.16%	2,005
2020	18,917	16,363	-	25,559	-	750	106,900	2.81%	2,007
2021	16,383	13,869	6,797	25,979	-	750	104,440	2.70%	1,952

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

<sup>a</sup> Population and personal income data from U.S. Census Bureau/Metropolitan Council found on page 125.

(120)

**CITY OF EDINA, MINNESOTA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)**

Fiscal Year	General Obligation Debt <sup>a</sup>	Less: Amounts Available in Debt Service Fund <sup>b</sup>	Total	Percentage of Property Value <sup>c</sup>	Per Capita <sup>d</sup>
2012	\$ 27,680	\$ 9,704	\$ 17,976	0.20%	\$ 368
2013	31,390	6,247	25,143	0.28%	511
2014	30,200	12,678	17,522	0.19%	349
2015	26,710	7,135	19,575	0.20%	386
2016	27,935	11,187	16,748	0.16%	323
2017	30,630	17,001	13,629	0.13%	260
2018	19,155	7,872	11,283	0.10%	215
2019	19,905	8,342	11,563	0.09%	217
2020	18,917	9,727	9,190	0.07%	173
2021	16,383	11,178	5,205	0.04%	97

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

<sup>a</sup> Presented net of related premiums, discounts, and adjustments.

<sup>b</sup> This is the amount restricted for debt service principal payments.

<sup>c</sup> See statistical schedule titled "Assessed Value, Actual Value and Tax Capacity of Taxable Property" for estimated property value data.

<sup>d</sup> Population from U.S. Census Bureau/Metropolitan Council found on page 125.

**CITY OF EDINA, MINNESOTA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**DECEMBER 31, 2021**

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable in City <sup>a</sup>	City Share of Debt
<b>Overlapping Debt:</b>			
Hennepin County	\$ 1,037,033,516	7.08%	\$ 73,421,973
Hennepin Suburban Park District	45,542,541	10.07%	4,586,134
Hennepin Regional Rail Authority	89,332,530	7.08%	6,324,743
School Districts:			
ISD No. 273 (Edina)	187,450,040	98.84%	185,275,620
ISD No. 270 (Hopkins)	155,731,784	8.00%	12,458,543
ISD No. 271 (Bloomington)	143,141,624	0.02%	28,628
ISD No. 272 (Eden Prairie)	93,478,941	1.05%	981,529
ISD No. 280 (Richfield)	129,039,843	32.53%	41,976,661
ISD No. 283 (St. Louis Park)	124,472,934	0.02%	24,895
Metro Council	73,049,600	3.45%	2,520,211
Total Overlapping Debt	2,078,273,353		327,598,937

**Direct Debt:**

City of Edina	75,746,046	100.00%	75,746,046
Total Overlapping and Direct Debt	\$ 2,154,019,399		\$ 403,344,983

**Debt Ratios:**

Ratio of Debt Per Capita (53,494 Population)	\$	7,540
Ratio of Debt to Estimated Market Valuation of \$13,344,357,600		3.02%

Source: Hennepin County Taxpayer Services

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

**CITY OF EDINA, MINNESOTA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(DOLLARS IN THOUSANDS)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 270,767	\$ 265,968	\$ 267,351	\$ 291,050	\$ 308,880	\$ 323,556	\$ 346,426	\$ 368,150	\$ 383,574	\$ 400,331
Total Net Debt Applicable to Limit	39,545	37,030	51,760	48,000	48,325	50,115	37,595	37,265	33,970	31,705
Legal Debt Margin	\$ 231,222	\$ 228,938	\$ 215,591	\$ 243,050	\$ 260,555	\$ 273,441	\$ 308,831	\$ 330,885	\$ 349,604	\$ 368,626
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.60%	14.03%	19.36%	16.49%	15.64%	15.46%	10.85%	10.12%	8.86%	7.92%
<b>Legal Debt Margin Calculation for Fiscal Year 2021</b>										
Market Value (After Fiscal Disparities)										
Debt Limit (3% of Market Value)										
Debt Applicable to Limit:										
General Fund Debt										
Public Project Revenue Bonds										
Total Debt Applicable to Limit										
Legal Debt Margin										

(123)

**CITY OF EDINA, MINNESOTA**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Revenue		Less: Operating Expenses	Net Available Revenue	Principal	Debt Service Requirements		Coverage
	Public Project Revenue Bonds (Annual Appropriation Lease Revenue)	Utility Bond				Interest	Total	
2012	\$ 1,362,444	\$ -	\$ -	\$ 1,362,444	\$ 1,295,000	\$ 548,691	\$ 1,843,691	0.74
2013	1,346,294	-	-	1,346,294	6,225,000	589,734	6,814,734	0.20
2014	1,356,844	-	-	1,356,844	235,000	223,754	458,754	2.96
2015	2,521,840	-	-	2,521,840	3,760,000	729,879	4,489,879	0.56
2016	2,469,521	-	-	2,469,521	900,000	654,473	1,554,473	1.61
2017	2,466,500	-	-	2,466,500	905,000	633,527	1,538,527	1.62
2018	2,507,700	-	-	2,507,700	1,045,000	607,148	1,652,148	1.52
2019	2,510,900	-	-	2,510,900	1,080,000	574,566	1,654,566	1.51
2020	2,506,300	-	-	2,506,300	1,115,000	540,690	1,655,690	1.15
2021	1,554,400	-	-	1,554,400	1,145,000	521,504	1,666,504	0.93
Tax Incremental Bonds								
2012	3,536,935	-	-	3,536,935	1,930,000	48,445	1,978,445	1.79
2013	3,981,939	-	-	3,981,939	550,000	9,350	559,350	7.12
2014	5,052,705	-	-	5,052,705	-	-	-	-
2015	1,792,896	-	-	1,792,896	-	-	-	-
2016	2,779,097	-	-	2,779,097	-	-	-	-
2017	3,422,898	-	-	3,422,898	-	-	-	-
2018	4,997,706	-	-	4,997,706	-	-	-	-
2019	5,447,108	-	-	5,447,108	-	-	-	-
2020	6,452,819	-	-	6,452,819	-	-	-	-
2021	8,295,756	-	-	8,295,756	-	-	-	-
Permanent Improvement Revolving Bonds (Special Assessment)								
2012	2,520,862	-	-	2,520,862	1,375,000	557,514	1,932,514	1.30
2013	2,837,227	-	-	2,837,227	5,745,000	567,551	6,312,551	0.45
2014	2,870,102	-	-	2,870,102	1,555,000	548,927	2,103,927	1.36
2015	3,732,374	-	-	3,732,374	6,015,000	503,029	6,518,029	0.57
2016	4,727,881	-	-	4,727,881	1,925,000	705,628	2,630,628	1.80
2017	4,746,414	-	-	4,746,414	2,105,000	745,783	2,850,783	1.66
2018	4,121,203	-	-	4,121,203	2,480,000	746,023	3,226,023	1.28
2019	4,097,625	-	-	4,097,625	2,630,000	745,697	3,375,697	1.21
2020	4,075,208	-	-	4,075,208	2,570,000	771,215	3,341,215	1.22
2021	2,338,866	-	-	2,338,866	1,961,000	699,572	2,660,572	0.88
Utility Bond								
2012	17,723,103	11,811,468	-	5,911,635	2,360,000	811,990	3,171,990	1.86
2013	17,830,425	12,893,159	-	4,937,266	3,400,000	933,970	4,333,970	1.14
2014	17,548,883	13,443,940	-	4,104,943	3,670,000	884,075	4,554,075	0.90
2015	19,334,023	14,387,132	-	4,946,891	12,300,000	882,427	13,182,427	0.38
2016	19,472,645	16,222,211	-	3,250,434	4,925,000	814,238	5,739,238	0.57
2017	21,360,262	16,718,288	-	4,641,974	5,040,000	930,123	5,970,123	0.78
2018	22,757,745	17,411,983	-	5,345,762	4,980,000	1,049,101	6,029,101	0.89
2019	21,846,239	18,457,754	-	3,388,485	5,685,000	998,754	6,684,754	0.51
2020	25,731,887	21,401,340	-	4,330,547	4,580,000	1,169,779	5,749,779	0.75
2021	27,663,593	21,984,700	-	5,678,893	6,920,000	1,143,996	8,063,996	0.70
Recreational Facility Bonds								
2012	5,679,972	6,240,222	-	(560,250)	520,000	105,000	625,000	(0.90)
2013	5,962,769	6,116,195	-	(153,426)	550,000	138,127	688,127	(0.78)
2014	6,239,445	6,396,030	-	(116,585)	290,000	176,197	466,197	(0.25)
2015	6,137,111	6,296,138	-	(159,027)	350,000	176,808	526,808	(0.23)
2016	6,060,529	6,593,312	-	(532,783)	375,000	231,285	606,285	(0.85)
2017	4,724,288	6,247,649	-	(1,523,361)	500,000	217,958	717,958	(2.12)
2018	5,019,374	6,069,584	-	(1,050,210)	2,197,000	494,192	2,691,192	(0.39)
2019	6,905,708	7,516,553	-	(607,845)	849,000	430,733	1,279,733	(0.47)
2020	5,955,853	7,213,408	-	(1,627,555)	876,000	404,703	1,280,703	(1.27)
2021	8,801,478	8,759,248	-	42,230	909,000	376,723	1,285,723	0.03

(124)

**CITY OF EDINA, MINNESOTA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Estimated Personal Income (In thousands)	Per Capita Personal Income	High School Graduation Rate	Unemployment Rate
2012	48,829	\$ 3,171,346	\$ 64,948	97.4%	4.56%
2013	49,216	2,955,913	60,060	97.7%	3.98%
2014	50,261	3,117,991	62,036	97.8%	3.10%
2015	50,766	3,231,154	63,648	97.9%	2.82%
2016	51,804	3,264,895	63,024	97.7%	3.08%
2017	52,497	3,567,906	67,964	97.9%	2.83%
2018	52,535	3,480,339	66,248	98.0%	2.26%
2019	53,268	3,711,714	69,680	98.2%	2.63%
2020	53,268	4,093,965	76,856	98.2%	4.70%
2021	53,494	3,867,402	72,296	98.4%	2.70%

**Sources:**

Population data from U.S. Census Bureau/Metropolitan Council. 2020 is the most recent.  
 Personal income and per capita income estimates based on MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. 2020 is the most recent.  
 High school graduation rate data from U.S. Census Bureau for the City of Edina.  
 Unemployment rate data from State of Minnesota Department of Employment and Economic Development.

(125)

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

Employer	2021				2012			
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment	
Edina Realty	2,304	1	DNA		DNA	DNA	DNA	DNA
Coldwell Banker Realty	1,870	2	DNA		DNA	DNA	DNA	DNA
Fairview Southdale Hospital	1,624	3	6.54%		1,000	1	4.39%	
Edina Public Schools ISD #273	1,414	4	5.69%		600	5	2.64%	
BI Worldwide	1,000	5	4.02%		1,000	3	4.39%	
City of Edina	795	6	3.20%		DNA	DNA	DNA	DNA
Children's Minnesota Pediatric Health	700	7	2.82%		DNA	DNA	DNA	DNA
Dow Water & Process Solutions	600	8	2.41%		DNA	DNA	DNA	DNA
Lund Food Holdings, Inc	500	9	2.01%		DNA	DNA	DNA	DNA
Western National Insurance Compan	420	10	1.69%		DNA	DNA	DNA	DNA
Macy's (Marshall Field's or Dayton's)	DNA	DNA	DNA		1,000	2	4.39%	
Universal Hospital Services Inc.	DNA	DNA	DNA		1,000	4	4.39%	
Promenade Salon Concepts	DNA	DNA	DNA		500	6	2.20%	
Regis Salons Division	DNA	DNA	DNA		500	7	2.20%	
Regis Franchise Division	DNA	DNA	DNA		500	8	2.20%	
Master Cuts Division	DNA	DNA	DNA		500	9	2.20%	
Smart Style Family Hair Care	DNA	DNA	DNA		500	10	2.20%	
Totals	7,053		28.38%		7,100		31.20%	

**Sources:**

2021 data from the City, Axle Reference Solutions, written and telephone survey (April 2021) done by Ehlers, and the Minnesota Department of Employment and Economic Development.  
 2012 data from previous ACFR.

DNA: Data is not available

(126)

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

Function	Budgeted Full-Time Employees for Fiscal Year <sup>a</sup>									
	2012 <sup>b</sup>	2013 <sup>b</sup>	2014 <sup>b</sup>	2015	2016	2017	2018	2019	2020	2021
<b>Administration</b>										
General Fund	6.85	5.85	4.85	5.00	5.00	5.00	5.00	5.00	7.00	7.00
<b>Communications</b>										
General Fund	4.65	5.15	6.15	6.00	6.00	6.00	6.00	6.00	6.80	6.80
Internal Services	-	-	-	-	-	-	-	-	0.20	0.20
<b>Information Technology Services</b>										
Internal Services	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	7.00	7.00
<b>Community Development</b>										
General Fund	10.85	10.85	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
HRA Fund	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Engineering</b>										
General Fund	10.50	12.00	10.00	11.00	11.00	11.00	12.00	12.00	17.30	17.30
PACS Fund	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Utilities Fund	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.35	1.35
CAS Fund	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Construction Fund	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.00	1.00
Internal Services	-	-	-	-	-	-	-	-	4.35	5.35
<b>Finance</b>										
General Fund	5.25	5.25	6.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Utilities Fund	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Liquor Fund	0.75	0.75	-	-	-	-	-	-	-	-
<b>Fire Protection</b>										
General Fund	39.75	42.75	42.85	45.90	45.90	45.90	45.80	48.80	63.35	63.35
Utilities Fund	0.25	0.25	0.25	-	-	-	-	-	1.65	1.65
<b>Human Resources</b>										
General Fund	1.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00
Internal Services	-	-	-	-	-	-	-	-	1.00	1.00
<b>Parks &amp; Recreation</b>										
General Fund	23.20	24.40	23.65	25.05	25.05	25.05	25.30	25.30	24.65	24.65
Aquatic Center	0.55	0.55	0.55	0.60	0.60	0.60	0.70	0.70	0.70	0.70
Golf Course	12.00	12.00	12.00	8.05	8.05	8.05	9.00	9.00	11.00	11.18
Arena	5.00	5.00	5.00	4.85	4.85	4.85	6.25	6.25	5.95	6.03
Sports Dome	-	-	-	0.15	0.15	0.15	1.00	1.00	1.05	1.08
Art Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.08
Edinborough Park	7.00	5.80	5.80	5.80	5.80	5.80	5.85	5.85	5.65	5.75
Centennial Lakes	5.00	5.00	5.00	5.00	5.00	5.00	5.05	5.05	5.00	5.03
Liquor Fund	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.50	9.50
Enterprise Funds	-	-	-	-	-	-	-	-	0.50	-
<b>Police Protection</b>										
General Fund	71.65	70.65	72.50	72.55	72.55	72.55	76.55	76.55	77.00	78.00
<b>Public Works</b>										
General Fund	31.80	30.00	26.70	25.40	25.40	25.40	23.30	23.30	19.15	19.15
Utilities Fund	13.95	13.75	15.20	16.85	16.85	16.85	18.65	18.65	19.05	20.05
Internal Services	8.50	8.50	11.00	10.25	10.25	10.25	10.20	10.20	6.60	6.60
Enterprise Funds	-	-	-	-	-	-	-	-	0.20	0.20
<b>Other</b>										
	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	277.50	280.50	284.50	284.50	286.55	286.55	296.55	300.55	324.00	330.00

Source: City of Edina 2022-2023 Budget

<sup>a</sup> Full-time employee counts do not include Council members, part-time, contract or seasonal employees. In a typical

year the City will employ an additional 700-800 people in these categories.

<sup>b</sup> The City completed departmental reorganizations that are reflected on this chart between years 2012-2014, 2016-2017, and 2020. In some cases, data for years before the reorganization has been modified from what was originally reported to improve comparisons.

(127)

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>										
Total City Employees	989	1,040	1,093	1,077	1,155	1,067	1,136	1,174	953	1,021
Votes Cast <sup>a</sup>	31,841	3,480	24,049	9,370	31,986	11,440	30,774	10,950	36,088	14,881
<b>Public Works</b>										
Asphalt Placed (Tons)	9,000	9,273	8,383	8,888	9,298	11,176	14,419	9,847	10,593	10,962
Concrete (cu. yds.)	667	560	396	670	897	708	868	963	816	435
<b>Public Safety</b>										
Fire Calls	858	883	926	1,251	1,276	1,220	1,321	1,600	1,265	1,419
Medical Calls	3,946	3,803	3,982	3,818	4,063	4,508	4,572	4,727	4,288	5,337
Police Calls for Service <sup>d</sup>	46,549	45,624	49,053	50,735	61,325	71,738	62,881	60,975	47,833	48,757
<b>Internal Services</b>										
Vehicle Fixes	2,546	3,493	3,277	2,923	2,721	2,478	2,336	1,910	1,780	1,555
<b>Utilities</b>										
Daily Consumption <sup>b</sup>	7,613	6,652	6,489	6,308	6,047	5,950	6,101	5,394	5,785	6,705
<b>Aquatic Center</b>										
Attendance	139,909	91,340	92,200	128,523	108,609	89,318	88,342	83,499	-	88,217
<b>Golf Course</b>										
Total Rounds Played <sup>c</sup>	96,496	79,529	85,231	66,483	61,256	23,241	20,679	60,561	74,180	76,383

Source: Various City departments

N Data not available

<sup>a</sup> The City elections department runs general elections in even-numbered years and school district elections in odd-numbered years.

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

<sup>c</sup> Daily average of water pumped from city wells, measured in thousands of gallons.

<sup>d</sup> 27-hole golf course was closed and reconstructed into an 18-hole championship course from 2017-2018

<sup>e</sup> Changed from Crimes reported to provide full data of police service calls

(128)

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Works</b>										
Miles of Streets	224	224	224	224	224	224	224	224	224	224
City/Parking Ramps	4	4	4	4	4	4	4	4	4	4
<b>Public Safety</b>										
Fire Stations	2	2	2	2	2	2	2	2	2	2
<b>Parks and Recreation</b>										
City Parks	40	40	40	40	40	40	40	40	40	40
Acres of Parks	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Park Buildings	27	27	27	27	27	27	27	27	27	27
<b>Utilities</b>										
Wells	18	18	18	18	18	18	18	18	18	18
Watermain Miles	199	199	199	199	199	199	199	199	199	199
Sanitary Sewer Miles	186	186	186	186	186	186	186	186	186	186
Sewer Connections	13,979	13,979	13,979	13,979	13,979	13,979	13,979	13,979	13,979	13,979
<b>Arena</b>										
Ice Sheets	3	3	3	4	4	4	4	4	4	4

Source: Various City departments



**FORM OF LEGAL OPINION**

(See following pages)

## Form of Bond Counsel Opinion

City of Edina  
Edina, Minnesota

[Purchaser]  
[City, State]

Re:     \$[PAR] General Obligation Bonds, Series 2022A  
          City of Edina, Hennepin County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by the City of Edina, Minnesota (the “City”), of its General Obligation Bonds, Series 2022A dated, as originally issued, as of July [\_\_\_], 2022, in the total principal amount of \$[PAR] (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the City in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates, and based upon laws, regulations, rulings and decisions in effect on the date hereof, it is our opinion that:

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

2.       The principal of and interest on the Bonds are payable from special assessments which the City has levied or agreed to levy on the property specially benefited by the improvements financed by the issuance of the Bonds, net revenues of the City’s storm water and water utility systems, and moneys allotted and to be allotted to the City from its account in the municipal state aid street fund of the State of Minnesota, which assessments, revenues, and state aid allotments 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, trusts, and estates.

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 and 4 above are subject to the compliance by the Issuer 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, 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 and equipment 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: July [\_\_\_], 2022.

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 months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2022, the following financial information and operating data in respect of the City (the Disclosure Information):
  - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
  - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: “VALUATIONS—Current Property Valuations,” “DEBT—Direct Debt,” and “TAX RATES, LEVIES AND COLLECTIONS—Tax Levies and Collections” and “GENERAL

INFORMATION—US Census Data—Population Trend” and “—Employment / Unemployment Data,” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (MSRB). If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, 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;
  - (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, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).

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

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (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

#### **\$29,255,000\* GENERAL OBLIGATION BONDS, SERIES 2022A CITY OF EDINA, MINNESOTA**

Proposals for the purchase of \$29,255,000\* General Obligation Bonds, Series 2022A (the "Bonds") of the City of Edina, 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 June 21, 2022, 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, Section 162.18 and Chapters 429, 444 and 475, by the City, for the purpose of financing the City's 2022 Street Reconstruction and various utility infrastructure improvement projects. 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 July 14, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$1,485,000	2030	\$1,900,000	2036	\$2,175,000
2025	1,655,000	2031	1,960,000	2037	2,245,000
2026	1,690,000	2032	2,015,000	2038	2,320,000
2027	1,740,000	2033	2,090,000	2039	200,000
2028	1,795,000	2034	2,035,000		
2029	1,845,000	2035	2,105,000		

#### **ADJUSTMENT OPTION**

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

#### **TERM BOND OPTION**

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

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## BOOK-ENTRY-ONLY FORMAT

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

## PAYING AGENT

The City has selected U.S. Bank Trust Company, 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 February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 July 14, 2022, 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 \$29,020,960 plus accrued interest on the principal sum of \$29,255,000 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 \$585,100 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.

## **NON-QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

## **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 Edina, Minnesota

# PROPOSAL FORM

The City Council  
City of Edina, Minnesota (the "City")

June 21, 2022

RE: \$29,255,000\* General Obligation Bonds, Series 2022A (the "Bonds")  
DATED: July 14, 2022

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 \$29,020,960) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2024	_____ % due	2030	_____ % due	2036
_____ % due	2025	_____ % due	2031	_____ % due	2037
_____ % due	2026	_____ % due	2032	_____ % due	2038
_____ % due	2027	_____ % due	2033	_____ % due	2039
_____ % due	2028	_____ % due	2034		
_____ % due	2029	_____ % due	2035		

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

**The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$585,100 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 July 14, 2022.

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 either the: \_\_\_\_ 10% test, or the \_\_\_\_ 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 July 14, 2022 of the above proposal is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Edina, Minnesota, on June 21, 2022.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_