

A Message from the City Manager



It has been a great year in Eden Prairie! Not only is the City thriving economically, but a long history of fiscal prudence and planning for the future has Eden Prairie poised for success in the years to come.

The year 2012 brought several new business developments to the City, ranging from an extensive

new construction project which will bring United Health Group to Eden Prairie, to the expansion of large Eden Prairie-based corporations such as C.H. Robinson Worldwide, these projects bolstered a \$1,763,884-increase in license and permit revenue – and they are sure to bring continued strength to our local economy.

Once again this year, financial strength amongst Eden Prairie residents appears to be holding steady. One indication of this is an increase in Parks and Recreation Department revenues of nearly \$200,000 in 2012 – this revenue increase has remained consistent over the past several years, and can be largely attributed to an increase in the number of Community Center memberships, park facility rentals and program registrations throughout the year.

Looking forward, as we strive to provide the high quality services that generate an excellent quality of life in Eden Prairie, we anticipate positive economic trends well into the future – and we look forward to what that future holds.

Sincerely,

Rick Getschow
City Manager

ABOUT THE CITY OF EDEN PRAIRIE

The City of Eden Prairie, Minn. has been recognized as a great place to work and raise a family for many years and is currently ranked third among **MONEY magazine’s “Best Places to Live” in America** after being named the **#1 Best Place to Live in America** by the magazine in 2010.

The City received its name in the mid-1800s when it was considered a ‘garden spot’ in the newly developed Minnesota territory. Established in 1858, Eden Prairie remained a sleepy pastoral village until the mid-1900s when the additions of Flying Cloud Airport and Highway 494 put the City on the map, bringing thousands of homes and businesses to the area. Since then, the population of Eden Prairie has grown to more than 60,000 and the number of businesses has multiplied to more than 2,200.

Eden Prairie is located in close proximity to the Twin Cities metro area providing a perfect balance of small town feel and big city amenities. The City provides an ideal environment for living well. In addition to attractive residential neighborhoods and affordable housing options, the City boasts nearly 10,000 acres of land designated for parks and open spaces, miles of scenic views and a multitude of breathtaking lakes and beaches.

With numerous award-winning restaurants, a super-regional shopping center, top-ranked schools and a diversity of entertainment and lifestyle options, it’s no wonder **99 percent of residents rate the quality of life in Eden Prairie above average.**

CITY SERVICES PROVIDED IN 2012

1,169 fire calls

60,632 police service calls

6,043 building permits issued

5,017 property appraisals completed

43 parks, 122 miles of trails, 231 miles of City streets maintained

4,267 hydrants flushed

85 miles of sanitary sewer cleaned

70 stormwater sediment tanks maintained

CITY FINANCES

To manage the diverse activities of the City, several different funds or accounting entities are used to manage City finances. Following are the types of funds and activities included within each fund:

General Fund

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

Special Revenue Funds

Funds account for revenues used for a specific purpose.

Debt Service Funds

Funds accumulate revenues from taxes and other sources to pay debt.

Capital Project Funds

Funds account for financial resources to be used for the acquisition or construction of major capital expenses.

Enterprise Funds

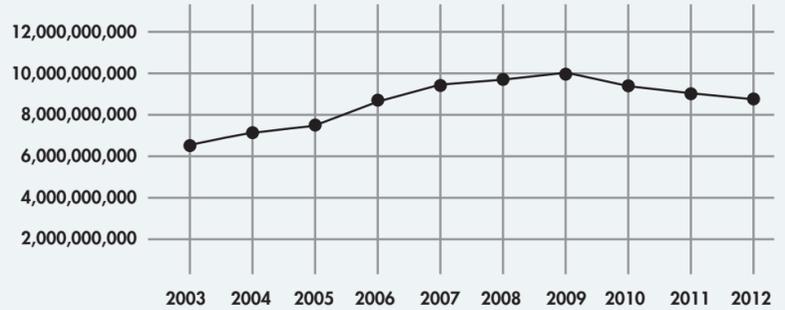
Funds that are primarily supported by user fees from both internal and external customers.

Financial results for the General, Capital Project, Debt Service and Enterprise Funds are provided in this report.

Market Value

From 2003 to 2009, Eden Prairie’s market value has averaged an increase of 8 percent per year. From 2010 to 2012, the market value had an average decrease of 4.8 percent. The 2012 market value is \$8.6-billion which is a 3-percent decrease from 2011. These changes are due to general market conditions and are not reflective of circumstances specific to Eden Prairie. The changes for 2013 and 2014 are projected to be more moderate.

History of Market Value



GENERAL FUND

Where the Money Comes From

General fund revenues for 2012 totaled \$41,061,795, an increase of \$3,696,030 or 10 percent over the previous year. The City of Eden Prairie has five components of revenue consisting of property taxes, licenses and permits, intergovernmental revenue, charges for service and “other.”



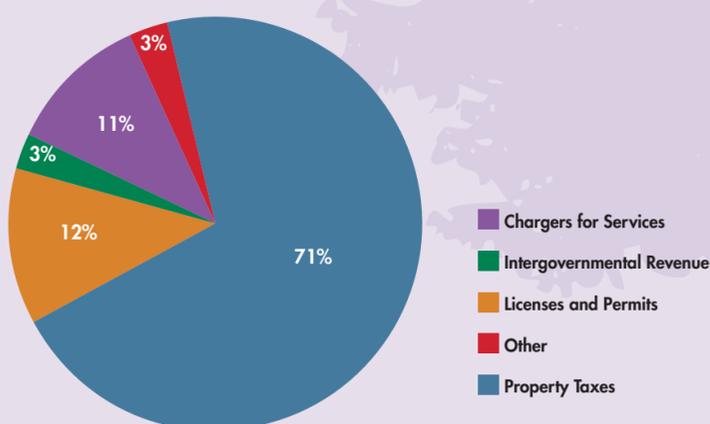
Property tax is the City’s largest General Fund revenue source and totaled \$28,978,973 in 2012. This is an increase of \$1,215,232 or 4 percent from 2011. About \$500,000 of the increase is related to the market value homestead credit. The City was able to add this to the General Fund when the Minnesota State Legislature changed the program from a tax credit on tax dollars paid to tax exclusion on tax capacity, eliminating the risk of not receiving the funds.

The City’s second largest revenue source, Licenses and Permits, totaled \$5,127,177 in 2012. This is an increase of \$1,763,884 or 52 percent from 2011. Businesses continue to invest in Eden Prairie, including the following this past year:

- United Health Group**
Construction of office space and a parking ramp
- C.H. Robinson Worldwide**
Construction of additional building for worldwide headquarters
- Dos Manitas day care**
Construction of a new day care center
- Emerson Process Management**
Extensive interior and exterior building remodel
- Colliers International**
Parking ramp expansion
- Best Buy**
Remodel and new store front

The City’s next largest revenue source, Charges for Services, totaled \$4,394,544 in 2012. This is an increase of \$191,810 or 5 percent from 2011. This is due mainly to increased memberships and activity at the Community Center. There were increases and decreases in other divisions based on the activity for the programs.

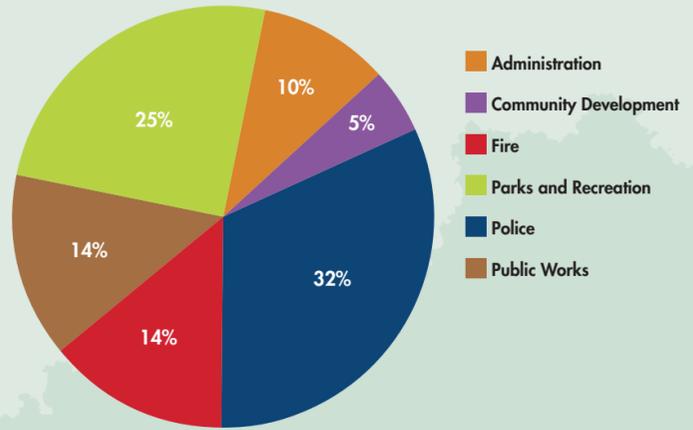
General Fund Revenues	2012	2011	2010
Property Taxes	\$28,978,973	\$27,763,741	\$28,058,029
Licenses and Permits	5,127,177	3,363,293	3,119,449
Intergovernmental Revenue	1,104,257	1,143,397	1,122,980
Chargers for Services	4,394,544	4,202,734	4,010,186
Other	1,456,844	892,600	891,217
Total General Fund Revenues	\$41,061,795	\$37,365,765	\$37,201,861



GENERAL FUND

How the Money is Spent

For the year ended Dec. 31, 2012, General Fund expenditures totaled \$38,085,073, an increase of \$1,849,296 or 5 percent over the previous year. The City of Eden Prairie consists of six departments including Administration, Community Development, Fire, Parks and Recreation, Police and Public Works.



The increase in expenditures is due to rising personnel costs and in other areas including the following: administration of elections, which are held every other year; implementation of the Fire Department duty crew initiative and the replacement of fire turn-out gear; an increase in Parks and Recreation community activity, which increased expenditures and revenues; and the deer management program, which is implemented every other year.

The General Fund showed positive operating results in 2012, primarily due to strong development revenue from investments made by residents and businesses in the community.

General Fund Expenditures	2012	2011	2010
Administration	\$3,634,743	\$3,454,753	\$3,503,883
Community Development	2,054,986	2,022,952	1,983,414
Fire	5,237,083	4,958,871	5,179,659
Parks and Recreation	9,577,634	8,805,548	8,833,061
Police	12,287,340	11,866,574	11,678,049
Public Works	5,293,287	5,127,079	5,146,280
Total General Fund Expenditures	\$38,085,073	\$36,235,777	\$36,324,346

CAPITAL IMPROVEMENT PROJECTS

As part of the City's ongoing commitment to provide a quality of life that ensures the success and vitality of the area, investments in community/capital improvements are made each year. For 2012, the City spent \$10,790,403 on capital.

Significant projects include:

Shady Oak Road Reconstruction Project	\$2,208,142
Pavement Management Projects	1,954,697
Round Lake Play Area Renovation	1,560,933
Water Plant Chemical Feed Systems Controls	660,878
Mitchell Road Reconstruction Project	631,132
Community Center Ice Rink Roof Replacement	437,653
Bearpath/Riley Lake Trail Project	334,545
Round Lake Skate Park Renovation	285,732
Watermain Replacement Project	208,247
Strengthening of Salt Storage Facility	165,710

LONG-TERM DEBT

For the year ended Dec. 31, 2012, the City had \$54,365,000 in long-term debt outstanding which is a \$13,735,000 or a 34-percent increase over 2011 debt of \$40,630,000. During the year, the City issued new debt for the Shady Oak Road North project. The City also refinanced older debt, which reduced debt payments by \$956,373.

Long-Term Debt Outstanding	2012	2011	2010
General Obligation	\$31,570,000	\$25,690,000	\$23,070,000
Lease Revenue	1,425,000	2,685,000	3,795,000
Special Assessment	17,670,000	8,130,000	7,000,000
Revenue	3,700,000	4,125,000	-
Total	\$54,365,000	\$40,630,000	\$33,865,000

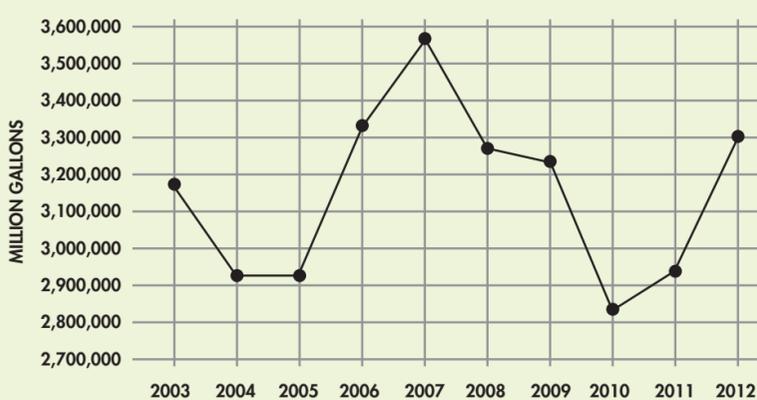
Since 2003, **Moody's Investors Service** has assigned its highest rating, **Aaa**, to the City of Eden Prairie's bonds. Reasons for the consistent bond rating include Eden Prairie's extensive and diversified tax base, low amount of rapidly amortized debt and capably managed financial operations.

ENTERPRISE FUNDS

Utilities

The City of Eden Prairie water, sewer and storm drainage utilities serve approximately 61,200 people including residential, commercial and industrial users. The City's water storage facilities have a capacity of 8,500,000 gallons and are supplied by a system of 15 wells which are permitted to pump 24,000,000 gallons per day.

Water Usage

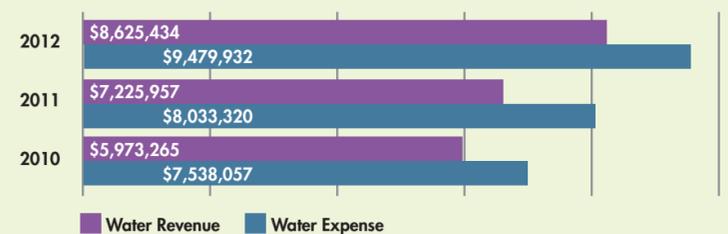


Average water demand in Eden Prairie is 8,800,000 gallons per day and peak demand during irrigation season reaches 22,000,000 gallons per day. During peak irrigation season, the demands on the water system are high – for this reason, the City has identified a need for a new well to meet future water demand.

However, the Department of Natural Resources (DNR) may require increased water conservation before a permit is granted for a new well. Residential use per capita is currently about 100 gallons per day in Eden Prairie, a number the DNR would like reduced to approximately 75 gallons per day.

For tips on water conservation, visit edenprairie.org/livinggreen.

Water Utility Financial Results



The City is working toward bringing utility revenue more in line with operating and capital expense. A comprehensive study, which included a review of capital needs, irrigation demand and rate structure, was completed in 2010. With two years of history, the City plans to review results against the study in 2013 and evaluate potential changes for 2014.

Municipal Liquor Store Operations

The City's three municipal liquor stores constitute one of the largest municipal off-sale operations in the State. **Eden Prairie Liquor** profits contribute to the financial wellbeing of the City by funding important capital projects. Also, the City is committed to restricting youth access to alcohol in Eden Prairie. The City believes the municipal-owned liquor operations help to protect the health and safety of youth by placing emphasis on preventing sales to underage people.

Eden Prairie Liquor Financial Results



ABOUT THIS REPORT

The information for this report was taken from the City of Eden Prairie's Comprehensive Annual Financial Report (CAFR), which was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and applicable legal requirements for the year ended Dec. 31, 2012. This report is intended to keep the public informed about City of Eden Prairie services and the costs to provide these services. Information about 2012 service activity and the City's Dec. 31, 2012, financial condition are provided. For a complete review of the City's financial position for 2012, consult the CAFR, available at edenprairie.org/budget or call **952-949-8300** for more information.

AWARDS

The City received the following awards (valid for one year only) from the Government Finance Officers Association (GFOA).

Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the year ended Dec. 31, 2011.

Distinguished Budget Presentation award for the Two-Year Budget for the fiscal years beginning Jan. 1, 2012, and 2013.

Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended Dec. 31, 2011.