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City of Eden Prairie, Minnesota



C O N T E N T S

Budget Award 3	Revenues 37
City Manager Message 4	General Fund 37
Budget in Brief 6	Internal Service Funds 39
Short-Term Budget Factors 8	Enterprise Funds 40
Organizational Chart 9	Long-Range Financial Planning 42
City Council and Management 10	General Fund Five-Year Forecast 43
Full-Time Employee Chart 11	Tax Levy Projections 44
Mission and Vision 12	Capital Expenditures 46
Citywide Goals 14	Capital Projects by Department 47
Accomplishments 17	Capital Projects by Funding Source 48
Fund Structure 20	Significant Non-Recurring Capital Projects 51
Fund Crosswalk 21	Debt 55
Basis of Accounting 22	Summary of Tax Levy by Bond Issue 56
Financial Policies 23	Long-Term Debt 57
Budget Process 27	General Fund Department Summaries 61
Financial Schedules 30	Administration 61
Four-Year Summary 30	Community Development 64
2020 Actual by Fund 31	Parks and Recreation 67
2021 Budget by Fund 32	Police 70
2022 Budget by Fund 33	Fire 73
2023 Budget by Fund 34	Public Works 76
Projected Changes in Fund Balances 35	Internal Service Fund Summary 80
	Enterprise Fund Department Summaries 84
	Utilities 84
	Liquor 87
	Supplemental Information 91
	Glossary 96

BUDGET AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation
Award*

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City of Eden Prairie

Minnesota

For the Biennium Beginning

January 1, 2020

Christopher P. Morrill

Executive Director



A MESSAGE FROM THE CITY MANAGER

I am pleased to present the 2022-23 City of Eden Prairie budget adopted Dec. 7, 2021, by the City Council. This budget provides the resources to achieve the City's goals for Eden Prairie residents, which are part of the Eden Prairie Promise, embedded in the City's vision, mission and values, and define how City employees work together to meet resident expectations and deliver top results.

Our long-term goals include maintaining high quality services with reasonable tax impacts, maintaining employee morale and engagement, and maintaining a strong financial position.

This budget document provides an understanding of the City budget and factors affecting finances, prepared using practices and techniques recommended by the Governmental Accounting Standards Board (GASB) and the Governmental Finance Officers Association (GFOA). The balanced budget represents a fiscally conservative approach to meeting the demands of residents, businesses and the City Council.

To maintain high-quality services and satisfied residents, the General Fund budget is increasing 4.8% in 2022 and 3.2% in 2023. While most of the 2022-23 budget is incremental growth based on the programs and services of previous years, there are several new initiatives in the upcoming two years. These initiatives include an additional police dispatcher and police officer with K-9 explosives detection, technology investments in body cameras and electronic citations, an additional assistant fire chief for improved emergency management systems, four additional duty crew fire staff, a second forester position to limit the spread of invasive species, health insurance enhancements for City staff and investments in sustainability, affordable housing, and race and equity.

The City prepares a 10-year Capital Improvement Plan every other year. Plans for capital spending for 2022 and 2023 are included in this document. Significant capital projects for 2022-23 include reconstruction of the Round Lake Park building, Staring Lake Amphitheatre renovation, conversion to LED lighting at Miller Park, and ongoing trail and pavement maintenance.

Debt service for the City remains stable; \$2,553,000 is budgeted for tax-supported debt service payments in 2022 and 2023, which is the same amount budgeted in 2021. In 2022, debt will be issued to finance fire engine replacements. Budget information is also provided for the Water, Wastewater, Stormwater and Liquor enterprise funds. These operations continue to be operationally and financially stable.

The City continues to make efforts to stabilize taxes through long-term strategic budgeting, systematic replacement of assets and establishing reserves that allow for budget flexibility. The City maintains its bond ratings of Aaa from Moody's Investors Service and AAA from Standard & Poor's Financial Services, which reflect a healthy economy, conservative fiscal management and manageable debt levels.

Eden Prairie continues to be a highly desirable place for residents and businesses. I would like to thank the City staff members who prepared the 2022-23 Budget, as well as the City Council for their budget review and adoption efforts.

Respectfully submitted,

Rick Getschow
City Manager

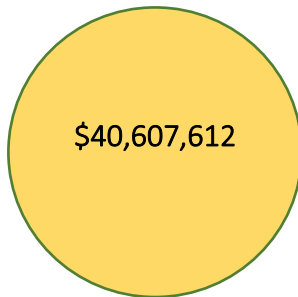
A scenic landscape photograph featuring a pond in the foreground, surrounded by tall reeds and grasses. In the background, a dense line of trees with autumn foliage is visible under a clear blue sky with a few wispy clouds. The text "BUDGET IN BRIEF" is centered over the image, underlined.

BUDGET IN BRIEF

Budget in Brief

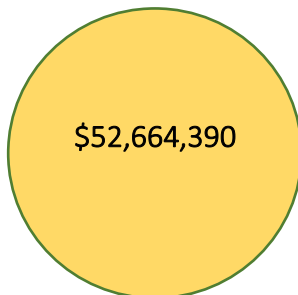
The budget in brief provides a summary of the 2022-23 budget highlighting the major government funds and factors affecting the budget. The City created this summary to provide a clear understanding of the financial impact of services provided. Additional details about the City's budget, operations and policies can be found in the sections that follow. Please contact the City of Eden Prairie with any questions at **952-949-8376**.

Tax Levy



The tax levy is the amount raised by property taxes. For 2022, the tax levy is \$40,607,612. This is a 4.7% increase over 2021 and includes \$40,149,554 for operations, \$400,000 for capital improvements, \$2,553,000 for debt service and a fiscal disparity distribution of \$2,494,942. Property taxes are the largest source of revenue, and the City strives to balance increases with demand for services. For 2023, the tax levy will increase an additional 4.4% to \$42,414,342. These increases are primarily driven by personnel wages and benefits.

General Fund



The General Fund is the chief operating fund of the City. It pays for a full range of municipal services including police, fire, street maintenance, park maintenance, recreation programs, administration, community development and building inspections. Expenditures for 2022 and 2023 are increasing 5.1% to \$52,664,390 and 3.4% to \$54,442,407. Additions to the budget are driven by wage and health benefit increases along with funds for elections, additional positions in police, fire and parks, funding for parks and recreation outreach programs, and increased public safety technology.

Enterprise Funds

Water Fund

The Water Fund accounts for the City's water operations including water treatment, inspections, storage, meter reading, repair, installation and water distribution. Expenses for 2022 are declining 1.1% to \$10,544,578 due to reduced depreciation expense and increasing 1.3% to \$10,681,229 for 2023.

\$10,544,578

Wastewater Fund

\$7,738,683

The Wastewater Fund accounts for the City's sanitary sewer mains and lift stations. Expenses are decreasing 1.9% to \$7,738,683 for 2022 primarily due to reduced wastewater fees. For 2023, the budget is decreasing 0.6% to \$7,688,453 due to reduced depreciation expense.

Stormwater Fund

\$3,302,274

The Stormwater Fund accounts for maintenance of the City's stormwater ponds and waterways. Expenses are increasing 7.1% to \$3,302,274 for 2022 and 1.6% to \$3,354,502 for 2023. The budget increases include additional funds for capital projects as emerging stormwater issues are requiring a greater need for curb drain tile and sump pump collection systems.

Liquor Fund

\$11,203,602

The Liquor Fund accounts for the City's three municipal liquor stores. Expenses are increasing 2.3% to \$11,203,602 for 2022. For 2023, the budget is increasing 3.8%. The liquor operations transfer \$800,000 to \$850,000 annually to the Capital Improvement and Maintenance Fund to pay for various parks and recreation, and public safety projects.

Capital Project Fund

The Capital Project Fund pays for large capital outlays. Total expenditures for 2022 are \$10,162,100 and \$9,392,550 for 2023. The capital levy for 2022 and 2023 is the same as the 2021 levy of \$400,000. The levy is used to maintain the City's strong pay-as-you-go method for paying for projects.

Debt Service Fund

The City of Eden Prairie issues debt to fund certain projects. Current examples include Fire Station 4 and park improvements including the Community Center aquatic expansion. Debt payments supported by the tax levy are projected to remain 4%-5% of the general fund budget. City policy maintains debt under 15% of the general fund budget. Total debt supported by the tax levy for 2022 and 2023 remains at \$2,553,000 for both years.

Short-Term Budget Factors

Revenue

Increase in property values — The City saw an increase in assessed valuation in 2021. The current estimated market value for taxes payable in 2022 is \$11.8-billion, which is a 3.2% increase over 2021. For 2022, the median value home in Eden Prairie of \$430,400 increased 3.3% in value. Commercial properties decreased 4.7% and apartments are up 4.0%.

Property tax revenue — Property taxes are the single largest source of revenue. The City strives to balance increases in property taxes with the demand for services. Property taxes support 72% of the General Fund budget providing a stable source of revenue for the General Fund.

Charges for services — The second largest revenue source is decreasing 19.4% in 2022 due to COVID-19 impacts at the Community Center. An expected increase of 6.8% is budgeted for 2023 in anticipation of improved performance.

Building permits and fees — Collections vary each year based on development and permit activity. The City budgets conservatively for this line item.

American Recovery Plan — The City received \$3,723,700 in American Recovery Plan funds in 2021 and will also receive this same amount in 2022. The City anticipates using this revenue to offset any revenue shortfalls impacted by COVID-19.

Expenditures

Personnel costs — Wages and Benefits make up 63% percent of the General Fund budget. The City prepares the wage budget by looking at trends within the private sector labor market and our local government peer group. Based on the compensation trends, we are proposing a 3% wage increase in 2022 and 2023. This proposal is in line with our peer cities and the private sector. We must continue to provide similar increases as the private sector and our public sector peer cities to remain competitive.

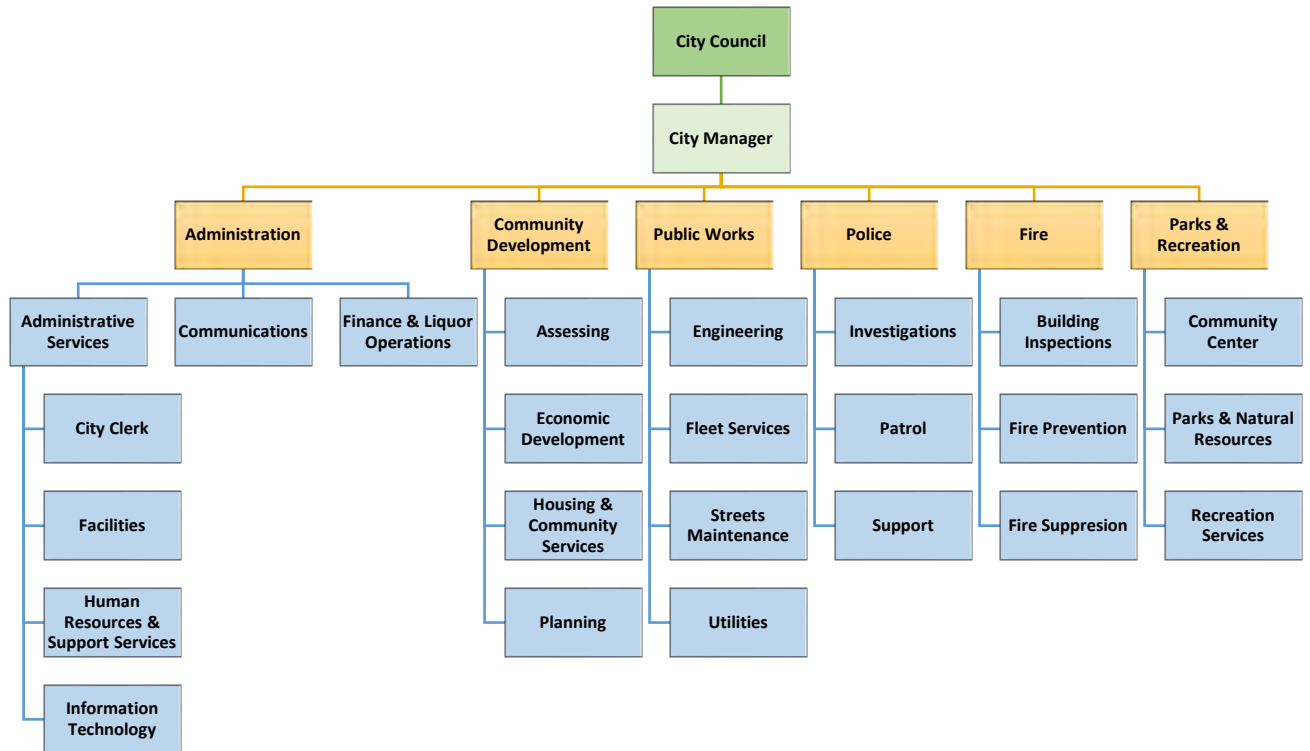
Health Insurance — The City periodically conducts a Request for Proposal (RFP) process to procure health insurance. State law requires the City to issue an RFP every five years. In 2017, the City Council approved a five-year health insurance contract with HealthPartners for 2018 to 2022. For 2022, the budget is expected to increase 14.2%, attributed to a rate cap increase of 9%, increased employer contribution and the addition of new employees. For 2023, the budget will increase 9.7%.

Fire Relief Pension — Firefighters are members of the Eden Prairie Firefighter Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. Minnesota Statute specifies minimum support rates required on an annual basis by the City. The Association completes an actuarial study every two years which documents the required contribution from the City. For 2022, the required amount is \$545,153, which is the same as 2021. An updated actuarial will be completed for the 2023 budget. The City receives Fire Relief Pension Aid from the state of approximately \$494,000 which offsets the City's required contribution.

Elections — In 2022, the City will conduct elections. City costs added to the budget include \$185,000, of which \$162,500 is for part-time staff to conduct the election.

Other Priorities — Approximately \$430,000 in additional funding was provided to support parks and recreation outreach initiatives, add a forestry position to limit the spread of invasive species, add an assistant fire chief to improve the City's emergency management system, add a police officer with K-9 explosives detection, and add a dispatcher to ensure two employees are always on duty.

Organizational Chart



City Council and Management



Mayor
Ron Case



Council Member
Mark Freiberg



Council Member
PG Narayanan



Council Member
Kathy Nelson



Council Member
Lisa Toomey

City Management Team

City Manager

Rick Getschow

Department Directors

Administration
Community Development
Fire
Parks and Recreation
Police
Public Works

Alecia Rose
Julie Klima
Scott Gerber
Jay Lotthammer
Matt Sackett
Robert Ellis

FTE Chart

Full-Time Equivalents

Department	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Administration				
Office of City Manager	2.0	2.0	2.0	2.0
City Clerk	2.0	2.0	1.0	1.0
Human Resources	9.8	9.8	9.8	9.8
Communications	3.5	3.5	3.5	3.5
Finance	5.5	5.5	5.5	5.5
Liquor Stores	9.0	9.0	9.0	9.0
Information Technology	6.0	6.5	6.5	6.5
Facilities	10.0	10.0	10.0	10.0
Community Development				
Administration	2.0	2.0	2.0	2.0
Assessing	7.0	7.0	7.0	7.0
Planning	4.8	4.8	5.0	5.0
Economic Development	1.0	1.0	1.0	1.0
Housing and Community Services	2.0	2.0	2.0	2.0
Parks and Recreation				
Administration	2.0	2.0	2.0	2.0
Park Maintenance	20.0	20.0	21.0	21.0
Recreation Services	7.6	7.6	7.6	7.6
Community Center	6.5	6.5	6.5	6.5
Police				
Administration	24.0	24.0	25.0	25.0
Officers	69.5	70.5	70.5	71.5
Fire				
Administration	9.0	9.0	10.0	11.0
Building Inspections	9.0	9.0	9.0	9.0
Public Works				
Engineering	7.5	7.5	7.5	7.5
Street Maintenance	15.0	15.0	15.0	15.0
Utilities	39.5	39.5	39.5	39.5
Fleet Services	5.0	5.0	5.0	5.0
Total FTEs	279.20	280.70	282.90	284.90

Total FTEs increased 2.20 for the 2022 budget with a 1.0-FTE decrease in City Clerk, 0.2-FTE increase in Planning, 1.0-FTE increase in Forestry, 1.0-FTE increase in Fire and 1.0-FTE increase in Police Dispatch. For the 2023 budget, a 1.0-FTE Police Officer was added as well as a 1.0-FTE Fire Administrative Assistant.

A 1.0-FTE Forester was added to limit the spread of new and existing invasive species. A 1.0-FTE Assistant Fire Chief was added to improve the City's emergency management system. The increase in police FTEs is to ensure two dispatchers are always on duty and to add a Police Officer with K-9 explosives detection. The other changes were made to better support services in those areas.

Mission and Vision

The Eden Prairie Promise defines how City employees work together to meet resident expectations and deliver top results. It is the City's promise to the community to fulfill the mission and vision of Eden Prairie.



City leaders and employees are held accountable for executing the City's vision and mission for the benefit of the community. A performance measurement dashboard tracks performance and progress toward the six goals that are part of the Eden Prairie Promise. This dashboard is available to the public at edenprairie.org/EdenPrairiePromise. Measures can also be found in the department summary sections of this document.

Annual work plans are created by department managers and directors each fall with input from staff. These work plans are shared with all City staff annually and form the City's strategic goals. More information on specific department goals and objectives may be found in the department summaries section of this book.

A serene sunset scene over a calm body of water. In the foreground, a long wooden pier made of weathered planks leads from the bottom center towards the middle ground. On either side of the pier, there are dark wooden benches. The sun is a bright, glowing orb on the horizon, casting a long, shimmering reflection across the water's surface. The sky is a mix of soft orange, yellow, and pale blue. The overall mood is peaceful and contemplative.

CITYWIDE GOALS

Citywide Goals

Community Well-Being and Safety

We provide unique and diverse opportunities for the community to live well. We protect and serve our community by delivering exceptional and community-engaging public safety services.

Preserve and develop affordable housing, including integration into development near light rail stations	Maintain high ratings on the biennial resident survey regarding the overall feeling of safety, emergency response time and quality of life	Expand and diversify the transportation system including light rail connecting employment, housing, open space and entertainment
Create a police safety team to respond to high density areas and events including light rail, mall, airport and special events	Add missing trail links identified in the City's pedestrian and bicycle plan	Continue partnerships with businesses and organizations to provide health and wellness training such as CPR and AED
Engage residents to partner with police to conduct community outreach, and build trust and relationships	Provide and maintain a safe transportation system	Provide fair housing education to City staff, property owners/landlords and tenants to reduce and prevent evictions

Economic Vitality

We enhance the quality of life in Eden Prairie by sustaining a diverse and prosperous economic base while supporting business growth and development.

Preserve and expand capital that is sustainable and affordable for residents	Maintain high bond ratings	Maintain moderate debt burden
Support and manage efforts to provide grants and public financing for business retention, expansion, rehabilitation and renovation	Prioritize projects that support business growth	Assist in the development, growth and attraction of new businesses

High-Quality Efficient Services

We deliver cost-effective, efficient and responsive services to residents and the public.

Recruit and retain
high-quality employees

Maintain and enhance a
positive, engaging and
passionate work culture

Upgrade technology
infrastructure to improve
functionality, reliability
and security

Increase utilization of
e-scheduling and
e-licensing for
building inspections

Improve and maximize
digital communication
strategies within
recreation services

Provide a high-quality
and efficient
transportation system

Innovative and Sustainable Practices

*We implement initiatives aligned with our strategy to be forward-thinking,
progressive and environmentally conscious.*

Achieve regionally
sustainable levels of
community water usage

Provide a sustainable use of
energy for City fleet, street
lights and traffic signals

Provide means for residents
and businesses to further
reduce, reuse and recycle
solid waste

Promote sustainability of
resources by identifying
HVAC replacement needs
and investigating more
efficient technologies

Preserved and Beautiful Environment

We establish objectives and strategies that support upholding the natural beauty, physical development and history of the community.

Complete upgrades to outside plaza of Community Center, creating space for gathering and community

Convert turf areas to pollinator-friendly native plants

Protect urban forest from emerald ash borer

Create opportunities for community-building and place-making through public art and engagement

Maintain high-quality ratings from residents on the overall appearance of Eden Prairie

Sense of Community

We promote a sense of community by providing recreational amenities, programming and events for the entire community.
We focus on inclusive and collaborative community engagement initiatives.

Enhance PeopleFest! event to integrate, increase awareness and boost pride among the many cultures represented in Eden Prairie

Increase service and outreach to underrepresented segments of the community

Continue partnership for Citywide Open House

Enhance and improve opportunities for resident engagement during development

Complete City entry monument signs and bridge branding to provide a sense of place and identity

Accomplishments



Best Places to Live in America

Eden Prairie is consistently ranked among the best places to live in America by a variety of publications with such rankings. In 2010, MONEY Magazine named Eden Prairie the #1 Best Place to Live in America, and the City has now occupied the top three spots on the list. Residents continue to rate the overall quality of life exceptionally high on the biennial Quality of Life Survey. In 2020, 93% of residents rated the overall quality of life as excellent or good.

Sustainable Eden Prairie

Sustainable Eden Prairie is an ongoing effort focusing on education and implementation of sustainable practices to protect the City's environment and natural resources. The City is leading by example and providing a foundation for residents and businesses to carry out sustainable practices in four areas — energy, landscape, waste and water. A Climate Action Plan adopted by the City Council has a goal of achieving communitywide carbon neutrality by 2050.

The City partners with local energy utilities to promote conservation and provide residents with resources to help them save on energy bills and obtain rebates. Additional City-sponsored programs include water conservation and landscaping rebates and community waste drop-off events.



SolSmart Gold Designation

The City of Eden Prairie has achieved the Gold designation from the national SolSmart program for making it faster, easier and more affordable for homes and businesses to go solar. This achievement recognizes Eden Prairie for taking bold steps to encourage solar energy growth, including a City ordinance change allowing for solar energy systems development. Information on the City's website assists residents and businesses interested in financing solar projects and navigating the solar permitting process.

Rooftop solar panels on City buildings along with off-site solar energy subscriptions will soon allow Eden Prairie's municipal energy usage to be 100% solar-powered. Community Solar Garden construction at the Community Center is expected in spring 2022 with commercial operation following, allowing Eden Prairie Xcel Energy customers to subscribe to solar power.

GreenStep Cities

Minnesota GreenStep Cities is a continuous improvement program based on 29 best practices tailored to Minnesota cities focusing on cost savings, energy use reduction and civic innovation. Eden Prairie has received Step 5 recognition — the highest level of achievement — each year since 2017.



Star Tribune Top Workplaces

The City has been named a Top Workplace by the Star Tribune each year since 2014. This ranking places the City among the best of the best in the state. The City is a pioneer in the public sector, with a progressive, high-performing organization. The motivation and drive demonstrated by employees creates a culture of pride, where they can grow and develop in their careers while enjoying life outside of work. In 2021 the City earned the inaugural Top Workplaces USA award which offers national recognition to regional Top Workplaces winners based solely on employee feedback and



Parks and Recreation Awards of Excellence

The Minnesota Recreation and Park Association bestowed Awards of Excellence on the Parks and Recreation Department in 2021 for the Community Center's new Virtual Membership and the Boo Drive-Thru event. Both programs were introduced in 2020 in response to the pandemic.

Sterling Tree City USA

The Arbor Day Foundation has named Eden Prairie a Tree City USA for a 37th time. The City has received the growth award 10 times during that span, making Eden Prairie a Sterling Tree City USA community. The growth award program is presented to Tree City USA communities that demonstrate higher levels of tree care and community engagement throughout the year.



Award-Winning Communications

In 2021, the Communications Division earned top honors from the national City-County Communications and Marketing Association, winning the Savvy Award (first place) for the *Life in the Prairie* newsletter and the *Chalk your Walk Contest* (resident participation); the Silver Circle Award (second place) for the *Chalk your Walk Contest* (best use of social media) and the Community Center Summer Membership Campaign (best social media campaign); and the Award of Excellence (third place) for the Parks and Recreation Program Guide Redesign, and the Community Center Summer Membership Campaign (most creative/least spent).

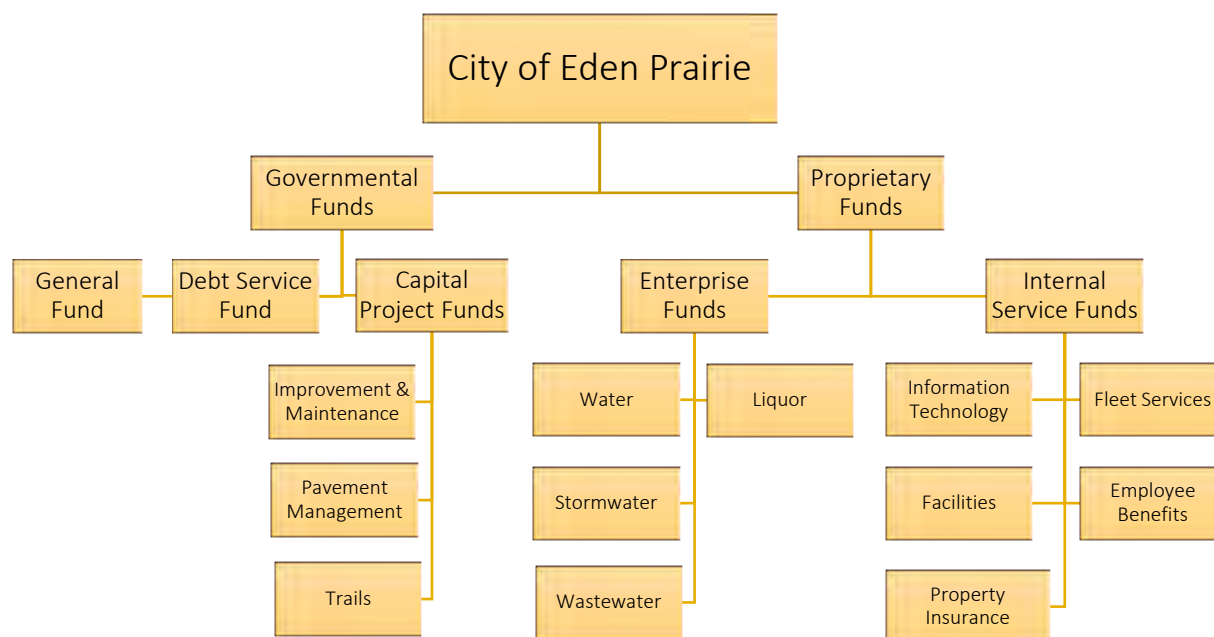


A black-headed oriole with a black head and bright orange body is perched on a thin branch. The branch is adorned with clusters of small, white, bell-shaped blossoms and green leaves. The background is a soft, out-of-focus green, suggesting a dense forest or garden setting.

FUND STRUCTURE

Fund Structure

The financial reporting and budgeting systems of the City are organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Funds are the control structures that ensure public funds are spent only for purposes and amounts authorized. Funds are established to account for different types of activities and legal restrictions associated with a government function.



Fund Descriptions

Governmental Funds

Governmental Funds account for the City's day-to-day activities. These include the General Fund, Debt Service Fund and Capital Project Fund.

General Fund — City's primary operating fund. Carries the basic activities of the City including Administration, Community Development, Parks and Recreation, Police, Fire and Public Works. Accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

Debt Service Fund — Accounts for all financial resources that are restricted, committed or assigned to expenditures for principal and interest. Debt Service funds with a related tax levy are budgeted.

Capital Project Funds — Account for all financial resources that are restricted, committed or assigned to expenditures for capital outlay, other than those financed by proprietary funds.

- **Capital Improvement & Maintenance Fund** — Accumulates resources from the tax levy and other sources to pay for capital projects. Generally, projects budgeted in this fund do not have other funding sources.
- **Pavement Management Fund** — Accumulates franchise fee revenue to pay for the City's pavement management program.
- **Trails** — Accumulates resources from the Capital Improvement & Maintenance Fund to provide funding for new trails and sidewalks.

Proprietary Funds

Proprietary Funds account for the City's businesslike activities. These include Enterprise Funds and Internal Service Funds. Enterprise Funds account for those government activities that are self-supporting, where the cost of providing a service is recovered primarily through user charges, similar to private business enterprises. Internal Service Funds account for the financing of goods or services provided by one department to another on a cost-reimbursement basis.

Enterprise Funds

Water Fund — Accounts for the operations of the City-owned water system.

Stormwater Fund — Accounts for the operations of the City's stormwater system.

Wastewater Fund — Accounts for the operations of the City's wastewater service.

Liquor Fund — Accounts for the operations of the City's three retail liquor stores.

Internal Service Funds

Information Technology — Accounts for the accumulation and allocation of costs associated with information technology operations.

Facilities — Accounts for the accumulation and allocation of costs associated with maintaining City-owned buildings.

Property/Workers' Compensation Insurance — Accounts for the accumulation and allocation of costs associated with property and workers' compensation insurance.

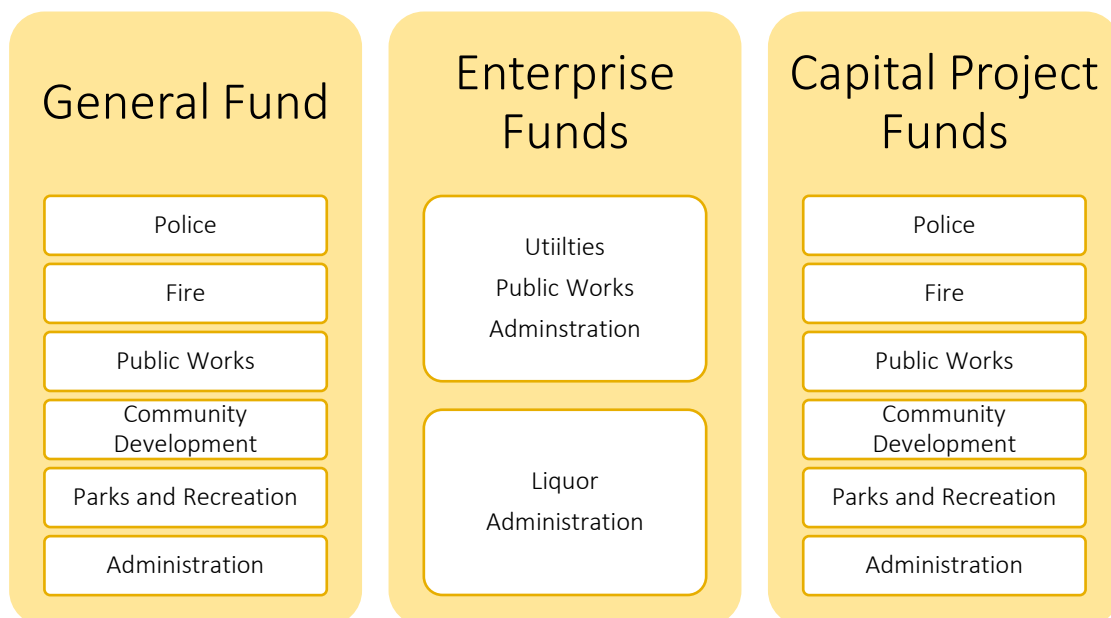
Fleet Services — Accounts for the accumulation and allocation of costs associated with fleet services operations.

Employee Benefits — Accounts for the accumulation and allocation of costs associated with health, dental and other employee benefits.

The City has other funds which are not formally budgeted including Special Revenue Funds, Debt Service Funds, Capital Project Funds, Permanent Funds and Trust and Agency Funds.

Fund Crosswalk

This chart shows the relationship between functional units and funds. For example, the Police Department may have some authorized appropriations in both the General Fund and Capital Project Fund.

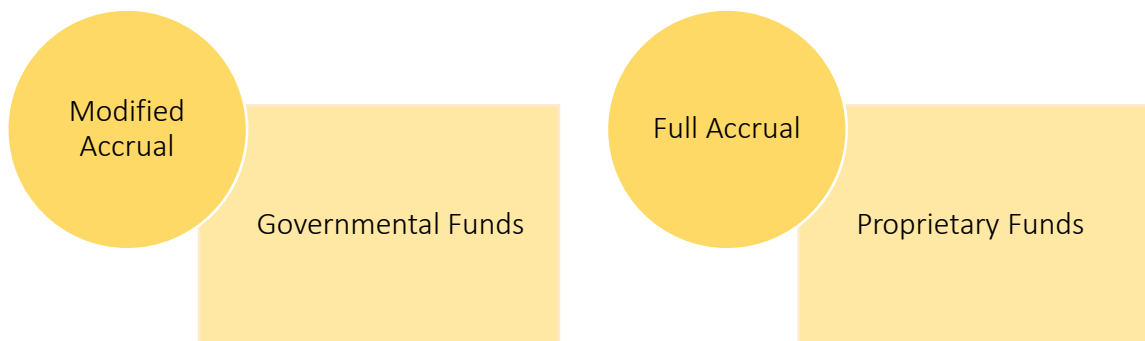


Basis of Accounting

The City is required to account for revenues and expenditures according to generally accepted accounting principles (GAAP). An annual budget is adopted consistent with GAAP for the general fund. This is consistent with the accounting methods used for financial reporting.

Governmental Funds are maintained on a modified accrual basis with revenues recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Encumbrance accounting is also employed in governmental funds. Encumbrances (purchase orders, contracts) outstanding at year-end are reported as unassigned fund balances and do not constitute expenditures or liabilities because the amount will be appropriated and honored during the subsequent year. All annual appropriations lapse at fiscal year-end.

Proprietary Funds are maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which the liability is incurred.



Financial Policies

The City of Eden Prairie has an important responsibility to its residents to manage its resources responsibly. Adopting financial policies is an important first step to ensure that resources are managed responsibly. The policies provide the framework for the overall fiscal management of the City and guide the decision-making processes. The policies operate independently of changing circumstances and conditions.

Objectives

To protect the City Council's policymaking ability by ensuring that important policy decisions are not constrained, impacted or controlled by financial problems or emergencies.

To enhance the City Council's policymaking ability by providing accurate information on the full costs of current operations, new proposals and capital requests.

To provide sound principles to guide the decisions of the City Council and City staff which have financial impacts.

To enhance the City Council's policymaking ability by providing accurate and timely information on the City's financial condition.

To provide, improve and maintain essential public facilities and prevent deterioration of the City's infrastructure and equipment to assist in the long-term, cost-effective provision of City services.

To protect and enhance the City's credit rating and prevent default on any municipal obligations.

To ensure the legal use and protection of all City funds through a good system of financial and accounting controls.

Financial Management Policies

- A. The City will develop two-year budgets. In the second year of the two-year budget process, the previously developed budget for the following year will be fine-tuned as necessary. Each year the City will certify only the following year's budget and levy to Hennepin County.
- B. The City will adopt a balanced budget with current revenues equal to or greater than current expenditures. It is not the City's policy to finance ongoing operations with one-time revenues. One-time revenues will be used for one-time expenditures.
- C. The City, through its capital and operating budgets, will provide for the adequate maintenance, replacement and improvement of the City's physical assets in order to protect the City's capital investment and to minimize future maintenance and replacement costs.
- D. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare quarterly reports (excluding March 30) comparing actual revenues and expenditures to budgeted amounts.
- E. The City will attempt at all times to maintain the Distinguished Budget Presentation Award of the Government Finance Officers Association.
- F. The City will review and update as needed the budget policies at the beginning of each two-year budget cycle.
- G. The City will provide long-term financial stability through sound short and long-term financial planning.
- H. The City will estimate its annual revenues and expenditures in a conservative manner to reduce exposure to unforeseen circumstances.
- I. The City will review and update the schedule of fund balances in all operating funds of the City and determine adequacy of those balances, using specified guidelines and criteria in conjunction with budgets set annually.
- J. The City will project revenues and expenditures for the next five years and will update this projection each budget process.
- K. The City will not sell assets or use one-time revenue to balance the General Fund Budget.

Revenue Policy

- A. The City will endeavor to maintain a diversified and stable revenue system to shelter it from annual fluctuations in any one revenue source.
- B. The City will conservatively estimate and budget for its annual revenues by an objective analytical process. Fees and charges will be reviewed to ensure that reasonable rates are set and at a minimum are adjusted for inflation.
- C. The City, recognizing the potential cash flow problems associated with property tax collections, will budget 98% of the amount levied for tax revenue.
- D. The City will establish all user charges and fees for General Fund program activities at a level related to the full cost of providing the services, or as adjusted for particular program goals. Sensitivity to market rates will also be considered in setting fees.
- E. The City will set fees and user charges for the utility enterprise funds which includes water, wastewater and stormwater, at a level that fully supports the total costs including operations, capital and debt service payments. Replacement (or bonding for replacement) of enterprise infrastructure will be paid for from accumulated (or annual) earnings of the particular system.

Debt Policy

- A. The City will confine long-term borrowing to capital improvements, equipment or projects that have a life of more than five years and cannot be financed from current revenues.
- B. The City will endeavor to keep the total maturity length of general obligation bonds below 20 years and at least 50% of the principal shall be retired within 10 years. In all cases, the maturity shall be shorter than the life of the related assets.
- C. The total debt levy paid by general obligation taxes shall remain under 15% of the general fund budget.
- D. All debt will be issued with a fixed rate, no variable rate debt will be issued.
- E. Future debt issuance impacting the City's tax levy will be planned through the Capital Improvement Plan process.
- F. To minimize the need for debt, the City will maintain a strong pay-as-you-go program for capital purchases.
- G. Net general obligation debt (as defined above) will not exceed the statutory limit of 3% of the estimated Full Market Value of taxable property in the City as required by Minnesota Statute, Section 473.53.
- H. Where possible, the City will use revenue (including G.O. backed revenue) or other self-supporting type bonds instead of general obligation bonds.
- I. The City will not use long-term debt for current operations.
- J. The City will maintain frequent and regular communications with all bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus. The City will comply with Securities Exchange Commission reporting requirements.
- K. Interfund borrowing for periods of more than one year shall only be undertaken for capital expenditures. A reasonable payment schedule for repayment of the borrowed amounts will be established and interest will be charged.

Accounting, Auditing and Financial Reporting Policies

- A. The City will establish and maintain the highest standard of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP) and with recommended best practices as promulgated by the Government Finance Officers Association.
- B. The City shall prepare Quarterly Financial Reports (except for the first quarter) and an Annual Comprehensive Financial Report for the purposes of providing finances to interested parties and the public at large.
- C. The City will contract with an independent audit firm to perform an annual audit of the financial statement of the City.
- D. The City will attempt at all times to maintain the Certificate of Excellence in Financial Reporting of the Government Finance Officers Association.

Capital Improvement Policies

- A. The City will develop a 10-year Capital Improvement Plan for all projects over \$25,000 and will update the plan every two years.
- B. The City will identify the estimated cost and potential funding sources for each project and determine the most effective financing method for the proposed project.
- C. Liquor profits are a dedicated funding source of the Capital Improvement Plan.

Fund Balance Policy — General Fund

By approval of this policy, the City Council authorizes the Finance Manager and/or City Manager to assign a fund balance that reflects the City's intended use of those funds. When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources and then use unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned 3) unassigned. These fund balance classifications apply only to Governmental Funds, not Enterprise or Internal Service Funds. The unassigned fund balance will be in the following three categories.

Unassigned Fund Balance — Working Capital Policy

The City's unassigned fund balance — working capital as of the end of the year should equal to 50% of the next year's budgeted tax revenue. Any amount in excess of 50% will be used for budget stabilization. If the balance falls below 50%, a plan will be developed and implemented to replenish the funds. A balance equal to 50% of the next year's budgeted tax revenue is needed to fund the following year's operations until the tax settlement is received at the end of June.

Unassigned Fund Balance — Emergency/Maintain Bond Rating

In recognition that the amount for working capital only covers operating costs for the first six months of the year, the City wants to maintain additional resources on hand to provide for contingencies. Therefore, at the end of each year, the City will maintain an amount for emergencies and maintenance of the Aaa bond rating of 10% of the next year's budget. The intent is not to use this balance except in extreme emergencies. If for any reason the balance falls below 10%, a plan would be developed and implemented to replenish the fund.

Unassigned Fund Balance — Budget Balancing

In recognition that the City's budget is volatile, the City wants to maintain a balance to help manage the fluctuations in the budget. Therefore, at the end of each year, the City will maintain an amount for budget balancing. This amount will vary as positive financial results increase the amount, and negative financial results and one-time uses decrease the amount. At all times, the City will implement a balanced budget. Generally, the balance will be maintained at 5% to 7% of the next year's budget.

After the end of each calendar year as part of the annual financial reporting, the City Manager will update the City Council on the status of the budget balancing amount. The update will include the current balances and the changes from the previous year. The City Manager will inform the City Council of any one-time uses throughout the year that were not planned for during the budget process.

Use of Budget Balancing Amount

Some examples of when and how the balance would be used include the following:

- When the balance is greater than 5%, the City Manager may recommend that amounts be used for one-time purchases in the next year's operating budget. These will help to level expenditures from year to year.
- When workload demand increases significantly, the City Manager may recommend the use of the balance for short-term support. For example, temporary staffing to assist with the light rail transit projects. Many times, there will be an increase in revenue due to this activity but the need for support and the timing of the revenue may differ.
- When other one-time operating needs become apparent after the budget is adopted, the City Manager may recommend the use of the balance.
- When financial results are negative, the balance would be used.

If for any reason the balance falls below 5% and staff believes this will not self-correct, a plan would be developed and implemented to replenish the fund.

Fund Balance Policy (Unrestricted Net Assets) — Internal Service Funds

The City maintains internal service funds as a tool to purchase goods and services centrally and then charge the costs back to the departments that use the service. This provides more accurate information of the cost to provide City Services. The City maintains the following internal service funds:

- Information Technology
- Facilities
- Property/Workers' Compensation
- Fleet Services
- Employee Benefits

Internal service funds will maintain unrestricted net assets of 15% to 20% of the annual budget. Funds with a capital component, facilities, fleet and information technology will also maintain one year of the capital budget. This will provide for adequate cash flow for operations and provide flexibility to meet the City's capital needs.

Fund Balance Policy (Unrestricted Net Assets) — Enterprise Funds

The City of Eden Prairie maintains enterprise funds for the following activities:

- Water
- Stormwater
- Wastewater
- Liquor

Water, Wastewater, Stormwater

The City of Eden Prairie periodically works with a consultant on a utility rate study for financial planning purposes to ensure that revenue collected will provide for operating and capital costs for the systems. The most recent update to the study was completed in 2017. The study included an analysis of the cost of service, capital improvement planning, utility rate design, revenue adequacy evaluation and proposed rate adjustments. The study also provided a recommended policy for the amounts to maintain in unrestricted net assets. The City's policy agrees with this recommendation. The unrestricted net asset policy is as follows:

- An amount equal to 90 days of operating expense
- An amount equal to the following year's debt service principal and interest
- A capital reserve of two years' capital expense

The expectation is that these reserves will provide for the long-term funding needs of the utility operations.

Liquor

Generally, all liquor store profit from operations is transferred to the Capital Improvement and Maintenance Funds. Exceptions may include maintaining profit for planned improvements.

Other Policies

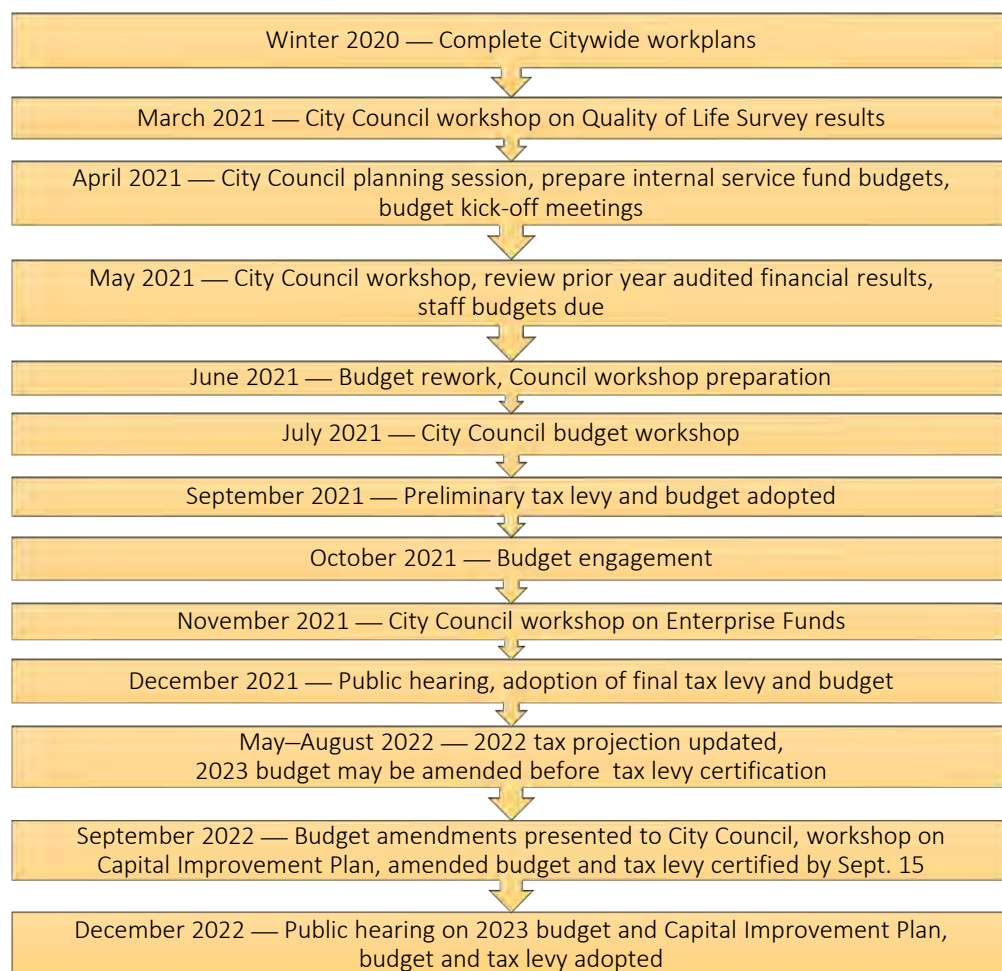
The City has other policies related to the budget and finances of the City which are not included in this document. These policies include:

- Post Issuance Compliance Policy for Tax Exempt and Tax Advantaged Obligations
- Business Subsidy
- Community Development Block Grant Funds (CDBG)
- Human Services Funding
- Tax Increment Financing
- Investments
- Capital Asset
- Credit Card
- Purchasing

Budget Process

The budget is the vehicle through which the City establishes the appropriations of the City and reflects the allocation of limited revenue among competing uses. The allocation is accomplished through a comprehensive budget process. The City Council approves a budget resolution which authorizes spending based on estimates of the financial resources required to support these expenditures. A public hearing takes place before legal adoption of the budget.

2022/2023 Budget Timeline



Budget Monitoring and Amendments

The appropriated budget is prepared by each Department and Division. The Department Directors and Division Managers may make transfers of appropriations within a division. Transfers of appropriations between divisions require the approval of the City Manager. Any changes in the total budget of each fund requires approval by a majority vote of the City Council.

Capital Budget Process

The City plans for capital maintenance and improvements by preparing a 10-year Capital Improvement Plan (CIP). The CIP represents a framework for planning the preservation and expansion of capital including equipment, facilities and infrastructure. It sets forth the estimated schedule, timing and details of specific improvements by year, together with the estimated cost, the need for the improvement and sources of revenue to pay for the improvement. The plan is updated every other year during the second year of the two-year operating budget preparation. The plan authorizes the expenditures for the first two years of the 10-year planning period.

The City Council considers the following when preparing the CIP for each project and for the overall plan:

- Condition of the City's infrastructure, including the projected need for repair or replacement
- Likely demand for the improvement
- Estimated cost of the improvement
- Available public resources
- Level of overlapping debt in the City
- Relative benefits and costs of alternative uses of the funds
- Operating cost of the proposed improvement
- Alternatives for providing services most efficiently through shared facilities with other cities or local government units

Each department documents and prioritizes their requested projects. The cost estimates for each request include capital and operating budget costs that would result from the project.

Finance then analyzes the requested projects and compares the requests to funds available. A CIP committee consisting of the department heads meets to make a final recommendation to the City Manager of the proposed CIP projects. The City Manager makes the final recommendation to the City Council on which projects to include and fund in the CIP.



FINANCIAL SCHEDULES

Financial Schedules

Four-Year Summary

	2020 Actual	2021 Budget	2022 Budget	% Change	2023 Budget	% Change
Revenues By Source						
Taxes	\$ 39,232,502	\$ 40,270,260	\$ 42,316,562	5.1%	\$ 44,087,158	4.2%
Assessments	643,541	-	-	-	-	-
Licenses and Permits	8,257,772	7,055,780	7,241,700	2.6%	8,068,700	11.4%
Intergovernmental Revenue	6,824,556	1,849,222	5,671,301	206.7%	2,001,300	(64.7%)
Charges for Services	53,853,809	59,600,676	59,950,146	0.6%	62,368,740	4.0%
Fines and Penalties	230,341	417,000	367,000	(12.0%)	367,000	0.0%
Investment Earnings	1,901,307	258,000	275,000	6.6%	275,000	0.0%
Other Revenue	1,101,847	2,424,082	1,452,880	(40.1%)	1,453,380	0.0%
Other Financing Sources	7,254,694	1,355,397	1,399,194	3.2%	1,445,832	3.3%
Total	\$ 119,300,369	\$ 113,230,417	\$ 118,673,783	4.8%	\$ 120,067,110	1.2%

Expenditures (Expenses) by Department						
Administration	\$ 4,547,110	\$ 4,719,537	\$ 5,032,648	6.6%	\$ 5,009,025	(0.5%)
Community Development	2,431,612	2,506,395	2,647,422	5.6%	2,726,689	3.0%
Parks and Recreation	11,084,484	13,434,873	14,063,502	4.7%	14,472,106	2.9%
Police	15,357,194	16,346,761	17,388,375	6.4%	18,233,620	4.9%
Fire	6,378,338	6,477,683	6,709,802	3.6%	6,965,251	3.8%
Public Works	5,991,750	6,536,459	6,709,291	2.6%	6,922,366	3.2%
Capital Outlay	7,119,787	8,207,000	9,056,000	10.3%	9,200,500	1.6%
Utilities	18,828,402	20,841,494	20,604,280	(1.1%)	20,627,711	0.1%
Internal Service	18,192,568	19,703,317	20,800,109	5.6%	21,700,912	4.3%
Liquor Operations	10,503,726	10,955,292	11,203,602	2.3%	11,625,142	3.8%
Debt Service	2,765,308	2,650,058	2,833,581	6.9%	2,846,661	0.5%
Other	7,497,954	1,218,227	1,262,024	3.6%	1,308,662	3.7%
Total	\$ 110,698,233	\$ 113,597,096	\$ 118,310,636	4.1%	\$ 121,638,645	2.8%

Expenditures (Expenses) by Object						
Personnel Services	\$ 43,009,320	\$ 46,246,110	\$ 49,022,420	6.0%	\$ 51,166,793	4.4%
Supplies	4,205,859	4,576,217	4,642,283	1.4%	4,710,529	1.5%
Contractual Services	18,295,904	21,766,943	22,273,665	2.3%	22,993,043	3.2%
User Charges	11,593,974	11,985,021	12,552,107	4.7%	12,915,092	2.9%
Capital Under \$25,000	1,050,673	1,152,734	879,010	(23.7%)	810,460	(7.8%)
Capital Outlay	7,119,787	8,207,000	9,056,000	10.3%	9,200,500	1.6%
Depreciation	6,859,455	7,235,123	7,109,173	(1.7%)	6,679,517	(6.0%)
Cost of Goods Sold	8,299,999	8,559,663	8,680,373	1.4%	9,007,388	3.8%
Debt Service	2,765,308	2,650,058	2,833,581	6.9%	2,846,661	0.5%
Other	7,497,954	1,218,227	1,262,024	3.6%	1,308,662	3.7%
Total	\$ 110,698,233	\$ 113,597,096	\$ 118,310,636	4.1%	\$ 121,638,645	2.8%

2020 Actual by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2020	Internal Service Funds
Revenues By Source						
Taxes	\$ 36,283,374	\$ 2,553,000	\$ 396,128	\$ -	\$ 39,232,502	\$ -
Assessments	-	-	37,332	606,209	643,541	-
Licenses and Permits	4,996,872	-	3,260,900	-	8,257,772	-
Intergovernmental Revenue	6,238,109	-	500,000	86,447	6,824,556	-
Charges for Services	2,464,886	-	-	32,034,637	34,499,523	19,354,286
Fines and Penalties	230,341	-	-	-	230,341	-
Investment Income	536,716	-	367,793	701,283	1,605,792	295,515
Other Revenue	253,315	-	466,764	81,179	801,258	300,589
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	411,468	-	5,826,486	1,016,740	7,254,694	-
Total	\$ 51,415,081	\$ 2,553,000	\$ 10,855,403	\$ 34,526,495	\$ 99,349,979	\$ 19,950,390

Beginning Fund Balances	\$ 25,435,483	\$ -	\$ 15,280,651	\$ 137,006,826	\$ 177,722,960	\$ 11,403,767
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Expenditures (Expenses) by Department

Administration	\$ 4,547,110	\$ -	\$ -	\$ -	\$ 4,547,110	\$ -
Community Development	2,431,612	-	-	-	2,431,612	-
Parks and Recreation	11,084,484	-	-	-	11,084,484	-
Police	15,357,194	-	-	-	15,357,194	-
Fire	6,378,338	-	-	-	6,378,338	-
Public Works	5,991,750	-	-	-	5,991,750	-
Capital Outlay	-	-	6,586,451	533,336	7,119,787	-
Utilities	-	-	-	18,828,402	18,828,402	-
Internal Service	-	-	-	-	-	18,192,568
Liquor Operations	-	-	-	10,503,726	10,503,726	-
Debt Service	60,765	2,553,000	-	151,543	2,765,308	-
Other	4,696,486	-	1,500,000	1,301,468	7,497,954	-
Total	\$ 50,547,739	\$ 2,553,000	\$ 8,086,451	\$ 31,318,475	\$ 92,505,665	\$ 18,192,568

Ending Fund Balances	\$ 26,302,825	\$ -	\$ 18,049,603	\$ 140,214,846	\$ 184,567,274	\$ 13,161,589
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Expenditures (Expenses) by Object

Personnel Services	\$ 28,778,882	\$ -	\$ -	\$ 5,324,342	\$ 34,103,224	\$ 8,906,096
Supplies	1,795,624	-	-	1,227,305	3,022,929	1,182,930
Contractual Services	4,255,457	-	-	7,572,600	11,828,057	6,467,847
User Charges	10,710,228	-	-	866,326	11,576,554	17,420
Capital Under \$25,000	250,297	-	-	266,006	516,303	534,370
Capital Outlay	-	-	6,586,451	533,336	7,119,787	-
Depreciation	-	-	-	5,775,550	5,775,550	1,083,905
Cost of Goods Sold	-	-	-	8,299,999	8,299,999	-
Debt Service	60,765	2,553,000	-	151,543	2,765,308	-
Other	4,696,486	-	1,500,000	1,301,468	7,497,954	-
Total	\$ 50,547,739	\$ 2,553,000	\$ 8,086,451	\$ 31,318,475	\$ 92,505,665	\$ 18,192,568

2021 Budget by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2021	Internal Service Funds
Revenues By Source						
Taxes	\$ 37,325,260	\$ 2,553,000	\$ 392,000	\$ -	\$ 40,270,260	\$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	3,855,780	-	3,200,000	-	7,055,780	-
Intergovernmental Revenue	1,299,222	-	550,000	-	1,849,222	-
Charges for Services	6,468,995	-	-	32,906,397	39,375,392	20,225,284
Fines and penalties	417,000	-	-	-	417,000	-
Investment Earnings	150,000	-	-	75,000	225,000	33,000
Other Revenue	162,990	-	2,117,000	5,592	2,285,582	138,500
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	423,227	-	932,170	-	1,355,397	-
Total	\$ 50,102,474	\$ 2,553,000	\$ 7,191,170	\$ 32,986,989	\$ 92,833,633	\$ 20,396,784
Beginning Fund Balances	\$ 26,302,825	\$ -	\$ 18,049,603	\$ 140,214,846	\$ 184,567,274	\$ 13,161,589
Expenditures (Expenses) by Department						
Administration	\$ 4,719,537	\$ -	\$ -	\$ -	\$ 4,719,537	\$ -
Community Development	2,506,395	-	-	-	2,506,395	-
Parks and Recreation	13,434,873	-	-	-	13,434,873	-
Police	16,346,761	-	-	-	16,346,761	-
Fire	6,477,683	-	-	-	6,477,683	-
Public Works	6,536,459	-	-	-	6,536,459	-
Capital Outlay	-	-	7,877,000	330,000	8,207,000	-
Utilities	-	-	-	20,841,494	20,841,494	-
Internal Service	-	-	-	-	-	19,703,317
Liquor Operations	-	-	-	10,955,292	10,955,292	-
Debt Service	60,766	2,553,000	-	36,292	2,650,058	-
Other	20,000	-	-	1,198,227	1,218,227	-
Total	\$ 50,102,474	\$ 2,553,000	\$ 7,877,000	\$ 33,361,305	\$ 93,893,779	\$ 19,703,317
Ending Fund Balances	\$ 26,302,825	\$ -	\$ 17,363,773	\$ 139,840,530	\$ 183,507,128	\$ 13,855,056
Expenditures (Expenses) by Object						
Personnel Services	\$ 31,134,848	\$ -	\$ -	\$ 5,938,719	\$ 37,073,567	\$ 9,172,543
Supplies	1,760,095	-	-	1,316,495	3,076,590	1,499,627
Contractual Services	5,713,747	-	-	8,696,430	14,410,177	7,356,766
User Charges	11,066,168	-	-	900,695	11,966,863	18,158
Capital Under \$25,000	346,850	-	-	492,181	839,031	313,703
Capital Outlay	-	-	7,877,000	330,000	8,207,000	-
Depreciation	-	-	-	5,892,603	5,892,603	1,342,520
Cost of Goods Sold	-	-	-	8,559,663	8,559,663	-
Debt Service	60,766	2,553,000	-	36,292	2,650,058	-
Other	20,000	-	-	1,198,227	1,218,227	-
Total	\$ 50,102,474	\$ 2,553,000	\$ 7,877,000	\$ 33,361,305	\$ 93,893,779	\$ 19,703,317

2022 Budget by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2022	Internal Service Funds
Revenues By Source						
Taxes	\$ 39,371,562	\$ 2,553,000	\$ 392,000	\$ -	\$ 42,316,562	\$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	4,041,700	-	3,200,000	-	7,241,700	-
Intergovernmental Revenue	5,121,301	-	550,000	-	5,671,301	-
Charges for Services	5,214,704	-	-	33,257,495	38,472,199	21,477,947
Fines and penalties	367,000	-	-	-	367,000	-
Investment Earnings	150,000	-	-	75,000	225,000	50,000
Other Revenue	179,800	-	1,133,000	5,580	1,318,380	134,500
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	442,024	-	957,170	-	1,399,194	-
Total	\$ 54,888,091	\$ 2,553,000	\$ 6,232,170	\$ 33,338,075	\$ 97,011,336	\$ 21,662,447
Beginning Fund Balances	\$ 26,302,825	\$ -	\$ 17,363,773	\$ 139,840,530	\$ 183,507,128	\$ 13,855,056
Expenditures (Expenses) by Department						
Administration	\$ 5,032,648	\$ -	\$ -	\$ -	\$ 5,032,648	\$ -
Community Development	2,647,422	-	-	-	2,647,422	-
Parks and Recreation	14,063,502	-	-	-	14,063,502	-
Police	17,388,375	-	-	-	17,388,375	-
Fire	6,709,802	-	-	-	6,709,802	-
Public Works	6,709,291	-	-	-	6,709,291	-
Capital Outlay	-	-	8,704,000	352,000	9,056,000	-
Utilities	-	-	-	20,604,280	20,604,280	-
Internal Service	-	-	-	-	-	20,800,109
Liquor Operations	-	-	-	11,203,602	11,203,602	-
Debt Service	93,350	2,553,000	-	187,231	2,833,581	-
Other	20,000	-	-	1,242,024	1,262,024	-
Total	\$ 52,664,390	\$ 2,553,000	\$ 8,704,000	\$ 33,589,137	\$ 97,510,527	\$ 20,800,109
Ending Fund Balances	\$ 28,526,526	\$ -	\$ 14,891,943	\$ 139,589,468	\$ 183,007,937	\$ 14,717,394
Expenditures (Expenses) by Object						
Personnel Services	\$ 32,907,519	\$ -	\$ -	\$ 6,306,371	\$ 39,213,890	\$ 9,808,530
Supplies	1,817,875	-	-	1,310,130	3,128,005	1,514,278
Contractual Services	5,997,103	-	-	8,552,507	14,549,610	7,724,055
User Charges	11,419,193	-	-	1,111,308	12,530,501	21,606
Capital Under \$25,000	409,350	-	-	123,460	532,810	346,200
Capital Outlay	-	-	8,704,000	352,000	9,056,000	-
Depreciation	-	-	-	5,723,733	5,723,733	1,385,440
Cost of Goods Sold	-	-	-	8,680,373	8,680,373	-
Debt Service	93,350	2,553,000	-	187,231	2,833,581	-
Other	20,000	-	-	1,242,024	1,262,024	-
Total	\$ 52,664,390	\$ 2,553,000	\$ 8,704,000	\$ 33,589,137	\$ 97,510,527	\$ 20,800,109

The proposed 2022 budget presented to the City Council Sept. 7, 2021, is the same budget adopted by the City Council Dec. 7, 2021. This budget complies with City financial policies.

2023 Budget by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2023	Internal Service Funds
Revenues By Source						
Taxes	\$ 41,142,158	\$ 2,553,000	\$ 392,000	\$ -	\$ 44,087,158	\$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	4,068,700	-	4,000,000	-	8,068,700	-
Intergovernmental Revenue	1,401,300	-	600,000	-	2,001,300	-
Charges for Services	5,571,287	-	-	34,393,926	39,965,213	22,403,527
Fines and penalties	367,000	-	-	-	367,000	-
Investment Earnings	150,000	-	-	75,000	225,000	50,000
Other Revenue	178,300	-	1,135,000	5,580	1,318,880	134,500
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	463,662	-	982,170	-	1,445,832	-
Total	\$ 53,342,407	\$ 2,553,000	\$ 7,109,170	\$ 34,474,506	\$ 97,479,083	\$ 22,588,027
Beginning Fund Balances	\$ 28,526,526	\$ -	\$ 14,891,943	\$ 139,589,468	\$ 183,007,937	\$ 14,717,394
Expenditures (Expenses) by Department						
Administration	\$ 5,009,025	\$ -	\$ -	\$ -	\$ 5,009,025	\$ -
Community Development	2,726,689	-	-	-	2,726,689	-
Parks and Recreation	14,472,106	-	-	-	14,472,106	-
Police	18,233,620	-	-	-	18,233,620	-
Fire	6,965,251	-	-	-	6,965,251	-
Public Works	6,922,366	-	-	-	6,922,366	-
Capital Outlay	-	-	8,768,000	432,500	9,200,500	-
Utilities	-	-	-	20,627,711	20,627,711	-
Internal Service	-	-	-	-	-	21,700,912
Liquor Operations	-	-	-	11,625,142	11,625,142	-
Debt Service	93,350	2,553,000	-	200,311	2,846,661	-
Other	20,000	-	-	1,288,662	1,308,662	-
Total	\$ 54,442,407	\$ 2,553,000	\$ 8,768,000	\$ 34,174,326	\$ 99,937,733	\$ 21,700,912
Ending Fund Balances	\$ 27,426,526	\$ -	\$ 13,233,113	\$ 139,889,648	\$ 180,549,287	\$ 15,604,509
Expenditures (Expenses) by Object						
Personnel Services	\$ 34,276,946	\$ -	\$ -	\$ 6,562,931	\$ 40,839,877	\$ 10,326,916
Supplies	1,853,625	-	-	1,316,636	3,170,261	1,540,268
Contractual Services	6,103,158	-	-	8,892,223	14,995,381	7,997,662
User Charges	11,736,128	-	-	1,155,537	12,891,665	23,427
Capital Under \$25,000	359,200	-	-	123,960	483,160	327,300
Capital Outlay	-	-	8,768,000	432,500	9,200,500	-
Depreciation	-	-	-	5,194,178	5,194,178	1,485,339
Cost of Goods Sold	-	-	-	9,007,388	9,007,388	-
Debt Service	93,350	2,553,000	-	200,311	2,846,661	-
Other	20,000	-	-	1,288,662	1,308,662	-
Total	\$ 54,442,407	\$ 2,553,000	\$ 8,768,000	\$ 34,174,326	\$ 99,937,733	\$ 21,700,912

Projected Changes in Fund Balances

Fund	Year	Fund Balance January 1	Revenues	Expenditures	Fund Balance December 31	Increase / (Decrease)	% Change in Fund Balance
General Fund	2020	\$ 25,435,483	\$ 51,415,081	\$ 50,547,739	\$ 26,302,825	\$ 867,342	3.4%
	2021	26,302,825	50,102,474	50,102,474	26,302,825	-	0.0%
	2022	26,302,825	54,888,091	52,664,390	28,526,526	2,223,701	8.5%
	2023	28,526,526	53,342,407	54,442,407	27,426,526	(1,100,000)	(3.9%)
Debt Service	2020	-	2,553,000	2,553,000	-	-	0.0%
	2021	-	2,553,000	2,553,000	-	-	0.0%
	2022	-	2,553,000	2,553,000	-	-	0.0%
	2023	-	2,553,000	2,553,000	-	-	0.0%
Capital Project Funds	2020	15,280,651	10,855,403	8,086,451	18,049,603	2,768,952	18.1% *
	2021	18,049,603	7,191,170	7,877,000	17,363,773	(685,830)	(3.8%)
	2022	17,363,773	6,232,170	8,704,000	14,891,943	(2,471,830)	(14.2%) *
	2023	14,891,943	7,109,170	8,768,000	13,233,113	(1,658,830)	(11.1%) *
Enterprise Funds	2020	137,006,826	34,526,495	31,318,475	140,214,846	3,208,020	2.3%
	2021	140,214,846	32,986,989	33,361,305	139,840,530	(374,316)	(0.3%)
	2022	139,840,530	33,338,075	33,589,137	139,589,468	(251,062)	(0.2%)
	2023	139,589,468	34,474,506	34,174,326	139,889,648	300,180	0.2%
Internal Service Funds	2020	11,403,767	19,950,390	18,192,568	13,161,589	1,757,822	15.4% **
	2021	13,161,589	20,396,784	19,703,317	13,855,056	693,467	5.3%
	2022	13,855,056	21,662,447	20,800,109	14,717,394	862,338	6.2%
	2023	14,717,394	22,588,027	21,700,912	15,604,509	887,115	6.0%
Grand Total	2020	189,126,727	119,300,369	110,698,233	197,728,863	8,602,136	4.5%
	2021	197,728,863	113,230,417	113,597,096	197,362,184	(366,679)	(0.2%)
	2022	197,362,184	118,673,783	118,310,636	197,725,331	363,147	0.2%
	2023	197,725,331	120,067,110	121,638,645	196,153,796	(1,571,535)	(0.8%)

*The greater than 10% percent change in fund balance for the Capital Project Funds is a result of planned spending and varying annual expenditures.

**The internal service fund balance increased by more than 10% during 2020 due to reduced expenditures during the COVID-19 pandemic. Many buildings were closed throughout the year.

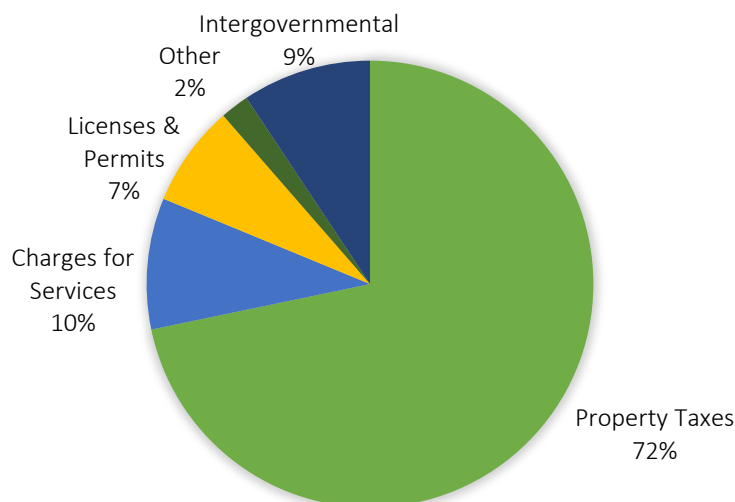


REVENUES

Revenues

General Fund

The City of Eden Prairie's largest sources of General Fund revenue are property taxes, charges for services, and licenses and permits. For 2020 and 2022, Intergovernmental revenue is larger than typical due to federal funds received for the COVID-19 pandemic. A review of all revenue sources is completed with the biennial budget. Revenues are projected based on information from City staff, Hennepin County, other external sources and analytical review. Charges for services are reviewed annually to ensure reasonableness and may be adjusted for inflation.



Revenue Source	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Property Taxes	\$ 36,283,374	\$ 37,325,260	\$ 39,371,562	\$ 2,046,302	\$ 41,142,158	\$ 1,770,596
Charges for Services	2,464,886	6,468,995	5,214,704	(1,254,291)	5,571,287	356,583
Licenses & Permits	4,996,872	3,855,780	4,041,700	185,920	4,068,700	27,000
Intergovernmental	6,238,109	1,299,222	5,121,301	3,822,079	1,401,300	(3,720,001)
Other	1,431,840	1,153,217	1,138,824	(14,393)	1,158,962	20,138
Total	\$ 51,415,081	\$ 50,102,474	\$ 54,888,091	\$ 4,785,617	\$ 53,342,407	\$ (1,545,684)
Percent Change				9.6%		-2.8%

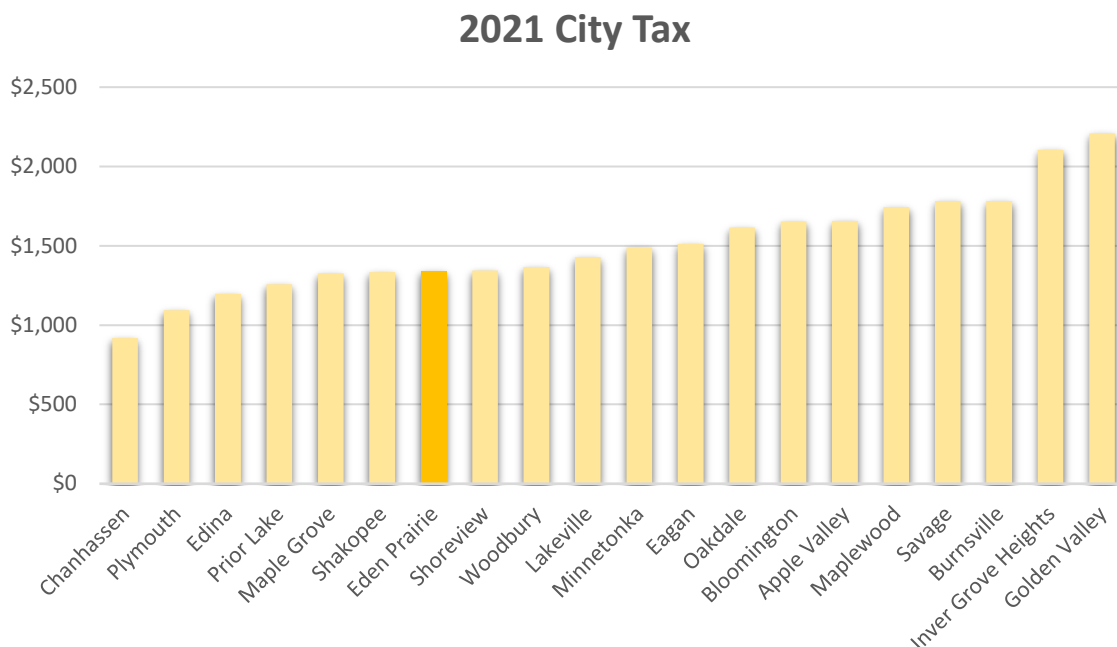
Property Taxes

Property tax revenue is the single largest source at 72% of the General Fund budget. The City strives to balance increases in property taxes with the demand for services. Tax revenue is projected to increase 5.5% for 2022 and 4.5% for 2023.

Property tax revenues are collected by the County and passed through to the City. Every property owner is subject to property tax by the County, the school district and City in which the property is located, and other special authorities like watershed districts. The estimated market value is a valuation set upon real estate and certain personal property by the City Assessor as a basis for levying property taxes. This value is converted to tax capacity by a formula specified in state law. The tax levy is the amount raised by general property taxes.

While property taxes are difficult to compare across cities due to differences in tax base, growth, level and quality of services, Eden Prairie's property tax rate compares favorably to other nearby cities.

Please see the 2021 City Tax chart below based on a median-valued home of \$415,800.



Source: Applicable counties' tax rate schedules

Charges for Services

Charges for Services, 10% of the General Fund budget, includes membership dues, daily fees and program fees for Park and Recreation programs. The City collects fees for recreation programs based on a policy approved by the City Council in 2008. For 2022 these revenues are projected to decrease 19.4% and increase 6.8% in 2023. The decrease in 2022 is a result of parks and recreation program revenues still recovering from the pandemic.

Fee schedules are reviewed annually by the Parks and Recreation Department and adjusted accordingly. Cost recovery for the various recreation programs depends on the type of service offered. *Basic services* are those that every taxpayer is entitled to receive. Cost recovery within the basic services range from 0% to 75%. *Enhanced services* are special events or activities to which the community is invited without a fee. Minimum cost recovery for these types of programs ranges from 10% to 50% with the goal to obtain sponsorship of the entire cost of the programs. *Fee-assisted services* are programs that have a high-cost recovery as well as programs with mandated fee levels. These programs recover costs up to 85% to 100%. *Fee-supported services* are programs provided at no cost to taxpayers and in many cases show a profit.

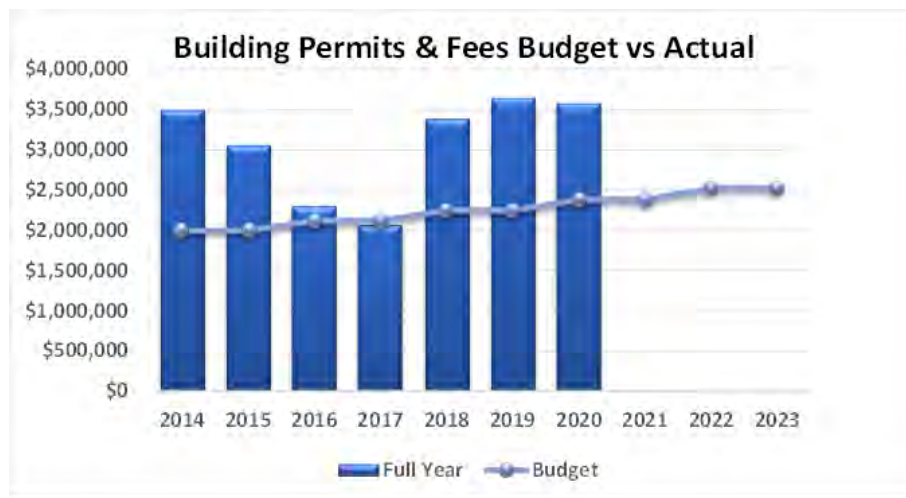
Licenses and Permits

License and permit fees are 7% of the General Fund budget. For 2022, they are projected to increase 4.8% and remain relatively flat for 2023.

Per Minnesota Statute 462.353, subd. 4(a), a city may charge fees that are sufficient to defray the costs incurred by the city in reviewing, investigating and administering an application for an amendment to an official control, or an application for a permit or other approval required under an official control. Fees are required by law to be fair, reasonable and proportionate, and have a nexus to the actual cost of the service for which the fee is imposed. All

cities are required to adopt management and accounting procedures to ensure fees are maintained and used only for the purpose for which they are collected.

Revenue from building permits and fees makes up a large part of the license and permit revenue. It is dependent on the number of housing starts, subdivision plats and commercial development applications. Every two years, City staff review the fees charged and recommend adjustments based on inflation and the cost to provide the service. As shown in the graph below, revenue can vary significantly each year.



Businesses continue to invest in Eden Prairie. We expect this to continue and for the City to remain a favorable location for conducting business. Staff continue to discuss what a good base number is for development revenue to avoid being too aggressive and causing potential midyear operational challenges, while also recognizing that increased development activity will increase revenue and service demand.

Intergovernmental

Intergovernmental revenue sources include Federal and State grants, State aid and local grants. This revenue is 9% of the General Fund budget. For 2022 an increase of \$3,822,079 is expected due to the collection of \$3,723,700 in American Recovery Plan Funds. The City plans to use this revenue to offset shortfalls caused by the pandemic. For 2023 revenue will decrease back to pre-pandemic levels. The remainder of the revenue sources are Police Pension Aid and Fire Relief Association Aid.

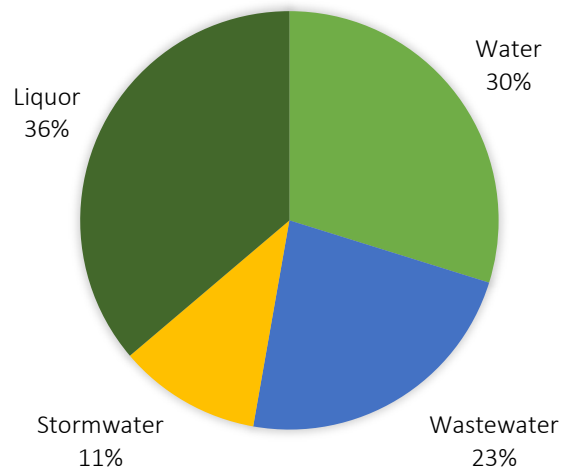
Internal Service Funds

Internal Service Funds receive revenue through user chargeback of expenses. The City's Internal Service Funds include Employee Benefits, Facilities, Fleet Services, Information Technology and Property Insurance. The expenses of these funds are charged to the General Fund and Enterprise Funds based on a cost recovery allocation methodology. These allocation methods are reviewed and updated every two years with the City's budget cycle. Other revenue is primarily fleet disposal proceeds. More information on the Internal Service Fund expenses can be found in the department summary section.

Revenue Source	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Charges for Services	\$ 19,354,286	\$ 20,225,284	\$ 21,477,947	\$ 1,252,663	\$ 22,403,527	\$ 925,580
Other	596,104	171,500	184,500	13,000	184,500	-
Total	<u>\$ 19,950,390</u>	<u>\$ 20,396,784</u>	<u>\$ 21,662,447</u>	<u>\$ 1,265,663</u>	<u>\$ 22,588,027</u>	<u>\$ 925,580</u>
Percent Change				6.2%		4.3%

Enterprise Funds

The drinking water, wastewater and stormwater utility is the largest source of the Enterprise Funds revenue budget at 64%, followed by liquor sales at 36%. Other revenue is primarily investment earnings, assessments and contributions of utilities by developers. Overall revenues are projected to increase 1.1% for 2022 and 3.4% for 2023.



Revenue Source	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Water	\$ 9,988,116	\$ 10,098,173	\$ 9,914,622	\$ (183,551)	\$ 10,234,318	\$ 319,696
Wastewater	7,167,274	7,552,063	7,635,527	83,464	7,874,974	239,447
Stormwater	3,376,785	3,561,554	3,668,401	106,847	3,778,453	110,052
Liquor	11,502,462	11,694,607	12,038,945	344,338	12,506,181	467,236
Other	2,491,858	80,592	80,580	(12)	80,580	-
Total	\$ 34,526,495	\$ 32,986,989	\$ 33,338,075	\$ 351,086	\$ 34,474,506	\$ 1,136,431
Percent Change				1.1%		3.4%

Utility Rate Study

The City periodically updates the 10-year utility rate study for water, wastewater and stormwater. In 2017, AE2S was retained to update the study. The study provides a long-term and comprehensive plan for funding operation and maintenance, and the capital needs of the three utilities. Financial costs of service are balanced with rate changes. Staff monitors financial results against expectations to ensure appropriate levels of funding for the operations. A residential utility bill of 18,000 gallons a quarter is expected to increase 3.1% and 3.2% for 2022 and 2023 respectively.

Liquor Sales

Eden Prairie has the fourth largest municipal off sale operation in Minnesota. Sales for the City's three municipal liquor stores in 2022 are projected to increase 2.9% from the 2021 budget and increase 3.9% in 2023. City policy states that liquor profits are transferred to the Capital Improvement Program. Operating income is projected to be \$835,344 and \$881,039 in 2022 and 2023 respectively.

LONG RANGE FINANCIAL PLANNING



Long-Range Financial Planning

The City utilizes a five-year budget model for its General Fund to assist in long-term strategic planning, and to detect any future structural funding and property tax levy problems as early as possible. This section looks at these projections and the assumptions used to develop the projections.

Property Values — The City expects to see increased valuations going forward. The Twin Cities Metropolitan Area is one of the fastest growing regions in the Midwest. The region has low unemployment, a high-quality workforce, robust transportation system, excellent business culture and a high quality of life. We believe these trends, along with the investments we continue to see in our community, will maintain and increase property values.

Tax Levy — The property tax levy is the City's largest revenue source. The General Fund tax levy is projected to increase 4% to 4.5% from 2024 to 2028. The total levy which includes the General Fund, debt and capital levy is projected to increase 3.9% to 4.3% over the same period. This recognizes the need to maintain our services with incremental change as needed. As each budget is fine-tuned, we have flexibility to adjust as needed.

Charges for Services — Recreation charges are increased annually to pay for increases in the cost to provide service. For 2024 and 2025 charges for services are projected to increase 8.3% and 7.7% respectively, as the City is still steadily rebuilding back to the pre-pandemic amounts. For 2026 to 2028 fees are projected to increase 3% annually.

License and Permit Fees — Building permit fees are reviewed every two years by City staff. Adjustments are made based on inflation and the cost to provide service. Generally, the budget has increased approximately 6% every other year. This has allowed builders to better plan for fee changes.

Personnel Costs — Wages and benefits continue to be the largest driver of the operating budget. For the budget model, we have planned for a 3.8% increase in wages. This recognizes base increase, step and performance pay, and employee turnover. As the baby boomers continue to retire, the City has been proactive in succession planning. Health insurance rates for 2024 to 2028 are projected to increase 7%.

Total Expenditures — Total General Fund expenditures are expected to increase between 3.4% to 3.8% annually to fund current City services.

Debt — Debt payments paid by the debt levy remain stable. We plan to issue debt from 2023 to 2027 for fire engines and improvements to our public safety facilities.

Contingency Planning — The City employment base is populated with a healthy combination of retail, professional and light industrial businesses. The City does not rely solely on a single sector of employment and is able to better weather fluctuations in national and international economic changes. In addition, we maintain reserves to provide temporary resources as needed. We also have flexibility in our budget.

Limited Developable Land — The City is almost fully developed. We have started to see more redevelopment, which continues to add value to the community. Redevelopment trends may be volatile, and the City is able to respond to these changes with our contingency plans.

Structural Balance — The General Fund long-term model reflects conservative estimates of revenue and expenditures and shows a balanced budget for all years except 2023 and 2024. The City is still steadily rebuilding back to pre-pandemic amounts and will use ARPA money received in 2021 and 2022 to cover the shortfall. Each budget cycle the model is adapted to include changes in inflation, community growth, program choices and levels of service. The subsequent modeling provides a financial context to understanding of funding requirements to maintain quality services. The out-years will be tempered with possible levy limits, program choices and policy-influenced levels of service. The General Fund is part of a larger model to ensure the City has adequate resources to pay for services and to deal with cyclical downturns.

General Fund Five-Year Forecast

The projections for 2024 to 2028 are shown below.

	Proposed 2022	Proposed 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028
REVENUES							
Taxes	\$ 39,371,562	\$ 41,142,158	\$ 43,028,439	\$ 44,899,925	\$ 46,761,782	\$ 48,600,477	\$ 50,584,821
License and Permits							
Building Permits and Fees	2,524,975	2,524,975	2,675,926	2,676,819	2,837,032	2,837,944	3,007,988
Other	1,516,725	1,543,725	1,547,692	1,551,698	1,555,744	1,559,831	1,563,958
Total Licenses and Permits	4,041,700	4,068,700	4,223,617	4,228,517	4,392,776	4,397,774	4,571,947
Intergovernmental Revenue							
Police Pension Aid	610,000	610,000	622,200	634,644	647,337	660,284	673,489
Fire Relief Association Aid	494,000	494,000	503,880	513,958	524,237	534,721	545,416
School Liaison	124,600	128,300	129,583	129,583	130,879	130,879	132,188
Other	3,892,701	169,000	170,850	172,724	174,621	176,542	178,488
Total Intergovernmental Revenue	5,121,301	1,401,300	1,426,513	1,450,908	1,477,073	1,502,426	1,529,581
Charges for Services							
Public Safety	171,047	172,533	175,379	178,281	181,241	184,260	187,339
Recreation	5,043,657	5,398,754	5,858,502	6,321,854	6,510,694	6,705,191	6,905,514
Total Charges for Services	5,214,704	5,571,287	6,033,880	6,500,135	6,691,935	6,889,451	7,092,853
Other Revenue	696,800	695,300	702,253	709,276	716,368	723,532	730,767
Total Revenues	54,446,067	52,878,745	55,414,703	57,788,761	60,039,935	62,113,660	64,509,970
EXPENDITURES							
Administration	5,032,648	5,009,025	5,291,262	5,373,912	5,641,409	5,779,019	6,096,288
Community Development	2,647,422	2,726,689	2,831,001	2,939,149	3,060,543	3,178,024	3,304,411
Police	17,388,375	18,233,620	18,931,139	19,653,590	20,462,449	21,247,536	22,091,935
Fire	6,709,802	6,965,251	7,204,489	7,447,864	7,715,457	7,977,310	8,258,297
Public Works	6,709,291	6,922,366	7,153,964	7,387,981	7,647,620	7,899,634	8,172,230
Parks and Recreation	14,063,502	14,472,106	14,960,420	15,458,165	15,999,113	16,533,993	17,104,320
Debt Service	93,350	93,350	-	-	-	-	-
Total Expenditures	52,644,390	54,422,407	56,372,275	58,260,661	60,526,591	62,615,516	65,027,481
Excess (Deficiency of Revenues over Expenditures)	1,801,677	(1,543,662)	(957,572)	(471,899)	(486,656)	(501,856)	(517,511)
OTHER FINANCING SOURCES / (USES)							
Issuance of Debt	-	-	-	-	-	-	-
Transfers In	442,024	463,662	477,572	491,899	506,656	521,856	537,511
Transfers Out	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Total Other Financing Sources	422,024	443,662	457,572	471,899	486,656	501,856	517,511
Net Change in Fund Balance	\$ 2,223,701	\$ (1,100,000)	\$ (500,000)	\$ (0)	\$ (0)	\$ (0)	\$ (0)

Tax Levy Projections

	Adopted 2022	Proposed 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028
Tax Levy Projections							
General Fund Tax Levy	\$ 40,149,554	\$ 41,956,284	\$ 43,889,008	\$ 45,797,924	\$ 47,697,018	\$ 49,572,487	\$ 51,596,518
Current Debt Service	2,553,000	2,553,000	2,275,000	2,175,000	1,110,000	1,160,000	1,160,000
New Debt Service	-	-	278,000	378,000	1,443,000	1,541,000	1,713,000
Total Debt Service	2,553,000	2,553,000	2,553,000	2,553,000	2,553,000	2,701,000	2,873,000
Capital Levy	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total Tax Levy	\$ 43,102,554	\$ 44,909,284	\$ 46,842,008	\$ 48,750,924	\$ 50,650,018	\$ 52,673,487	\$ 54,869,518
Change		1,806,730	1,932,724	1,908,916	1,899,094	2,023,469	2,196,031
Percent Change		4.2%	4.3%	4.1%	3.9%	4.0%	4.2%

CAPITAL EXPENDITURES



Capital Expenditures

Definition

A capital improvement is a major expenditure of City funds. For the Capital Improvement Plan (CIP), the City defines capital as the cost of a single project or piece of equipment over \$25,000. Projects under \$25,000 appear in the operating funds and on a limited basis in the CIP.

Capital Project Funding Sources

Capital Improvement Fund

Projects paid for out of the Capital Improvement Fund do not have another funding source. Funding for the Capital Improvement Fund includes liquor profits, tax revenue, lease revenue, franchise fees, transfers-in, interest and other miscellaneous sources. Usually, one-time money received is put into the Capital Improvement Fund. The City uses the Capital Improvement Fund and pay-as-you-go financing whenever possible.



Pay-as-you-go is a method of financing capital projects with current revenues — paying cash instead of borrowing against future revenues. Pay-as-you-go works well where capital needs are steady and financial capability is adequate. This method saves interest costs since interest on long-term bonds can more or less equal the original capital costs, depending on interest rates and repayment schedules. It also protects borrowing capacity for unforeseen major outlays that are beyond any current year's capability, and it fosters favorable bond ratings when long-term financing is undertaken.

Projects paid from the Capital Improvement Fund include maintenance of approximately 235 miles of City streets as well as new trails, sidewalks, park maintenance fire and police equipment.

Internal Service Funds

The City funds capital projects out of the Fleet Services, Information Technology and Facilities Internal Service Funds. Fleet Services manages the acquisition and disposal of over 290 vehicles and 150 pieces of small equipment. Information Technology includes maintenance of the City's internal and external network infrastructure and replacement of various software. Facility projects include improvements, repairs and maintenance of the City's 32 buildings.

Utility Funds

Projects under Utility Funds include maintenance to the City's utility infrastructure. Projects are part of the 10-year CIP and the utility rate study to ensure adequate funding amounts are collected.

Capital Projects by Department

Department	2022 Budget	2023 Budget
Engineering	\$200,000	\$1,600,000
Facilities	1,010,000	590,000
Fire	780,000	305,000
Fleet	2,001,100	1,724,550
Information Technology	682,000	295,000
Parks and Recreation	2,770,000	1,700,000
Police	199,000	93,000
Water Utility	405,000	435,000
Wastewater Utility	260,000	260,000
Stormwater Utility	1,300,000	2,355,000
Sustainability	555,000	35,000
Total	\$10,162,100	\$9,392,550



Capital Projects by Funding Source

Capital Improvement Fund

Project	2022 Budget	2023 Budget	Significant Non Recurring
Engineering			
ADA Ramp Improvement Program	\$75,000	\$75,000	
Annual Public Works Maintenance & Repair	125,000	125,000	
West 70th St East Segment		1,400,000	X
Fire			
Station Alerting	75,000		
Security Cameras and Servers	230,000	100,000	
Dispatch and Radio Tower Power Supply		40,000	
Card Access Control	25,000		
Radio Loggers	75,000		
Analog Phone Loggers	80,000		
Radio Replacement		75,000	
Station 1 Emergency Operations	100,000		X
Breathing Apparatus Fill Stations	160,000		
Rad 57 Replacement	35,000		
Rescue Tool Replacement		90,000	
Fleet			
Vehicle Replacement		35,000	
Parks			
Play Equipment Replacement	130,000	110,000	
Parking Lot Maintenance	100,000	125,000	
Trail Maintenance	400,000	450,000	
Hard Court Maintenance	115,000	150,000	
Flying Cloud Fields Regrading		275,000	X
Staring Lake Amphitheatre Renovation	200,000		X
Park Building Access Upgrades	60,000	60,000	
Round Lake Park Building Reconstruction	1,250,000		X
Staring Lake Trail Bridge Replacement	150,000		X
Miller Park Indoor Court Facility		150,000	X
New Trails and Sidewalks	365,000	380,000	
Police			
Negotiations Van	100,000		X
Ballistic Helmets and Plates Replacement	40,000		
New Squad Car	59,000	59,000	
Infrared Laser Sights Replacement		34,000	
Sustainability			
Miller Park Light Conversion	525,000		X
Electric Vehicle Charging Stations	30,000	35,000	
Total	\$4,504,000	\$3,768,000	

Internal Service Funds

<u>Project</u>	<u>2022 Budget</u>	<u>2023 Budget</u>	<u>Significant Non Recurring</u>
Facilities			
Building Restoration	\$80,000	\$80,000	
Heat Pump Replacement	40,000	60,000	
Replace Zambonis	155,000	155,000	X
Seal Apparatus Bay Floors, Fire 1	25,000		
Kitchen Remodel, Fire 1	80,000		
Maintenance Facility Parking Lot	300,000		X
Rebuild Community Center Gym Floor		80,000	
Replace Air Handling Unit, Rink 1		115,000	X
Seal Apparatus Bay Floors, Fire 3		25,000	
Maintenance Facility Roof		75,000	
City Center LED Lighting	330,000		
Fleet			
Vehicle and Equipment Replacement	2,001,100	1,689,550	
Information Technology			
Network Storage Upgrades	180,000	265,000	
Fiber Implementation	275,000		
GPS Equipment Replacement		30,000	
Police Body Cameras	175,000		X
Police License Plate Readers	52,000		
Total	<u>\$3,693,100</u>	<u>\$2,574,550</u>	

Utility Funds

Project	2022 Budget	2023 Budget	Significant Non Recurring
Water			
Bituminous Surfaces Rehab Water Plant	\$60,000	\$60,000	
West 70th St East Segment		30,000	
Annual Conservation Landscaping	15,000	15,000	
Annual Well Rehab	130,000	130,000	
Annual Water Main Rehab	200,000	200,000	
Wastewater			
Sump Pump Collection Systems	50,000	50,000	
Lift Station Rehabilitation Program	210,000	210,000	
Stormwater			
Pioneer Trail (CSAH 1)		250,000	X
Dell Road (Crestwood Terrace to CSAH 61)		1,300,000	X
Sump Pump Collection Systems	50,000	50,000	
West 70th St East Segment		80,000	
Stormwater Quality Improvement Projects	475,000	150,000	
Creek and River Restoration Projects	275,000	125,000	
General Repairs and Maintenance	225,000	200,000	
Annual Road Drainage Improvements	275,000	200,000	
Total	\$1,965,000	\$3,050,000	



Significant Non-Recurring Capital Projects

West 70th Street East Segment — \$1,400,000

This section of West 70th Street is currently a standard industrial street section. The project is needed to match this existing section to the new extension of West 70th Street to the west, and the Light Rail plaza area. The project will also provide improved multimodal access for area businesses and will serve the proposed Golden Triangle Light Rail station. It will include multiuse sidewalks and streetscape improvements.

Operating Budget Impact — It will result in additional roadway pavement and new trails/sidewalks requiring standard maintenance.

Fire Station 1 Emergency Operations — \$100,000

The current emergency operations command center located at Fire Station 1 is not an effective overall space and does not provide continuity of operations. The project will add an audio-visual system, monitors, white boards and redundant fiber connection.

Operating Budget Impact — Future replacement cost of the audio-visual system and monitors.

Flying Cloud Fields Regrading — \$275,000

The youth soccer field surfaces at the Flying Cloud Fields athletic complex require regrading to improve the turf condition and player safety. There are currently 15 acres of turf soccer fields at this location accommodating 25 youth fields. The turf is uneven in multiple locations, especially in the goal areas. The fields will be regraded and leveled for better drainage, turf condition and safer play.

Operating Budget Impact — No additional maintenance costs.

Staring Lake Amphitheatre Renovation — \$200,000

Sets are currently built off-site and transported to the park for summer play performances. The sets, props and performance materials are stored in an unsecured space. Renovation of the amphitheater will increase storage, workspace and set production efficiency.

Operating Budget Impact — No additional maintenance costs; reduced costs related to transportation of sets.

Round Lake Park Building Reconstruction — \$1,250,000

Many areas do not meet current building code requirements and spaces are too small for use. This project will replace the park building to accommodate larger groups, increase storage and update the building layout to improve accessibility.

Operating Budget Impact — Increased utility costs could be added due to the larger building footprint.

Staring Lake Trail Bridge Replacement — \$150,000

The existing bridges are nearing the end of their useful lives and are too narrow for maintenance equipment to cross. Two bridges will be replaced around the Staring Lake loop trail, widening them to 10 feet.

Operating Budget Impact — No additional maintenance costs.

Miller Park Indoor Sports Facility — \$150,000

With continued popularity of tennis and pickleball, there are numerous requests for year-round court space. The demand for pickleball at the Community Center outpaces the space. Construction of a year-round facility would relieve much of this demand and allow the Community Center gyms to be programmed for a wider variety of

activities. An indoor court facility would be constructed at the current location of the tennis and basketball courts at Miller Park. Access to the building would be controlled remotely. Residents would be able to reserve space for tennis, pickleball and basketball. Youth athletic associations may also reserve time for early spring practice.

Operating Budget Impact — Additional utility costs would be added to the budget for heating, air, lighting and security. In addition, there may be modest increases to the budget for building and property insurance.

Negotiations Van — \$100,000

With mental health crisis calls increasing, a negotiations vehicle will allow the Crisis Team to effectively respond to incidents with emotional and suicidal individuals.

Operating Budget Impact — Additional costs for insurance, fuel and maintenance of the van.

Miller Park Lighting Conversion — \$525,000

The current athletic field lights are over 20 years old and expensive to maintain. Conversion of the lights to LED will save on future operating costs.

Operating Budget Impact — Reduction in lighting costs.

Zambonis — \$310,000

This project will replace two gas-powered Zambonis with electric, which will aid in meeting more stringent air quality testing requirements and aligns with the City's sustainability initiatives.

Operating Budget Impact — Replacement of gas costs with electric.

Maintenance Facility Parking Lot — \$300,000

The asphalt at this location is beyond useful life and failing. It requires replacement from native soil to parking surface. A mill and overlay study was completed and determined the lot needs to be torn out and completely replaced.

Operating Budget Impact — Additional operating costs are not expected as this is an existing lot.

Replace Air Handling Unit, Rink 1 — \$115,000

The unit is original to the rink and beyond useful life. Air handling units and exhaust systems for ice rinks have restrictive limits for carbon dioxide and nitrogen dioxide.

Operating Budget Impact — The new unit will be more energy efficient than the original leading to possible reduction in energy costs.

Police Body Cameras — \$175,000

Body cameras for patrol and liaison officers to promote officer safety, gather evidence and augment officer transparency.

Operating Budget Impact — Staffing time to process additional video data is expected to be absorbed within the existing records unit. In addition, annual technology maintenance costs of approximately \$63,000 per year will be added to the operating budget.

Pioneer Trail (CSAH 1) Stormwater Improvements — \$250,000

This project would upgrade a rural two-lane roadway to an urban two-lane roadway. Turn lanes would be added along with an 8-foot trail. Sanitary sewer, stormwater and water will be extended for future development.

Operating Budget Impact — Total reconstruction will restart the lifecycle of the pavement. Additional maintenance costs for striping, seal coating and overlays are modest.

Dell Road (Crestwood Terrace to CSAH 61) Stormwater Improvements — \$1,300,000

An upgrade of an existing rural unimproved roadway to a two-lane urban collector street with curb and gutter, storm sewer facilities, trail extension to Flying Cloud Drive, creek crossing and a pedestrian underpass.

Operating Budget Impact — New pavement eliminates the need for frequent gravel and grading. The new roadway and utilities will be added to our standard preventative maintenance programs.

DEBT



Debt

The City of Eden Prairie strategically uses debt to provide consistency in its high quality of municipal services, without subjecting residents and business to dramatic spikes and declines in taxes. From 2022 to 2023, debt payments supported by the tax levy are projected to remain approximately 4% to 5% of the General Fund budget. The City has a policy of maintaining a percentage of 5% to 15% of the general fund budget as this is considered a moderate debt burden.

Moody's Investors Service has assigned its highest rating, Aaa, to the City of Eden Prairie's bonds for every debt issue since 2003. Standard and Poor's Financial Services has also assigned its highest rating of AAA to the City of Eden Prairie's bonds outstanding. This ensures the City receives the most competitive interest rates. The City's bond ratings reflect Eden Prairie's extensive and diversified tax base, low amount of rapidly amortized debt and capably managed operations. Of the 854 cities in Minnesota, there are only 12 rated Aaa by Moody's Investors Service and 19 rated AAA by Standard and Poor's Financial Services.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

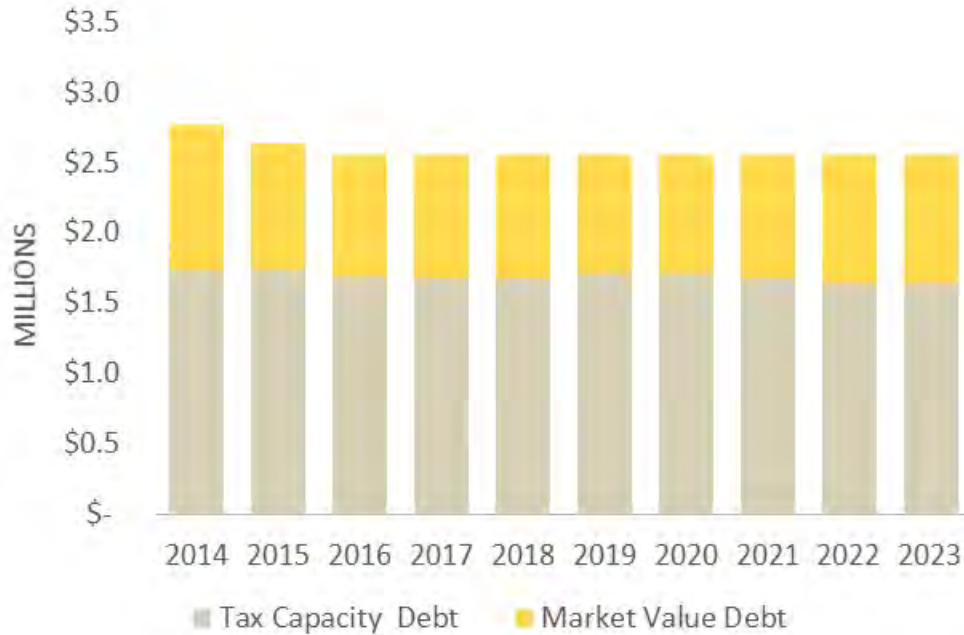
The City also issues assessment debt with governmental commitment to provide funds for the construction of streets and utilities. These bonds are repaid from amounts levied against the property owners who benefit from this construction. If a deficiency exists because of unpaid or delinquent assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. Assessment debt with governmental commitment has been issued for governmental activities.

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

The City also issues general obligation utility revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities. General obligation bonds are paid from charges collected from customers of the utility funds.

The City formally budgets and levies taxes for General Obligation Bonds. General Obligation Bonds include amounts levied against tax capacity and amounts levied against market value. Following is a summary of the total debt levy from 2014 to 2023, and a summary of the tax levy by bond issue for 2021 to 2023:

Debt Levies 2014-2023



Summary of Tax Levy by Bond Issue

2021 to 2023

Debt Levy	2021 Adopted	2022 Adopted	Difference	Percent Change	2023 Proposed	Difference	Percent Change
Debt Levy on Tax Capacity							
2012B SouthWest Fire Station	\$ 280,000	\$ -	(280,000)	(100.0%)	\$ -	\$ -	0.0%
2014 Tax Abatement	1,397,000	1,368,000	(29,000)	0.0%	1,368,000	-	0.0%
2020A Refunding Bonds (SouthWest Fire Station)	-	280,000	280,000	0.0%	280,000	-	0.0%
Sub-total	1,677,000	1,648,000	(29,000)	(1.7%)	1,648,000	-	0.0%
Debt Levy on Market Value							
2012A Parks Referendum	876,000	-	(876,000)	0.0%	-	-	0.0%
2020A Refunding Bonds (Parks Referendum)	-	905,000	905,000	0.0%	905,000	-	0.0%
Sub-total	876,000	905,000	29,000	3.3%	905,000	-	0.0%
Total	\$ 2,553,000	\$ 2,553,000	\$ -	0.0%	\$ 2,553,000	\$ -	0.0%

Legal Debt Margin

Minnesota Statute limits the amount of debt the City may issue to 3% of the assessor's market value of the City's tax base. The assessor's 3% market value less net debt is referred to as the legal debt margin. The following table shows the legal debt margin on Dec. 31, 2020.

Estimated Market Value ('19/'20) \$ 11,121,835,000

Legal Debt Margin:

Debt Limit: 3% of Market Value 333,655,050

General Obligation Bonds 13,227,541

Tax Abatement Bonds 15,306,879

Deductions:

Amt available for repayment of bonds 8,730,968

Total debt applicable to limit 19,803,452

Legal debt Margin \$ 313,851,598

As a % of debt limit 94.1%

As can be seen from the table, the City is significantly under the legal debt limit. This puts the City in a secure position because debt can be issued if necessary.

Long-Term Debt

On Dec. 31, 2021, the City's net tax supported debt outstanding was \$4,891,000 of General Obligation Bonds and \$26,030,000 of Tax Abatement Bonds, and total debt was \$44,461,000. In December 2021 the City refinanced the Tax Abatement Bonds which will be fully refunded in January 2022. Projected changes in bonds payable during 2022 and 2023 are summarized below.

	Balance 01/01/22	Addition	Retired	Balance 01/01/23	Addition	Retired	Balance 01/01/24
Governmental Activity:							
General Obligation Bonds	\$ 4,891,000	\$ 750,000	\$ 1,218,000	\$ 4,423,000	\$ 1,600,000	\$ 1,218,000	\$ 4,805,000
Tax Abatement Bonds	26,030,000	-	14,090,000	11,940,000	-	755,000	11,185,000
G.O. Special Assess. Bonds	2,575,000	-	488,000	2,087,000	-	498,000	1,589,000
G.O. Utility Revenue Bonds	10,965,000	-	350,000	10,615,000	-	620,000	9,995,000
Total	\$44,461,000	\$ 750,000	\$ 16,146,000	\$ 29,065,000	\$ 1,600,000	\$ 3,091,000	\$ 27,574,000

The City plans to issue debt for fire engines beginning in 2022 thru 2027 and also a Police Department remodel in 2025. See schedule below for future issuance of debt.

Year	Amount	Year	Amount
2024	\$1,700,000	2026	\$825,000
2025	\$14,650,000	2027	\$1,500,000

The timing of the purchase and bond issuance could change.

Below summarizes debt outstanding at the end of each year from 2022 to 2038. Within the next 10 years, 82% of the City's debt will be paid.

Summary of Debt Outstanding
(Amounts in Thousands)



Annual debt service payments to maturity for all debt and future interest outstanding as of Jan. 1, 2022, are as follows (in thousands of dollars):

Governmental Activity:

Years Ending 12/31	Assessment Debt with Govt Commitment								
	G.O.Bonds		Improv Bonds		Tax Abatement Bonds		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 1,218	\$ 41	\$ 488	\$ 47	\$ 14,090	\$ 487	\$ 15,796	\$ 575	
2023	1,218	31	498	38	755	378	2,471	447	
2024	1,216	21	498	29	830	347	2,544	397	
2025	1,239	11	376	22	720	316	2,335	349	
2026	-	-	105	17	755	286	860	303	
2027	-	-	105	15	775	256	880	271	
2028	-	-	105	12	800	224	905	236	
2029	-	-	100	9	1,135	186	1,235	195	
2030	-	-	100	7	955	144	1,055	151	
2031	-	-	100	4	995	109	1,095	113	
2032	-	-	100	1	1,025	79	1,125	80	
2033	-	-	-	-	1,050	53	1,050	53	
2034	-	-	-	-	1,060	32	1,060	32	
2035	-	-	-	-	1,085	11	1,085	11	
Total	\$ 4,891	\$ 104	\$ 2,575	\$ 201	\$ 26,030	\$ 2,908	\$ 33,496	\$ 3,213	

Enterprise Activity:

Years Ending 12/31	Revenue Debt with Govt Commitment	
	Utility Bonds	
	Principal	Interest
2022	\$ 350	\$ 251
2023	620	294
2024	665	272
2025	685	249
2026	710	226
2027	735	202
2028	575	180
2029	595	159
2030	615	137
2031	640	117
2032	660	100
2033	675	84
2034	685	70
2035	700	56
2036	715	41
2037	735	26
2038	300	15
2039	305	7
Total	<u>\$ 10,965</u>	<u>\$ 2,486</u>



GENERAL FUND DEPARTMENT SUMMARIES

General Fund Department Summaries

Administration

Description of Operations

Administration includes the City Council, Office of the City Manager, Legal Counsel, Property and Workers' Compensation Insurance, City Clerk, Communications, Finance, Human Resources, Facilities and Information Technology divisions. Facilities, Information Technology and Property and Workers' Compensation Insurance budgets are detailed in the Internal Service Fund section of this document. All other Administration functions are included within the General Fund.



The functions of the Administration divisions range from managing the City's facilities and technology needs to external communication and the City budget. Records management, elections and boards and commissions are also part of the Administration Department. Each division also supports the City's core service departments.

The City of Eden Prairie operates under a statutory Plan B form of government with a council-manager system, with day-to-day administrative duties led by the City Manager. The City Council delegates all administrative duties to the City Manager, who is accountable to the Council for the effective administration of City business.

State law requires each City to retain an attorney. The City Manager — with consent of the Council — appoints the City Attorney. Since 1978, the City has retained the services of Gregerson, Rosow, Johnson & Nilan.

The **City Clerk** is responsible for administration of elections, official records management and city code maintenance.

Communications manages the internal and external communications of the City including marketing and community engagement.

Finance oversees all financial activity including capital improvement planning, budget coordination, debt management, investments and liquor operations. More information about Eden Prairie Liquor is available in the liquor fund section of this document.

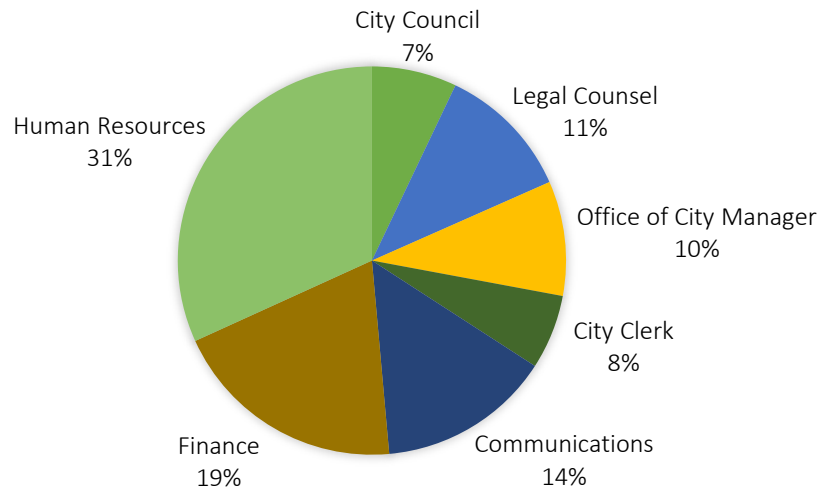
Human Resources is responsible for labor relations, compensation and benefits, training, organizational development and support services.

Budgeted Positions

Administration	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Office of City Manager	2.0	2.0	2.0	2.0
City Clerk	2.0	2.0	1.0	1.0
Communications	3.5	3.5	3.5	3.5
Finance	5.5	5.5	5.5	5.5
Human Resources	9.8	9.8	9.8	9.8
Total FTEs	22.8	22.8	21.8	21.8

Financial Information

% OF ADMINISTRATION BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$2,707,152	\$2,665,417	\$ 2,867,262	\$ 201,845	\$2,797,362	\$(69,900)
Supplies	98,904	118,885	116,760	(2,125)	118,835	2,075
Contractual Services	1,057,470	1,234,837	1,309,896	75,059	1,328,952	19,056
User Charges	682,974	700,398	738,730	38,332	763,876	25,146
Capital under \$25,000	610	-	-	-	-	-
Total	<u>\$ 4,547,110</u>	<u>\$ 4,719,537</u>	<u>\$ 5,032,648</u>	<u>\$ 313,111</u>	<u>\$ 5,009,025</u>	<u>\$(23,623)</u>
Percent Change				6.6%		(0.5%)

Personnel Services (wages and benefits) are increasing \$201,845 or 7.6% for 2022. A large portion of the increase, \$165,000, is due to the hiring of part-time staff for the 2022 election. The 2023 personnel services budget reduction reflects the removal of the election staff.

Supplies are decreasing \$2,125 in 2022 to better reflect actual expense trends during 2020 and 2021. A 1.8% increase is projected for 2023.

Contractual Services are increasing 6.1% or \$75,059 in 2022 due to election ballot printing and legal expenses. The 2023 budget for this category is increasing 1.5% due to legal expenses.

User Charges account for the Internal Service Fund expenditures. These charges represent Administration's share of Facilities, Information Technology, and Property and Workers' Compensation insurance. Every two years user charge allocation methods are reviewed and adjusted to more accurately reflect service levels provided. Due to this adjustment, the 2022 user charge is increasing \$38,332 or 5.5% for 2022 and 3.4% for 2023. The driving factor for this increase is related to Information Technology expenses.

Goals, Objectives and Measures

Administration Goals, Objectives and Measures				
	2018 Actual	2020 Actual	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Mitigate risk and liability to the City through site-specific training, safety committee meetings and annual training. These strategies allow the City to maintain a workers' compensation experience modification rating less than the industry average (1.0), which results in reduced insurance premiums.	0.62	0.59	<1.0	Human Resources
Maintain high resident ratings of excellent or good on the overall quality of life in Eden Prairie	95%	93%	95%	Office of the City Manager
Goal — Economic Vitality				
Objectives				
Maintain highest available bond rating from Moody's, and Standard and Poor's	Aaa AAA	Aaa AAA	Aaa AAA	Finance
Maintain moderate debt burden of 5-15% of the general fund budget per City policy	6%	5%	5- 15%	Finance
Preserve and expand capital that is sustainable and affordable by preparing a fiscally balanced budget and 10-year balanced Capital Improvement Plan	Yes	Yes	Yes	Finance
Goal — High-Quality Efficient Services				
Objectives				
Maintain or increase resident ratings of excellent or good on ease of use of the City website at or above national benchmarks	71%	70%	72%	Communications
Maintain or increase percentage of residents who consider website preferred City information source	77%	84%	85%	Communications
Maintain or increase percentage of residents who consider "Life in the Prairie" newsletter preferred City information source	75%	74%	75%	Communications
Maintain resident ratings of excellent or good on quality of overall employee customer service	92%	92%	93%	Office of the City Manager
Maintain the employee partnership survey job likability response and a positive, engaged and passionate work culture by continuing stay interviews, training/development programs, respectful workplace training and wellness initiatives	92%	96%	95%	Human Resources
Goal — Sense of Community				
Objectives				
Maintain or increase percentage of residents who access City website	66%	73%	75%	Communications
Maintain or increase annual email/text engagement rate	66%	80%	82%	Communications

Community Development

Description of Operations

The Community Development Department supports the long-term vitality of the City through land-use planning, development review, business, housing and community service support needs, and responsible property valuations. It includes Administration, Assessing, Economic Development, Housing and Community Services, and Planning.

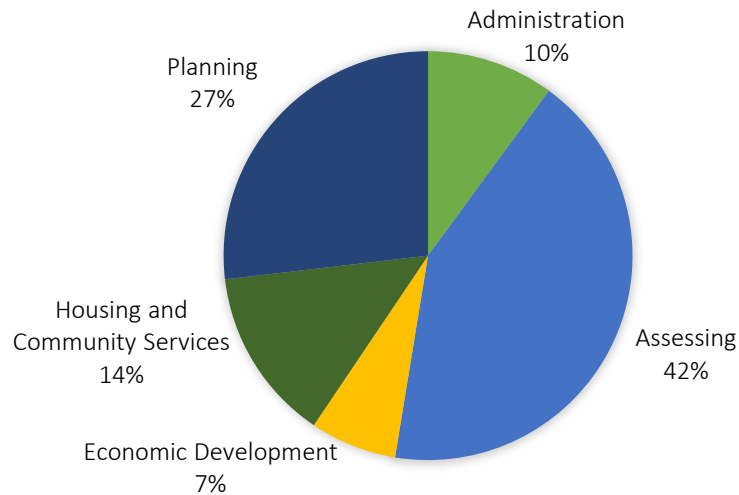
- Community Development Administration oversees the divisions, represents the department at City Council meetings, coordinates special projects, and takes an active role in LRT planning, and negotiating and funding large redevelopment projects.
- Assessing establishes annual property valuations, inspects all properties once every five years per state law, provides staff support to the Board of Appeal and Equalization, and represents the City in Minnesota Tax Court matters.
- Economic Development provides services promoting business growth, development and redevelopment, advocates for transportation infrastructure improvements and helps developers navigate the development review process.
- Housing and Community Services is responsible for affordable housing initiatives, rehabilitation loan programs, human service coordination and agency contracts, and cultural assistance. Staff members support the Human Rights and Diversity Commission, Property Managers Group and Housing Task Force.
- Planning performs zoning code updates, development, sign permit and telecommunication reviews, and overall comprehensive planning for the City. The Aspire Eden Prairie 2040 comprehensive plan was approved by the Metropolitan Council in August 2019 and adopted by the City Council in October 2019. Staff members support the Planning and Heritage Preservation commissions.

Budgeted Positions

Community Development	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Administration	2.0	2.0	2.0	2.0
Assessing	7.0	7.0	7.0	7.0
Economic Development	1.0	1.0	1.0	1.0
Housing and Community Services	2.0	2.0	2.0	2.0
Planning	4.8	4.8	5.0	5.0
Total FTEs	16.8	16.8	17.0	17.0

Financial Information

% OF COMMUNITY DEVELOPMENT BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$ 1,820,731	\$ 1,923,441	\$ 1,996,041	\$ 72,600	\$ 2,078,535	\$ 82,494
Supplies	13,434	15,430	16,290	860	16,590	300
Contractual Services	274,479	235,985	308,080	72,095	293,030	(15,050)
User Charges	321,409	331,539	327,011	(4,528)	338,534	11,523
Capital Outlay	1,559	-	-	-	-	-
Total	<u>\$ 2,431,612</u>	<u>\$ 2,506,395</u>	<u>\$ 2,647,422</u>	<u>\$141,027</u>	<u>\$2,726,689</u>	<u>\$ 79,267</u>
Percent Change				5.6%		3.0%

Personnel Services are budgeted to increase 3.8% in 2022 and 4.1% in 2023 due to base salary and step increases as well as a 0.2-FTE increase in Planning to better meet the division's service needs.

Supplies are increasing 5.6% in 2022 and 1.8% in 2023. The increase is due to postage for property tax valuation notices.

Contractual Services are increasing \$72,095 or 30.6% for 2022. Increases are due to special area studies for the Aspire Eden Prairie 2040 plan implementation as well as a business survey. A reduction of \$15,050 is expected for 2023 due to the removal of the one-time business survey in 2022.

User Charges are decreasing \$4,528 in 2022 due to allocation cost adjustments in the Facilities charges for Assessing and Planning. An increase of \$11,523 or 3.5% is expected in 2023.

Overall, the Community Development budget is increasing 5.6% for 2022 and 3% for 2023 primarily for personnel services.

Goals, Objectives and Measures

Community Development Goals, Objectives and Measures				
	2018 Actual	2020 Actual	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Maintain the City's affordable housing score by preserving and developing affordable housing and implementing an inclusionary housing policy into City developments. The Housing Opportunities Amount Score (ALHOA) assesses local efforts to maintain and support low- and moderate-income households. The score ranges from 0 (lack of housing activity) to 100 (outstanding performance)	85	100	100	Housing and Community Services
Goal — Economic Vitality				
Objectives				
Support a prosperous economic base for business growth and development by implementing Aspire Eden Prairie 2040, the City's comprehensive plan, ensuring code amendments and rezoning of properties are consistent with the 2040 plan	n/a	Yes	Yes	Planning
Maintain the percentage of Eden Prairie businesses satisfied with the City's decision-making process. Business survey results help identify wants and needs of the City's business community	90%	90%	90%	Economic Development
Prioritize projects supporting business growth and preserve affordable housing through update of the Housing and Economic Development Strategic Plan 2021-2025. This plan is updated every five years	n/a	n/a	Yes	Community Development Administration
Maintain a strong employment base (total # of jobs) by continuing business meet and greets, coordinating annual Open to Business contracts, supporting business retention, expansion, rehabilitation and renovation	62,758	57,505	60,000	Economic Development
Goal — High-Quality Efficient Services				
Objectives				
Implement electronic review of land use applications	n/a	n/a	Yes	Planning
Meet state mandated ratio of property valuation versus property sale purchase between 90-105%	Yes	Yes	Yes	Assessing
Goal — Innovative and Sustainable Practices				
Objectives				
Facilitate approval and implementation of eco-innovation and industrial flex tech zoning districts in accordance with the City's comprehensive plan	n/a	n/a	Yes	Planning Community Development Administration

Parks and Recreation

Description of Operations

The Parks and Recreation Department provides the community with comprehensive recreational amenities and programming. This includes parks and trails planning and development, facilities maintenance, forestry, leisure services programming and special events.

A goal of the department is to enhance the quality of life in the City and promote a stronger sense of community among residents and businesses. The Parks and Recreation Department includes Administration, Parks and Natural Resources, Recreation Services and the Community Center.



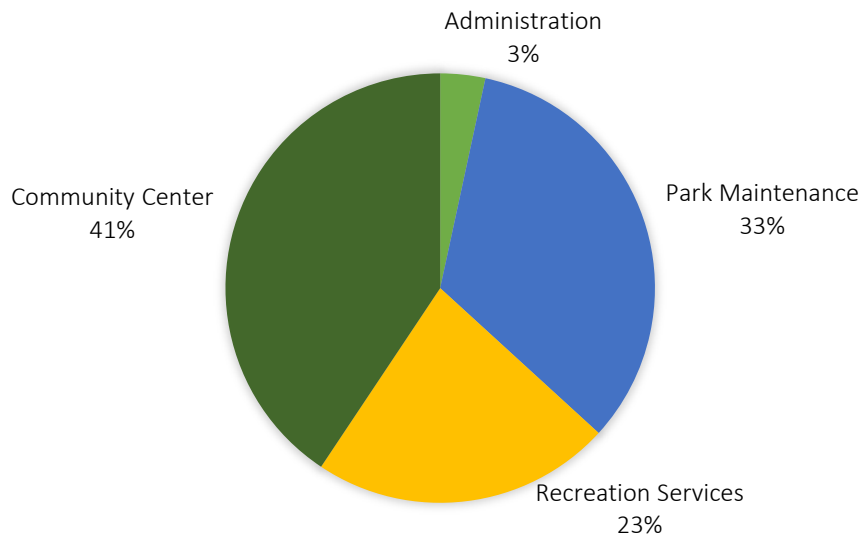
- Administration supervises the entire operation, leads park acquisitions, and provides department planning and budgeting.
- Parks and Natural Resources provides forestry, wildlife and natural resources management, park and trail maintenance, and cemetery administration.
- Recreation Services coordinates the programming of all areas including youth and family programs, organized athletics, community art events, therapeutic recreation and Art Center, Senior Center and Outdoor Center classes.
- The Community Center manages and operates a 239,000-square-foot facility including three ice arenas, three indoor pools, gyms, courts, fitness center and cardio equipment. Round Lake and Riley Lake beaches, and park rental facilities are also managed by the Community Center.

Budgeted Positions

Parks and Recreation	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Administration	2.0	2.0	2.0	2.0
Park Maintenance	20.0	20.0	21.0	21.0
Recreation Services	7.6	7.6	7.6	7.6
Community Center	6.5	6.5	6.5	6.5
Total FTEs	36.1	36.1	37.1	37.1

Financial Information

% OF PARKS AND RECREATION BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$ 5,288,066	\$ 6,529,863	\$ 6,982,296	\$ 452,433	\$ 7,253,666	\$ 271,370
Supplies	389,437	501,950	516,225	14,275	524,200	7,975
Contractual Services	717,540	1,480,487	1,475,990	(4,497)	1,501,539	25,549
User Charges	4,583,172	4,729,073	4,841,491	112,418	4,992,501	151,010
Capital under \$25,000	106,269	193,500	247,500	54,000	200,200	(47,300)
Total	\$ 11,084,484	\$ 13,434,873	\$ 14,063,502	\$ 628,629	\$ 14,472,106	\$ 408,604
				4.7%		2.9%

Personnel Services are projected to increase \$452,433 or 6.9% in 2022 and \$271,370 or 3.9% in 2023 due to base salary and step increases. Continued market analysis for part-time employees is resulting in minimum wage increases to remain competitive, recruit and retain staff. An additional 1.0 FTE was added in 2022 for a forestry position.

Supplies are increasing \$14,275 or 2.8% in 2022 and projected to increase \$7,975 or 1.5% for 2023. These increases are primarily driven by community outreach and increasing programs at the Art Center.

Contractual Services are decreasing \$4,497 in 2022 and slightly increasing by \$25,549 or 1.7% in 2023. Reductions in 2022 are noted in deer consultant fees, equipment maintenance, special event fees and printing for promotional brochures. Slight increases are expected in 2023 in utility expenses (electric, gas, waste disposal), community celebrations such as the Summer Concert Series, PeopleFest!, Arts in the Park and specialty fitness programs.

User Charges are budgeted to increase \$112,418 or 2.4% for 2022 and 3.1% for 2023. These increases are primarily related to increased information technology expenses with additional equipment expected in park building locations as well as increased access to internet in parks.

Capital under \$25,000 is projected to increase \$54,000 or 27.9% in 2022 and decrease 19.1% in 2023. This is the result of new fitness equipment purchases at the Community Center.

Goals, Objectives and Measures

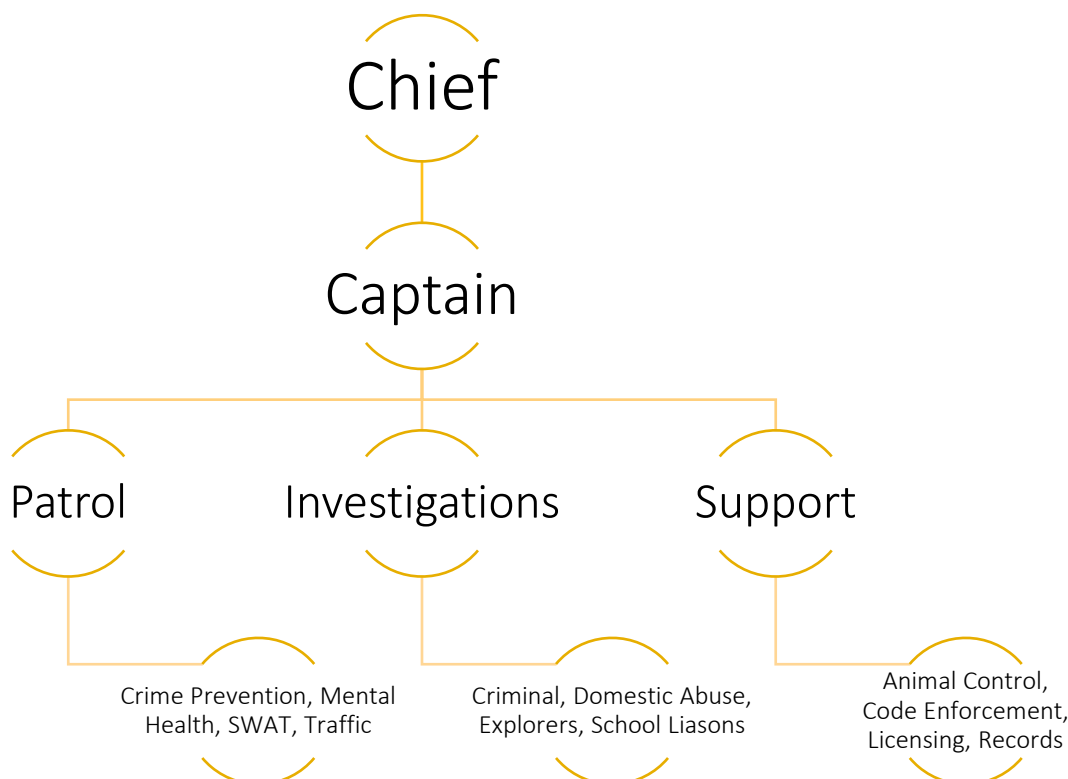
Parks and Recreation Goals, Objectives and Measures				
	2018 Actual	2020 Actual*	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Maintain the number of annual Community Center visits by including adaptive swim lessons and removing barriers to participation	899,000	400,000	600,000	Community Center
Expand opportunities for outdoor fitness	n/a	n/a	Yes	Community Center
Add missing trail and sidewalk links identified in the City's pedestrian and bicycle plan	Yes	Yes	Yes	Park Maintenance
Goal — High-Quality Efficient Services				
Objectives				
Increase Senior Center visits by improving the physical space and equipment to provide for lifelong learning needs, and the physical/social well-being of older adults	31,900	5,800	15,000	Recreation Services
Maintain Art Center visits by continuing to offer improved programming	4,171	1,936	3,000	Recreation Services
Goal — Preserved and Beautiful Environment				
Objectives				
Convert turf areas to pollinator-friendly native plants	n/a	n/a	Yes	Park Maintenance
Protect urban forest from emerald ash borer by removing infested trees and replacing with diverse species	245 trees	889 trees	275 trees	Park Maintenance
Maintain high resident ratings on the overall appearance of Eden Prairie	95%	93%	95%	Administration Park Maintenance
Maintain high resident ratings of excellent or good on quality of large community parks	96%	97%	96%	Administration Park Maintenance
Maintain resident ratings of excellent or good on quality of small neighborhood parks	91%	96%	96%	Administration Park Maintenance
Goal — Sense of Community				
Objectives				
Maintain Community Center memberships by serving and attracting new populations with membership retention programs, sensory-friendly events and virtual programs	2,608	1,683	>2,200	Community Center
Maintain resident ratings of excellent or good on quality rating of recreation services	92%	91%	92%	Recreation Services Community Center
Enhance PeopleFest! event to increase the number of cultures and experiences represented by convening multiple partner agencies	n/a	n/a	Yes	Recreation Services
Improve resident ratings of excellent or good on Eden Prairie's sense of community	68%	69%	75%	All Park and Recreation Divisions

*Parks and Recreation facilities were closed during 2020 due to the coronavirus pandemic.

Police

Description of Operations

The Police Department protects and serves the community through active and professional engagement. The department is committed to providing customized service, exercising discretion and fairness in enforcement, building public trust and promoting the professional development of its force.



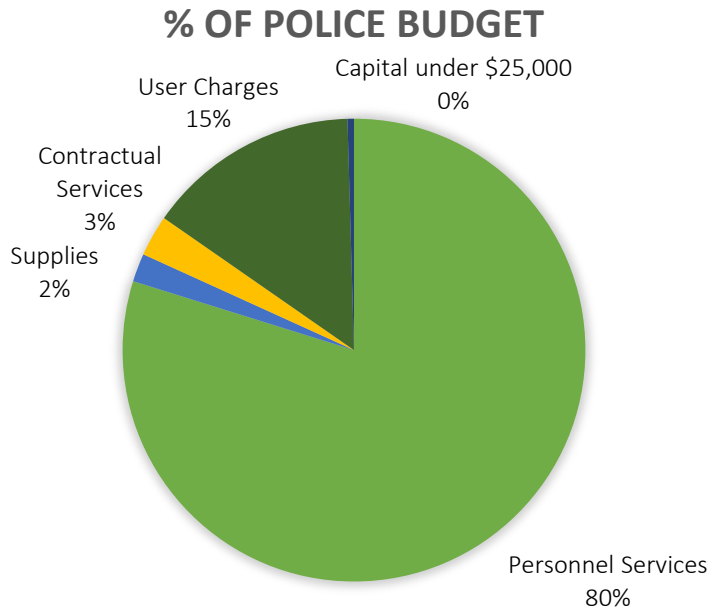
Budgeted Positions

Police	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Administration	24.0	24.0	25.0	25.0
Officers	69.5	70.5	70.5	71.5
Total FTEs	93.5	94.5	95.5	96.5

Administration includes 911 emergency dispatch services, records, licensing and community service officers. Eden Prairie Police operates its own dispatch center allowing for enhanced, personalized customer service. The dispatch center answers approximately 50,000 calls for service annually. The Animal Control Unit responds to nearly 2,000 calls for service annually dealing with domestic, wild and livestock animal concerns.

The Patrol Division includes eight units serving the needs of the community by protecting victims and apprehending criminals. The Crime Tech Unit includes a sergeant and eight officers specially trained to process evidence from crime scenes including fingerprints, shoe prints and DNA. The Crisis Intervention Team includes a sergeant and four officers specially trained in crisis intervention techniques. The Domestic Abuse Response Team includes one sergeant and seven officers trained to help domestic abuse victims.

Financial Information



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$ 12,382,308	\$ 13,038,984	\$ 13,878,624	\$ 839,640	\$ 14,643,234	\$ 764,610
Supplies	295,546	338,700	343,500	4,800	362,500	19,000
Contractual Services	255,488	434,415	499,969	65,554	510,969	11,000
User Charges	2,366,748	2,458,662	2,587,782	129,120	2,635,917	48,135
Capital under \$25,000	57,104	76,000	78,500	2,500	81,000	2,500
Total	\$ 15,357,194	\$ 16,346,761	\$ 17,388,375	\$ 1,041,614	\$ 18,233,620	\$ 845,245
Percent Change				6.4%		4.9%

Personnel Services are increasing \$839,640 or 6.4% in 2022 and \$764,610 or 5.5% in 2023. These additions are due to salary and step increases, the addition of 2.0 FTEs, and an increase in overtime pay. The additional 2.0 FTEs is to ensure two dispatchers are always on duty and to add a Police Officer with K-9 explosives detection.

Supplies are increasing \$4,800 or 1.4% in 2022 and \$19,000 or 5.5% in 2023. The increase in 2023 is a result of an additional K-9 unit and anticipated increase of uniform costs.

Contractual Services are increasing \$65,554 or 15.1% in 2022 for a new fitness testing initiative and access to a data service for investigations. The budget is increasing 2.2% for 2023.

User Charges are increasing \$129,120 or 5.3% for 2022 and \$48,135 or 1.9% for 2023. Most of this increase is related to the Information Technology user charge due to increasing costs of police software, the addition of body cameras, a new ticket writer, drone maintenance and the addition of several devices (desktops, laptops and iPads).

Capital under \$25,000 is increasing \$2,500 or 3.3% for 2022 and 2023 due to expected increases in the cost of equipment. Typical items purchased include tasers, radar and ballistic plates.

Goals, Objectives and Measures

Police Goals, Objectives and Measures				
	2018 Actual	2020 Actual*	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Maintain high resident rating on overall feeling of safety	94%	92%	97%	All Police Divisions
Maintain traffic safety program by researching and implementing a portable license plate reader. Measure overall traffic stops which detect and deter crime	17,236	8,719	16,000	Patrol
Maintain safe roadways. Measure number of DWI arrests	214	260	275	Patrol
Research fitness testing for existing officers	n/a	n/a	Yes	Support
Create a team to respond to high-density areas and events including light rail, the mall and airport	n/a	n/a	Yes	Patrol
Continue senior liaison events, such as Coffee with Cops, lunches and meetings at senior buildings to reduce crimes against seniors	62	15	75	Investigations
Continue support of “Night to Unite” summer neighborhood parties to celebrate and strengthen the commitment to keeping our City safe	165	n/a	185	All Police Divisions
Goal — High-Quality Efficient Services				
Objectives				
Maintain high resident ratings or excellent or good on overall quality of Police Department services	94%	92%	95%	All Police Divisions
Maintain high resident ratings of excellent or good on overall quality of contact with Eden Prairie police	92%	92%	95%	All Police Divisions

*Measures affected by the coronavirus pandemic

Fire

Description of Operations

The Fire Department mission is to minimize risk, increase safety and improve the quality of life through education, code compliance and emergency response. The department focuses on a continual cycle of planning, mitigation, and response and recovery activities to ensure a high level of readiness for events impacting the community.



Established in 1967, the department operates four fire stations with a staff of 10 full-time fire employees, 9 full-time building inspections employees, 99 paid on-call firefighters, and several Community Emergency Response Team volunteers. The department areas include Building Inspections, Fire (including Prevention/Inspection, Suppression and Emergency Response), Emergency Management and Public Safety Communications.

- Building Inspections is primarily responsible for code compliance. This division ensures buildings are constructed safely in accordance with state and local building and fire codes. Activities include plan review, on-site inspections, occupancy approvals, permit issuance and fee collection.
- Fire includes fire and life safety business inspections, rental housing licensing and inspection, hazmat facility permitting and inspection, fire investigations, public education activities, responding to emergencies including medical emergencies, structure fires, hazardous material incidents, rope/trench/confined space rescue, vehicle extrication, structural collapse, ice/water and search/rescue incidents.
- Public Safety Communications manages the overall strategy for Citywide radio infrastructure, subscriber units, security cameras and card access for facility security.
- Emergency Management includes the coordination of the overall mitigation, preparedness, response and recovery for the City. This includes management and support of the emergency operations plan, emergency operation center (EOC) and various training and exercises.

The Eden Prairie Fire Department offers a range of community outreach programs and public services each year. Programs include Night to Unite, public safety open houses, station tours, pop-up splash pad events, business safety training and community EMT. These programs give the public a chance to learn more about the department and its firefighters.

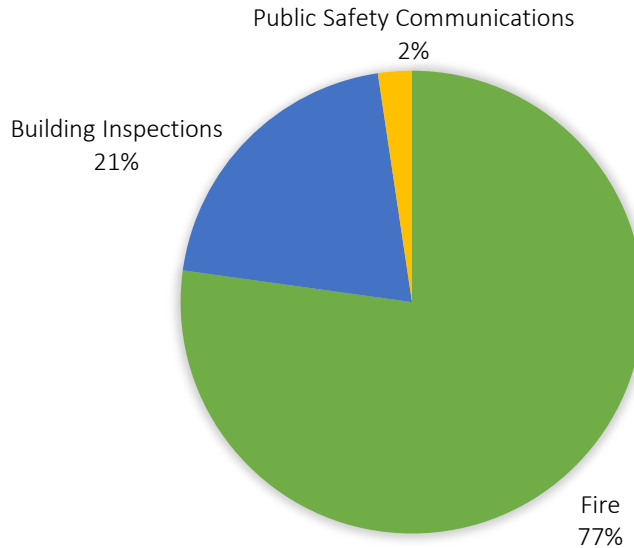
The Home Safety Audit Program is a free service provided by the Fire Department for Eden Prairie residents. Trained volunteers from the Community Emergency Response Team visit homes and provide advice and suggestions to improve the home's overall safety. Safety topics include barbecue grills, candles, carbon monoxide, fire and burn prevention, fireworks and smoke alarms.

Budgeted Positions

Fire	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Administration	9.0	9.0	10.0	11.0
Building Inspections	9.0	9.0	9.0	9.0
Total FTEs	18.0	18.0	19.0	20.0

Financial Information

% OF FIRE BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$ 3,945,136	\$ 4,138,863	\$ 4,299,294	\$ 160,431	\$4,505,111	\$ 205,817
Supplies	541,496	277,920	295,250	17,330	301,650	6,400
Contractual Services	463,340	575,693	577,718	2,025	595,808	18,090
User Charges	1,401,597	1,451,207	1,485,540	34,333	1,527,682	42,142
Capital under \$25,000	26,769	34,000	52,000	18,000	35,000	(17,000)
Total	<u>\$ 6,378,338</u>	<u>\$ 6,477,683</u>	<u>\$ 6,709,802</u>	<u>\$ 232,119</u>	<u>\$6,965,251</u>	<u>\$ 255,449</u>
Percent Change				3.6%		3.8%

Personnel Services are increasing \$160,431 or 3.9% for 2022 due to an additional 1.0 FTE for an Assistant Fire Chief. An increase of \$205,817 or 4.8% is expected for 2023 due to an additional 1.0 FTE for an Administrative Assistant as well as base salary and step increases.

Supplies are increasing \$17,330 or 6.2% for 2022 due to City AED battery and pad replacement, postage for inspection notices, and equipment repair costs on aging apparatus and extrication equipment. An increase of 2.2% is included for 2023.

Contractual Services are increasing \$2,025 or 0.4% for 2022. An increase of \$18,090 or 3.1% is projected for 2023 due to replacement of the outdoor warning siren and health surveillance evaluations for all firefighters.

User Charges are increasing \$34,333 or 2.4% for 2022 and \$42,142 or 2.8% for 2023. The support of additional devices (iPads and laptops) was added to the Information Technology user charge resulting in increased expenses to Fire. In addition, the Facilities user charge is increasing due to cleaning of the fire stations.

Capital under \$25,000 is increasing \$18,000 for 2022 due to the addition of new computers for building inspectors. The decrease noted in 2023 is a result of the computers being removed from the 2023 budget.

Goals, Objectives and Measures

Fire Goals, Objectives and Measures				
	2018 Actual	2020 Actual	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Maintain high resident ratings of excellent or good on quality of emergency response time	96%	98%	99%	Fire Public Safety Communications
Partner with businesses and organizations to provide health and wellness training such as CPR and AED	Yes	Yes	Yes	Fire
Maintain high resident ratings of excellent or good on quality of Fire Department services	98%	98%	99%	All Fire Divisions
Partner with all City departments to provide an effective All-Hazard Emergency Management System	n/a	n/a	Yes	Fire Emergency Management
Maintain the property value saved from fire index with continued quick response times, improved fire education efforts and increased fire suppression systems	92%	97%	97%	All Fire Divisions
Goal — High-Quality Efficient Services				
Objectives				
Implement electronic plan review	n/a	n/a	Yes	Building Inspections
Increase number of electronic building permits issued to improve efficiency of the permit process for contractors	58%	68%	70%	Building Inspections
Implement Mobile Eyes software for the fire inspections area	n/a	n/a	Yes	Fire
Maintain high quality training for all fire department personnel	Yes	Yes	Yes	All Fire Divisions
Maintain high resident ratings of excellent or good on quality of building inspections	85%	85%	90%	Building Inspections
Goal — Sense of Community				
Objectives				
Host Citywide fire open house	Yes	n/a	Yes	Fire
Continue fireside chats at Eden Prairie Senior Center and appoint a liaison	Yes	Yes	Yes	Fire
Continue development of Safety Camp for 3 rd -graders	Yes	Yes	Yes	Fire
Expand pop-up splash pad community events in spring and summer	Yes	Yes	Yes	Fire
Develop diverse firefighter recruit pool by communicating with school district about EMT/firefighter opportunities	n/a	n/a	Yes	Fire

Public Works

Description of Operations

The Public Works Department constructs and maintains the City's public infrastructure. It is comprised of Engineering, Fleet Services, Streets Maintenance and Utilities. Fleet Services expenses are discussed in the Internal Service Fund section of this document, and Utilities expenses are included in the Enterprise Fund section. All other operations are addressed within the General Fund.



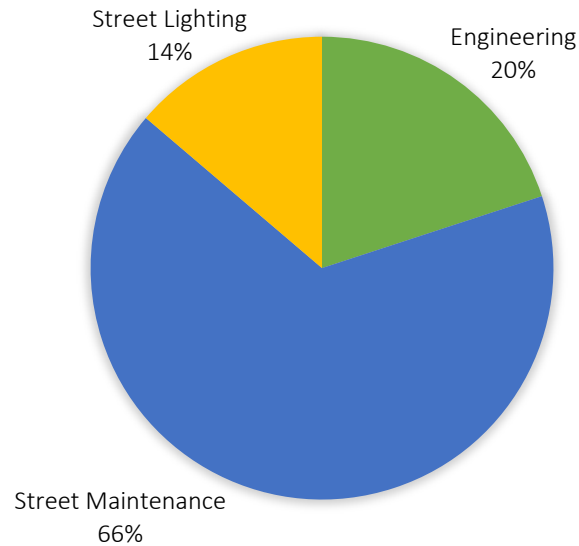
- Engineering oversees the construction of major public infrastructure projects, private development road and utility installations, and is responsible for protecting many of the City's natural resources. In addition, the Engineering Division manages the City's Sustainable Eden Prairie initiative. This program focuses on education and implementation of sustainable practices in energy, landscape, waste and water to protect the environment.
- Streets maintains the City's roadway network of over 230 miles including right-of-way maintenance and repair of street signs and traffic control systems, as well as street lighting maintenance. Activities include asphalt overlay, seal coats, street sweeping, snow/ice control and roadside mowing.

Budgeted Positions

Public Works	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Engineering	7.5	7.5	7.5	7.5
Street Maintenance	15.0	15.0	15.0	15.0
Total FTEs	22.5	22.5	22.5	22.5

Financial Information

% OF PUBLIC WORKS BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$ 2,635,489	\$ 2,838,280	\$ 2,884,002	\$ 45,722	\$ 2,999,038	\$ 115,036
Supplies	456,807	507,210	529,850	22,640	529,850	-
Contractual Services	1,487,140	1,752,330	1,825,450	73,120	1,872,860	47,410
User Charges	1,354,328	1,395,289	1,438,639	43,350	1,477,618	38,979
Capital under \$25,000	57,986	43,350	31,350	(12,000)	43,000	11,650
Total	\$ 5,991,750	\$ 6,536,459	\$ 6,709,291	\$ 172,832	\$ 6,922,366	\$ 213,075
Percent Change				2.6%		3.2%

Personnel Services are increasing \$45,722 or 1.6% for 2022 and \$115,036 or 4% for 2023. A part-time position in the sustainability program for 2022 was moved to the Water Treatment Plant. Increases in 2023 are the result of expected wage adjustments.

Supplies are increasing \$22,640 or 4.5% for 2022 primarily due to rising costs of salt and de-icing liquids. Supplies are projected to remain flat for 2023.

Contractual Services are increasing \$73,120 or 4.2% for 2022 because of the City drop-off day recycling event and the addition of an electric vehicle charger pilot rebate cost share with Xcel Energy. This category is projected to increase \$47,410 or 2.6% for 2023 due to expected increases in street lighting.

User Charges are increasing \$43,350 or 3.1% for 2022 and \$38,979 or 2.7% for 2023 because of the Fleet charge. Fleet Services' share of parts, labor and fuel has increased in the Streets Division.

Capital under \$25,000 is decreasing \$12,000 or 27.7% for 2022. For 2023, these expenditures are increasing \$11,650 or 37.2% due to the purchase of a hydro seeder.

Goals, Objectives and Measures

Public Works Goals, Objectives and Measures				
	2018 Actual	2020 Actual	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Provide and maintain a safe transportation system by keeping roadways clear of snow/ice, performing annual bridge inspections and completing roadway improvements in the CIP	Yes	Yes	Yes	Engineering Streets
Inspect, repair and maintain critical storm drainage infrastructure	Yes	Yes	Yes	Engineering Streets
Goal — High-Quality Efficient Services				
Objectives				
Provide a high-quality, efficient transportation system by implementing new roadway rehabilitation treatments and maintaining a pavement condition index rating of 70 or higher (very good or better)	75	86	>70	Engineering Streets
Maintain resident ratings of excellent or good on overall quality of City streets	87%	87%	90%	Engineering Streets
Improve resident ratings of excellent or good on quality of snow removal	85%	83%	90%	Streets
Goal — Innovative and Sustainable Practices				
Objectives				
Continue residential energy conservation program participation (programs include Saver's Switch, smart thermostat, home energy audits, efficient home construction)	2,837	1,911	2,500	Engineering
Increase the number of renewable energy subscribers	953	1,442	1,500	Engineering
Increase residential renewable electric kilowatt-hour production through expanded use of energy conservation programs	3,384M kWh	4,182M kWh	4,200M kWh	Engineering
Provide means for residents to reduce, reuse and recycle solid waste streams by promoting curbside organics collection, managing the City Yard Waste Site, and planning and hosting the annual Drop-Off Day	Yes	Yes	Yes	Engineering



INTERNAL SERVICE FUND SUMMARY

Internal Service Fund Department Summary

Description of Operations

Internal Service Fund expenses are charged to City departments on a cost-reimbursement basis. This provides a predictable expense stream for those departments and avoids monthly expense fluctuations.

Employee Benefits, Facilities, Information Technology and Property Insurance are Administration Department functions. Fleet Services is part of the Public Works Department.

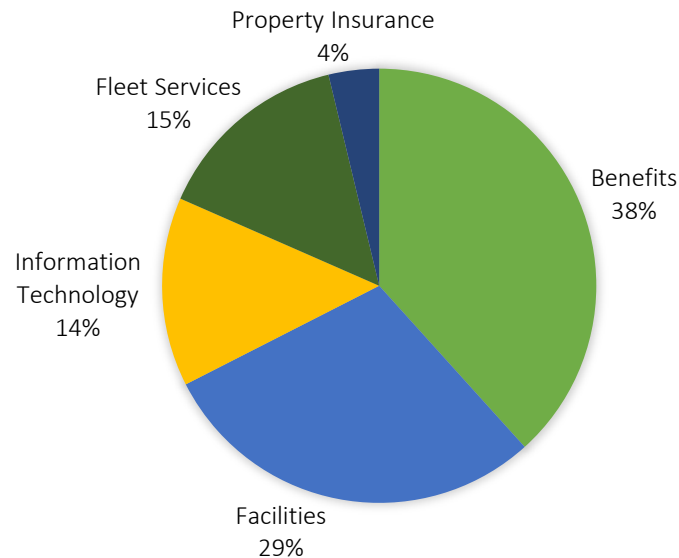
- Employee Benefits includes medical, dental, disability, payroll taxes, public employee retirement (PERA), severance pay and workers' compensation insurance. The City pays public employee PERA benefits for all eligible employees.
- Facilities is responsible for building-related operations, remodeling, and preventive and long-term maintenance of City-owned facilities. These buildings include the City Center, Community Center, Senior Center, Art Center, Outdoor Center, Water Treatment Plant, Maintenance Facility, four fire stations, three liquor stores, 12 park shelters, five historical buildings and the Housing and Community Services office at Eden Prairie Center.
- Information Technology provides strategic technology direction and manages IT governance processes. Network wellness, application development, computer and phone systems, and technology analysis are coordinated and managed by the division.
- Property Insurance includes the cost to insure City-owned buildings and property including fleet vehicles, as well as property and casualty claims.
- Fleet Services provides and maintains a safe, reliable and efficient fleet of nearly 300 vehicles and equipment. Included in the fleet are police and fire vehicles, snowplows and dump trucks.

Budgeted Positions

Department	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Administration				
Information Technology	6.0	6.5	6.5	6.5
Facilities	10.0	10.0	10.0	10.0
Public Works				
Fleet Services	5.0	5.0	5.0	5.0
Total FTEs	21.0	21.5	21.5	21.5

Financial Information

% OF INTERNAL SERVICE FUND BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Personnel Services	\$ 8,906,096	\$ 9,172,543	\$ 9,808,530	\$ 635,987	\$ 10,326,916	\$ 518,386
Supplies	1,182,930	1,499,627	1,514,278	14,651	1,540,268	25,990
Contractual Services	6,467,847	7,356,766	7,724,055	367,289	7,997,662	273,607
User Charges	17,420	18,158	21,606	3,448	23,427	1,821
Capital under \$25,000	534,370	313,703	346,200	32,497	327,300	(18,900)
Depreciation	1,083,905	1,342,520	1,385,440	42,920	1,485,339	99,899
Total	\$ 18,192,568	\$ 19,703,317	\$ 20,800,109	\$ 1,096,792	\$ 21,700,912	\$ 900,803
Percent Change				5.6%		4.3%

Personnel Services are increasing \$635,987 or 6.9% for 2022 and \$518,386 or 5.3% for 2023. More than 75% of the 2022 increase is related to employee health insurance premiums.

Supplies are increasing \$14,651 or 1% for 2022 and \$25,990 or 1.7% for 2023.

Contractual Services are increasing 5% or \$367,289 for 2022 and 3.5% or \$273,607 for 2023. Additions to the budget include software maintenance for police body cameras, a drone and an electronic ticket writer. Property insurance premiums are budgeted to increase \$32,949 or 4.7% in 2022 and \$62,522 or 8.6% in 2023. Workers' compensation insurance premiums are budgeted to increase \$209,090 or 33.57% for 2022 and \$33,739 or 4.1% for 2023.

User Charges include property insurance premiums for the City Center building. These costs are reimbursed by tenants who lease space at City Center.

Capital under \$25,000 is expected to increase to \$32,497 or 10.4% for 2022 and decrease \$18,900 or 5.5% for 2023. The increase in 2022 relates to new software for the Police Department that allows alarm companies to enter alarm calls without the need for a phone call to dispatch.

Depreciation is projected to increase for 2022 and 2023 due to anticipated fleet vehicle purchases.

Goals, Objectives and Measures

Internal Service Fund Goals, Objectives and Measures				
	2018 Actual	2020 Actual	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Improve safety of online transactions by ensuring staff use Payment Card Industry (PCI) standard applications, hardware and processes, update PCI policies, and require annual training for all credit card users	Yes	Yes	Yes	Information Technology
Provide and maintain a safe vehicle fleet by performing annual Department of Transportation safety inspections and ensuring operators are trained in daily safety inspection procedures	Yes	Yes	Yes	Fleet Services
Goal — High-Quality Efficient Services				
Objectives				
Ensure City facilities are attractive and safe by performing annual building envelope restoration and replacing aging HVAC infrastructure with efficient technology	Yes	Yes	Yes	Facilities
Maintain high resident ratings of excellent or good on overall appearance of Eden Prairie	95%	93%	95%	Facilities
Upgrade technology to improve functionality, storage and security by updating the Microsoft Enterprise Agreement, replacing workstations on a 5-year cycle and replacing network core	Yes	Yes	Yes	Information Technology
Enhance fiber network by removing reliance on school district switch for 5 City locations	n/a	n/a	Yes	Information Technology
Goal — Innovative and Sustainable Practices				
Objectives				
Investigate future solar possibilities on City building roofs	n/a	Yes	Yes	Facilities
Identify lighting and mechanical replacements, and investigate new technologies	n/a	Yes	Yes	Facilities
Research and implement sustainable options for fleet replacements where appropriate and cost-effective	n/a	Yes	Yes	Fleet Services

A wide-angle photograph of an indoor swimming pool. The pool is filled with clear blue water, and several lanes are marked by yellow and blue lane lines. In the background, there are large windows and a wall with a yellow and blue striped pattern. A person is visible swimming in the water, and another person is sitting on the edge of the pool. The text "ENTERPRISE FUND DEPARTMENT SUMMARIES" is overlaid in white, centered, with a horizontal line underneath.

ENTERPRISE FUND DEPARTMENT SUMMARIES

Enterprise Fund Department Summaries

Utilities

Description of Operations

Utilities operates and maintains the water, wastewater and stormwater systems.

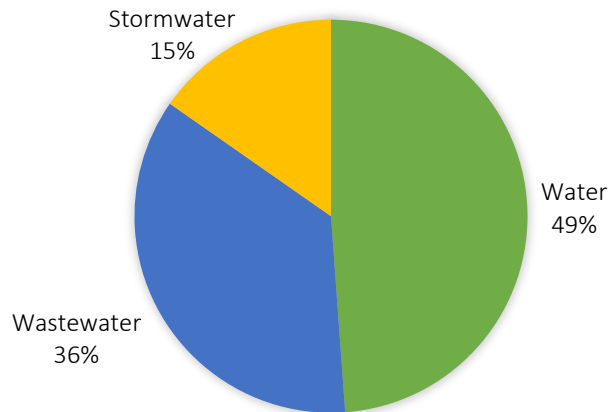
- Water is drawn from the Prairie Du Chien and Jordan aquifers through 15 raw water wells located in the City. Raw water is pumped to the City's Water Treatment Plant for purification and treated water is distributed to customers through a vast network of water mains, valves and storage reservoirs. The Utilities Division is responsible for water sampling and inspections, water wells, water storage, water meter installation, meter reading and repair, and water distribution system maintenance.
- The Utilities Division is responsible for the safe collection and removal of sanitary waste. Wastewater is collected through a system of mains and lift stations connected to the Metropolitan Council Environmental Services wastewater interceptors. Raw sewage is transported to the Blue Lake Wastewater Treatment Facility in Shakopee where it is treated and discharged into the Minnesota River. Wastewater operators perform regular maintenance to prevent sewer backups including jetting mains to remove buildup and debris, lift station pump maintenance and collection system maintenance.
- Utilities manages projects to control flooding caused by water runoff, and protects and improves the water quality of wetlands, creeks and lakes. Eden Prairie is home to diverse water resources, including 17 lakes, 513 wetlands, 177 stormwater ponds and three creek systems. The stormwater system is comprised of channels, ponds, lakes, streams, pipes, curb, gutter and catch basins.

Budgeted Positions

Utilities	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Water Treatment Plant	13.0	13.0	13.0	13.0
Utility Field and Maintenance	17.0	17.0	17.0	17.0
Customer Service and Engineering	7.75	7.75	7.75	7.75
Utility Management	1.75	1.75	1.75	1.75
Total FTEs	39.5	39.5	39.5	39.5

Financial Information

% OF UTILITIES BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Operating						
Personnel Services	\$ 4,216,770	\$ 4,663,522	\$ 4,962,265	\$ 298,743	\$ 5,158,449	\$ 196,184
Supplies	1,197,169	1,272,419	1,265,900	(6,519)	1,271,900	6,000
Contractual Services	6,708,972	7,801,420	7,590,717	(210,703)	7,904,532	313,815
User Charges	701,126	727,649	945,105	217,456	982,592	37,487
Capital under \$25,000	264,079	483,881	116,560	(367,321)	116,060	(500)
	<u>\$ 13,088,116</u>	<u>\$ 14,948,891</u>	<u>\$ 14,880,547</u>	<u>\$ (68,344)</u>	<u>\$ 15,433,533</u>	<u>\$ 552,986</u>
Non Operating						
Capital Outlay	\$ 533,336	\$ 330,000	\$ 352,000	\$ 22,000	\$ 432,500	\$ 80,500
Depreciation	5,740,286	5,892,603	5,723,733	(168,870)	5,194,178	(529,555)
Non-Operating Expenses	151,543	36,292	187,231	150,939	200,311	13,080
Transfer Out	451,468	423,227	442,024	18,797	463,662	21,638
	<u>\$ 6,876,633</u>	<u>\$ 6,682,122</u>	<u>\$ 6,704,988</u>	<u>\$ 22,866</u>	<u>\$ 6,290,651</u>	<u>\$ (414,337)</u>
Total Expenses	<u>\$ 19,964,749</u>	<u>\$ 21,631,013</u>	<u>\$ 21,585,535</u>	<u>\$ (45,478)</u>	<u>\$ 21,724,184</u>	<u>\$ 138,649</u>
Percent Change				(0.2%)		0.6%

Personnel Services are increasing \$298,743 or 6.4% for 2022 and \$196,184 or 4% for 2023. These increases are due to wage adjustments as well as employee benefit increases.

Supplies are decreasing \$6,519 or 0.5% for 2022 and increasing \$6,000 or 0.5% for 2023. Most of the supply expense budget relates to chemical treatment.

Contractual Services are decreasing \$210,703 or 2.7% for 2022 and increasing \$313,815 or 4.1% for 2023. The majority of the 2022 decrease is due to a reduction in the Metropolitan Council Environmental Services (MCES) wastewater user fee. An expected increase of 4% is budgeted for this fee in 2023.

User Charges are increasing \$217,456 or 29.9% for 2022 and \$37,487 or 4% for 2023. Fleet Services is funding the purchase of utility vehicles beginning in 2022 and transferring the cost through a user charge. Capital under \$25,000 is decreasing \$367,321 or 75.9% for 2022 to better align with actual expenses.

Goals, Objectives and Measures

Utilities Goals, Objectives and Measures				
	2018 Actual	2020 Actual	2022 Target	Division
Goal — Community Well-Being and Safety				
Objectives				
Provide and deliver a safe supply of water to customers by ensuring security of Water Treatment Plant, wells and storage sites, and ensuring processes meet state and federal water quality standards	Yes	Yes	Yes	Water
Protect public health by providing safe collection and removal of wastewater, perform system maintenance and reduce sources of inflow and infiltration	Yes	Yes	Yes	Wastewater
Refine stormwater modeling to identify critical impact areas to improve storm drainage and natural waterway system	n/a	Yes	Yes	Stormwater
Goal — High-Quality Efficient Services				
Objectives				
Maintain the resident ratings of excellent or good on quality of utility billing	85%	83%	90%	Water
Maintain the resident ratings of excellent or good on quality of City drinking water	83%	84%	85%	Water
Goal — Innovative and Sustainable Practices				
Objectives				
Maintain a water loss percentage below 10% as recommended by the American Water Works Association through a strong water metering management program, reduction of unmetered water use and system leak detection	7.6%	7.8%	<8%	Water
Maintain or reduce annual amount of raw water pumped to the treatment plant for purification and distribution to customers	2.58	2.54	<3.45	Water
Through conservation efforts, residential water use per day per capita will be equal to or less than 75 gallons.	75	73	75	Water

Liquor

Description of Operations

The City operates three municipal liquor stores located at Prairie Village Mall, Prairie View Mall and Den Road. Eden Prairie has the fourth largest municipal off-sale operation in the State. The Finance Division oversees Eden Prairie Liquor operations.



Municipal liquor stores have been in operation since the United States government repealed prohibition in 1933, giving individual states the responsibility and authority to regulate liquor sales. At that time, the Minnesota legislature gave cities the option of issuing liquor licenses to private businesses or providing municipal alcohol dispensing services.

Eden Prairie, along with more than 300 other cities, chose to operate municipal liquor stores. This choice not only allows for greater control over liquor being sold and consumed in the City, but also further diversifies City revenue sources.

Historically, the City's three Eden Prairie Liquor locations have generated between \$700,000 and \$1-million in profit annually. Profits are transferred to the City's Capital Improvement Plan (CIP) fund. Some examples of CIP projects include improvements to playground equipment and parking lots at several City parks as well as trail maintenance throughout the community.

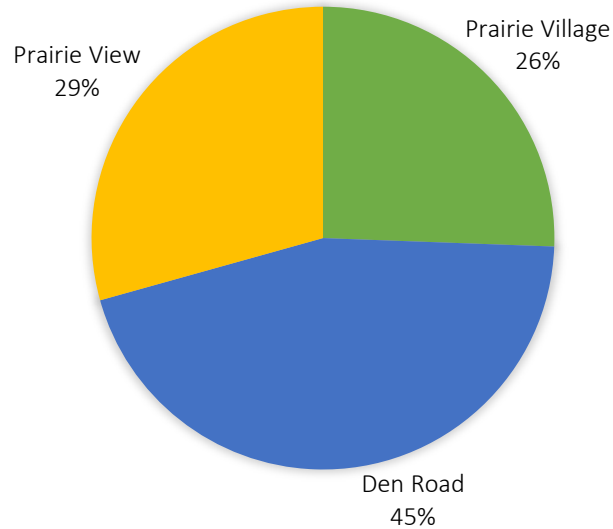
This budget cycle, the City is expecting a profit of \$835,344 and \$881,039 from liquor operations for 2022 and 2023.

Budgeted Positions

Liquor	2020 Actual	2021 Budget	2022 Budget	2023 Budget
Operations Manager	1.0	1.0	1.0	1.0
Purchasing Manager	1.0	1.0	1.0	1.0
Store Managers, Asst Mgrs, Leads	7.0	7.0	7.0	7.0
Total FTEs	9.0	9.0	9.0	9.0

Financial Information

% OF LIQUOR BUDGET



Category	2020 Actual	2021 Budget	2022 Budget	Increase / Decrease	2023 Budget	Increase / Decrease
Cost of Sales	\$ 8,299,999	\$ 8,559,663	\$ 8,680,373	\$ 120,710	\$ 9,007,388	\$ 327,015
Personnel Services	1,107,572	1,275,197	1,344,106	68,909	1,404,482	60,376
Supplies	30,136	44,076	44,230	154	44,736	506
Contractual Services	863,628	895,010	961,790	66,780	987,691	25,901
User Charges	165,200	173,046	166,203	(6,843)	172,945	6,742
Capital under \$25,000	1,927	8,300	6,900	(1,400)	7,900	1,000
Depreciation	35,264	-	-	-	-	-
Total	\$ 10,503,726	\$ 10,955,292	\$ 11,203,602	\$ 248,310	\$ 11,625,142	\$ 421,540
Percent Change				2.3%		3.8%

Cost of Sales is increasing \$120,710 or 1.4% for 2022. A 3.8% or \$327,015 increase is projected for 2023.

Personnel Services are increasing 5.4% or \$68,909 for 2022 and 4.5% or \$60,376 for 2023. The increase is due to changes in base salaries and part-time wages.

Supplies are increasing modestly in 2022 and 2023.

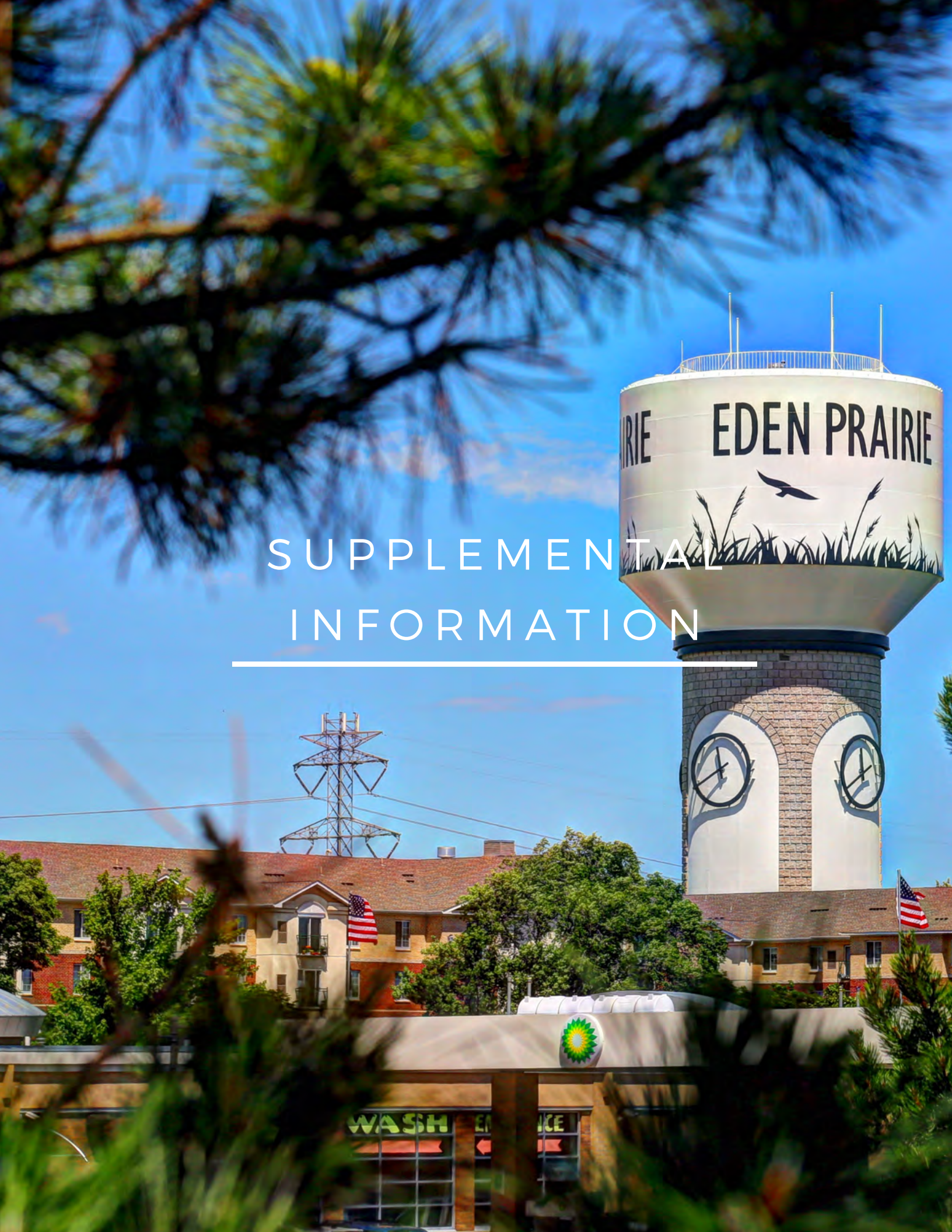
Contractual Services are increasing \$66,780 or 7.5% for 2022 and \$25,901 or 2.7% for 2023. Most of the increase in 2022 is due to bank service charges related to credit card fees since online ordering was implemented.

User Charges are decreasing \$6,843 or 4% for 2022 due to reduced property insurance premiums for liquor store buildings and increasing \$6,742 or 4.1% for 2023 due to inflationary increases in the facilities user charge. Capital under \$25,000 is slightly lower for 2022 and modestly increasing for 2023. Liquor assets were fully depreciated in 2020 resulting in \$0 budgeted in future years.

Goals, Objectives and Measures

Liquor Goals, Objectives and Measures			
	2018 Actual	2020 Actual*	2022 Target
Goals — Economic Vitality, High-Quality Efficient Services			
Objectives			
Maintain average sale per transaction	\$23.96	\$29.11	\$30.75
Increase number of annual customer visits	440,793	393,733	405,000
Improve operations by launching the delivery program	n/a	n/a	Yes
Maintain courtesy and friendliness of staff as measured by the biennial Quality of Life Survey	94%	96%	96%
Maintain resident ratings of excellent or good on quality of product selection	87%	89%	90%
Improve customer loyalty by reviewing promotional and pricing strategy	Increased Traffic	Increased Traffic	Increased Traffic

*Measures affected by the coronavirus pandemic

A photograph of the Eden Prairie Water Tower, a tall cylindrical structure with a stone-patterned base and a white upper section. The tower features the text "EDEN PRAIRIE" and a silhouette of a bird in flight. In the foreground, there are blurred pine branches. In the background, there are residential buildings, a power line tower, and a clear blue sky. The text "SUPPLEMENTAL INFORMATION" is overlaid in white, with a horizontal line underneath.

SUPPLEMENTAL INFORMATION

Supplemental Information



History

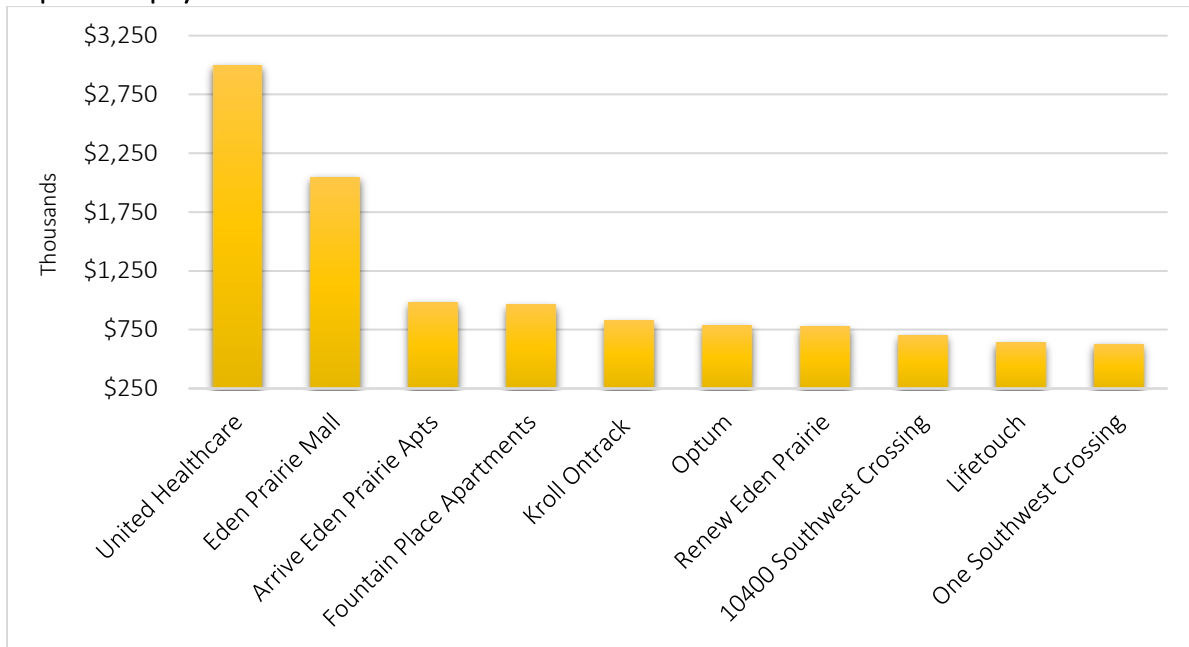
For most of its existence, Eden Prairie was a sleepy, pastoral village on the far southwestern fringes of the Twin Cities area. Between 1880 and 1960, Eden Prairie's population barely changed. During those 80 years, the population increase was only 1,300 people from 739 in 1880 to 2,000 in 1960. By 2000, the population swelled to almost 60,000, a 3,000% increase. It changed from a predominantly agricultural rural area to a thriving, business-rich community that is a highly desirable place to live and work.

The City owes its name to Elizabeth Fries Ellet, an East Coast writer who visited the area and proclaimed it the garden spot of the territory. Native Americans were the first to live in the area. In 1851, a treaty opened land west of the Mississippi River to settlement, allowing pioneers to settle in what is now Eden Prairie.

The town board of Eden Prairie held its first meeting in a log schoolhouse May 11, 1858, the same day Minnesota became a state. In 1929, the first graduating class left the Eden Prairie Consolidated School. Today that building serves as the main office for Eden Prairie School District 272.

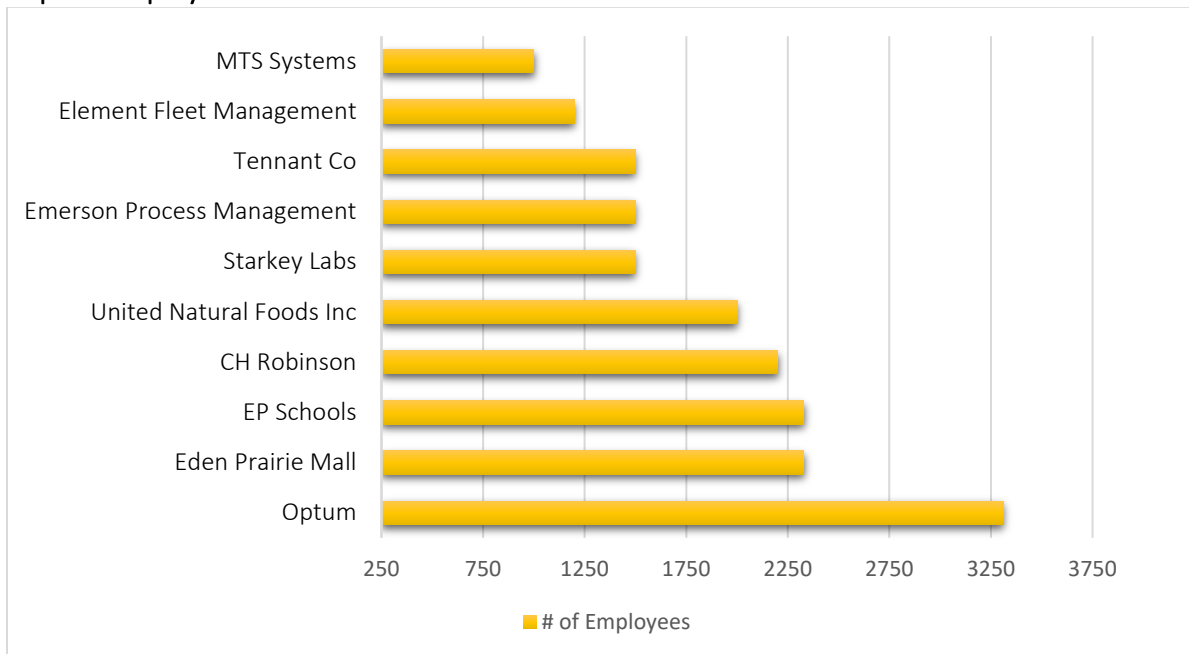
Eden Prairie's farming community grew slowly over the years. Flying Cloud Airport was the first sign of big development in 1946. The 1960s and 1970s were decades of growth for the City's parks and recreation system. In the mid-1970s, the community earned a higher profile with the addition of Interstate 494 and the Eden Prairie Center mall. Today, Eden Prairie is home to more than 2,300 businesses, nearly 25,000 households and over 63,000 residents. It is 36 square miles and 22,594 acres. The Minnesota River forms the southern border, and the City is home to 17 lakes, three creeks, 100 miles of multi-use trails, 1,000 park acres and 1,400 acres of preserved open space.

Top-10 Taxpayers



Source: City of Eden Prairie Assessing, 2020

Top-10 Employers



Source: Official Bonds Statement for G.O. Water Revenue Bonds, Series 2021A

Population and Unemployment Rate

Year	Population	Unemployment Rate
2011	61,151	5.2%
2012	62,004	4.6%
2013	62,004	4.0%
2014	62,729	2.4%
2015	62,593	2.3%
2016	63,187	2.9%
2017	63,163	2.4%
2018	63,726	2.6%
2019	63,456	2.3%
2020	63,726	3.4%

Source: Met Council, Minnesota Local Area Unemployment Statistics File and Minnesota Department of Employment and Economic Development



City Statistics

	2016	2017	2018	2019	2020
General Government					
Bond Rating - Moody's Investor Service	Aaa	Aaa	Aaa	Aaa	Aaa
Bond Rating - Standard & Poors	AAA	AAA	AAA	AAA	AAA
Housing and Human Services					
Number of Residents Served	3,500	3,750	3,975	5,700	9,200
Assessing:					
Number of Appraisals Completed	5,066	5,061	4,908	4,912	5,267
Parks and Recreation					
Avg Monthly Community Center Memberships	2,511	2,688	2,608	2,486	1,683
Program Registrations (Excludes Leagues)	15,701	17,161	17,972	19,931	6,022
Public Safety					
Fire					
Number of Calls	1,615	1,742	1,908	1,875	2,915
Inspection Permits Issued	5,997	6,227	6,436	6,438	7,766
Building permit revenue	\$2,303,405	\$2,066,787	\$3,388,529	\$3,646,332	\$3,578,799
Police					
Number of Calls	50,741	46,319	52,278	50,909	40,564
Public Works:					
Patching Materials (Tons)	2,370	1,650	1,700	1,976	1,739
Overlays (Tons)	23,070	28,856	29,852	31,503	35,988
Crack Filling Materials (Lbs)	68,000	42,000	31,920	50,007	66,175
Seal Coating (Sq Yards) - Chips Sealed Placed	381,600	405,425	365,907	327,998	364,854
Seal Coating (Sq Yards) - Fog Seal/Reclamite Placed	n/a	n/a	n/a	276,296	470,020
Water System:					
Number of Connections	19,362	19,426	19,426	19,426	19,541
Water Main Repairs	53	30	18	24	33
Number of Hydrant Flushed	4,515	4,360	4,395	4,274	-
Average Daily Usage	7.07 MGD	7.06 MGD	7.08 MG	6.25 MG	6.95 MG
Sewer System:					
Number of Connections	18,707	18,865	18,925	18,955	19,016
Miles of Sanitary Sewer Cleaned	81	76	65	50	10
Storm System:					
Number of Storm Sumps Maintained	91	88	97	48	40

Sources: Various City Departments

MGD - Million Gallons Daily

N/A - Not Available



A photograph of a squirrel perched on the roof of a wooden birdhouse. The birdhouse has a green-painted roof and a white arched opening. The squirrel is looking to the left. The background is a dense green forest. The word "GLOSSARY" is written in white capital letters across the middle of the image, with a horizontal line underneath it.

GLOSSARY

Glossary

Accrual Basis of Accounting — The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time), and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

ACFR — Annual Comprehensive Financial Report

Adopted Budget — The financial plan of revenues and expenditures for a fiscal year as adopted by the City Council.

Appropriation — An authorization made by the legislative body of a government which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Valuation — A value established by the City Property Appraiser for all real or personal property for use as a basis for levying property taxes.

Assets — Property owned by a government with monetary value.

Balanced Budget — When expenditures are offset by an equal amount of revenue in the General Fund.

Bond — A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date(s) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt.

Budget — The financial plan for the operation of a program or organization which includes an estimate of proposed expenditures for a given period and the proposed means of financing those expenditures.

Budget Calendar — The schedule of key dates involved in the process of adopting and executing an adopted budget.

Budget Document — The official written document prepared by the Finance Division which describes the adopted financial plan.

Budget Message — A general discussion of the budget presented in writing as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years.

Capital Assets — Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Budget — A plan of proposed capital expenditures and the means for financing them. The capital budget is usually enacted as part of the complete annual budget which, includes both operating and capital outlays.

Capital Improvement Plan (CIP) — A plan for capital expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year and the method of financing those expenditures.

Capital Outlay — Expenditures for the acquisition of capital assets.

Capital Project Fund — Capital project funds are used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlay, other than those financed by proprietary funds.

CDBG — Community Development Block Grant

CIP — Capital improvement Plan

City Council — The elected body of members making up the legislative arm of local government in Eden Prairie.

Contingency — A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

Debt Service — Payment of interest and repayment of principal to holders of a government's debt instruments.

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

Deficit — (1) The excess of an entity's liabilities over its assets (See Fund Balance); (2) the excess of expenditures or expenses over revenues during a single accounting period.

Depreciation — (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence; (2) that portion of the cost of a capital asset which is charged as an expense during a particular period.

Enterprise Funds — Funds maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which the liability is incurred.

Estimated Market Value — Represents the selling price of a property if it were on the market. Estimated market value is converted to tax capacity before property taxes are levied.

Expenditures — Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of goods received, or services rendered whether cash payments have been made or not.

Fiscal Disparities — The program created by the Metropolitan Fiscal Disparities Act which shares growth in the commercial-industrial tax base in the seven-county metropolitan area. Forty percent of the value of new commercial-industrial development since 1971 is pooled and redistributed among approximately 300 taxing districts to address disproportionate business development throughout the region.

Fiscal Year — A 12-month period to which an annual operating budget applies. The Eden Prairie fiscal year is from Jan. 1 to Dec. 31.

Franchise Fee — The right or license granted to an individual or group to market a company's goods or services in a particular territory.

FTE (Full-Time Equivalent) — Represents one employee working full time.

Fund — An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance — The excess of a fund's assets over its liabilities. A negative fund balance is sometimes called a deficit.

GAAP — Generally Accepted Accounting Principles

GASB (Governmental Accounting Standards Board) — It is the highest source of accounting and financial reporting guidance for state and local governments.

General Fund — The General Fund is the City’s primary operating fund. It accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. It includes the basic activities for the City including Administration, Community Development, Parks and Recreation, Police, Fire and Public Works.

General Obligation Bonds — When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term refers to bonds that are to be repaid from taxes and other general revenues.

GFOA (Government Financial Officers Association) — The professional association of state and local finance officers in the United States who are dedicated to the sound management of governmental financial resources. The association sets standards to the GFOA’s Certificate of Achievement for Excellence in Financial Reporting.

Governmental Funds — Funds maintained on a modified accrual basis with revenues recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred.

Internal Service Fund — Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost-reimbursement basis.

Levy — To impose taxes, special assessments or service charges, or the amount of those taxes, special assessments or charges.

LOGIS — Local Government Information Systems Association is a consortium of 44 Minnesota local government units that supports its members’ technology needs.

LRT — Light Rail Transit

Measures — A quantitative or qualitative tool to analyze progress, reprioritize goals and ensure success.

Modified Accrual Basis — The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred, and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

Net Assets — The difference between program revenues and expenses.

Objectives — A statement outlining priorities that supports achieving a Citywide goal.

Operating Budget — Financial plan for the fiscal year which authorizes proposed expenditures and the revenues to finance them.

Pavement Management Program — A street overlay and construction program that provides for the systematic maintenance and replacement of City streets.

PERA — Minnesota Public Employee Retirement Association

Personnel Services — The costs related to employee services including wages and benefits.

Proposed Budget — Budget as submitted by the City Manager to the City Council.

Revenue — The term designates an increase to a fund's assets which does not increase a liability (e.g., proceeds from a loan), does not represent a repayment of an expenditure already made, does not represent a cancellation of certain liabilities and does not represent an increase in contributed capital

Special Assessment — A compulsory levy made against certain properties to defray a portion of, or all costs of a specific improvement or service deemed to primarily benefit those properties.

Tax Rate — Rates at which estimated market values are converted into the property tax base. The classification rates are assigned to properties depending on their type (residential, commercial, farm, etc.). In some cases, there are two tiers of rates with the rate increasing as the estimated market value increases.

Tax Levy — Property taxes certified to the County Auditor.