



Five-year Operating Plan

Including fund-specific
working capital targets

City of Shoreview, Minnesota

December 2017

Prepared by Department of Finance



EXECUTIVE SUMMARY

Introduction

Long-term financial planning has been a part of the normal business process in Shoreview for more than two decades. It started in the late 1980s with a street replacement plan, and expanded into a comprehensive infrastructure replacement policy by 1992. Through the City's annual Comprehensive Infrastructure Replacement Plan (CHIRP) the City routinely updates capital replacement estimates for a minimum of 40 years; identifies revenue sources to support capital costs; and evaluates the impact of capital costs on inter-fund charges, property tax levies and user fees. The CHIRP policy ensures that capital replacement planning remains a vital and ongoing effort.

Beginning in 2009 Shoreview expanded its long-term financial planning efforts to include a Five-year Operating Plan (FYOP), and adopted its first biennial budget in December of 2011 (for calendar years 2012 and 2013).

This Five-year Operating Plan (FYOP) document contains 3 years of history for each fund, a revised estimate for the current year (2017) and projections for the next 5 years (2018 through 2022). The document also:

- Provides a comprehensive summary and strategy for each fund
- Serves as a supplement to the Biennial Budget, Capital Improvement Program (CIP), and CHIRP
- Estimates potential debt issuance
- Determines necessary tax levy support
- Evaluates future changes in user fees
- Measures the impact of capital projects on operating budgets
- Outlines fund balance goals (an important component of financial stability)
- Predicts fund performance
- Analyzes working capital levels (fund balances) and establishes working capital targets

These long-term financial planning efforts are important steps in protecting the financial flexibility and health of the City through policies that support decision-making, practices that prevent the use of one-time revenues to support ongoing operating expenses, analysis that considers long-term maintenance and operating costs when planning and evaluating capital projects, and document how the City implements its commitment to balanced operations where revenues support operating costs.

Whether these efforts are successful is reflected in how well the City:

- Adapts to changing conditions
- Avoids temporary solutions that cannot be sustained
- Responds to unanticipated events and challenges
- Supports operations with limited new development
- Ensures continuation of essential services
- Protects asset condition
- Navigates economic cycles
- Secures and maintains a high bond rating, thereby reducing borrowing costs
- Prepares for the future
- Moderates changes in tax levies and user fees
- Avoids short-term borrowing to support operations

Fund Balances

Management of fund balance levels is an important part of long-range financial planning, therefore a basic understanding about what fund balances are is helpful in order to understand fund goals. From an accounting perspective, fund balances are simply the difference between assets and liabilities. In general, fund balances give an indication of financial resources available to support ongoing operations. Historically, many terms have been used to describe fund balance, and Governmental Accounting Standards prescribe the use of different terms within the annual financial report. In addition, the terms are changing as financial reporting standards evolve. Some of the terms used now or in the past include: net assets, fund equity, and fund balance; and terms used to describe specific components may include designated, assigned, reserved, committed, etc.

Regardless of the terms used, determining adequate fund balance levels can be a challenging task for both policy makers and management professionals.

Shoreview's fund balance goals are established considering the unique circumstances of each fund, with the goal of protecting the provision of City services to the public. Fund balance goals are stated as working capital targets, and are designed to:

1. Provide working capital for operations and capital costs
2. Develop financial flexibility
3. Preserve flexibility for unanticipated events

Working capital needs create special circumstances in some operating funds. For instance, property tax receipts in the General Fund provide 77% of total revenue, and are received twice per year (July and December). Consequently, the General Fund supports ongoing operations for nearly 6 months of the year before the first receipt of its largest revenue source. In this case, fund balances provide necessary working capital to avoid cash deficits and short-term borrowing. For the purpose of measuring working capital in this document, fund balances are evaluated by the number of months or years of operating coverage. This calculation includes operating and debt service costs, and may also include capital outlay and transfers to other funds, if they have a significant impact on the fund.

Financial flexibility provides benefits such as financing a portion of capital costs without borrowing, providing interest income for operating and capital funds, and insulating the City from temporary revenue shortfalls or unexpected one-time costs. These benefits help the City moderate changes in levies and user fees over time, and protect service levels from cuts dictated by one-time events.

Unanticipated events or emergencies can create temporary cash flow challenges for a City. Examples for Shoreview included state aid cuts, emergency utility system repairs, community-wide cleanup associated with storm damage, extended periods of drought, sustained periods of heavy rainfall, and economic conditions/pressures.

Operating Assumptions

As stated earlier, the process of determining appropriate fund balances involves an examination of past performance as well as future operating projections. By understanding the challenges of the past and future, coupled with potential opportunities, a strong set of operating goals and objectives can emerge and guide decision-making.

Since any set of projections also employs the use of assumptions, it is important to note that projections were based on several key factors. These include actual contribution rates where known, industry estimates, anticipated contract changes, capital projections, expected debt issuance and inflationary factors. In general, costs were inflated between 0% and 10%. Some of the key assumptions used to assemble these projections include:

- No new development is projected in the next 5 years
- Population remains stable due to a slight decline in residents per household
- Full-time wage adjustments are 3% for 2018 – 2022
- Health insurance costs rise an average of 3% annually, and account for 8% of the increase in personal service costs
- Workers compensation insurance premiums increase an average of 3% for 2018 and rise an average of 4.5% per year thereafter
- Contractual costs rise an average of 3.6% per year for the period 2017 - 2022
- Property values are projected to increase 7.5% for 2018, and 3% for all subsequent years

The format of this document includes a discussion for each fund, a set of projections (in table form), graphs to help illustrate operating results, a brief narrative examination of past performance, and specific goals/targets tailored for the fund.

Levy, Value and Tax Rate Projections

A number of factors determine the final property tax bill, including the tax levies for each local jurisdiction, state aids and credits, levy limits, special levies, property values, metro-wide pooling of commercial/industrial values (known as fiscal disparities), and tax rates. This section provides a brief overview of these factors.

Property tax levies provide support for General Fund operations, general obligation debt, and capital funds. The table on the next page provides a four-year historical review of levy and value changes as well as consolidated predictions based on individual fund projections included in this document.

Homestead Market Value Exclusion (HMVE)—Beginning in 2012 the State of Minnesota replaced the Market Value Homestead Credit (MVHC) program with a Homestead Market Value Exclusion (HMVE) program, which excludes a portion of homestead property value from property taxes. The amount of excluded value is equal to 40% of the first \$76,000 in home value, less 9% of the value over \$76,000 but less than \$413,800. No exclusion is given for homes above \$413,800.

| Home Value | Excluded Value | Percent of Value Excluded |
|------------|----------------|---------------------------|
| \$ 76,000 | \$ 30,400 | 40.0% |
| \$ 100,000 | \$ 28,240 | 28.2% |
| \$ 150,000 | \$ 23,740 | 15.8% |
| \$ 200,000 | \$ 19,240 | 9.6% |
| \$ 235,700 | \$ 16,027 | 6.8% |
| \$ 250,000 | \$ 14,740 | 5.9% |
| \$ 300,000 | \$ 10,240 | 3.4% |
| \$ 350,000 | \$ 5,740 | 1.6% |
| \$ 400,000 | \$ 1,240 | 0.3% |
| \$ 413,800 | \$ - | 0.0% |

Levy Limits—During some years State statutes place restrictions on local government levies through levy limits. In the recent past, the levy limit formula has provided special levy authority outside of the levy limit for the cost of police and fire, increased contributions to PERA, debt payments and certain other special levies. For 2018 the City is not subject to a levy limits.

Tax Levy—Even though the largest share of the tax levy is allocated to the General fund, the General Fund share of the tax levy has declined from a high of 75% in 2006 to a low of 68% for 2016, while the combined debt service and capital project funds share of the tax levy has risen from 25% in 2006 to 30% for 2016. This trend is expected to continue in the future due to increased repair and replacement costs.

Property Values—From 2006 to 2008, property values increased an average of 4% per year. From 2009 to 2013 the economic climate resulted in declining property values at an average rate of 6% per year, 2014 to 2017 property values have increased an average rate of 5% per year. Preliminary information from the county assessor indicates that property values for 2018 taxes are expected to increase about 7%. The projections in this document assume values will increase 3% per year thereafter.

Fiscal Disparities—The fiscal disparities formula, provided in State Statutes, takes 40% of the value of new commercial and industrial development in the metro area and redistributes the value back to each community based on a formula. The result is either a net gain or net loss in tax dollars from the pool. Shoreview’s share of the metro-wide fiscal disparities pool is projected to increase in 2018 and grow slightly over the next four years.

Tax Rates—The tax rate measures the change in tax levies in relation to the change in taxable values. Because values generally grew faster than the tax levy through 2007, the tax rate dropped. From 2008 to 2014, values dropped and levies increased, resulting in growth in the tax rate. Increases in taxable value resulted in a decrease in the City’s tax rate in 2015. For 2018, the expected modest growth in market values and a 4.4% rise in the City’s levy are expected to result in a 2.95% decrease in the City’s tax rate. The tax rate is expected to change between (1.0%) and 3.9% for the period 2019 through 2022.

| Levy and Value Projections | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Budget | 2019 Budget | 2020 Projected | 2021 Projected | 2022 Projected |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Tax Levy | | | | | | | | | |
| General fund | \$ 6,837,154 | \$ 7,023,335 | \$ 7,321,858 | \$ 7,623,148 | \$ 7,896,736 | \$ 8,370,839 | \$ 8,784,500 | \$ 9,084,744 | \$ 9,357,121 |
| EDA | 80,000 | 90,000 | 110,000 | 115,000 | 120,000 | 125,000 | 130,000 | 135,000 | 145,000 |
| HRA | 90,000 | 95,000 | 100,000 | 105,000 | 110,000 | 115,000 | 120,000 | 125,000 | 130,000 |
| Debt-All Debt Funds (combined) | 548,000 | 544,000 | 547,000 | 547,000 | 742,235 | 1,127,000 | 996,000 | 994,000 | 871,000 |
| Debt-Central Garage Fund | 184,000 | 208,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 |
| Capital project-Street Renewal Fund | 900,000 | 950,000 | 1,000,000 | 1,060,000 | 1,124,000 | 941,000 | 1,012,000 | 1,088,000 | 1,168,000 |
| Capital project-General Fixed Asset Fund | 1,350,000 | 1,427,583 | 1,475,000 | 1,521,484 | 1,525,000 | 1,530,000 | 1,535,000 | 1,540,000 | 1,545,000 |
| Capital project-Capital Acquis Fund (IT) | 20,000 | 25,000 | 30,000 | 35,000 | 40,000 | 40,000 | 50,000 | 50,000 | 50,000 |
| Capital project-Capital Impr. Fund | - | - | - | - | - | - | - | - | - |
| Total Levy | \$ 10,009,154 | \$ 10,362,918 | \$ 10,767,858 | \$ 11,190,632 | \$ 11,741,971 | \$ 12,432,839 | \$ 12,811,500 | \$ 13,200,744 | \$ 13,450,121 |
| Market Value (millions) | \$ 2,412.9 | \$ 2,640.7 | \$ 2,698.4 | \$ 2,861.3 | \$ 3,074.8 | \$ 3,167.2 | \$ 3,262.2 | \$ 3,360.1 | \$ 3,460.9 |
| Taxable Value (millions) | \$ 24.0 | \$ 26.7 | \$ 27.5 | \$ 29.3 | \$ 31.5 | \$ 32.4 | \$ 33.4 | \$ 34.4 | \$ 35.4 |
| Fiscal Disparities/City | \$ 939,450 | \$ 965,979 | \$ 927,390 | \$ 1,036,745 | \$ 1,096,008 | \$ 1,100,000 | \$ 1,110,000 | \$ 1,120,000 | \$ 1,130,000 |
| Fiscal Disparities/HRA | \$ 7,350 | \$ 8,891 | \$ 8,585 | \$ 9,730 | \$ 10,392 | \$ 9,000 | \$ 9,100 | \$ 9,200 | \$ 9,300 |
| Tax Rate/City | 37.490 | 34.873 | 35.357 | 34.302 | 33.481 | 34.607 | 34.689 | 34.766 | 34.416 |
| Tax Rate/HRA | 0.345 | 0.323 | 0.332 | 0.325 | 0.317 | 0.327 | 0.332 | 0.337 | 0.341 |
| Annual Change in City Tax Levy | | | | | | | | | |
| General fund | \$ 197,587 | \$ 186,181 | \$ 298,523 | \$ 301,290 | \$ 273,588 | \$ 474,103 | \$ 413,661 | \$ 300,244 | \$ 272,377 |
| EDA and HRA (combined) | 35,000 | 15,000 | 25,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 15,000 |
| Debt (all funds combined) | 47,000 | 20,000 | (21,000) | - | 195,235 | 384,765 | (131,000) | (2,000) | (123,000) |
| Capital project funds-replacements | 150,000 | 127,583 | 97,417 | 106,484 | 67,516 | (178,000) | 76,000 | 81,000 | 85,000 |
| Capital project funds-improvements | (100,000) | 5,000 | 5,000 | 5,000 | 5,000 | - | 10,000 | - | - |
| Total Change in Tax Levy | \$ 329,587 | \$ 353,764 | \$ 404,940 | \$ 422,774 | \$ 551,339 | \$ 690,868 | \$ 378,661 | \$ 389,244 | \$ 249,377 |
| Percent Change/Tax Data | | | | | | | | | |
| Market Value | 0.33% | 9.44% | 2.18% | 6.04% | 7.46% | 3.01% | 3.00% | 3.00% | 3.00% |
| Taxable Value | 1.09% | 11.36% | 3.28% | 6.34% | 7.42% | 3.01% | 3.00% | 3.00% | 3.00% |
| Fiscal Disparities | 11.18% | 2.82% | -3.99% | 11.79% | 5.72% | 0.36% | 0.91% | 0.90% | 0.89% |
| City Tax Levy | 3.40% | 3.53% | 3.91% | 3.93% | 4.93% | 5.88% | 3.05% | 3.04% | 1.89% |
| City Tax Rate | 1.41% | -6.98% | 1.39% | -2.98% | -2.39% | 3.36% | 0.24% | 0.22% | -1.01% |
| HRA Tax Levy | | 5.56% | 5.26% | 5.00% | 4.76% | 4.55% | 4.35% | 4.17% | 4.00% |
| HRA Tax Rate | | -6.38% | 2.79% | -2.11% | -2.46% | 3.15% | 1.53% | 1.51% | 1.19% |

Debt Policy

Outstanding debt and the annual payment of principal and interest is an important long-term obligation that must be managed within available resources. This includes balancing debt levels, determining the timing for debt issuance, and managing the resources dedicated to debt payment.

The issuance of debt is an important tool in financing large capital costs, and enables the City to balance the present need for capital spending with the benefit provided to existing and future citizens. If all capital costs were financed only through current revenue sources, the cost to current residents would represent an unnecessarily high burden, because assets that will serve the community well into the future would be paid for with fees and levies collected in the current year. Conversely, if all capital costs were supported exclusively by the issuance of debt, then debt balances rise to much higher levels, and interest costs take up a larger share of the operating budget. Therefore, balancing current resources and long-term financing is an important aspect of debt management.

Shoreview's debt policy states that the City will:

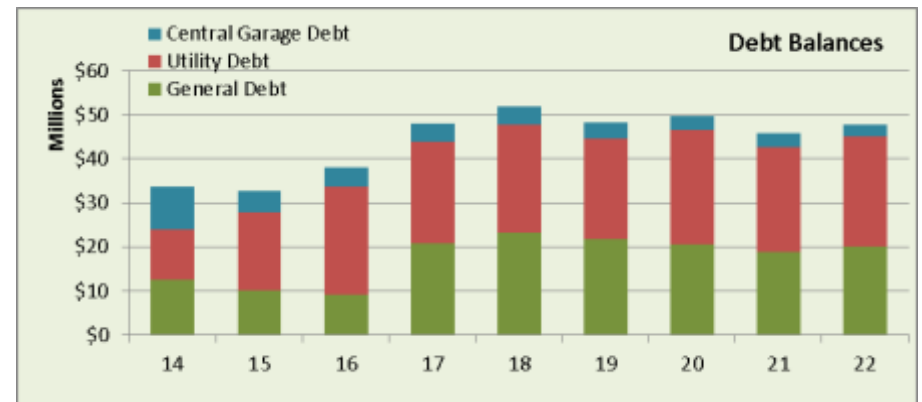
- Remain in compliance with statutory debt limits
- Plan and direct use of debt so that payments are manageable
- Seek to maintain the highest possible credit rating without compromising the delivery of essential services
- Prepare long-term financial planning
- Take advantage of lower interest rates through debt restructuring when appropriate
- Provide developer assistance through the use of "pay as you go financing" in the form of tax increment financing (TIF) notes, and that TIF debt will be issued only for the construction of City assets and where a consistent and reliable revenue stream is identified in advance

The debt policy also addresses debt structure, professional advisors, and debt management practices (investment of proceeds, financial disclosure, arbitrage rebate and monitoring).

Debt Projections

Debt Balances—The list and graph below provide a summary of outstanding debt as of December 31, 2017.

| | |
|--|---------------------|
| G.O. Improvement Bonds (assessments) | \$ 2,305,000 |
| G.O. Capital Plan Bonds (fire stations) | 390,000 |
| G.O. Street Improvement Bonds (streets) | 2,825,000 |
| G.O. Community Center Abatement Bonds | 12,865,000 |
| Certificates of Participation (comm. center) | 2,535,000 |
| G.O. Capital Plan Bonds (maint. center) | 4,190,000 |
| G.O. Revenue Bonds (utility systems) | <u>22,930,000</u> |
| Total Existing Debt | \$48,040,000 |



More information about the change in debt levels and the projected balance at the end of each year of the FYOP is provided on pages 8 and 9.

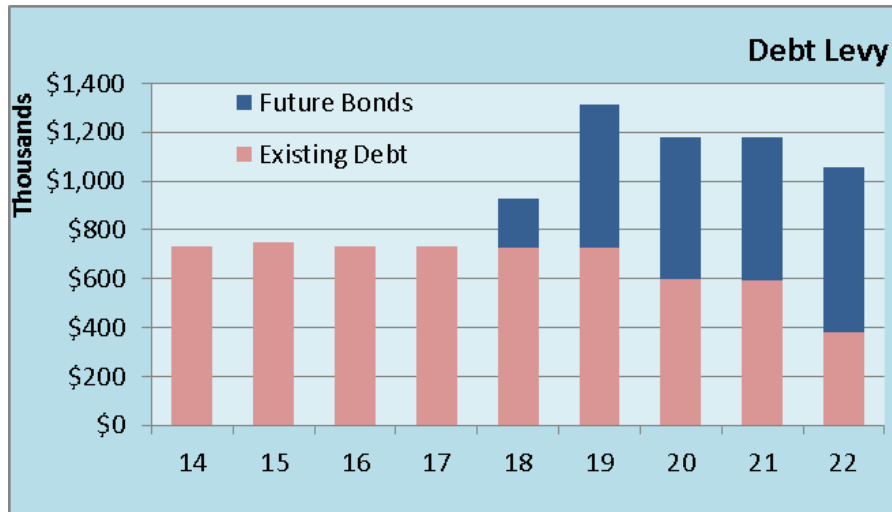
Planning for future debt issuance enables the City to identify the revenue sources necessary to support debt payments well in advance to minimize sharp changes in the tax levies and utility fees dedicated to debt repayment. Maintaining stable revenue sources and sufficient fund balances allows the City to finance some projects internally, and therefore promotes flexibility.

Projected debt issuance over the next 5 years includes:

| | |
|--------------------------------------|---------------------|
| G.O. Improvement Bonds (assessments) | \$ 1,490,000 |
| G.O. Street Reconstruction Bonds | 5,500,000 |
| G.O. Revenue Bonds (utility systems) | <u>11,600,000</u> |
| Total Planned Debt | \$18,590,000 |

The City anticipates issuing debt in 2018, 2020 and 2022 to finance projects in the proposed Capital Improvement Program.

Debt Levy—The debt portion of the tax levy supports principal and interest payments on general obligation bonds, including: fire station bonds, street bonds, and the tax-supported share of the maintenance center bonds. As shown in the graph below, the debt share of the property tax levy is projected to increase over the next five years due to the issuance of the Community Center expansion and Street Rehabilitation bonds. A portion of this increase will be offset by a reduction in the capital replacement portion of the levy.



Debt Limit—Minnesota statutes limit the amount of debt a City may issue for general obligation purposes. Shoreview’s current debt is 10% of the debt limit. This leaves 90% of the debt limit available



The stability of this favorable measure, even with projected debt issuance, provides an indication of Shoreview’s financial flexibility (historically using debt to finance a relatively small share of the costs planned in the CIP).

Issuance and retirement of debt is shown in the table below.

Outstanding debt balances by type, for the end of each year, are presented on the next page.

| Debt Issued and Retired | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Budget | Projected | Projected | Projected | Projected | Projected |
| Debt Balance, beginning of year | \$30,965,000 | \$33,625,000 | \$32,600,000 | \$37,995,000 | \$48,040,000 | \$51,750,000 | \$48,245,000 | \$49,793,000 | \$45,786,000 |
| Debt Issued | | | | | | | | | |
| Improvement bonds | 100,000 | 295,000 | - | - | 470,000 | - | 560,000 | - | 460,000 |
| Street Improvements | - | - | - | - | 3,000,000 | - | - | - | 2,500,000 |
| G.O. Community Center | - | - | - | 12,865,000 | - | - | - | - | - |
| Water bonds | 915,000 | 6,885,000 | 6,995,000 | - | 1,400,000 | - | 1,630,000 | - | 1,450,000 |
| Sewer bonds | 730,000 | 1,650,000 | 230,000 | - | 650,000 | - | 2,180,000 | - | 1,230,000 |
| Surface Water bonds | 265,000 | 860,000 | 380,000 | - | 1,200,000 | - | 1,210,000 | - | 650,000 |
| Maintenance Center | 4,670,000 | - | - | - | - | - | - | - | - |
| Total Bonds Issued | 6,680,000 | 9,690,000 | 7,605,000 | 12,865,000 | 6,720,000 | - | 5,580,000 | - | 6,290,000 |
| Debt Paid | | | | | | | | | |
| Improvement bonds | 260,000 | 235,000 | 200,000 | 175,000 | 185,000 | 175,000 | 237,000 | 242,000 | 270,000 |
| Tax Increment bonds | 340,000 | 350,000 | - | - | - | - | - | - | - |
| Fire Station | 870,000 | 120,000 | 120,000 | 120,000 | 130,000 | 130,000 | 130,000 | - | - |
| Street Improvements | 305,000 | 1,690,000 | 345,000 | 340,000 | 340,000 | 350,000 | 510,000 | 520,000 | 545,000 |
| COPs (commun center) | 350,000 | 360,000 | 365,000 | 375,000 | 390,000 | 400,000 | 415,000 | 430,000 | 440,000 |
| G.O. Community Center | - | - | - | - | - | 420,000 | 505,000 | 515,000 | 525,000 |
| Water bonds | 965,000 | 1,410,000 | 450,000 | 960,000 | 1,065,000 | 1,100,000 | 1,190,000 | 1,225,000 | 1,350,000 |
| Sewer bonds | 325,000 | 915,000 | 175,000 | 230,000 | 250,000 | 260,000 | 295,000 | 295,000 | 430,000 |
| Surface Water bonds | 360,000 | 610,000 | 335,000 | 360,000 | 380,000 | 390,000 | 465,000 | 480,000 | 425,000 |
| Maintenance Center | 245,000 | 5,025,000 | 220,000 | 260,000 | 270,000 | 280,000 | 285,000 | 300,000 | 310,000 |
| Total Bonds Retired | 4,020,000 | 10,715,000 | 2,210,000 | 2,820,000 | 3,010,000 | 3,505,000 | 4,032,000 | 4,007,000 | 4,295,000 |
| Debt Balance, end of year | \$33,625,000 | \$32,600,000 | \$37,995,000 | \$48,040,000 | \$51,750,000 | \$48,245,000 | \$49,793,000 | \$45,786,000 | \$47,781,000 |

Includes refunding bond activity

| Debt Balances (at each year end) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual | Actual | Actual | Budget | Projected | Projected | Projected | Projected | Projected |
| Debt Balances | | | | | | | | | |
| General Obligation Bonds | | | | | | | | | |
| Improvement | \$ 2,620,000 | \$ 2,680,000 | \$ 2,480,000 | \$ 2,305,000 | \$ 2,590,000 | \$ 2,415,000 | \$ 2,738,000 | \$ 2,496,000 | \$ 2,686,000 |
| Tax Increment | 350,000 | - | - | - | - | - | - | - | - |
| Fire Stations | 750,000 | 630,000 | 510,000 | 390,000 | 260,000 | 130,000 | - | - | - |
| Street Improvements | 5,200,000 | 3,510,000 | 3,165,000 | 2,825,000 | 5,485,000 | 5,135,000 | 4,625,000 | 4,105,000 | 6,060,000 |
| Community Center Expansion G.O. | - | - | - | 12,865,000 | 12,865,000 | 12,445,000 | 11,940,000 | 11,425,000 | 10,900,000 |
| Total General Bonds | 8,920,000 | 6,820,000 | 6,155,000 | 18,385,000 | 21,200,000 | 20,125,000 | 19,303,000 | 18,026,000 | 19,646,000 |
| General Obligation Bonds | | | | | | | | | |
| Maintenance Center | 9,695,000 | 4,670,000 | 4,450,000 | 4,190,000 | 3,920,000 | 3,640,000 | 3,355,000 | 3,055,000 | 2,745,000 |
| General Obligation Revenue Bonds | | | | | | | | | |
| Water Improvement | 5,880,000 | 11,355,000 | 17,900,000 | 16,940,000 | 17,275,000 | 16,175,000 | 16,615,000 | 15,390,000 | 15,490,000 |
| Sewer Improvement | 2,400,000 | 3,135,000 | 3,190,000 | 2,960,000 | 3,360,000 | 3,100,000 | 4,985,000 | 4,690,000 | 5,490,000 |
| Surface Water Improvement | 3,095,000 | 3,345,000 | 3,390,000 | 3,030,000 | 3,850,000 | 3,460,000 | 4,205,000 | 3,725,000 | 3,950,000 |
| Total Utility Bonds | 11,375,000 | 17,835,000 | 24,480,000 | 22,930,000 | 24,485,000 | 22,735,000 | 25,805,000 | 23,805,000 | 24,930,000 |
| Total Bonded Debt | 29,990,000 | 29,325,000 | 35,085,000 | 45,505,000 | 49,605,000 | 46,500,000 | 48,463,000 | 44,886,000 | 47,321,000 |
| Community Center Expansion COP's | 3,635,000 | 3,275,000 | 2,910,000 | 2,535,000 | 2,145,000 | 1,745,000 | 1,330,000 | 900,000 | 460,000 |
| Total Combined Debt Balances | \$ 33,625,000 | \$ 32,600,000 | \$ 37,995,000 | \$ 48,040,000 | \$ 51,750,000 | \$ 48,245,000 | \$ 49,793,000 | \$ 45,786,000 | \$ 47,781,000 |
| Debt Limit Information | | | | | | | | | |
| Market value (millions) | \$ 2,412.9 | \$ 2,640.7 | \$ 2,698.4 | \$ 2,861.3 | \$ 3,074.8 | \$ 3,167.2 | \$ 3,262.2 | \$ 3,360.1 | \$ 3,460.9 |
| Debt Limit Rate | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Debt Limit | \$ 72,386,490 | \$ 79,220,790 | \$ 80,951,580 | \$ 85,839,360 | \$ 92,243,760 | \$ 95,016,420 | \$ 97,866,900 | \$ 100,802,910 | \$ 103,827,000 |
| Debt Applicable to Debt Limit | \$ 16,872,663 | \$ 11,095,214 | \$ 10,064,636 | \$ 8,973,014 | \$ 10,755,945 | \$ 9,440,361 | \$ 8,224,296 | \$ 6,978,514 | \$ 8,312,129 |
| Debt Margin Available | \$ 55,513,827 | \$ 68,125,576 | \$ 70,886,944 | \$ 76,866,346 | \$ 81,487,815 | \$ 85,576,059 | \$ 89,642,604 | \$ 93,824,396 | \$ 95,514,871 |
| Percent Debt Margin Used | 23.3% | 14.0% | 12.4% | 10.5% | 11.7% | 9.9% | 8.4% | 6.9% | 8.0% |
| Percent Debt Margin Available | 76.7% | 86.0% | 87.6% | 89.5% | 88.3% | 90.1% | 91.6% | 93.1% | 92.0% |
| Debt Levy by Type of Debt | | | | | | | | | |
| Improvement -existing | \$ 8,000 | \$ 16,000 | \$ 14,000 | \$ 12,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 7,000 |
| Fire Station-existing | 132,000 | 132,000 | 132,000 | 132,000 | 132,000 | 132,000 | - | - | - |
| Street Improvements-existing | 408,000 | 396,000 | 401,000 | 403,000 | 403,000 | 403,000 | 404,000 | 402,000 | 190,000 |
| Maintenance Center-existing | 184,000 | 208,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 |
| Sub-total Levies for Existing Debt | 732,000 | 752,000 | 731,000 | 731,000 | 727,000 | 727,000 | 596,000 | 594,000 | 381,000 |
| Improvement -future | - | - | - | - | - | - | - | - | - |
| Community Center Expansion-future | - | - | - | - | 199,235 | 334,000 | 334,000 | 334,000 | 334,000 |
| Street Improvements-future | - | - | - | - | - | 250,000 | 250,000 | 250,000 | 340,000 |
| Total Debt Levies | \$ 732,000 | \$ 752,000 | \$ 731,000 | \$ 731,000 | \$ 926,235 | \$ 1,311,000 | \$ 1,180,000 | \$ 1,178,000 | \$ 1,055,000 |
| Change in Debt Levies | \$ 47,000 | \$ 20,000 | \$ (21,000) | \$ - | \$ 195,235 | \$ 384,765 | \$ (131,000) | \$ (2,000) | \$ (123,000) |

Debt Retirement Rate

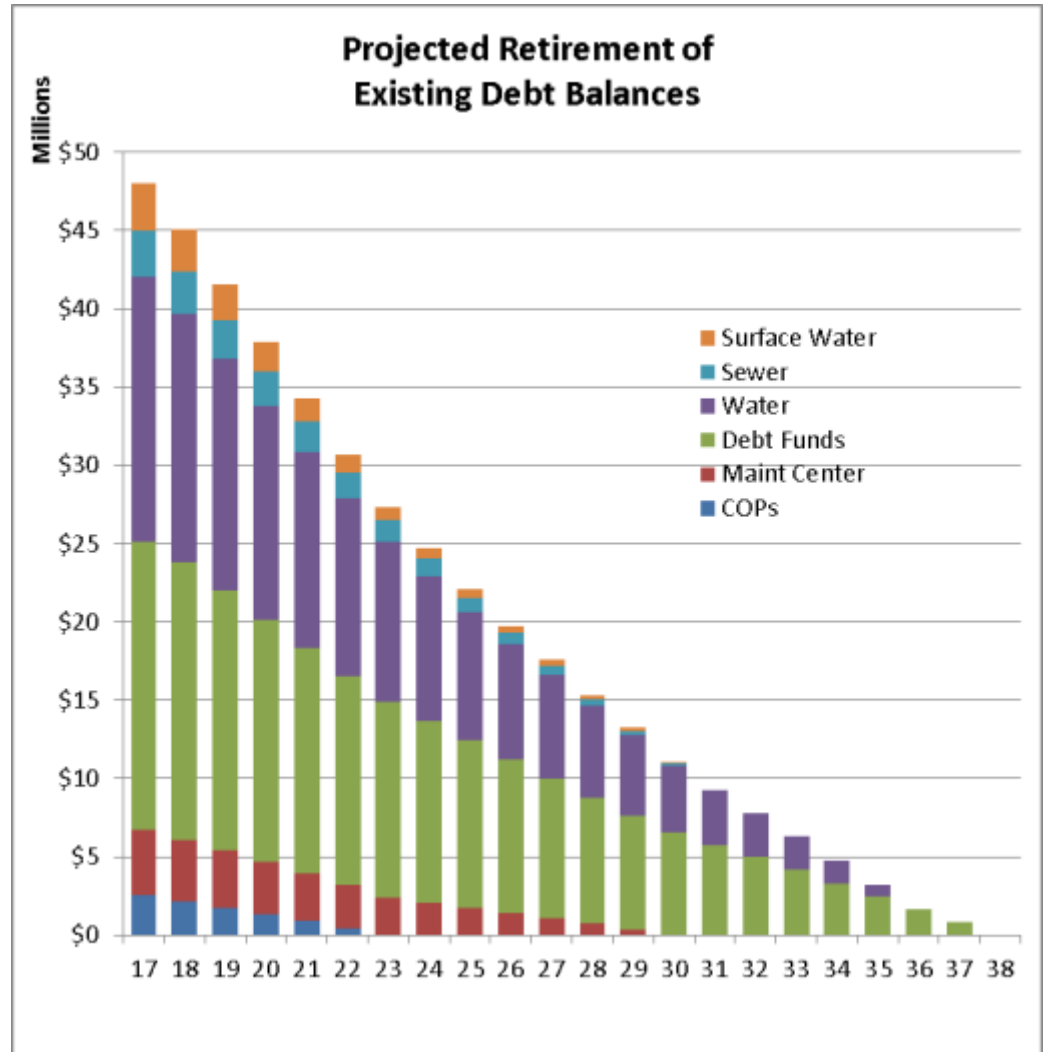
Shoreview's rate of debt retirement is a very favorable indicator. When considering the retirement for all debt combined, about 36% of the City's current outstanding debt will be retired over the next 5 years, and more than 63% will be retired within 10 years.

General Obligation Improvement Debt is being retired over the next 21 years due to the 2017 issuance of improvement bonds for the expansion of the Community Center.

Certificate of Participation Debt (COP) was issued to finance the previous community center expansion in 2002. The final payment will occur in 2022 (in 5 years).

About 34% of combined governmental debt (General Obligation Improvement and COPs) is retired over the next 5 years, and 57% is retired within 10 years.

Proprietary Debt (Enterprise utility fund and Internal Service maintenance center debt) is being retired over the next 19 years due to the 2015 and 2016 Water Treatment Plant debt, with 38% retired over the next five years and 68% retired within 10 years.



Retirement of existing debt is shown in the table below.

| Year | Debt Balances as of Year End | | | | | | | | | Percent Paid | | |
|------|------------------------------|--------------------|----------------------------|-------------------------|------------------------|-----------------------------|------------------|---------------------------|----------------|----------------|---------------------|----------------|
| | Proprietary Debt | | | | | Governmental/COP | | | | Total All Debt | Govern and COP Debt | Total All Debt |
| | G.O. Water Revenue | G.O. Sewer Revenue | G.O. Surface Water Revenue | G.O. Maintenance Center | Total Proprietary Debt | G.O. Improvement Debt Funds | COP's Debt Funds | Total Govern and COP Debt | Total All Debt | | | |
| 2017 | \$ 16,940,000 | \$ 2,960,000 | \$ 3,030,000 | \$ 4,190,000 | \$ 27,120,000 | \$ 18,385,000 | \$ 2,535,000 | \$ 20,920,000 | \$ 48,040,000 | | | |
| 2018 | 15,875,000 | 2,710,000 | 2,650,000 | 3,920,000 | 25,155,000 | 17,730,000 | 2,145,000 | 19,875,000 | 45,030,000 | 7.2% | 5.0% | 6.3% |
| 2019 | 14,775,000 | 2,450,000 | 2,260,000 | 3,640,000 | 23,125,000 | 16,655,000 | 1,745,000 | 18,400,000 | 41,525,000 | 14.7% | 12.0% | 13.6% |
| 2020 | 13,660,000 | 2,190,000 | 1,860,000 | 3,355,000 | 21,065,000 | 15,480,000 | 1,330,000 | 16,810,000 | 37,875,000 | 22.3% | 19.6% | 21.2% |
| 2021 | 12,515,000 | 1,930,000 | 1,445,000 | 3,055,000 | 18,945,000 | 14,410,000 | 900,000 | 15,310,000 | 34,255,000 | 30.1% | 26.8% | 28.7% |
| 2022 | 11,340,000 | 1,655,000 | 1,155,000 | 2,745,000 | 16,895,000 | 13,335,000 | 460,000 | 13,795,000 | 30,690,000 | 37.7% | 34.1% | 36.1% |
| 2023 | 10,200,000 | 1,395,000 | 855,000 | 2,425,000 | 14,875,000 | 12,480,000 | - | 12,480,000 | 27,355,000 | 45.2% | 40.3% | 43.1% |
| 2024 | 9,190,000 | 1,155,000 | 705,000 | 2,100,000 | 13,150,000 | 11,590,000 | - | 11,590,000 | 24,740,000 | 51.5% | 44.6% | 48.5% |
| 2025 | 8,185,000 | 905,000 | 575,000 | 1,770,000 | 11,435,000 | 10,670,000 | - | 10,670,000 | 22,105,000 | 57.8% | 49.0% | 54.0% |
| 2026 | 7,360,000 | 705,000 | 460,000 | 1,430,000 | 9,955,000 | 9,790,000 | - | 9,790,000 | 19,745,000 | 63.3% | 53.2% | 58.9% |
| 2027 | 6,620,000 | 570,000 | 375,000 | 1,085,000 | 8,650,000 | 8,920,000 | - | 8,920,000 | 17,570,000 | 68.1% | 57.4% | 63.4% |
| 2028 | 5,870,000 | 435,000 | 285,000 | 730,000 | 7,320,000 | 8,020,000 | - | 8,020,000 | 15,340,000 | 73.0% | 61.7% | 68.1% |
| 2029 | 5,095,000 | 295,000 | 195,000 | 370,000 | 5,955,000 | 7,290,000 | - | 7,290,000 | 13,245,000 | 78.0% | 65.2% | 72.4% |
| 2030 | 4,305,000 | 150,000 | 100,000 | - | 4,555,000 | 6,535,000 | - | 6,535,000 | 11,090,000 | 83.2% | 68.8% | 76.9% |
| 2031 | 3,490,000 | - | - | - | 3,490,000 | 5,765,000 | - | 5,765,000 | 9,255,000 | 87.1% | 72.4% | 80.7% |
| 2032 | 2,835,000 | - | - | - | 2,835,000 | 4,975,000 | - | 4,975,000 | 7,810,000 | 89.5% | 76.2% | 83.7% |
| 2033 | 2,160,000 | - | - | - | 2,160,000 | 4,160,000 | - | 4,160,000 | 6,320,000 | 92.0% | 80.1% | 86.8% |
| 2034 | 1,465,000 | - | - | - | 1,465,000 | 3,320,000 | - | 3,320,000 | 4,785,000 | 94.6% | 84.1% | 90.0% |
| 2035 | 745,000 | - | - | - | 745,000 | 2,455,000 | - | 2,455,000 | 3,200,000 | 97.3% | 88.3% | 93.3% |
| 2036 | - | - | - | - | - | 1,665,000 | - | 1,665,000 | 1,665,000 | 100.0% | 92.0% | 96.5% |
| 2037 | - | - | - | - | - | 845,000 | - | 845,000 | 845,000 | 100.0% | 96.0% | 98.2% |
| 2038 | - | - | - | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% |

Working Capital Targets

Working capital targets are established for each operating fund based on the timing of revenue, and the impact of debt payments and capital costs on cash flow. The fund targets are used when establishing tax levies and user fees during the budget process, and they assist the City in determining how one-time revenues may serve the City to improve fund balances, or support one-time capital costs in an effort to reduce demands on permanent capital project funds.

Working capital targets generally fall into 4 different targeted levels.

Governmental Funds maintain 5 to 6 months coverage if revenue is received semi-annually, and 3 months of coverage if revenue is received monthly or quarterly. Enterprise and Internal Service Funds maintain 6 to 8 months coverage, and 2 to 3 years if the primary expense for the fund results from insurance claims. Examples of factors that influence working capital targets include:

- Property tax revenues are received in July and December of each year, which means funds which derive a large portion of revenue from the property tax must operate for half of the year before receiving a major revenue source
- Debt payments occur two times per year
- Utility revenue is received on a monthly basis, however utility funds have higher repair, maintenance and capital costs to keep the systems in proper working order

| Fund | Basis | Target | Actual | | | Estim. | Budget | |
|------------------------|--------|--------|--------|------|------|--------|--------|------|
| | | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | months | 5.0 | 5.7 | 5.7 | 5.6 | 6.0 | 5.8 | 5.6 |
| Special Revenue Funds | | | | | | | | |
| Recycling | months | 5.0 | 6.1 | 8.2 | 9.9 | 11.0 | 11.7 | 12.3 |
| Community Center | months | 3.0 | 5.3 | 5.6 | 5.8 | 5.8 | 5.5 | 5.8 |
| Recreation Programs | months | 3.0 | 8.4 | 8.5 | 7.7 | 7.1 | 6.0 | 5.7 |
| Cable TV | months | 3.0 | 6.5 | 15.9 | 20.1 | 12.1 | 16.7 | 18.1 |
| EDA | months | 5.0 | 5.3 | 4.7 | 5.4 | 5.3 | 5.1 | 5.0 |
| HRA | months | 5.0 | 13.2 | 14.9 | 14.6 | 14.2 | 14.2 | 13.9 |
| Slice of Shoreview | months | 6.0 | 13.6 | 13.8 | 13.7 | 12.9 | 12.1 | 11.2 |
| Debt Funds (combined) | months | 6.0 | 32.2 | 5.0 | 12.3 | 20.3 | 15.7 | 14.4 |
| Enterprise Funds | | | | | | | | |
| Water | months | 8.0 | 11.1 | 12.8 | 12.3 | 8.4 | 11.3 | 10.6 |
| Sewer | months | 6.0 | 8.2 | 8.4 | 10.4 | 11.3 | 12.0 | 8.7 |
| Surface Water | months | 6.0 | 5.9 | 8.0 | 8.9 | 14.0 | 11.3 | 11.9 |
| Street Lighting | months | 6.0 | 7.6 | 8.4 | 7.8 | 8.2 | 17.0 | 11.4 |
| Internal Service Funds | | | | | | | | |
| Central Garage | months | 6.0 | 11.3 | 11.0 | 12.0 | 12.9 | 14.2 | 15.6 |
| Short-term Disability | years | 3.0 | 5.4 | 5.2 | 6.0 | 6.0 | 5.9 | 5.8 |
| Liability Claims | years | 2.0 | 4.2 | 4.3 | 5.9 | 5.9 | 5.9 | 6.0 |

Summary

The remainder of this document contains 5-year projections for each operating fund. These estimates inform and help formulate the City's long-term strategies and influence development of the City's Biennial Budget (for 2018 and 2019). The financial planning strategies are intended to:

- Further develop and preserve Shoreview's financial resiliency
- Guide the City through difficult economic times
- Exert greater control over outcomes through each Biennial Budget
- Deliver a consistent program of public services
- Maintain the trust and confidence of the citizens and business owners throughout Shoreview
- Preserve favorable comparisons to surrounding communities

The FYOP is reviewed by the City Council as part of the budget process. Formal acceptance of the plan and adoption of the working capital targets occurs in December.

We thank all departments and the Shoreview City Council for their diligence and commitment to long-term planning.

Fred Espe, Finance Director
Terry Schwerm, City Manager

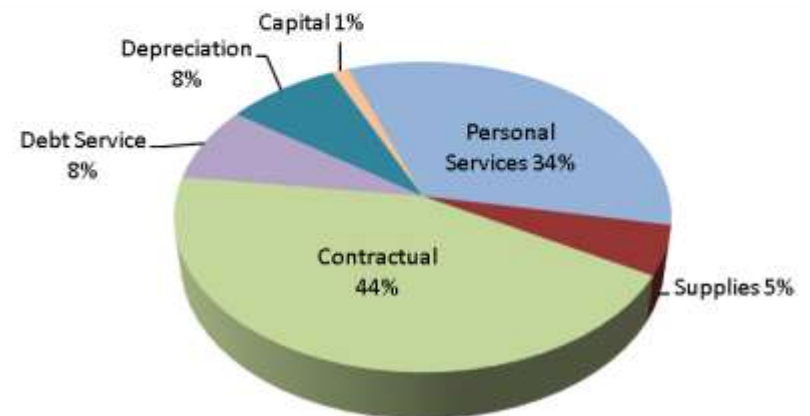
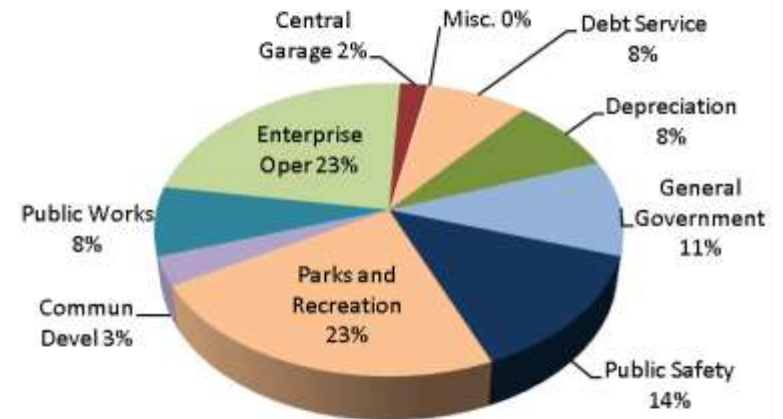
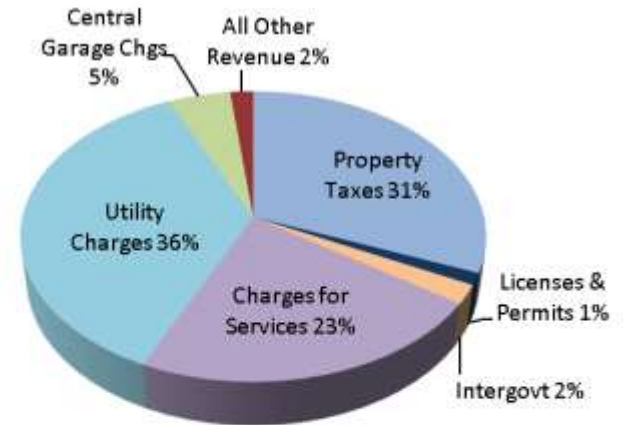
Total Operating Funds

Combined revenue and expense for all operating funds is presented in the table below. Total expense (excluding capital project funds and transfers between funds) is projected to rise 6.3% over the 2017 revised estimate (7.0% over the 2017 budget), and will rise between 2.3% and 5.7% from 2019 through 2022. It should be noted that the property tax totals in the table below exclude tax levies for capital funds. For instance, the 2018 levy in the table below (\$9,052,971) plus capital fund levies of \$2,689,000 equal a total levy of \$11,741,971.

Revenue for 2018 (shown in the top pie chart at right) is derived from a combination of sources including: 36% from utility charges, 31% from property taxes, 23% from charges for service (including inter-fund charges), 5% from central garage charges, 2% from intergovernmental revenue, 1% from licenses and permits, and 2% for all other sources combined.

Expense for 2018 (shown in the middle pie chart at right) shows that public works accounts for the largest share at 31% (enterprise 23% and other public works functions 8%). Parks and recreation operations accounts for 23%, and includes maintenance of parks and park buildings, park administration, community center operations and recreation programs. Public safety accounts for 14% (police, fire, animal control and emergency services). General government and debt service account for 11% and 8%, followed by depreciation at 8%, central garage at 2% and community development at 3%.

Total 2018 costs by classification are shown in the bottom chart at right. The largest class of expense is for contractual services at 44%. The most significant contractual costs include police and fire contracts, sewage treatment, central garage charges, administrative charges, recycling, electric and insurance. Personal services accounts for 34% of total expense, 8% for debt service, 8% for depreciation of utility and central garage assets, 5% for supplies and 1% for capital items.



| Total Operating Funds | 2014 | 2015 | 2016 | 2017 | | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Budget | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | | |
| Property Taxes | \$ 7,579,552 | \$ 7,941,549 | \$ 8,401,496 | \$ 8,574,148 | \$ 8,574,148 | \$ 9,052,971 | \$ 9,921,839 | \$ 10,214,500 | \$ 10,522,744 | \$ 10,687,121 |
| Special Assessments | 251,555 | 276,547 | 304,728 | 202,119 | 182,741 | 205,875 | 234,875 | 227,998 | 235,828 | 278,929 |
| Licenses & Permits | 628,033 | 500,102 | 695,250 | 323,050 | 684,350 | 379,700 | 316,000 | 317,500 | 319,800 | 336,100 |
| Intergovernmental | 744,647 | 634,041 | 630,358 | 562,384 | 593,634 | 607,622 | 608,622 | 619,622 | 620,622 | 631,622 |
| Charges for Services | 6,039,583 | 6,419,063 | 6,358,141 | 6,256,551 | 6,482,652 | 6,511,964 | 7,041,451 | 7,226,467 | 7,403,599 | 7,594,939 |
| Fines & Forfeits | 49,430 | 52,581 | 51,264 | 42,500 | 45,000 | 47,500 | 47,500 | 47,500 | 47,500 | 47,500 |
| Utility Charges | 8,197,649 | 8,523,322 | 9,082,202 | 10,175,011 | 9,755,549 | 10,585,046 | 10,988,461 | 11,497,107 | 12,003,316 | 12,460,199 |
| Central Garage Chgs | 1,240,763 | 1,264,028 | 1,285,231 | 1,338,660 | 1,378,137 | 1,438,058 | 1,493,758 | 1,544,164 | 1,592,133 | 1,603,112 |
| Interest Earnings | 820,014 | 246,025 | 176,393 | 181,540 | 181,500 | 182,380 | 203,520 | 201,800 | 205,610 | 200,970 |
| Other Revenues | 236,480 | 160,230 | 178,324 | 101,350 | 99,650 | 93,350 | 93,550 | 93,750 | 93,750 | 94,250 |
| Total Revenue | 25,787,706 | 26,017,488 | 27,163,387 | 27,757,313 | 27,977,361 | 29,104,466 | 30,949,576 | 31,990,408 | 33,044,902 | 33,934,742 |
| Expense | | | | | | | | | | |
| General Government | 2,313,708 | 2,385,021 | 2,479,897 | 2,556,837 | 2,504,869 | 3,017,918 | 2,726,663 | 2,882,764 | 2,903,394 | 2,985,208 |
| Public Safety | 3,326,747 | 3,461,565 | 3,646,138 | 3,751,370 | 3,747,500 | 3,908,639 | 4,040,279 | 4,187,820 | 4,329,063 | 4,485,707 |
| Public Works | 1,987,837 | 1,939,739 | 1,991,349 | 2,184,896 | 2,151,267 | 2,179,851 | 2,288,864 | 2,414,267 | 2,502,739 | 2,556,234 |
| Parks and Recreation | 5,588,910 | 5,817,872 | 5,953,825 | 6,153,599 | 6,257,447 | 6,601,779 | 7,101,478 | 7,383,281 | 7,586,626 | 7,770,083 |
| Commun Development | 749,016 | 791,981 | 848,713 | 865,091 | 883,936 | 911,297 | 949,448 | 975,368 | 1,002,978 | 1,042,227 |
| Enterprise Oper | 5,543,821 | 5,618,841 | 6,047,902 | 6,404,215 | 6,411,147 | 6,659,615 | 7,028,170 | 7,222,690 | 7,626,831 | 7,818,687 |
| Central Garage | 633,542 | 577,415 | 592,227 | 614,470 | 586,268 | 627,016 | 642,616 | 676,933 | 687,788 | 719,796 |
| Miscellaneous | 177,780 | 62,263 | 6,447 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 |
| Debt Service | 2,332,838 | 2,197,566 | 2,097,058 | 1,960,093 | 2,078,146 | 2,244,519 | 2,920,071 | 3,137,069 | 3,104,714 | 3,060,155 |
| Depreciation | 1,913,615 | 1,965,224 | 1,998,879 | 2,189,000 | 2,216,000 | 2,392,000 | 2,470,000 | 2,532,000 | 2,619,000 | 2,681,000 |
| Total Expense | 24,567,814 | 24,817,487 | 25,662,435 | 26,720,571 | 26,877,580 | 28,583,634 | 30,208,589 | 31,453,192 | 32,404,133 | 33,160,097 |
| Other Sources (Uses) | | | | | | | | | | |
| Sale of Asset-Gain | 78,722 | 44,577 | 43,147 | 43,000 | 28,200 | 27,700 | 45,000 | 37,100 | 28,500 | 28,000 |
| Debt Refunded | (860,000) | (1,490,000) | - | - | - | - | - | - | - | - |
| Debt Proceeds | 105,822 | 9,493 | - | 7,700 | 118,514 | 14,794 | - | 15,372 | - | 13,244 |
| Contrib Cap Assets | 304,122 | 897,027 | 528,085 | - | - | - | - | - | - | - |
| Transfers In | 2,675,045 | 2,133,522 | 1,880,099 | 1,909,400 | 1,909,400 | 2,384,400 | 2,548,400 | 2,604,148 | 2,661,162 | 2,701,496 |
| Transfers Out | (1,926,240) | (1,835,628) | (2,259,078) | (2,008,726) | (1,604,504) | (1,613,400) | (1,666,400) | (1,728,148) | (1,784,162) | (1,819,496) |
| Net Change | \$ 1,597,363 | \$ 958,992 | \$ 1,693,205 | \$ 988,116 | \$ 1,551,391 | \$ 1,334,326 | \$ 1,667,987 | \$ 1,465,688 | \$ 1,546,269 | \$ 1,697,889 |
| Expense percent change | 3.0% | 1.0% | 3.4% | | 4.7% | 7.0% | 5.7% | 4.1% | 3.0% | 2.3% |

General Fund Operations

The General Fund is the primary operating fund of the City, accounting for all operations not otherwise accounted for in separate funds. In 2018, property taxes provide 76.8% of revenues for the fund (excluding transfers from other funds).

The City's fund balance policy addresses General Fund cash flow needs by designating 50% of the ensuing year tax levy as a minimum fund balance and by designating up to 10% of the ensuing year budgeted expense to provide additional protection against unanticipated events.

Impacts

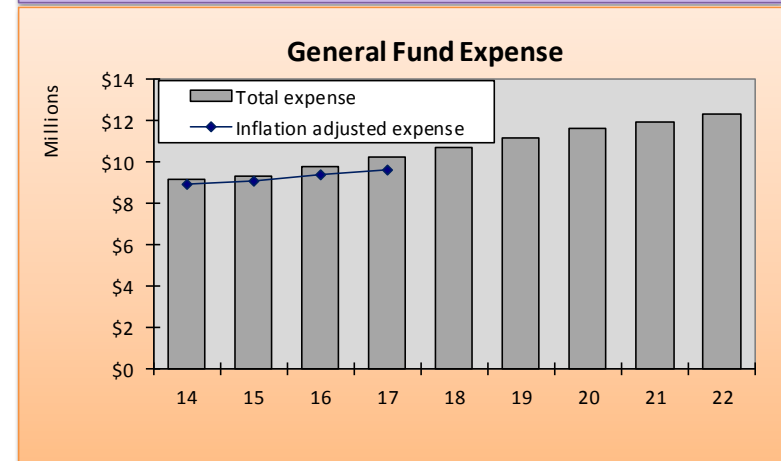
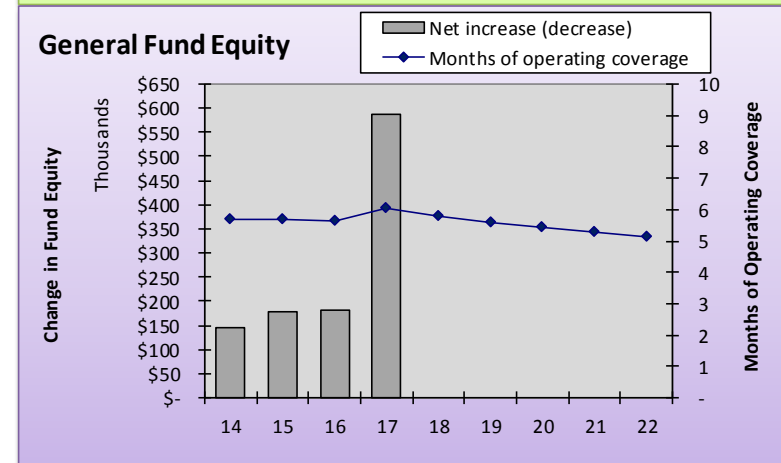
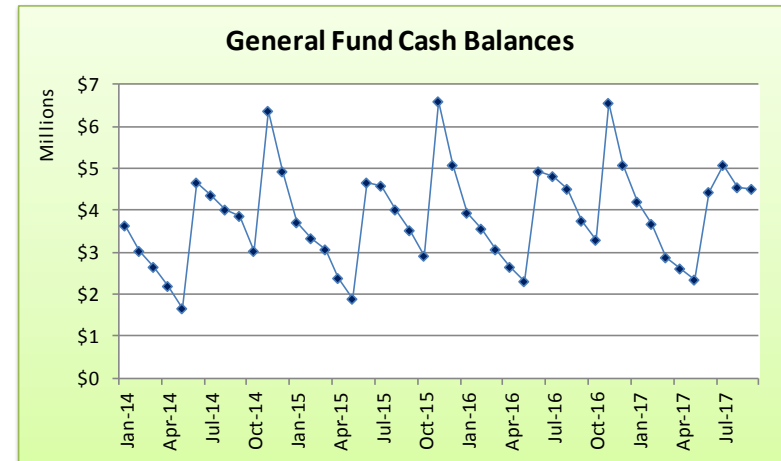
- Shoreview receives less aid than cities of similar size, making it more challenging to maintain competitive property tax levels
- Property taxes are increasing as a percent of total General Fund revenue, providing 76.8% of total revenue in 2018 and 79.3% in 2022
- Property tax collections occur in July and December, creating cash flow challenges for the fund

Performance/History

- Strong fund balances at 47% of current expense
- Operating coverage greater than 5 months in all years
- Internal decisions account for over 85% of revenue sources in most years

Fund Goals/Targets

- To manage cash flow needs, preserve working capital allocation equal to 50% of the ensuing year levy (minimum fund equity per City policy)
- To provide flexibility in addressing future budget challenges, preserve the unanticipated event allocation equal to 10% of the ensuing year budget where possible (per City policy)
- Maintain operating coverage equal to 5 months through retention of future operating surplus when available and through levy adjustments when necessary to meet working capital targets



| General Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Property Taxes | \$ 6,698,037 | \$ 7,008,972 | \$ 7,459,225 | \$ 7,623,148 | \$ 7,896,736 | \$ 8,370,839 | \$ 8,784,500 | \$ 9,084,744 | \$ 9,357,121 |
| Licenses & Permits | 628,033 | 500,102 | 695,250 | 684,350 | 379,700 | 316,000 | 317,500 | 319,800 | 336,100 |
| Intergovernmental | 574,419 | 541,105 | 550,656 | 508,872 | 527,622 | 528,622 | 539,622 | 540,622 | 551,622 |
| Charges for Services | 1,352,056 | 1,400,266 | 1,500,000 | 1,463,770 | 1,362,265 | 1,347,081 | 1,373,800 | 1,402,400 | 1,436,100 |
| Fines & Forfeits | 49,430 | 52,581 | 51,264 | 45,000 | 47,500 | 47,500 | 47,500 | 47,500 | 47,500 |
| Interest Earnings | 197,442 | 54,212 | 32,515 | 55,000 | 55,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Other Revenues | 28,974 | 30,077 | 27,794 | 20,950 | 14,650 | 14,850 | 15,050 | 15,050 | 15,550 |
| Total Revenue | 9,528,391 | 9,587,315 | 10,316,704 | 10,401,090 | 10,283,473 | 10,684,892 | 11,137,972 | 11,470,116 | 11,803,993 |
| Expense | | | | | | | | | |
| General Government | 2,085,152 | 2,128,723 | 2,255,931 | 2,287,356 | 2,471,065 | 2,525,319 | 2,646,915 | 2,693,130 | 2,774,949 |
| Public Safety | 3,326,747 | 3,461,565 | 3,646,138 | 3,747,500 | 3,908,639 | 4,040,279 | 4,187,820 | 4,329,063 | 4,485,707 |
| Public Works | 1,473,395 | 1,418,473 | 1,472,983 | 1,592,800 | 1,600,892 | 1,690,304 | 1,797,569 | 1,867,313 | 1,901,186 |
| Parks and Recreation | 1,690,438 | 1,734,769 | 1,758,779 | 1,943,695 | 2,056,398 | 2,177,029 | 2,251,130 | 2,316,073 | 2,365,276 |
| Community Development | 598,321 | 614,329 | 668,157 | 670,587 | 684,479 | 714,961 | 730,538 | 753,537 | 777,875 |
| Total Expense | 9,174,053 | 9,357,859 | 9,801,988 | 10,241,938 | 10,721,473 | 11,147,892 | 11,613,972 | 11,959,116 | 12,304,993 |
| Other Sources (Uses) | | | | | | | | | |
| Sale of Asset-Gain | 203 | - | - | - | - | - | - | - | - |
| Transfers In | 692,000 | 748,000 | 811,000 | 837,000 | 863,000 | 900,000 | 925,000 | 950,000 | 975,000 |
| Transfers Out | (902,749) | (797,730) | (1,143,562) | (408,000) | (425,000) | (437,000) | (449,000) | (461,000) | (474,000) |
| Net Change | 143,792 | 179,726 | 182,154 | 588,152 | - | - | - | - | - |
| Fund Equity, beginning | 4,303,606 | 4,447,398 | 4,627,124 | 4,809,278 | 5,397,430 | 5,397,430 | 5,397,430 | 5,397,430 | 5,397,430 |
| Fund Equity, ending | \$ 4,447,398 | \$ 4,627,124 | \$ 4,809,278 | \$ 5,397,430 | \$ 5,397,430 | \$ 5,397,430 | \$ 5,397,430 | \$ 5,397,430 | \$ 5,397,430 |
| Fund equity percent of expense | 47.5% | 47.2% | 47.0% | 50.3% | 48.4% | 46.5% | 45.1% | 43.9% | 42.7% |
| Months of operating coverage | 5.7 | 5.7 | 5.6 | 6.0 | 5.8 | 5.6 | 5.4 | 5.3 | 5.1 |
| Transfers out (in) per fund bal policy | \$ 533,749 | \$ 419,730 | \$ 745,562 | \$ 401,915 | | | | | |
| Expense percent change | 4.6% | 2.0% | 4.7% | 4.5% | 4.7% | 4.0% | 4.2% | 3.0% | 2.9% |
| Average annual percent change | | | | 3.9% | | | | | 3.7% |
| Tax Levy percent change | 1.1% | 4.6% | 6.4% | 2.2% | 3.6% | 6.0% | 4.9% | 3.4% | 3.0% |
| Average annual percent change | | | | 3.6% | | | | | 4.2% |
| Percent revenue/internal decisions | 85.5% | 89.5% | 88.0% | 87.9% | 91.5% | 92.7% | 92.8% | 93.0% | 92.9% |
| Percent revenue/external decisions | 14.5% | 10.5% | 12.0% | 12.1% | 8.5% | 7.3% | 7.2% | 7.0% | 7.1% |

Recycling Fund Operations

The Recycling Fund accounts for the City's curbside recycling program, through a joint powers agreement with Ramsey County. User fees are collected with property tax payments in July and December.

Impacts

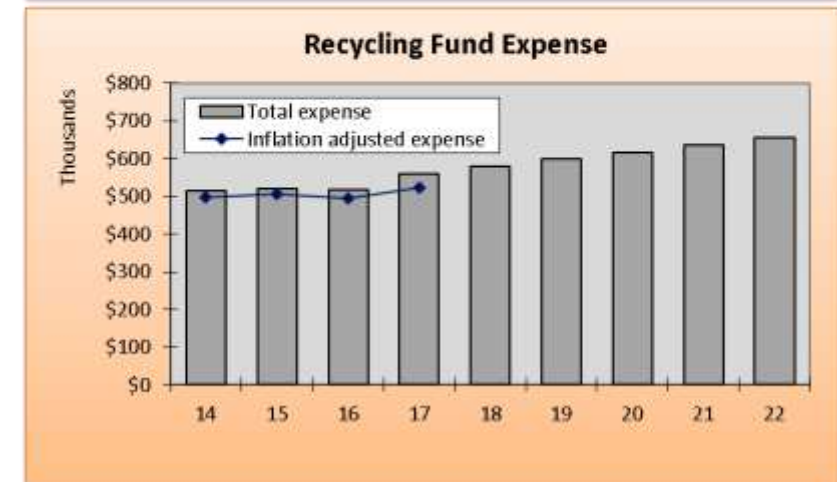
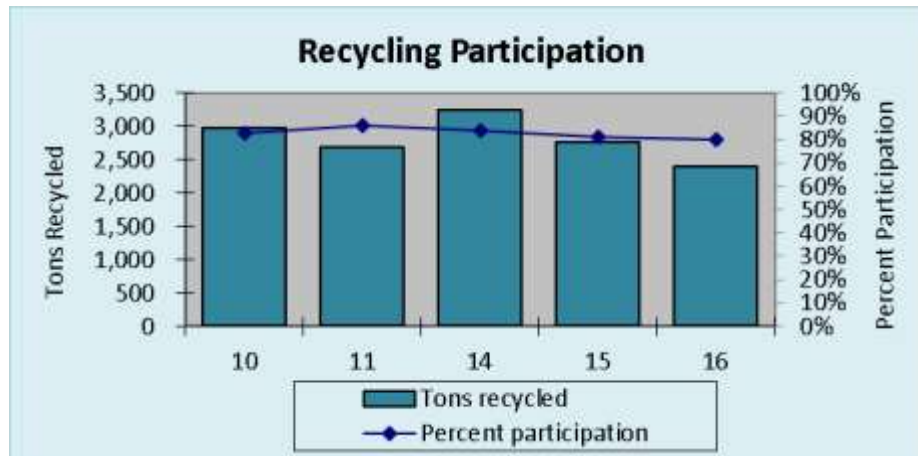
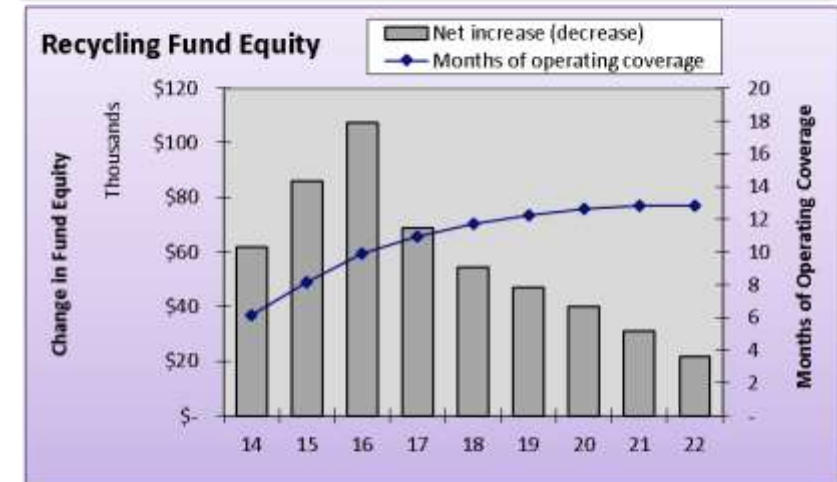
- SCORE grant funding has grown at a slower pace than program costs, and provides between 8.9% and 10.9% of revenue
- Reductions in newspaper circulation have significantly reduced the tons of materials recycled in recent years
- User fees provide between 85% and 89% of revenue, and are received in July and December, creating cash flow challenges for the fund

Performance/History

- Operating coverage exceeding 5 months in all of the last 4 years
- Eliminated periodic negative cash balances due to the timing of revenue from user fees

Fund Goals/Targets

- Continue to monitor fund balance and improve cash flow performance
- Establish recycling fees sufficient to maintain operating coverage of 5 months



| Recycling Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Intergovernmental | | | | | | | | | |
| SCORE Grant | \$ 51,930 | \$ 66,350 | \$ 62,469 | \$ 64,762 | \$ 60,000 | \$ 60,000 | \$ 60,000 | \$ 60,000 | \$ 60,000 |
| Other Local Governments | 15,598 | 17,563 | 17,233 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Charges for Services | | | | | | | | | |
| Recycling Charges | 494,099 | 509,500 | 526,598 | 527,000 | 538,000 | 550,000 | 560,000 | 570,000 | 580,000 |
| Cleanup Day Charges | 7,301 | 11,195 | 17,325 | 15,500 | 15,500 | 15,500 | 16,500 | 16,500 | 16,500 |
| Interest Earnings | 7,185 | 2,766 | 2,095 | - | - | - | - | - | - |
| Total Revenue | 576,113 | 607,374 | 625,720 | 627,262 | 633,500 | 645,500 | 656,500 | 666,500 | 676,500 |
| Expense | | | | | | | | | |
| Public Works | | | | | | | | | |
| Personal Services | 22,128 | 19,667 | 31,719 | 41,607 | 45,174 | 47,889 | 49,299 | 50,496 | 51,919 |
| Supplies | 6,177 | 171 | 224 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Contractual Services | 486,137 | 501,428 | 486,423 | 515,360 | 532,285 | 549,171 | 565,899 | 583,430 | 601,629 |
| Total Expense | 514,442 | 521,266 | 518,366 | 558,467 | 578,959 | 598,560 | 616,698 | 635,426 | 655,048 |
| Net Change | 61,671 | 86,108 | 107,354 | 68,795 | 54,541 | 46,940 | 39,802 | 31,074 | 21,452 |
| Fund Equity, beginning | 204,983 | 266,654 | 352,762 | 460,116 | 528,911 | 583,452 | 630,392 | 670,194 | 701,268 |
| Fund Equity, ending | \$266,654 | \$352,762 | \$460,116 | \$528,911 | \$583,452 | \$630,392 | \$670,194 | \$701,268 | \$722,720 |
| Fund equity percent of expense | 51.2% | 68.1% | 82.4% | 91.4% | 97.5% | 102.2% | 105.5% | 107.1% | 106.8% |
| Months of operating coverage | 6.1 | 8.2 | 9.9 | 11.0 | 11.7 | 12.3 | 12.7 | 12.8 | 12.8 |
| Expense percent change | 3.4% | 1.3% | -0.6% | 7.7% | 3.7% | 3.4% | 3.0% | 3.0% | 3.1% |
| Average annual percent change | | | | 3.0% | | | | | 3.2% |
| Annual charge per parcel/unit | \$ 45.00 | \$ 46.00 | \$ 47.00 | \$ 47.00 | \$ 48.00 | \$ 49.00 | \$ 50.00 | \$ 51.00 | \$ 52.00 |
| Change in rate-dollars | \$ 3.00 | \$ 1.00 | \$ 1.00 | \$ - | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 |
| Change in rate-percent | 7.1% | 2.2% | 2.2% | 0.0% | 2.1% | 2.1% | 2.0% | 2.0% | 2.0% |
| Average annual percent change | | | | 2.9% | | | | | 2.0% |
| Cost per collection | \$ 1.73 | \$ 1.77 | \$ 1.81 | \$ 1.81 | \$ 1.85 | \$ 1.88 | \$ 1.92 | \$ 1.96 | \$ 2.00 |
| Participation rate | 84.0% | 81.0% | 79.9% | | | | | | |
| Tons recycled | 3,242 | 2,762 | 2,394 | | | | | | |
| Number of units | 10,968 | 11,089 | 11,174 | 11,227 | 11,227 | 11,227 | 11,227 | 11,227 | 11,227 |

Community Center Fund Operations

The Community Center Fund accounts for the operation and maintenance of the fitness center and studios, the Tropics Indoor Water Park, Tropical Adventure indoor play area, banquet and meeting rooms, birthday party rooms, gymnasium, locker facilities, picnic pavilion and concessions.

Impacts

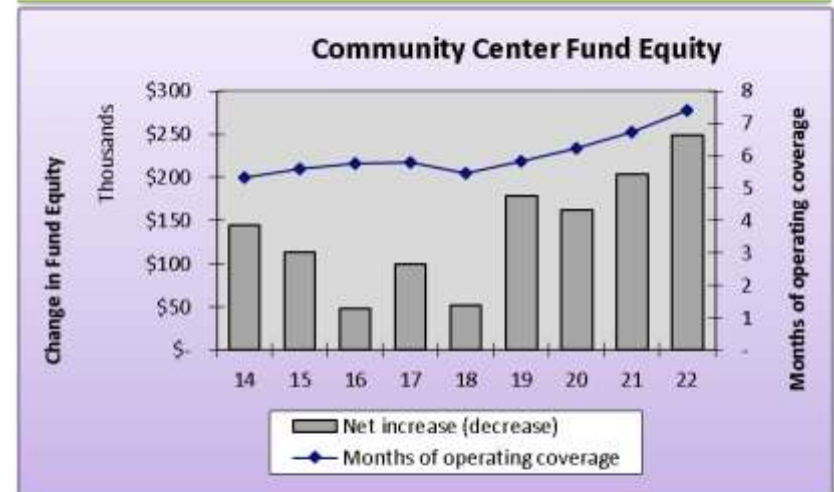
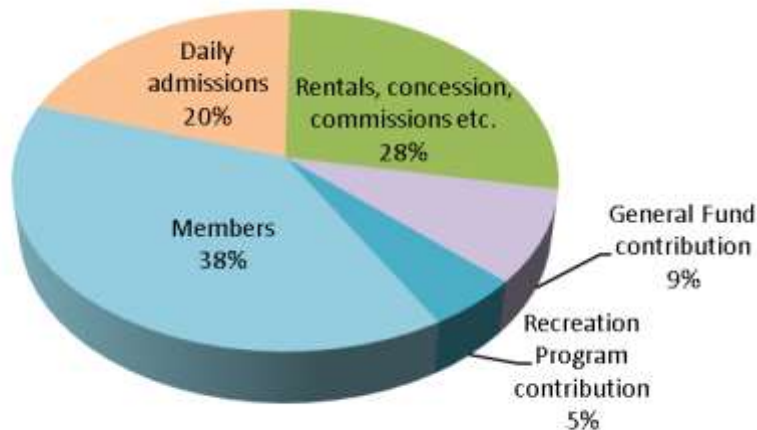
- User fees provide 87% of revenue (memberships, admissions and room rentals)
- General Fund provides \$270,000 in support of operations for 2018 through an inter-fund transfer
- Recreation Programs Fund provides \$150,000 in support for use of the facility
- State mandated minimum wage increases

Performance/History

- Enrollment in automatic monthly billing by members has declined from a high of 39% of total membership revenue in 2013 to 34% in 2016
- Insurance incentive credits have decreased from a high of \$199,091 in 2013 to \$169,921 in 2016
- Working capital coverage equal to 4 to 6 months in all years
- Positive cash flows

Fund Goals/Targets

- Adjust rates and operating expense to maintain operating coverage of 3 months
- Increase General Fund support approximately 3% per year



| Community Center Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Charges for Services | | | | | | | | | |
| Memberships | \$ 1,119,163 | \$ 1,070,913 | \$ 1,056,372 | \$ 1,177,000 | \$ 1,177,000 | \$ 1,280,000 | \$ 1,335,000 | \$ 1,390,000 | \$ 1,440,000 |
| Daily Admissions | 596,787 | 642,073 | 655,852 | 599,000 | 620,000 | 768,000 | 798,000 | 827,000 | 857,000 |
| Room Rentals | 307,632 | 324,956 | 344,492 | 344,030 | 412,940 | 513,580 | 538,200 | 565,850 | 592,900 |
| Concessions & Commissions | 242,324 | 244,327 | 237,752 | 261,600 | 288,000 | 327,500 | 338,500 | 349,500 | 361,000 |
| All Other Charges | 135,475 | 128,389 | 131,037 | 123,300 | 128,200 | 132,550 | 136,675 | 140,900 | 145,300 |
| Interest Earnings | 65,924 | 18,953 | 11,462 | 6,000 | 6,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Other Revenues | 13,529 | 12,063 | 22,525 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 |
| Total Revenue | 2,480,834 | 2,441,674 | 2,459,492 | 2,523,430 | 2,644,640 | 3,041,130 | 3,165,875 | 3,292,750 | 3,415,700 |
| Expense | | | | | | | | | |
| Parks and Recreation | | | | | | | | | |
| Personal Services | 1,475,984 | 1,556,366 | 1,602,588 | 1,698,132 | 1,802,084 | 2,007,197 | 2,106,343 | 2,169,410 | 2,230,982 |
| Supplies | 528,352 | 489,832 | 504,445 | 530,800 | 556,887 | 601,236 | 631,000 | 649,600 | 665,000 |
| Contractual | 670,495 | 648,080 | 687,986 | 564,981 | 653,838 | 691,307 | 720,423 | 741,264 | 759,255 |
| Capital Outlay | - | - | - | 32,352 | - | - | - | - | - |
| Total Expense | 2,674,831 | 2,694,278 | 2,795,019 | 2,826,265 | 3,012,809 | 3,299,740 | 3,457,766 | 3,560,274 | 3,655,237 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers In | 339,000 | 366,000 | 384,000 | 402,000 | 420,000 | 437,000 | 454,000 | 471,000 | 489,000 |
| Transfers Out | - | - | - | - | - | - | - | - | - |
| Net Change | 145,003 | 113,396 | 48,473 | 99,165 | 51,831 | 178,390 | 162,109 | 203,476 | 249,463 |
| Fund Equity, beginning | 1,048,539 | 1,193,542 | 1,306,938 | 1,355,411 | 1,454,576 | 1,506,407 | 1,684,797 | 1,846,906 | 2,050,382 |
| Fund Equity, ending | \$ 1,193,542 | \$ 1,306,938 | \$ 1,355,411 | \$ 1,454,576 | \$ 1,506,407 | \$ 1,684,797 | \$ 1,846,906 | \$ 2,050,382 | \$ 2,299,845 |
| Fund equity percent of expense | 44.3% | 46.8% | 48.0% | 48.3% | 45.7% | 48.7% | 51.9% | 56.1% | 61.7% |
| Months of operating coverage | 5.3 | 5.6 | 5.8 | 5.8 | 5.5 | 5.8 | 6.2 | 6.7 | 7.4 |
| Tax support as percent of expense | 8.9% | 9.1% | 9.1% | 9.3% | 9.0% | 8.4% | 8.2% | 8.2% | 8.2% |
| Revenue percent change | 6.8% | -1.6% | 0.7% | 2.6% | 4.8% | 15.0% | 4.1% | 4.0% | 3.7% |
| Average annual percent change/rev | | | | 2.1% | | | | | 6.3% |
| Expense percent change | 3.8% | 0.7% | 3.7% | 1.1% | 6.6% | 9.5% | 4.8% | 3.0% | 2.7% |
| Average annual percent change/exp | | | | 2.4% | | | | | 5.3% |
| Insurance credits (memberships) | \$ 186,114 | \$ 180,877 | \$ 169,921 | \$ 147,000 | | | | | |
| Annual membership rev billed monthly | \$ 424,061 | \$ 409,596 | \$ 356,597 | \$ 335,485 | | | | | |
| Rate change, daily admissions | 3.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Rate change, memberships | 3.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Recreation Program Fund Operations

The Recreation Programs Fund accounts for a variety of recreational and social programs offered throughout the City on a fee basis. Financial support, through an inter-fund transfer, is provided to the Community Center fund to partially cover use of the facility.

Impacts

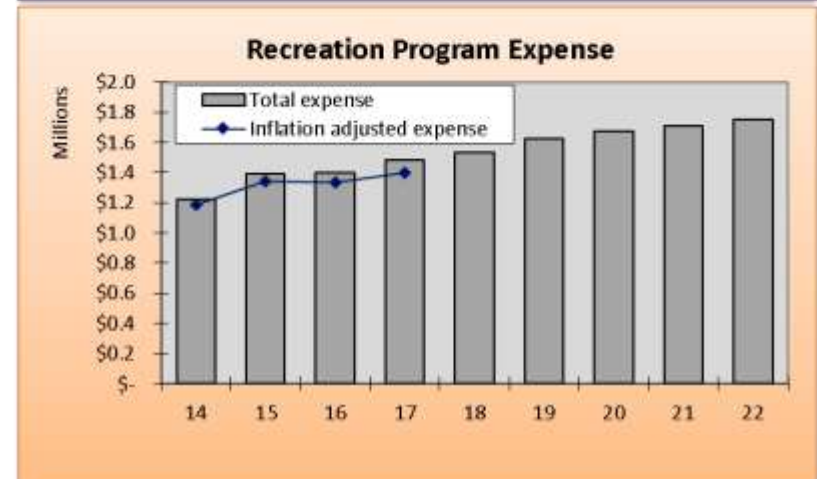
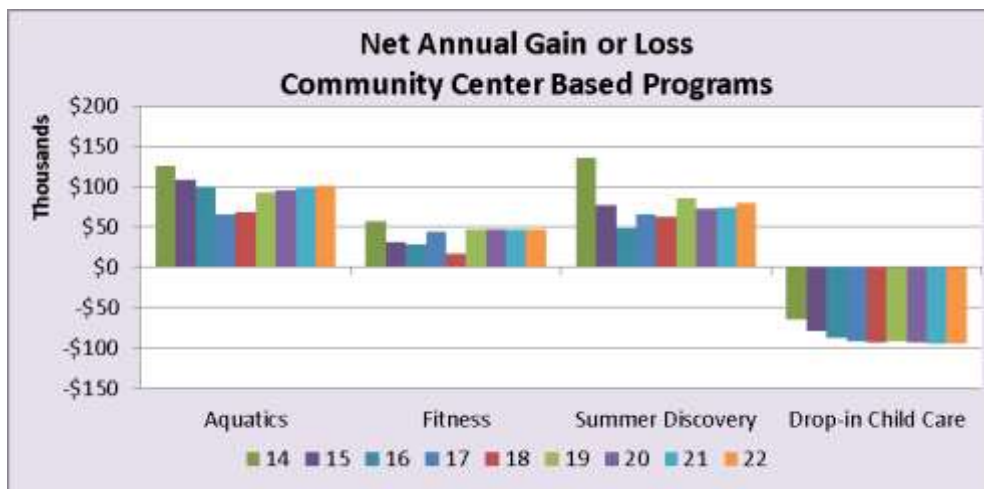
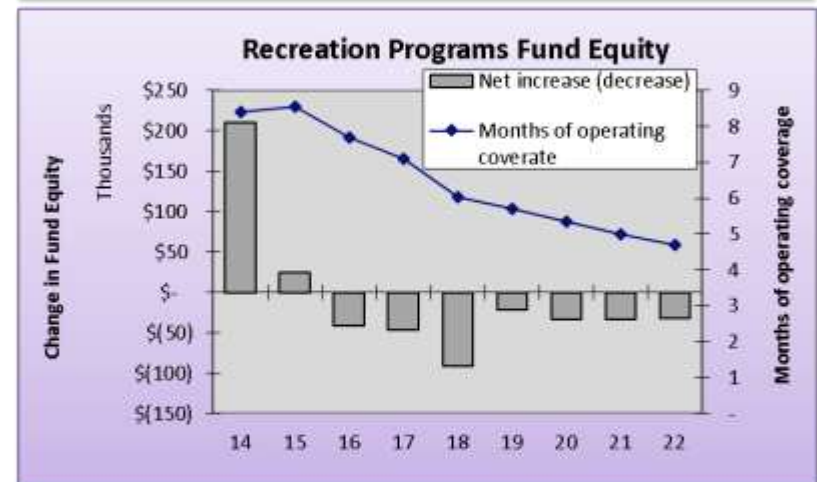
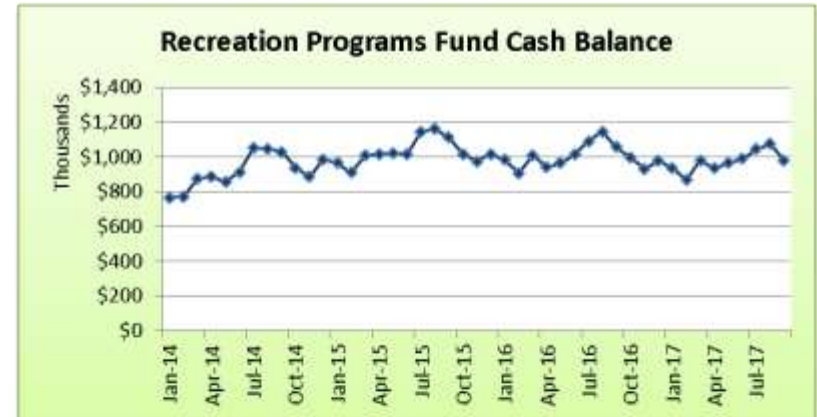
- User fees provide 94% of revenue
- State mandated minimum wage increases
- General Fund provides support for community-oriented programs through an annual transfer
- Planned \$150,000 transfer to the Community Center fund in 2018
- Projected operating losses in all years projected

Performance/History

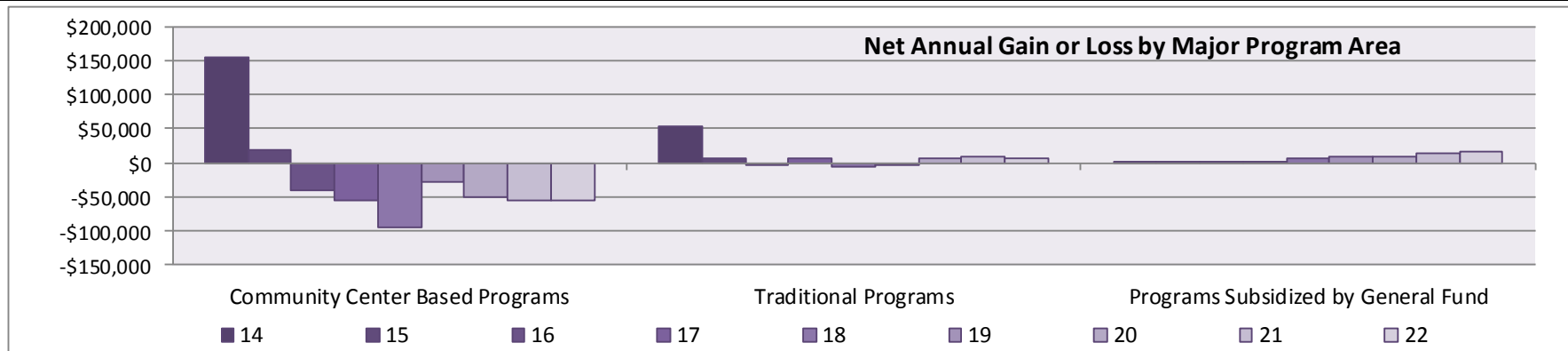
- Operating coverage equal to 6 to 8 months
- Operating loss in 2016

Fund Goals/Targets

- Preserve 3 months operating coverage through user fee adjustments
- Hold General Fund support to the rate of inflation or less
- Cover cost increases through operating efficiencies where possible/practical



| Recreation Programs Fund | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Estimate | 2018 Budget | 2019 Budget | 2020 Projected | 2021 Projected | 2022 Projected |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue | | | | | | | | | |
| Charges for Services | \$1,419,065 | \$1,446,360 | \$1,397,125 | \$1,492,552 | \$1,493,159 | \$1,660,340 | \$1,702,792 | \$1,744,449 | \$1,789,139 |
| Interest Earnings | 44,575 | 13,214 | 7,234 | 2,500 | 2,500 | 3,000 | 3,000 | 3,000 | 3,500 |
| Other Revenues | 48 | 1,606 | - | - | - | - | - | - | - |
| Total Revenue | 1,463,688 | 1,461,180 | 1,404,359 | 1,495,052 | 1,495,659 | 1,663,340 | 1,705,792 | 1,747,449 | 1,792,639 |
| Expense | | | | | | | | | |
| Parks and Recreation | | | | | | | | | |
| Parks Administration | 413,410 | 419,872 | 442,322 | 481,357 | 496,353 | 511,437 | 527,559 | - | - |
| Program Costs | 810,231 | 968,953 | 957,705 | 1,006,130 | 1,036,219 | 1,113,272 | 1,146,826 | 1,710,279 | 1,749,570 |
| Total Expense | 1,223,641 | 1,388,825 | 1,400,027 | 1,487,487 | 1,532,572 | 1,624,709 | 1,674,385 | 1,710,279 | 1,749,570 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers In | 70,000 | 72,000 | 84,000 | 86,000 | 95,000 | 100,000 | 105,000 | 110,000 | 115,000 |
| Transfers Out | (100,000) | (120,000) | (130,000) | (140,000) | (150,000) | (160,000) | (170,000) | (180,000) | (190,000) |
| Net Change | 210,047 | 24,355 | (41,668) | (46,435) | (91,913) | (21,369) | (33,593) | (32,830) | (31,931) |
| Fund Equity, beginning | 761,735 | 971,782 | 996,137 | 954,469 | 908,034 | 816,121 | 794,752 | 761,159 | 728,329 |
| Fund Equity, ending | \$ 971,782 | \$ 996,137 | \$ 954,469 | \$ 908,034 | \$ 816,121 | \$ 794,752 | \$ 761,159 | \$ 728,329 | \$ 696,398 |
| Fund equity percent of expense | 70.0% | 71.2% | 64.2% | 59.2% | 50.2% | 47.5% | 44.5% | 41.6% | 39.2% |
| Months of operating coverage | 8.4 | 8.5 | 7.7 | 7.1 | 6.0 | 5.7 | 5.3 | 5.0 | 4.7 |
| Revenue percent change | 7.7% | -0.2% | -3.9% | 6.5% | 0.0% | 11.2% | 2.6% | 2.4% | 2.6% |
| Average annual percent change | | | | 2.5% | | | | | 3.8% |
| Expense percent change | -1.0% | 13.5% | 0.8% | 6.2% | 3.0% | 6.0% | 3.1% | 2.1% | 2.3% |
| Average annual percent change | | | | 4.9% | | | | | 3.3% |
| Percent of revenue from user fees | 92.5% | 94.3% | 93.9% | 94.4% | 93.9% | 94.2% | 94.0% | 93.9% | 93.8% |
| Percent of revenue from Gen Fund | 4.6% | 4.7% | 5.6% | 5.4% | 6.0% | 5.7% | 5.8% | 5.9% | 6.0% |



Cable TV Fund Operations

At the end of 2014, the City withdrew from the North Suburban Cable Commission (NSCC). NSCC was previously responsible for the management and administration of the City's cable franchise and public access programming in Shoreview. The City has negotiated the renewal of the cable franchise with Comcast for 10 years. Revenue for the cable fund is obtained through a 5% franchise fee that is paid by Shoreview cable subscribers to Comcast and through a Public, Educational, and Government (PEG) fee that is also paid by subscribers. This franchise fee and PEG revenue fund the City's management and administration of the cable franchise, staff costs to cablecast City Council and Planning Commission meetings, acquisition and maintenance of cable equipment for the Council Chambers and City Hall, and operating transfers that are used to finance City communication activities.

Impacts

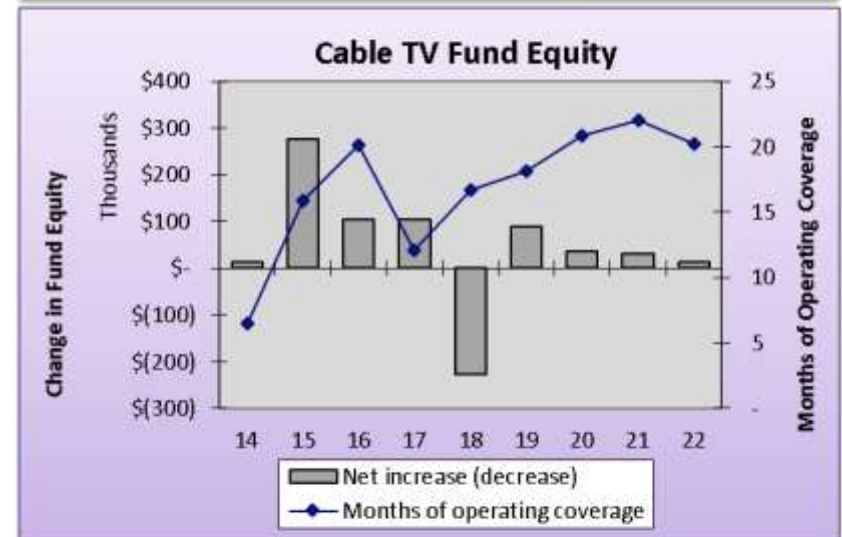
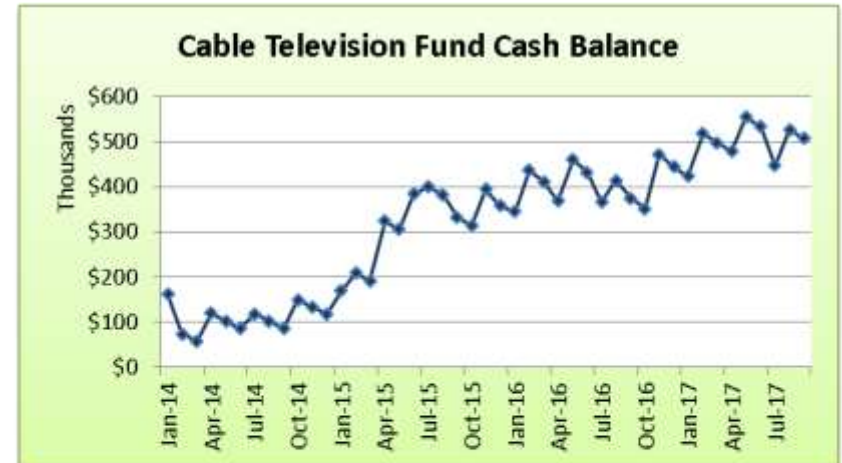
- Cable franchise fees and PEG fees provide more than 99% of revenue
- Contractual costs decrease significantly due to withdrawal from the NSCC
- Transition to in-house production, broadcasting and web streaming of cable programming
- Transfers to the General Fund provide support for communication activities
- Provide support for capital purchases associated with the Community Center expansion and Council Chamber improvements

Performance/History

- Operating coverage equal to 7 to 8 months
- Positive cash flows

Fund Goals/Targets

- Preserve minimum operating coverage of 3 and up to 6 months when anticipated capital costs dictate higher balances
- Monitor fund balance changes



| Cable Television Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Charges for Services | \$331,303 | \$604,810 | \$452,743 | \$442,000 | \$440,000 | \$410,000 | \$390,000 | \$360,000 | \$ 340,000 |
| Interest Earnings | 5,303 | 3,840 | 2,906 | 1,800 | 1,800 | 1,900 | 1,900 | 2,000 | 2,000 |
| Other Revenues | 1,100 | 23,061 | 1,100 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Total Revenue | 337,706 | 631,711 | 456,749 | 445,000 | 443,000 | 413,100 | 393,100 | 363,200 | 343,200 |
| Expense | | | | | | | | | |
| General Government | | | | | | | | | |
| Personal Services | 33,834 | 34,171 | 39,391 | 33,723 | 35,737 | 37,222 | 38,320 | 39,128 | 40,016 |
| Supplies | - | 60 | 32 | 250 | 500 | 500 | 500 | 500 | 500 |
| Contractual | 119,142 | 69,260 | 96,939 | 106,840 | 83,316 | 85,922 | 118,329 | 91,236 | 89,943 |
| Capital Outlay | 10,775 | 85,199 | 16,606 | - | 350,000 | - | - | - | - |
| Total Expense | 163,751 | 188,690 | 152,968 | 140,813 | 469,553 | 123,644 | 157,149 | 130,864 | 130,459 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers Out | (160,000) | (167,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) |
| Net Change | 13,955 | 276,021 | 103,781 | 104,187 | (226,553) | 89,456 | 35,951 | 32,336 | 12,741 |
| Fund Equity, beginning | 178,204 | 192,159 | 468,180 | 571,961 | 676,148 | 449,595 | 539,051 | 575,002 | 607,338 |
| Fund Equity, ending | \$192,159 | \$468,180 | \$571,961 | \$676,148 | \$449,595 | \$539,051 | \$575,002 | \$607,338 | \$ 620,079 |
| Fund equity percent of expense and transfers out | 54.0% | 132.6% | 167.8% | 101.0% | 138.9% | 150.9% | 173.8% | 183.8% | 168.9% |
| Months of operating coverage (for expense and transfers out) | 6.5 | 15.9 | 20.1 | 12.1 | 16.7 | 18.1 | 20.9 | 22.1 | 20.3 |
| Franchise fee percent change | 5.7% | 82.6% | -25.1% | -2.4% | -0.5% | -6.8% | -4.9% | -7.7% | -5.6% |
| Average annual percent change | | | | 15.2% | | | | | -5.1% |

Economic Development Authority Fund Operations

The Economic Development Authority (EDA) was created in 2008 with an initial \$50,000 transfer from the General Fund and \$2,025 from the former Economic Development Fund. The City's previous deposit in the Twin Cities Community Capital Fund was returned to the City in 2010 (\$165,777). Because the funds are legally restricted to economic development and business assistance (as governed by Minnesota statutes), the EDA is exploring other options for a business loan program. The funds will be invested until a loan program is selected or developed.

Impacts

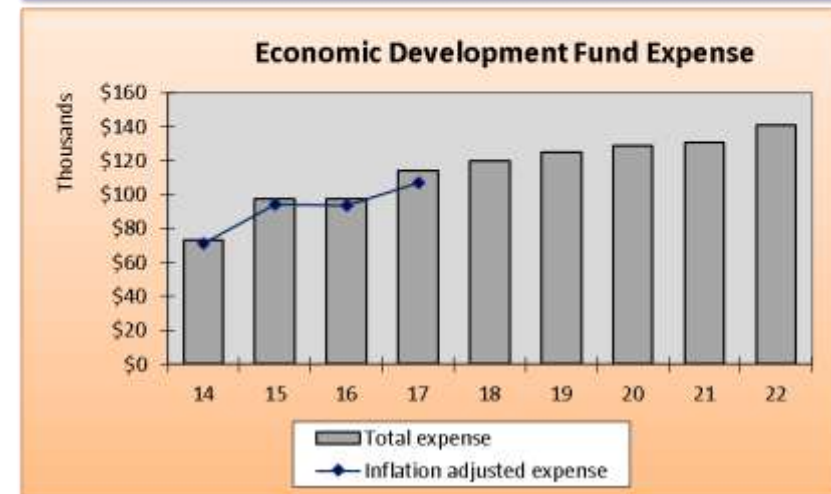
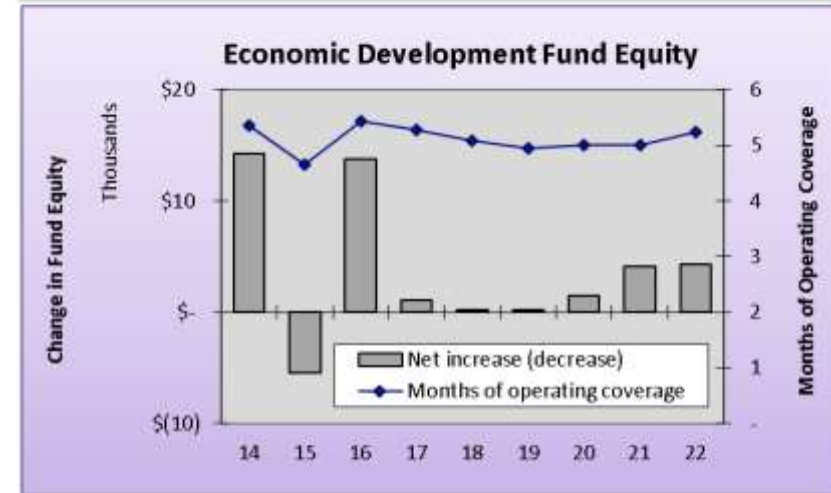
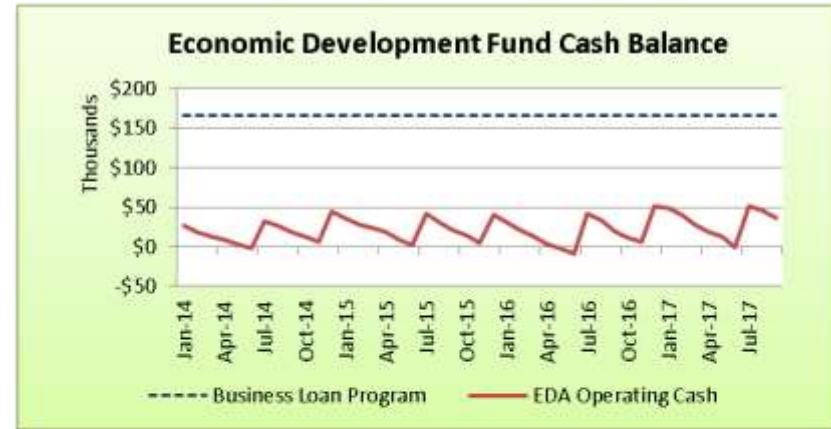
- First tax levy in 2011
- Levy authority is within the City's levy limit, when levy limits are in effect
- Property tax collections occur in July and December, creating cash flow challenges for the fund
- Covers 25% of the Assistant City Manager/Community Development Director position
- Covers 25% of the Economic Development and Planning Associate position

Performance/History

- Operating coverage equal to 5 to 6 months

Fund Goals/Targets

- Establish and maintain 5 months of operating coverage
- Monitor fund balance changes



| Economic Development Authority Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Property Taxes | \$ 78,507 | \$ 89,517 | \$ 110,037 | \$ 115,000 | \$ 120,000 | \$ 125,000 | \$ 130,000 | \$ 135,000 | \$ 145,000 |
| Interest Earnings | 9,066 | 2,449 | 1,341 | - | - | - | - | - | - |
| Other Revenues | - | - | - | - | - | - | - | - | - |
| Total Revenue | 87,573 | 91,966 | 111,378 | 115,000 | 120,000 | 125,000 | 130,000 | 135,000 | 145,000 |
| Expense | | | | | | | | | |
| Community Development | | | | | | | | | |
| Personal Services | 40,035 | 50,852 | 61,983 | 63,695 | 65,785 | 67,723 | 69,997 | 71,857 | 73,763 |
| Supplies | 2,253 | 3,593 | 3,150 | 4,500 | 6,000 | 6,000 | 7,000 | 7,000 | 7,000 |
| Contractual Services | 31,072 | 42,998 | 32,540 | 45,770 | 48,060 | 51,051 | 51,543 | 52,086 | 59,931 |
| Total Expense | 73,360 | 97,443 | 97,673 | 113,965 | 119,845 | 124,774 | 128,540 | 130,943 | 140,694 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - | - |
| Net Change | 14,213 | (5,477) | 13,705 | 1,035 | 155 | 226 | 1,460 | 4,057 | 4,306 |
| Fund Equity, beginning | 194,963 | 209,176 | 203,699 | 217,404 | 218,439 | 218,594 | 218,820 | 220,280 | 224,337 |
| Fund Equity, ending | \$ 209,176 | \$ 203,699 | \$ 217,404 | \$ 218,439 | \$ 218,594 | \$ 218,820 | \$ 220,280 | \$ 224,337 | \$ 228,643 |
| Fund Equity Breakdown | | | | | | | | | |
| Business loan program fund balance | \$ 165,777 | \$ 165,777 | \$ 165,777 | \$ 165,777 | \$ 165,777 | \$ 165,777 | \$ 165,777 | \$ 165,777 | \$ 165,777 |
| Non loan program fund balance | \$ 43,399 | \$ 37,922 | \$ 51,627 | \$ 52,662 | \$ 52,817 | \$ 53,043 | \$ 54,503 | \$ 58,560 | \$ 62,866 |
| Months of operating coverage (excluding balances restricted for business loan program) | 5.3 | 4.7 | 5.4 | 5.3 | 5.1 | 5.0 | 5.0 | 5.0 | 5.2 |
| Tax levy percent change | 31.6% | 14.0% | 22.9% | 4.5% | 4.3% | 4.2% | 4.0% | 3.8% | 7.4% |
| Annual average percent change | | | | 15.5% | | | | | 4.8% |

Housing Redevelopment Authority Fund Operations

The Housing Redevelopment Authority (HRA) was created in 2009 to account for housing-related activities of the EDA, with the first year of operation in 2010.

Impacts

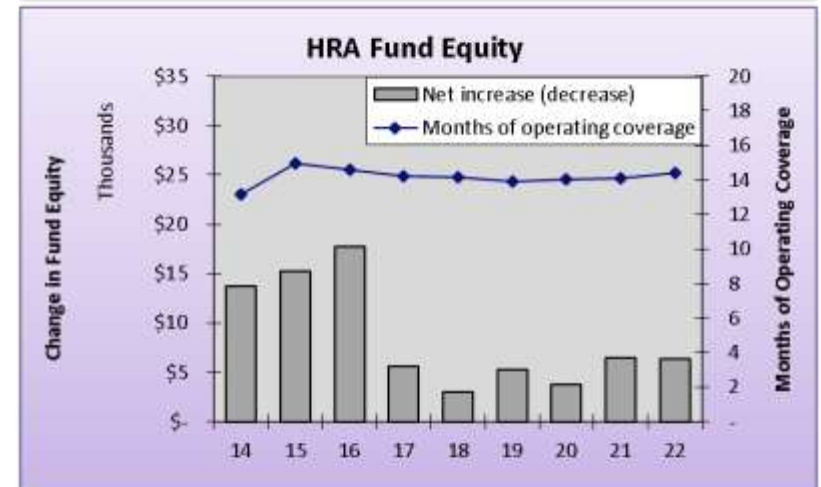
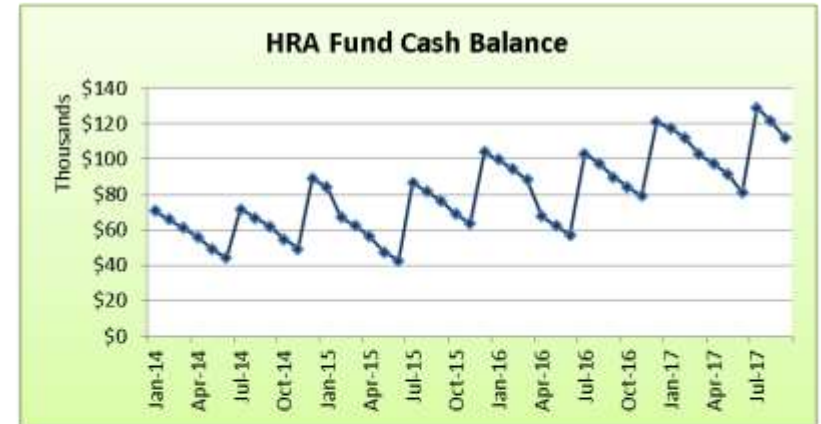
- First tax levy in 2010
- Levy authority for the HRA is outside the City's levy limit
- Covers 25% of the Assistant City Manager/Community Development Director position cost
- Covers 35% of the Economic Development and Planning Associate

Performance/History

- Operating coverage from 13 to 14 months

Fund Goals/Targets

- Maintain 5 months of operating coverage
- Monitor fund balance changes



| Housing Redevelopment Authority | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Property Taxes | \$ 87,998 | \$ 94,525 | \$ 100,001 | \$ 105,000 | \$ 110,000 | \$ 115,000 | \$ 120,000 | \$ 125,000 | \$ 130,000 |
| Interest Earnings | 3,083 | 921 | 637 | - | - | - | - | - | - |
| Total Revenue | 91,081 | 95,446 | 100,638 | 105,000 | 110,000 | 115,000 | 120,000 | 125,000 | 130,000 |
| Expense | | | | | | | | | |
| Community Development | | | | | | | | | |
| Personal Services | 62,776 | 66,147 | 69,883 | 72,184 | 74,623 | 76,813 | 79,390 | 81,498 | 83,658 |
| Contractual Services | 14,559 | 14,062 | 13,000 | 27,200 | 32,350 | 32,900 | 36,900 | 37,000 | 40,000 |
| Debt Service | - | - | - | - | - | - | - | - | - |
| Total Expense | 77,335 | 80,209 | 82,883 | 99,384 | 106,973 | 109,713 | 116,290 | 118,498 | 123,658 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - | - |
| Net Change | 13,746 | 15,237 | 17,755 | 5,616 | 3,027 | 5,287 | 3,710 | 6,502 | 6,342 |
| Fund Equity, beginning | 74,197 | 87,943 | 103,180 | 120,935 | 126,551 | 129,578 | 134,865 | 138,575 | 145,077 |
| Fund Equity, ending | \$ 87,943 | \$ 103,180 | \$ 120,935 | \$ 126,551 | \$ 129,578 | \$ 134,865 | \$ 138,575 | \$ 145,077 | \$ 151,419 |
| Fund equity percent of expense | 109.6% | 124.5% | 121.7% | 118.3% | 118.1% | 116.0% | 116.9% | 117.3% | 120.0% |
| Months of operating coverage | 13.2 | 14.9 | 14.6 | 14.2 | 14.2 | 13.9 | 14.0 | 14.1 | 14.4 |
| Taxable Value (millions) | \$ 24.0 | \$ 26.7 | \$ 27.5 | \$ 29.3 | \$ 31.5 | \$ 32.4 | \$ 33.4 | \$ 34.4 | \$ 35.4 |
| Tax Rate (HRA) | 0.345% | 0.323% | 0.332% | 0.325% | 0.317% | 0.328% | 0.334% | 0.338% | 0.367% |
| Change in tax rate | 19.4% | -6.4% | 2.8% | -2.1% | -2.5% | 3.5% | 1.8% | 1.2% | 8.6% |
| Average annual percent change | | | | 3.4% | | | | | 2.5% |
| Expense percent change | 27.8% | 3.7% | 3.3% | 19.9% | 7.6% | 2.6% | 6.0% | 1.9% | 4.4% |
| Average annual percent change | | | | 13.7% | | | | | 4.5% |

Slice of Shoreview Fund Operations

The Slice of Shoreview Fund accounts for costs, donations, sponsorships and vendor fees associated with the Slice of Shoreview event.

Impacts

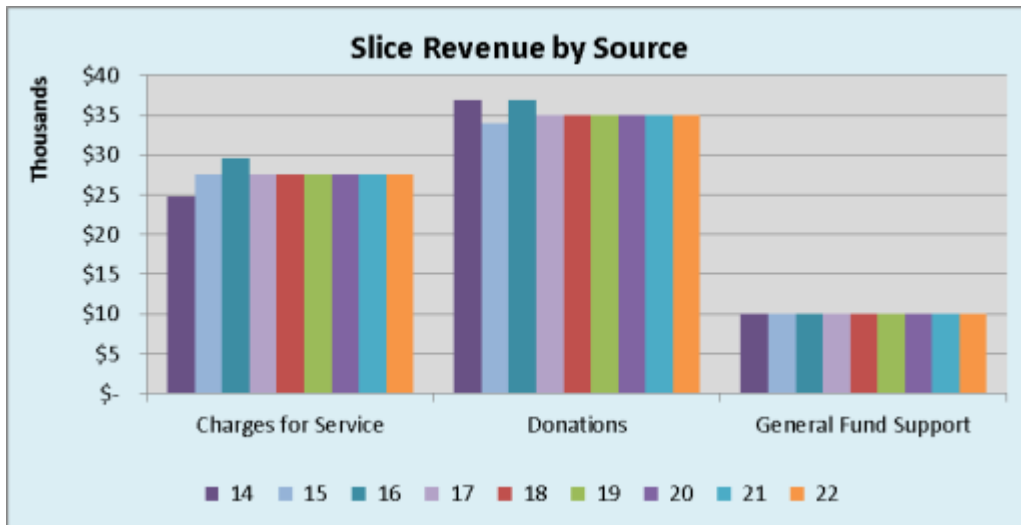
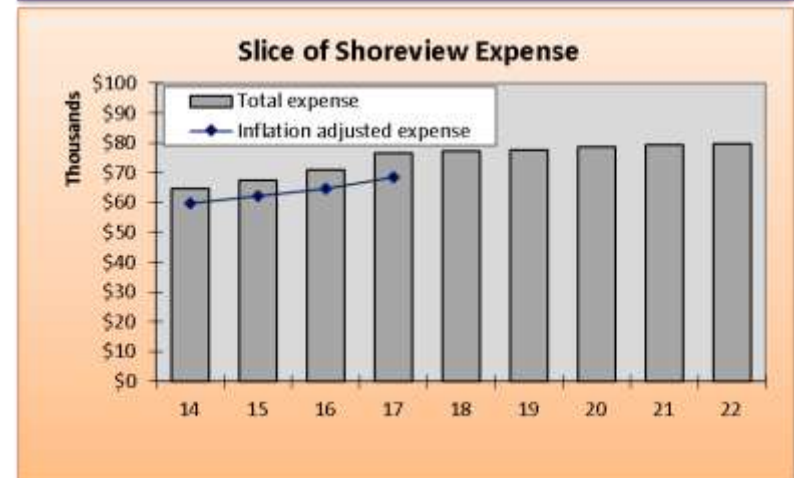
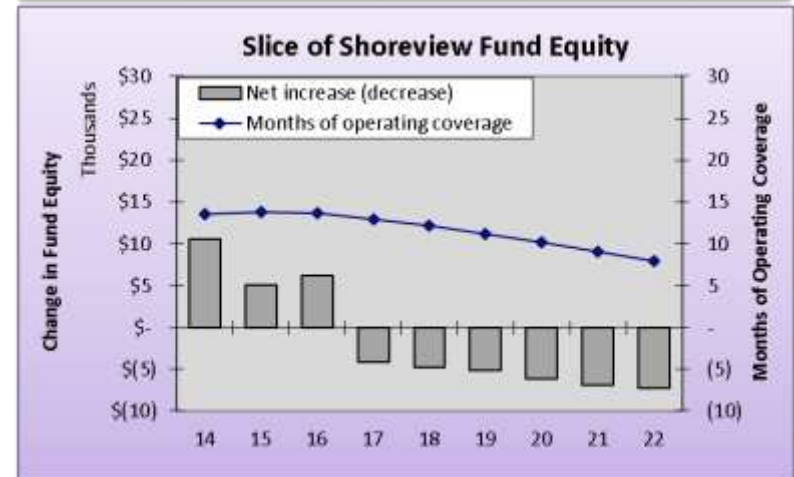
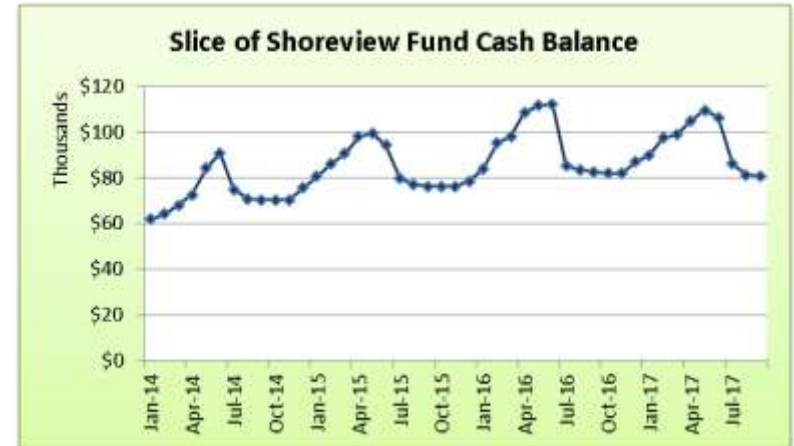
- For 2018, support for the event is provided by donations (48%), fees (38%), and General Fund support (14%)

Performance/History

- Operating coverage equal to 8 to 13 months

Fund Goals/Targets

- Preserve 6 to 12 months of operating coverage to ensure adequate coverage of event costs in the event of a decline in donations
- Hold General Fund support to the rate of inflation or less



| Slice of Shoreview Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Charges for Services | \$ 24,836 | \$ 27,535 | \$ 29,660 | \$ 27,500 | \$ 27,500 | \$ 27,500 | \$ 27,500 | \$ 27,500 | \$ 27,500 |
| Interest Earnings | 3,557 | 1,077 | 660 | - | - | - | - | - | - |
| Other Revenues (donations) | 36,946 | 34,050 | 36,882 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| Total Revenue | 65,339 | 62,662 | 67,202 | 62,500 | 62,500 | 62,500 | 62,500 | 62,500 | 62,500 |
| Expense | | | | | | | | | |
| General Government | 64,805 | 67,608 | 70,998 | 76,700 | 77,300 | 77,700 | 78,700 | 79,400 | 79,800 |
| Total Expense | 64,805 | 67,608 | 70,998 | 76,700 | 77,300 | 77,700 | 78,700 | 79,400 | 79,800 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers In | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Net Change | 10,534 | 5,054 | 6,204 | (4,200) | (4,800) | (5,200) | (6,200) | (6,900) | (7,300) |
| Fund Equity, beginning | 65,817 | 76,351 | 81,405 | 87,609 | 83,409 | 78,609 | 73,409 | 67,209 | 60,309 |
| Fund Equity, ending | \$ 76,351 | \$ 81,405 | \$ 87,609 | \$ 83,409 | \$ 78,609 | \$ 73,409 | \$ 67,209 | \$ 60,309 | \$ 53,009 |
| Fund equity percent of expense | 112.9% | 114.7% | 114.2% | 107.9% | 101.2% | 93.3% | 84.6% | 75.6% | 66.4% |
| Months of operating coverage | 13.6 | 13.8 | 13.7 | 12.9 | 12.1 | 11.2 | 10.2 | 9.1 | 8.0 |
| Expense percent change | -3.8% | 4.3% | 5.0% | 8.0% | 0.8% | 0.5% | 1.3% | 0.9% | 0.5% |
| Annual average percent change | | | | 3.4% | | | | | 0.8% |

Combined Debt Service Funds

Debt Service funds account for revenue dedicated to the payment of debt as well as the principal and interest payments (excluding debt accounted for in utility or internal service funds).

Impacts

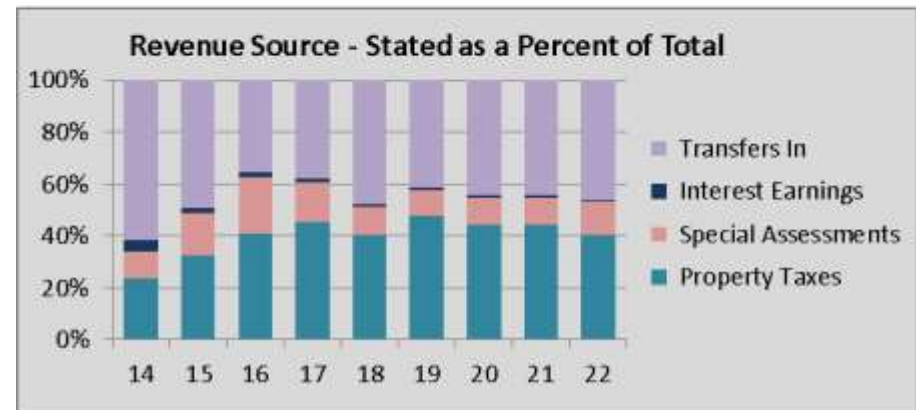
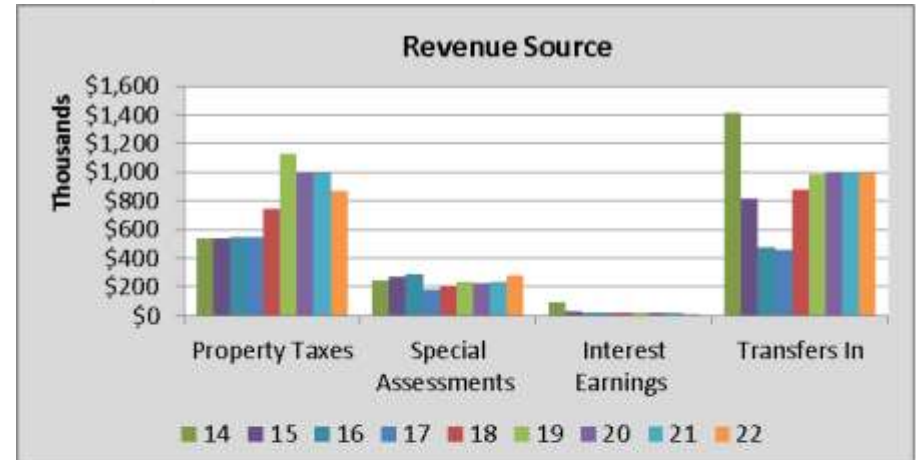
- Revenue in support of debt payments for 2018 is derived from transfers in (48%), property taxes (40%), special assessments (11%) and interest earnings (1%)
- Transfers for debt payments are from the General Fund (\$50,000), General Fixed Asset Replacement Fund (\$180,000), Community Investment Fund (\$497,000) and the Street Renewal Fund (\$100,000)
- Transfers to or from the Closed Debt Fund are intended to close out balances for retired debt, or to provide reductions in the debt portion of the tax levy (\$50,000)
- The increase in transfers into Debt Funds in 2018 is due to the planned issuance of Community Center expansion debt in 2017, and street renewal bonds in 2018

Performance/History

- Operating coverage equal to 5 to 32 months
- Advance refunding of the 2002 Certificates of Participation in 2011, saving more than \$200,000 in interest costs on a net present value basis
- Crossover refunding of the 2004 and 2006 G.O. Improvement, Utility, Street and Capital Improvement Plan Bonds (for fire station improvements) during 2013. The combined refunding saves \$280,000 in interest costs on a net present value basis. The crossover refunding transactions occurred on the call dates during 2013, 2014 and 2015.
- Advance refunding of the 2010 G.O. Improvement, Utility and Capital Improvement Plan (Public Works facility) Bonds in 2014, saving more than \$364,000 in interest cost on a net present value basis.

Fund Goals/Targets

- Preserve a minimum of 6 months of operating coverage
- Hold General Fund support for debt payments to \$50,000 per year until retirement of the community center expansion debt, then reduce General Fund support to zero in 2023



| Debt Funds | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Property Taxes | \$ 535,765 | \$ 541,270 | \$ 548,016 | \$ 547,000 | \$ 742,235 | \$ 1,127,000 | \$ 996,000 | \$ 994,000 | \$ 871,000 |
| Special Assessments | 243,735 | 270,575 | 288,442 | 182,741 | 205,875 | 234,875 | 227,998 | 235,828 | 278,929 |
| Intergovernmental | 1,180 | 580 | - | - | - | - | - | - | - |
| Interest Earnings | 93,768 | 30,815 | 24,545 | 17,150 | 18,030 | 24,220 | 22,500 | 20,010 | 14,370 |
| Other Revenues | - | - | - | - | - | - | - | - | - |
| Total Revenue | 874,448 | 843,240 | 861,003 | 746,891 | 966,140 | 1,386,095 | 1,246,498 | 1,249,838 | 1,164,299 |
| Expense | | | | | | | | | |
| Debt Service | 1,678,465 | 1,600,539 | 1,300,313 | 1,379,894 | 1,594,003 | 2,221,998 | 2,502,381 | 2,383,722 | 2,402,852 |
| Total Expense | 1,678,465 | 1,600,539 | 1,300,313 | 1,379,894 | 1,594,003 | 2,221,998 | 2,502,381 | 2,383,722 | 2,402,852 |
| Other Sources (Uses) | | | | | | | | | |
| Debt Proceeds | 105,822 | 9,493 | - | 118,514 | 14,794 | - | 15,372 | - | 13,244 |
| Debt Refunded | (860,000) | (1,490,000) | - | - | - | - | - | - | - |
| Transfers In | 1,410,014 | 818,122 | 471,699 | 455,000 | 877,000 | 982,000 | 990,748 | 1,000,762 | 993,096 |
| Transfers Out | (67,599) | (50,000) | (54,543) | (50,000) | (50,000) | (50,000) | (58,748) | (68,762) | (61,096) |
| Net Change | (215,780) | (1,469,684) | (22,154) | (109,489) | 213,931 | 96,097 | (308,511) | (201,884) | (293,309) |
| Fund Equity, beginning | 4,513,527 | 4,297,747 | 2,828,063 | 2,805,909 | 2,696,420 | 2,910,351 | 3,006,448 | 2,697,937 | 2,496,053 |
| Fund Equity, ending | \$ 4,297,747 | \$ 2,828,063 | \$ 2,805,909 | \$ 2,696,420 | \$ 2,910,351 | \$ 3,006,448 | \$ 2,697,937 | \$ 2,496,053 | \$ 2,202,744 |
| Fund equity percent of expense | 268.5% | 217.5% | 203.3% | 169.2% | 131.0% | 120.1% | 113.2% | 103.9% | 97.3% |
| Months of operating coverage | 32.2 | 5.0 | 12.3 | 20.3 | 15.7 | 14.4 | 13.6 | 12.5 | 11.7 |
| Unspent bond proceeds | \$ - | \$ 2,289,635 | \$ 1,397,098 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expense percent change | -9.4% | -4.6% | -18.8% | 6.1% | 15.5% | 39.4% | 12.6% | -4.7% | 0.8% |
| Average annual percent change | | | | -6.7% | | | | | 12.7% |
| Tax Levy percent change | 7.5% | 1.0% | 1.2% | -0.2% | 35.7% | 51.8% | -11.6% | -0.2% | -12.4% |
| Average annual percent change | | | | 2.4% | | | | | 12.7% |

Water Fund Operations

The Water Fund accounts for the distribution of water to residences and businesses, and operation and maintenance of the water system. Fluctuations in water consumption and revenue are expected from year to year, therefore projections use a “base year” approach to estimate gallons sold. Rates are set to support operating costs in a typical “base year,” removing the impact of drought or high rainfall years.

Impacts

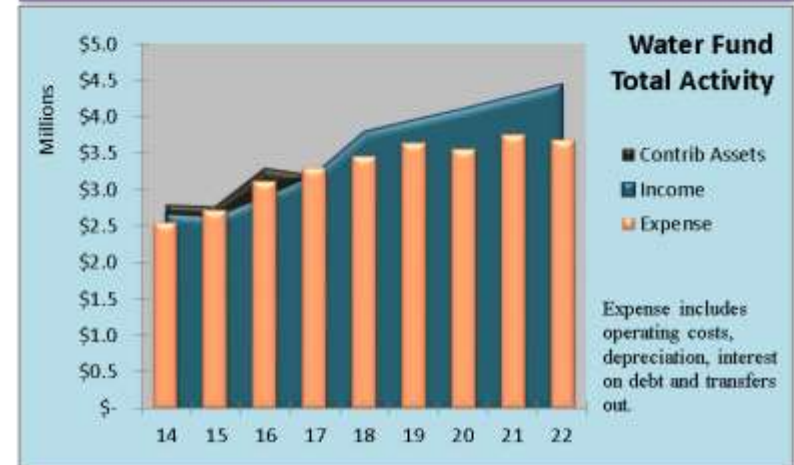
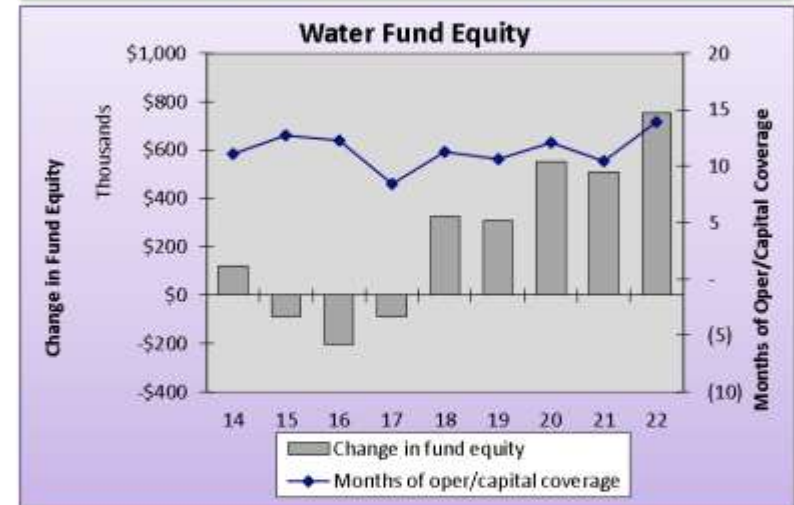
- Average household water consumption continues to decline
- Water use fluctuates significantly based on rainfall during the growing season
- Contributions for maintenance center debt payments began in 2011
- Water treatment plant began operation in last quarter of 2016

Performance/History

- Operating coverage equal to 11 to 13 months of operating and capital costs
- Stable cash balances, fluctuations are the result of bond proceeds
- Operating income generated each year
- Projected base gallons established at 880 million gallons
- In 2012 the lowest residential billing tier was split into two tiers resulting in revenue increases
- Negative debt capacity in 2014 and 2015 as a result of called bonds associated with advance refunding

Fund Goals/Targets

- Preserve a minimum of 8 months of operating and capital coverage
- Increased water rates to achieve overall gains and meet additional debt service requirements associated with the Water Treatment Plant
- Maintain positive debt capacity reserves after scheduled transfers



| Water Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Special Assessments | \$ 2,847 | \$ 2,080 | \$ 5,200 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Utility Charges | 2,325,701 | 2,493,747 | 2,781,428 | 3,094,000 | 3,718,000 | 3,868,000 | 4,027,000 | 4,187,000 | 4,354,000 |
| Late Fees/Utility Charges | 44,619 | 42,045 | 43,399 | - | - | - | - | - | - |
| Water Facility Charges | 77,198 | 10,874 | 19,959 | 44,000 | 9,000 | 10,000 | 10,000 | 10,500 | 11,000 |
| Other Charges | 30,966 | 40,514 | 21,360 | 30,000 | 26,000 | 26,500 | 26,500 | 27,000 | 27,500 |
| Other Revenues | - | - | - | - | - | - | - | - | - |
| Total Revenue | 2,481,331 | 2,589,260 | 2,871,346 | 3,168,000 | 3,753,000 | 3,904,500 | 4,063,500 | 4,224,500 | 4,392,500 |
| Expense | | | | | | | | | |
| Enterprise Operations | 1,432,452 | 1,430,934 | 1,570,611 | 1,643,402 | 1,712,268 | 1,855,804 | 1,789,918 | 1,957,612 | 1,890,745 |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Depreciation | 634,561 | 647,552 | 671,425 | 821,000 | 960,000 | 965,000 | 962,000 | 978,000 | 993,000 |
| Total Expense | 2,067,013 | 2,078,486 | 2,242,036 | 2,464,402 | 2,672,268 | 2,820,804 | 2,751,918 | 2,935,612 | 2,883,745 |
| Operating Income (Loss) | 414,318 | 510,774 | 629,310 | 703,598 | 1,080,732 | 1,083,696 | 1,311,582 | 1,288,888 | 1,508,755 |
| Other Sources (Uses) | | | | | | | | | |
| Interest Earnings | 175,102 | 48,877 | 38,343 | 42,000 | 42,000 | 45,000 | 45,000 | 47,000 | 47,000 |
| Sale of Asset-Gain | 114 | - | - | - | - | - | - | - | - |
| Contributed Capital Assets | 145,430 | 147,550 | 397,271 | - | - | - | - | - | - |
| Intergovernmental | 11,699 | 973 | - | - | - | - | - | - | - |
| Debt Service | (178,732) | (301,702) | (509,608) | (438,594) | (412,908) | (426,048) | (396,712) | (411,618) | (379,158) |
| Transfers Out | (303,136) | (345,249) | (363,000) | (395,900) | (383,000) | (393,000) | (406,000) | (413,000) | (423,000) |
| Net Change | 264,795 | 61,223 | 192,316 | (88,896) | 326,824 | 309,648 | 553,870 | 511,270 | 753,597 |
| Fund Equity, beginning | 13,327,865 | 13,592,660 | 13,256,009 | 13,448,325 | 13,359,429 | 13,686,253 | 13,995,901 | 14,549,771 | 15,061,041 |
| Change in Accounting Policy | - | (397,874) | - | - | - | - | - | - | - |
| Fund Equity, ending | \$ 13,592,660 | \$ 13,256,009 | \$ 13,448,325 | \$ 13,359,429 | \$ 13,686,253 | \$ 13,995,901 | \$ 14,549,771 | \$ 15,061,041 | \$ 15,814,638 |
| Months of operating coverage | 11.1 | 12.8 | 12.3 | 8.4 | 11.3 | 10.6 | 12.1 | 10.5 | 13.9 |
| Cash balance | \$ 4,507,826 | \$ 3,419,845 | \$ 4,060,557 | \$ 2,908,563 | \$ 4,099,387 | \$ 3,834,035 | \$ 4,616,905 | \$ 4,027,175 | \$ 5,344,772 |
| Capital costs | \$ 740,087 | \$ 8,683,067 | \$ 5,536,146 | \$ 922,900 | \$ 431,000 | \$ 440,000 | \$ 1,173,000 | \$ 854,000 | \$ 529,000 |
| Unspent bond proceeds | \$ 1,011,961 | \$ 15,611 | \$ 108,224 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| General transfer percent of assets | 0.97% | 0.85% | 0.78% | 0.78% | 0.80% | 0.81% | 0.81% | 0.82% | 0.83% |
| Rate Increase | 4.2% | 7.0% | 12.0% | 12.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Change in utility charge revenue | -9.8% | 7.2% | 11.5% | 11.2% | 20.2% | 4.0% | 4.1% | 4.0% | 4.0% |
| Debt issued | \$ 915,000 | \$ 6,885,000 | \$ 6,995,000 | \$ - | \$ 1,400,000 | \$ - | \$ 1,630,000 | \$ - | \$ 1,450,000 |
| Debt payments (principal) | \$ 965,000 | \$ 1,410,000 | \$ 450,000 | \$ 960,000 | \$ 1,065,000 | \$ 1,100,000 | \$ 1,190,000 | \$ 1,225,000 | \$ 1,350,000 |
| Debt balance (year end) | \$ 5,880,000 | \$ 11,355,000 | \$ 17,900,000 | \$ 16,940,000 | \$ 17,275,000 | \$ 16,175,000 | \$ 16,615,000 | \$ 15,390,000 | \$ 15,490,000 |
| Debt Capacity after transfers | \$ (222,887) | \$ (849,748) | \$ 16,470 | \$ (227,896) | \$ 221,824 | \$ 174,648 | \$ 325,870 | \$ 264,270 | \$ 396,597 |
| Gallons of water sold (000) | 796,545 | 789,359 | 783,613 | 773,647 | 880,000 | 880,000 | 880,000 | 880,000 | 880,000 |
| Quarterly residential gallons (avg) | 15,606 | - | - | - | - | - | - | - | - |
| Quarterly multi-family gallons (avg) | 9,439 | - | - | - | - | - | - | - | - |

Sewer Fund Operations

The Sewer Fund accounts for the collection and treatment of wastewater (sewage) from homes and businesses throughout the City. Sewage is routed or pumped into facilities owned and operated by Metropolitan Council Environmental Services. Because sewage treatment costs are more than half of operating costs, rates are designed to charge high volume customers more because they contribute more flow to the system.

Impacts

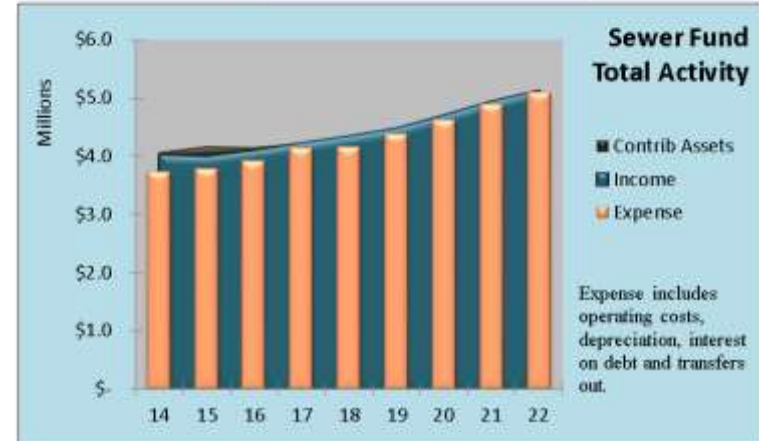
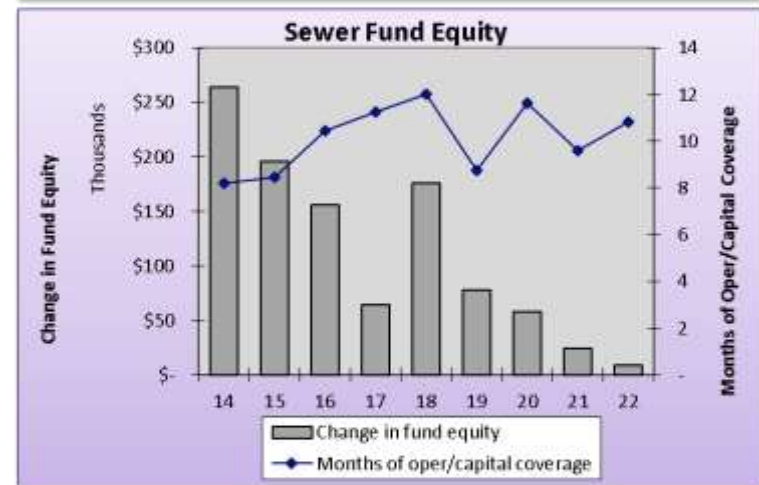
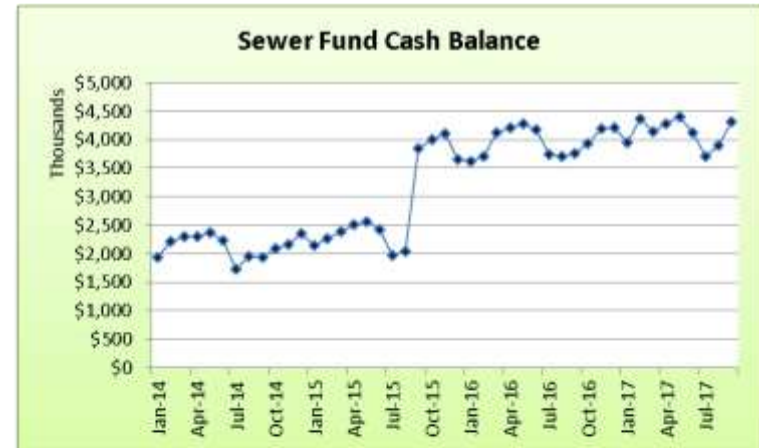
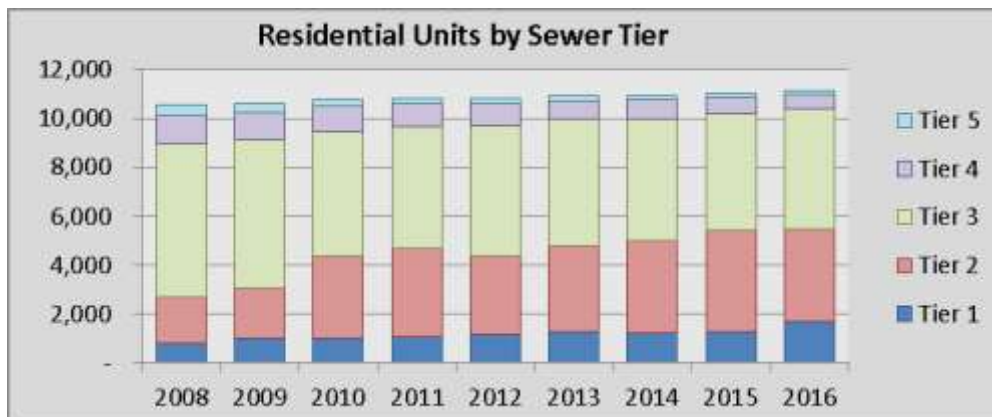
- Residential sewer bills are based on winter water consumption
- Average winter household consumption has dropped an average of 1.5% per year. (likely influenced by the installation of water saving appliances)
- Inflow and infiltration elimination projects allow the City to avoid an annual sewage treatment surcharge
- Contributions for maintenance center debt payments began in 2011

Performance/History

- Operating coverage equal to 6 to 8 months
- Stable cash balances (apart from spending down of bond proceeds)
- Operating income in all of the last 3 years
- Increase in overall net assets in all of the last 3 years

Fund Goals/Targets

- Preserve 6 months operating and capital coverage



| Sewer Fund | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Estimate | 2018 Budget | 2019 Budget | 2020 Projected | 2021 Projected | 2022 Projected |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue | | | | | | | | | |
| Special Assessments | \$ 3,858 | \$ 2,970 | \$ 8,195 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for Services | 1,913 | 919 | 1,193 | 1,500 | 1,500 | 1,500 | 1,600 | 1,600 | 1,600 |
| Utility Charges | 3,752,760 | 3,862,491 | 3,957,146 | 4,178,000 | 4,298,000 | 4,426,000 | 4,647,000 | 4,877,000 | 5,071,000 |
| Late Fees/Utility Charges | 67,830 | 68,487 | 68,978 | - | - | - | - | - | - |
| Sewer Facility Charges | 31,185 | 8,256 | 11,099 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Other Charges | 2,093 | 2,161 | 7,952 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Total Revenue | 3,859,639 | 3,945,284 | 4,054,563 | 4,187,000 | 4,307,000 | 4,435,000 | 4,656,100 | 4,886,100 | 5,080,100 |
| Expense | | | | | | | | | |
| Enterprise Operations | 3,163,229 | 3,191,670 | 3,328,440 | 3,526,078 | 3,575,456 | 3,761,692 | 3,986,630 | 4,187,405 | 4,404,868 |
| Depreciation | 329,430 | 339,842 | 330,973 | 342,000 | 326,000 | 344,000 | 360,000 | 366,000 | 362,000 |
| Total Expense | 3,492,659 | 3,531,512 | 3,659,413 | 3,868,078 | 3,901,456 | 4,105,692 | 4,346,630 | 4,553,405 | 4,766,868 |
| Operating Income (Loss) | 366,980 | 413,772 | 395,150 | 318,922 | 405,544 | 329,308 | 309,470 | 332,695 | 313,232 |
| Other Sources (Uses) | | | | | | | | | |
| Interest Earnings | 104,576 | 35,796 | 28,417 | 30,000 | 30,000 | 33,000 | 33,000 | 35,000 | 35,000 |
| Sale of Asset-Gain | 210 | - | - | - | - | - | - | - | - |
| Contributed Capital Assets | 65,457 | 192,000 | 64,625 | - | - | - | - | - | - |
| Intergovernmental | 9,321 | 775 | - | - | - | - | - | - | - |
| Debt Service | (70,243) | (73,480) | (84,653) | (75,354) | (68,911) | (81,884) | (73,779) | (130,345) | (121,669) |
| Transfers In | 34,631 | - | - | - | - | - | - | - | - |
| Transfers Out | (181,136) | (181,249) | (183,000) | (209,900) | (191,000) | (203,000) | (211,000) | (213,000) | (218,000) |
| Net Change | 329,796 | 387,614 | 220,539 | 63,668 | 175,633 | 77,424 | 57,691 | 24,350 | 8,563 |
| Fund Equity, beginning | 7,478,199 | 7,807,995 | 7,844,544 | 8,065,083 | 8,128,751 | 8,304,384 | 8,381,808 | 8,439,499 | 8,463,849 |
| Change in Accounting Policy | - | (351,065) | - | - | - | - | - | - | - |
| Fund Equity, ending | \$ 7,807,995 | \$ 7,844,544 | \$ 8,065,083 | \$ 8,128,751 | \$ 8,304,384 | \$ 8,381,808 | \$ 8,439,499 | \$ 8,463,849 | \$ 8,472,412 |
| Months of operating coverage | 8.2 | 8.4 | 10.4 | 11.3 | 12.0 | 8.7 | 11.7 | 9.6 | 10.8 |
| Cash balance | \$ 3,096,944 | \$ 3,651,985 | \$ 4,214,811 | \$ 3,962,955 | \$ 4,454,588 | \$ 3,436,012 | \$ 4,835,703 | \$ 4,262,053 | \$ 4,931,616 |
| Capital costs | \$ 294,019 | \$ 593,351 | \$ 543,739 | \$ 427,900 | \$ 410,000 | \$ 1,180,000 | \$ 903,000 | \$ 669,000 | \$ 501,000 |
| Unspent bond proceeds | \$ - | \$ 895,816 | \$ 583,226 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| General transfer percent of assets | 1.00% | 0.95% | 0.93% | 0.93% | 0.93% | 0.93% | 0.91% | 0.91% | 0.91% |
| Rate Increase (middle tier) | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 5.0% | 5.0% | 4.0% |
| Change in utility charge revenue | 2.2% | 2.9% | 2.5% | 5.6% | 2.9% | 3.0% | 5.0% | 4.9% | 4.0% |
| Debt issued | \$ 730,000 | \$ 1,650,000 | \$ 230,000 | \$ - | \$ 650,000 | \$ - | \$ 2,180,000 | \$ - | \$ 1,230,000 |
| Debt payments (principal) | \$ 325,000 | \$ 915,000 | \$ 175,000 | \$ 230,000 | \$ 250,000 | \$ 260,000 | \$ 295,000 | \$ 295,000 | \$ 430,000 |
| Debt balance (year end) | \$ 2,400,000 | \$ 3,135,000 | \$ 3,190,000 | \$ 2,960,000 | \$ 3,360,000 | \$ 3,100,000 | \$ 4,985,000 | \$ 4,690,000 | \$ 5,490,000 |
| Debt Capacity after transfers | \$ 224,607 | \$ (380,319) | \$ 311,887 | \$ 175,668 | \$ 251,633 | \$ 161,424 | \$ 122,691 | \$ 95,350 | \$ (59,437) |
| Commercial gallons (000) | 86,804 | 84,846 | 81,224 | - | 86,500 | 86,500 | 86,500 | 86,500 | 86,500 |
| Winter gallons-residential (avg) | 12,017 | 11,754 | - | - | - | - | - | - | - |
| Winter gallons-multi-family (avg) | 9,513 | 8,378 | - | - | - | - | - | - | - |

Surface Water Management Fund Operations

The Surface Water Management Fund accounts for the City's storm sewers and surface water ponds. The storm system collects and directs surface water runoff and provides protections for ground water quality.

Impacts

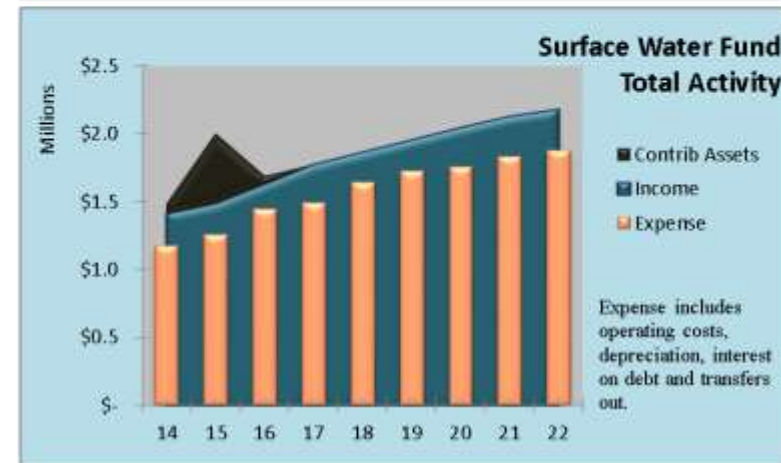
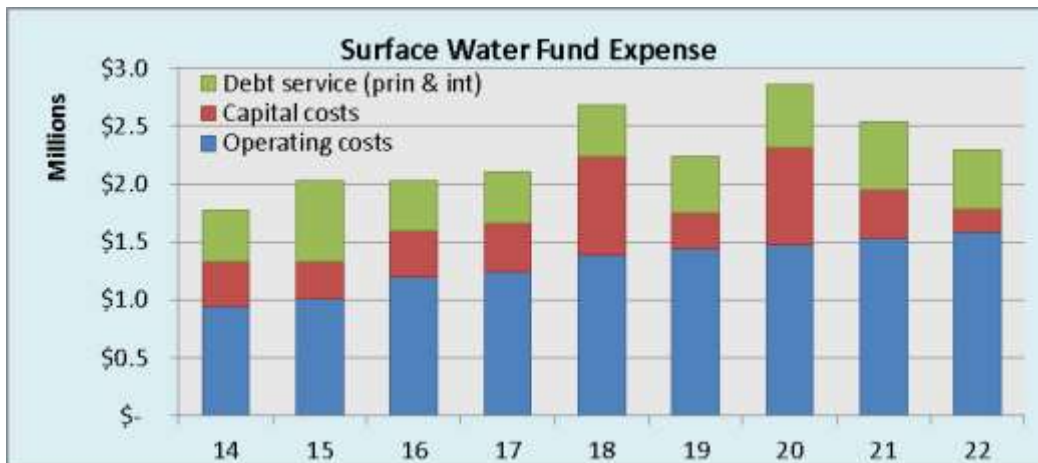
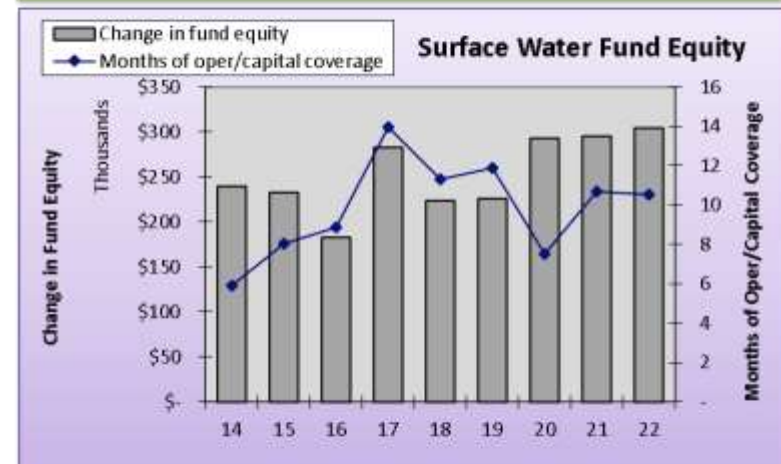
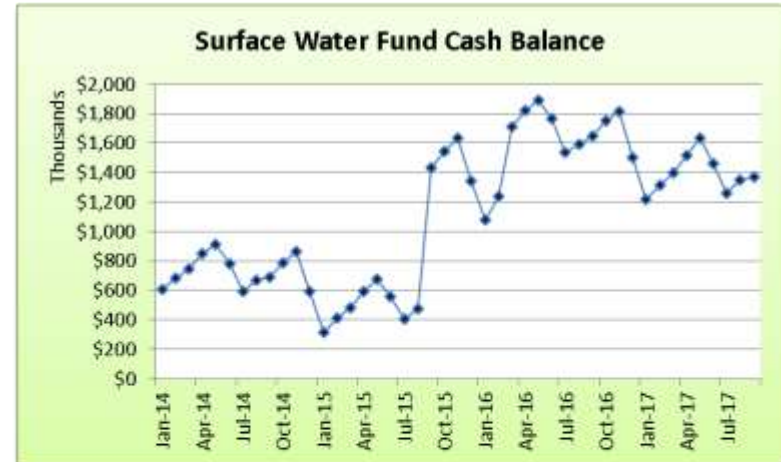
- Contributions for maintenance center debt payments began in 2011

Performance/History

- Operating coverage equal to 6 to 14 months
- Stable cash balances
- Operating increase in each of the last 3 years
- Increase in overall net assets in each of the last 3 years

Fund Goals/Targets

- Establish and preserve 6 months operating and capital coverage (excluding timing differences for project costs and debt issuance)
- Expected operating gain in each of the next 5 years
- Monitor cash and equity balances closely
- Increase rates to reestablish operating/capital coverage within 4 years



| Surface Water Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Special Assessments | \$ 813 | \$ 676 | \$ 2,016 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Utility Charges | 1,273,438 | 1,404,923 | 1,548,143 | 1,717,000 | 1,796,000 | 1,885,000 | 1,978,000 | 2,056,000 | 2,137,000 |
| Late Fees/Utility Charges | 19,512 | 21,888 | 24,407 | - | - | - | - | - | - |
| Snail Lake Augmentation Chgs | 62,362 | 35,918 | 33,982 | 38,549 | 45,046 | 45,461 | 46,107 | 46,316 | 19,699 |
| Other Charges | 15,040 | 11,080 | 9,520 | 7,500 | 7,500 | 8,000 | 8,000 | 8,000 | 8,500 |
| Total Revenue | 1,371,165 | 1,474,485 | 1,618,068 | 1,763,049 | 1,848,546 | 1,938,461 | 2,032,107 | 2,110,316 | 2,165,199 |
| Expense | | | | | | | | | |
| Enterprise Operations | 695,548 | 752,030 | 922,576 | 960,566 | 1,094,623 | 1,131,347 | 1,156,787 | 1,184,375 | 1,215,914 |
| Depreciation | 243,125 | 260,585 | 272,829 | 283,000 | 296,000 | 311,000 | 321,000 | 342,000 | 365,000 |
| Total Expense | 938,673 | 1,012,615 | 1,195,405 | 1,243,566 | 1,390,623 | 1,442,347 | 1,477,787 | 1,526,375 | 1,580,914 |
| Operating Income (Loss) | 432,492 | 461,870 | 422,663 | 519,483 | 457,923 | 496,114 | 554,320 | 583,941 | 584,285 |
| Other Sources (Uses) | | | | | | | | | |
| Interest Earnings | 36,711 | 10,352 | 11,465 | 10,000 | 10,000 | 11,000 | 11,000 | 12,000 | 12,000 |
| Sale of Asset-Gain | 52 | - | - | - | - | - | - | - | - |
| Contributed Capital Assets | 75,484 | 518,742 | 61,456 | - | - | - | - | - | - |
| Intergovernmental | 3,394 | 282 | - | - | - | - | - | - | - |
| Debt Service | (86,406) | (88,186) | (91,952) | (78,877) | (68,653) | (95,497) | (80,841) | (104,635) | (91,358) |
| Transfers Out | (147,000) | (152,000) | (159,000) | (168,000) | (176,000) | (186,000) | (191,000) | (196,000) | (201,000) |
| Net Change | 314,727 | 751,060 | 244,632 | 282,606 | 223,270 | 225,617 | 293,479 | 295,306 | 303,927 |
| Fund Equity, beginning | 8,072,695 | 8,387,422 | 8,974,652 | 9,219,284 | 9,501,890 | 9,725,160 | 9,950,777 | 10,244,256 | 10,539,562 |
| Change in Accounting Policy | - | (163,830) | - | - | - | - | - | - | - |
| Fund Equity, ending | \$8,387,422 | \$8,974,652 | \$ 9,219,284 | \$9,501,890 | \$9,725,160 | \$9,950,777 | \$10,244,256 | \$10,539,562 | \$10,843,489 |
| Months of oper/capital coverage | 5.9 | 8.0 | 8.9 | 14.0 | 11.3 | 11.9 | 7.5 | 10.7 | 10.5 |
| Cash balance | \$ 867,975 | \$ 1,342,553 | \$ 1,496,556 | \$ 2,139,241 | \$ 1,814,511 | \$ 2,008,128 | \$ 1,318,647 | \$ 1,863,633 | \$ 1,907,560 |
| Capital costs | \$ 392,146 | \$ 314,691 | \$ 403,648 | \$ 421,600 | \$ 844,000 | \$ 313,000 | \$ 838,960 | \$ 422,320 | \$ 200,000 |
| Unspent bond proceeds | \$ 23,289 | \$ 255,286 | \$ 251,764 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| General transfer percent of assets | 0.89% | 0.88% | 0.90% | 0.94% | 0.93% | 0.97% | 0.90% | 0.90% | 0.92% |
| Rate Increase | 10.0% | 10.0% | 10.0% | 10.0% | 5.0% | 5.0% | 5.0% | 4.0% | 4.0% |
| Change in utility charge revenue | 10.1% | 10.3% | 10.2% | 10.9% | 4.6% | 5.0% | 4.9% | 3.9% | 3.9% |
| Debt issued | \$ 265,000 | \$ 860,000 | \$ 380,000 | \$ 860,000 | \$ 380,000 | \$ 360,000 | \$ - | \$ 810,000 | \$ - |
| Debt payments (principal) | \$ 360,000 | \$ 610,000 | \$ 335,000 | \$ 360,000 | \$ 380,000 | \$ 390,000 | \$ 465,000 | \$ 480,000 | \$ 425,000 |
| Debt balance (year end) | \$3,095,000 | \$3,345,000 | \$ 3,390,000 | \$3,890,000 | \$3,890,000 | \$3,860,000 | \$ 3,395,000 | \$ 3,725,000 | \$ 3,300,000 |
| Debt Capacity after transfers | \$ 118,922 | \$ (117,379) | \$ 121,005 | \$ 205,606 | \$ 139,270 | \$ 146,617 | \$ 149,479 | \$ 157,306 | \$ 243,927 |

Street Lighting Fund Operations

The Street Lighting Fund accounts for street light operations in support of safe vehicle and pedestrian traffic throughout the community. The system includes lights owned by Xcel Energy and the City.

Impacts

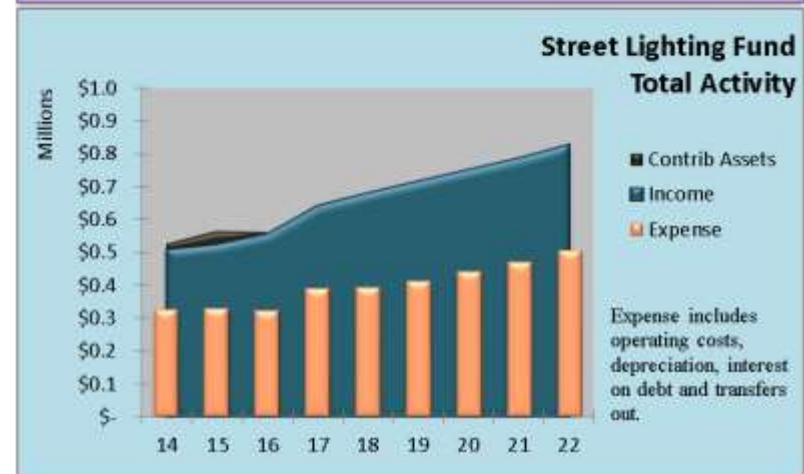
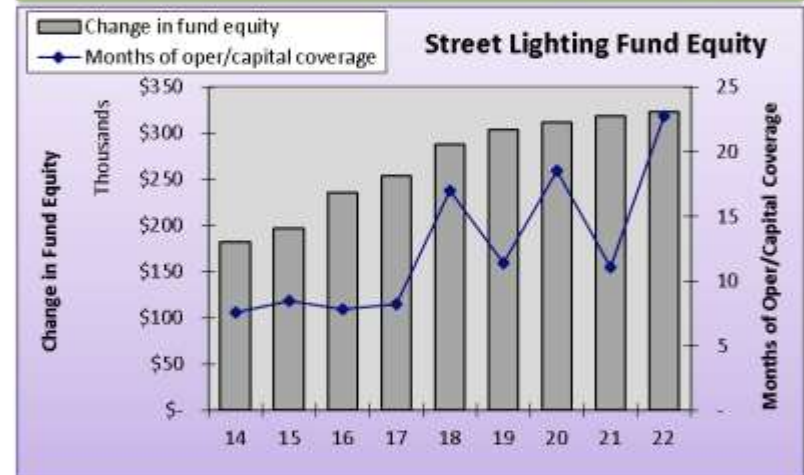
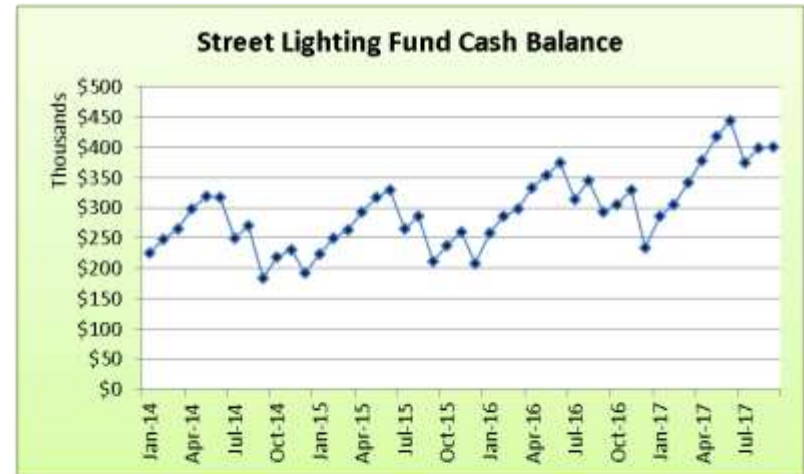
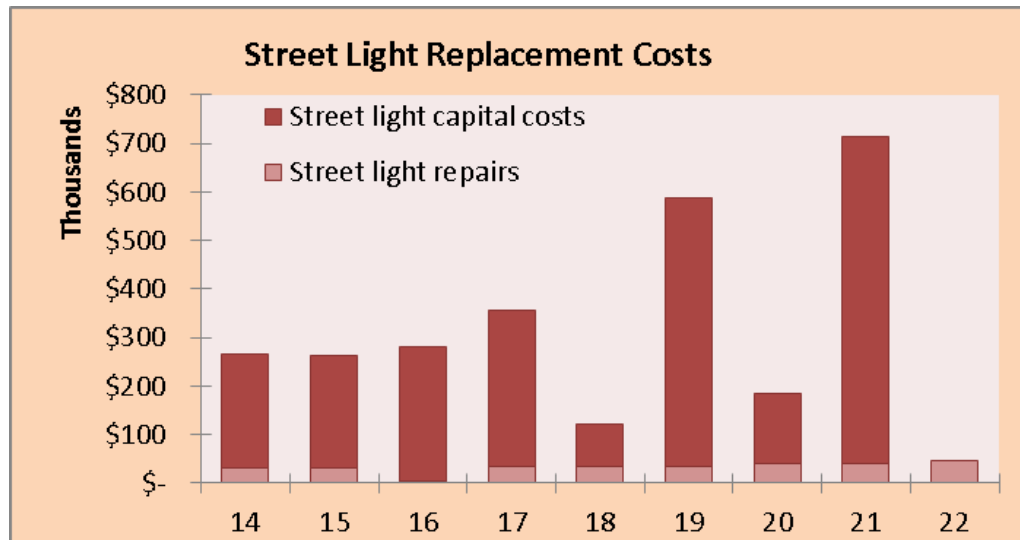
- Street light repair and replacement costs place increasing demands on street light fees, largely due to the scheduled replacement of about 64 street lights in every odd numbered year
- Contributions for maintenance center debt repayment began in 2011

Performance/History

- Fund was created in 2004
- Operating coverage equal to 7 to 8 months
- Operating gain and an increase in net assets in each of the last 3 years

Fund Goals/Targets

- Maintain 6 months operating and capital coverage
- Expected operating and overall gain in each of the next 5 years, which is needed to offset anticipated capital costs (street light replacements)



| Street Lighting Fund | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Estimate | 2018 Budget | 2019 Budget | 2020 Projected | 2021 Projected | 2022 Projected |
|------------------------------------|----------------|----------------|----------------|------------------|----------------|----------------|-------------------|-------------------|-------------------|
| Revenue | | | | | | | | | |
| Special Assessments | \$ 302 | \$ 246 | \$ 875 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Utility Charges | 486,290 | 512,092 | 545,501 | 639,000 | 678,000 | 712,000 | 747,000 | 784,000 | 824,000 |
| Late Fees/Utility Charges | 8,655 | 8,846 | 9,328 | - | - | - | - | - | - |
| Other Revenues | 120 | - | - | - | - | - | - | - | - |
| Total Revenue | 495,367 | 521,184 | 555,704 | 639,000 | 678,000 | 712,000 | 747,000 | 784,000 | 824,000 |
| Expense | | | | | | | | | |
| Enterprise Operations | 252,592 | 244,207 | 226,275 | 281,101 | 277,268 | 279,327 | 289,355 | 297,439 | 307,160 |
| Miscellaneous | 992 | 33 | 260 | - | - | - | - | - | - |
| Depreciation | 51,959 | 61,482 | 70,079 | 79,000 | 83,000 | 94,000 | 107,000 | 124,000 | 145,000 |
| Total Expense | 305,543 | 305,722 | 296,614 | 360,101 | 360,268 | 373,327 | 396,355 | 421,439 | 452,160 |
| Operating Income (Loss) | 189,824 | 215,462 | 259,090 | 278,899 | 317,732 | 338,673 | 350,645 | 362,561 | 371,840 |
| Other Sources (Uses) | | | | | | | | | |
| Interest Earnings | 12,148 | 3,300 | 2,179 | 2,700 | 2,700 | 2,900 | 2,900 | 3,100 | 3,100 |
| Contributed Capital Assets | 17,751 | 38,735 | 4,000 | - | - | - | - | - | - |
| Transfers Out | (20,400) | (22,400) | (25,400) | (28,400) | (32,400) | (37,400) | (42,400) | (47,400) | (52,400) |
| Net Change | 199,323 | 235,097 | 239,869 | 253,199 | 288,032 | 304,173 | 311,145 | 318,261 | 322,540 |
| Fund Equity, beginning | 1,163,796 | 1,363,119 | 1,598,216 | 1,838,085 | 2,091,284 | 2,379,316 | 2,683,489 | 2,994,634 | 3,312,895 |
| Fund Equity, ending | \$ 1,363,119 | \$ 1,598,216 | \$ 1,838,085 | \$ 2,091,284 | \$ 2,379,316 | \$ 2,683,489 | \$ 2,994,634 | \$ 3,312,895 | \$ 3,635,435 |
| Months of oper/capital coverage | 7.6 | 8.4 | 7.8 | 8.2 | 17.0 | 11.4 | 18.5 | 11.1 | 22.8 |
| Cash balance | \$ 192,640 | \$ 208,077 | \$ 233,695 | \$ 245,636 | \$ 529,668 | \$ 376,391 | \$ 649,536 | \$ 416,647 | \$ 884,187 |
| Capital costs | \$ 234,182 | \$ 232,684 | \$ 278,063 | \$ 320,000 | \$ 87,000 | \$ 551,450 | \$ 145,000 | \$ 675,150 | \$ - |
| General transfer percent of assets | 0.85% | 0.84% | 0.87% | 0.88% | 0.98% | 0.97% | 1.01% | 0.97% | 1.07% |
| Rate Increase | 4.0% | 4.0% | 6.0% | 15.0% | 6.0% | 5.0% | 5.0% | 5.0% | 5.0% |

Central Garage Fund Operations

The Central Garage Fund accounts for the operation, replacement and maintenance of the central garage facility (maintenance center) and all equipment. City services supported by the facility pay inter-fund charges that are designed to recover operating costs and provide for future replacements.

Impacts

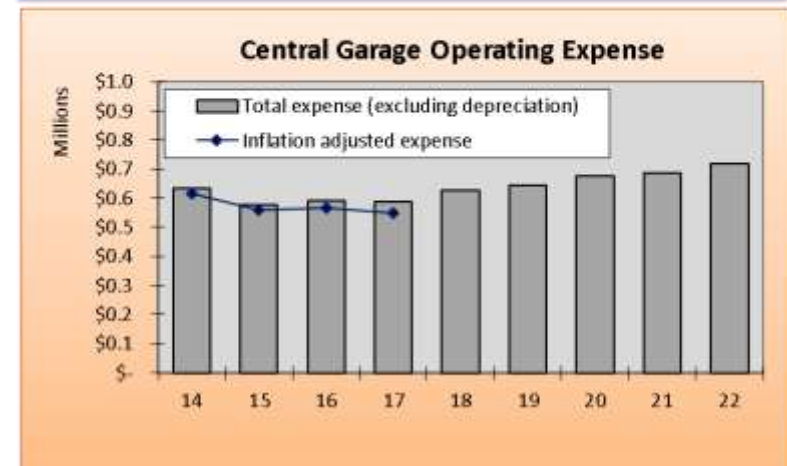
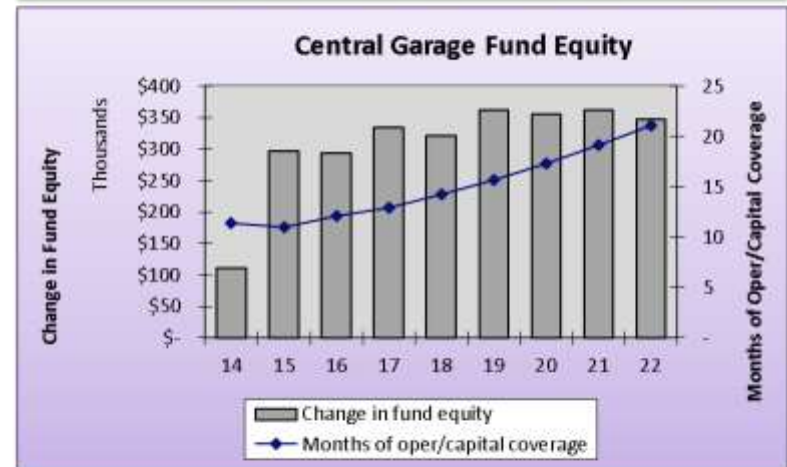
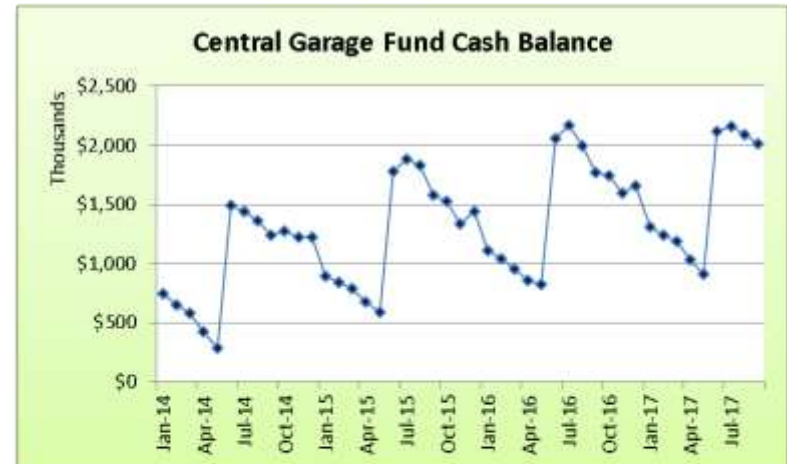
- Capital costs place increasing demands on inter-fund charges
- Fuel costs are expected to rise an average of 5% per year
- Maintenance center debt refunded in 2014, resulted in a present value debt service savings of \$309,777
- Debt payments for maintenance center debt began in 2011

Performance/History

- Operating coverage equal to 11 to 12 months
- Temporary periods of cash decline due to the timing of inter-fund charges and capital costs
- Overall gain in each of the last 3 years

Fund Goals/Targets

- Preserve 6 to 12 months of operating and capital coverage
- Maintain inter-fund charges sufficient to generate an overall gain in each of the next 5 years
- Maintain sufficient cash balance to support debt payments



| Central Garage Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Central Garage Charges | \$ 1,240,763 | \$ 1,264,028 | \$ 1,285,231 | \$ 1,378,137 | \$ 1,438,058 | \$ 1,493,758 | \$ 1,544,164 | \$ 1,592,133 | \$ 1,603,112 |
| Total Revenue | 1,240,763 | 1,264,028 | 1,285,231 | 1,378,137 | 1,438,058 | 1,493,758 | 1,544,164 | 1,592,133 | 1,603,112 |
| Expense | | | | | | | | | |
| Central Garage Operations | 633,542 | 577,415 | 592,227 | 586,268 | 627,016 | 642,616 | 676,933 | 687,788 | 719,796 |
| Depreciation | 654,540 | 655,763 | 653,573 | 691,000 | 727,000 | 756,000 | 782,000 | 809,000 | 816,000 |
| Total Expense | 1,288,082 | 1,233,178 | 1,245,800 | 1,277,268 | 1,354,016 | 1,398,616 | 1,458,933 | 1,496,788 | 1,535,796 |
| Operating Income (Loss) | (47,319) | 30,850 | 39,431 | 100,869 | 84,042 | 95,142 | 85,231 | 95,345 | 67,316 |
| Other Sources (Uses) | | | | | | | | | |
| Property Taxes | 179,245 | 207,265 | 184,217 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 | 184,000 |
| Interest Earnings | 49,848 | 16,398 | 10,661 | 11,500 | 11,500 | 12,500 | 12,500 | 13,500 | 14,000 |
| Other Revenues | 161 | 4,985 | 7,474 | - | - | - | - | - | - |
| Sale of Asset-Gain (Loss) | 60,959 | 44,577 | 43,147 | 28,200 | 27,700 | 45,000 | 37,100 | 28,500 | 28,000 |
| Contributed Capital Assets | - | - | 733 | - | - | - | - | - | - |
| Intergovernmental | 77,106 | 6,413 | - | - | - | - | - | - | - |
| Debt Service | (318,992) | (133,659) | (110,532) | (105,427) | (100,044) | (94,644) | (83,356) | (74,394) | (65,118) |
| Transfers In | 119,400 | 119,400 | 119,400 | 119,400 | 119,400 | 119,400 | 119,400 | 119,400 | 119,400 |
| Transfers Out | (9,589) | - | (573) | (4,304) | (6,000) | - | - | (5,000) | - |
| Net Change | 110,819 | 296,229 | 293,958 | 334,238 | 320,598 | 361,398 | 354,875 | 361,351 | 347,598 |
| Fund Equity, beginning | 4,203,944 | 4,314,763 | 4,493,970 | 4,787,928 | 5,122,166 | 5,442,764 | 5,804,162 | 6,159,037 | 6,520,388 |
| Change in Accounting policy | - | (117,022) | - | - | - | - | - | - | - |
| Fund Equity, ending | \$ 4,314,763 | \$ 4,493,970 | \$ 4,787,928 | \$ 5,122,166 | \$ 5,442,764 | \$ 5,804,162 | \$ 6,159,037 | \$ 6,520,388 | \$ 6,867,986 |
| Months of oper/cap coverage | 11.3 | 11.0 | 12.0 | 12.9 | 14.2 | 15.6 | 17.3 | 19.2 | 21.0 |
| Cash balance | \$ 6,043,678 | \$ 1,443,376 | \$ 1,648,976 | \$ 1,855,599 | \$ 2,099,497 | \$ 2,380,395 | \$ 2,694,170 | \$ 3,054,021 | \$ 3,388,619 |
| Capital costs | \$ 534,047 | \$ 556,069 | \$ 519,272 | \$ 599,958 | \$ 578,000 | \$ 588,000 | \$ 580,000 | \$ 590,000 | \$ 580,000 |
| Expense percent change | 6.5% | -4.3% | 1.0% | 2.5% | 6.0% | 3.3% | 4.3% | 2.6% | 2.6% |
| Average annual percent change | | | | 1.8% | | | | | 3.8% |
| Unspent bond proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund charges percent change | 2.8% | 1.9% | 1.7% | 7.2% | 4.3% | 3.9% | 3.4% | 3.1% | 0.7% |
| Average annual percent change | | | | 3.8% | | | | | 3.1% |
| Debt issued | \$ 4,670,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt payments (principal) | \$ 245,000 | \$ 5,025,000 | \$ 220,000 | \$ 260,000 | \$ 270,000 | \$ 280,000 | \$ 285,000 | \$ 300,000 | \$ 310,000 |
| Debt balance (year end) | \$ 9,695,000 | \$ 4,670,000 | \$ 4,450,000 | \$ 4,190,000 | \$ 3,920,000 | \$ 3,640,000 | \$ 3,355,000 | \$ 3,055,000 | \$ 2,745,000 |

Short-term Disability Fund Operations

The Short-term Disability Fund accounts for premiums received and losses incurred in providing short-term disability insurance benefits to regular employees on a self-insured basis. Monthly premiums are paid by employees through payroll deduction.

Impacts

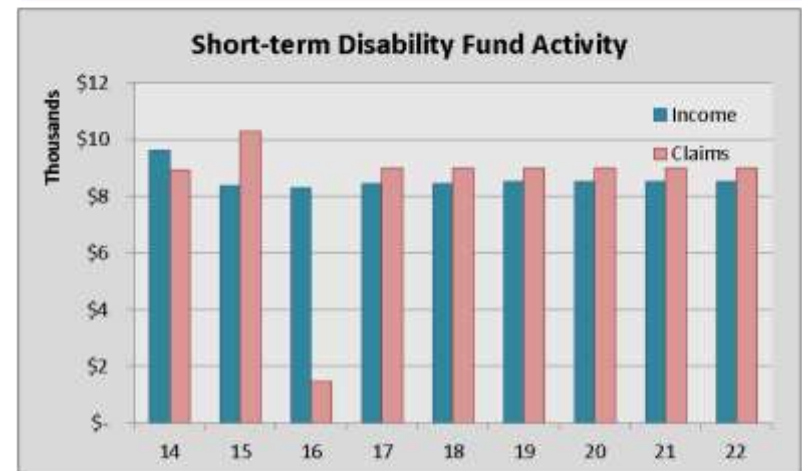
- Losses vary greatly between fiscal years, due to the number and length of employee absences resulting from temporary disabilities
- Monthly premiums have remained at \$8 per employee per month since 1999

Performance/History

- Net assets provide approximately 5 years of average loss coverage
- Premiums and fund balances have been sufficient to offset historical losses

Fund Goals/Targets

- Monitor and evaluate claims and net asset balances for potential premium adjustments (reductions or increases) in the future
- Preserve a minimum of 3 to 4 years average loss coverage



| Short-term Disability Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Charges for Services | \$ 7,604 | \$ 7,820 | \$ 7,992 | \$ 7,900 | \$ 7,900 | \$ 7,900 | \$ 7,900 | \$ 7,900 | \$ 7,900 |
| Interest Earnings | 1,997 | 533 | 310 | 550 | 550 | 600 | 600 | 600 | 600 |
| Total Revenue | 9,601 | 8,353 | 8,302 | 8,450 | 8,450 | 8,500 | 8,500 | 8,500 | 8,500 |
| Expense | | | | | | | | | |
| Miscellaneous | | | | | | | | | |
| Personal Services (claims) | 8,910 | 10,281 | 1,461 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Total Expense | 8,910 | 10,281 | 1,461 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Net Change | 691 | (1,928) | 6,841 | (550) | (550) | (500) | (500) | (500) | (500) |
| Fund Equity, beginning | 41,257 | 41,948 | 40,020 | 46,861 | 46,311 | 45,761 | 45,261 | 44,761 | 44,261 |
| Fund Equity, ending | \$ 41,948 | \$ 40,020 | \$ 46,861 | \$ 46,311 | \$ 45,761 | \$ 45,261 | \$ 44,761 | \$ 44,261 | \$ 43,761 |
| Years of average loss coverage [1] | 5.4 | 5.2 | 6.0 | 6.0 | 5.9 | 5.8 | 5.8 | 5.7 | 5.6 |
| [1] Using inflation adjusted average annual claims | | | | | | | | | |
| Monthly premium | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 |
| Participants (annual average) | 79.2 | 81.5 | 83.3 | 82.3 | 82.3 | 82.3 | 82.3 | 82.3 | 82.3 |

Liability Claims Fund Operations

The Liability Claims Fund accounts for losses not covered by insurance deductibles. Dividends received annually from the League of Minnesota Cities Insurance Trust are deposited into this fund to cover future losses.

Impacts

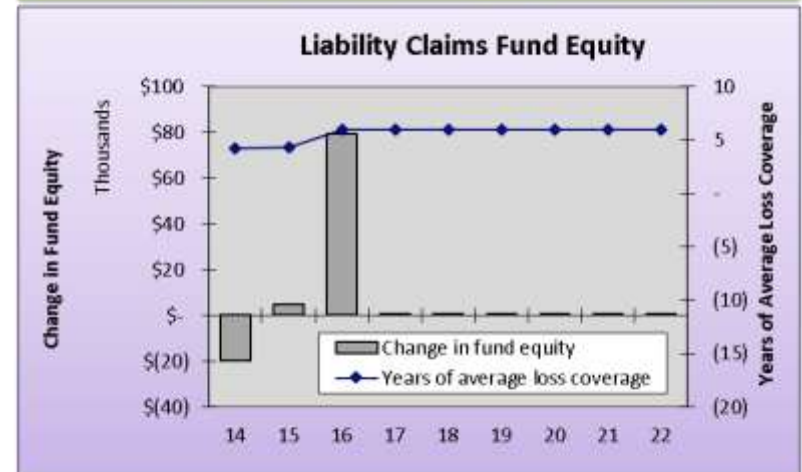
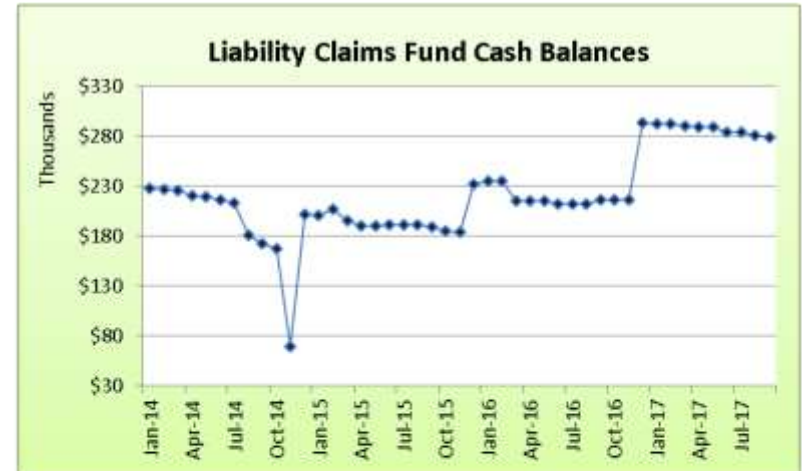
- Losses from internal and outside claims vary between fiscal years due to the number and type of claims

Performance/History

- Higher than normal losses and deductible recovery in 2014 due to the Community Center fire
- Insurance claims surcharge assessed to operating funds in 2009 to restore fund equity
- Net assets provide 4 to 5 years of average annual loss coverage

Fund Goals/Targets

- Monitor and evaluate claims and net asset balances for periodic claims surcharge
- Preserve a minimum of 2 years average annual loss coverage



| Liability Claims Fund | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Actual | Actual | Estimate | Budget | Budget | Projected | Projected | Projected |
| Revenue | | | | | | | | | |
| Charges for Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest Earnings | 9,729 | 2,522 | 1,623 | 2,300 | 2,300 | 2,400 | 2,400 | 2,400 | 2,400 |
| Other Revenues | 155,602 | 54,388 | 82,549 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Total Revenue | 165,331 | 56,910 | 84,172 | 32,300 | 32,300 | 32,400 | 32,400 | 32,400 | 32,400 |
| Expense | | | | | | | | | |
| Miscellaneous | 150,694 | 51,949 | 4,726 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Total Expense | 150,694 | 51,949 | 4,726 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Other Sources (Uses) | | | | | | | | | |
| Transfers Out | (34,631) | - | - | - | - | - | - | - | - |
| Net Change | (19,994) | 4,961 | 79,446 | 300 | 300 | 400 | 400 | 400 | 400 |
| Fund Equity, beginning | 227,879 | 207,885 | 212,846 | 292,292 | 292,592 | 292,892 | 293,292 | 293,692 | 294,092 |
| Fund Equity, ending | \$ 207,885 | \$ 212,846 | \$ 292,292 | \$ 292,592 | \$ 292,892 | \$ 293,292 | \$ 293,692 | \$ 294,092 | \$ 294,492 |
| Years of average loss coverage [1] | 4.2 | 4.3 | 5.9 | 5.9 | 5.9 | 6.0 | 6.0 | 6.0 | 6.0 |
| [1] Using inflation adjusted average annual claims | | | | | | | | | |

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Public Safety

| | |
|--|--------------|
| In an emergency | Dial 911 |
| Ramsey County Sheriff, non-emergency..... | 651-484-3366 |
| Lake Johanna Fire Dept, non-emergency..... | 651-481-7024 |