



Five-year Operating Plan

Including fund-specific working capital targets

Prepared by the Finance Department
December 2021

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 (2021) and projections for the next 5 years (2022 through 2026). 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, capital and debt service 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 2022 – 2026
- Health insurance costs rise an average of 8% annually
- Workers compensation insurance premiums increase an average of 4.5% for 2022 and rise an average of 4% per year thereafter
- Contractual costs rise an average of 3.7% per year for the period 2021 - 2026
- Property values are projected to increase 2.1% for 2022, 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 2022 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 85% in 2002 to a low of 66% for 2019, while the combined debt service and capital project funds share of the tax levy has risen from 15% in 2002 to 34% for 2019. This trend is expected to continue in the future due to increased repair and replacement costs.

Property Values—From 2000 to 2008, property values increased an average of 9% per year. From 2009 to 2013 the economic climate resulted in declining property values at an average rate of 6% per year, 2014 to 2021 property values have increased an average rate of 6% per year. Preliminary information from the county assessor indicates that property values for 2022 taxes are expected to increase about 2%. 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 2022 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 have resulted in a decreases in the City's tax rate since 2014. For 2022, the expected modest growth in market values and a 4.54% rise in the City's levy are expected to result in a 1.93% increase in the City's tax rate. The tax rate is expected to change between 1.0% and 2.4% for the period 2023 through 2026.

Levy and Value Projections	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2023 Budget	2024 Projected	2025 Projected	2026 Projected
Tax Levy									
General fund	\$ 7,896,736	\$ 8,185,180	\$ 8,822,826	\$ 9,279,666	\$ 9,809,785	\$ 10,319,645	\$ 10,725,092	\$ 11,064,299	\$ 11,634,757
EDA	120,000	150,000	160,000	165,000	190,000	215,000	240,000	265,000	290,000
HRA	110,000	210,000	260,000	265,000	280,000	295,000	310,000	325,000	340,000
Debt-All Debt Funds (combined)	742,235	1,127,000	996,000	994,000	887,000	976,000	976,000	1,000,000	971,000
Debt-Central Garage Fund	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000
Capital project-Street Renewal Fund	1,124,000	941,000	992,000	1,040,000	1,090,000	1,140,000	1,190,000	1,240,000	1,290,000
Capital project-Capital Asset Fund	1,525,000	1,530,000	1,615,000	1,710,208	1,822,922	1,855,000	1,945,000	2,040,000	2,140,000
Capital project-Capital Acquis Fund (IT)	40,000	40,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Edison Tax Abatement	-	-	-	43,000	43,000	43,000	60,500	60,500	82,000
Total Levy	\$ 11,741,971	\$ 12,367,180	\$ 13,079,826	\$ 13,730,874	\$ 14,356,707	\$ 15,077,645	\$ 15,680,592	\$ 16,228,799	\$ 16,981,757
Market Value (millions)	\$ 3,068.2	\$ 3,271.4	\$ 3,542.8	\$ 3,744.7	\$ 3,853.3	\$ 3,971.3	\$ 4,090.4	\$ 4,213.1	\$ 4,339.5
Taxable Value (millions)	\$ 31.3	\$ 33.5	\$ 35.8	\$ 38.0	\$ 38.8	\$ 40.0	\$ 41.2	\$ 42.4	\$ 43.7
Fiscal Disparities/City	\$ 1,096,008	\$ 1,108,392	\$ 1,143,065	\$ 1,167,262	\$ 1,280,826	\$ 1,290,000	\$ 1,300,000	\$ 1,310,000	\$ 1,320,000
Fiscal Disparities/HRA	\$ 10,392	\$ 10,479	\$ 20,641	\$ 23,928	\$ 25,107	\$ 27,000	\$ 28,000	\$ 29,000	\$ 30,000
Tax Rate/City	33.617	32.960	32.626	32.331	32.990	33.738	34.158	34.396	35.060
Tax Rate/HRA	0.318	0.595	0.669	0.634	0.657	0.670	0.685	0.698	0.709
Annual Change in City Tax Levy									
General fund	\$ 273,588	\$ 288,444	\$ 637,646	\$ 456,840	\$ 530,119	\$ 509,860	\$ 405,447	\$ 339,207	\$ 570,458
EDA and HRA (combined)	10,000	130,000	60,000	10,000	40,000	40,000	40,000	40,000	40,000
Debt (all funds combined)	195,235	384,765	(131,000)	(2,000)	(107,000)	89,000	-	24,000	(29,000)
Capital project funds-replacements	67,516	(178,000)	136,000	143,208	162,714	82,078	140,000	145,000	150,000
Capital project funds-improvements	5,000	-	10,000	-	-	-	-	-	-
Edison Tax Abatement	-	-	-	43,000	-	-	17,500	-	21,500
Total Change in Tax Levy	\$ 551,339	\$ 625,209	\$ 712,646	\$ 651,048	\$ 625,833	\$ 720,938	\$ 602,947	\$ 548,207	\$ 752,958
Percent Change/Tax Data									
Market Value	7.23%	6.62%	8.30%	5.70%	2.90%	3.06%	3.00%	3.00%	3.00%
Taxable Value	6.98%	6.96%	6.76%	6.29%	1.97%	3.11%	3.00%	3.00%	3.00%
Fiscal Disparities	5.72%	1.13%	3.13%	2.12%	9.73%	0.72%	0.78%	0.77%	0.76%
City Tax Levy	4.93%	5.32%	5.76%	4.98%	4.56%	5.02%	4.00%	3.50%	4.64%
City Tax Rate	-2.00%	-1.95%	-1.01%	-0.90%	2.04%	2.27%	1.24%	0.70%	1.93%
HRA Tax Levy	4.76%	90.91%	23.81%	1.92%	5.66%	5.36%	5.08%	4.84%	4.62%
HRA Tax Rate	-2.15%	87.11%	12.44%	-5.23%	3.63%	1.98%	2.24%	1.90%	1.58%

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:

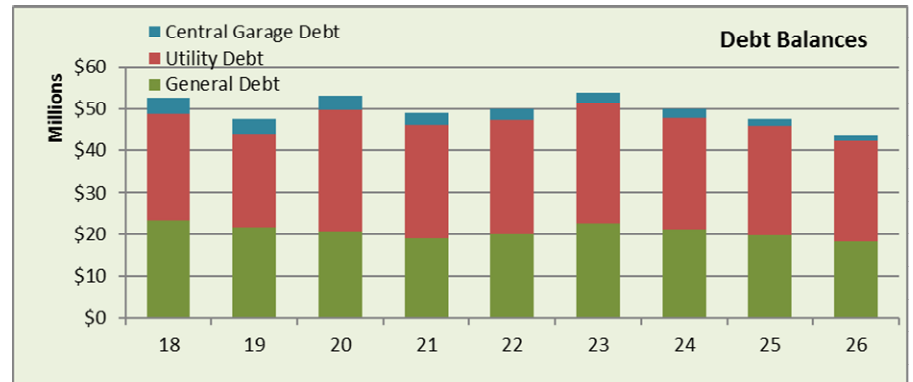
- Remain in compliance with statutory debt limits
- Plan and direct use of debt so that payments are manageable
- Seek to maintain the highest possible credit rating without compromising the delivery of essential services
- Prepare long-term financial planning
- Take advantage of lower interest rates 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, 2021.

G.O. Improvement Bonds (assessments)	\$ 2,405,000
G.O. Street Improvement Bonds (streets)	4,295,000
G.O. Community Center Abatement Bonds	11,425,000
Certificates of Participation (comm. center)	900,000
G.O. Capital Plan Bonds (maint. center)	3,055,000
G.O. Revenue Bonds (utility systems)	<u>27,035,000</u>
Total Existing Debt	\$49,115,000



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.

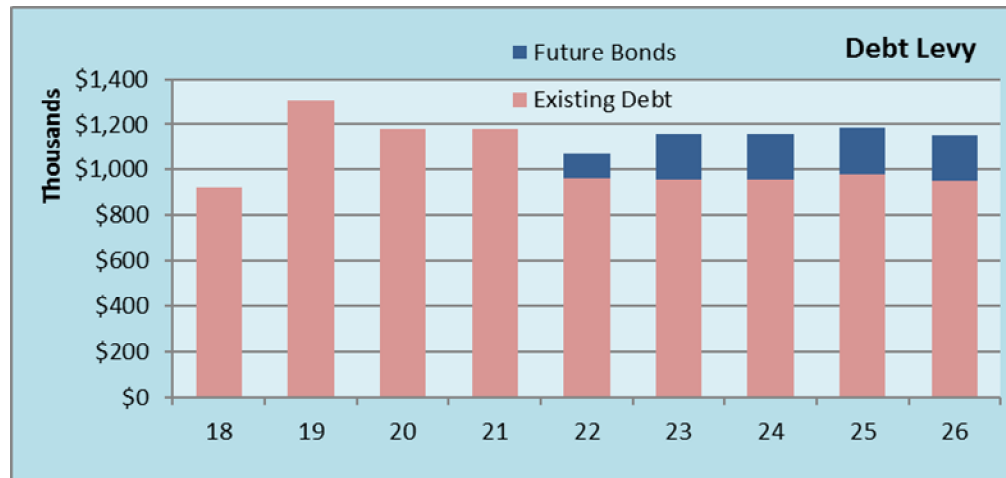
Planning for future debt issuance enables the City to identify the revenue sources necessary to support debt payments well in advance to minimize sharp changes in the tax levies and utility fees dedicated to debt repayment. Maintaining stable revenue sources and sufficient fund balances allows the City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

Projected debt issuance over the next 5 years includes:

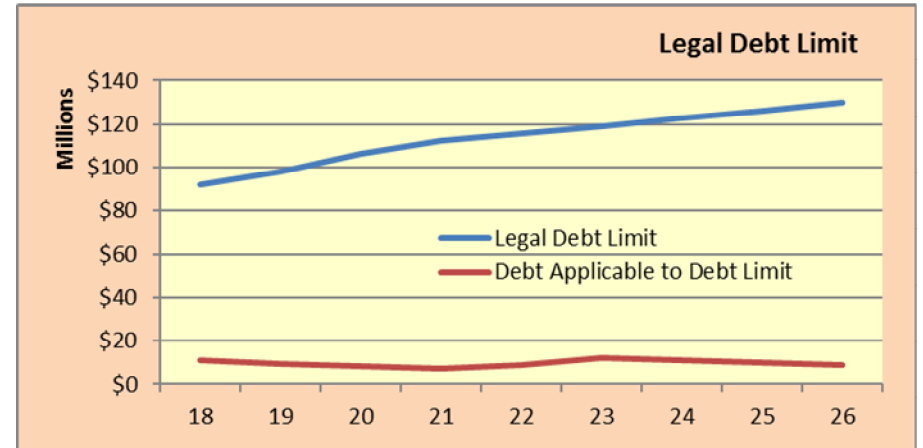
G.O. Park Building Bonds	\$ 4,080,000
G.O. Street Reconstruction Bonds	2,600,000
G.O. Revenue Bonds (utility systems)	<u>8,550,000</u>
Total Planned Debt	\$15,230,000

The City anticipates issuing debt in 2022, 2023 and 2025 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: street bonds, community center tax abatement 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 remain stable over the next five years.



Debt Limit—Minnesota statutes limit the amount of debt a City may issue for general obligation purposes. Shoreview's current debt is 6% of the debt limit. This leaves 94% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Debt Balance, beginning of year	\$ 32,600,000	\$ 37,995,000	\$ 48,040,000	\$ 52,665,000	\$ 47,540,000	\$ 53,045,000	\$ 49,115,000	\$ 50,025,000	\$ 53,755,000	\$ 49,925,000	\$ 47,660,000
Debt Issued											
Improvement bonds	-	-	150,000	-	850,000	-	-	-	-	-	-
Street Improvements	-	-	3,180,000	-	-	-	2,600,000	-	-	-	-
G.O. Community Center	-	12,865,000	-	-	-	-	-	-	-	-	-
Water bonds	6,995,000	-	2,595,000	-	2,360,000	-	840,000	2,540,000	-	180,000	-
Sewer bonds	230,000	-	590,000	-	3,545,000	-	1,370,000	860,000	-	940,000	-
Surface Water bonds	380,000	-	1,120,000	-	2,670,000	-	420,000	450,000	-	950,000	-
Maintenance Center	-	-	-	-	-	-	-	-	-	-	-
Total Bonds Issued	7,605,000	12,865,000	7,635,000	-	9,425,000	-	5,230,000	7,930,000	-	2,070,000	-
Debt Paid											
Improvement bonds	200,000	175,000	185,000	335,000	185,000	195,000	185,000	195,000	230,000	245,000	190,000
Tax Increment bonds	-	-	-	-	-	-	-	-	-	220,000	225,000
Fire Station	120,000	120,000	130,000	130,000	130,000	-	-	-	-	-	-
Street Improvements	345,000	340,000	340,000	350,000	495,000	525,000	545,000	345,000	490,000	510,000	525,000
COPs (commun center)	365,000	375,000	390,000	400,000	415,000	430,000	440,000	460,000	-	-	-
G.O. Community Center	-	-	-	420,000	505,000	515,000	525,000	540,000	560,000	575,000	590,000
Water bonds	450,000	960,000	1,065,000	2,190,000	1,175,000	1,205,000	1,365,000	1,355,000	1,275,000	1,425,000	1,265,000
Sewer bonds	175,000	230,000	250,000	525,000	285,000	290,000	475,000	485,000	560,000	620,000	585,000
Surface Water bonds	335,000	360,000	380,000	495,000	445,000	470,000	475,000	500,000	390,000	410,000	395,000
Maintenance Center	220,000	260,000	270,000	280,000	285,000	300,000	310,000	320,000	325,000	330,000	340,000
Total Bonds Retired	2,210,000	2,820,000	3,010,000	5,125,000	3,920,000	3,930,000	4,320,000	4,200,000	3,830,000	4,335,000	4,115,000
Debt Balance, end of year	\$ 37,995,000	\$ 48,040,000	\$ 52,665,000	\$ 47,540,000	\$ 53,045,000	\$ 49,115,000	\$ 50,025,000	\$ 53,755,000	\$ 49,925,000	\$ 47,660,000	\$ 43,545,000

Debt Balances (at each year end)	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Debt Balances									
General Obligation Bonds									
Improvement	\$ 2,270,000	\$ 1,935,000	\$ 2,600,000	\$ 2,405,000	\$ 2,220,000	\$ 2,025,000	\$ 1,795,000	\$ 1,550,000	\$ 1,360,000
Park Building Bonds	-	-	-	-	-	4,080,000	4,080,000	3,860,000	3,635,000
Fire Stations	260,000	130,000	-	-	-	-	-	-	-
Street Improvements	5,665,000	5,315,000	4,820,000	4,295,000	6,350,000	6,005,000	5,515,000	5,005,000	4,480,000
Community Center Expansion G.O.	12,865,000	12,445,000	11,940,000	11,425,000	10,900,000	10,360,000	9,800,000	9,225,000	8,635,000
Total General Bonds	21,060,000	19,825,000	19,360,000	18,125,000	19,470,000	22,470,000	21,190,000	19,640,000	18,110,000
General Obligation Bonds									
Maintenance Center	3,920,000	3,640,000	3,355,000	3,055,000	2,745,000	2,425,000	2,100,000	1,770,000	1,430,000
General Obligation Revenue Bonds									
Water Improvement	18,470,000	16,280,000	17,465,000	16,260,000	15,735,000	16,920,000	15,645,000	14,400,000	13,135,000
Sewer Improvement	3,300,000	2,775,000	6,035,000	5,745,000	6,640,000	7,015,000	6,455,000	6,775,000	6,190,000
Surface Water Improvement	3,770,000	3,275,000	5,500,000	5,030,000	4,975,000	4,925,000	4,535,000	5,075,000	4,680,000
Total Utility Bonds	25,540,000	22,330,000	29,000,000	27,035,000	27,350,000	28,860,000	26,635,000	26,250,000	24,005,000
Total Bonded Debt	50,520,000	45,795,000	51,715,000	48,215,000	49,565,000	53,755,000	49,925,000	47,660,000	43,545,000
Community Center Expansion COP's	2,145,000	1,745,000	1,330,000	900,000	460,000	-	-	-	-
Total Combined Debt Balances	\$ 52,665,000	\$ 47,540,000	\$ 53,045,000	\$ 49,115,000	\$ 50,025,000	\$ 53,755,000	\$ 49,925,000	\$ 47,660,000	\$ 43,545,000
Debt Limit Information									
Market value (millions)	\$ 3,068.2	\$ 3,271.4	\$ 3,542.8	\$ 3,744.7	\$ 3,855.6	\$ 3,971.3	\$ 4,090.4	\$ 4,213.1	\$ 4,339.5
Debt Limit Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Limit	\$ 92,044,530	\$ 98,141,010	\$ 106,283,460	\$ 112,341,840	\$ 115,667,610	\$ 119,137,650	\$ 122,711,790	\$ 126,393,150	\$ 130,184,940
Debt Applicable to Debt Limit	\$ 10,947,380	\$ 9,620,097	\$ 8,422,988	\$ 7,200,055	\$ 8,628,149	\$ 11,917,179	\$ 11,130,943	\$ 10,099,376	\$ 9,039,757
Debt Margin Available	\$ 81,097,150	\$ 88,520,913	\$ 97,860,472	\$ 105,141,785	\$ 107,039,461	\$ 107,220,471	\$ 111,580,847	\$ 116,293,774	\$ 121,145,183
Percent Debt Margin Used	11.9%	9.8%	7.9%	6.4%	7.5%	10.0%	9.1%	8.0%	6.9%
Percent Debt Margin Available	88.1%	90.2%	92.1%	93.6%	92.5%	90.0%	90.9%	92.0%	93.1%
Debt Levy by Type of Debt									
Improvement -existing	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 7,000	\$ -	\$ -	\$ 24,000	\$ -
Fire Station-existing	132,000	132,000	-	-	-	-	-	-	-
Street Improvements-existing	403,000	653,000	654,000	652,000	440,000	440,000	440,000	440,000	435,000
Maintenance Center-existing	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000
Community Center Expansion	199,235	334,000	334,000	334,000	334,000	334,000	334,000	334,000	334,000
Sub-total Levies for Existing Debt	926,235	1,311,000	1,180,000	1,178,000	965,000	958,000	958,000	982,000	953,000
Street Improvements-future	-	-	-	-	106,000	202,000	202,000	202,000	202,000
Total Debt Levies	\$ 926,235	\$ 1,311,000	\$ 1,180,000	\$ 1,178,000	\$ 1,071,000	\$ 1,160,000	\$ 1,160,000	\$ 1,184,000	\$ 1,155,000
Change in Debt Levies	\$ 195,235	\$ 384,765	\$ (131,000)	\$ (2,000)	\$ (107,000)	\$ 89,000	\$ -	\$ 24,000	\$ (29,000)

Debt Retirement Rate

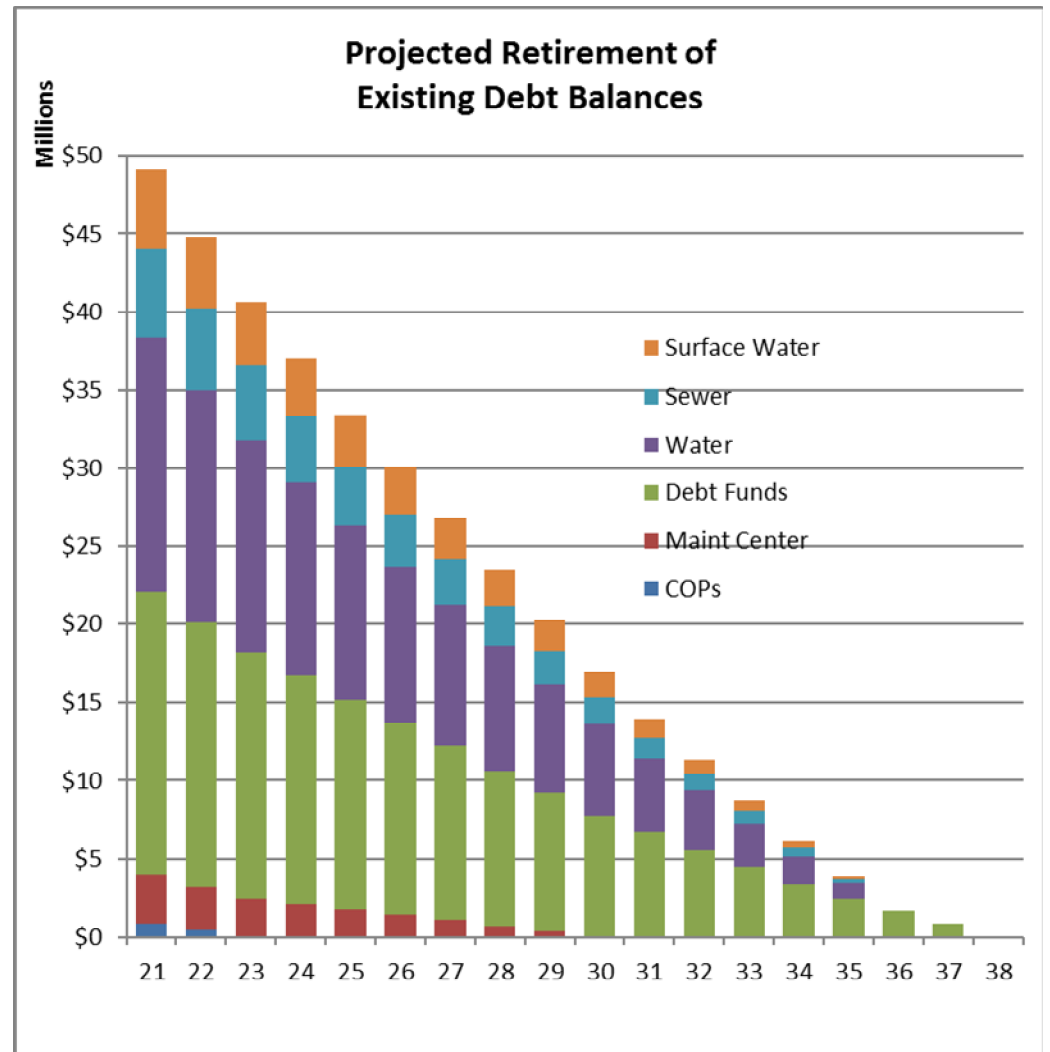
Shoreview's rate of debt retirement is a very favorable indicator. When considering the retirement for all debt combined, about 39% of the City's current outstanding debt will be retired over the next 5 years, and more than 71% will be retired within 10 years.

General Obligation Improvement Debt is being retired over the next 17 years and includes special assessment, street and Community Center expansion debt.

Certificate of Participation Debt (COP) was issued to finance the previous community center expansion in 2002. The final payment will occur in 2022 (in 1 year).

About 35% of combined governmental debt (General Obligation Improvement and COPs) is retired over the next 5 years, and 65% is retired within 10 years.

Proprietary Debt (Enterprise utility fund and Internal Service maintenance center debt) is being retired over the next 15 years, with 41% retired over the next five years and 76% 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				Proprietary 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			
2021	\$ 16,260,000	\$ 5,745,000	\$ 5,030,000	\$ 3,055,000	\$ 30,090,000	\$ 18,125,000	\$ 900,000	\$ 19,025,000	\$ 49,115,000			
2022	14,895,000	5,270,000	4,555,000	2,745,000	27,465,000	16,870,000	460,000	17,330,000	44,795,000	8.7%	8.9%	8.8%
2023	13,540,000	4,785,000	4,055,000	2,425,000	24,805,000	15,790,000	-	15,790,000	40,595,000	17.6%	17.0%	17.3%
2024	12,310,000	4,300,000	3,685,000	2,100,000	22,395,000	14,645,000	-	14,645,000	37,040,000	25.6%	23.0%	24.6%
2025	11,070,000	3,805,000	3,325,000	1,770,000	19,970,000	13,455,000	-	13,455,000	33,425,000	33.6%	29.3%	31.9%
2026	9,995,000	3,350,000	2,980,000	1,430,000	17,755,000	12,295,000	-	12,295,000	30,050,000	41.0%	35.4%	38.8%
2027	8,995,000	2,945,000	2,655,000	1,085,000	15,680,000	11,125,000	-	11,125,000	26,805,000	47.9%	41.5%	45.4%
2028	7,980,000	2,535,000	2,315,000	730,000	13,560,000	9,915,000	-	9,915,000	23,475,000	54.9%	47.9%	52.2%
2029	6,930,000	2,110,000	1,965,000	370,000	11,375,000	8,865,000	-	8,865,000	20,240,000	62.2%	53.4%	58.8%
2030	5,855,000	1,715,000	1,605,000	-	9,175,000	7,780,000	-	7,780,000	16,955,000	69.5%	59.1%	65.5%
2031	4,750,000	1,310,000	1,235,000	-	7,295,000	6,675,000	-	6,675,000	13,970,000	75.8%	64.9%	71.6%
2032	3,800,000	1,055,000	965,000	-	5,820,000	5,555,000	-	5,555,000	11,375,000	80.7%	70.8%	76.8%
2033	2,825,000	795,000	685,000	-	4,305,000	4,445,000	-	4,445,000	8,750,000	85.7%	76.6%	82.2%
2034	1,820,000	535,000	405,000	-	2,760,000	3,330,000	-	3,330,000	6,090,000	90.8%	82.5%	87.6%
2035	925,000	270,000	205,000	-	1,400,000	2,460,000	-	2,460,000	3,860,000	95.3%	87.1%	92.1%
2036	-	-	-	-	-	1,665,000	-	1,665,000	1,665,000	100.0%	91.2%	96.6%
2037	-	-	-	-	-	845,000	-	845,000	845,000	100.0%	95.6%	98.3%
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	
			2018	2019	2020	2021	2022	2023
General Fund	months	5.0	5.7	5.7	5.9	6.2	6.0	5.8
Special Revenue Funds								
Recycling	months	5.0	10.0	10.0	13.9	15.4	18.0	20.1
Community Center	months	3.0	5.4	8.1	2.2	(0.3)	(0.5)	(0.6)
Recreation Programs	months	3.0	5.9	11.8	5.2	3.0	2.5	2.2
Cable TV	months	3.0	8.7	6.9	8.8	7.6	6.7	7.5
EDA	months	5.0	5.2	3.1	4.4	4.8	3.3	2.8
HRA	months	5.0	13.2	10.9	11.8	11.5	11.2	11.1
Slice of Shoreview	months	6.0	14.5	141.2	17.3	12.6	11.2	10.5
Debt Funds (combined)	months	6.0	16.8	14.9	14.3	13.2	12.0	11.4
Enterprise Funds								
Water	months	8.0	9.6	7.4	9.0	9.0	8.0	8.2
Sewer	months	6.0	10.8	9.2	12.6	11.0	14.1	15.8
Surface Water	months	6.0	11.6	11.0	16.2	15.8	13.1	14.2
Street Lighting	months	6.0	24.9	32.9	24.5	32.1	29.4	26.7
Internal Service Funds								
Central Garage	months	6.0	14.0	17.2	16.8	17.2	16.5	16.8
Short-term Disability	years	3.0	6.1	6.0	5.9	5.7	5.5	5.4
Liability Claims	years	2.0	5.6	5.0	4.4	4.1	3.8	3.5

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 2022 and 2023). 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

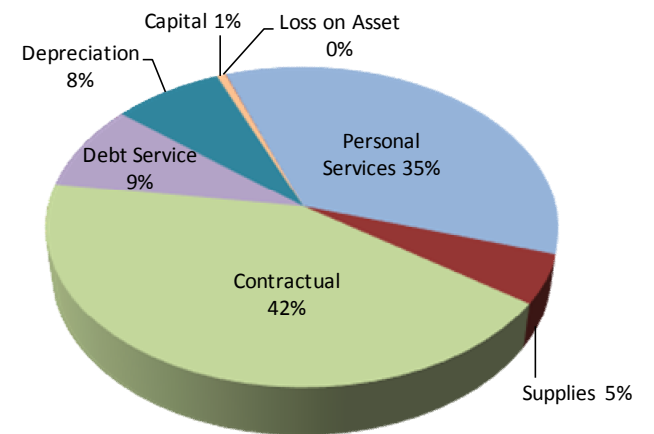
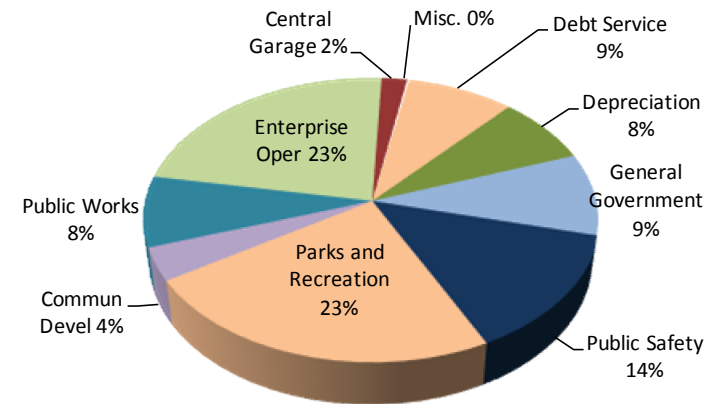
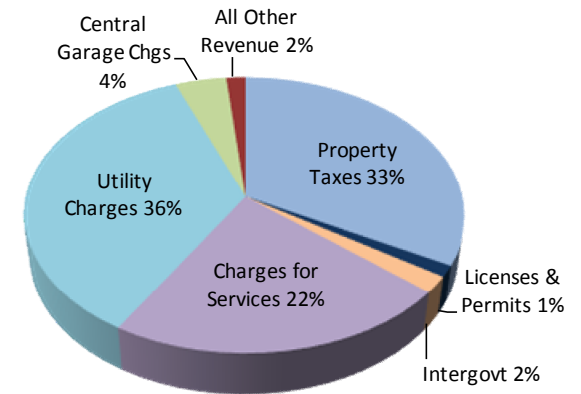
Total Operating Funds

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 7.4% over the 2021 revised estimate (4.1% over the 2021 budget), and will rise between 2.1% and 3.3% from 2023 through 2026. It should be noted that the property tax totals in the table below exclude tax levies for capital funds. For instance, the 2022 levy in the table below (\$11,350,785) plus capital fund levies of \$2,962,922 and a tax abatement levy of \$43,000 equal a total levy of \$13,079,826.

Revenue for 2022 (shown in the top pie chart at right) is derived from a combination of sources including: 36% from utility charges, 33% from property taxes, 22% from charges for service (including inter-fund charges), 4% from central garage charges, 2% from intergovernmental revenue, 1% from licenses and permits, and 2% for all other sources combined.

Expense for 2022 (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 9% each, followed by depreciation at 8%, central garage at 2% and community development at 4%.

Total 2022 costs by classification are shown in the bottom chart at right. The largest class of expense is for contractual services at 42%. 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 35% of total expense, 9% for debt service, 8% for depreciation of utility and central garage assets, 5% for supplies, 1% for capital items and less than 1% for losses on the disposal of capital assets.



Total Operating Funds	2018	2019	2020	2021		2022	2023	2024	2025	2026
	Actual	Actual	Actual	Budget	Estimate					
Revenue										
Property Taxes	\$ 8,959,029	\$ 9,873,898	\$ 10,312,367	\$ 10,887,666	\$ 10,887,666	\$ 11,350,785	\$ 11,989,645	\$ 12,435,092	\$ 12,838,299	\$ 13,419,757
Special Assessments	190,977	207,225	243,595	168,006	165,776	206,526	242,324	240,276	219,412	205,520
Licenses & Permits	634,797	1,097,166	1,034,606	435,200	941,750	449,950	447,950	454,950	455,200	455,200
Intergovernmental	955,159	759,787	2,670,355	624,000	704,059	662,400	676,600	678,800	681,000	683,400
Charges for Services	6,257,427	7,800,394	4,542,142	7,273,110	5,941,339	7,756,920	7,978,253	8,168,044	8,388,692	8,591,778
Fines & Forfeits	59,366	55,843	36,689	53,500	40,500	53,500	53,500	53,500	53,500	53,500
Utility Charges	10,190,984	10,267,071	11,148,587	11,668,000	12,081,000	12,255,000	12,711,000	13,196,000	13,679,000	14,126,000
Central Garage Chgs	1,299,202	1,385,793	1,383,642	1,495,000	1,424,944	1,466,916	1,497,051	1,531,821	1,579,511	1,628,611
Interest Earnings	307,092	738,000	374,174	205,600	226,300	224,940	221,520	217,790	217,050	216,420
Other Revenues	99,140	119,077	58,141	65,950	49,985	65,550	65,550	68,050	68,050	68,050
Total Revenue	28,953,173	32,304,254	31,804,298	32,876,032	32,463,319	34,492,487	35,883,393	37,044,323	38,179,714	39,448,236
Expense										
General Government	2,471,053	2,585,496	2,591,734	2,913,711	2,832,645	3,257,031	3,258,690	3,350,676	3,338,175	3,546,272
Public Safety	3,941,112	4,053,334	4,475,639	4,466,756	4,645,942	4,756,338	4,977,810	5,135,972	5,299,432	5,468,665
Public Works	2,493,072	2,212,138	2,389,213	2,656,728	2,524,434	2,775,772	2,859,332	2,993,971	3,082,165	3,231,807
Parks and Recreation	6,585,665	7,482,830	6,001,535	7,863,626	6,735,184	8,074,664	8,369,699	8,604,256	8,905,391	9,155,804
Commun Development	948,750	1,131,286	1,426,552	1,221,147	1,463,628	1,294,515	1,350,600	1,384,316	1,438,595	1,488,181
Enterprise Oper	6,235,008	6,659,885	7,300,611	7,681,587	7,537,362	7,903,321	8,143,859	8,476,742	8,814,543	8,984,658
Central Garage	573,386	643,946	565,621	671,031	676,772	711,251	773,435	761,365	783,586	805,796
Miscellaneous	96,484	64,599	83,778	41,000	42,000	52,500	42,000	42,000	42,000	42,000
Debt Service	2,350,446	2,889,205	3,203,841	3,065,899	3,063,673	2,989,666	2,944,961	2,655,755	2,842,245	2,739,195
Depreciation	2,353,274	2,386,092	2,477,888	2,562,000	2,622,000	2,700,000	2,746,000	2,805,000	2,854,000	2,921,000
Total Expense	28,048,250	30,108,811	30,516,412	33,143,485	32,143,640	34,515,058	35,466,386	36,210,053	37,400,132	38,383,378
Other Sources (Uses)										
Sale of Asset-Gain	71,356	90,307	70,694	43,700	45,800	-	32,000	19,100	60,000	14,500
Debt Refunded	-	(160,000)	-	-	-	-	-	-	-	-
Debt Proceeds	210,209	-	11,513	-	-	-	80,000	-	-	-
Contrib Cap Assets	599,350	284,394	1,523,184	-	-	-	-	-	-	-
Transfers In	2,234,400	2,388,400	2,577,582	2,558,684	2,555,694	2,623,205	2,315,129	2,439,400	2,708,552	2,756,757
Transfers Out	(2,090,463)	(2,422,870)	(3,989,087)	(1,680,684)	(1,678,102)	(1,775,705)	(1,762,400)	(1,804,400)	(1,850,552)	(1,901,257)
Net Change	\$ 1,929,775	\$ 2,375,674	\$ 1,481,772	\$ 654,247	\$ 1,243,071	\$ 824,929	\$ 1,081,736	\$ 1,488,370	\$ 1,697,582	\$ 1,934,858
Expense percent change	6.7%	7.3%	1.4%		5.3%	4.1%	2.8%	2.1%	3.3%	2.6%

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 2022, property taxes provide 77.3% 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

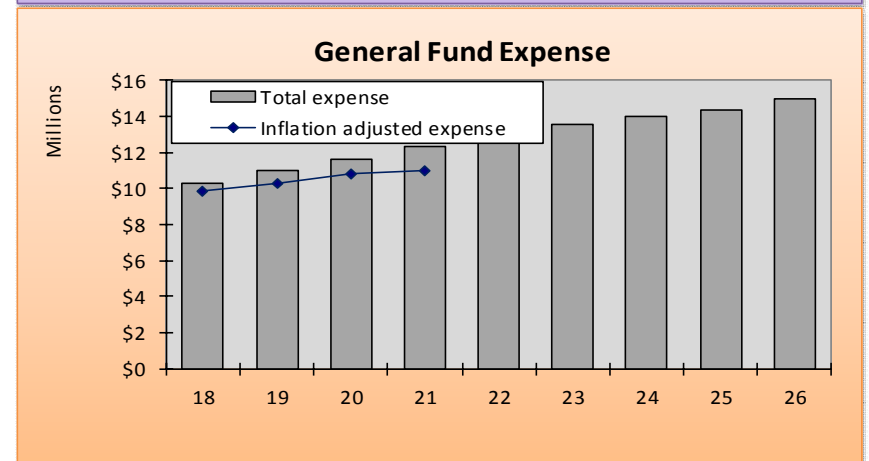
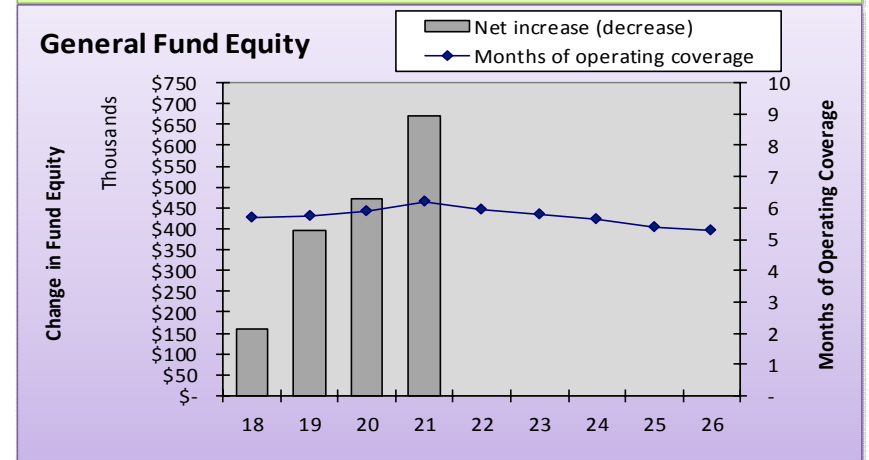
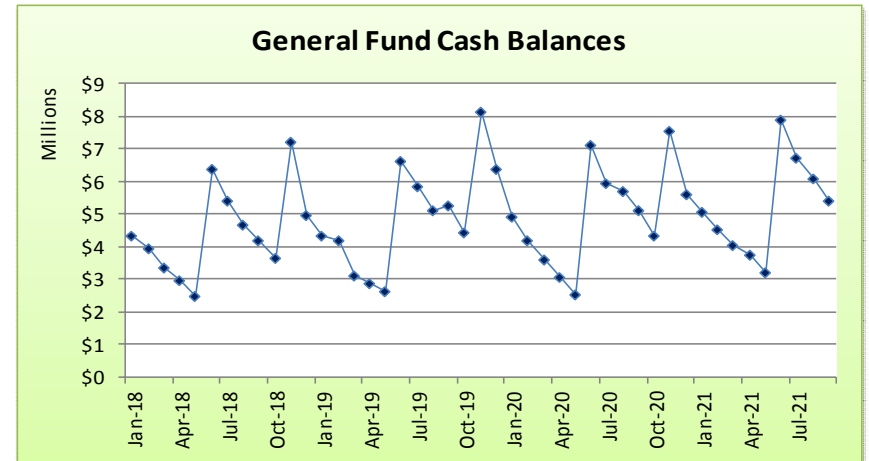
- Shoreview receives less aid than cities of similar size, making it more challenging to maintain competitive property tax levels
- Property taxes are increasing as a percent of total General Fund revenue, providing 77.3% of total revenue in 2022 and 79.4% in 2026
- Property tax collections occur in July and December, creating cash flow challenges for the fund

Performance/History

- Strong fund balances at 52% of current expense
- Operating coverage greater than 5 months in all actual 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue											
Property Taxes	\$7,459,225	\$7,554,977	\$7,815,776	\$8,215,756	\$8,731,545	\$9,279,666	\$9,809,785	\$10,319,645	\$10,725,092	\$11,064,299	\$11,634,757
Licenses & Permits	695,250	1,000,637	634,797	1,097,166	1,034,606	941,750	449,950	447,950	454,950	455,200	455,200
Intergovernmental	550,656	570,177	616,145	630,218	2,428,255	585,171	598,400	611,600	612,800	614,000	615,400
Charges for Services	1,500,000	1,509,246	1,424,744	1,638,512	1,750,700	1,648,300	1,681,380	1,698,350	1,716,700	1,772,100	1,806,600
Fines & Forfeits	51,264	47,899	59,366	55,843	36,689	40,500	53,500	53,500	53,500	53,500	53,500
Interest Earnings	32,515	53,285	70,115	166,442	97,369	80,000	80,000	80,000	80,000	80,000	80,000
Other Revenues	27,794	20,720	20,755	21,233	20,071	10,250	11,850	11,850	14,350	14,350	14,350
Total Revenue	10,316,704	10,756,941	10,641,698	11,825,170	14,099,235	12,585,637	12,684,865	13,222,895	13,657,392	14,053,449	14,659,807
Expense											
General Government	2,255,931	2,214,546	2,283,995	2,232,560	2,402,517	2,656,849	2,857,897	2,985,758	3,098,400	3,126,509	3,330,911
Public Safety	3,646,138	3,813,923	3,941,112	4,053,334	4,475,639	4,645,942	4,756,338	4,977,810	5,135,972	5,299,432	5,468,665
Public Works	1,472,983	1,471,674	1,488,844	1,676,884	1,681,351	1,850,727	1,993,445	2,076,936	2,185,045	2,250,348	2,353,069
Parks and Recreation	1,758,779	1,880,903	1,873,729	2,194,848	2,230,343	2,411,365	2,574,948	2,655,308	2,690,340	2,785,980	2,881,575
Community Development	668,157	677,612	742,012	816,437	868,431	751,775	807,237	842,083	852,635	886,180	915,587
Total Expense	9,801,988	10,058,658	10,329,692	10,974,063	11,658,281	12,316,658	12,989,865	13,537,895	13,962,392	14,348,449	14,949,807
Other Sources (Uses)											
Transfers In	811,000	837,000	863,000	900,000	920,000	945,000	920,000	945,000	970,000	995,000	1,020,000
Transfers Out	(1,143,562)	(1,319,046)	(1,015,207)	(1,353,470)	(2,887,382)	(545,000)	(615,000)	(630,000)	(665,000)	(700,000)	(730,000)
Net Change	182,154	216,237	159,799	397,637	473,572	668,979	-	-	-	-	-
Fund Equity, beginning	4,627,124	4,809,278	5,025,515	5,185,314	5,582,951	6,056,523	6,725,502	6,725,502	6,725,502	6,725,502	6,725,502
Fund Equity, ending	\$4,809,278	\$5,025,515	\$5,185,314	\$5,582,951	\$6,056,523	\$6,725,502	\$6,725,502	\$6,725,502	\$6,725,502	\$6,725,502	\$6,725,502
Fund equity percent of expense	47.8%	48.7%	47.3%	47.9%	49.2%	51.8%	49.7%	48.2%	46.9%	45.0%	44.0%
Months of operating coverage	5.7	5.8	5.7	5.7	5.9	6.2	6.0	5.8	5.6	5.4	5.3
Transfers out (in) per fund bal policy	\$ 207,403	\$ 417,963	\$ 590,207	\$ 916,470	\$2,000,000	\$ 546,623					
Expense percent change		2.6%	2.7%	6.2%	6.2%	5.6%	5.5%	4.2%	3.1%	2.8%	4.2%
Average annual percent change						5.2%					4.0%
Tax Levy percent change		1.3%	3.5%	5.1%	6.3%	6.3%	5.7%	5.2%	3.9%	3.2%	5.2%
Average annual percent change						5.3%					4.6%
Percent revenue/internal decisions	88.0%	84.6%	89.1%	84.3%	76.0%	87.0%	91.7%	92.0%	92.3%	92.4%	92.7%
Percent revenue/external decisions	12.0%	15.4%	10.9%	15.7%	24.0%	13.0%	8.3%	8.0%	7.7%	7.6%	7.3%

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

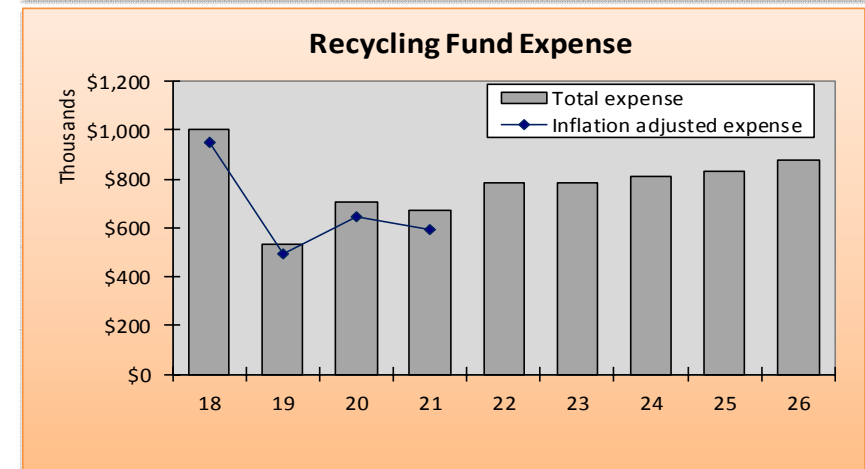
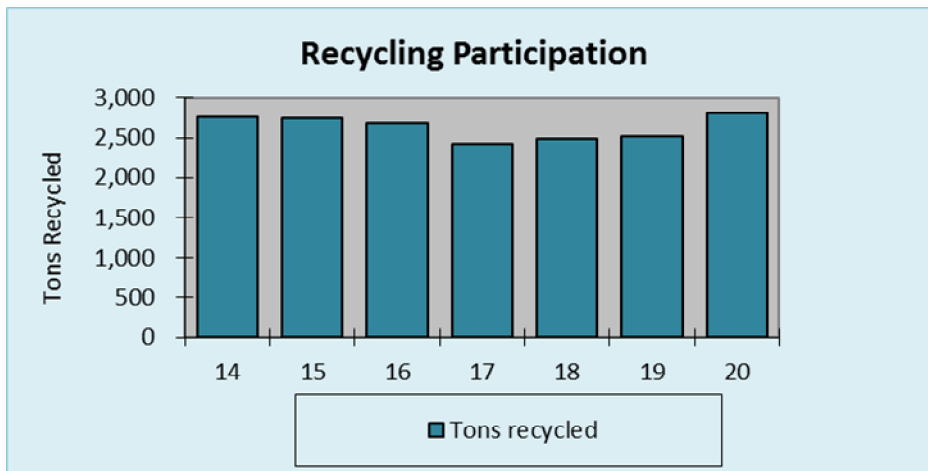
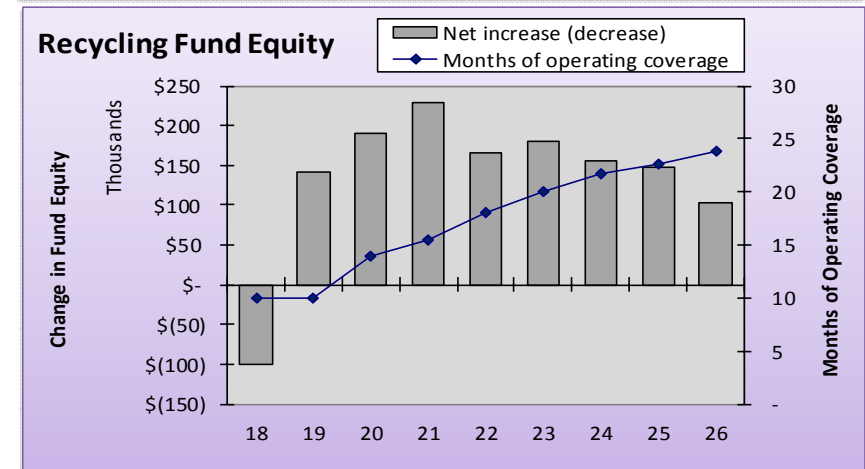
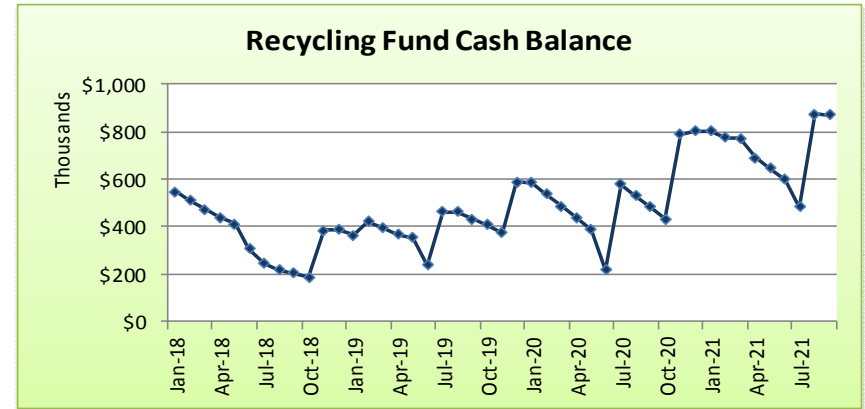
- SCORE grant funding has grown at a slower pace than program costs, and provides between 6.7% and 6.9% of revenue
- Reductions in newspaper circulation have significantly reduced the tons of materials recycled in recent years
- User fees provide between 93.1% and 93.3% of revenue, and are received in 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Intergovernmental									
SCORE Grant	\$ 316,083	\$ 62,600	\$ 63,842	\$ 63,888	\$ 64,000	\$ 65,000	\$ 66,000	\$ 67,000	\$ 68,000
Other Local Governments	20,347	23,024	-	-	-	-	-	-	-
Charges for Services									
Recycling Charges	539,503	555,767	824,392	826,100	858,400	870,600	870,600	882,900	882,900
Cleanup Day Charges	22,882	21,920	1,596	11,500	26,500	26,500	28,500	28,500	31,500
Interest Earnings	4,849	13,300	8,201	-	-	-	-	-	-
Total Revenue	903,664	676,611	898,031	901,488	948,900	962,100	965,100	978,400	982,400
Expense									
Public Works									
Personal Services	44,912	48,714	50,000	71,649	75,974	80,531	85,231	88,063	91,023
Supplies	506,508	333	-	-	25,000	-	-	-	20,000
Contractual Services	452,808	486,207	657,862	602,058	681,353	701,865	723,695	743,754	767,715
Total Expense	1,004,228	535,254	707,862	673,707	782,327	782,396	808,926	831,817	878,738
Net Change	(100,564)	141,357	190,169	227,781	166,573	179,704	156,174	146,583	103,662
Fund Equity, beginning	548,075	447,511	588,868	779,037	1,006,818	1,173,391	1,353,095	1,509,269	1,655,852
Fund Equity, ending	\$ 447,511	\$ 588,868	\$ 779,037	\$ 1,006,818	\$ 1,173,391	\$ 1,353,095	\$ 1,509,269	\$ 1,655,852	\$ 1,759,514
Fund equity percent of expense	83.6%	83.2%	115.6%	128.7%	150.0%	167.3%	181.4%	188.4%	198.9%
Months of operating coverage	10.0	10.0	13.9	15.4	18.0	20.1	21.8	22.6	23.9
Expense percent change	82.9%	-46.7%	32.2%	-4.8%	16.1%	0.0%	3.4%	2.8%	5.6%
Average annual percent change				15.9%					5.6%
Annual charge per parcel/unit	\$ 48.00	\$ 48.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 71.00	\$ 71.00	\$ 72.00	\$ 72.00
Change in rate-dollars	\$ 1.00	\$ -	\$ 22.00	\$ -	\$ -	\$ 1.00	\$ -	\$ 1.00	\$ -
Change in rate-percent	2.1%	0.0%	45.8%	0.0%	0.0%	1.4%	0.0%	1.4%	0.0%
Average annual percent change				12.0%					0.6%
Cost per collection	\$ 1.85	\$ 1.85	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.37	\$ 1.37	\$ 1.38	\$ 1.38
Participation rate	90.0%	0.0%	0.0%						
Tons recycled	2,488	-	-						
Number of units	11,233	11,581	11,797	11,801	11,801	11,801	11,801	11,801	11,801

Community Center Fund Operations

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

Impacts

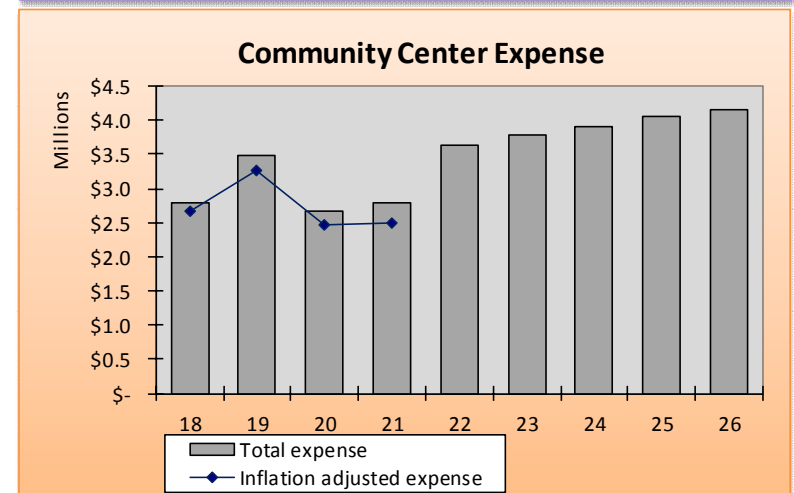
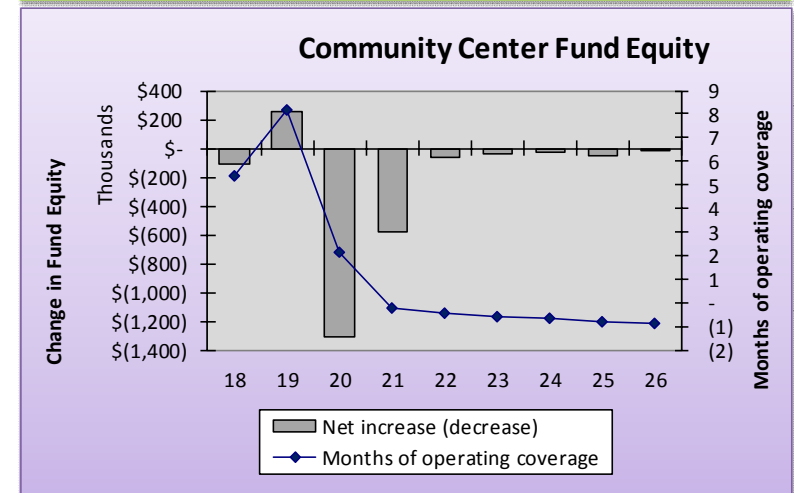
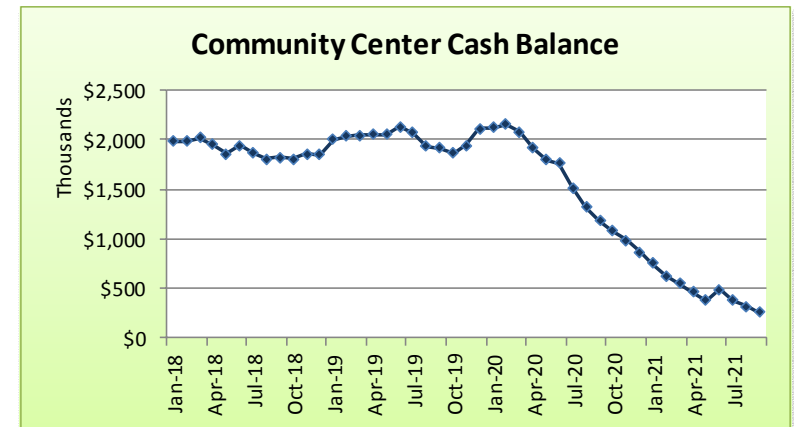
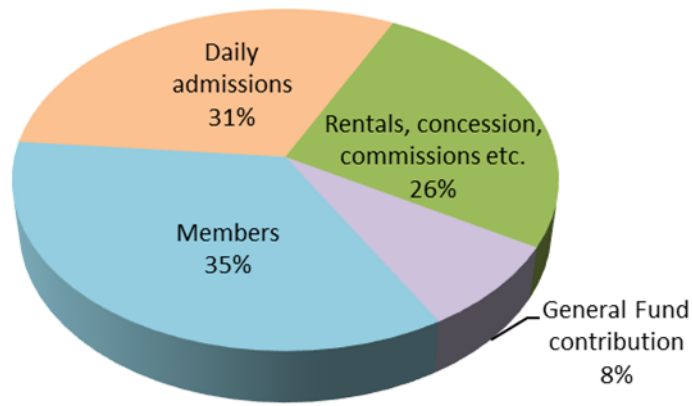
- User fees provide 87% of revenue (memberships, admissions and room rentals)
- General Fund provides \$295,000 in support of operations for 2022 through an inter-fund transfer
- State mandated minimum wage increases
- COVID-19 revenue impacts

Performance/History

- Working capital coverage equal to 2 to 8 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Intergovernmental	\$ -	\$ -	\$ 316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services									
Memberships	991,564	1,306,512	391,141	877,000	1,240,000	1,295,000	1,348,000	1,380,000	1,428,000
Daily Admissions	645,862	1,116,221	332,107	515,000	1,102,440	1,127,013	1,141,722	1,166,572	1,171,569
Room Rentals	407,357	532,630	139,042	331,300	519,800	577,700	621,672	660,669	698,229
Concessions & Commissions	197,920	261,241	66,286	85,000	256,000	271,180	288,000	299,101	319,000
All Other Charges	135,236	148,762	111,045	96,000	130,000	134,100	140,300	145,600	162,000
Interest Earnings	26,433	63,134	25,673	10,000	10,000	10,000	10,000	10,000	10,000
Other Revenues	20,923	36,112	10	3,000	12,500	12,500	12,500	12,500	12,500
Total Revenue	2,425,295	3,464,612	1,065,620	1,917,300	3,270,740	3,427,493	3,562,194	3,674,442	3,801,298
Expense									
Parks and Recreation									
Personal Services	1,457,126	2,025,761	1,728,899	1,837,022	2,275,718	2,379,217	2,477,462	2,584,280	2,658,466
Supplies	497,980	607,174	298,357	402,000	596,000	618,300	636,047	651,547	667,547
Contractual	847,228	856,975	637,744	547,751	763,108	780,578	797,408	816,342	827,841
Total Expense	2,802,334	3,489,910	2,665,000	2,786,773	3,634,826	3,778,095	3,910,917	4,052,169	4,153,854
Other Sources (Uses)									
Transfers In	270,000	277,000	292,625	285,000	295,000	305,000	315,000	325,000	335,000
Net Change	(107,039)	251,702	(1,306,755)	(584,473)	(69,086)	(45,602)	(33,723)	(52,727)	(17,556)
Fund Equity, beginning	1,664,655	1,557,616	1,809,318	502,563	(81,910)	(150,996)	(196,598)	(230,321)	(283,048)
Fund Equity, ending	\$ 1,557,616	\$ 1,809,318	\$ 502,563	\$ (81,910)	\$ (150,996)	\$ (196,598)	\$ (230,321)	\$ (283,048)	\$ (300,604)
Fund equity percent of expense	44.6%	67.9%	18.0%	-2.3%	-4.0%	-5.0%	-5.7%	-6.8%	-7.1%
Months of operating coverage	5.4	8.1	2.2	(0.3)	(0.5)	(0.6)	(0.7)	(0.8)	(0.9)
Tax support as percent of expense	9.6%	7.9%	11.0%	10.2%	8.1%	8.1%	8.1%	8.0%	8.1%
Revenue percent change	-7.2%	42.9%	-69.2%	79.9%	70.6%	4.8%	3.9%	3.2%	3.5%
Average annual percent change/rev				11.6%					17.2%
Expense percent change	3.5%	24.5%	-23.6%	4.6%	30.4%	3.9%	3.5%	3.6%	2.5%
Average annual percent change/exp				2.2%					8.8%

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.

Impacts

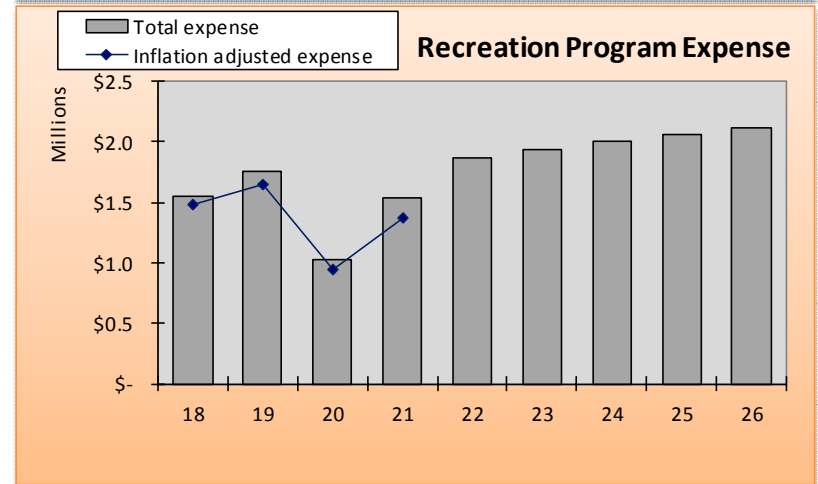
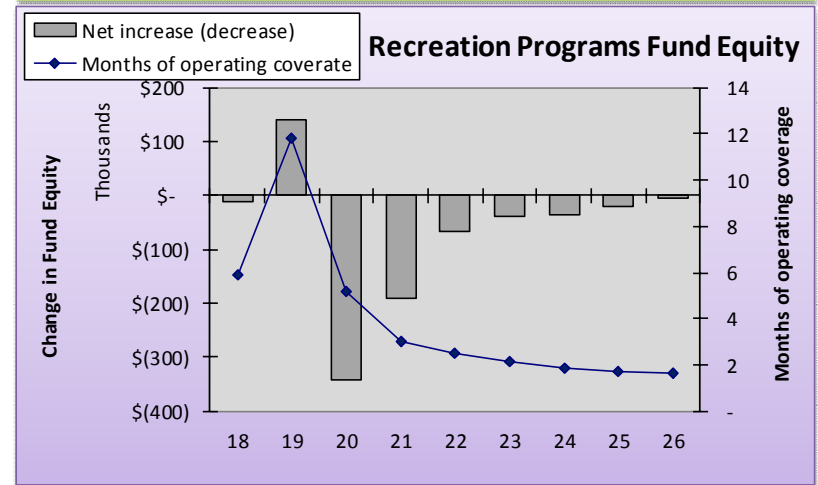
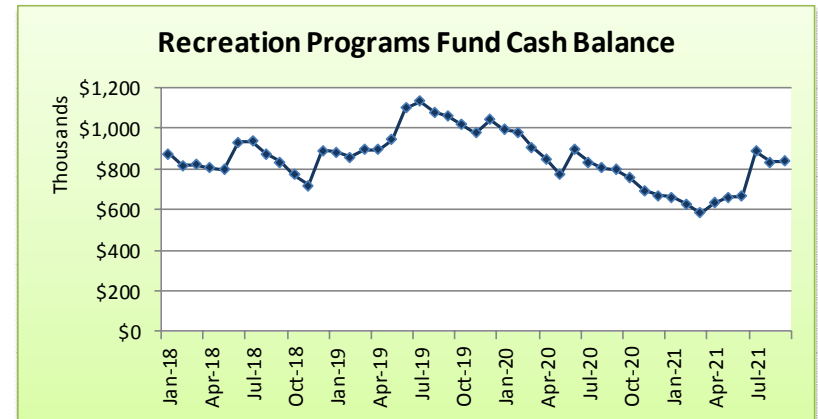
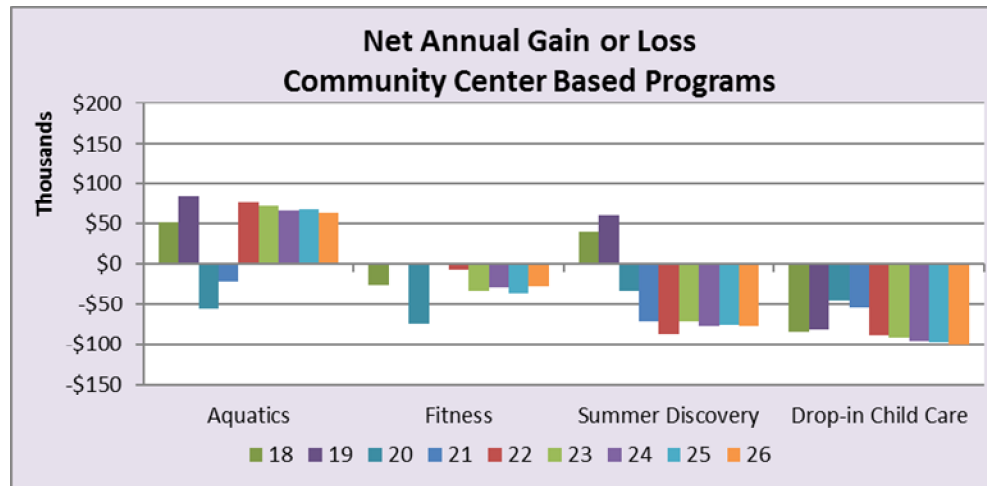
- User fees provide 86% of revenue
- State mandated minimum wage increases
- COVID-19 revenue impacts
- General Fund provides support for community-oriented programs through an annual transfer
- Projected operating losses in all years projected

Performance/History

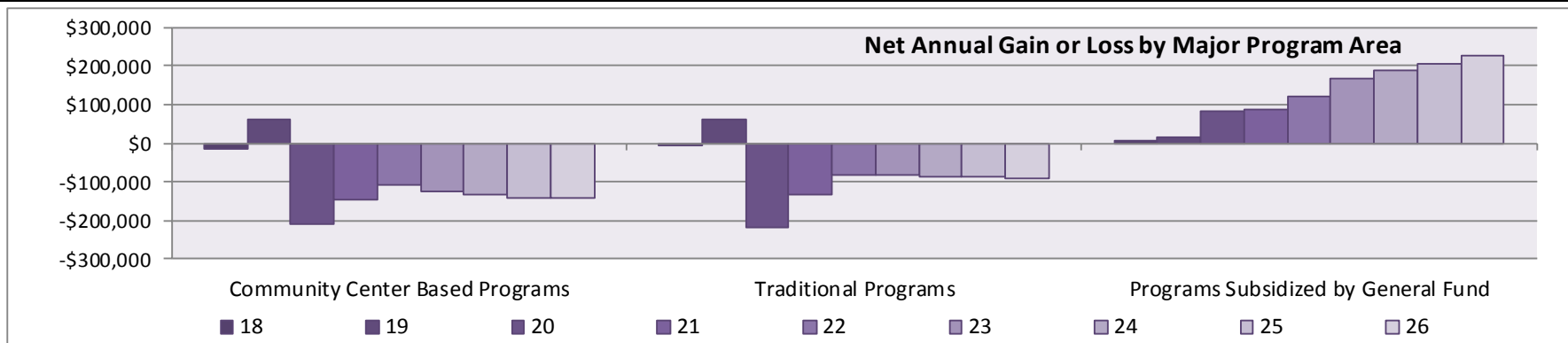
- Operating coverage equal to 3 to 12 months
- Operating losses in 2018 and 2020

Fund Goals/Targets

- Preserve 3 months operating coverage through user fee adjustments
- Increase General Fund support
- Cover cost increases through operating efficiencies where possible/practical



Recreation Programs Fund	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 Budget	2023 Budget	2024 Projected	2025 Projected	2026 Projected
Revenue									
Intergovernmental	\$ -	\$ -	\$ 1,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,438,541	1,767,371	512,759	1,143,100	1,545,900	1,594,060	1,640,800	1,693,000	1,742,730
Interest Earnings	11,670	31,394	13,570	2,000	2,000	2,000	2,000	2,000	2,000
Other Revenues	160	2,210	-	-	-	-	-	-	-
Total Revenue	1,450,371	1,800,975	527,349	1,145,100	1,547,900	1,596,060	1,642,800	1,695,000	1,744,730
Expense									
Parks and Recreation									
Parks Administration	434,599	509,158	505,857	566,715	643,545	675,069	707,412	737,043	764,556
Program Costs	1,121,335	1,252,955	516,450	970,331	1,221,345	1,261,227	1,295,587	1,330,199	1,355,819
Total Expense	1,555,934	1,762,113	1,022,307	1,537,046	1,864,890	1,936,296	2,002,999	2,067,242	2,120,375
Other Sources (Uses)									
Transfers In	95,000	100,000	151,947	200,000	250,000	300,000	325,000	350,000	370,000
Transfers Out	-	-	-	-	-	-	-	-	-
Net Change	(10,563)	138,862	(343,011)	(191,946)	(66,990)	(40,236)	(35,199)	(22,242)	(5,645)
Fund Equity, beginning	874,964	864,401	1,003,263	660,252	468,306	401,316	361,080	325,881	303,639
Fund Equity, ending	\$ 864,401	\$ 1,003,263	\$ 660,252	\$ 468,306	\$ 401,316	\$ 361,080	\$ 325,881	\$ 303,639	\$ 297,994
Fund equity percent of expense	49.1%	98.1%	43.0%	25.1%	20.7%	18.0%	15.8%	14.3%	13.7%
Months of operating coverage	5.9	11.8	5.2	3.0	2.5	2.2	1.9	1.7	1.6
Revenue percent change	-1.9%	24.2%	-70.7%	117.1%	35.2%	3.1%	2.9%	3.2%	2.9%
Average annual percent change				17.2%					9.5%
Expense percent change	3.5%	13.3%	-42.0%	50.4%	21.3%	3.8%	3.4%	3.2%	2.6%
Average annual percent change				6.3%					6.9%
Percent of revenue from user fees	93.1%	93.0%	75.5%	85.0%	86.0%	84.1%	83.4%	82.8%	82.4%
Percent of revenue from Gen Fund	6.1%	5.3%	22.4%	14.9%	13.9%	15.8%	16.5%	17.1%	17.5%



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

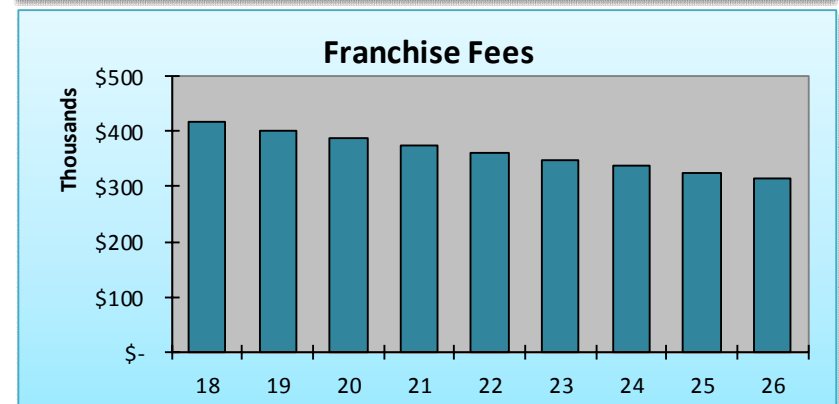
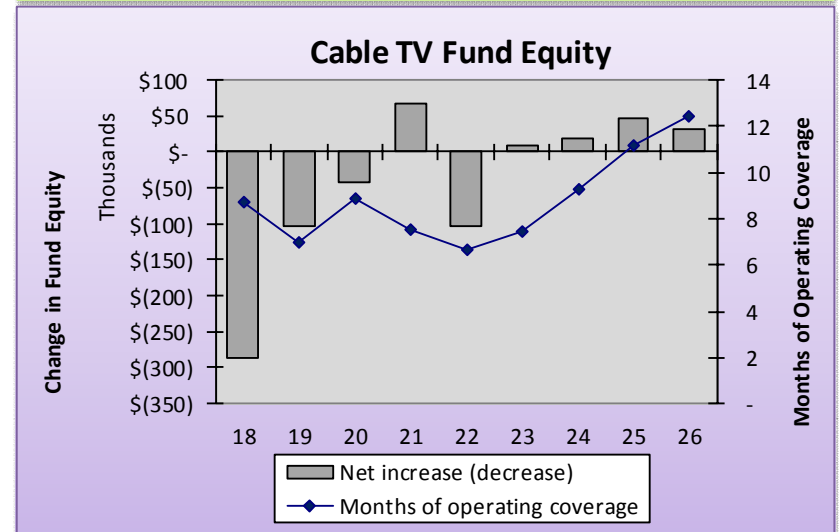
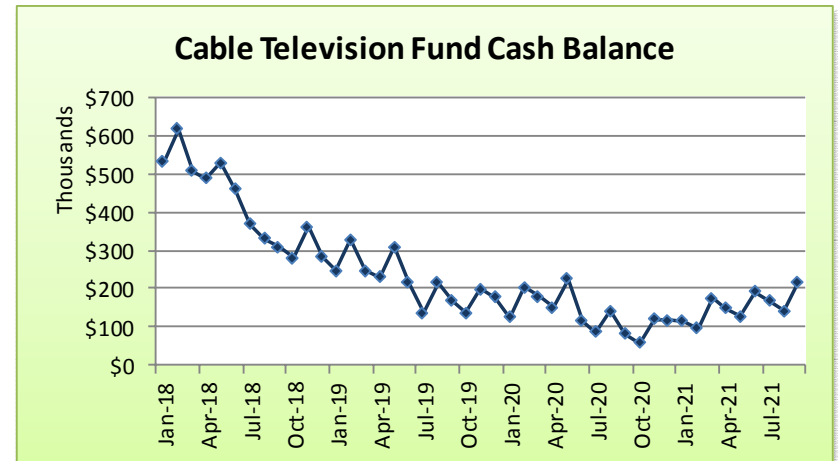
- Cable franchise fees and PEG fees provide more than 99% of revenue
- Contractual costs decreased significantly due to withdrawal from the NSCC
- Transition to in-house production, broadcasting and web streaming of cable programming
- Transfers to the general fund provide support for communication activities
- Provides support for capital purchases associated with the commons master plan and council chamber improvements

Performance/History

- Operating coverage equal to 7 to 8 months
- Franchise fee revenue is declining

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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Intergovernmental	\$ -	\$ -	\$ 30,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	416,472	402,371	388,895	375,000	362,000	349,250	337,250	325,750	314,750
Interest Earnings	6,410	7,569	2,468	2,000	2,000	2,000	2,000	2,000	2,000
Other Revenues	1,100	1,950	750	650	1,200	1,200	1,200	1,200	1,200
Total Revenue	423,982	411,890	422,507	377,650	365,200	352,450	340,450	328,950	317,950
Expense									
General Government									
Personal Services	35,797	39,952	37,755	36,876	37,925	39,174	40,476	41,832	43,243
Supplies	-	23,473	1,182	500	500	500	500	500	500
Contractual	82,636	138,028	136,134	72,870	81,139	103,658	106,674	89,687	91,950
Capital Outlay	353,668	112,714	89,977	-	200,000	50,000	25,000	-	-
Total Expense	472,101	314,167	265,048	110,246	319,564	193,332	172,650	132,019	135,693
Other Sources (Uses)									
Transfers Out	(238,564)	(200,000)	(200,000)	(200,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Net Change	(286,683)	(102,277)	(40,897)	67,404	(104,364)	9,118	17,800	46,931	32,257
Fund Equity, beginning	658,261	371,578	269,301	228,404	295,808	191,444	200,562	218,362	265,293
Fund Equity, ending	\$ 371,578	\$ 269,301	\$ 228,404	\$ 295,808	\$ 191,444	\$ 200,562	\$ 218,362	\$ 265,293	\$ 297,550
Fund equity percent of expense and transfers out	72.3%	57.9%	73.6%	63.0%	55.8%	62.2%	77.4%	92.9%	103.4%
Months of operating coverage for expense and transfers out	8.7	6.9	8.8	7.6	6.7	7.5	9.3	11.1	12.4
Franchise fee percent change	-6.1%	-3.4%	-3.3%	-3.6%	-3.5%	-3.5%	-3.4%	-3.4%	-3.4%
Average annual percent change				-4.1%					-3.4%

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). The funds were legally restricted to economic development and business assistance (as governed by Minnesota statutes), in 2021 the city provided developer assistance to Gradient Financial in accordance with the restrictions associated with the funds. All funds associated with the restriction have been expended as of December 31, 2021.

Impacts

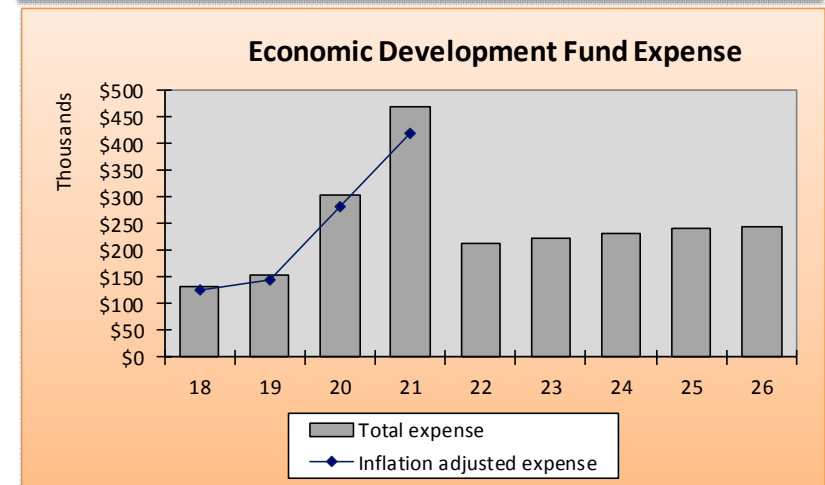
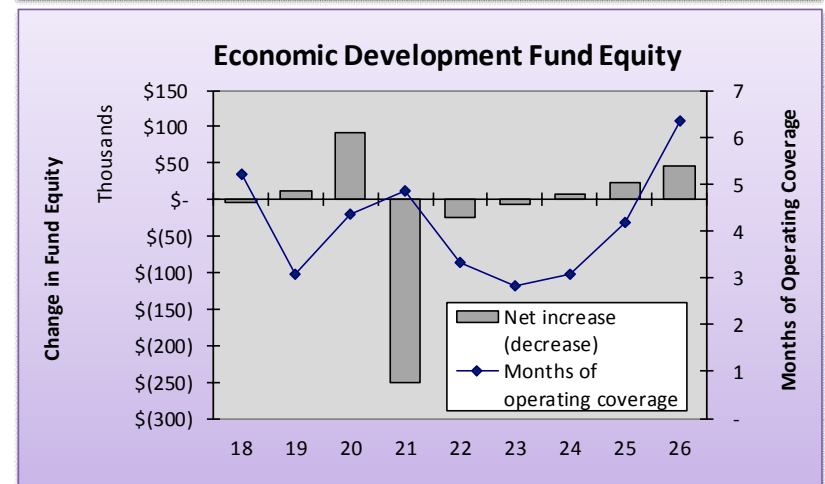
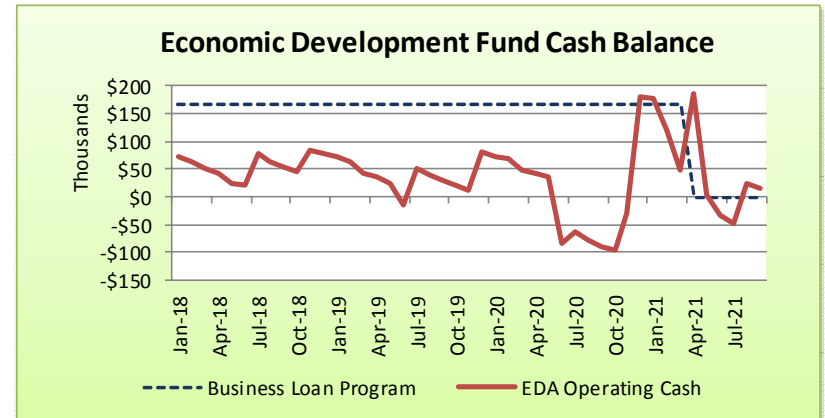
- First tax levy in 2011
- Levy authority is within the City's levy limit, when levy limits are in effect
- Property tax collections occur in July and December, creating cash flow challenges for the fund
- Covers 25% of the Assistant City Manager/Community Development Director position
- Covers 50% of the Economic Development and Planning Associate position
- Business assistance associated with the COVID-19 pandemic

Performance/History

- Operating coverage equal to 3 to 5 months
- Federal assistance associated with the COVID-19 pandemic

Fund Goals/Targets

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



Economic Development Authority Fund	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Property Taxes	\$ 118,579	\$ 149,033	\$ 158,256	\$ 165,000	\$ 190,000	\$ 215,000	\$ 240,000	\$ 265,000	\$ 290,000
Intergovernmental	2,584	9,457	145,516	55,000	-	-	-	-	-
Interest Earnings	3,142	6,613	2,456	-	-	-	-	-	-
Other Revenues	1,000	-	-	-	-	-	-	-	-
Total Revenue	125,305	165,103	306,228	220,000	190,000	215,000	240,000	265,000	290,000
Expense									
Community Development									
Personal Services	71,249	80,774	86,581	96,285	130,640	137,202	144,231	146,894	151,256
Supplies	5,414	4,310	1,461	6,000	11,000	11,000	11,000	11,000	11,000
Contractual Services	53,947	68,560	216,998	368,030	73,132	74,238	76,828	84,397	81,469
Total Expense	130,610	153,644	305,040	470,315	214,772	222,440	232,059	242,291	243,725
Other Sources (Uses)									
Transfers In	-	-	91,609	-	-	-	-	-	-
Net Change	(5,305)	11,459	92,797	(250,315)	(24,772)	(7,440)	7,941	22,709	46,275
Fund Equity, beginning	237,887	232,582	244,041	336,838	86,523	61,751	54,311	62,252	84,961
Fund Equity, ending	\$ 232,582	\$ 244,041	\$ 336,838	\$ 86,523	\$ 61,751	\$ 54,311	\$ 62,252	\$ 84,961	\$ 131,236
Fund Equity Breakdown									
Business loan program fund balance	\$ 165,777	\$ 165,777	\$ 165,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non loan program fund balance	\$ 66,805	\$ 78,264	\$ 171,061	\$ 86,523	\$ 61,751	\$ 54,311	\$ 62,252	\$ 84,961	\$ 131,236
Months of operating coverage (excluding balances restricted for business loan program	5.2	3.1	4.4	4.8	3.3	2.8	3.1	4.2	6.3
Tax levy percent change	4.1%	25.7%	6.2%	4.3%	15.2%	13.2%	11.6%	10.4%	9.4%
Annual average percent change				8.9%					12.0%

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

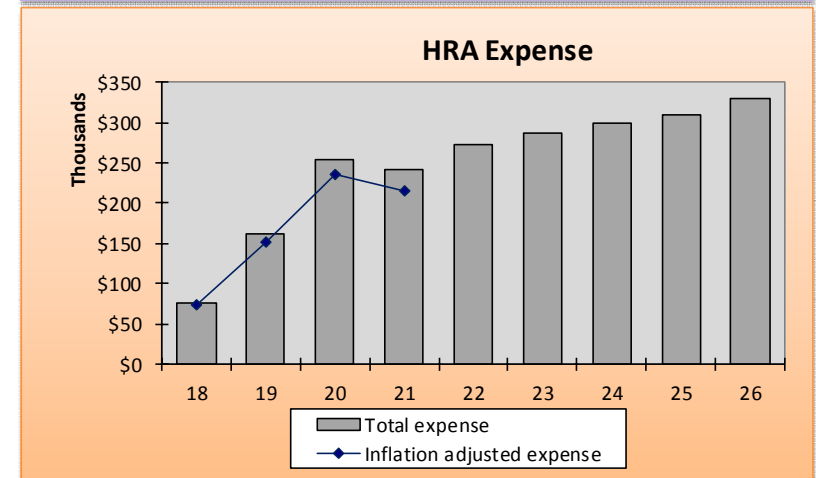
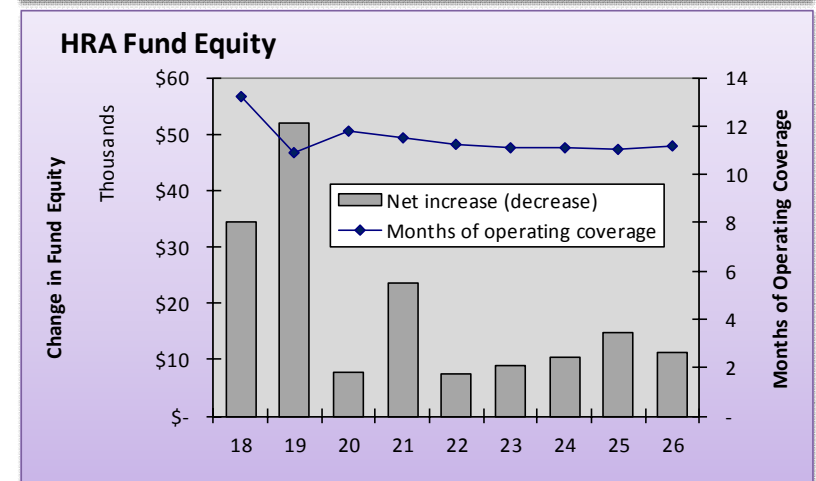
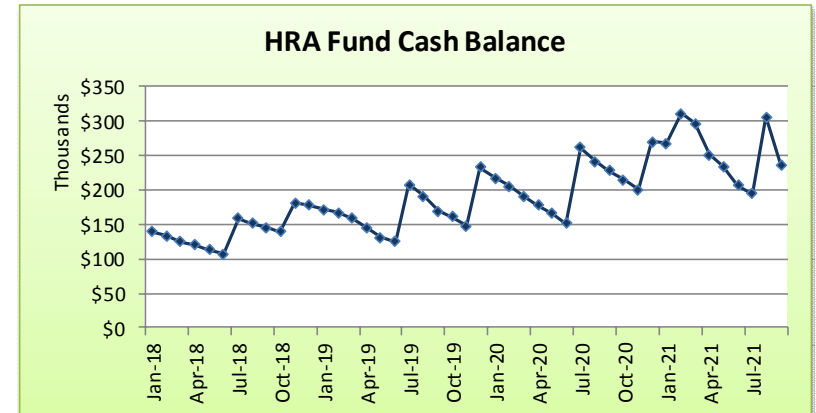
- First tax levy in 2010
- Levy authority for the HRA is outside the City's levy limit
- Covers 25% of the Assistant City Manager/Community Development Director position cost
- Covers 50% of the Economic Development and Planning Associate
- Covers 100% of the Housing and Code Enforcement Officer

Performance/History

- Operating coverage from 10 to 13 months

Fund Goals/Targets

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



Housing Redevelopment Authority	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Property Taxes	\$ 108,623	\$ 207,625	\$ 256,626	\$ 265,000	\$ 280,000	\$ 295,000	\$ 310,000	\$ 325,000	\$ 340,000
Interest Earnings	1,961	5,474	3,544	-	-	-	-	-	-
Intergovernmental	-	-	563	-	-	-	-	-	-
Total Revenue	110,584	213,099	260,733	265,000	280,000	295,000	310,000	325,000	340,000
Expense									
Community Development									
Personal Services	72,865	95,504	161,255	167,758	198,666	212,177	225,670	236,130	244,233
Contractual Services	3,263	65,701	13,489	53,780	53,840	53,900	53,952	53,994	59,636
Capital Outlay	-	-	78,337	20,000	20,000	20,000	20,000	20,000	25,000
Total Expense	76,128	161,205	253,081	241,538	272,506	286,077	299,622	310,124	328,869
Net Change	34,456	51,894	7,652	23,462	7,494	8,923	10,378	14,876	11,131
Fund Equity, beginning	143,093	177,549	229,443	237,095	260,557	268,051	276,974	287,352	302,228
Fund Equity, ending	\$ 177,549	\$ 229,443	\$ 237,095	\$ 260,557	\$ 268,051	\$ 276,974	\$ 287,352	\$ 302,228	\$ 313,359
Fund equity percent of expense	110.1%	90.7%	98.2%	95.6%	93.7%	92.4%	92.7%	91.9%	92.9%
Months of operating coverage	13.2	10.9	11.8	11.5	11.2	11.1	11.1	11.0	11.1
Taxable Value (millions)	\$ 31.3	\$ 33.5	\$ 35.8	\$ 38.0	\$ 38.8	\$ 40.0	\$ 41.2	\$ 42.4	\$ 43.7
Tax Rate (HRA)	0.318%	0.595%	0.669%	0.634%	0.656%	0.670%	0.685%	0.698%	0.709%
Change in tax rate	-2.2%	87.1%	12.4%	-5.2%	3.5%	2.1%	2.2%	1.9%	1.6%
Average annual percent change				23.0%					2.3%
Expense percent change	-8.4%	111.8%	57.0%	-4.6%	12.8%	5.0%	4.7%	3.5%	6.0%
Average annual percent change				38.9%					6.4%

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

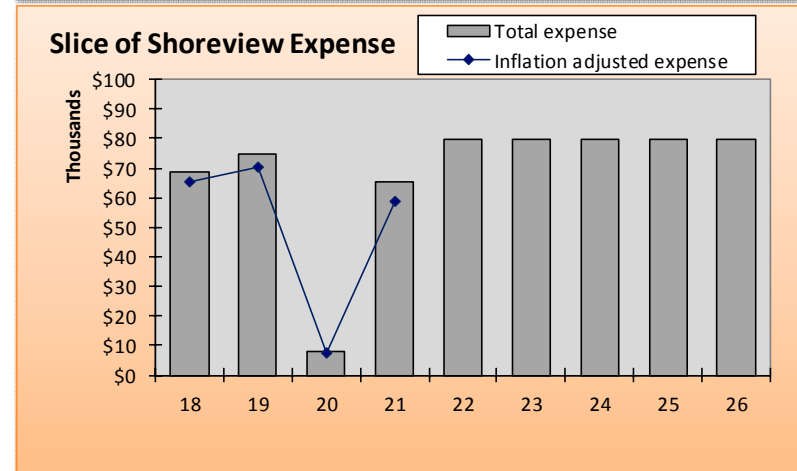
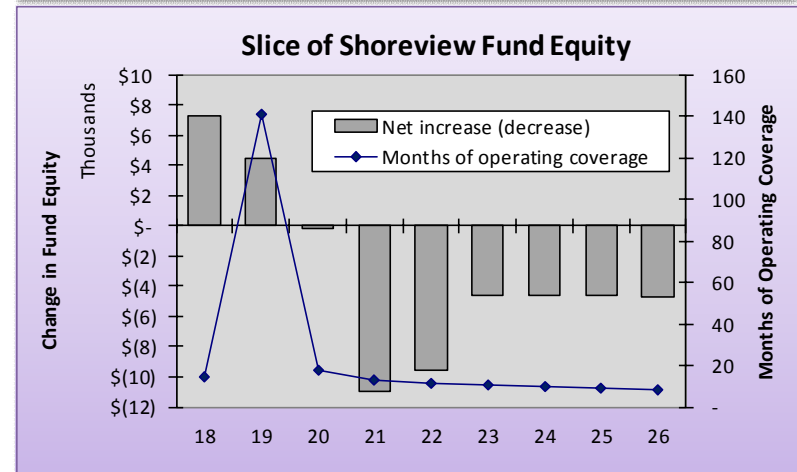
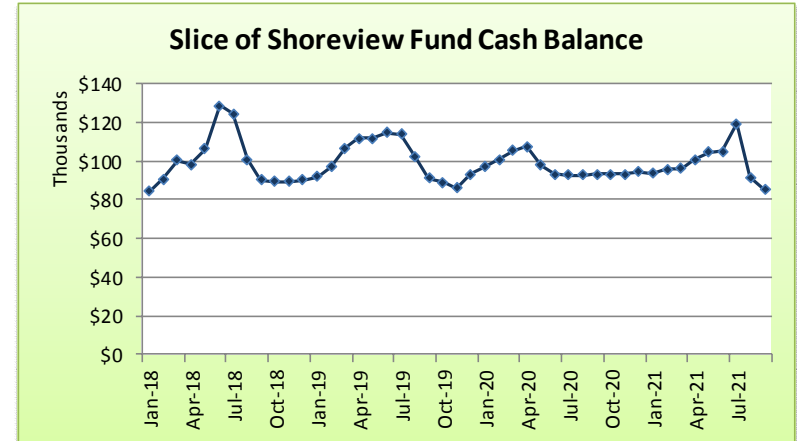
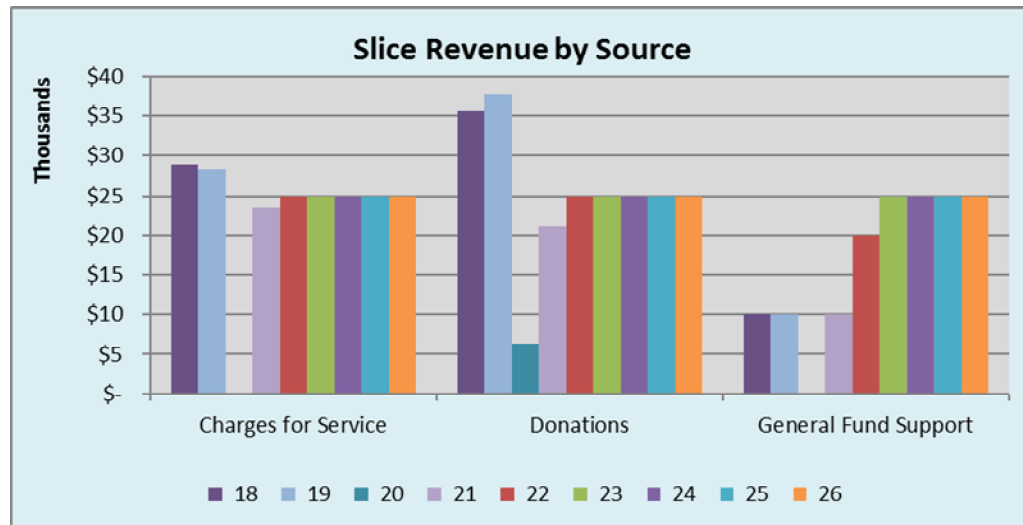
- For 2022, support for the event is provided by donations (36%), fees (36%), and General Fund support (28%)

Performance/History

- Operating coverage equal to 13 to 17 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Charges for Services	\$ 28,869	\$ 28,309	\$ -	\$ 23,539	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Interest Earnings	1,383	3,189	1,543	-	-	-	-	-	-
Other Revenues (donations)	35,621	37,741	6,323	21,085	25,000	25,000	25,000	25,000	25,000
Total Revenue	65,873	69,239	7,866	44,624	50,000	50,000	50,000	50,000	50,000
Expense									
General Government	68,625	74,728	8,054	65,550	79,570	79,600	79,626	79,647	79,668
Total Expense	68,625	74,728	8,054	65,550	79,570	79,600	79,626	79,647	79,668
Other Sources (Uses)									
Transfers In	10,000	10,000	-	10,000	20,000	25,000	25,000	25,000	25,000
Net Change	7,248	4,511	(188)	(10,926)	(9,570)	(4,600)	(4,626)	(4,647)	(4,668)
Fund Equity, beginning	83,042	90,290	94,801	94,613	83,687	74,117	69,517	64,891	60,244
Fund Equity, ending	\$ 90,290	\$ 94,801	\$ 94,613	\$ 83,687	\$ 74,117	\$ 69,517	\$ 64,891	\$ 60,244	\$ 55,576
Fund equity percent of expense	120.8%	1177.1%	144.3%	105.2%	93.1%	87.3%	81.5%	75.6%	69.7%
Months of operating coverage	14.5	141.2	17.3	12.6	11.2	10.5	9.8	9.1	8.4
Expense percent change	-15.2%	8.9%	-89.2%	713.9%	21.4%	0.0%	0.0%	0.0%	0.0%
Annual average percent change				154.6%					4.3%

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

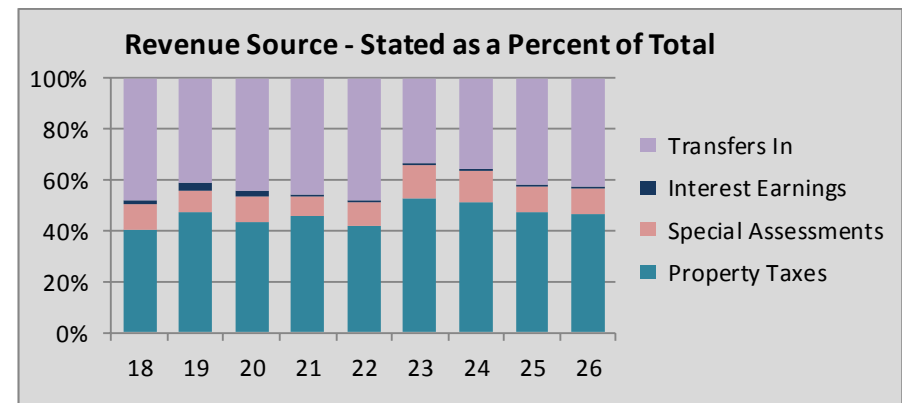
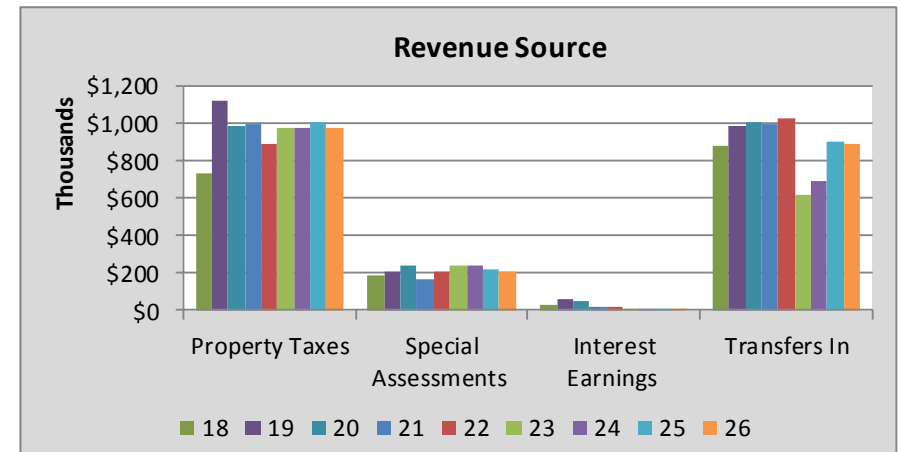
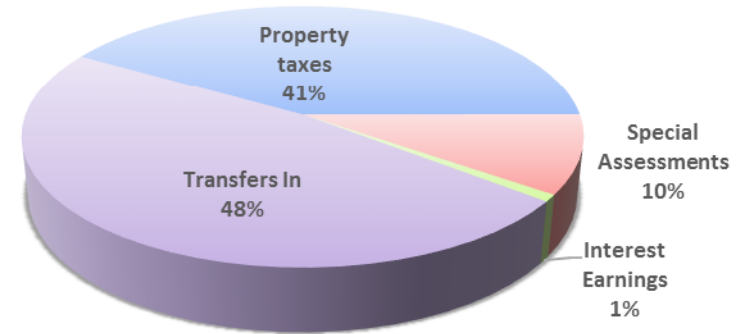
- Revenue in support of debt payments for 2022 is derived from transfers in (48%), property taxes (41%), special assessments (10%) and interest earnings (1%)
- Transfers for debt payments are from the General Fund (\$50,000), Capital Asset Replacement Fund (\$380,000) and the Community Investment Fund (\$502,000)
- Transfers to or from the Closed Debt Fund are intended to close out balances for retired debt (\$30,976), or to provide reductions in the debt portion of the tax levy (\$50,000)

Performance/History

- Operating coverage equal to 13 to 17 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	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 Budget	2023 Budget	2024 Projected	2025 Projected	2026 Projected
Revenue									
Property Taxes	\$ 734,489	\$ 1,118,595	\$ 984,127	\$ 994,000	\$ 887,000	\$ 976,000	\$ 976,000	\$ 1,000,000	\$ 971,000
Special Assessments	185,258	203,356	237,881	165,776	206,526	242,324	240,276	219,412	205,520
Interest Earnings	33,269	66,485	49,359	19,200	17,840	14,420	10,690	9,950	9,320
Total Revenue	953,016	1,388,436	1,271,367	1,178,976	1,111,366	1,232,744	1,226,966	1,229,362	1,185,840
Expense									
Debt Service	1,635,090	2,196,070	2,457,967	2,349,424	2,331,489	2,278,985	1,980,687	2,195,456	2,117,814
Total Expense	1,635,090	2,196,070	2,457,967	2,349,424	2,331,489	2,278,985	1,980,687	2,195,456	2,117,814
Other Sources (Uses)									
Debt Proceeds	210,209	-	11,513	-	-	80,000	-	-	-
Debt Refunded	-	(160,000)	-	-	-	-	-	-	-
Transfers In	877,000	982,000	997,922	996,294	1,018,805	620,729	685,000	894,152	887,357
Transfers Out	(50,000)	(50,000)	(62,115)	(64,294)	(86,805)	(56,000)	(50,000)	(36,152)	(29,357)
Net Change	355,135	(35,634)	(239,280)	(238,448)	(288,123)	(401,512)	(118,721)	(108,094)	(73,974)
Fund Equity, beginning	2,724,598	3,079,733	3,044,099	2,804,819	2,566,371	2,278,248	1,876,736	1,758,015	1,649,921
Fund Equity, ending	\$ 3,079,733	\$ 3,044,099	\$ 2,804,819	\$ 2,566,371	\$ 2,278,248	\$ 1,876,736	\$ 1,758,015	\$ 1,649,921	\$ 1,575,947
Fund equity percent of expense	140.2%	123.8%	119.4%	110.1%	100.0%	94.8%	80.1%	77.9%	75.5%
Months of operating coverage	16.8	14.9	14.3	13.2	12.0	11.4	9.6	9.3	9.1
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense percent change	18.3%	34.3%	11.9%	-4.4%	-0.8%	-2.3%	-13.1%	10.8%	-3.5%
Average annual percent change				15.0%					-1.8%
Tax Levy percent change	35.6%	52.3%	-12.0%	1.0%	-10.8%	10.0%	0.0%	2.5%	-2.9%
Average annual percent change				19.2%					-0.2%

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

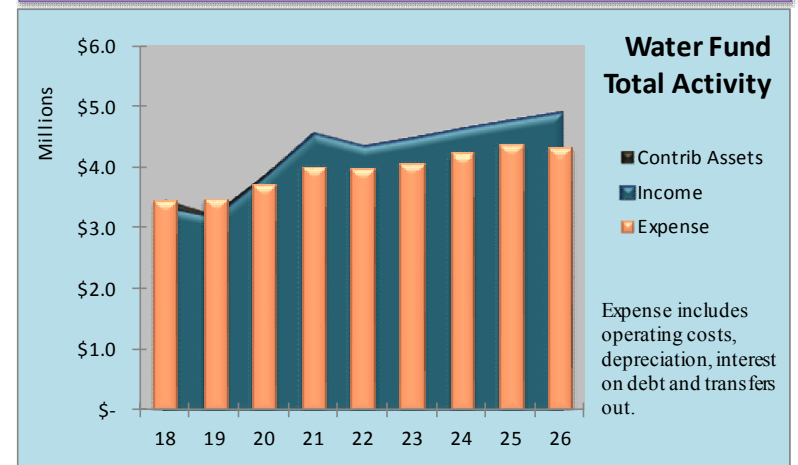
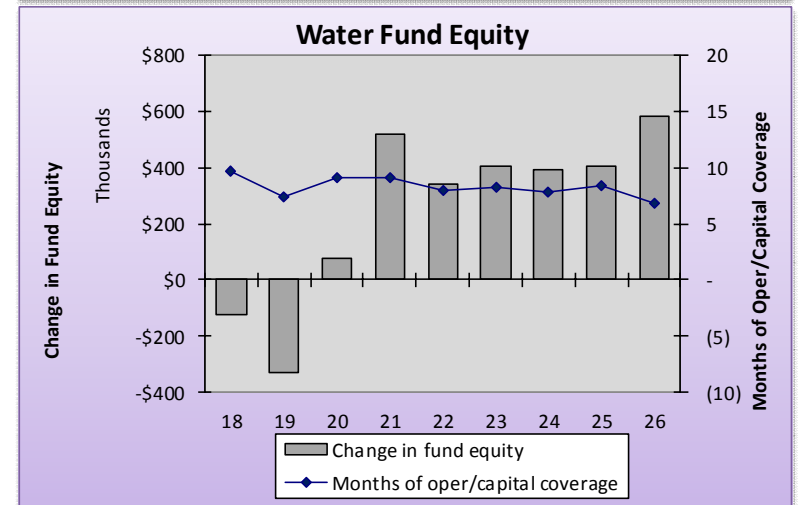
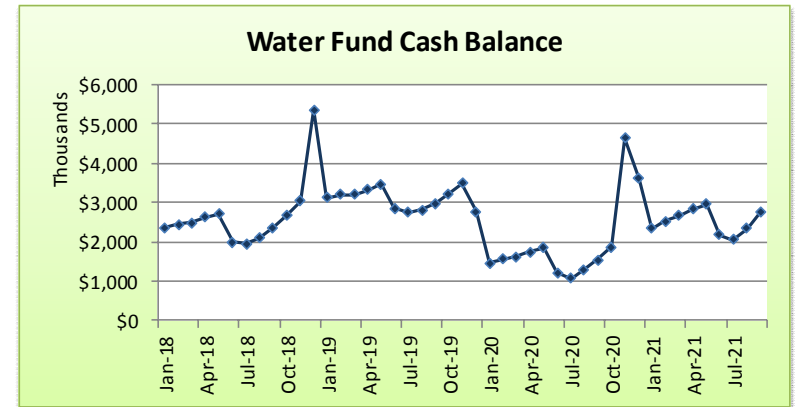
- Average household water consumption continues to decline
- Water use fluctuates significantly based on rainfall during the growing season
- Contributions for maintenance center debt payments began in 2011
- Water treatment plant began operation in last quarter of 2016

Performance/History

- Operating coverage equal to 7 to 10 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 800 million gallons

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	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 Budget	2023 Budget	2024 Projected	2025 Projected	2026 Projected
Revenue									
Special Assessments	\$ 1,898	\$ 1,330	\$ 1,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	3,222,620	2,997,466	3,660,110	4,476,000	4,285,000	4,412,000	4,571,000	4,705,000	4,841,000
Late Fees/Utility Charges	52,155	49,102	48,670	-	-	-	-	-	-
Water Facility Charges	10,284	29,279	63,883	10,500	10,500	10,500	10,500	10,500	10,500
Other Charges	26,662	24,836	24,053	27,000	27,000	27,000	27,000	27,000	27,000
Total Revenue	3,313,619	3,102,813	3,798,620	4,513,500	4,322,500	4,449,500	4,608,500	4,742,500	4,878,500
Expense									
Enterprise Operations	1,693,957	1,740,008	1,933,769	2,205,192	2,211,652	2,263,858	2,404,179	2,534,985	2,509,877
Depreciation	943,063	950,017	971,343	992,000	989,000	990,000	1,002,000	1,002,000	1,000,000
Total Expense	2,637,020	2,690,025	2,905,112	3,197,192	3,200,652	3,253,858	3,406,179	3,536,985	3,509,877
Operating Income (Loss)	676,599	412,788	893,508	1,316,308	1,121,848	1,195,642	1,202,321	1,205,515	1,368,623
Other Sources (Uses)									
Interest Earnings	37,520	85,316	28,293	30,000	30,000	30,000	30,000	30,000	30,000
Contributed Capital Assets	115,317	53,512	52,731	-	-	-	-	-	-
Debt Service	(452,642)	(432,451)	(429,166)	(404,172)	(369,188)	(381,203)	(387,285)	(368,477)	(342,873)
Transfers Out	(385,521)	(393,000)	(413,000)	(424,286)	(443,000)	(443,000)	(453,000)	(463,000)	(473,000)
Net Change	(8,727)	(273,394)	132,406	517,850	339,660	401,439	392,036	404,038	582,750
Fund Equity, beginning	13,518,413	13,509,686	13,236,292	13,368,698	13,886,548	14,226,208	14,627,647	15,019,683	15,423,721
Fund Equity, ending	\$13,509,686	\$13,236,292	\$13,368,698	\$13,886,548	\$14,226,208	\$14,627,647	\$15,019,683	\$15,423,721	\$16,006,471
Months of operating coverage	9.6	7.4	9.0	9.0	8.0	8.2	7.8	8.4	6.7
Cash balance	\$ 5,362,443	\$ 2,771,440	\$ 3,617,056	\$ 3,705,620	\$ 3,324,620	\$ 3,481,059	\$ 3,465,095	\$ 3,586,133	\$ 2,903,883
Capital costs	\$ 769,731	\$ 1,117,039	\$ 1,366,597	\$ 216,286	\$ 845,000	\$ 2,420,000	\$ 135,000	\$ 40,000	\$ 1,000,000
Unspent bond proceeds	\$ 1,105,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.80%	0.80%	0.82%	0.84%	0.85%	0.82%	0.84%	0.86%	0.87%
Rate Increase (tiers)	4.0%	4.0%	9.0%	0.0%	3.0%	3.0%	4.0%	3.0%	3.0%
Change in utility charge revenue	5.1%	-7.0%	22.1%	22.3%	-4.3%	3.0%	3.6%	2.9%	2.9%
Debt issued	\$ 2,595,000	\$ -	\$ 2,360,000	\$ -	\$ 840,000	\$ 2,540,000	\$ -	\$ 180,000	\$ -
Debt payments (principal)	\$ 1,065,000	\$ 2,190,000	\$ 1,175,000	\$ 1,205,000	\$ 1,365,000	\$ 1,355,000	\$ 1,275,000	\$ 1,425,000	\$ 1,265,000
Debt balance (year end)	\$18,470,000	\$16,280,000	\$17,465,000	\$16,260,000	\$15,735,000	\$16,920,000	\$15,645,000	\$14,400,000	\$13,135,000
Debt Capacity after transfers	\$ (245,981)	\$ (1,567,330)	\$ (124,022)	\$ 304,850	\$ (36,340)	\$ 36,439	\$ 119,036	\$ (18,962)	\$ 317,750
Gallons of water sold (000)	775,137	706,064	791,129	881,297	800,000	800,000	800,000	800,000	800,000
Quarterly residential gallons (avg)	14,820	12,958	15,061	-					
Quarterly multi-family gallons (avg)	8,087	8,782	9,614	-					

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

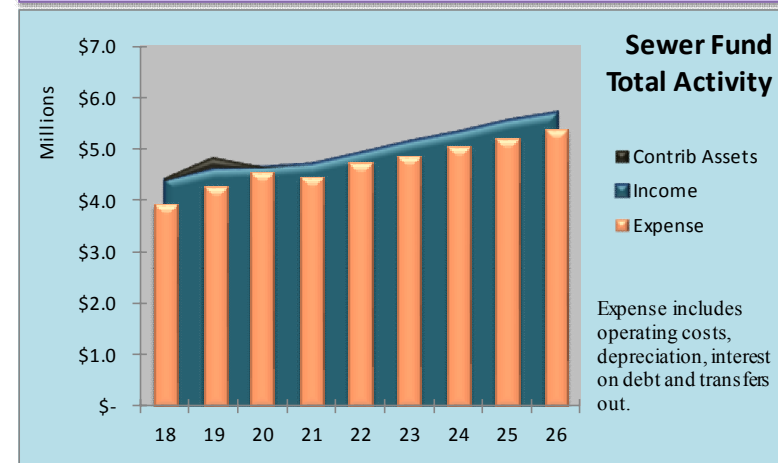
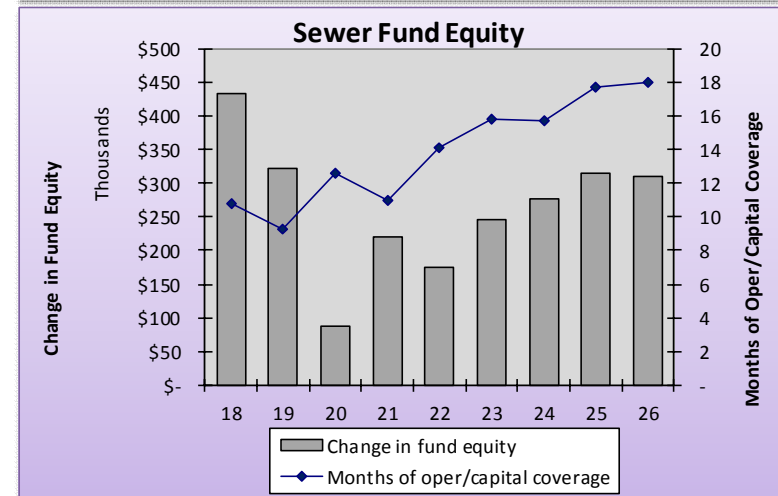
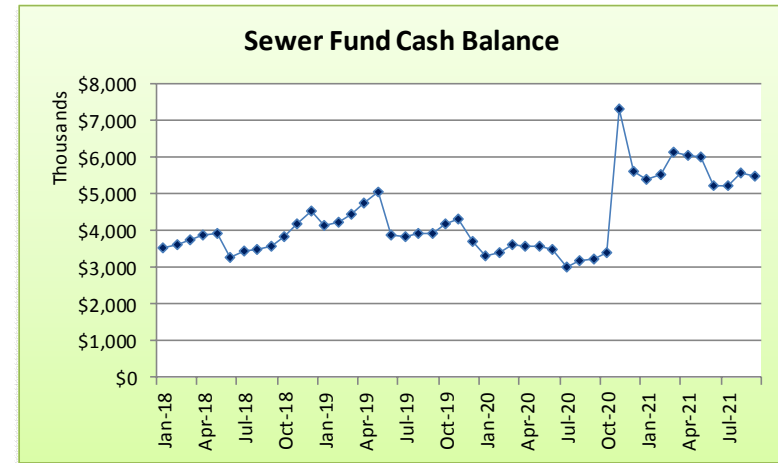
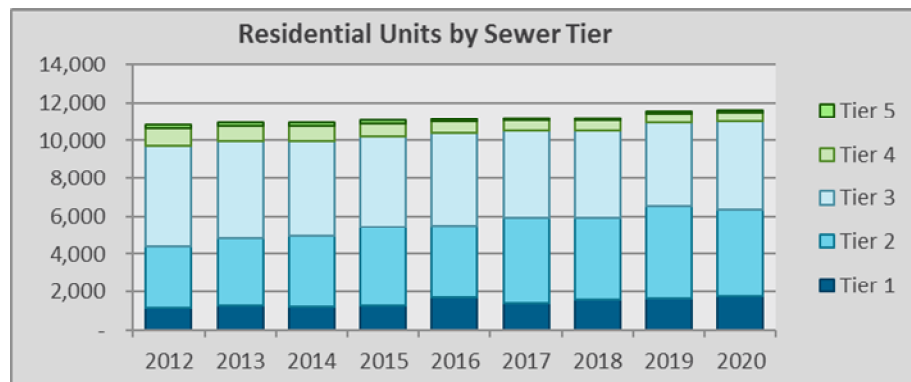
- Residential sewer bills are based on winter water consumption
- Average winter household consumption has dropped an average of 2% per year from 2010 to 2021 (likely influenced by the installation of water saving appliances)
- Inflow and infiltration elimination projects allow the City to avoid an annual sewage treatment surcharge
- Contributions for maintenance center debt payments began in 2011

Performance/History

- Operating coverage equal to 9 to 12 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Special Assessments	\$ 2,757	\$ 1,825	\$ 2,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,143	6,958	10,189	1,600	1,600	1,600	1,600	1,600	1,600
Utility Charges	4,261,163	4,406,342	4,466,428	4,678,000	4,896,000	5,099,000	5,304,000	5,516,000	5,684,000
Late Fees/Utility Charges	71,603	71,684	63,329	-	-	-	-	-	-
Sewer Facility Charges	7,741	20,005	58,985	5,000	5,000	5,000	5,000	5,000	5,000
Other Charges	2,317	2,548	2,634	2,500	2,500	2,500	2,500	2,500	2,500
Total Revenue	4,346,724	4,509,362	4,604,236	4,687,100	4,905,100	5,108,100	5,313,100	5,525,100	5,693,100
Expense									
Enterprise Operations	3,377,484	3,715,865	3,913,925	3,804,530	4,054,039	4,192,201	4,348,855	4,504,344	4,658,781
Depreciation	321,544	329,271	340,585	367,000	375,000	362,000	364,000	380,000	388,000
Total Expense	3,699,028	4,045,136	4,254,510	4,171,530	4,429,039	4,554,201	4,712,855	4,884,344	5,046,781
Operating Income (Loss)	647,696	464,226	349,726	515,570	476,061	553,899	600,245	640,756	646,319
Other Sources (Uses)									
Interest Earnings	53,345	132,261	55,553	35,000	35,000	35,000	35,000	35,000	35,000
Contributed Capital Assets	72,838	207,870	1,246	-	-	-	-	-	-
Intergovernmental	-	135	40	-	-	-	-	-	-
Debt Service	(78,027)	(71,898)	(115,776)	(121,813)	(124,053)	(126,001)	(136,298)	(134,272)	(137,494)
Transfers In	-	-	688	-	-	-	-	-	-
Transfers Out	(191,000)	(203,000)	(203,000)	(209,286)	(213,000)	(218,000)	(223,000)	(228,000)	(233,000)
Net Change	504,852	529,594	88,477	219,471	174,008	244,898	275,947	313,484	310,825
Fund Equity, beginning	8,387,160	8,892,012	9,421,606	9,510,083	9,729,554	9,903,562	10,148,460	10,424,407	10,737,891
Change in Accounting Policy	-	-	-	-	-	-	-	-	-
Fund Equity, ending	\$8,892,012	\$ 9,421,606	\$ 9,510,083	\$ 9,729,554	\$9,903,562	\$10,148,460	\$ 10,424,407	\$10,737,891	\$11,048,716
Months of operating coverage	10.8	9.2	12.6	11.0	14.1	15.8	15.7	17.7	18.0
Cash balance	\$4,524,183	\$ 3,692,292	\$ 5,629,827	\$ 4,615,012	\$6,059,020	\$ 7,040,918	\$ 7,195,865	\$ 8,334,349	\$ 8,578,174
Capital costs	\$ 254,130	\$ 1,315,186	\$ 1,789,539	\$ 1,311,286	\$ 671,000	\$ 815,000	\$ 50,000	\$ 844,000	\$ -
Unspent bond proceeds	\$ 361,819	\$ 104,442	\$ 805,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.93%	0.93%	0.84%	0.81%	0.81%	0.80%	0.82%	0.81%	0.84%
Rate Increase (middle tier)	3.0%	3.0%	2.0%	2.0%	4.0%	4.0%	4.0%	4.0%	3.0%
Change in utility charge revenue	4.1%	3.4%	1.4%	4.7%	4.7%	4.1%	4.0%	4.0%	3.0%
Debt issued	\$ 590,000	\$ -	\$ 3,545,000	\$ -	\$1,370,000	\$ 860,000	\$ -	\$ 940,000	\$ -
Debt payments (principal)	\$ 250,000	\$ 525,000	\$ 285,000	\$ 290,000	\$ 475,000	\$ 485,000	\$ 485,000	\$ 495,000	\$ 455,000
Debt balance (year end)	\$3,300,000	\$ 2,775,000	\$ 6,035,000	\$ 5,745,000	\$6,640,000	\$ 7,015,000	\$ 6,530,000	\$ 6,975,000	\$ 6,520,000
Debt Capacity after transfers	\$ 503,558	\$ 125,860	\$ 142,088	\$ 296,471	\$ 74,008	\$ 121,898	\$ 154,947	\$ 198,484	\$ 243,825
Commercial gallons (000)	90,498	89,064	73,039	-	82,000	82,000	82,000	82,000	82,000
Winter gallons-residential (avg)	11,198	10,764	10,547	-	-	-	-	-	-
Winter gallons-multi-family (avg)	7,512	7,754	8,299	-	-	-	-	-	-

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

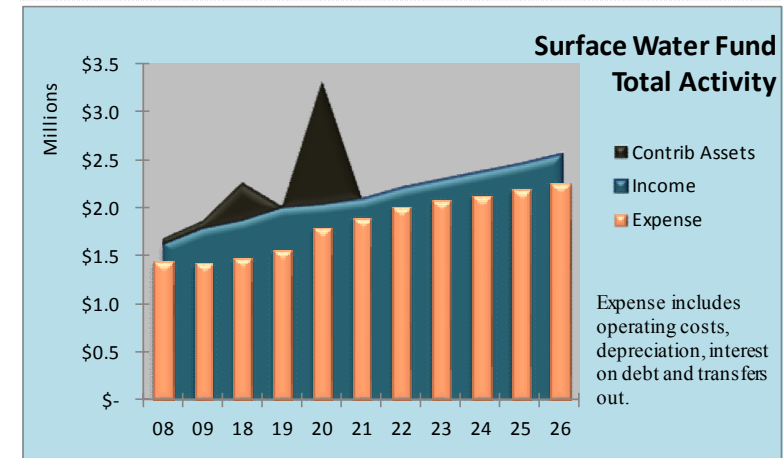
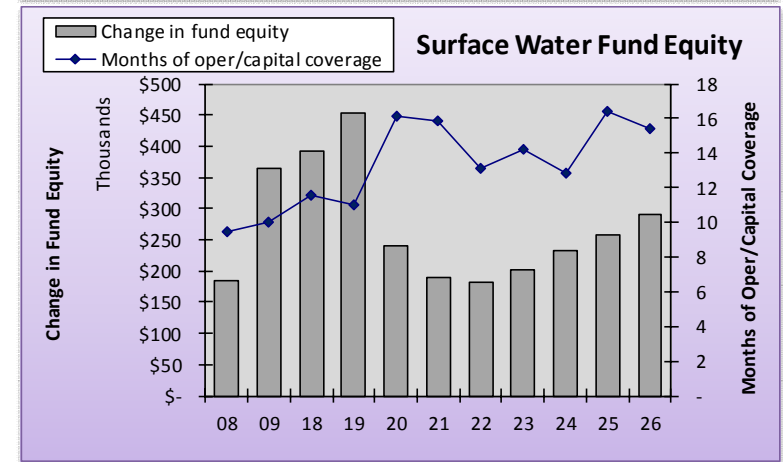
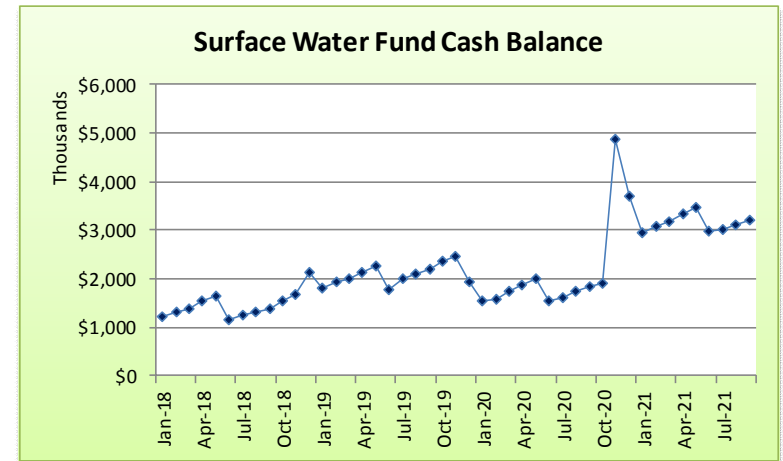
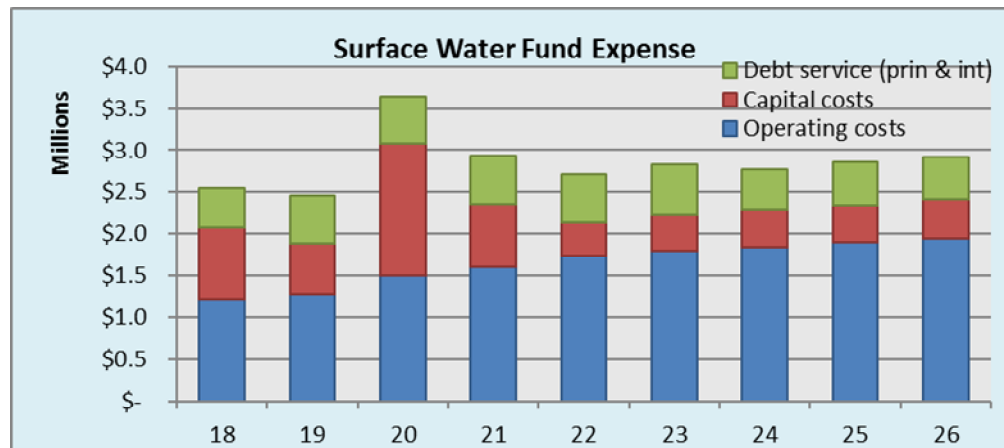
- Contributions for maintenance center debt payments began in 2011

Performance/History

- Operating coverage equal to 11 to 16 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



Surface Water Fund	2018 Actual	2019 Actual	2020 Actual	2021 Estimate	2022 Budget	2023 Budget	2024 Projected	2025 Projected	2026 Projected
Revenue									
Special Assessments	\$ 769	\$ 524	\$ 819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	5,890	5,540	-	-	-	-	-	-
Utility Charges	1,785,526	1,875,502	1,950,872	2,039,000	2,151,000	2,236,000	2,313,000	2,405,000	2,500,000
Late Fees/Utility Charges	26,946	28,251	24,638	-	-	-	-	-	-
Snail Lake Augmentation Chgs	33,933	35,108	35,403	38,000	38,000	38,000	38,000	38,000	38,000
Other Charges	8,700	2,700	-	8,000	8,000	8,000	8,000	8,000	8,000
Total Revenue	1,855,874	1,947,975	2,017,272	2,085,000	2,197,000	2,282,000	2,359,000	2,451,000	2,546,000
Expense									
Enterprise Operations	930,275	966,391	1,169,906	1,236,128	1,336,357	1,377,152	1,409,050	1,454,727	1,489,639
Depreciation	293,046	308,618	334,337	369,000	399,000	415,000	427,000	440,000	456,000
Total Expense	1,223,321	1,275,009	1,504,243	1,605,128	1,735,357	1,792,152	1,836,050	1,894,727	1,945,639
Operating Income (Loss)	632,553	672,966	513,029	479,872	461,643	489,848	522,950	556,273	600,361
Other Sources (Uses)									
Interest Earnings	20,966	54,541	29,527	15,000	15,000	15,000	15,000	15,000	15,000
Contributed Capital Assets	395,249	18,916	1,269,785	-	-	-	-	-	-
Debt Service	(84,665)	(94,585)	(117,550)	(113,844)	(99,792)	(101,002)	(98,519)	(101,745)	(108,757)
Transfers Out	(176,000)	(186,000)	(186,000)	(191,000)	(196,000)	(201,000)	(206,000)	(211,000)	(216,000)
Net Change	788,103	471,528	1,508,791	190,028	180,851	202,846	233,431	258,528	290,604
Fund Equity, beginning	9,665,050	10,453,153	10,924,681	12,433,472	12,623,500	12,804,351	13,007,197	13,240,628	13,499,156
Fund Equity, ending	\$ 10,453,153	\$ 10,924,681	\$ 12,433,472	\$ 12,623,500	\$ 12,804,351	\$ 13,007,197	\$ 13,240,628	\$ 13,499,156	\$ 13,789,760
Months of oper/capital coverage	11.6	11.0	16.2	15.8	13.1	14.2	12.8	16.4	15.4
Cash balance	\$ 2,113,119	\$ 1,925,198	\$ 3,700,981	\$ 3,043,994	\$ 2,609,815	\$ 2,747,661	\$ 2,568,092	\$ 3,356,620	\$ 3,238,224
Capital costs	\$ 858,867	\$ 602,704	\$ 1,574,083	\$ 746,015	\$ 400,000	\$ 430,000	\$ 450,000	\$ 450,000	\$ 470,000
Unspent bond proceeds	\$ 316,898	\$ 31,258	\$ 752,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.93%	0.96%	0.81%	0.81%	0.81%	0.81%	0.81%	0.79%	0.80%
Rate Increase	5.0%	5.0%	3.5%	3.0%	6.0%	4.0%	3.5%	4.0%	4.0%
Change in utility charge revenue	4.4%	5.0%	4.0%	4.5%	5.5%	4.0%	3.4%	4.0%	4.0%
Debt issued	\$ 1,120,000	\$ -	\$ 2,670,000	\$ -	\$ 420,000	\$ 450,000	\$ -	\$ 950,000	\$ -
Debt payments (principal)	\$ 380,000	\$ 495,000	\$ 445,000	\$ 470,000	\$ 475,000	\$ 500,000	\$ 390,000	\$ 410,000	\$ 395,000
Debt balance (year end)	\$ 3,770,000	\$ 3,275,000	\$ 5,500,000	\$ 5,030,000	\$ 4,975,000	\$ 4,925,000	\$ 4,535,000	\$ 5,075,000	\$ 4,680,000
Debt Capacity after transfers	\$ 305,900	\$ 260,540	\$ 128,343	\$ 89,028	\$ 104,851	\$ 117,846	\$ 270,431	\$ 288,528	\$ 351,604

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

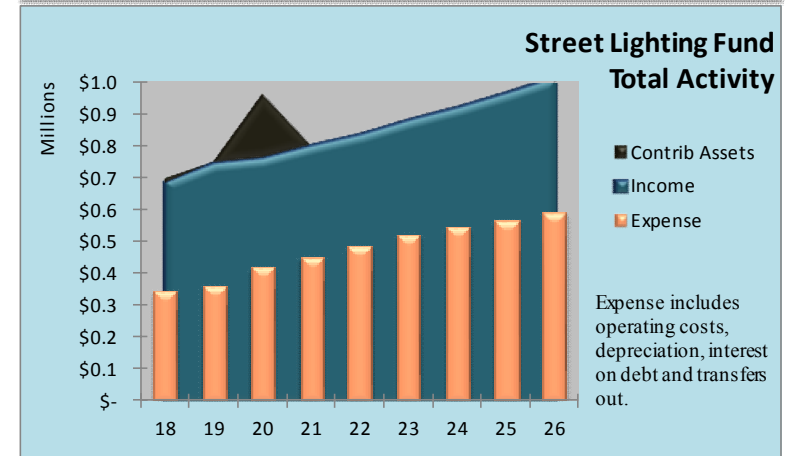
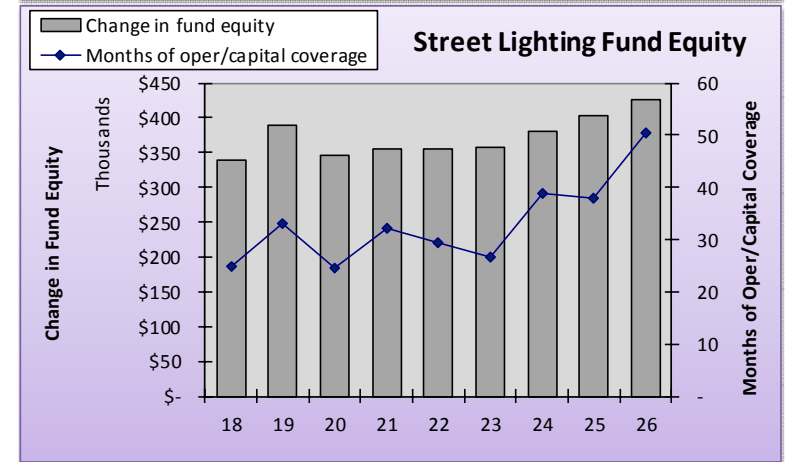
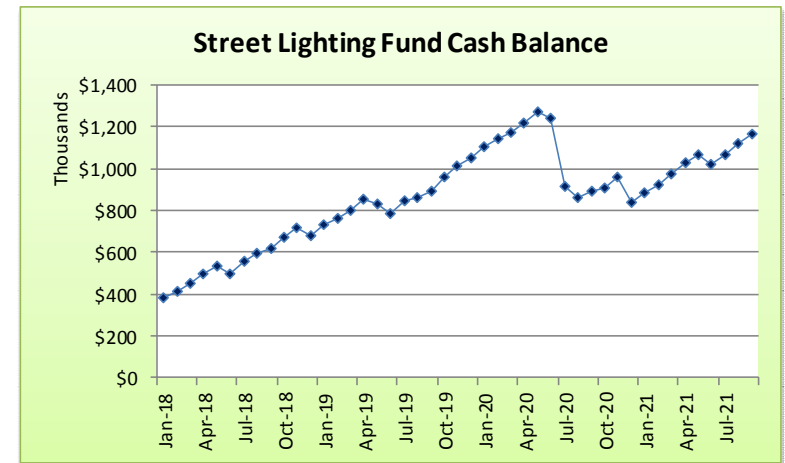
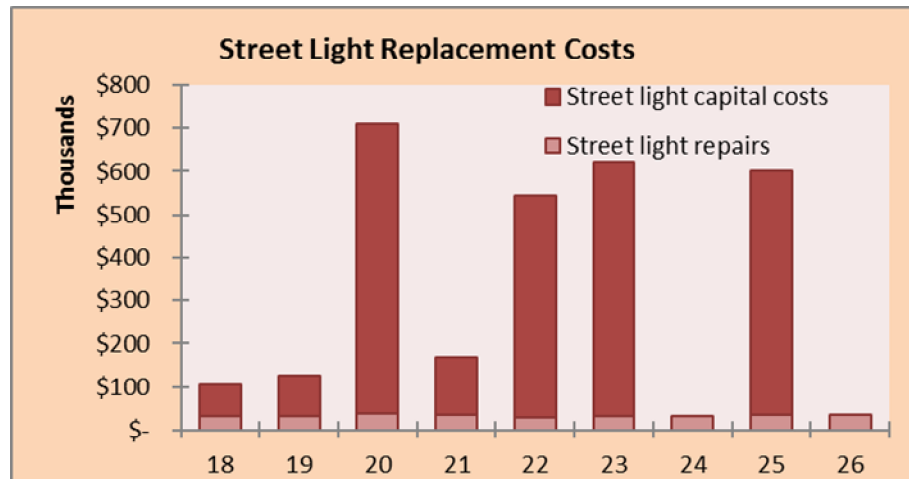
- Street light repair and replacement costs place increasing demands on street light fees, largely due to the scheduled replacement of about 64 street lights typically in every odd numbered year
- Contributions for maintenance center debt repayment began in 2011

Performance/History

- Fund was created in 2004
- Operating coverage equal to 24 to 33 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Special Assessments	\$ 295	\$ 191	\$ 320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	670,370	712,840	739,327	797,000	832,000	873,000	917,000	962,000	1,010,000
Late Fees/Utility Charges	10,963	11,407	10,255	-	-	-	-	-	-
Total Revenue	681,628	724,438	749,902	797,000	832,000	873,000	917,000	962,000	1,010,000
Expense									
Enterprise Operations	233,292	237,621	283,011	291,511	301,274	310,648	314,657	320,488	326,361
Miscellaneous	-	-	-	-	-	-	-	-	-
Depreciation	84,306	87,427	100,979	119,000	139,000	162,000	174,000	186,000	200,000
Total Expense	317,598	325,048	383,990	410,511	440,274	472,648	488,657	506,488	526,361
Operating Income (Loss)	364,030	399,390	365,912	386,489	391,726	400,352	428,343	455,512	483,639
Other Sources (Uses)									
Interest Earnings	7,730	27,460	16,795	10,000	10,000	10,000	10,000	10,000	10,000
Contributed Capital Assets	15,000	-	200,000	-	-	-	-	-	-
Transfers Out	(32,400)	(37,400)	(37,400)	(42,400)	(47,400)	(52,400)	(57,400)	(62,400)	(67,400)
Net Change	354,360	389,450	545,307	354,089	354,326	357,952	380,943	403,112	426,239
Fund Equity, beginning	2,151,709	2,506,069	2,895,519	3,440,826	3,794,915	4,149,241	4,507,193	4,888,136	5,291,248
Fund Equity, ending	\$ 2,506,069	\$ 2,895,519	\$ 3,440,826	\$ 3,794,915	\$ 4,149,241	\$ 4,507,193	\$ 4,888,136	\$ 5,291,248	\$ 5,717,487
Months of oper/capital coverage	24.9	32.9	24.5	32.1	29.4	26.7	38.9	38.0	50.3
Cash balance	\$ 675,652	\$ 1,053,287	\$ 839,404	\$ 1,177,493	\$ 1,157,669	\$ 1,088,481	\$ 1,643,424	\$ 1,666,076	\$ 2,292,315
Capital costs	\$ 72,590	\$ 95,219	\$ 673,641	\$ 135,000	\$ 513,150	\$ 589,140	\$ -	\$ 566,460	\$ -
General transfer percent of assets	1.01%	1.14%	0.90%	1.00%	0.99%	0.98%	1.08%	1.03%	1.11%
Rate Increase	6.0%	5.0%	3.0%	5.0%	4.0%	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

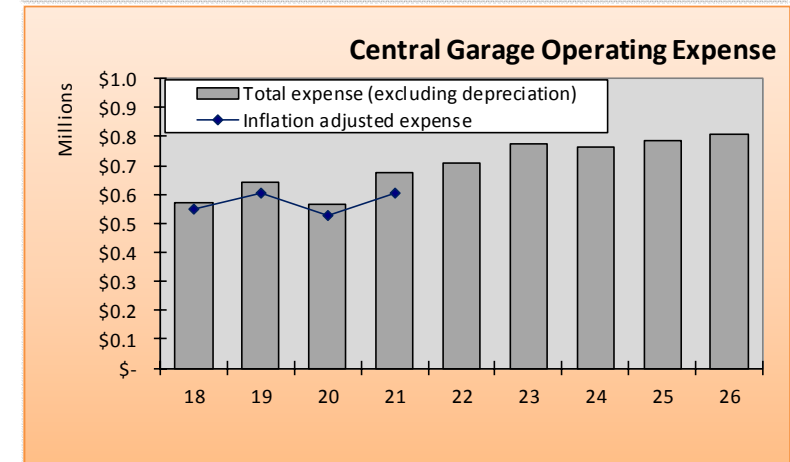
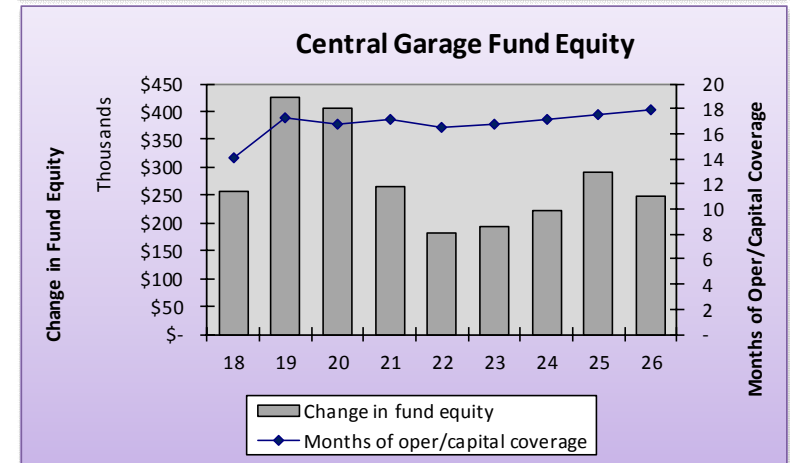
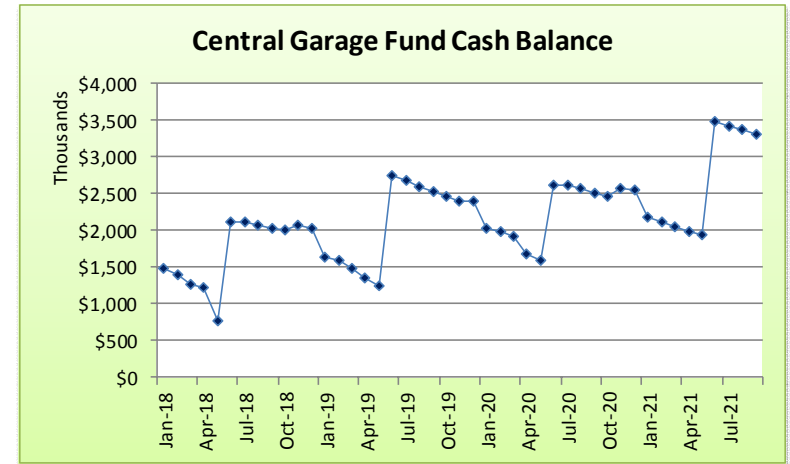
- Capital costs place increasing demands on inter-fund charges
- Fuel costs are expected to rise an average of 5.4% per year
- Maintenance center debt refunded in 2014, resulted in a present value debt service savings of \$309,777
- Debt payments for maintenance center debt began in 2011

Performance/History

- Operating coverage equal to 14 to 17 months
- Temporary periods of cash decline due to the timing of inter-fund charges and capital costs
- Overall gain in each of the last 4 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Central Garage Charges	\$ 1,299,202	\$ 1,385,793	\$ 1,383,642	\$ 1,424,944	\$ 1,466,916	\$ 1,497,051	\$ 1,531,821	\$ 1,579,511	\$ 1,628,611
Total Revenue	1,299,202	1,385,793	1,383,642	1,424,944	1,466,916	1,497,051	1,531,821	1,579,511	1,628,611
Expense									
Central Garage Operations	573,386	643,946	565,621	676,772	711,251	773,435	761,365	783,586	805,796
Depreciation	711,315	710,759	730,644	775,000	798,000	817,000	838,000	846,000	877,000
Total Expense	1,284,701	1,354,705	1,296,265	1,451,772	1,509,251	1,590,435	1,599,365	1,629,586	1,682,796
Operating Income (Loss)	14,501	31,088	87,377	(26,828)	(42,335)	(93,384)	(67,544)	(50,075)	(54,185)
Other Sources (Uses)									
Property Taxes	181,562	182,889	181,813	184,000	184,000	184,000	184,000	184,000	184,000
Interest Earnings	23,533	64,829	35,076	20,000	20,000	20,000	20,000	20,000	20,000
Other Revenues	4,150	2,215	886	-	-	-	-	-	-
Sale of Asset-Gain (Loss)	14,901	90,307	63,943	45,800	(10,500)	32,000	19,100	60,000	14,500
Contributed Capital Assets	-	4,096	-	-	-	-	-	-	-
Intergovernmental	946	28,222	370	-	-	-	-	-	-
Debt Service	(100,022)	(94,201)	(83,382)	(74,420)	(65,144)	(57,770)	(52,966)	(42,295)	(32,257)
Transfers In	119,400	119,400	120,569	119,400	119,400	119,400	119,400	119,400	119,400
Transfers Out	(1,771)	-	(190)	(1,836)	(24,500)	(12,000)	-	-	(2,500)
Net Change	257,200	428,845	406,462	266,116	180,921	192,246	221,990	291,030	248,958
Fund Equity, beginning	5,044,838	5,302,038	5,730,883	6,137,345	6,403,461	6,584,382	6,776,628	6,998,618	7,289,648
Fund Equity, ending	\$ 5,302,038	\$ 5,730,883	\$ 6,137,345	\$ 6,403,461	\$ 6,584,382	\$ 6,776,628	\$ 6,998,618	\$ 7,289,648	\$ 7,538,606
Months of oper/cap coverage	14.0	17.2	16.8	17.2	16.5	16.8	17.1	17.5	17.9
Cash balance	\$ 2,020,109	\$ 2,387,033	\$ 2,553,803	\$ 2,698,755	\$ 2,708,176	\$ 2,763,422	\$ 2,853,412	\$ 3,000,442	\$ 3,118,900
Capital costs	\$ 630,721	\$ 458,224	\$ 702,786	\$ 596,164	\$ 659,500	\$ 634,000	\$ 645,000	\$ 660,000	\$ 667,500
Expense percent change	1.5%	5.4%	-4.3%	12.0%	4.0%	5.4%	0.6%	1.9%	3.3%
Average annual percent change				3.7%					3.0%
Interfund charges percent change	6.4%	6.7%	-0.2%	3.0%	2.9%	2.1%	2.3%	3.1%	3.1%
Average annual percent change				4.0%					2.7%
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 270,000	\$ 280,000	\$ 285,000	\$ 300,000	\$ 310,000	\$ 320,000	\$ 325,000	\$ 330,000	\$ 340,000
Debt balance (year end)	\$ 3,920,000	\$ 3,640,000	\$ 3,355,000	\$ 3,055,000	\$ 2,745,000	\$ 2,425,000	\$ 2,100,000	\$ 1,770,000	\$ 1,430,000

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

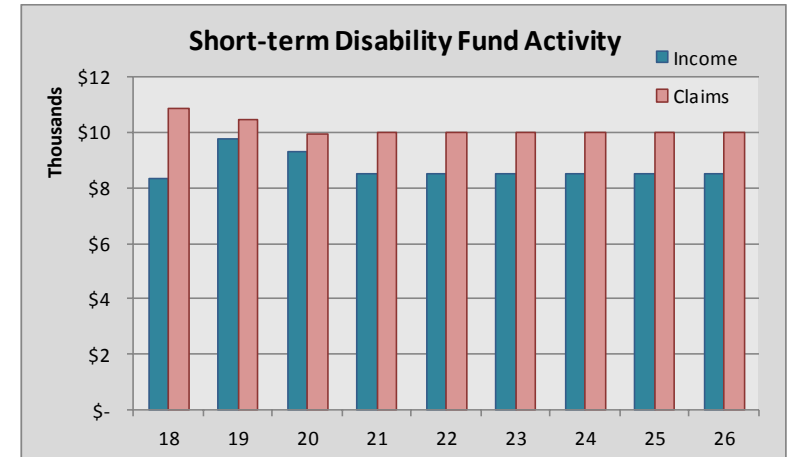
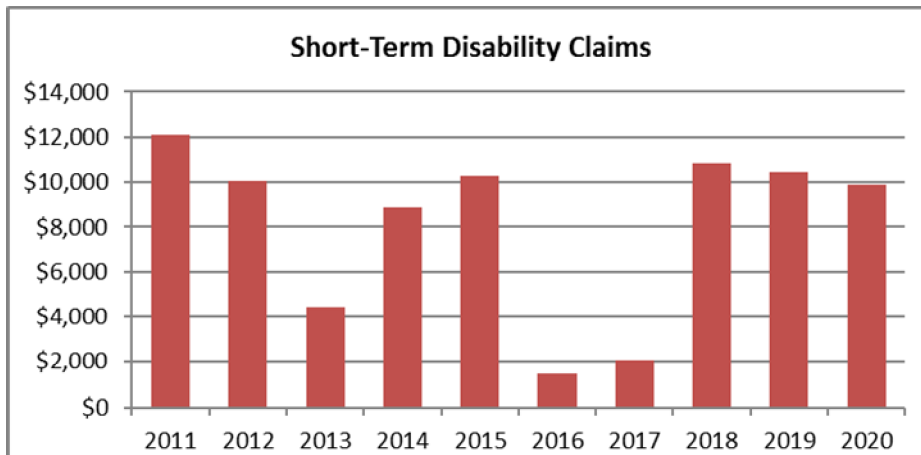
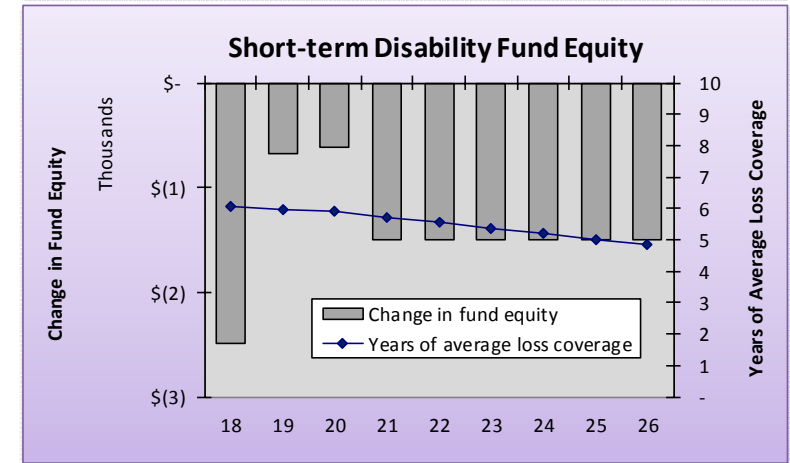
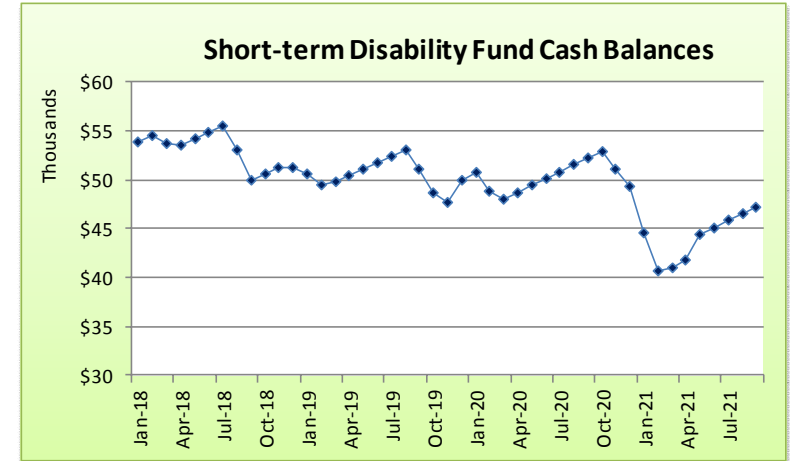
- Losses vary greatly between fiscal years, due to the number and length of employee absences resulting from temporary disabilities
- Monthly premiums have remained at \$8 per employee per month since 1999

Performance/History

- Net assets provide approximately 6 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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Charges for Services	\$ 7,584	\$ 8,156	\$ 8,484	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900
Interest Earnings	744	1,605	804	600	600	600	600	600	600
Total Revenue	8,328	9,761	9,288	8,500	8,500	8,500	8,500	8,500	8,500
Expense									
Miscellaneous									
Personal Services (claims)	10,824	10,437	9,911	10,000	10,000	10,000	10,000	10,000	10,000
Total Expense	10,824	10,437	9,911	10,000	10,000	10,000	10,000	10,000	10,000
Net Change	(2,496)	(676)	(623)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Fund Equity, beginning	53,196	50,700	50,024	49,401	47,901	46,401	44,901	43,401	41,901
Fund Equity, ending	\$ 50,700	\$ 50,024	\$ 49,401	\$ 47,901	\$ 46,401	\$ 44,901	\$ 43,401	\$ 41,901	\$ 40,401
Years of average loss coverage [1]	6.1	6.0	5.9	5.7	5.5	5.4	5.2	5.0	4.8
[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)	79.0	85.0	88.4	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

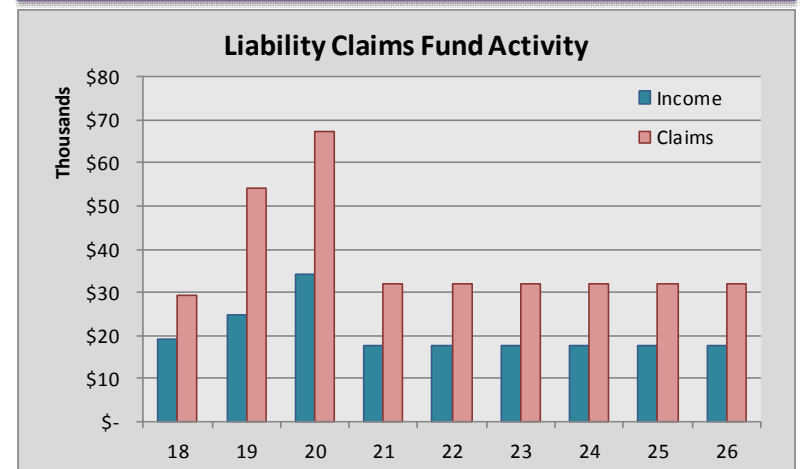
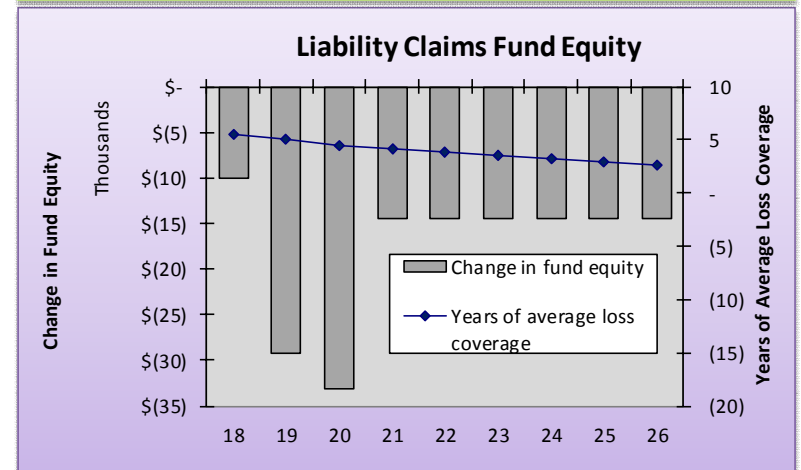
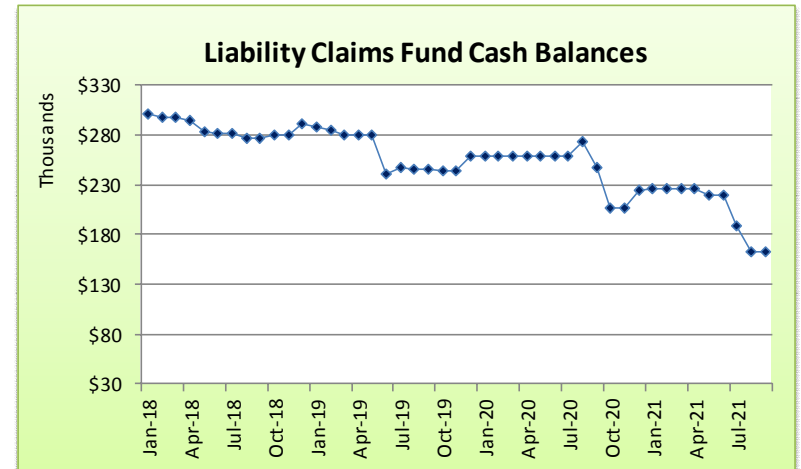
- Losses from internal and outside claims vary between fiscal years due to the number and type of claims

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	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Interest Earnings	\$ 4,022	\$ 8,388	\$ 3,942	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Other Revenues	15,182	16,590	30,067	15,000	15,000	15,000	15,000	15,000	15,000
Total Revenue	19,204	24,978	34,009	17,500	17,500	17,500	17,500	17,500	17,500
Expense									
Miscellaneous	29,205	54,162	67,116	32,000	32,000	32,000	32,000	32,000	32,000
Total Expense	29,205	54,162	67,116	32,000	32,000	32,000	32,000	32,000	32,000
Net Change	(10,001)	(29,184)	(33,107)	(14,500)	(14,500)	(14,500)	(14,500)	(14,500)	(14,500)
Fund Equity, beginning	297,718	287,717	258,533	225,426	210,926	196,426	181,926	167,426	152,926
Fund Equity, ending	\$ 287,717	\$ 258,533	\$ 225,426	\$ 210,926	\$ 196,426	\$ 181,926	\$ 167,426	\$ 152,926	\$ 138,426
Years of average loss coverage [1]	5.6	5.0	4.4	4.1	3.8	3.5	3.2	3.0	2.7
[1] Using inflation adjusted average annual claims									

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