

**Five-year**

## **Operating Plan**

Including fund-specific  
working capital targets

**City of Shoreview, Minnesota**

**December 2015**

Prepared by Department of Finance



## EXECUTIVE SUMMARY

### Introduction

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

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

This Five-year Operating Plan (FYOP) document contains 3 years of history for each fund, a revised estimate for the current year (2015) and projections for the next 5 years (2016 through 2020). The document also:

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

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

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

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

### Fund Balances

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

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

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

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

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

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

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

## Operating Assumptions

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

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

- No new development is projected in the next 5 years
- Population remains stable due to a slight decline in residents per household
- Full-time wage adjustments are limited to 2% for 2016, and a tentative estimate of 2.5% for 2016 and 3% for 2017 - 2020
- Health insurance costs rise an average of 10% annually, and account for 22% of the increase in personal service costs
- Workers compensation insurance premiums drop an average of 13% for 2016 and rise an average of 4.5% per year thereafter
- Most contractual costs are expected to rise between 0% and 4% per year
- Property values are projected to increase 3% for 2016, and 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 2016 the City is not subject to a levy limits.

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

Property Values—From 2006 to 2008, property values increased an average of 4% per year. From 2009 to 2013 the economic climate resulted in declining property values at an average rate of 6% per year, 2014 and 2015 property values have increased an average rate of 5% per year. Preliminary information from the county assessor indicates that property values for 2016 taxes are expected to increase about 3%. 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 decline in 2016 and grow slightly over the next four years.

Tax Rates—The tax rate measures the change in tax levies in relation to the change in taxable values. Because values generally grew faster than the tax levy through 2007, the tax rate dropped. From 2008 to 2014, values dropped and levies increased, resulting in growth in the tax rate. Increases in taxable value resulted in a decrease in the City’s tax rate in 2015. For 2016, the expected modest growth in market values and a 3.9% rise in the City’s levy are expected to result in a .21% increase in the City’s tax rate. The tax rate is expected to change between (.1%) and 2.5% for the period 2017 through 2020.

<b>Levy and Value Projections</b>	2012 Adopted	2013 Adopted	2014 Adopted	2015 Adopted	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Tax Levy</b>									
General fund	\$ 6,467,060	\$ 6,639,567	\$ 6,837,154	\$ 7,023,335	\$ 7,321,858	\$ 7,638,713	\$ 8,130,535	\$ 8,379,653	\$ 8,718,850
EDA	55,000	60,000	80,000	90,000	110,000	115,000	120,000	125,000	130,000
HRA	70,000	75,000	90,000	95,000	100,000	105,000	110,000	115,000	120,000
Debt-All Debt Funds (combined)	442,026	501,000	548,000	544,000	547,000	549,000	545,000	538,000	425,000
Debt-Central Garage Fund	216,000	184,000	184,000	208,000	184,000	184,000	184,000	184,000	184,000
Capital project-Street Renewal Fund	800,000	850,000	900,000	950,000	1,000,000	1,060,000	1,124,000	1,191,000	1,262,000
Capital project-General Fixed Asset Fund	1,200,000	1,250,000	1,350,000	1,427,583	1,475,000	1,495,000	1,505,000	1,515,000	1,525,000
Capital project-Capital Acquis Fund (IT)	-	-	20,000	25,000	30,000	35,000	40,000	40,000	50,000
Capital project-Capital Impr. Fund	110,000	120,000	-	-	-	-	-	-	-
<b>Total Levy</b>	<b>\$ 9,360,086</b>	<b>\$ 9,679,567</b>	<b>\$ 10,009,154</b>	<b>\$ 10,362,918</b>	<b>\$ 10,767,858</b>	<b>\$ 11,181,713</b>	<b>\$ 11,758,535</b>	<b>\$ 12,087,653</b>	<b>\$ 12,414,850</b>
Market Value (millions)	\$ 2,568.6	\$ 2,404.9	\$ 2,412.9	\$ 2,640.7	\$ 2,714.2	\$ 2,796.9	\$ 2,881.0	\$ 2,967.0	\$ 3,056.0
Taxable Value (millions)	\$ 25.4	\$ 23.7	\$ 24.0	\$ 26.7	\$ 27.9	\$ 28.7	\$ 29.6	\$ 30.5	\$ 31.4
Fiscal Disparities/City	\$ 838,214	\$ 845,000	\$ 939,450	\$ 965,979	\$ 927,390	\$ 930,000	\$ 940,000	\$ 950,000	\$ 950,000
Fiscal Disparities/HRA	\$ 5,407	\$ 6,457	\$ 7,350	\$ 8,891	\$ 8,585	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600
Tax Rate/City	33.252	36.970	37.490	34.873	34.945	35.314	36.184	36.160	36.134
Tax Rate/HRA	0.254	0.289	0.345	0.323	0.328	0.336	0.343	0.349	0.355
<b>Annual Change in City Tax Levy</b>									
General fund	\$ 123,077	\$ 172,507	\$ 197,587	\$ 186,181	\$ 298,523	\$ 316,855	\$ 491,822	\$ 249,118	\$ 339,197
EDA and HRA (combined)	40,000	10,000	35,000	15,000	25,000	10,000	10,000	10,000	10,000
Debt (all funds combined)	33,026	26,974	47,000	20,000	(21,000)	2,000	(4,000)	(7,000)	(113,000)
Capital project funds-replacements	100,000	100,000	150,000	127,583	97,417	80,000	74,000	77,000	81,000
Capital project funds-improvements	10,000	10,000	(100,000)	5,000	5,000	5,000	5,000	-	10,000
<b>Total Change in Tax Levy</b>	<b>\$ 306,103</b>	<b>\$ 319,481</b>	<b>\$ 329,587</b>	<b>\$ 353,764</b>	<b>\$ 404,940</b>	<b>\$ 413,855</b>	<b>\$ 576,822</b>	<b>\$ 329,118</b>	<b>\$ 327,197</b>
<b>Percent Change/Tax Data</b>									
Market Value	-9.51%	-6.37%	0.33%	9.44%	2.78%	3.05%	3.01%	2.99%	3.00%
Taxable Value	-8.05%	-6.78%	1.09%	11.36%	4.50%	3.08%	3.00%	3.00%	3.00%
Fiscal Disparities	-3.31%	0.81%	11.18%	2.82%	-3.99%	0.28%	1.08%	1.06%	0.00%
City Tax Levy	3.38%	3.41%	3.40%	3.53%	3.91%	3.84%	5.16%	2.80%	2.71%
City Tax Rate	8.42%	11.18%	1.41%	-6.98%	0.21%	1.06%	2.46%	-0.07%	-0.07%
HRA Tax Levy		7.14%	20.00%	5.56%	5.26%	5.00%	4.76%	4.55%	4.35%
HRA Tax Rate		13.78%	19.38%	-6.38%	1.55%	2.44%	2.08%	1.75%	1.72%

## 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:

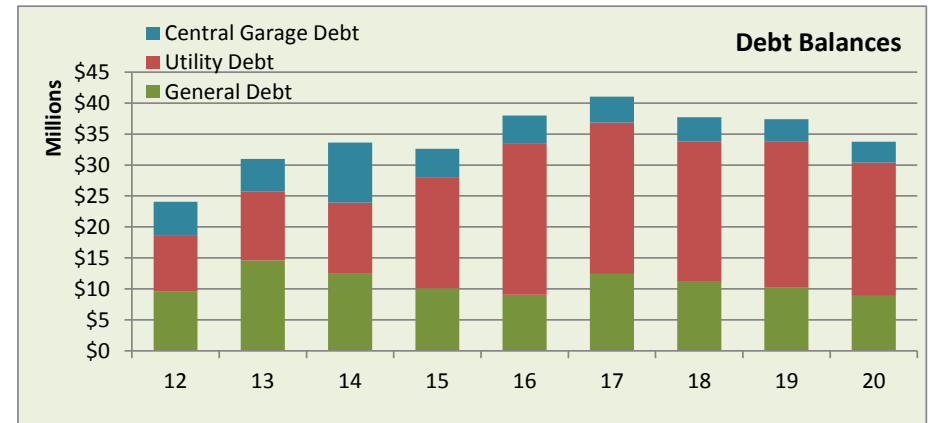
- Remain in compliance with statutory debt limits
- Plan and direct use of debt so that payments are manageable
- Seek to maintain the highest possible credit rating without compromising the delivery of essential services
- Prepare long-term financial planning
- Take advantage of lower interest rates 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, 2015.

G.O. Improvement Bonds (assessments)	\$ 2,680,000
G.O. Capital Plan Bonds (fire stations)	630,000
G.O. Street Improvement Bonds (streets)	3,510,000
Certificates of Participation (comm. center)	3,275,000
G.O. Capital Plan Bonds (maint. center)	4,670,000
G.O. Revenue Bonds (utility systems)	<u>17,835,000</u>
<b>Total Existing Debt</b>	<b>\$32,600,000</b>



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

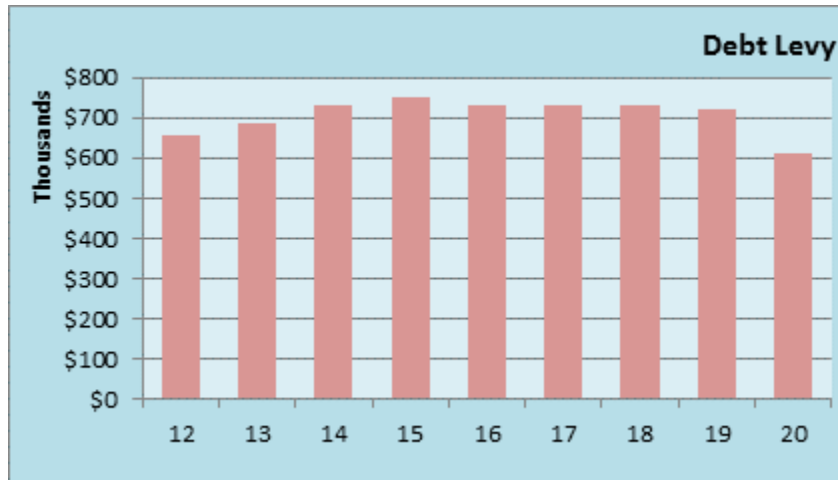
Planning for future debt issuance enables the City to identify the revenue sources necessary to support debt payments well in advance to minimize sharp changes in the tax levies and utility fees dedicated to debt repayment. Maintaining stable revenue sources and sufficient fund balances allows the City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

Projected debt issuance over the next 5 years includes:

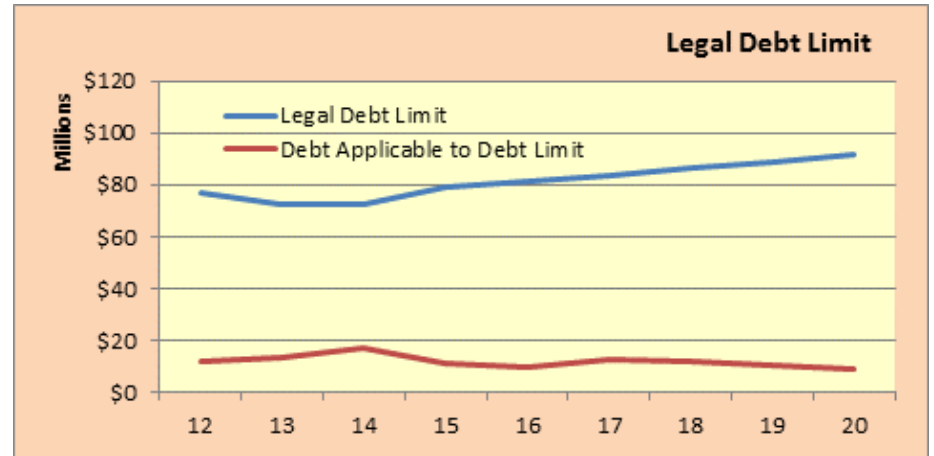
G.O. Improvement Bonds (assessments)	\$ 630,000
G.O. Community Center expansion	4,080,000
G.O. Revenue Bonds (water treatment plant)	6,075,000
G.O. Revenue Bonds (utility systems)	<u>5,770,000</u>
Total Planned Debt	\$16,555,000

The City anticipates issuing debt in 2016, 2017 and 2019 to finance projects in the proposed Capital Improvement Program.

**Debt Levy**—The debt portion of the tax levy supports principal and interest payments on general obligation bonds, including: fire station bonds, street bonds, and the tax-supported share of the maintenance center bonds. As shown in the graph below, the debt share of the property tax levy is projected to remain stable over the next 5 years.



**Debt Limit**—Minnesota statutes limit the amount of debt a City may issue for general obligation purposes. Shoreview’s current debt is 14% of the debt limit. This leaves 86% 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.

<b>Debt Issued and Retired</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Debt Balance, beginning of year	\$26,440,000	\$24,055,000	\$30,965,000	\$33,625,000	\$32,600,000	\$37,995,000	\$41,025,000	\$37,710,000	\$37,393,000
<b>Debt Issued</b>									
Improvement bonds	-	2,010,000	100,000	295,000	-	260,000	-	370,000	-
Fire Station	-	750,000	-	-	-	-	-	-	-
Street Improvements	-	3,795,000	-	-	-	-	-	-	-
COPs (refunding)	-	-	-	-	-	-	-	-	-
G.O. Community Center	-	-	-	-	-	4,080,000	-	-	-
Water bonds	-	1,690,000	915,000	6,885,000	6,995,000	890,000	-	200,000	-
Sewer bonds	-	285,000	730,000	1,650,000	230,000	260,000	-	1,720,000	-
Surface Water bonds	-	1,305,000	265,000	860,000	380,000	360,000	-	810,000	-
Maintenance Center	-	-	4,670,000	-	-	-	-	-	-
<b>Total Bonds Issued</b>	-	9,835,000	6,680,000	9,690,000	7,605,000	5,850,000	-	3,100,000	-
<b>Debt Paid</b>									
Improvement bonds	285,000	295,000	260,000	235,000	200,000	175,000	185,000	197,000	212,000
Tax Increment bonds	510,000	630,000	340,000	350,000	-	-	-	-	-
Fire Station	100,000	105,000	870,000	120,000	120,000	120,000	130,000	130,000	130,000
Street Improvements	150,000	155,000	305,000	1,690,000	345,000	340,000	340,000	350,000	350,000
COPs (commun center)	290,000	345,000	350,000	360,000	365,000	375,000	390,000	400,000	415,000
G.O. Community Center	-	-	-	-	-	-	220,000	225,000	235,000
Water bonds	550,000	460,000	965,000	1,410,000	450,000	960,000	1,115,000	1,150,000	1,175,000
Sewer bonds	145,000	275,000	325,000	915,000	175,000	230,000	265,000	275,000	365,000
Surface Water bonds	255,000	415,000	360,000	610,000	335,000	360,000	400,000	410,000	460,000
Maintenance Center	100,000	245,000	245,000	5,025,000	220,000	260,000	270,000	280,000	285,000
<b>Total Bonds Issued</b>	2,385,000	2,925,000	4,020,000	10,715,000	2,210,000	2,820,000	3,315,000	3,417,000	3,627,000
Debt Balance, end of year	\$24,055,000	\$30,965,000	\$33,625,000	\$32,600,000	\$37,995,000	\$41,025,000	\$37,710,000	\$37,393,000	\$33,766,000

Includes refunding bond activity



<b>Debt Balances (at each year end)</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
<b>Debt Balances</b>									
General Obligation Bonds									
Improvement	\$ 1,065,000	\$ 2,780,000	\$ 2,620,000	\$ 2,680,000	\$ 2,480,000	\$ 2,565,000	\$ 2,380,000	\$ 2,553,000	\$ 2,341,000
Tax Increment	1,320,000	690,000	350,000	-	-	-	-	-	-
Fire Stations	975,000	1,620,000	750,000	630,000	510,000	390,000	260,000	130,000	-
Street Improvements	1,865,000	5,505,000	5,200,000	3,510,000	3,165,000	2,825,000	2,485,000	2,135,000	1,785,000
Community Center Expansion G.O.	-	-	-	-	-	4,080,000	3,860,000	3,635,000	3,400,000
Total General Bonds	5,225,000	10,595,000	8,920,000	6,820,000	6,155,000	9,860,000	8,985,000	8,453,000	7,526,000
General Obligation Bonds									
Maintenance Center	5,515,000	5,270,000	9,695,000	4,670,000	4,450,000	4,190,000	3,920,000	3,640,000	3,355,000
General Obligation Revenue Bonds									
Water Improvement	4,700,000	5,930,000	5,880,000	11,355,000	17,900,000	17,830,000	16,715,000	15,765,000	14,590,000
Sewer Improvement	1,985,000	1,995,000	2,400,000	3,135,000	3,190,000	3,220,000	2,955,000	4,400,000	4,035,000
Surface Water Improvement	2,300,000	3,190,000	3,095,000	3,345,000	3,390,000	3,390,000	2,990,000	3,390,000	2,930,000
Total Utility Bonds	8,985,000	11,115,000	11,375,000	17,835,000	24,480,000	24,440,000	22,660,000	23,555,000	21,555,000
Total Bonded Debt	19,725,000	26,980,000	29,990,000	29,325,000	35,085,000	38,490,000	35,565,000	35,648,000	32,436,000
Community Center Expansion	4,330,000	3,985,000	3,635,000	3,275,000	2,910,000	2,535,000	2,145,000	1,745,000	1,330,000
<b>Total Combined Debt Balances</b>	<b>\$ 24,055,000</b>	<b>\$ 30,965,000</b>	<b>\$ 33,625,000</b>	<b>\$ 32,600,000</b>	<b>\$ 37,995,000</b>	<b>\$ 41,025,000</b>	<b>\$ 37,710,000</b>	<b>\$ 37,393,000</b>	<b>\$ 33,766,000</b>
<b>Debt Limit Information</b>									
Market value (millions)	\$ 2,568.6	\$ 2,404.9	\$ 2,412.9	\$ 2,640.7	\$ 2,715.5	\$ 2,796.9	\$ 2,881.0	\$ 2,967.0	\$ 3,056.0
Debt Limit Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Limit	\$ 77,057,010	\$ 72,148,140	\$ 72,386,490	\$ 79,220,790	\$ 81,463,800	\$ 83,907,720	\$ 86,430,000	\$ 89,010,000	\$ 91,680,000
Debt Applicable to Debt Limit	\$ 11,798,714	\$ 13,168,149	\$ 16,872,663	\$ 11,093,597	\$ 10,065,370	\$ 13,053,748	\$ 11,716,859	\$ 10,335,955	\$ 9,048,804
Debt Margin Available	\$ 65,258,296	\$ 58,979,991	\$ 55,513,827	\$ 68,127,193	\$ 71,398,430	\$ 70,853,972	\$ 74,713,141	\$ 78,674,045	\$ 82,631,196
Percent Debt Margin Used	15.3%	18.3%	23.3%	14.0%	12.4%	15.6%	13.6%	11.6%	9.9%
Percent Debt Margin Available	84.7%	81.7%	76.7%	86.0%	87.6%	84.4%	86.4%	88.4%	90.1%
<b>Debt Levy by Type of Debt</b>									
Improvement -existing	\$ 67,026	\$ -	\$ 8,000	\$ 16,000	\$ 14,000	\$ 14,000	\$ 10,000	\$ 3,000	\$ 21,000
Fire Station-existing	143,000	143,000	132,000	132,000	132,000	132,000	132,000	132,000	-
Street Improvements-existing	232,000	358,000	408,000	396,000	401,000	403,000	403,000	403,000	404,000
Maintenance Center-existing	216,000	184,000	184,000	208,000	184,000	184,000	184,000	184,000	184,000
<b>Total Debt Levies</b>	<b>\$ 658,026</b>	<b>\$ 685,000</b>	<b>\$ 732,000</b>	<b>\$ 752,000</b>	<b>\$ 731,000</b>	<b>\$ 733,000</b>	<b>\$ 729,000</b>	<b>\$ 722,000</b>	<b>\$ 609,000</b>
<b>Change in Debt Levies</b>	<b>\$ 33,026</b>	<b>\$ 26,974</b>	<b>\$ 47,000</b>	<b>\$ 20,000</b>	<b>\$ (21,000)</b>	<b>\$ 2,000</b>	<b>\$ (4,000)</b>	<b>\$ (7,000)</b>	<b>\$ (113,000)</b>

## Debt Retirement Rate

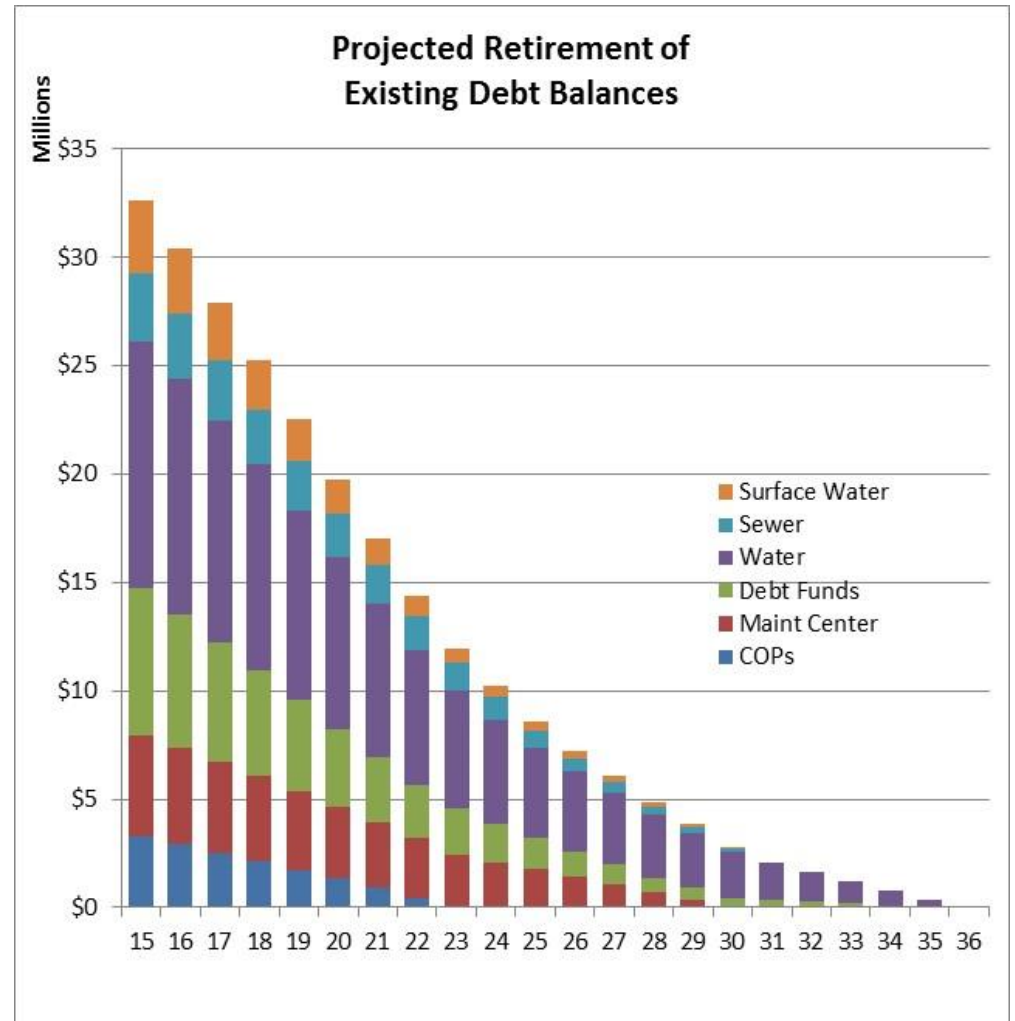
Shoreview's rate of debt retirement is a very favorable indicator. When considering the retirement for all debt combined, about 39% of the City's current outstanding debt will be retired over the next 5 years, and more than 73% will be retired within 10 years.

General Obligation Improvement Debt is being retired over the next 20 years due to the 2013 issuance of improvement bonds for the realignment of Owasso Street. The assessment and debt repayment are amortized over 20 years.

Certificate of Participation Debt (COP) was issued to finance the last community center expansion in 2002. The final payment will occur in 2022 (within 7 years).

About 52% of combined governmental debt (General Obligation Improvement and COPs) is retired over the next 5 years, and 86% is retired within 10 years.

Proprietary Debt (Enterprise utility fund and Internal Service maintenance center debt) is being retired over the next 20 years due to the 2015 Water Treatment Plant debt, with 34% retired over the next five years and 68% retired within 10 years.



Retirement of existing debt is shown in the table below.

Year	Debt Balances as of Year End									Percent Paid		
	Proprietary Debt					Governmental/COP				Total All Debt	Govern and COP Debt	Total All Debt
	G.O. Water Revenue	G.O. Sewer Revenue	G.O. Surface Water Revenue	G.O. Maintenance Center	Total Proprietary Debt	G.O. Improvement Debt Funds	COP's Debt Funds	Total Govern and COP Debt	Total All Debt			
2015	\$ 11,355,000	\$ 3,135,000	\$ 3,345,000	\$ 4,670,000	\$ 22,505,000	\$ 6,820,000	\$ 3,275,000	\$ 10,095,000	\$ 32,600,000			
2016	10,905,000	2,960,000	3,010,000	4,450,000	21,325,000	6,155,000	2,910,000	9,065,000	30,390,000	5.2%	10.2%	6.8%
2017	10,250,000	2,745,000	2,670,000	4,190,000	19,855,000	5,520,000	2,535,000	8,055,000	27,910,000	11.8%	20.2%	14.4%
2018	9,500,000	2,510,000	2,315,000	3,920,000	18,245,000	4,865,000	2,145,000	7,010,000	25,255,000	18.9%	30.6%	22.5%
2019	8,720,000	2,265,000	1,950,000	3,640,000	16,575,000	4,210,000	1,745,000	5,955,000	22,530,000	26.3%	41.0%	30.9%
2020	7,925,000	2,020,000	1,575,000	3,355,000	14,875,000	3,540,000	1,330,000	4,870,000	19,745,000	33.9%	51.8%	39.4%
2021	7,110,000	1,775,000	1,185,000	3,055,000	13,125,000	2,985,000	900,000	3,885,000	17,010,000	41.7%	61.5%	47.8%
2022	6,270,000	1,515,000	920,000	2,745,000	11,450,000	2,435,000	460,000	2,895,000	14,345,000	49.1%	71.3%	56.0%
2023	5,470,000	1,270,000	645,000	2,425,000	9,810,000	2,120,000	-	2,120,000	11,930,000	56.4%	79.0%	63.4%
2024	4,800,000	1,045,000	520,000	2,100,000	8,465,000	1,790,000	-	1,790,000	10,255,000	62.4%	82.3%	68.5%
2025	4,140,000	810,000	415,000	1,770,000	7,135,000	1,445,000	-	1,445,000	8,580,000	68.3%	85.7%	73.7%
2026	3,675,000	625,000	325,000	1,430,000	6,055,000	1,155,000	-	1,155,000	7,210,000	73.1%	88.6%	77.9%
2027	3,300,000	505,000	265,000	1,085,000	5,155,000	895,000	-	895,000	6,050,000	77.1%	91.1%	81.4%
2028	2,920,000	385,000	200,000	730,000	4,235,000	625,000	-	625,000	4,860,000	81.2%	93.8%	85.1%
2029	2,525,000	260,000	135,000	370,000	3,290,000	540,000	-	540,000	3,830,000	85.4%	94.7%	88.3%
2030	2,125,000	130,000	70,000	-	2,325,000	450,000	-	450,000	2,775,000	89.7%	95.5%	91.5%
2031	1,710,000	-	-	-	1,710,000	365,000	-	365,000	2,075,000	92.4%	96.4%	93.6%
2032	1,390,000	-	-	-	1,390,000	280,000	-	280,000	1,670,000	93.8%	97.2%	94.9%
2033	1,060,000	-	-	-	1,060,000	190,000	-	190,000	1,250,000	95.3%	98.1%	96.2%
2034	720,000	-	-	-	720,000	95,000	-	95,000	815,000	96.8%	99.1%	97.5%
2035	365,000	-	-	-	365,000	-	-	-	365,000	98.4%	100.0%	98.9%
2036	-	-	-	-	-	-	-	-	-	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	
			2012	2013	2014	2015	2016	2017
General Fund	months	5.0	5.7	5.6	5.5	5.5	5.3	5.1
Special Revenue Funds								
Recycling	months	5.0	3.9	4.8	6.0	7.1	7.8	8.2
Community Center	months	3.0	4.6	4.7	5.4	5.9	6.3	5.9
Recreation Programs	months	3.0	6.3	7.5	8.7	8.5	8.4	6.8
Cable TV	months	3.0	7.9	6.6	6.8	13.4	18.2	23.3
EDA	months	5.0	6.1	4.8	5.6	4.5	4.7	5.2
HRA	months	5.0	12.3	11.5	12.6	12.8	13.2	13.5
Slice of Shoreview	months	6.0	11.1	12.2	13.6	13.7	13.8	13.7
Debt Funds (combined)	months	6.0	14.1	15.9	21.7	24.6	24.2	18.0
Enterprise Funds								
Water	months	8.0	13.3	14.1	11.3	16.1	15.1	14.3
Sewer	months	6.0	6.4	7.1	8.1	8.4	8.8	9.3
Surface Water *	months	6.0	3.2	8.0	6.1	9.3	8.5	9.6
Street Lighting	months	6.0	7.7	7.5	7.1	7.2	6.4	6.1
Internal Service Funds								
Central Garage	months	6.0	7.9	7.5	11.3	10.1	10.3	10.9
Short-term Disability	years	3.0	5.2	5.4	5.5	5.4	5.2	5.1
Liability Claims	years	2.0	4.4	4.5	4.1	4.1	4.1	4.1

\* Temporary decrease due to timing differences between debt proceeds and capital costs.

## 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 2016 and 2017). 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

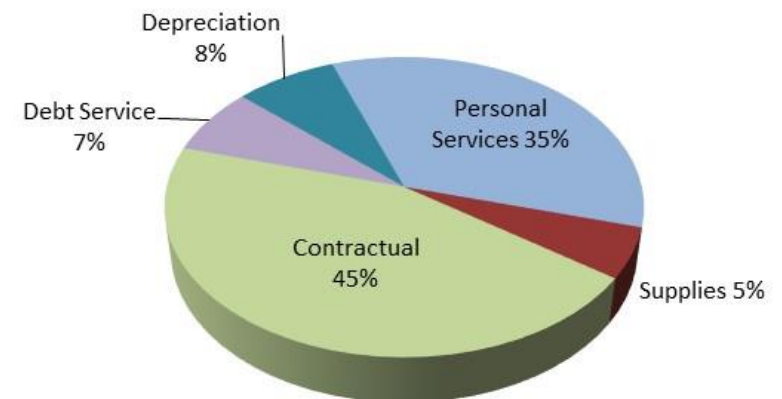
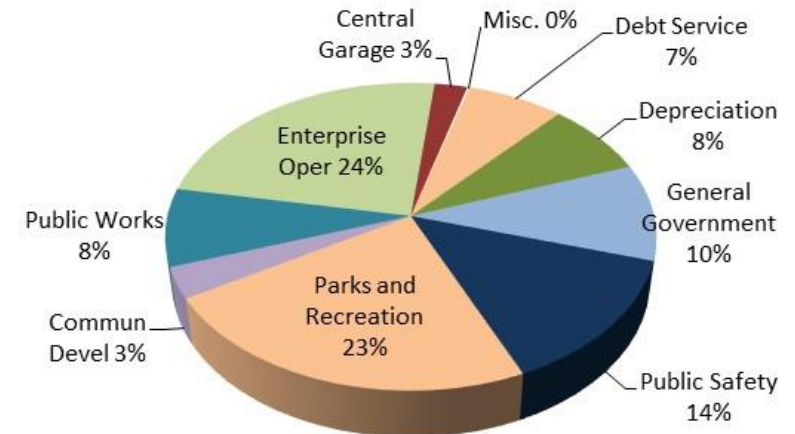
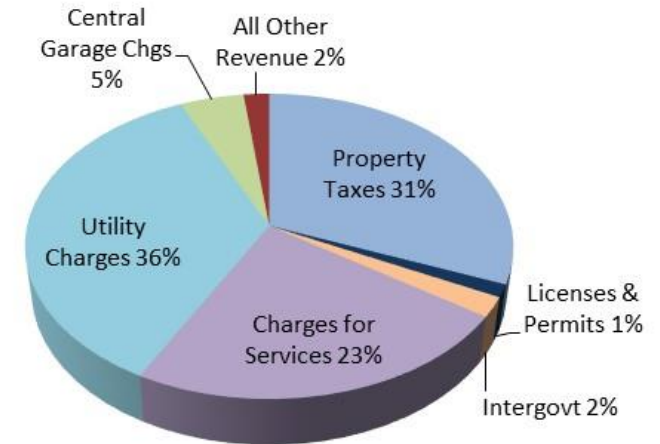
## Total Operating Funds

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 3.6% over the 2015 revised estimate (1.9% over the 2015 budget), and will rise between 2.9% and 5.6% from 2017 through 2020. It should be noted that the property tax totals in the table below exclude tax levies for capital funds. For instance, the 2016 levy in the table below (\$8,262,858) plus capital fund levies of \$2,505,000 equal a total levy of \$10,767,858.

Revenue for 2016 (shown in the top pie chart at right) is derived from a combination of sources including: 36% from utility charges, 31% from property taxes, 23% from charges for service (including inter-fund charges), 5% from central garage charges, 2% from intergovernmental revenue, 1% from licenses and permits, and 2% for all other sources combined.

Expense for 2016 (shown in the middle pie chart at right) shows that public works accounts for the largest share at 32% (enterprise 24% 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 10% and 7%, followed by depreciation at 8%, and central garage and community development each at 3%.

Total 2016 costs by classification are shown in the bottom chart at right. The largest class of expense is for contractual services at 44%. The most significant contractual costs include police and fire contracts, sewage treatment, central garage charges, administrative charges, recycling, electric and insurance. Personal services accounts for 35% of total expense, 7% for debt service, 8% for depreciation of utility and central garage assets, and 6% for supplies.



Total Operating Funds	2012	2013	2014	2015		2016	2017	2018	2019	2020
	Actual	Actual	Actual	Budget	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>										
Property Taxes	\$ 7,147,896	\$ 7,439,259	\$ 7,579,552	\$ 7,960,335	\$ 7,960,335	\$ 8,262,858	\$ 8,591,713	\$ 9,089,535	\$ 9,341,653	\$ 9,577,850
Special Assessments	174,842	122,226	251,555	199,945	202,884	203,008	203,595	217,141	233,141	266,264
Licenses & Permits	540,755	648,306	628,033	330,100	375,625	354,000	317,700	278,200	264,700	273,700
Intergovernmental	376,158	568,629	744,647	529,052	617,592	556,091	549,622	560,122	560,122	573,622
Charges for Services	5,689,999	6,178,809	6,039,583	6,099,728	6,296,523	6,200,276	6,333,081	6,464,706	6,608,810	6,739,300
Fines & Forfeits	67,000	52,440	49,430	48,800	45,770	42,500	42,500	42,500	42,500	42,500
Utility Charges	8,086,327	8,161,186	8,197,649	8,748,257	8,555,090	9,425,003	10,042,038	10,502,081	10,922,544	11,360,227
Central Garage Chgs	1,143,847	1,207,379	1,240,763	1,256,090	1,262,430	1,281,150	1,338,660	1,379,780	1,410,600	1,444,870
Interest Earnings	185,417	(553,847)	820,014	160,070	164,240	165,000	181,540	181,310	198,000	196,160
Other Revenues	174,000	125,913	236,480	102,427	122,750	101,150	101,350	102,550	102,750	102,950
Total Revenue	23,586,241	23,950,300	25,787,706	25,434,804	25,603,239	26,591,036	27,701,799	28,817,925	29,684,820	30,577,443
<b>Expense</b>										
General Government	2,243,504	2,446,016	2,313,708	2,492,726	2,440,665	2,642,012	2,583,463	2,713,068	2,746,562	2,862,588
Public Safety	2,706,424	3,069,177	3,326,747	3,424,835	3,459,450	3,570,920	3,691,870	3,806,210	3,913,260	4,032,810
Public Works	1,864,122	1,934,892	1,987,837	2,117,650	2,059,836	2,125,901	2,181,316	2,259,905	2,348,583	2,430,596
Parks and Recreation	5,282,365	5,388,707	5,588,910	5,867,782	5,830,244	5,997,291	6,136,753	6,482,298	6,685,832	6,900,400
Commun Development	612,405	687,099	749,016	788,169	798,622	845,766	871,191	907,796	943,702	985,717
Enterprise Oper	5,244,732	5,378,371	5,543,821	5,961,999	5,728,194	6,189,264	6,301,543	6,503,212	6,866,386	7,077,869
Central Garage	550,659	568,179	633,542	621,453	605,046	638,373	651,523	683,362	682,177	713,577
Miscellaneous	67,522	24,290	177,780	40,000	41,000	41,000	41,000	41,000	41,000	41,000
Debt Service	2,331,187	2,486,746	2,332,838	2,066,335	2,054,428	1,882,370	1,956,434	2,333,901	2,283,300	2,333,557
Depreciation	1,813,983	1,863,625	1,913,615	1,991,000	1,968,000	2,024,000	2,189,000	2,351,000	2,414,000	2,482,000
Total Expense	22,716,903	23,847,102	24,567,814	25,371,949	24,985,485	25,956,897	26,604,093	28,081,752	28,924,802	29,860,114
<b>Other Sources (Uses)</b>										
Sale of Asset-Gain	26,311	56,763	78,722	-	-	32,000	43,000	46,000	75,000	52,000
Debt Refunded	-	(135,000)	(860,000)	(1,490,000)	(1,490,000)	-	-	-	-	-
Debt Proceeds	-	2,653,739	105,822	10,000	7,867	-	7,700	-	10,640	-
Contrib Cap Assets	194,313	791,470	304,122	-	-	-	-	-	-	-
Transfers In	2,063,714	2,280,009	2,675,045	2,130,321	2,199,582	1,868,145	1,909,400	2,317,400	2,381,400	2,425,591
Transfers Out	(1,374,262)	(1,691,230)	(1,926,240)	(1,429,400)	(1,485,604)	(1,528,145)	(1,961,200)	(1,607,400)	(1,667,200)	(1,715,991)
Net Change	\$ 1,779,414	\$ 4,058,949	\$ 1,597,363	\$ (716,224)	\$ (150,401)	\$ 1,006,139	\$ 1,096,606	\$ 1,492,173	\$ 1,559,858	\$ 1,478,929
Expense percent change	-14.8%	5.0%	3.0%		1.7%	2.3%	2.5%	5.6%	3.0%	3.2%

## 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 2016, property taxes provide 77.1% 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

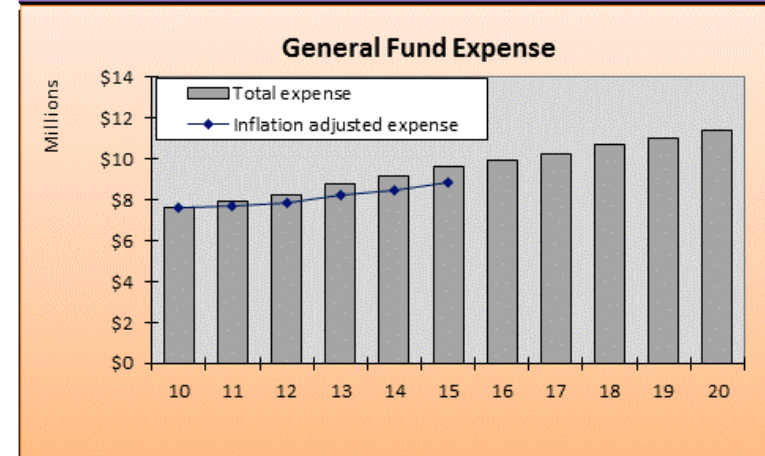
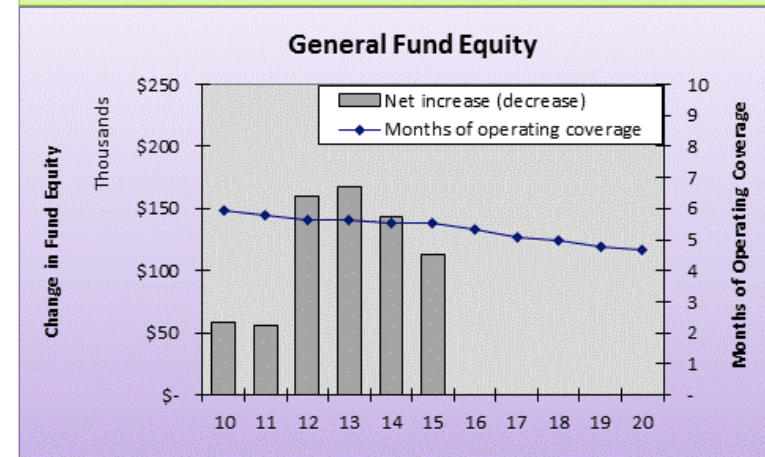
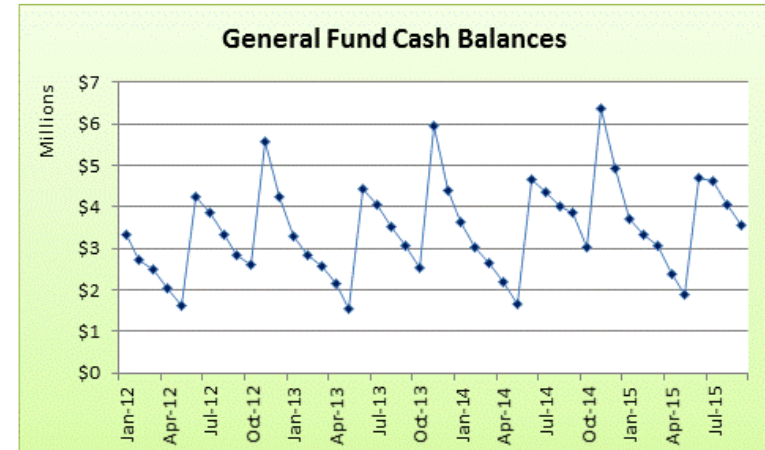
- Shoreview receives less aid than cities of similar size, making it more challenging to maintain competitive property tax levels
- Property taxes are increasing as a percent of total General Fund revenue, providing 77.1% of total revenue in 2016 and 89.7% in 2020
- Property tax collections occur in July and December, creating cash flow challenges for the fund

### Performance/History

- Strong fund balances between 46% and 47% of current expense
- Operating coverage greater than 5 months in most years
- Internal decisions account for over 90% 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





<b>General Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Property Taxes	\$ 6,374,969	\$ 6,623,723	\$ 6,698,037	\$ 7,023,335	\$ 7,321,858	\$ 7,638,713	\$ 8,130,535	\$ 8,379,653	\$ 8,718,850
Licenses & Permits	540,755	648,306	628,033	375,625	354,000	317,700	278,200	264,700	273,700
Intergovernmental	187,149	395,433	574,419	529,222	480,622	480,622	490,622	490,622	502,622
Charges for Services	1,262,088	1,619,489	1,352,056	1,256,160	1,224,520	1,252,000	1,275,050	1,295,500	1,321,050
Fines & Forfeits	67,000	52,440	49,430	45,770	42,500	42,500	42,500	42,500	42,500
Interest Earnings	47,253	(118,405)	197,442	50,000	50,000	55,000	55,000	60,000	60,000
Other Revenues	52,529	31,532	28,974	25,250	25,450	25,650	26,850	27,050	27,250
<b>Total Revenue</b>	<b>8,531,743</b>	<b>9,252,518</b>	<b>9,528,391</b>	<b>9,305,362</b>	<b>9,498,950</b>	<b>9,812,185</b>	<b>10,298,757</b>	<b>10,560,025</b>	<b>10,945,972</b>
<b>Expense</b>									
General Government	2,037,850	2,112,852	2,085,152	2,199,002	2,353,929	2,394,470	2,531,624	2,560,338	2,669,986
Public Safety	2,706,424	3,069,177	3,326,747	3,459,450	3,570,920	3,691,870	3,806,210	3,913,260	4,032,810
Public Works	1,389,113	1,437,557	1,473,395	1,527,403	1,559,750	1,597,377	1,657,044	1,726,247	1,789,688
Parks and Recreation	1,594,152	1,576,576	1,690,438	1,824,119	1,781,505	1,892,649	2,049,630	2,104,911	2,178,541
Community Development	517,777	577,796	598,321	621,884	645,846	664,819	692,249	718,269	750,947
<b>Total Expense</b>	<b>8,245,316</b>	<b>8,773,958</b>	<b>9,174,053</b>	<b>9,631,858</b>	<b>9,911,950</b>	<b>10,241,185</b>	<b>10,736,757</b>	<b>11,023,025</b>	<b>11,421,972</b>
<b>Other Sources (Uses)</b>									
Sale of Asset-Gain	-	-	203	-	-	-	-	-	-
Transfers In	481,000	519,000	692,000	817,404	811,000	837,000	863,000	900,000	925,000
Transfers Out	(607,830)	(829,963)	(902,749)	(378,000)	(398,000)	(408,000)	(425,000)	(437,000)	(449,000)
<b>Net Change</b>	<b>159,597</b>	<b>167,597</b>	<b>143,792</b>	<b>112,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Equity, beginning	3,976,412	4,136,009	4,303,606	4,447,398	4,560,306	4,560,306	4,560,306	4,560,306	4,560,306
Fund Equity, ending	\$ 4,136,009	\$ 4,303,606	\$ 4,447,398	\$ 4,560,306	\$ 4,560,306	\$ 4,560,306	\$ 4,560,306	\$ 4,560,306	\$ 4,560,306
Fund equity percent of expense	47.1%	46.9%	46.2%	46.0%	44.5%	42.5%	41.4%	39.9%	38.8%
Months of operating coverage	5.7	5.6	5.5	5.5	5.3	5.1	5.0	4.8	4.7
Transfers out (in) per fund bal policy	\$ 207,403	\$ 417,963	\$ 533,749	\$ (69,404)					
Expense percent change	3.8%	6.4%	4.6%	5.0%	2.9%	3.3%	4.8%	2.7%	3.6%
Average annual percent change				4.9%					3.5%
Tax Levy percent change	1.7%	3.9%	1.1%	4.9%	4.3%	4.3%	6.4%	3.1%	4.0%
Average annual percent change				2.9%					4.4%
Percent revenue/internal decisions	90.1%	89.2%	85.5%	91.0%	92.0%	92.6%	93.2%	93.5%	93.6%
Percent revenue/external decisions	9.9%	10.8%	14.5%	9.0%	8.0%	7.4%	6.8%	6.5%	6.4%

## Recycling Fund Operations

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

### Impacts

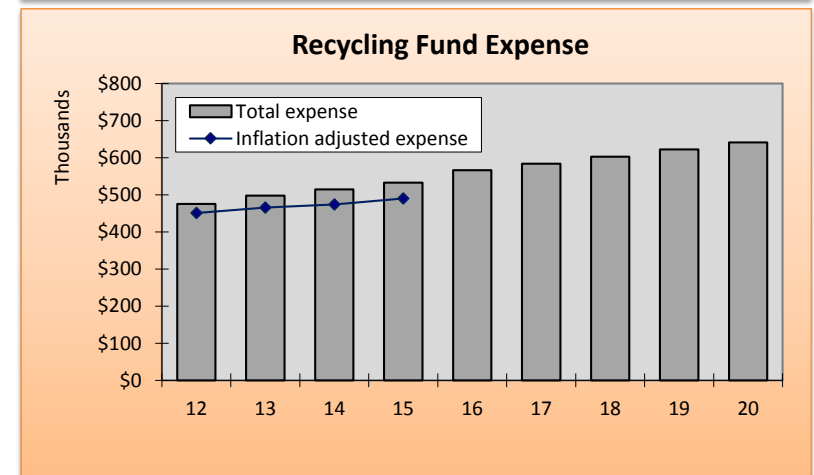
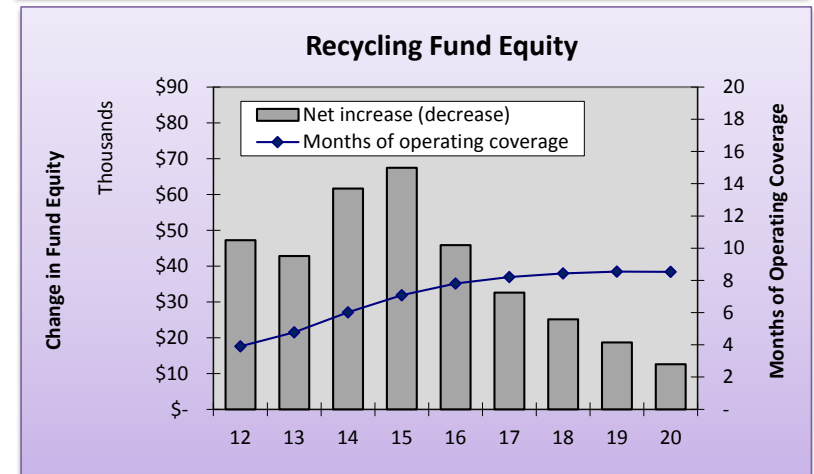
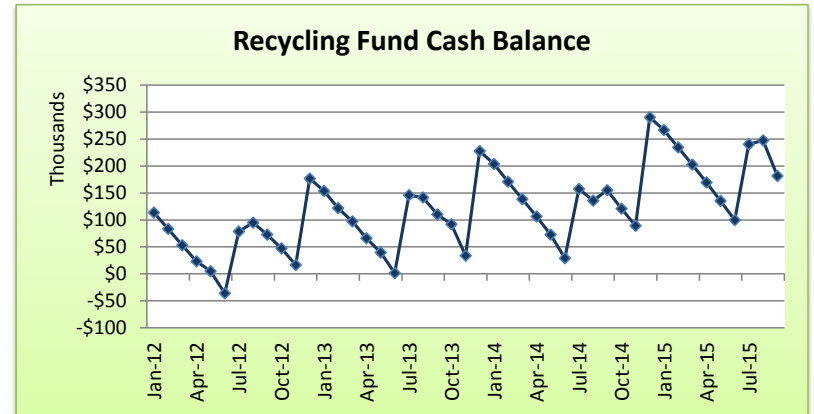
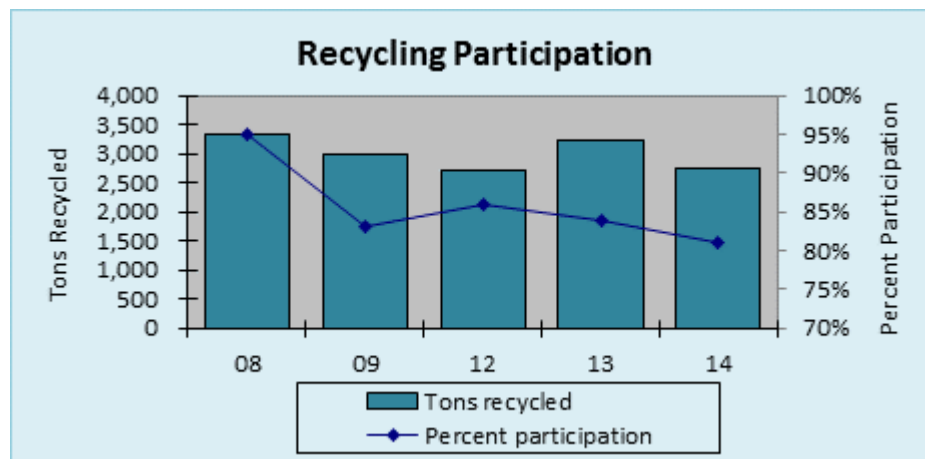
- SCORE grant funding has grown at a slower pace than program costs, and provides between 8.6% and 10.2% of revenue
- Reductions in newspaper circulation have significantly reduced the tons of materials recycled in recent years
- User fees provide between 88% and 89% of revenue, and are received in July and December, creating cash flow challenges for the fund

### Performance/History

- Operating coverage of less than 2 months in 1 of the last 5 years
- Eliminated periodic negative cash balances due to the timing of revenue from user fees

### Fund Goals/Targets

- Gradually build fund balance and improve cash flow performance
- Establish recycling fees sufficient to generate and maintain operating coverage of 5 months



<b>Recycling Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Intergovernmental									
SCORE Grant	\$ 51,883	\$ 51,827	\$ 51,930	\$ 66,350	\$ 62,469	\$ 56,000	\$ 56,000	\$ 56,000	\$ 57,000
Other Local Governments	14,911	16,383	15,598	13,000	13,000	13,000	13,500	13,500	14,000
Charges for Services									
Recycling Charges	434,962	460,222	494,099	509,000	525,000	536,000	547,000	559,000	570,000
Cleanup Day Charges	19,590	15,494	7,301	11,500	11,500	11,500	11,500	12,500	12,500
Interest Earnings	885	(3,790)	7,185	-	-	-	-	-	-
<b>Total Revenue</b>	<b>522,231</b>	<b>540,136</b>	<b>576,113</b>	<b>599,850</b>	<b>611,969</b>	<b>616,500</b>	<b>628,000</b>	<b>641,000</b>	<b>653,500</b>
<b>Expense</b>									
Public Works									
Personal Services	24,583	26,366	22,128	21,143	39,331	41,209	44,221	47,266	49,178
Supplies	2,804	681	6,177	1,000	1,500	1,500	1,500	1,500	1,500
Contractual Services	447,622	470,288	486,137	510,290	525,320	541,230	557,140	573,570	590,230
<b>Total Expense</b>	<b>475,009</b>	<b>497,335</b>	<b>514,442</b>	<b>532,433</b>	<b>566,151</b>	<b>583,939</b>	<b>602,861</b>	<b>622,336</b>	<b>640,908</b>
<b>Net Change</b>	<b>47,222</b>	<b>42,801</b>	<b>61,671</b>	<b>67,417</b>	<b>45,818</b>	<b>32,561</b>	<b>25,139</b>	<b>18,664</b>	<b>12,592</b>
Fund Equity, beginning	114,960	162,182	204,983	266,654	334,071	379,889	412,450	437,589	456,253
<b>Fund Equity, ending</b>	<b>\$ 162,182</b>	<b>\$ 204,983</b>	<b>\$ 266,654</b>	<b>\$ 334,071</b>	<b>\$ 379,889</b>	<b>\$ 412,450</b>	<b>\$ 437,589</b>	<b>\$ 456,253</b>	<b>\$ 468,845</b>
Fund equity percent of expense	32.6%	39.8%	50.1%	59.0%	65.1%	68.4%	70.3%	71.2%	71.1%
Months of operating coverage	3.9	4.8	6.0	7.1	7.8	8.2	8.4	8.5	8.5
Expense percent change	5.8%	4.7%	3.4%	3.5%	6.3%	3.1%	3.2%	3.2%	3.0%
Average annual percent change				4.4%					3.8%
Annual charge per parcel/unit	\$ 40.00	\$ 42.00	\$ 45.00	\$ 46.00	\$ 47.00	\$ 48.00	\$ 49.00	\$ 50.00	\$ 51.00
Change in rate-dollars	\$ 2.50	\$ 2.00	\$ 3.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Change in rate-percent	6.7%	5.0%	7.1%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%
Average annual percent change				5.3%					2.1%
Cost per collection	\$ 1.54	\$ 1.62	\$ 1.73	\$ 1.77	\$ 1.81	\$ 1.85	\$ 1.88	\$ 1.92	\$ 1.96
Participation rate	86.0%	84.0%	81.0%						
Tons recycled	2,696	3,242	2,762						
Number of units	10,897	10,966	10,968	11,090	11,172	11,172	11,172	11,172	11,172

## Community Center Fund Operations

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

### Impacts

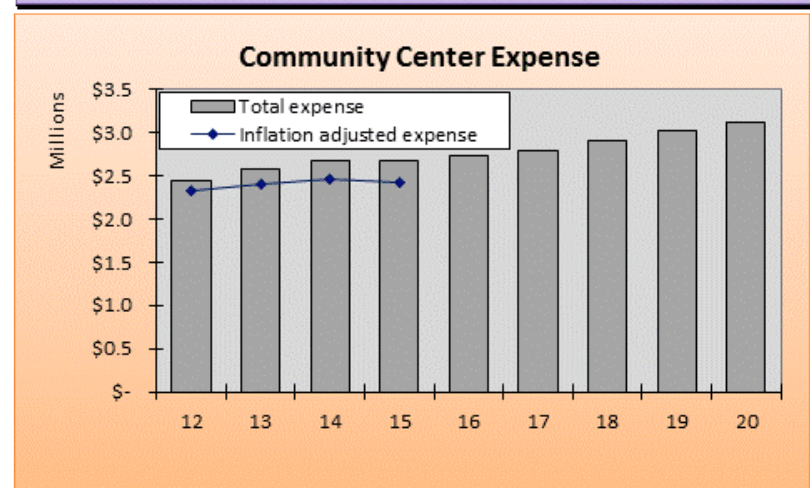
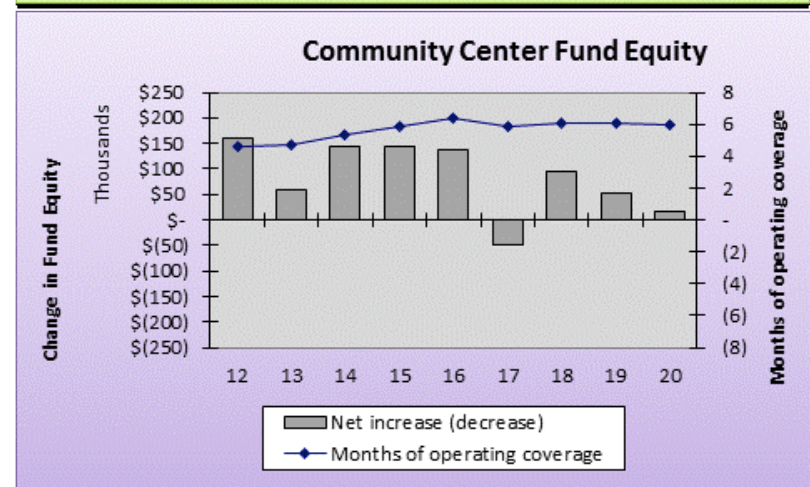
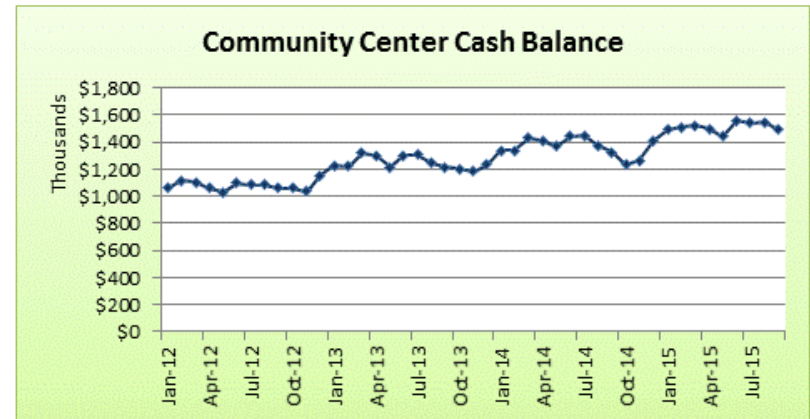
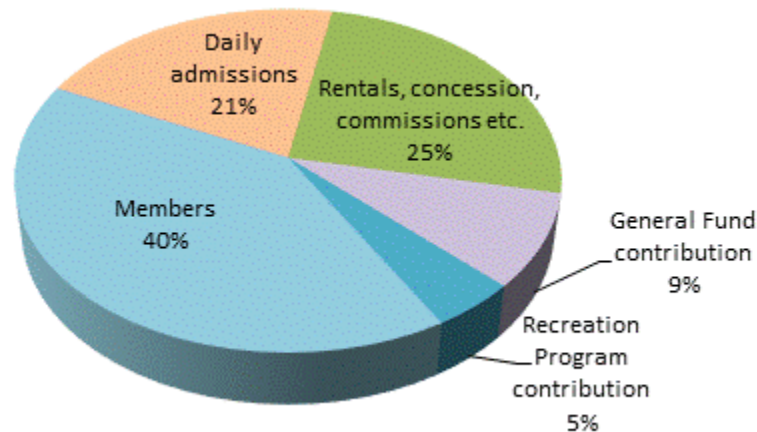
- User fees provide 87% of revenue (memberships, admissions and room rentals)
- General Fund provides \$254,000 in support of operations for 2016 through an inter-fund transfer
- Recreation Programs Fund provides \$130,000 in support for use of the facility
- Planned \$200,000 contribution to the community center expansion in 2017
- State mandated minimum wage increases

### Performance/History

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

### Fund Goals/Targets

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



<b>Community Center Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Charges for Services									
Memberships	\$ 1,137,711	\$ 1,104,821	\$ 1,119,163	\$ 1,142,000	\$ 1,162,000	\$ 1,177,000	\$ 1,200,000	\$ 1,213,000	\$ 1,240,000
Daily Admissions	555,209	580,832	596,787	599,000	597,500	612,000	619,500	626,000	630,000
Room Rentals	255,186	303,205	307,632	315,030	326,865	337,700	348,540	359,380	370,200
Concessions & Commissions	221,418	236,890	242,324	262,300	269,500	276,700	284,000	292,300	299,500
All Other Charges	128,821	125,740	135,475	112,500	112,350	114,900	117,550	120,200	122,950
Interest Earnings	14,100	(42,835)	65,924	5,000	5,000	6,000	6,000	7,000	7,000
Other Revenues	60	14,750	13,529	12,500	12,500	12,500	12,500	12,500	12,500
Total Revenue	2,312,505	2,323,403	2,480,834	2,448,330	2,485,715	2,536,800	2,588,090	2,630,380	2,682,150
<b>Expense</b>									
Parks and Recreation									
Personal Services	1,399,967	1,473,504	1,475,984	1,563,045	1,623,772	1,682,460	1,772,382	1,835,438	1,902,741
Supplies	446,078	478,443	528,352	492,217	511,522	525,394	541,858	560,006	574,700
Contractual	599,684	624,253	670,495	614,270	598,611	579,090	598,185	620,395	642,770
Capital Outlay	5,727	-	-	-	-	-	-	-	-
Total Expense	2,451,456	2,576,200	2,674,831	2,669,532	2,733,905	2,786,944	2,912,425	3,015,839	3,120,211
<b>Other Sources (Uses)</b>									
Transfers In	300,000	312,000	339,000	366,000	384,000	402,000	420,000	437,000	454,000
Transfers Out	-	-	-	-	-	(200,000)	-	-	-
Net Change	161,049	59,203	145,003	144,798	135,810	(48,144)	95,665	51,541	15,939
Fund Equity, beginning	828,287	989,336	1,048,539	1,193,542	1,338,340	1,474,150	1,426,006	1,521,671	1,573,212
Fund Equity, ending	\$ 989,336	\$ 1,048,539	\$ 1,193,542	\$ 1,338,340	\$ 1,474,150	\$ 1,426,006	\$ 1,521,671	\$ 1,573,212	\$ 1,589,151
Fund equity committed to building impr	345,286	379,831	524,834	654,864	777,414	697,900	767,711	793,159	787,314
Fund equity percent of expense	38.4%	39.2%	44.7%	49.0%	52.9%	49.0%	50.5%	50.4%	49.5%
Months of operating coverage	4.6	4.7	5.4	5.9	6.3	5.9	6.1	6.1	5.9
Tax support as percent of expense	9.2%	9.0%	8.9%	9.2%	9.3%	9.4%	9.3%	9.2%	9.1%
Revenue percent change	-0.9%	0.5%	6.8%	-1.3%	1.5%	2.1%	2.0%	1.6%	2.0%
Average annual percent change/rev				1.3%					1.8%
Expense percent change	2.1%	5.1%	3.8%	-0.2%	2.4%	1.9%	4.5%	3.6%	3.5%
Average annual percent change/exp				2.7%					3.2%
Insurance credits (memberships)	\$ 193,512	\$ 199,091	\$ 186,114	\$ 178,780					
Annual membership rev billed monthly	\$ 427,000	\$ 431,692	\$ 424,061	\$ 414,000					
Rate change, daily admissions	1.8%	2.2%	3.3%	2.2%	2.5%	2.0%	2.0%	2.0%	2.0%
Rate change, memberships	3.3%	2.2%	3.0%	2.0%	1.7%	2.0%	2.0%	2.0%	2.0%

## Recreation Program Fund Operations

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

### Impacts

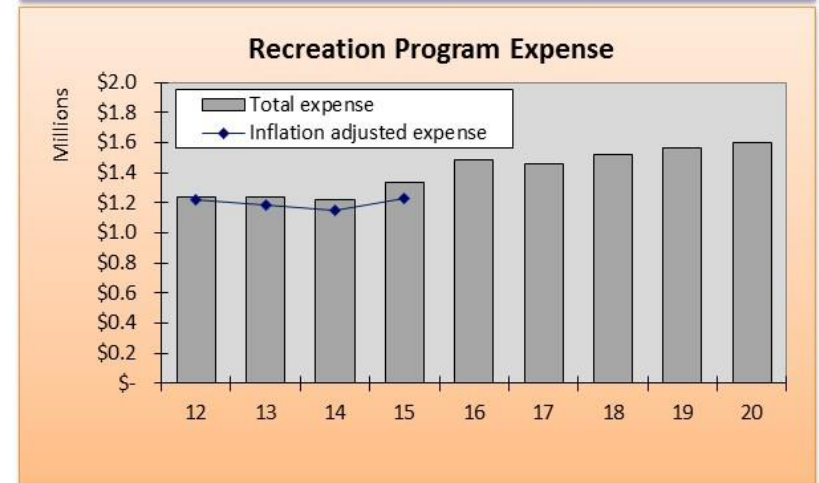
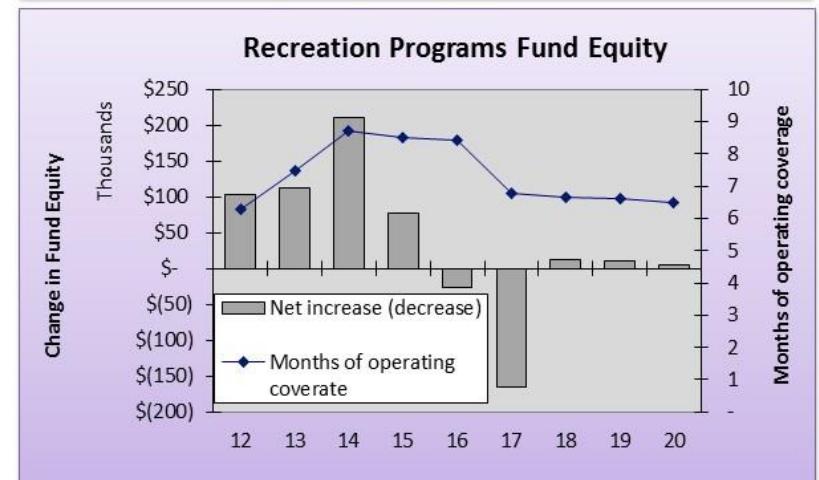
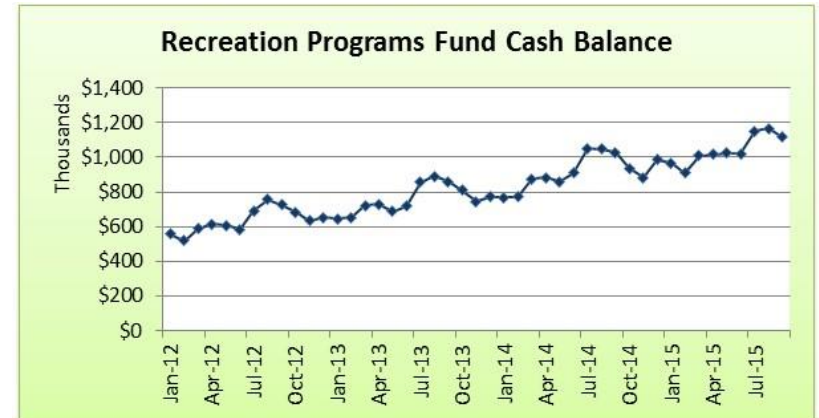
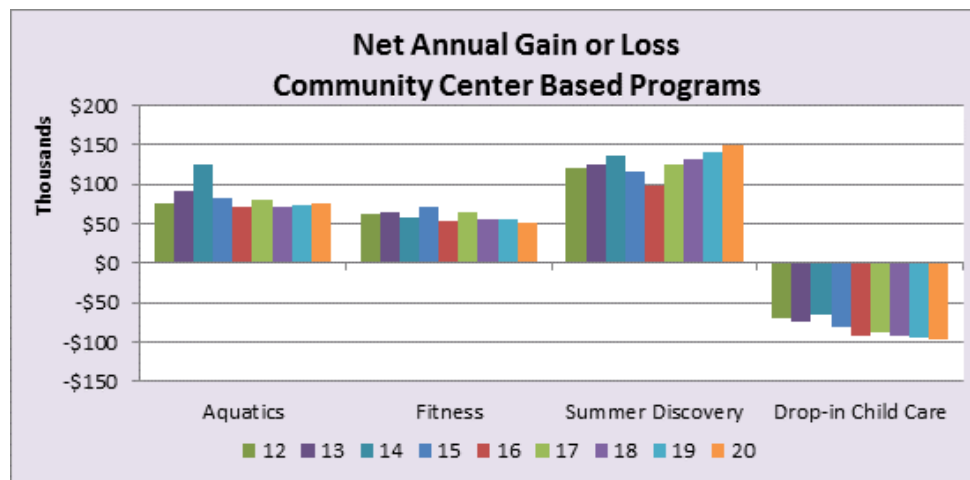
- User fees provide 95% of revenue
- State mandated minimum wage increases
- General Fund provides support for community-oriented programs through an annual transfer
- Planned \$200,000 contribution to the community center expansion in 2017

### Performance/History

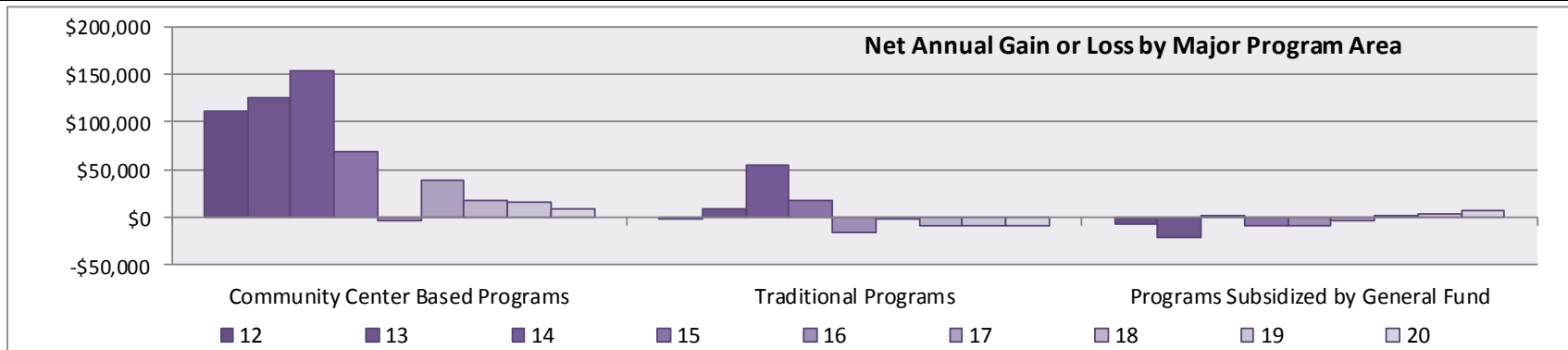
- Operating coverage equal to 6 to 8 months
- Positive cash flows

### Fund Goals/Targets

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



Recreation Programs Fund	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Revenue</b>									
Charges for Services	\$1,340,831	\$1,385,140	\$1,419,065	\$1,460,033	\$1,500,041	\$1,543,711	\$1,584,446	\$1,633,245	\$1,669,500
Interest Earnings	8,388	(26,234)	44,575	2,000	2,000	2,500	2,500	3,000	3,000
Other Revenues	972	121	48	-	-	-	-	-	-
Total Revenue	1,350,191	1,359,027	1,463,688	1,462,033	1,502,041	1,546,211	1,586,946	1,636,245	1,672,500
<b>Expense</b>									
Parks and Recreation									
Parks Administration	389,800	366,652	473,302	465,365	483,813	505,067	524,177	-	-
Program Costs	846,957	869,279	750,339	871,228	998,068	952,093	996,066	1,565,082	1,601,648
Total Expense	1,236,757	1,235,931	1,223,641	1,336,593	1,481,881	1,457,160	1,520,243	1,565,082	1,601,648
<b>Other Sources (Uses)</b>									
Transfers In	65,000	70,000	70,000	72,000	84,000	86,000	95,000	100,000	105,000
Transfers Out	(75,000)	(80,000)	(100,000)	(120,000)	(130,000)	(340,000)	(150,000)	(160,000)	(170,000)
Net Change	103,434	113,096	210,047	77,440	(25,840)	(164,949)	11,703	11,163	5,852
Fund Equity, beginning	545,205	648,639	761,735	971,782	1,049,222	1,023,382	858,433	870,136	881,299
Fund Equity, ending	\$ 648,639	\$ 761,735	\$ 971,782	\$ 1,049,222	\$1,023,382	\$ 858,433	\$ 870,136	\$ 881,299	\$ 887,151
Fund equity committed to bldg impr	\$ 339,656	\$ 455,825	\$ 637,634	\$ 678,752	\$ 659,092	\$ 478,372	\$ 478,866	\$ 480,887	\$ 477,498
Fund equity percent of expense	52.5%	62.3%	72.7%	70.8%	70.2%	56.5%	55.6%	55.0%	54.1%
Months of operating coverage	6.3	7.5	8.7	8.5	8.4	6.8	6.7	6.6	6.5
Revenue percent change	2.6%	0.7%	7.7%	-0.1%	2.7%	2.9%	2.6%	3.1%	2.2%
Average annual percent change				2.7%					2.7%
Expense percent change	5.4%	-0.1%	-1.0%	9.2%	10.9%	-1.7%	4.3%	2.9%	2.3%
Average annual percent change				3.4%					3.8%
Percent of revenue from user fees	94.7%	96.9%	92.5%	95.2%	94.6%	94.6%	94.2%	94.1%	93.9%
Percent of revenue from Gen Fund	4.6%	4.9%	4.6%	4.7%	5.3%	5.3%	5.6%	5.8%	5.9%



## Cable TV Fund Operations

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

### Impacts

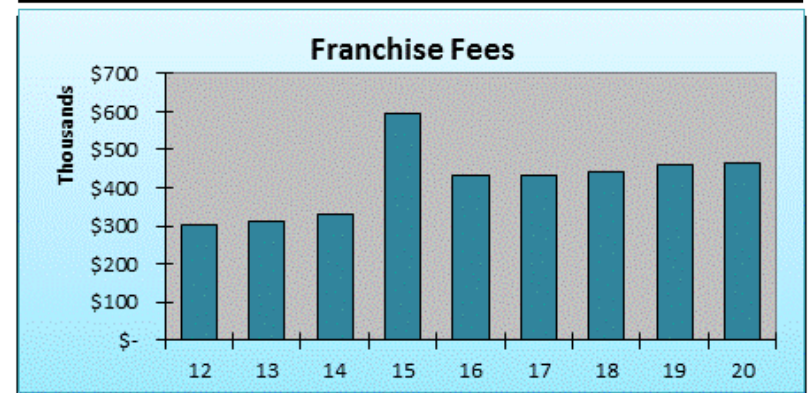
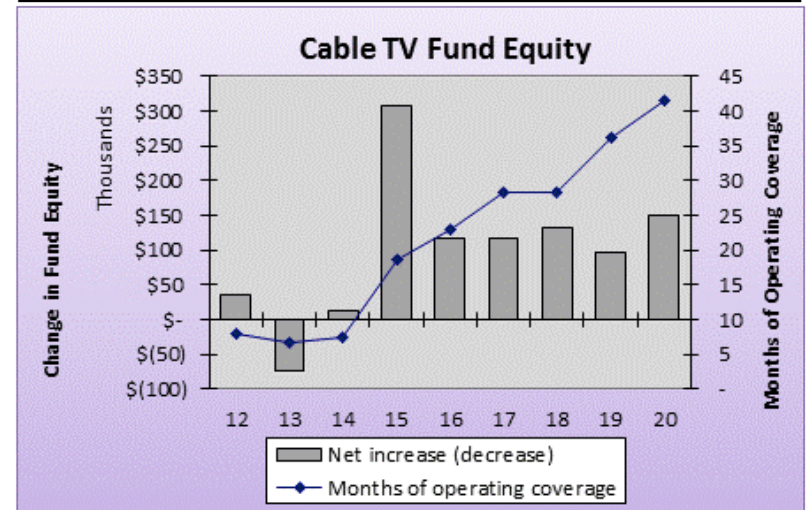
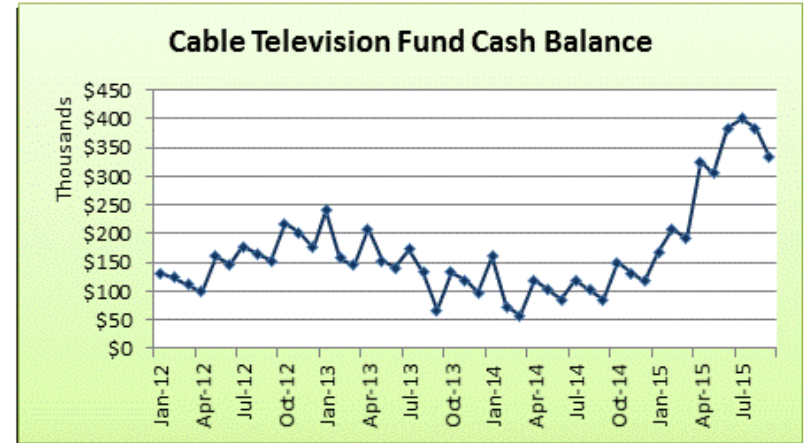
- Cable franchise fees and PEG fees provide more than 99% of revenue
- Contractual costs decrease significantly due to withdrawal from the NSCC
- Transition to in-house production, broadcasting and web streaming of cable programming
- Transfers to the General Fund provide support for communication activities

### Performance/History

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

### Fund Goals/Targets

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





<b>Cable Television Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Charges for Services	\$301,530	\$313,336	\$331,328	\$593,500	\$435,000	\$435,000	\$440,000	\$460,000	\$ 465,000
Interest Earnings	2,056	(5,218)	5,303	1,700	1,700	1,800	1,800	1,900	1,900
Other Revenues	1,100	2,199	1,100	23,000	1,200	1,200	1,200	1,200	1,200
Total Revenue	304,686	310,317	337,731	618,200	437,900	438,000	443,000	463,100	468,100
<b>Expense</b>									
General Government									
Personal Services	31,128	31,994	33,834	35,048	47,653	48,653	38,324	39,598	40,972
Supplies	1,367	-	-	200	500	500	500	500	500
Contractual	109,242	112,905	119,142	83,930	72,030	71,470	72,970	75,080	77,180
Capital Outlay	-	120,922	10,775	55,000	100,000	-	-	-	-
Total Expense	141,737	265,821	163,751	174,178	220,183	120,623	111,794	115,178	118,652
<b>Other Sources (Uses)</b>									
Transfers Out	(127,989)	(116,941)	(160,000)	(167,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Net Change	34,960	(72,445)	13,980	277,022	17,717	117,377	131,206	147,922	149,448
Fund Equity, beginning	215,664	250,624	178,179	192,159	469,181	486,898	604,275	735,481	883,403
Fund Equity, ending	\$250,624	\$178,179	\$192,159	\$469,181	\$486,898	\$604,275	\$735,481	\$883,403	\$1,032,851
Fund equity percent of expense and transfers out	65.5%	55.0%	56.3%	111.7%	151.9%	193.8%	233.4%	277.2%	320.9%
Months of operating coverage (for expense and transfers out)	7.9	6.6	6.8	13.4	18.2	23.3	28.0	33.3	38.5
Franchise fee percent change	5.0%	3.9%	5.7%	79.1%	-26.7%	0.0%	1.1%	4.5%	1.1%
Average annual percent change				23.4%					-4.0%

## Economic Development Authority Fund Operations

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

### Impacts

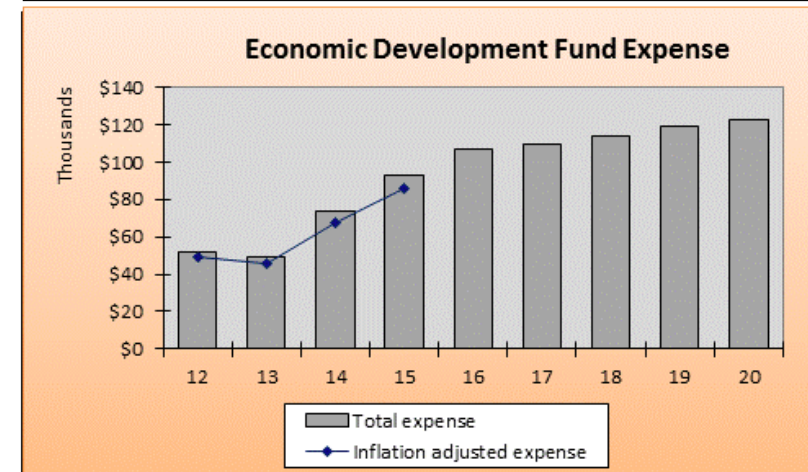
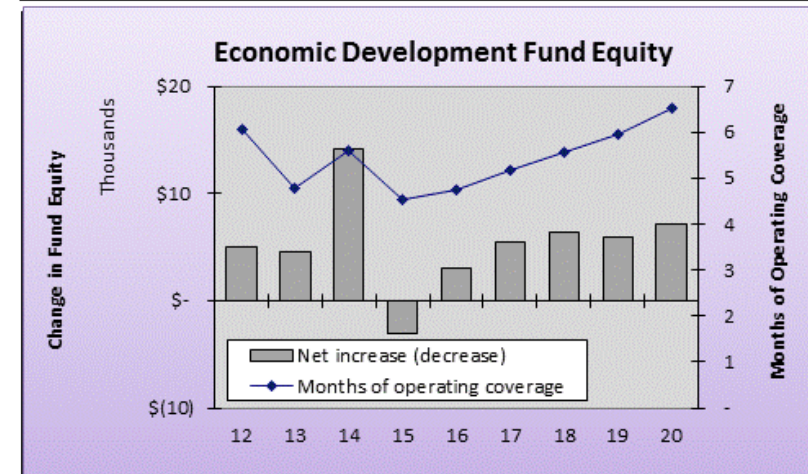
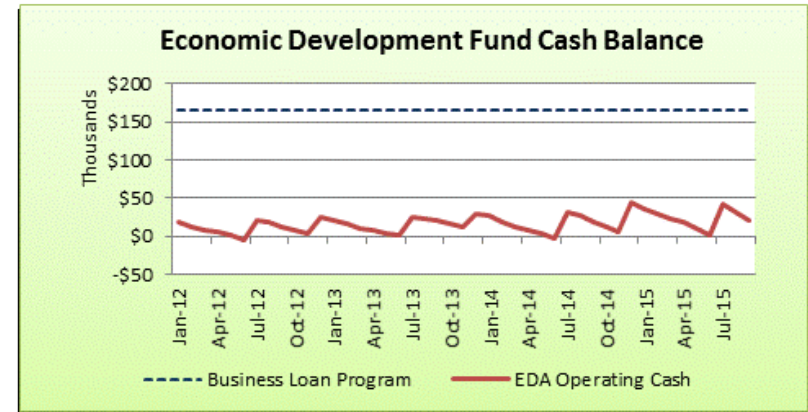
- First tax levy in 2011
- Levy authority is within the City's levy limit, when levy limits are in effect
- Property tax collections occur in July and December, creating cash flow challenges for the fund
- Covers 25% of the Assistant City Manager/Community Development Director position
- Covers 25% of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

### Performance/History

- Operating coverage equal to 5 to 6 months

### Fund Goals/Targets

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



<b>Economic Development Authority Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Property Taxes	\$ 54,358	\$ 59,653	\$ 78,507	\$ 90,000	\$ 110,000	\$ 115,000	\$ 120,000	\$ 125,000	\$ 130,000
Interest Earnings	2,367	(6,377)	9,066	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenue	56,725	53,276	87,573	90,000	110,000	115,000	120,000	125,000	130,000
<b>Expense</b>									
Community Development									
Personal Services	27,698	25,963	40,035	50,548	60,513	62,801	65,966	69,113	72,143
Supplies	2,583	2,336	2,253	4,000	4,300	3,500	3,500	3,750	3,750
Contractual Services	21,484	20,498	31,072	38,535	42,200	43,225	44,100	46,250	47,010
Total Expense	51,765	48,797	73,360	93,083	107,013	109,526	113,566	119,113	122,903
<b>Other Sources (Uses)</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Net Change	4,960	4,479	14,213	(3,083)	2,987	5,474	6,434	5,887	7,097
Fund Equity, beginning	185,524	190,484	194,963	209,176	206,093	209,080	214,554	220,988	226,875
Fund Equity, ending	\$ 190,484	\$ 194,963	\$ 209,176	\$ 206,093	\$ 209,080	\$ 214,554	\$ 220,988	\$ 226,875	\$ 233,972
<b>Fund Equity Breakdown</b>									
Business loan program fund balance	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777
Non loan program fund balance	\$ 24,707	\$ 29,186	\$ 43,399	\$ 40,316	\$ 43,303	\$ 48,777	\$ 55,211	\$ 61,098	\$ 68,195
Months of operating coverage (excluding balances restricted for business loan program)	6.1	4.8	5.6	4.5	4.7	5.2	5.6	6.0	6.5
Tax levy percent change	119.0%	9.7%	31.6%	14.6%	22.2%	4.5%	4.3%	4.2%	4.0%
Annual average percent change				37.9%					7.9%

## Housing Redevelopment Authority Fund Operations

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

### Impacts

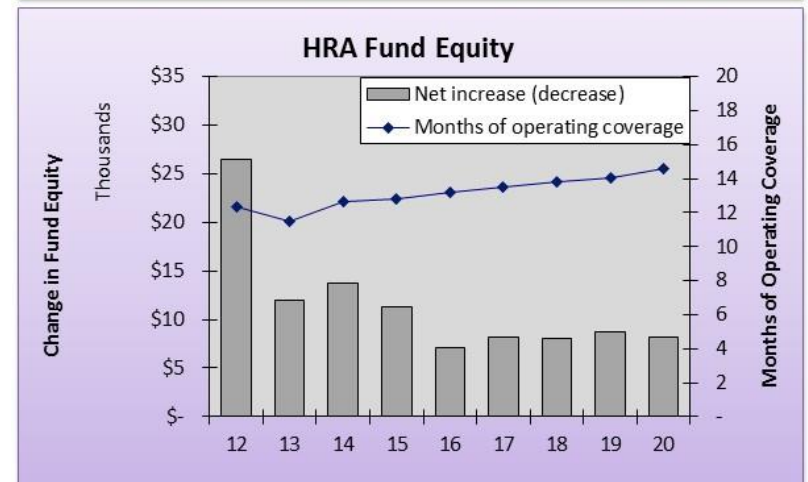
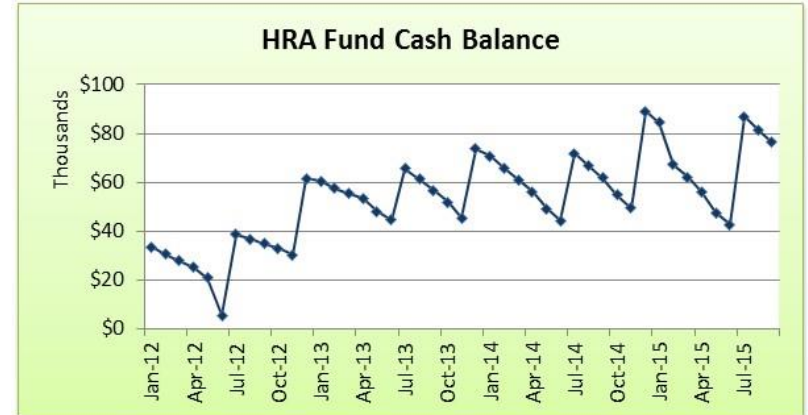
- First tax levy in 2010
- Levy authority for the HRA is outside the City's levy limit
- Covers 25% of the Assistant City Manager/Community Development Director position cost
- Covers 35% of the Economic Development and Planning Associate

### Performance/History

- Operating coverage from 11 to 13 months

### Fund Goals/Targets

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



<b>Housing Redevelopment Authority</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Property Taxes	\$ 68,909	\$ 74,513	\$ 87,998	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000	\$ 115,000	\$ 120,000
Interest Earnings	424	(1,980)	3,083	-	-	-	-	-	-
Total Revenue	69,333	72,533	91,081	95,000	100,000	105,000	110,000	115,000	120,000
<b>Expense</b>									
Community Development									
Personal Services	29,344	47,289	62,776	65,905	68,107	70,846	74,631	78,420	81,967
Contractual Services	13,519	13,217	14,559	17,750	24,800	26,000	27,350	27,900	29,900
Debt Service	-	-	-	-	-	-	-	-	-
Total Expense	42,863	60,506	77,335	83,655	92,907	96,846	101,981	106,320	111,867
<b>Other Sources (Uses)</b>									
Transfers In	-	-	-	-	-	-	-	-	-
Net Change	26,470	12,027	13,746	11,345	7,093	8,154	8,019	8,680	8,133
Fund Equity, beginning	35,700	62,170	74,197	87,943	99,288	106,381	114,535	122,554	131,234
Fund Equity, ending	\$ 62,170	\$ 74,197	\$ 87,943	\$ 99,288	\$ 106,381	\$ 114,535	\$ 122,554	\$ 131,234	\$ 139,367
Fund equity percent of expense	102.8%	95.9%	105.1%	106.9%	109.8%	112.3%	115.3%	117.3%	121.8%
Months of operating coverage	12.3	11.5	12.6	12.8	13.2	13.5	13.8	14.1	14.6
Taxable Value (millions)	\$ 25.4	\$ 23.7	\$ 24.0	\$ 26.7	\$ 27.9	\$ 28.7	\$ 29.6	\$ 30.5	\$ 31.4
Tax Rate (HRA)	0.254%	0.289%	0.345%	0.323%	0.328%	0.336%	0.343%	0.349%	0.355%
Change in tax rate	28.3%	13.8%	19.4%	-6.4%	1.5%	2.4%	2.1%	1.7%	1.7%
Average annual percent change				13.8%					1.9%
Expense percent change	-8.4%	41.2%	27.8%	8.2%	11.1%	4.2%	5.3%	4.3%	5.2%
Average annual percent change				17.2%					6.0%

## 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

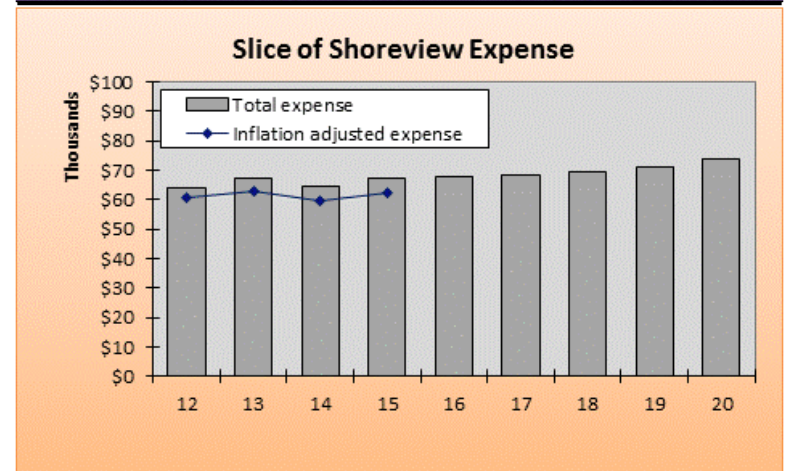
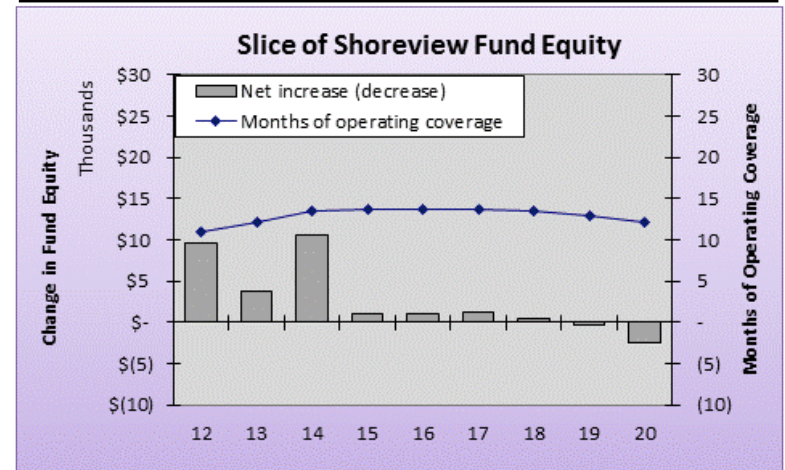
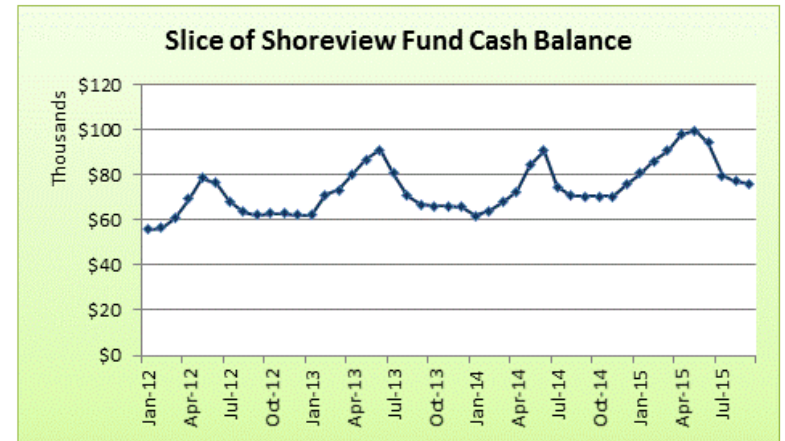
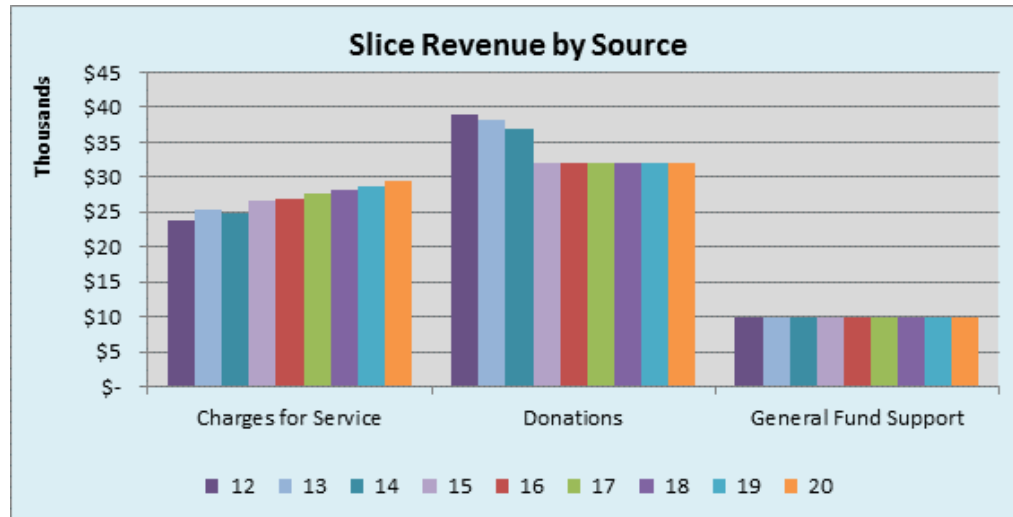
- For 2016, support for the event is provided by donations (46%), fees (39%), and General Fund support (15%)

### Performance/History

- Operating coverage equal to 11 to 14 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



<b>Slice of Shoreview Fund</b>	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Revenue</b>									
Charges for Services	\$ 23,720	\$ 25,397	\$ 24,836	\$ 26,500	\$ 27,000	\$ 27,570	\$ 28,120	\$ 28,685	\$ 29,500
Interest Earnings	853	(2,537)	3,557	-	-	-	-	-	-
Other Revenues (donations)	38,896	38,190	36,946	32,000	32,000	32,000	32,000	32,000	32,000
Total Revenue	63,469	61,050	65,339	58,500	59,000	59,570	60,120	60,685	61,500
<b>Expense</b>									
General Government	63,917	67,343	64,805	67,485	67,900	68,370	69,650	71,046	73,950
Total Expense	63,917	67,343	64,805	67,485	67,900	68,370	69,650	71,046	73,950
<b>Other Sources (Uses)</b>									
Transfers In	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net Change	9,552	3,707	10,534	1,015	1,100	1,200	470	(361)	(2,450)
Fund Equity, beginning	52,558	62,110	65,817	76,351	77,366	78,466	79,666	80,136	79,775
Fund Equity, ending	\$ 62,110	\$ 65,817	\$ 76,351	\$ 77,366	\$ 78,466	\$ 79,666	\$ 80,136	\$ 79,775	\$ 77,325
Fund equity percent of expense	92.2%	101.6%	113.1%	113.9%	114.8%	114.4%	112.8%	107.9%	100.5%
Months of operating coverage	11.1	12.2	13.6	13.7	13.8	13.7	13.5	12.9	12.1
Expense percent change	12.8%	5.4%	-3.8%	4.1%	0.6%	0.7%	1.9%	2.0%	4.1%
Annual average percent change				4.6%					1.9%

## 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

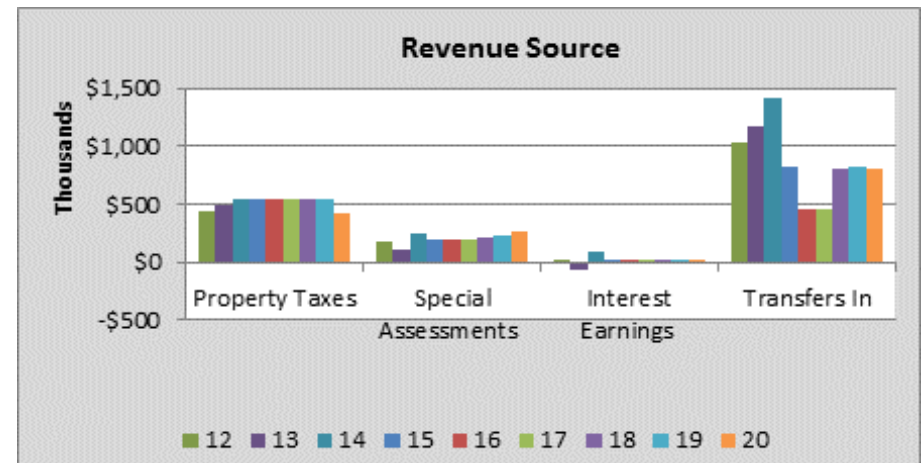
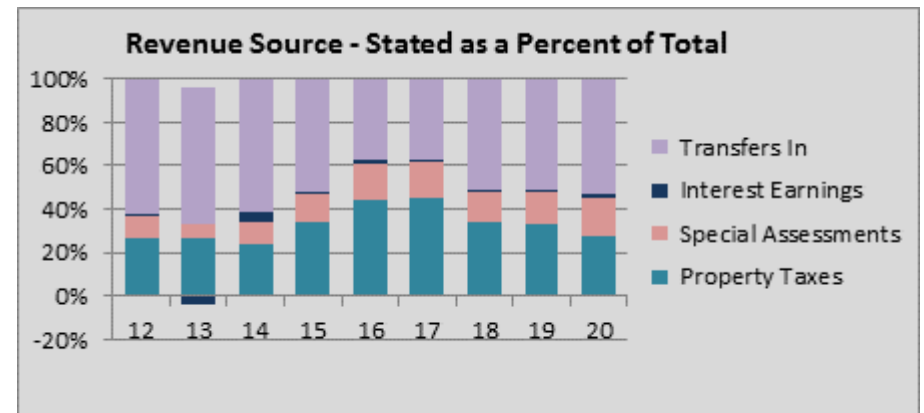
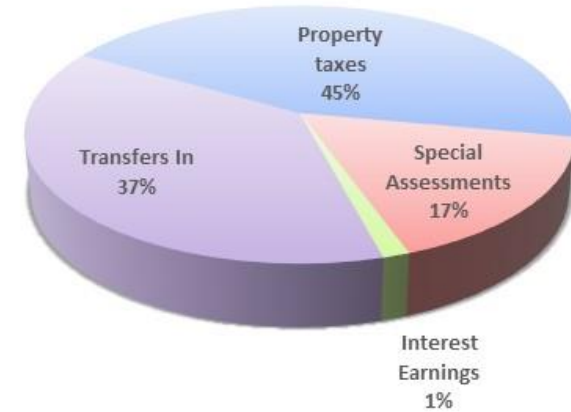
- Revenue in support of debt payments for 2016 is derived from transfers in (37%), property taxes (45%), special assessments (17%) and interest earnings (1%)
- Transfers for debt payments are from the General Fund (\$50,000), General Fixed Asset Replacement Fund (\$180,000) and the Community Investment Fund (\$175,000)
- Transfers to or from the Closed Debt Fund are intended to close out balances for retired debt (\$4,745), or to provide reductions in the debt portion of the tax levy (\$50,000)
- The increase in transfers into Debt Funds in 2018 is due to the planned issuance of Community Center expansion debt in 2017

### Performance/History

- Operating coverage equal to 14 to 25 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





<b>Debt Funds</b>	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Revenue</b>									
Property Taxes	\$ 435,278	\$ 498,259	\$ 535,765	\$ 544,000	\$ 547,000	\$ 549,000	\$ 545,000	\$ 538,000	\$ 425,000
Special Assessments	171,872	115,885	243,735	202,884	203,008	203,595	217,141	233,141	266,264
Intergovernmental	1,330	1,256	1,180	580	-	-	-	-	-
Interest Earnings	22,458	(66,683)	93,768	15,840	16,600	17,190	16,960	18,700	16,860
Other Revenues	16,294	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>647,232</b>	<b>548,717</b>	<b>874,448</b>	<b>763,304</b>	<b>766,608</b>	<b>769,785</b>	<b>779,101</b>	<b>789,841</b>	<b>708,124</b>
<b>Expense</b>									
Debt Service	1,742,823	1,851,794	1,678,465	1,604,006	1,303,301	1,258,476	1,637,286	1,635,910	1,653,243
<b>Total Expense</b>	<b>1,742,823</b>	<b>1,851,794</b>	<b>1,678,465</b>	<b>1,604,006</b>	<b>1,303,301</b>	<b>1,258,476</b>	<b>1,637,286</b>	<b>1,635,910</b>	<b>1,653,243</b>
<b>Other Sources (Uses)</b>									
Debt Proceeds	-	2,653,739	105,822	7,867	-	7,700	-	10,640	-
Debt Refunded	-	(135,000)	(860,000)	(1,490,000)	-	-	-	-	-
Transfers In	1,027,114	1,168,109	1,410,014	814,778	459,745	455,000	810,000	815,000	812,191
Transfers Out	(9,114)	(50,000)	(67,599)	(119,404)	(54,745)	(50,000)	(50,000)	(50,000)	(52,191)
<b>Net Change</b>	<b>(77,591)</b>	<b>2,333,771</b>	<b>(215,780)</b>	<b>(1,627,461)</b>	<b>(131,693)</b>	<b>(75,991)</b>	<b>(98,185)</b>	<b>(70,429)</b>	<b>(185,119)</b>
Fund Equity, beginning	2,257,347	2,179,756	4,513,527	4,297,747	2,670,286	2,538,593	2,462,602	2,364,417	2,293,988
<b>Fund Equity, ending</b>	<b>\$ 2,179,756</b>	<b>\$ 4,513,527</b>	<b>\$ 4,297,747</b>	<b>\$ 2,670,286</b>	<b>\$ 2,538,593</b>	<b>\$ 2,462,602</b>	<b>\$ 2,364,417</b>	<b>\$ 2,293,988</b>	<b>\$ 2,108,869</b>
Fund equity percent of expense	117.7%	268.9%	267.9%	204.9%	201.7%	150.4%	144.5%	138.8%	135.5%
Months of operating coverage	14.1	15.9	21.7	24.6	24.2	18.0	17.3	16.7	16.3
Unspent bond proceeds	\$ -	\$ 2,289,635	\$ 1,397,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense percent change	-2.5%	6.3%	-9.4%	-4.4%	-18.7%	-3.4%	30.1%	-0.1%	1.1%
Average annual percent change				-2.5%					1.8%
Tax Levy percent change	-16.3%	14.5%	7.5%	1.5%	0.6%	0.4%	-0.7%	-1.3%	-21.0%
Average annual percent change				1.8%					-4.4%

## 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

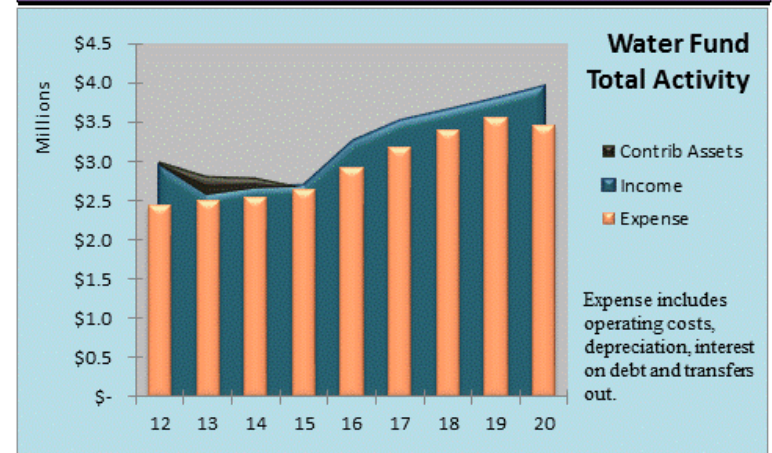
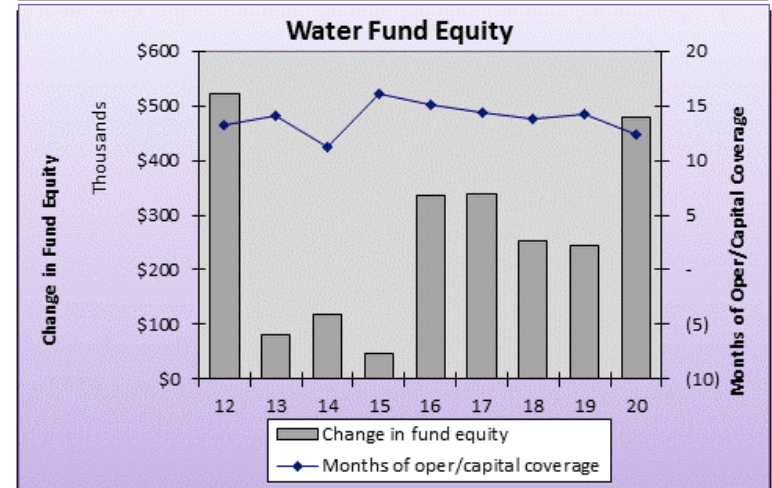
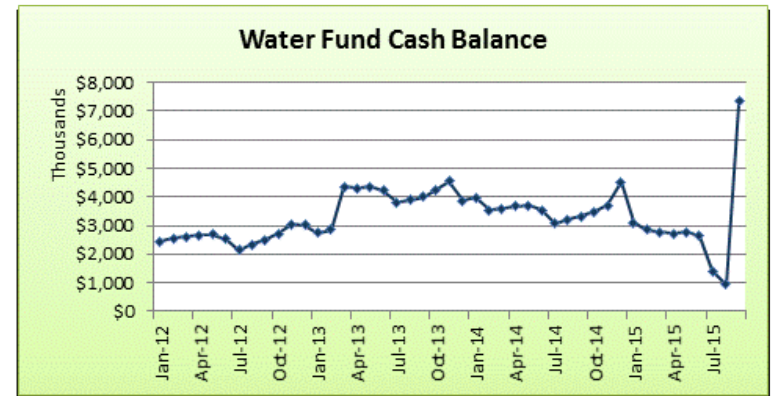
- Average household water consumption continues to decline
- Water use fluctuates significantly based on rainfall during the growing season
- Contributions for maintenance center debt payments began in 2011
- Planned water treatment plant at an estimated cost of \$12,100,000 (2015-2017)

### Performance/History

- Operating coverage equal to 11 to 14 months of operating and capital costs
- Stable cash balances
- Operating income generated each year
- Projected base gallons established at 880 million gallons
- In 2012 the lowest residential billing tier was split into two tiers resulting in revenue increases
- Negative debt capacity in 2014 and 2015 as a result of called bonds associated with advance refunding

### Fund Goals/Targets

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



<b>Water Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Special Assessments	\$ 1,002	\$ 2,275	\$ 2,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	2,832,809	2,577,315	2,325,701	2,620,000	3,185,000	3,442,000	3,579,000	3,722,000	3,869,000
Late Fees/Utility Charges	45,780	45,772	44,619	-	-	-	-	-	-
Water Facility Charges	13,420	39,811	77,198	8,000	8,000	9,000	9,000	10,000	10,000
Other Charges	25,011	29,786	30,966	29,500	25,500	26,000	26,000	26,500	26,500
Other Revenues	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>2,918,022</b>	<b>2,694,959</b>	<b>2,481,331</b>	<b>2,657,500</b>	<b>3,218,500</b>	<b>3,477,000</b>	<b>3,614,000</b>	<b>3,758,500</b>	<b>3,905,500</b>
<b>Expense</b>									
Enterprise Operations	1,405,259	1,403,838	1,432,452	1,472,457	1,581,485	1,569,265	1,659,916	1,833,422	1,760,087
Miscellaneous	1,901	-	-	-	-	-	-	-	-
Depreciation	614,991	622,826	634,561	649,000	669,000	799,000	923,000	922,000	919,000
<b>Total Expense</b>	<b>2,022,151</b>	<b>2,026,664</b>	<b>2,067,013</b>	<b>2,121,457</b>	<b>2,250,485</b>	<b>2,368,265</b>	<b>2,582,916</b>	<b>2,755,422</b>	<b>2,679,087</b>
<b>Operating Income (Loss)</b>	<b>895,871</b>	<b>668,295</b>	<b>414,318</b>	<b>536,043</b>	<b>968,015</b>	<b>1,108,735</b>	<b>1,031,084</b>	<b>1,003,078</b>	<b>1,226,413</b>
<b>Other Sources (Uses)</b>									
Interest Earnings	35,077	(121,490)	175,102	38,000	38,000	42,000	42,000	45,000	45,000
Sale of Asset-Gain	-	-	114	-	-	-	-	-	-
Contributed Capital Assets	31,823	248,000	145,430	-	-	-	-	-	-
Intergovernmental	13,198	11,992	11,699	975	-	-	-	-	-
Debt Service	(183,921)	(213,477)	(178,732)	(184,164)	(307,431)	(437,926)	(438,305)	(411,093)	(389,928)
Transfers Out	(240,000)	(263,057)	(303,136)	(345,400)	(363,000)	(376,400)	(383,000)	(393,400)	(403,000)
<b>Net Change</b>	<b>552,048</b>	<b>330,263</b>	<b>264,795</b>	<b>45,454</b>	<b>335,584</b>	<b>336,409</b>	<b>251,779</b>	<b>243,585</b>	<b>478,485</b>
Fund Equity, beginning	12,445,554	12,997,602	13,327,865	13,592,660	13,638,114	13,973,698	14,310,107	14,561,886	14,805,471
Fund Equity, ending	\$ 12,997,602	\$ 13,327,865	\$ 13,592,660	\$ 13,638,114	\$ 13,973,698	\$ 14,310,107	\$ 14,561,886	\$ 14,805,471	\$ 15,283,956
Months of operating coverage	13.3	14.1	11.3	16.1	15.1	14.3	13.7	14.2	12.4
Cash balance	\$ 3,023,577	\$ 4,385,756	\$ 4,507,826	\$ 4,039,068	\$ 4,731,652	\$ 4,943,661	\$ 4,937,440	\$ 5,023,625	\$ 4,576,110
Capital costs	\$ 405,814	\$ 678,734	\$ 740,087	\$ 6,643,400	\$ 6,857,000	\$ 853,400	\$ 66,000	\$ 129,400	\$ 670,000
Unspent bond proceeds	\$ 34,027	\$ 606,359	\$ 1,011,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.70%	0.73%	0.97%	0.90%	0.79%	0.80%	0.82%	0.84%	0.85%
Rate Increase	15.0%	3.0%	4.2%	7.0%	12.0%	8.0%	4.0%	4.0%	4.0%
Change in utility charge revenue	35.7%	-9.0%	-9.8%	12.7%	21.6%	8.1%	4.0%	4.0%	3.9%
Debt issued	\$ -	\$ 1,690,000	\$ 915,000	\$ 6,885,000	\$ 6,995,000	\$ 890,000	\$ -	\$ 200,000	\$ -
Debt payments (principal)	\$ 550,000	\$ 460,000	\$ 965,000	\$ 1,410,000	\$ 450,000	\$ 960,000	\$ 1,115,000	\$ 1,150,000	\$ 1,175,000
Debt balance (year end)	\$ 2,925,000	\$ 4,155,000	\$ 4,105,000	\$ 9,580,000	\$ 16,125,000	\$ 16,055,000	\$ 14,940,000	\$ 13,990,000	\$ 12,815,000
Debt Capacity after transfers	\$ 572,018	\$ 233,097	\$ (222,887)	\$ (716,521)	\$ 554,584	\$ 175,409	\$ 59,779	\$ 15,585	\$ 222,485
Gallons of water sold (000)	1,019,393	911,078	796,545	817,362	880,000	880,000	880,000	880,000	880,000
Quarterly residential gallons (avg)	20,590	18,249	15,606	18,400					
Quarterly multi-family gallons (avg)	10,179	9,843	9,439	9,600					

## 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

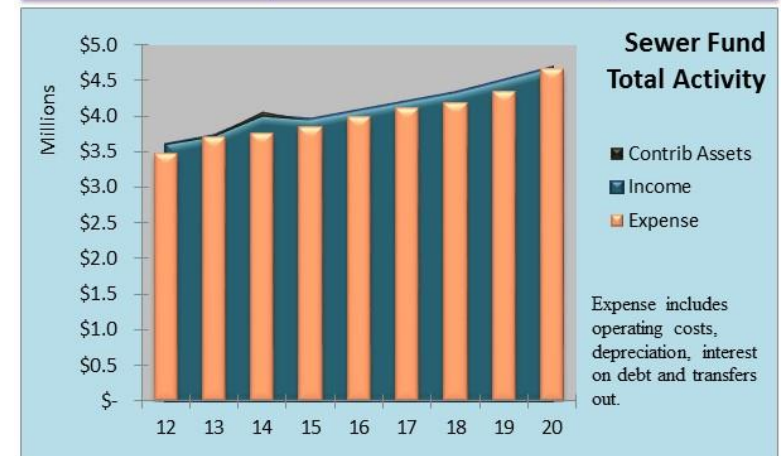
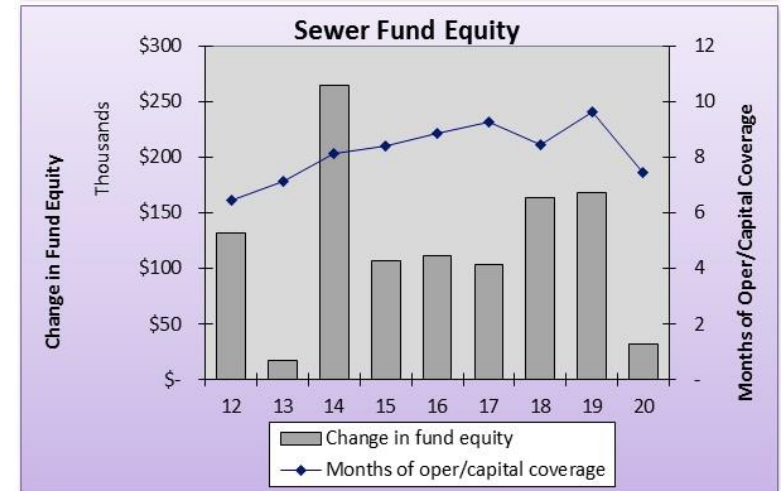
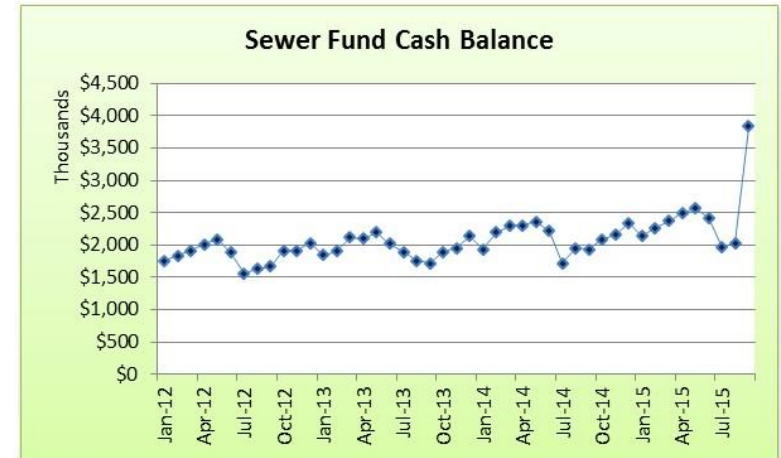
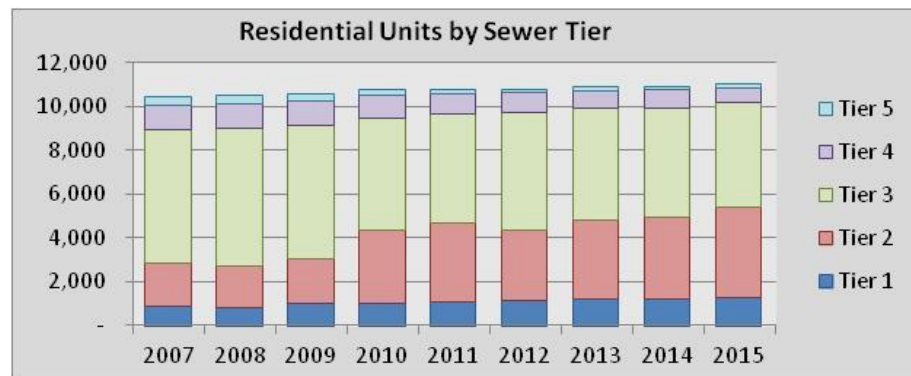
- Residential sewer bills are based on winter water consumption
- Average winter household consumption in the last 5 years is approximately 1% higher than the previous 5-year period (likely influenced by the installation of new water meters in 2008/2009)
- Inflow and infiltration elimination projects allow the City to avoid an annual sewage treatment surcharge
- Contributions for maintenance center debt payments began in 2011
- Sewage treatment costs decline for 2012, allowing the City to hold sewer rates constant and mitigate the impact of higher water rates

### Performance/History

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

### Fund Goals/Targets

- Preserve 6 months operating and capital coverage



<b>Sewer Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Special Assessments	\$ 1,525	\$ 3,196	\$ 3,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,325	703	1,913	1,500	1,500	1,500	1,500	1,500	1,600
Utility Charges	3,479,384	3,670,838	3,752,760	3,917,000	4,051,000	4,172,000	4,296,000	4,463,000	4,642,000
Late Fees/Utility Charges	72,948	66,762	67,830	-	-	-	-	-	-
Sewer Facility Charges	4,238	33,946	31,185	4,000	4,000	5,000	5,000	5,000	5,000
Other Charges	9,357	1,907	2,093	2,500	2,500	2,500	2,500	2,500	2,500
<b>Total Revenue</b>	<b>3,568,777</b>	<b>3,777,352</b>	<b>3,859,639</b>	<b>3,925,000</b>	<b>4,059,000</b>	<b>4,181,000</b>	<b>4,305,000</b>	<b>4,472,000</b>	<b>4,651,100</b>
<b>Expense</b>									
Enterprise Operations	2,893,667	3,100,871	3,163,229	3,269,570	3,359,142	3,497,181	3,565,725	3,706,721	3,944,520
Depreciation	317,853	326,338	329,430	340,000	354,000	348,000	337,000	357,000	377,000
<b>Total Expense</b>	<b>3,211,520</b>	<b>3,427,209</b>	<b>3,492,659</b>	<b>3,609,570</b>	<b>3,713,142</b>	<b>3,845,181</b>	<b>3,902,725</b>	<b>4,063,721</b>	<b>4,321,520</b>
<b>Operating Income (Loss)</b>	<b>357,257</b>	<b>350,143</b>	<b>366,980</b>	<b>315,430</b>	<b>345,858</b>	<b>335,819</b>	<b>402,275</b>	<b>408,279</b>	<b>329,580</b>
<b>Other Sources (Uses)</b>									
Interest Earnings	24,964	(68,517)	104,576	27,000	27,000	30,000	30,000	33,000	33,000
Sale of Asset-Gain	-	-	210	-	-	-	-	-	-
Contributed Capital Assets	25,068	20,000	65,457	-	-	-	-	-	-
Intergovernmental	10,516	9,555	9,321	775	-	-	-	-	-
Debt Service	(72,489)	(73,840)	(70,243)	(54,869)	(78,764)	(75,469)	(77,566)	(70,597)	(122,568)
Transfers In	-	-	34,631	-	-	-	-	-	-
Transfers Out	(188,000)	(200,567)	(181,136)	(181,400)	(183,000)	(190,400)	(191,000)	(203,400)	(208,400)
<b>Net Change</b>	<b>157,316</b>	<b>36,774</b>	<b>329,796</b>	<b>106,936</b>	<b>111,094</b>	<b>99,950</b>	<b>163,709</b>	<b>167,282</b>	<b>31,612</b>
Fund Equity, beginning	7,284,109	7,441,425	7,478,199	7,807,995	7,914,931	8,026,025	8,125,975	8,289,684	8,456,966
Fund Equity, ending	<b>\$7,441,425</b>	<b>\$7,478,199</b>	<b>\$7,807,995</b>	<b>\$7,914,931</b>	<b>\$8,026,025</b>	<b>\$8,125,975</b>	<b>\$8,289,684</b>	<b>\$8,456,966</b>	<b>\$8,488,578</b>
Months of operating coverage	6.4	7.1	8.1	8.4	8.8	9.3	8.5	9.6	7.5
Cash balance	\$ 2,029,363	\$ 2,306,334	\$ 3,096,944	\$ 3,561,242	\$ 3,057,336	\$ 3,281,886	\$ 3,107,595	\$ 3,852,477	\$ 3,045,689
Capital costs	\$ 151,918	\$ 65,426	\$ 294,019	\$ 716,400	\$ 1,024,000	\$ 253,400	\$ 410,000	\$ 1,224,400	\$ 850,400
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 781,065	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.92%	0.92%	1.00%	0.95%	0.90%	0.91%	0.91%	0.92%	0.90%
Rate Increase (middle tier)	0.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%
Change in utility charge revenue	1.8%	5.5%	2.2%	4.4%	3.4%	3.0%	3.0%	3.9%	4.0%
Debt issued	\$ -	\$ 285,000	\$ 730,000	\$ 1,650,000	\$ 230,000	\$ 260,000	\$ -	\$ 1,720,000	\$ -
Debt payments (principal)	\$ 145,000	\$ 275,000	\$ 325,000	\$ 915,000	\$ 175,000	\$ 230,000	\$ 265,000	\$ 275,000	\$ 365,000
Debt balance (year end)	\$ 1,985,000	\$ 1,995,000	\$ 2,400,000	\$ 3,135,000	\$ 3,190,000	\$ 3,220,000	\$ 2,955,000	\$ 4,400,000	\$ 4,035,000
Debt Capacity after transfers	\$ 294,585	\$ 58,557	\$ 224,607	\$ (468,839)	\$ 290,094	\$ 217,950	\$ 235,709	\$ 249,282	\$ 43,612
Commercial gallons (000)	94,092	93,718	86,804	86,500	86,500	86,500	86,500	86,500	86,500
Winter gallons-residential (avg)	12,660	12,432	12,017	11,754					
Winter gallons-multi-family (avg)	9,113	8,588	9,513	8,378					

## Surface Water Management Fund Operations

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

### Impacts

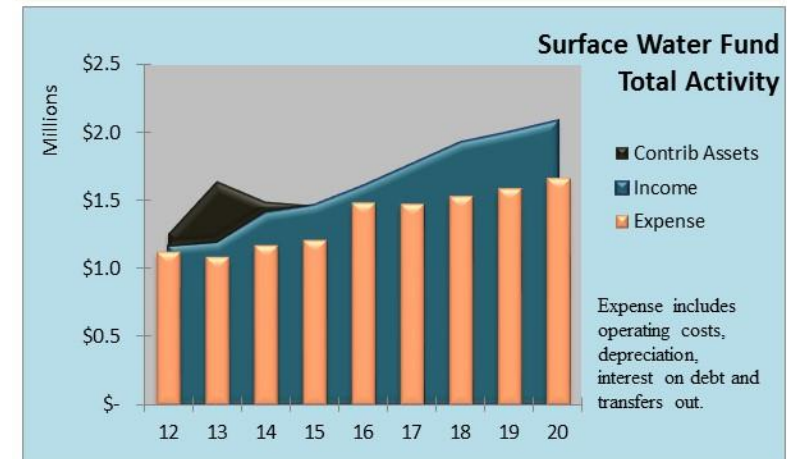
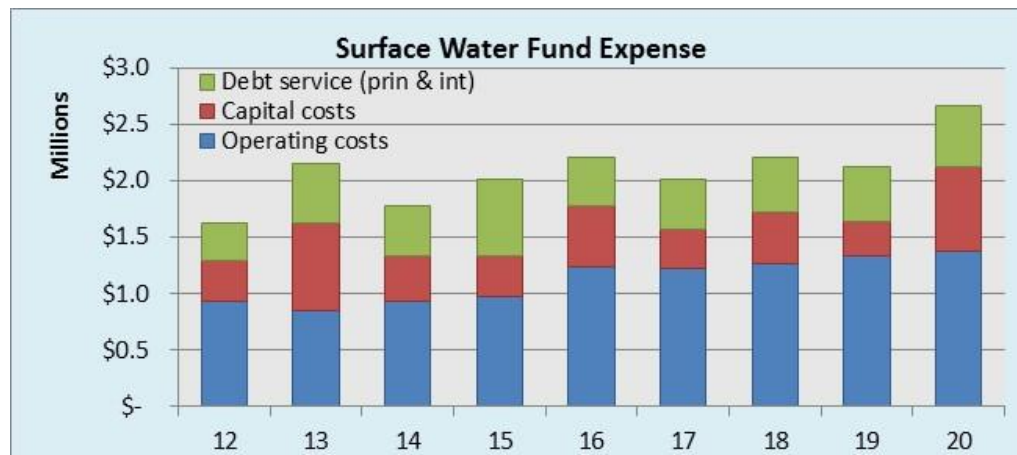
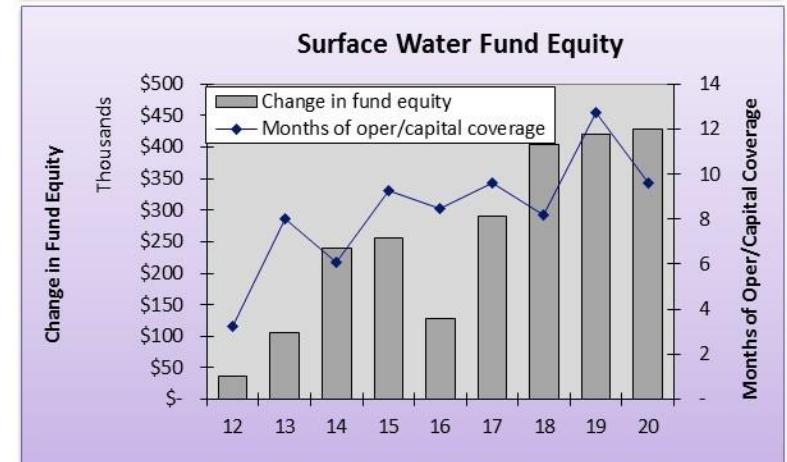
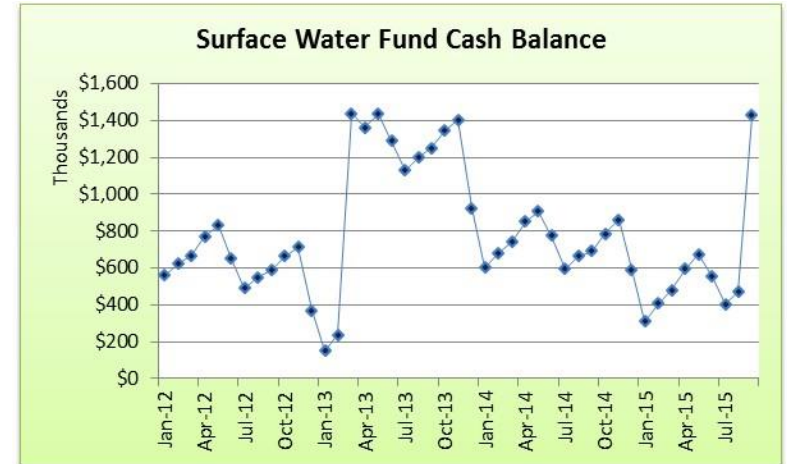
- Contributions for maintenance center debt payments began in 2011

### Performance/History

- Operating coverage equal to 3 to 8 months
- Stable cash balances
- Operating increase in each of the last 3 years
- Increase in overall net assets in each of the last 3 years

### Fund Goals/Targets

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



<b>Surface Water Fund</b>	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Revenue</b>									
Special Assessments	\$ 303	\$ 662	\$ 813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	1,048,852	1,156,567	1,273,438	1,407,000	1,546,000	1,699,000	1,867,000	1,941,000	2,018,000
Late Fees/Utility Charges	17,422	18,842	19,512	-	-	-	-	-	-
Snail Lake Augmentation Chgs	43,089	37,042	62,362	39,990	44,503	45,038	45,081	45,544	46,227
Other Charges	37,873	7,934	15,040	7,100	7,500	7,500	7,500	8,000	8,000
<b>Total Revenue</b>	<b>1,147,539</b>	<b>1,221,047</b>	<b>1,371,165</b>	<b>1,454,090</b>	<b>1,598,003</b>	<b>1,751,538</b>	<b>1,919,581</b>	<b>1,994,544</b>	<b>2,072,227</b>
<b>Expense</b>									
Enterprise Operations	710,054	621,960	695,548	721,882	969,519	947,460	983,715	1,029,434	1,064,885
Depreciation	221,177	228,865	243,125	259,000	269,000	277,000	286,000	298,000	314,000
<b>Total Expense</b>	<b>931,231</b>	<b>850,825</b>	<b>938,673</b>	<b>980,882</b>	<b>1,238,519</b>	<b>1,224,460</b>	<b>1,269,715</b>	<b>1,327,434</b>	<b>1,378,885</b>
<b>Operating Income (Loss)</b>	<b>216,308</b>	<b>370,222</b>	<b>432,492</b>	<b>473,208</b>	<b>359,484</b>	<b>527,078</b>	<b>649,866</b>	<b>667,110</b>	<b>693,342</b>
<b>Other Sources (Uses)</b>									
Interest Earnings	8,476	(36,414)	36,711	9,000	9,000	10,000	10,000	11,000	11,000
Sale of Asset-Gain	-	-	52	-	-	-	-	-	-
Contributed Capital Assets	92,979	452,270	75,484	-	-	-	-	-	-
Intergovernmental	3,815	3,472	3,394	280	-	-	-	-	-
Debt Service	(84,797)	(104,508)	(86,406)	(74,698)	(82,239)	(79,061)	(80,625)	(70,981)	(84,387)
Transfers Out	(107,000)	(126,900)	(147,000)	(152,000)	(159,000)	(168,000)	(176,000)	(186,000)	(191,000)
<b>Net Change</b>	<b>129,781</b>	<b>558,142</b>	<b>314,727</b>	<b>255,790</b>	<b>127,245</b>	<b>290,017</b>	<b>403,241</b>	<b>421,129</b>	<b>428,955</b>
Fund Equity, beginning	7,384,772	7,514,553	8,072,695	8,387,422	8,643,212	8,770,457	9,060,474	9,463,715	9,884,844
Fund Equity, ending	\$7,514,553	\$8,072,695	\$8,387,422	\$8,643,212	\$8,770,457	\$9,060,474	\$9,463,715	\$9,884,844	\$10,313,799
Months of oper/capital coverage	3.2	8.0	6.1	9.3	8.5	9.6	8.2	12.7	9.6
Cash balance	\$ 367,602	\$ 925,041	\$ 867,975	\$1,281,349	\$1,177,594	\$1,399,611	\$1,234,852	\$2,040,981	\$1,584,976
Capital costs	\$ 356,424	\$ 777,827	\$ 392,146	\$ 350,500	\$ 545,000	\$ 345,000	\$ 454,000	\$ 313,000	\$ 738,960
Unspent bond proceeds	\$ -	\$ -	\$ 23,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of assets	0.53%	0.60%	0.89%	0.91%	0.92%	0.95%	0.97%	1.01%	0.94%
Rate Increase	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	4.0%	4.0%
Change in utility charge revenue	10.2%	10.3%	10.1%	10.5%	9.9%	9.9%	9.9%	4.0%	4.0%
Debt issued	\$ -	\$1,305,000	\$ 265,000	\$ 860,000	\$ 380,000	\$ 360,000	\$ -	\$ 810,000	\$ -
Debt payments (principal)	\$ 255,000	\$ 415,000	\$ 360,000	\$ 610,000	\$ 335,000	\$ 360,000	\$ 400,000	\$ 410,000	\$ 460,000
Debt balance (year end)	\$2,300,000	\$3,190,000	\$3,095,000	\$3,345,000	\$3,390,000	\$3,390,000	\$2,990,000	\$3,390,000	\$2,930,000
Debt Capacity after transfers	\$ (836)	\$ (83,735)	\$ 118,922	\$ (95,490)	\$ 61,245	\$ 207,017	\$ 289,241	\$ 309,129	\$ 282,955

## 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

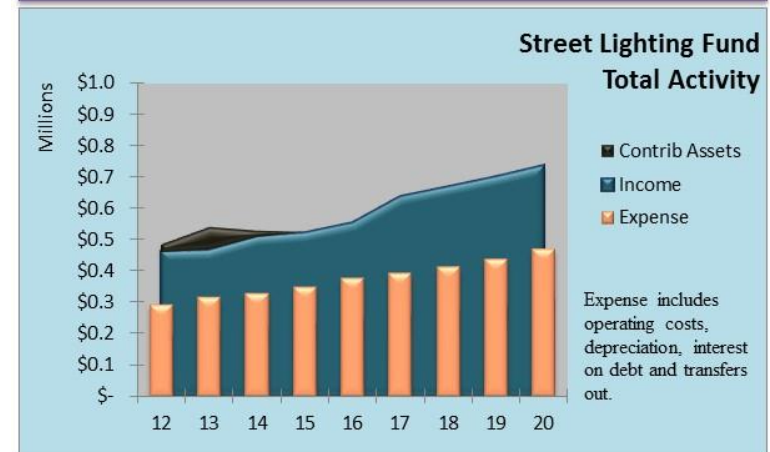
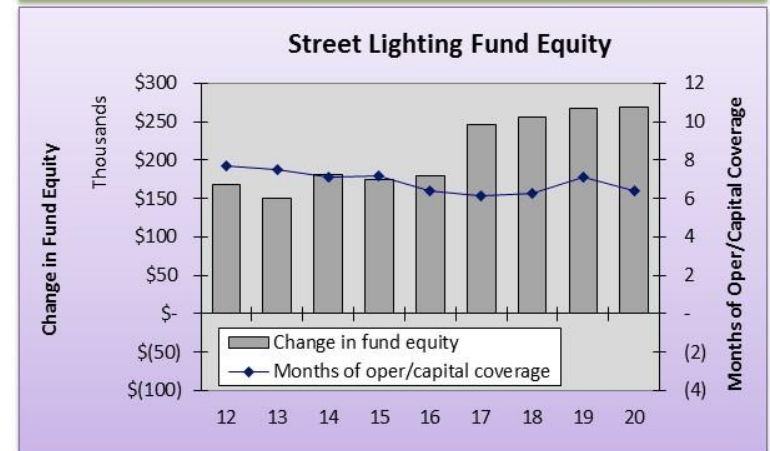
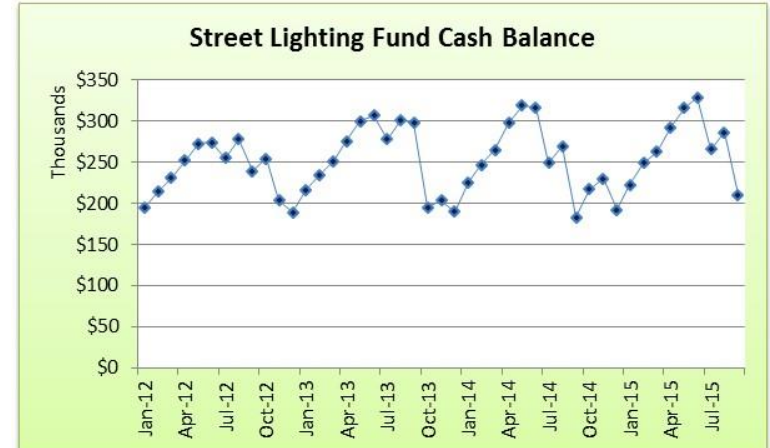
- Street light repair and replacement costs place increasing demands on street light fees, largely due to the scheduled replacement of about 30 street lights per year
- Contributions for maintenance center debt repayment began in 2011

### Performance/History

- Fund was created in 2004
- Operating coverage equal to 5 to 7 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)





<b>Street Lighting Fund</b>	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Revenue</b>									
Special Assessments	\$ 140	\$ 208	\$ 302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	448,265	466,085	486,290	520,000	551,000	634,000	665,000	699,000	733,000
Late Fees/Utility Charges	7,879	8,579	8,655	-	-	-	-	-	-
Other Revenues	-	-	120	-	-	-	-	-	-
<b>Total Revenue</b>	<b>456,284</b>	<b>474,872</b>	<b>495,367</b>	<b>520,000</b>	<b>551,000</b>	<b>634,000</b>	<b>665,000</b>	<b>699,000</b>	<b>733,000</b>
<b>Expense</b>									
Enterprise Operations	235,752	251,702	252,592	264,285	279,118	287,637	293,856	296,809	308,377
Miscellaneous	-	-	992	-	-	-	-	-	-
Depreciation	40,041	44,484	51,959	61,000	69,000	75,000	85,000	100,000	117,000
<b>Total Expense</b>	<b>275,793</b>	<b>296,186</b>	<b>305,543</b>	<b>325,285</b>	<b>348,118</b>	<b>362,637</b>	<b>378,856</b>	<b>396,809</b>	<b>425,377</b>
<b>Operating Income (Loss)</b>	<b>180,491</b>	<b>178,686</b>	<b>189,824</b>	<b>194,715</b>	<b>202,882</b>	<b>271,363</b>	<b>286,144</b>	<b>302,191</b>	<b>307,623</b>
<b>Other Sources (Uses)</b>									
Interest Earnings	3,114	(8,726)	12,148	2,500	2,500	2,700	2,700	2,900	2,900
Contributed Capital Assets	23,693	71,200	17,751	-	-	-	-	-	-
Transfers Out	(15,600)	(19,000)	(20,400)	(22,400)	(25,400)	(28,400)	(32,400)	(37,400)	(42,400)
<b>Net Change</b>	<b>191,698</b>	<b>222,160</b>	<b>199,323</b>	<b>174,815</b>	<b>179,982</b>	<b>245,663</b>	<b>256,444</b>	<b>267,691</b>	<b>268,123</b>
Fund Equity, beginning	749,938	941,636	1,163,796	1,363,119	1,537,934	1,717,916	1,963,579	2,220,023	2,487,714
Fund Equity, ending	\$ 941,636	\$ 1,163,796	\$ 1,363,119	\$ 1,537,934	\$ 1,717,916	\$ 1,963,579	\$ 2,220,023	\$ 2,487,714	\$ 2,755,837
Months of oper/capital coverage	7.7	7.5	7.1	7.2	6.4	6.1	6.3	7.1	6.4
Cash balance	\$ 189,614	\$ 190,337	\$ 192,640	\$ 208,341	\$ 193,323	\$ 193,986	\$ 207,210	\$ 252,671	\$ 239,384
Capital costs	\$ 179,169	\$ 182,951	\$ 234,182	\$ 220,000	\$ 264,000	\$ 320,000	\$ 328,220	\$ 322,230	\$ 398,410
General transfer percent of assets	0.71%	0.78%	0.85%	0.85%	0.88%	0.88%	0.91%	0.96%	0.95%
Rate Increase	25.0%	4.0%	4.0%	4.0%	6.0%	15.0%	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

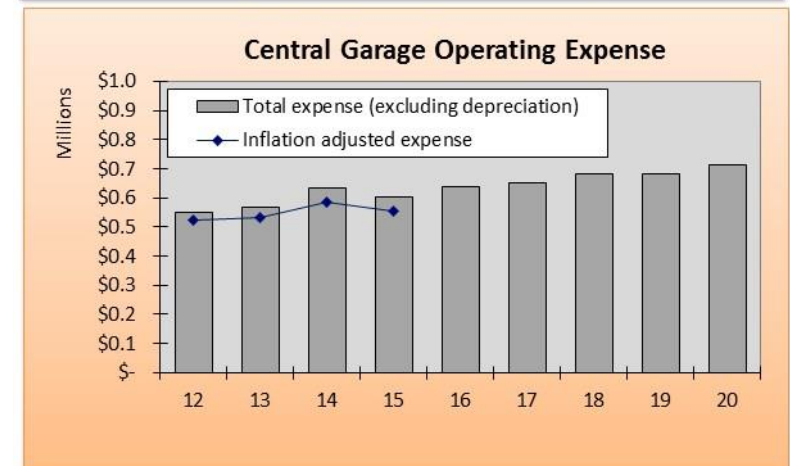
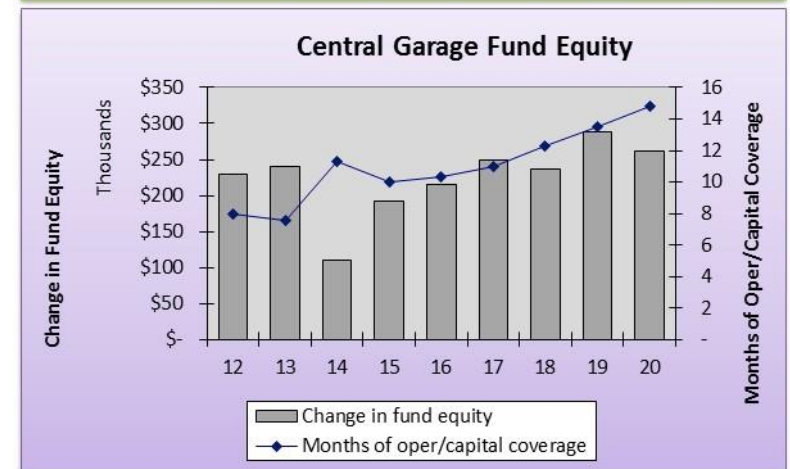
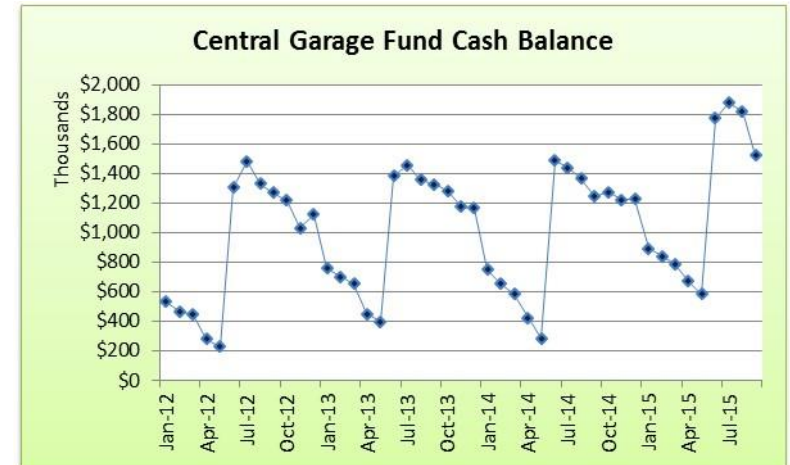
- Capital costs place increasing demands on inter-fund charges
- Fuel costs are expected to rise between 2% and 4% in the future
- Maintenance center debt refunded in 2014, resulted in a present value debt service savings of \$309,777
- Debt payments for maintenance center debt began in 2011

### Performance/History

- Operating coverage equal to 8 to 11 months
- Temporary periods of cash decline due to the timing of inter-fund charges and capital costs
- Overall gain in each of the last 3 years

### Fund Goals/Targets

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



<b>Central Garage Fund</b>	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Budget	2018 Projected	2019 Projected	2020 Projected
<b>Revenue</b>									
Central Garage Charges	\$ 1,143,847	\$ 1,207,379	\$ 1,240,763	\$ 1,262,430	\$ 1,281,150	\$ 1,338,660	\$ 1,379,780	\$ 1,410,600	\$ 1,444,870
Total Revenue	1,143,847	1,207,379	1,240,763	1,262,430	1,281,150	1,338,660	1,379,780	1,410,600	1,444,870
<b>Expense</b>									
Central Garage Operations	550,659	568,179	633,542	605,046	638,373	651,523	683,362	682,177	713,577
Depreciation	619,921	641,112	654,540	659,000	663,000	690,000	720,000	737,000	755,000
Total Expense	1,170,580	1,209,291	1,288,082	1,264,046	1,301,373	1,341,523	1,403,362	1,419,177	1,468,577
<b>Operating Income (Loss)</b>	(26,733)	(1,912)	(47,319)	(1,616)	(20,223)	(2,863)	(23,582)	(8,577)	(23,707)
<b>Other Sources (Uses)</b>									
Property Taxes	214,382	183,111	179,245	208,000	184,000	184,000	184,000	184,000	184,000
Interest Earnings	12,008	(35,588)	49,848	10,500	10,500	11,500	11,500	12,500	12,500
Other Revenues	1,642	6,068	161	-	-	-	-	-	-
Sale of Asset-Gain (Loss)	5,470	56,763	60,959	-	32,000	43,000	46,000	75,000	52,000
Contributed Capital Assets	20,750	-	-	-	-	-	-	-	-
Intergovernmental	93,356	78,711	77,106	6,410	-	-	-	-	-
Debt Service	(247,157)	(243,127)	(318,992)	(136,691)	(110,635)	(105,502)	(100,119)	(94,719)	(83,431)
Transfers In	180,600	200,900	119,400	119,400	119,400	119,400	119,400	119,400	119,400
Transfers Out	(3,729)	(4,802)	(9,589)	-	(15,000)	-	-	-	-
Net Change	250,589	240,124	110,819	206,003	200,042	249,535	237,199	287,604	260,762
Fund Equity, beginning	3,713,231	3,963,820	4,203,944	4,314,763	4,520,766	4,720,808	4,970,343	5,207,542	5,495,146
Fund Equity, ending	\$ 3,963,820	\$ 4,203,944	\$ 4,314,763	\$ 4,520,766	\$ 4,720,808	\$ 4,970,343	\$ 5,207,542	\$ 5,495,146	\$ 5,755,908
Months of oper/cap coverage	7.9	7.5	11.3	10.1	10.3	10.9	12.3	13.5	14.8
Cash balance	\$ 1,122,633	\$ 1,164,652	\$ 6,043,678	\$ 1,369,886	\$ 1,467,928	\$ 1,615,963	\$ 1,833,162	\$ 2,063,766	\$ 2,308,528
Capital costs	\$ 484,765	\$ 691,976	\$ 534,047	\$ 583,408	\$ 585,000	\$ 565,000	\$ 503,000	\$ 547,000	\$ 523,000
Expense percent change	15.0%	3.3%	6.5%	-1.9%	3.0%	3.1%	4.6%	1.1%	3.5%
Average annual percent change				8.7%					3.1%
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund charges percent change	7.8%	5.6%	2.8%	1.7%	1.5%	4.5%	3.1%	2.2%	2.4%
Average annual percent change				3.9%					2.7%
Debt issued	\$ -	\$ -	\$ 4,670,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 100,000	\$ 245,000	\$ 245,000	\$ 5,025,000	\$ 220,000	\$ 260,000	\$ 270,000	\$ 280,000	\$ 285,000
Debt balance (year end)	\$ 5,515,000	\$ 5,270,000	\$ 9,695,000	\$ 4,670,000	\$ 4,450,000	\$ 4,190,000	\$ 3,920,000	\$ 3,640,000	\$ 3,355,000

## Short-term Disability Fund Operations

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

### Impacts

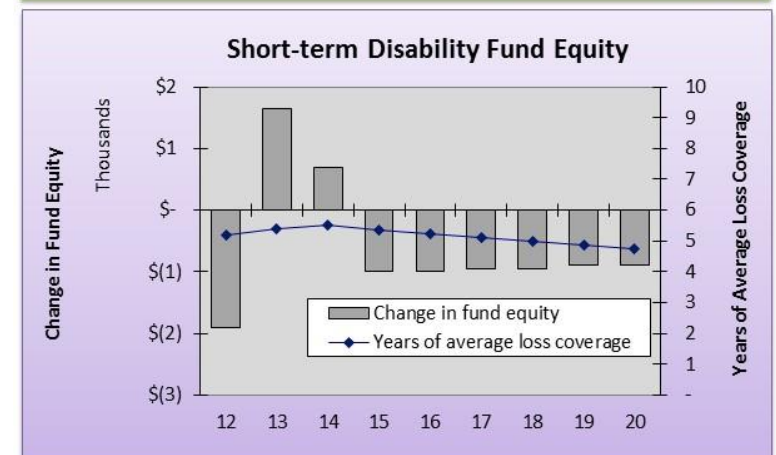
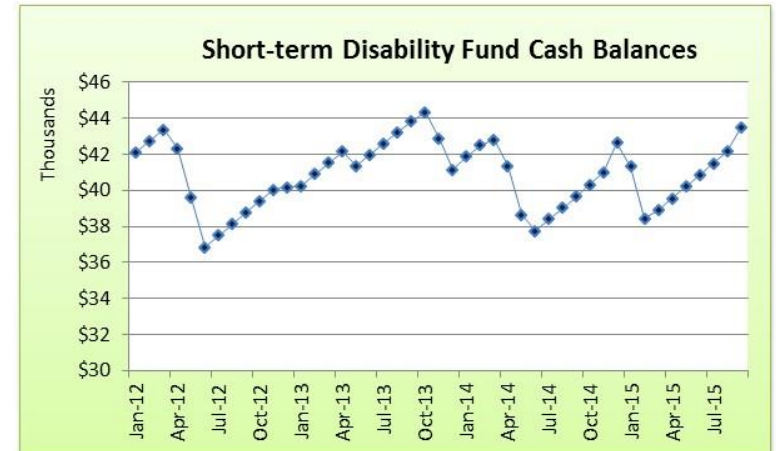
- Losses vary greatly between fiscal years, due to the number and length of employee absences resulting from temporary disabilities
- Monthly premiums have remained at \$8 per employee per month since 1999

### Performance/History

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

### Fund Goals/Targets

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



<b>Short-term Disability Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Charges for Services	\$ 7,608	\$ 7,540	\$ 7,604	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Interest Earnings	536	(1,471)	1,997	500	500	550	550	600	600
Total Revenue	8,144	6,069	9,601	8,000	8,000	8,050	8,050	8,100	8,100
<b>Expense</b>									
Miscellaneous									
Personal Services (claims)	10,043	4,416	8,910	9,000	9,000	9,000	9,000	9,000	9,000
Total Expense	10,043	4,416	8,910	9,000	9,000	9,000	9,000	9,000	9,000
Net Change	(1,899)	1,653	691	(1,000)	(1,000)	(950)	(950)	(900)	(900)
Fund Equity, beginning	41,503	39,604	41,257	41,948	40,948	39,948	38,998	38,048	37,148
Fund Equity, ending	\$ 39,604	\$ 41,257	\$ 41,948	\$ 40,948	\$ 39,948	\$ 38,998	\$ 38,048	\$ 37,148	\$ 36,248
Years of average loss coverage [1]	5.2	5.4	5.5	5.4	5.2	5.1	5.0	4.9	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)	79.3	78.5	79.2	78.1	78.1	78.1	78.1	78.1	78.1

## 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

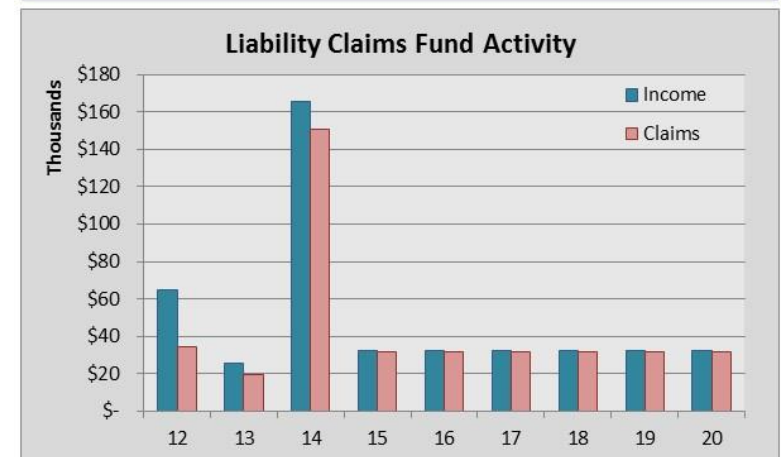
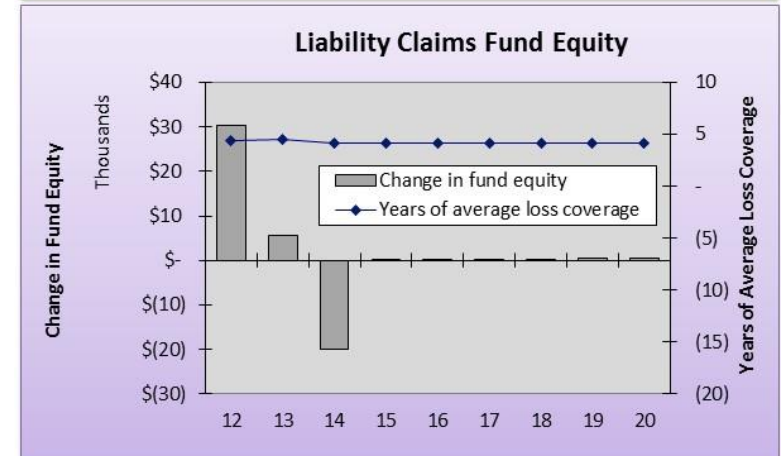
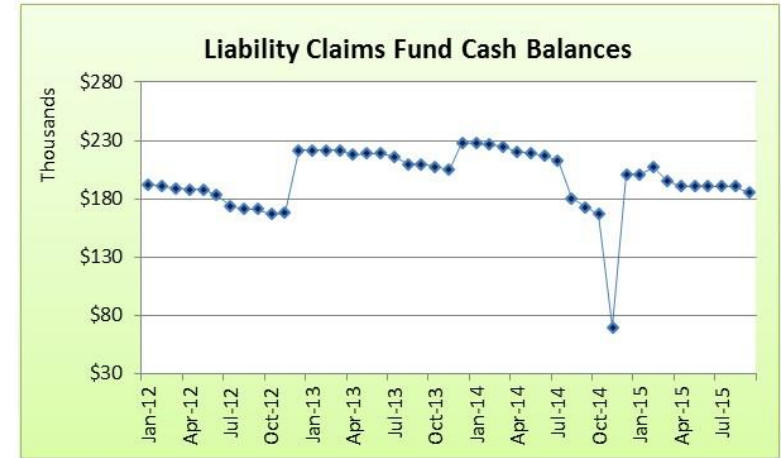
- Losses from internal and outside claims vary between fiscal years due to the number and type of claims

### 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 3 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



<b>Liability Claims Fund</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Earnings	2,458	(7,582)	9,729	2,200	2,200	2,300	2,300	2,400	2,400
Other Revenues	62,507	33,053	155,602	30,000	30,000	30,000	30,000	30,000	30,000
<b>Total Revenue</b>	<b>64,965</b>	<b>25,471</b>	<b>165,331</b>	<b>32,200</b>	<b>32,200</b>	<b>32,300</b>	<b>32,300</b>	<b>32,400</b>	<b>32,400</b>
<b>Expense</b>									
Miscellaneous	34,737	19,874	150,694	32,000	32,000	32,000	32,000	32,000	32,000
<b>Total Expense</b>	<b>34,737</b>	<b>19,874</b>	<b>150,694</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>
<b>Other Sources (Uses)</b>									
Transfers Out	-	-	(34,631)	-	-	-	-	-	-
<b>Net Change</b>	<b>30,228</b>	<b>5,597</b>	<b>(19,994)</b>	<b>200</b>	<b>200</b>	<b>300</b>	<b>300</b>	<b>400</b>	<b>400</b>
Fund Equity, beginning	192,054	222,282	227,879	207,885	208,085	208,285	208,585	208,885	209,285
<b>Fund Equity, ending</b>	<b>\$ 222,282</b>	<b>\$ 227,879</b>	<b>\$ 207,885</b>	<b>\$ 208,085</b>	<b>\$ 208,285</b>	<b>\$ 208,585</b>	<b>\$ 208,885</b>	<b>\$ 209,285</b>	<b>\$ 209,685</b>
Years of average loss coverage	4.4	4.5	4.1	4.1	4.1	4.1	4.1	4.2	4.2
[1] Using inflation adjusted average annual claims									

## Index

Topic	Page Number
Executive Summary	2-13
Levy, value and tax rate projections	4-5
Debt projections	6-11
Summary of Working Capital Targets	12
Total Operating Funds	14-15
General Fund	16-17
Recycling Fund	18-19
Community Center Fund	20-21
Recreation Programs Fund	22-23
Cable TV Fund	24-25
Economic Development Authority Fund	26-27
Housing Redevelopment Authority Fund	28-29
Slice of Shoreview Fund	30-31
Combined Debt Service Funds	32-33
Water Fund	34-35
Sewer Fund	36-37
Surface Water Management Fund	38-39
Street Lighting Fund	40-41
Central Garage Fund	42-43
Short-term Disability Fund	44-45
Liability Claims Fund	46-47



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## Public Safety

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