



# City of Shoreview Minnesota

## Comprehensive Annual Financial Report



For the  
Fiscal Year Ended  
December 31, 2016





**CITY OF SHOREVIEW, MINNESOTA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

DEPARTMENT OF FINANCE

Debbie Maloney, Assistant Finance Director

Fred W. Espe, Finance Director

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**CITY OF SHOREVIEW, MINNESOTA**

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## **INTRODUCTORY SECTION**



## I. INTRODUCTORY SECTION

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May 19, 2017

To the Honorable Mayor,  
Members of the City Council,  
and Citizens of the City of Shoreview, Minnesota

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Shoreview, Minnesota’s (the City) financial statements for the year ended December 31, 2016. The independent auditor’s report is located at the front of the financial section of this report.

The Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City, incorporated in 1957, is a northern suburb of the Minneapolis/St. Paul metropolitan area, situated in Ramsey County. The City occupies 12.2 square miles and serves a population of 26,092. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the State of Minnesota Statutory Plan B (Council – Manager) form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and four other members, all elected on a non-partisan basis. The City Council appoints the government’s manager, who in turn appoints the heads of the various departments. Councilmembers serve four-year terms, with two members elected every two years. The mayor is elected for a two-year term. The mayor and members of the City Council are elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; parks and a multi-purpose community center; water, sewer, surface water, and street light systems; community development, building inspection, and planning; and general government operations, including administration, finance/accounting, information systems, community information (newsletter), and general government buildings.

The City Council is required to adopt a budget by late December. The budget is prepared by fund, department (e.g., public safety), and activity (e.g., police). Department heads may transfer resources within an activity. The city manager may transfer resources within any department; however, transfers between departments or between funds require special approval from the City Council.

The City's capital improvement program (covering 5 years), comprehensive infrastructure replacement plan (covering 50 years), and five-year operating plan along with the annual budget serve as the foundation for the City's financial planning and the annual budget serves as the budget control.

### ***Local Economy***

Shoreview is home to many national and regional companies that are leaders in their respective industries of banking and business systems, manufacturing, medical and computer technologies and robotics. A strong business community led by high profile companies such as Cummins Power Generation, Deluxe Corporation, Fiserv, Land O'Lakes, PaR Systems, Target Corporation, TSI, Wells Fargo, Hill-Rom, and Ally Financial Services provide the foundation for a healthy economy, diverse economic tax base and major employment for Shoreview and the surrounding area.

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past 10 years, the unemployment rate has fluctuated from a low of 3.0 percent in 2015 to a high of 6.5 percent in 2010. Unemployment is expected to remain at or below the regional average.

Over the past 10 years, general property taxes have increased in amount and as a percentage of total governmental fund revenues, from 46.3 percent in 2007 to 48.2 percent in the current fiscal year (a 10-year increase of 1.9 percent). Intergovernmental revenues have increased from 2.5 percent in 2007 to 7.5 percent of total revenues in the current fiscal year (a 10-year increase of 5.0 percent).

During the past 10-year period, governmental fund expenditures related to public safety have increased in amount and as a percentage of total current governmental fund expenditures from 18.6 percent (\$2,175,694) in 2007 to 20.0 percent (\$3,751,349) in the current fiscal year (a 10-year increase of 1.4 percent). The increase reflects a phase in of the duty crew program for paid on-call firefighters working different shifts at fire stations. In addition, the City has diversified its revenue sources through the addition of a



utility franchise tax and billboard fees, and the expansion of cellular antenna rental fees. During the past 10 years, franchise taxes and billboard and antenna rental fees have increased in amount and have increased as a percentage of total governmental fund revenues, from 2.5 percent (\$406,163) in 2007 to 7.8 percent (\$1,731,934) in the current fiscal year (a 10-year increase of 5.3 percent).

### ***Long-Term Financial Planning***

Total General Fund balance (49.1 percent of total General Fund expenditures) is consistent with policy guidelines set by the City Council for budgetary and planning purposes. The total General Fund balance is made up of a working capital allocation equal to 50 percent of taxes and state aid for 2017 (to accommodate cash flows and the timing for receipt of tax and state aid receipts), and an allocation of 10 percent of 2017 budgeted expenditures for unanticipated events.

The City's 5-year operating plan and capital improvement program along with the comprehensive infrastructure replacement plan (covering 50 years) serve as the foundation for the City's long-term financial planning. To ensure the timely replacement of infrastructure, the City prepares long-term cost projections for the replacement of all city assets. Funding needs for capital replacements are reflected in tax levies for the street renewal and general fixed asset replacement funds, and are reflected in user fees established for water, sewer, surface water, and street light funds. The five-year operating plan covering all operating funds, establishes specific goals for each fund. During 2010 Standard & Poor's raised the City's debt rating one notch from 'AA+' to 'AAA.' This was the first time that a 'AAA' rating had been assigned to the City. On December 11, 2015 Standard & Poor's affirmed the 'AAA' rating on the City's GO debt.

The 'AAA' rating reflects Standard & Poor's assessment of the City's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial management policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the General Fund and at the total governmental fund level in fiscal 2014;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 46 percent of operating expenditures;
- Very strong liquidity, with total government available cash at 1.8x total governmental fund expenditures and 21.1x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability with debt service carrying at 8.7 percent of expenditures and net direct debt that is 122.1 percent of total governmental fund revenue, as well as low overall net debt at less than 3 percent of market value and rapid amortization, with 67 percent of debt scheduled to be retired within 10 years; and
- Strong institutional framework score.

Projections for the next 20 years indicate that property tax contributions, user fees, and investment income will adequately support scheduled replacements. The impact of replacement costs on the property tax levy over the next 20 years is estimated to average 2 percent per year, and user fees are projected to increase between 4.0 percent and 10.3 percent over the next five years. The use of capital revolving funds will result in stable property tax and user fee increases despite fluctuating capital expenditures.

### ***Relevant Financial Policies***

The City utilizes various financial and budget policies to guide the City Council and staff when making financial decisions. These include formal Fund Balance, Debt, Budget, Comprehensive Infrastructure Replacement, Community Investment and Financial Investment policies. The primary objective of these policies is to guarantee effective delivery of City services to residents and businesses, and to ensure protection of the City's financial strength and flexibility through a revenue structure and long-term planning effort that is consistent with City Council goals and working capital targets. The overall revenue structure is established with a long-term view, and is designed to protect service delivery, ensure adequate resources in support of operations, protect asset function and condition by providing sufficient funding for repair and replacement cost when needed, and provide long-term stability and sustainability. The City's policies prohibit the use of one-time revenues to support ongoing operational expenses.

### ***Major Initiatives***

The City of Shoreview has strong track record for supporting business growth to attract and retain quality companies consistent with our community values. Shoreview's partnership approach in developing and maintaining close relationships with our business community through our adopted Business Retention and Expansion Program has been recognized for our successful efforts.

Shoreview's economic development efforts to retain and expand business include several examples of key local high tech companies such as PaR Systems and TSI Incorporated, which have brought hundreds of new highly skilled jobs and additional tax base to the community. The City was also successful in attracting Ally Financial Services to relocate their regional operations to the Shoreview Corporate Center, which will eventually result in approximately 400 jobs.

The City has also supported retail development providing additional services and dining options for the community, including transforming the Red Fox Road area near Interstate 694 and Lexington Avenue with a new retail center anchored by a Trader Joe's specialty market. Most recently, a new Kowalski's Market opened in the former Rainbow Foods building at Hodgson Road and Highway 96. Kowalski's invested millions of dollars in redeveloping the property bringing quality grocery services and 225 jobs with their store and centralized Twin Cities operations moving to Shoreview.

Shoreview has also seen major private sector investment in the multi-family housing market with several high profile redevelopment projects that will provide new housing choices to the community. These projects all have involved the redevelopment of older commercial properties including the completed Lakeview Terrace 108-unit market rate apartments, the McMillan mixed-used development of 134 upscale apartments, ground floor retail, and 14 townhomes all currently under construction, and the just approved 410-unit high end apartments by Greco Ridge adjacent to the Shoreview Corporate Center that will begin construction this summer. These multi-family residential projects will provide 650 new quality housing units and market values totaling nearly \$150 million.

Besides luxury apartment projects, the City has also seen continued growth in other housing construction. This includes the recent opening of a 31-unit market rate senior housing addition to the Shoreview Senior Living campus that previously built 105-units of mixed congregate, assisted living, and memory care apartments.

Higher end single family housing projects recently completed or currently under construction include the 25-unit subdivision of Autumn Meadows (sold out), 10-lot luxury home project Owasso Beach (under construction), 8-lot subdivision of Wabasso Shores (under construction), and 7-lot single-family project of Gramsie Woods (all lots sold).

The City strives to ensure that Shoreview maintains a strong, healthy, and positive business climate that promotes and fosters continued economic development, business growth and reinvestment in the community.

As a result of a goal to maintain the Community Center as a vibrant community facility, the City Council and Park & Recreation Commission authorized a study of a possible expansion of the Community Center in 2014. This study, conducted by BWBR Architects, identified several potential options for an expanded and enhanced Community Center. The study was updated in 2016 to further refine the project scope. The City is now working with BWBR Architects on detailed design plans for another major expansion and remodeling of the Community Center in late 2017 and 2018.

The estimated cost for this major expansion project is about \$12 million. The project will be financed primarily through a bond issue with the debt service being paid from a variety of sources including existing capital project funds and an increase in the City's debt levy.

The project is currently in the design development phase and bidding is expected to occur this summer, with a late summer/early fall construction start. The project will likely be fully completed by the summer/fall of 2018.

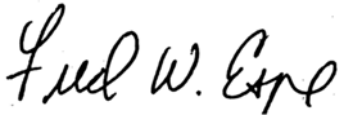
### *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. This was the thirty first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the mayor, City Council, and city manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Fred W. Espe  
Finance Director/Treasurer



Deborah Maloney  
Assistant Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Shoreview  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

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**CITY OF SHOREVIEW, MINNESOTA**

Principal City Officials

December 31, 2016

**City Council**

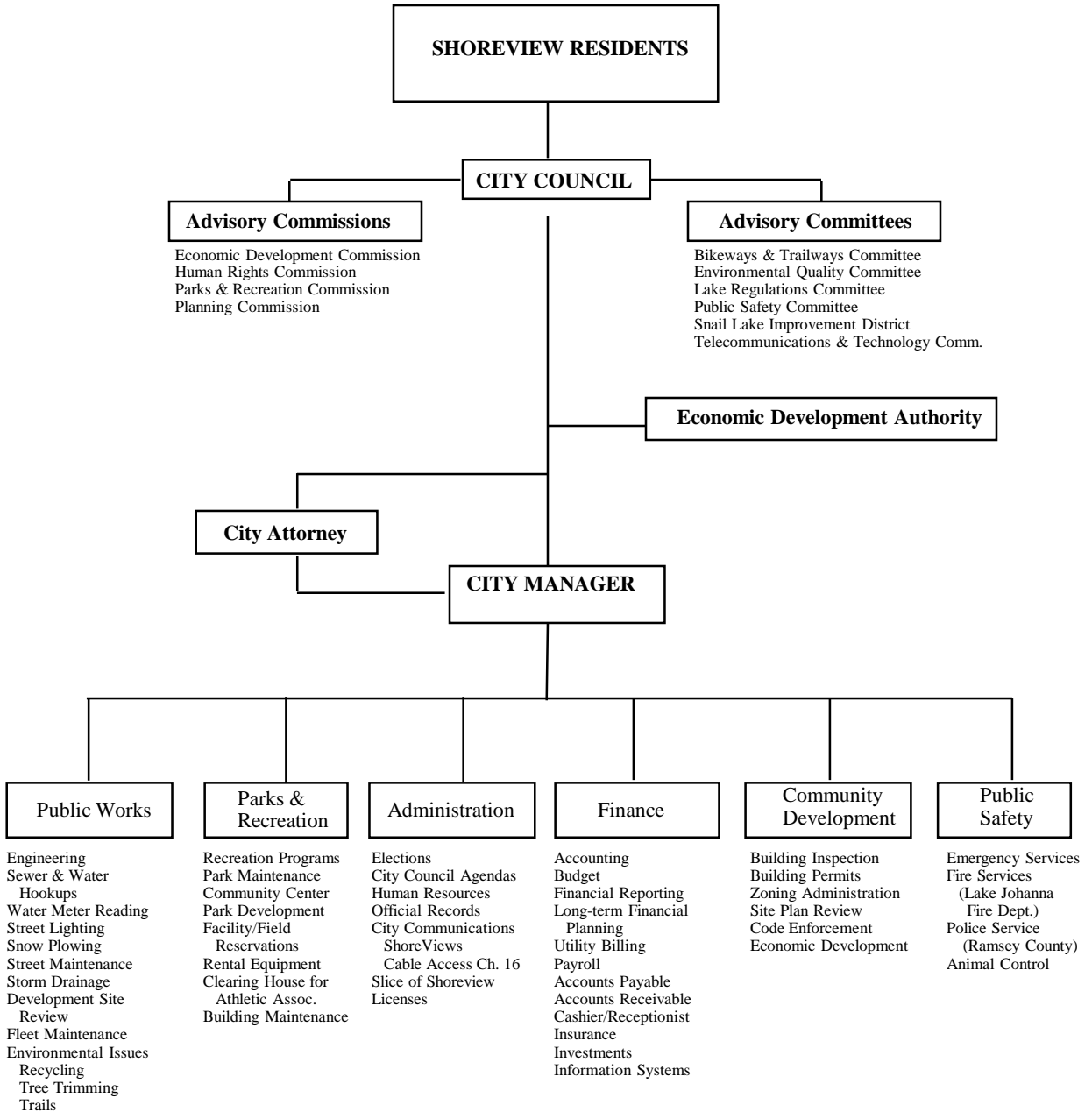
	<u>Term Expires</u>
Mayor Sandy Martin	December 31, 2018
Councilmembers Sue Denkinger	December 31, 2020
Emy Johnson	December 31, 2020
Terry Quigley	December 31, 2018
Cory Springhorn	December 31, 2018

**Administrative Staff**

	<u>Date of Hire</u>
City Manager Terry Schwerm	June 16, 1993
Assistant City Manager/Community Development Director Thomas C. Simonson	February 19, 1985
Finance Director/Treasurer Fred Espe	February 1, 2014
Public Works Director Mark J. Maloney	September 6, 1994

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*City Of Shoreview*  
**Organizational Chart**  
 December 31, 2016



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**FINANCIAL SECTION –  
INDEPENDENT AUDITOR’S REPORT AND MD&A**





## **II. FINANCIAL SECTION**

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**PRINCIPALS**

Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA/CMA

**INDEPENDENT AUDITOR'S REPORT**

To the City Council and Management  
City of Shoreview, Minnesota

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shoreview, Minnesota (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, supplementary financial information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, supplementary financial information, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
May 19, 2017

## Management's Discussion and Analysis

As management of the City of Shoreview, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii–viii of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$95,801,106 (net position). Of this amount, \$23,993,573 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,213,373 as a result of a \$1,264,569 increase in net position for governmental activities and a \$948,804 increase in net position for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,799,039, an increase of \$291,266 in comparison with the prior year. Approximately 16.9 percent of this amount (\$3,684,147) is considered unassigned and available for spending at the City's discretion.
- The unassigned fund balance for the General Fund was \$4,673,293 or 47.7 percent of the total General Fund expenditures. Fund balance in the General Fund increased \$182,154 during the year.
- The City's total governmental activity bonded and certificate of participation debt decreased by \$1,250,000 (excluding premiums) from the prior year.
- During 2016 the City's business-type activity bonded debt increased \$6,645,000 (excluding premiums) from the prior year. The City issued \$7,605,000 of general obligation revenue bonds for the construction of capital assets. Net revenues of the Water, Sewer and Surface Water utilities are pledged for the debt service of the business-type debt.
- The City's capital assets decreased \$108,965, or .2 percent for governmental activities, and increased \$5,502,760, or 13.2 percent for business-type activities. A significant portion of the increase in the business-type activities is related to the construction of a water treatment plant (\$4,291,090).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, and deferred inflows/outflows (as applicable), with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include water, sewer, surface water management, and street light services.

The government-wide financial statements can be found on pages 21-23 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual major governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Community Center Operation Fund, Recreation Programs Fund, Municipal State Aid Fund, Street Renewal Fund, General Fixed Asset Replacement Fund and Community Investment Fund which are considered to be major funds.

Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 24-28 of this report.

*Proprietary funds.* The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, surface water management, and street light operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, short-term disability insurance, and liability claims functions. Because each of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, surface water management, and street light operations, which are considered to be major funds of the City. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's only fiduciary fund is an agency fund.

The agency fund Statement of Assets and Liabilities can be found on page 32 of this report.

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 33-72 of this report.

**Other information.** The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with their respective budgets. For the General Fund and major special revenue funds these schedules are presented as required supplementary information following the Notes to Financial Statements, while budgetary schedules for nonmajor special revenue funds are included within the Combining and Individual Nonmajor Funds Statements and Schedules section of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on budgeted comparisons. Combining and individual fund statements and schedules can be found on pages 86-120 of this report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,801,106 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (\$65,173,344 or 68 percent) reflects its investment in capital assets (e.g., infrastructure, land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 27,017,231	\$ 27,728,917	\$ 12,889,928	\$ 11,095,043	\$ 39,907,159	\$ 38,823,960
Capital assets	62,085,871	62,194,836	47,083,865	41,581,105	109,169,736	103,775,941
Total assets	<u>\$ 89,103,102</u>	<u>\$ 89,923,753</u>	<u>\$ 59,973,793</u>	<u>\$ 52,676,148</u>	<u>\$ 149,076,895</u>	<u>\$ 142,599,901</u>
Deferred outflows of resources	\$ 2,514,721	\$ 540,356	\$ 609,156	\$ 130,894	\$ 3,123,877	\$ 671,250
Long-term liabilities outstanding	\$ 24,941,544	\$ 24,138,199	\$ 25,080,974	\$ 18,372,610	\$ 50,022,518	\$ 42,510,809
Other liabilities	2,565,786	2,994,277	2,647,142	2,586,394	5,212,928	5,580,671
Total liabilities	<u>\$ 27,507,330</u>	<u>\$ 27,132,476</u>	<u>\$ 27,728,116</u>	<u>\$ 20,959,004</u>	<u>\$ 55,235,446</u>	<u>\$ 48,091,480</u>
Deferred inflows of resources	\$ 989,685	\$ 1,475,394	\$ 174,535	\$ 116,544	\$ 1,164,220	\$ 1,591,938
Net position						
Net investment in capital assets	\$ 42,222,816	\$ 41,037,296	\$ 22,950,528	\$ 24,444,045	\$ 65,173,344	\$ 65,481,341
Restricted	6,620,922	7,856,109	13,267	23,338	6,634,189	7,879,447
Unrestricted	14,277,070	12,962,834	9,716,503	7,264,111	23,993,573	20,226,945
Total net position	<u>\$ 63,120,808</u>	<u>\$ 61,856,239</u>	<u>\$ 32,680,298</u>	<u>\$ 31,731,494</u>	<u>\$ 95,801,106</u>	<u>\$ 93,587,733</u>

An additional portion of the City's net position (\$6,634,189 or 7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$23,993,573 or 25 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The net position of the City as a whole increased \$2,213,373 (2.4 percent) from \$93,587,733 at December 31, 2015 to \$95,801,106 at December 31, 2016. Governmental activities increased \$1,264,569 (2.0 percent) from the prior year while the business-type activities increased \$948,804 (3.0 percent) during the same period.



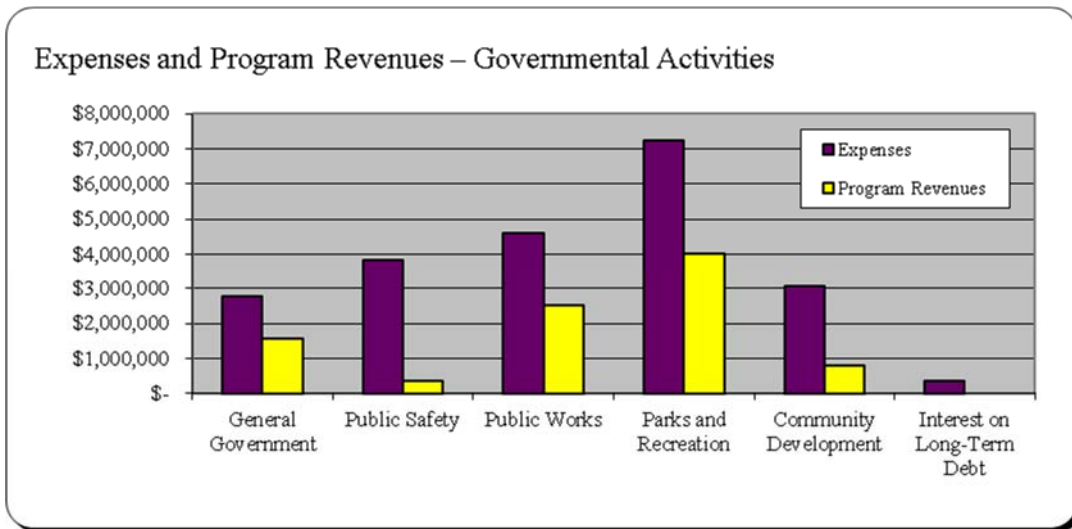
**Governmental activities.** Governmental activities increased the City's net position by \$1,264,569. Key elements of this increase are as follows:

	City of Shoreview's Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7,121,066	\$ 6,798,553	\$ 9,099,681	\$ 8,530,213	\$ 16,220,747	\$ 15,328,766
Operating grants and contributions	985,665	670,100	22,715	129,750	1,008,380	799,850
Capital grants and contributions	1,112,367	1,342,886	417,907	656,855	1,530,274	1,999,741
General revenues						
Property taxes	10,903,874	10,347,760	–	–	10,903,874	10,347,760
Tax increment collections	753,738	1,148,397	–	–	753,738	1,148,397
Franchise tax	1,278,643	1,395,125	–	–	1,278,643	1,395,125
Grants and contributions not restricted to specific programs	58,743	35,331	–	–	58,743	35,331
Unrestricted investment earnings	208,622	294,151	80,404	98,325	289,026	392,476
Gain on disposal of capital assets	43,147	44,577	–	–	43,147	44,577
Total revenues	<u>22,465,865</u>	<u>22,076,880</u>	<u>9,620,707</u>	<u>9,415,143</u>	<u>32,086,572</u>	<u>31,492,023</u>
<b>Expenses</b>						
General government	2,779,242	2,561,018	–	–	2,779,242	2,561,018
Public safety	3,836,127	3,676,952	–	–	3,836,127	3,676,952
Public works	4,591,903	4,201,869	–	–	4,591,903	4,201,869
Parks and recreation	7,247,189	6,800,000	–	–	7,247,189	6,800,000
Community development	3,047,976	1,459,408	–	–	3,047,976	1,459,408
Interest on long-term debt	342,529	409,442	–	–	342,529	409,442
Water	–	–	2,736,575	2,376,328	2,736,575	2,376,328
Sewer	–	–	3,721,041	3,599,737	3,721,041	3,599,737
Surface water management	–	–	1,275,433	1,095,693	1,275,433	1,095,693
Street lights	–	–	295,184	305,572	295,184	305,572
Total expenses	<u>21,844,966</u>	<u>19,108,689</u>	<u>8,028,233</u>	<u>7,377,330</u>	<u>29,873,199</u>	<u>26,486,019</u>
Increase (decrease) in net position before transfers	620,899	2,968,191	1,592,474	2,037,813	2,213,373	5,006,004
Transfers	643,670	588,446	(643,670)	(588,446)	–	–
Increase (decrease) in net position	1,264,569	3,556,637	948,804	1,449,367	2,213,373	5,006,004
Net position – January 1	61,856,239	58,299,602	31,731,494	30,282,127	93,587,733	88,581,729
Net position – December 31	<u>\$ 63,120,808</u>	<u>\$ 61,856,239</u>	<u>\$ 32,680,298</u>	<u>\$ 31,731,494</u>	<u>\$ 95,801,106</u>	<u>\$ 93,587,733</u>

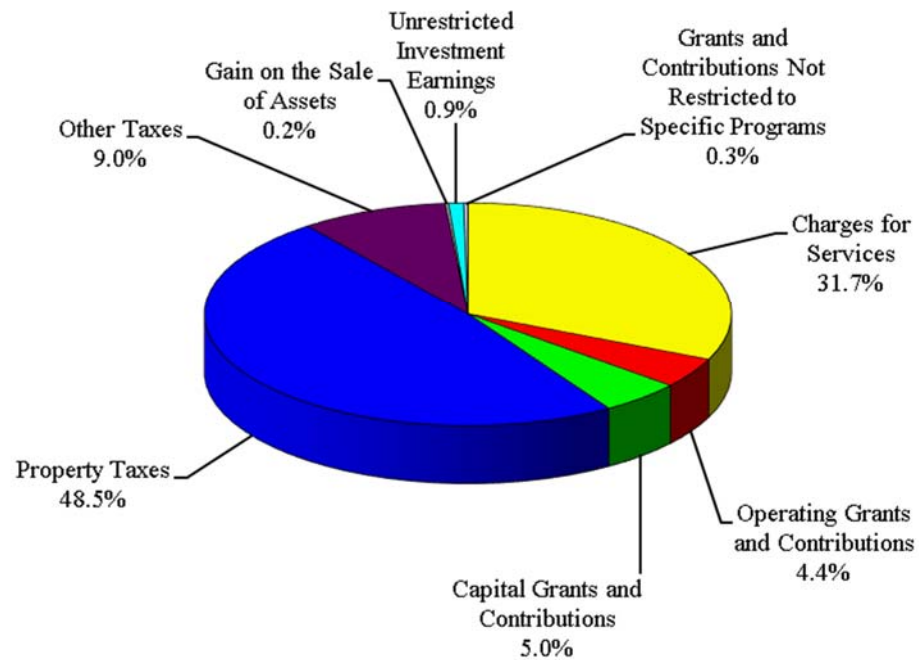
- Charges for services for governmental activities increased \$322,513 (4.7 percent) during the year. Significant changes from 2015 to 2016 include an \$81,732 (9.7 percent) increase in public works charges and a \$255,963 (47.3 percent) increase in community development charges. The public works increase is due mainly to increases in engineering fees charged to capital project funds as a result of increased City construction activity in 2016 (\$49,917), increases in recycling revenue (\$17,098) due to a 2.2 percent rate increase and increases in tree removal charges (\$16,560) due to emerald ash borer disease. Increases in community development charges are a result of increases in the valuation of building permits issued in 2016.
- Operating grants and contributions increased \$315,565 (47.1 percent) during the year. Significant changes from 2015 to 2016 included a \$304,729 increase in public works. The public works increase is primarily the result of increases in operating grants from the State of Minnesota for reimbursement of their allocated share of costs associated with the Jerrold and North Owasso railroad quiet zone construction project.

- Capital grants and contributions decreased \$230,519 (17.2 percent) during the year. Significant changes from 2015 to 2016 included a \$313,301 decrease in public works and an \$82,782 increase in parks and recreation. The public works decrease is primarily the result of a one-time grant from the Lake Johanna Fire Department in 2015 (\$80,368) for the construction of a City owned infrastructure asset and decreases in contributions of street assets from developers (\$238,000). The parks and recreation increase is mainly due to park dedication fees.
- Property taxes for governmental activities increased by \$556,114 (5.4 percent) during the year, due to levy increases for the General Fund, Street Renewal, General Fixed Asset Replacement, Information Technology and Special Revenue Funds; and a reduction in the Debt Service levy.
- Tax increment collections for governmental activities decreased by \$394,659 (34.4 percent). This decrease is primarily due to a scheduled decertification of TIF District #2 on December 31, 2015.
- Franchise tax collections decreased by \$116,482 (8.3 percent) primarily due to a scheduled decrease in Public Education and Government (PEG) Access tax in 2016.
- Investment earnings decreased by \$85,529 (29.1 percent) during the year primarily due to year-end adjustments to fair market value.
- General government expenses increased by \$218,224 (8.5 percent) during the year. The 2016 election accounted for \$49,365 of the increase, the City holds elections in even numbered years. Personal costs accounted for a significant portion of the increase as a result of the retirement of three long-term employees, these positions were filled prior to the retirements resulting in a duplication of salary expense. A vacant finance position was filled in the finance department in 2016. The GASB 68 PERA pension expense accounted for \$78,062 of the increase. Fixed asset additions resulted in an increase in depreciation of \$21,340.
- Public safety expenses increased by \$159,175 (4.3 percent) during the year. The police and fire operating contracts increased by \$179,173. Contributions to the fire department for the City's share of fire department capital costs decreased by \$25,533. The payment of state fire aid to the fire department increased \$7,895.
- Public works expenses increased by \$390,034 (9.3 percent) during the year. The increase is primarily due to the construction in 2016 of infrastructure assets for other governmental entities (\$307,881). Expenses also increased as a result of the GASB 68 PERA pension expense (\$56,118)
- Parks and recreation expenses increased \$447,189 (6.6 percent) during the year. The increase is primarily due to Community Center increases in personal and contractual services (\$86,128), and repairs and maintenance (\$291,333).
- Community development expenses increased by \$1,588,568 (108.9 percent) during the year. A significant portion of the increase is the result of increased developer assistance payments in TIF Districts #1 and #2 in the amount of \$1,064,266. TIF District #5 expired in 2013, the ability to use excess tax increment funds has expired and the City returned the excess tax increment to the County in 2016, this resulted in an increase of expense in the amount of \$401,165.

The following two graphs provide comparisons of the governmental activities revenues and expenses.



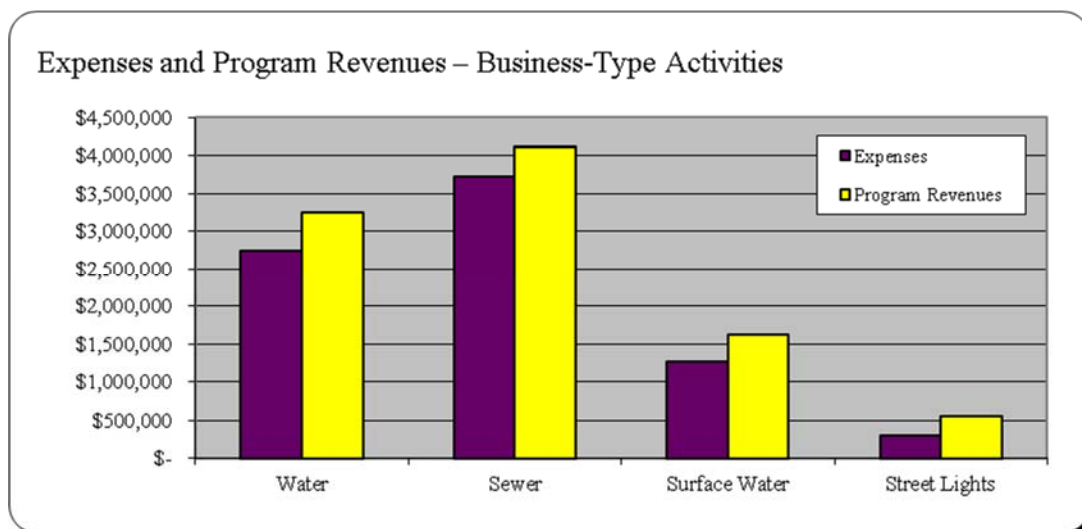
Governmental Activities – Revenues



**Business-type activities.** Business-type activities increased the City’s net position by \$948,804. Key elements of this increase are as follows:

- Charges for services for business-type activities increased \$569,468 (6.7 percent). Water operations increased \$282,086 (10.9 percent); this increase was due to a water rate increase of 12 percent for the average residential customer, and a 0.7 percent decrease in the gallons of water sold during the year. Sewer operations increased \$109,279 (2.8 percent); rates increased 3.0 percent and winter residential water consumption decreased 1.1 percent, which provides the basis for residential sewer charges. Surface Water operations increased \$143,583 (9.7 percent), due to a 10 percent rate increase and a 38.9 percent decrease in the Snail Lake augmentation charge. Street Light operations increased \$34,520 (6.6 percent), due to the impact of a street light rate increase of 6 percent.
- Operating grants and contributions provided \$22,715 of revenue and were a result of the City’s share of the State of Minnesota’s \$6,000,000 contribution to the Public Employees Retirement Association pension fund.
- Capital grants and contributions during the year produced \$417,907 in revenue for business-type activities. This consists of intergovernmental capital grants (\$395,599) and contributions from businesses (\$15,065) and property owners (\$7,243).
- Expenses for business-type activities increased \$650,903 (8.8 percent). Increases occurred in sewage treatment costs (\$88,442), the GASB 68 PERA pension expense (\$82,395) depreciation (\$35,845) and interest and fiscal charges (\$222,845). The increases in interest and fiscal charges are primarily due to debt issued to finance the City’s new Water Treatment Plant. The increase in depreciation is a result of \$2,315,170 of new assets placed into service in 2016.

The following graph provides comparisons of the business-type activities program revenues and expenses.



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,799,039, an increase of \$291,266 in comparison with the prior year. Approximately 17 percent of this amount (\$3,684,147) constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is classified as non-spendable in the form of prepaid items, restricted, committed or assigned for specific activities and projects. These amounts are not available for new spending because they are restricted by externally imposed constraints or committed and assigned through internally imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,673,293. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned General Fund balance represents 47.7 percent of total General Fund expenditures, while total fund balance represents 49.1 percent of that same amount.

The City's General Fund balance policy establishes a minimum and maximum unassigned fund balance based on the following key factors:

- The unassigned fund balance for working capital needs is equal to 50 percent of the ensuing years' General Fund tax levy and levy-based state aids, because taxes and state aids are received in June and December of each year. The working capital allocation is reduced by the balance of nonspendable items at year-end. Budgeted taxes in 2017 are \$301,290 more than in 2016; consequently, the unassigned General Fund balance for working capital increases \$150,645 at the end of the current period. As of year-end the City has met its minimum unassigned working capital balance.
- The maximum unassigned fund balance for unanticipated expenditures at year-end is equal to 10 percent of budgeted ensuing years' expenditures. Ensuing year budgeted expenditures are \$10,227,040 which results in an unassigned fund balance for unanticipated expenditures of \$1,022,704. As of year-end the City has met its maximum unassigned unanticipated expenditure fund balance.
- The maximum unassigned fund balance is equal to the combined unassigned working capital and unanticipated expenditure fund balances less any nonspendable items. The total for the current fiscal year is \$4,673,293 as compared to \$4,615,960 for the previous year, an increase of \$57,333.

The Community Center Operation Fund balance increased \$48,473. Charges for services and transfers in increased by \$32,847. Daily admissions and annual membership revenue decreased \$3,658, transfers in increased \$18,000 and earnings on investments decreased \$7,491. Expenditures increased by \$100,741, as a result of increases in personal services related to minimum wage increases and building repairs and maintenance.

The Recreation Programs Fund balance decreased \$41,668. Program revenue decreased \$49,235; the majority of the decrease (\$61,073) was a result of a summer daycare program. Expenditures increased \$11,202 primarily as a result of increases in personal services related to minimum wage increases.

Fund balances for the Municipal State Aid, Street Renewal, General Fixed Asset Replacement and Community Investment Funds are designed to fluctuate between years depending on the type of operating repairs and capital costs in any given year. Revenues of the Street Renewal and General Fixed Asset Replacement Funds are designed to change gradually from one year to the next, providing a stable revenue stream to support repair and replacement costs that vary due to type, size, and scope. The fund balance of the Municipal State Aid Fund increased \$73,807 due to state aid and earnings on investments exceeding costs related to the 2016 MSA Street Rehabilitation project. The fund balance of the Street Renewal Fund decreased \$470,774. Expenditures in the Street Renewal Fund consisted primarily of public works seal coating repairs. Transfers out in the Street Renewal Fund represent the fund's share of costs for the Grand Avenue, Virginia/Dennison, Turtle Lane/Schifsky Road and Railroad Quiet Zone street rehabilitation projects. In accordance with the General Fund, fund balance policy, a \$200,000 transfer was made into the Street Renewal Fund to fund future street replacements. Fund balance increased \$576,224 in the General Fixed Asset Replacement Fund. Significant expenditures in 2016 included various community center and park and recreation capital outlay and repairs and supplies in the amount of \$823,370, and public works trail maintenance expenditures in the amount of \$67,965. Transfers out in the General Fixed Asset Replacement Fund represent the fund's share of costs for the 2011 Refunding Certificates of Participation (\$180,000), and computer acquisitions (\$147,179). In accordance with the General Fund, fund balance policy, a \$445,562 transfer was made into the General Fixed Asset Replacement Fund to build up fund balance in anticipation of debt service requirements associated with the Community Center expansion debt. Revenues for the Municipal State Aid, Street Renewal and General Fixed Asset Replacement Funds were consistent with prior years.

The Community Investment Fund was established in 2013 to account for resources dedicated for the acquisition of capital assets which have a community-wide benefit. Significant revenue sources include utility franchise fees, wireless telecommunication and billboard lease receipts and park dedication fees. The fund balance of the Community Investment Fund increased \$1,004,670. Significant expenditures include operating costs in the amount of \$39,806 for park improvements and capital expenditures for Community Center improvements (\$183,967). Transfers out represent the fund's share of debt service costs for the 2011 Refunding Certificates of Participation (\$175,000), and trail costs associated with the Grand Avenue project (\$20,000).

*Proprietary funds.* The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the respective proprietary funds include \$4,006,737 for water, \$3,862,111 for sewer, \$1,417,407 for surface water management, and \$320,727 for street lights. Water Fund net position increased \$192,316, primarily due to a rate increase and contributions.

Sewer Fund net position increased \$220,539, primarily due to a rate increase and contributions. Surface Water Fund net position increased \$244,632, primarily due to a rate increase and contributions. The Street Lights Fund net position increased \$239,869, primarily as a result of a rate increase and contributions.

## General Fund Budgetary Highlights

Total General Fund revenues were \$817,754 more than estimated in the budget. Property taxes were over budget by \$137,367 due to the County distribution of the City’s share of excess tax increment from TIF District #5 (\$117,729). Licenses and permits surpassed anticipated levels by \$341,250 primarily due to building permits, intergovernmental revenues exceeded budget due to State Road Maintenance and State Fire Aid exceeding budget, and charges for services surpassed anticipated levels by \$275,480, primarily as a result of capital project administrative charges and community development plan check fees.

Total General Fund expenditures were under budget by \$109,962 (1.1 percent). Within the general government department, human resources was under budget due to open staff position during the year. The unbudgeted transfer out (\$745,562) was made in accordance with the City’s fund balance policy regarding excess fund balance in the General Fund.

## Capital Assets and Debt Administration

**Capital assets.** The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$109,169,736 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, machinery and equipment, distribution and collection systems, park facilities, roads, trails and sidewalks, and pedestrian tunnels and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was 5.2 percent (a 0.2 percent decrease for governmental activities and a 13.2 percent increase for business-type activities).

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 7,724,345	\$ 7,724,345	\$ 325,202	\$ 325,202	\$ 8,049,547	\$ 8,049,547
Buildings and structures	23,156,566	23,663,959	4,566,091	4,792,224	27,722,657	28,456,183
Machinery and equipment	4,275,577	4,198,400	1,831,167	1,867,734	6,106,744	6,066,134
Distribution and collection systems	–	–	26,138,100	24,905,796	26,138,100	24,905,796
Infrastructure	24,816,154	24,771,504	–	–	24,816,154	24,771,504
Construction in progress	2,113,229	1,836,628	14,223,305	9,690,149	16,336,534	11,526,777
Total	\$ 62,085,871	\$ 62,194,836	\$ 47,083,865	\$ 41,581,105	\$ 109,169,736	\$ 103,775,941

Major capital asset events during the current fiscal year included the following:

- A variety of capital assets for governmental activities were completed at a cumulative cost of \$2,730,204. Construction in progress at year-end for governmental activities is \$2,113,229.
- Various capital assets for business-type activities were completed at a cumulative cost of \$2,315,170. Construction in progress for business-type activities as of the end of the current fiscal year is \$14,223,305. The City is currently constructing a water treatment plant with an

estimated completion cost of \$12,400,000; as of December 31, 2016 the value is \$12,368,800 and is reported as construction in progress in the Water Fund.

Additional information on the City's capital assets can be found in Note 5 of the notes to financial statements.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$35,085,000 (excluding unamortized premiums), an increase of \$5,760,000 from 2015. The entire bonded debt amount is backed by the full faith and credit of the City. An additional \$2,910,000 of outstanding certificates of participation financed building improvements and a \$6,000,000 loan payable financed land acquisition. Unamortized premium on City debt totaled \$958,363. The liability for compensated absences totals \$386,454. The City's net pension liability is \$7,526,779.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
General obligation improvement bonds	\$ 2,557,654	\$ 2,764,559	\$ -	\$ -	\$ 2,557,654	\$ 2,764,559
General obligation bonds	8,409,158	9,126,224	-	-	8,409,158	9,126,224
General obligation revenue bonds	-	-	25,076,551	18,303,773	25,076,551	18,303,773
Certificates of participation	2,910,000	3,275,000	-	-	2,910,000	3,275,000
Loans payable	6,000,000	6,000,000	-	-	6,000,000	6,000,000
Compensated absences	293,992	319,751	92,462	83,763	386,454	403,514
Net pension liability	6,059,057	3,917,440	1,467,722	948,945	7,526,779	4,866,385
Total	\$ 26,229,861	\$ 25,402,974	\$ 26,636,735	\$ 19,336,481	\$ 52,866,596	\$ 44,739,455

The City maintains a bond rating from Standard & Poor's Financial Services, LLC of AAA for general obligation debt.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$80,951,568. The City's net debt applicable to this limit totals \$10,064,636.

Additional information on the City's long-term debt can be found in Note 6 of the notes to financial statements.



## **Economic Factors and Next Year's Budgets and Rates**

- The annual average unemployment rate (not seasonally adjusted) for the City is currently 3.2 percent, which compares favorably to 3.9 percent unemployment for the state of Minnesota, and 4.9 percent unemployment nationally.
- The current property tax collection rate for the current period is 99.5 percent.
- Building permit activity in the current period resulted in permit valuation equal to \$41.9 million. New residential and commercial construction accounted for 53 percent of building permit values. Reinvestment in homes through improvements to property by homeowners accounted for 25 percent of building permit values, and commercial property accounted for the remaining 22 percent of building permit values.
- The 2017 adopted levy supports the 2017 budget.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

Water, sewer, surface water management, and street light rates were increased for the 2017 budget year. The increase for the average customer was 12.0 percent for water, 3.0 percent for sewer, 10.0 percent for surface water management, and 15.0 percent for street lights. The total impact on the average residential customer is estimated to be 7.3 percent. These rate increases were necessary to support operating costs, capital costs, and debt repayment.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 4600 Victoria Street North, Shoreview, Minnesota 55126.

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**FINANCIAL SECTION –  
BASIC FINANCIAL STATEMENTS**



## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SHOREVIEW, MINNESOTA**  
Statement of Net Position  
December 31, 2016

**Statement 1**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 24,074,790	\$ 10,005,619	\$ 34,080,409
Accrued interest receivable	48,977	22,199	71,176
Accounts receivable	390,328	2,224,460	2,614,788
Loan receivable	127,882	–	127,882
Taxes receivable	301,376	–	301,376
Special assessments receivable	1,909,131	40,071	1,949,202
Internal balances	(109,521)	109,521	–
Due from other governmental units	112,977	479,367	592,344
Prepaid items	161,291	8,691	169,982
Capital assets			
Nondepreciable	9,837,574	14,548,507	24,386,081
Depreciable (net of accumulated depreciation)	52,248,297	32,535,358	84,783,655
Total assets	<u>89,103,102</u>	<u>59,973,793</u>	<u>149,076,895</u>
Deferred outflows of resources			
Deferred pension resources	<u>2,514,721</u>	<u>609,156</u>	<u>3,123,877</u>
<b>Liabilities</b>			
Accounts payable	212,053	75,773	287,826
Salaries payable	202,381	46,231	248,612
Contracts payable	85,687	646,102	731,789
Accrued bond interest payable	153,350	283,283	436,633
Deposits payable	517,757	6,653	524,410
Due to other governmental units	41,255	33,339	74,594
Unearned revenue	64,986	–	64,986
Compensated absences payable			
Due within one year	18,317	5,761	24,078
Due in more than one year	275,675	86,701	362,376
Loan payable			
Due in more than one year	6,000,000	–	6,000,000
Certificates of participation payable			
Due within one year	375,000	–	375,000
Due in more than one year	2,535,000	–	2,535,000
Bonds payable			
Due within one year	895,000	1,550,000	2,445,000
Due in more than one year	10,071,812	23,526,551	33,598,363
Net pension liability			
Due in more than one year	6,059,057	1,467,722	7,526,779
Total liabilities	<u>27,507,330</u>	<u>27,728,116</u>	<u>55,235,446</u>
Deferred inflows of resources			
State aid received for subsequent years	269,173	–	269,173
Deferred pension resources	720,512	174,535	895,047
Total deferred inflows of resources	<u>989,685</u>	<u>174,535</u>	<u>1,164,220</u>
<b>Net position</b>			
Net investment in capital assets	42,222,816	22,950,528	65,173,344
Restricted for			
Business loan program	165,777	–	165,777
Cable television	379,932	–	379,932
Debt service	3,314,965	–	3,314,965
Economic development	48,964	–	48,964
Housing and redevelopment	117,735	–	117,735
Recycling	458,809	–	458,809
Trunk facility	–	13,267	13,267
Tax increment purposes	2,134,740	–	2,134,740
Unrestricted	14,277,070	9,716,503	23,993,573
Total net position	<u>\$ 63,120,808</u>	<u>\$ 32,680,298</u>	<u>\$ 95,801,106</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SHOREVIEW, MINNESOTA**

## Statement of Activities

For The Year Ended December 31, 2016

	<u>Expenses</u>	<u>Charges For Services</u>
Functions/programs		
Primary government		
Governmental activities		
General government	\$ 2,779,242	\$ 1,513,923
Public safety	3,836,127	55,164
Public works	4,591,903	922,381
Parks and recreation	7,247,189	3,832,222
Community development	3,047,976	797,376
Interest on long-term debt	342,529	-
Total governmental activities	<u>21,844,966</u>	<u>7,121,066</u>
Business-type activities		
Water	2,736,575	2,871,346
Sewer	3,721,041	4,054,563
Surface water	1,275,433	1,618,068
Street lights	295,184	555,704
Total business-type activities	<u>8,028,233</u>	<u>9,099,681</u>
Total primary government	<u>\$ 29,873,199</u>	<u>\$ 16,220,747</u>

The accompanying notes are an integral part of these financial statements.



Statement 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-Type Activities	Total
\$ 36,882	\$ –	\$ (1,228,437)	\$ –	\$ (1,228,437)
287,342	–	(3,493,621)	–	(3,493,621)
627,236	973,656	(2,068,630)	–	(2,068,630)
34,205	138,711	(3,242,051)	–	(3,242,051)
–	–	(2,250,600)	–	(2,250,600)
–	–	(342,529)	–	(342,529)
<u>985,665</u>	<u>1,112,367</u>	<u>(12,625,868)</u>	<u>–</u>	<u>(12,625,868)</u>
19,491	355,480	–	509,742	509,742
2,198	62,427	–	398,147	398,147
1,026	–	–	343,661	343,661
–	–	–	260,520	260,520
<u>22,715</u>	<u>417,907</u>	<u>–</u>	<u>1,512,070</u>	<u>1,512,070</u>
<u>\$ 1,008,380</u>	<u>\$ 1,530,274</u>	<u>(12,625,868)</u>	<u>1,512,070</u>	<u>(11,113,798)</u>
General revenues				
Property taxes		10,903,874	–	10,903,874
Tax increment collections		753,738	–	753,738
Franchise tax		1,278,643	–	1,278,643
Grants and contributions not restricted to specific programs		58,743	–	58,743
Unrestricted investment earnings		208,622	80,404	289,026
Gain on disposal of capital assets		43,147	–	43,147
Transfers		643,670	(643,670)	–
Total general revenues and transfers		<u>13,890,437</u>	<u>(563,266)</u>	<u>13,327,171</u>
Change in net position		1,264,569	948,804	2,213,373
Net position – beginning		<u>61,856,239</u>	<u>31,731,494</u>	<u>93,587,733</u>
Net position – ending		<u>\$ 63,120,808</u>	<u>\$ 32,680,298</u>	<u>\$ 95,801,106</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SHOREVIEW, MINNESOTA**

Balance Sheet

Governmental Funds

December 31, 2016

	General	Community Center Operation	Recreation Programs	Municipal State Aid
<b>Assets</b>				
Cash and investments	\$ 5,069,502	\$ 1,585,933	\$ 978,077	\$ 1,936,052
Accrued interest receivable	9,584	3,378	2,132	5,350
Accounts receivable (net of allowance for uncollectibles)	35,129	3,215	758	-
Loan receivable	-	-	-	-
Taxes receivable	204,178	-	-	-
Special assessments receivable	307	-	-	-
Interfund receivable	-	-	-	-
Due from other governmental units	20,502	-	-	-
Prepaid items	135,985	6,794	5,979	-
Total assets	<u>\$ 5,475,187</u>	<u>\$ 1,599,320</u>	<u>\$ 986,946</u>	<u>\$ 1,941,402</u>
<b>Liabilities</b>				
Accounts payable	\$ 56,006	\$ 71,682	\$ 5,185	\$ -
Salaries payable	109,712	53,259	27,292	-
Contracts payable	-	-	-	29,341
Deposits payable	419,076	98,681	-	-
Interfund payable	-	-	-	-
Due to other governmental units	20,105	20,287	-	-
Unearned revenue	753	-	-	-
Total liabilities	<u>605,652</u>	<u>243,909</u>	<u>32,477</u>	<u>29,341</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue – property taxes	50,196	-	-	-
Unavailable revenue – special assessments	-	-	-	-
State aid received for subsequent years	10,061	-	-	259,112
Total deferred inflows of resources	<u>60,257</u>	<u>-</u>	<u>-</u>	<u>259,112</u>
<b>Fund balances (deficits)</b>				
Nonspendable	135,985	6,794	5,979	-
Restricted	-	-	-	-
Committed	-	1,348,617	948,490	-
Assigned	-	-	-	1,652,949
Unassigned	4,673,293	-	-	-
Total fund balances (deficits)	<u>4,809,278</u>	<u>1,355,411</u>	<u>954,469</u>	<u>1,652,949</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,475,187</u>	<u>\$ 1,599,320</u>	<u>\$ 986,946</u>	<u>\$ 1,941,402</u>

The accompanying notes are an integral part of these financial statements.

**Statement 3**

Street Renewal	General Fixed Asset Replacement	Community Investment	Other Governmental Funds	Intra- Activity Eliminations	Total Governmental Funds
\$ 2,228,836	\$ 1,654,672	\$ 3,418,366	\$ 5,215,286	\$ –	\$ 22,086,724
5,963	2,392	6,343	10,214	–	45,356
–	22,950	208,650	119,392	–	390,094
–	–	–	127,882	–	127,882
27,839	41,100	19	23,060	–	296,196
49,232	–	–	1,859,592	–	1,909,131
–	–	–	1,020,188	(1,020,188)	–
–	–	–	92,475	–	112,977
–	–	–	9,396	–	158,154
<u>\$ 2,311,870</u>	<u>\$ 1,721,114</u>	<u>\$ 3,633,378</u>	<u>\$ 8,477,485</u>	<u>\$ (1,020,188)</u>	<u>\$ 25,126,514</u>
\$ –	\$ 4,463	\$ 20,893	\$ 34,841	\$ –	\$ 193,070
–	–	–	5,405	–	195,668
7,432	5,250	–	43,664	–	85,687
–	–	–	–	–	517,757
–	–	–	1,020,188	(1,020,188)	–
–	–	–	–	–	40,392
–	–	64,233	–	–	64,986
<u>7,432</u>	<u>9,713</u>	<u>85,126</u>	<u>1,104,098</u>	<u>(1,020,188)</u>	<u>1,097,560</u>
6,808	10,089	24	5,487	–	72,604
49,091	–	–	1,839,047	–	1,888,138
–	–	–	–	–	269,173
<u>55,899</u>	<u>10,089</u>	<u>24</u>	<u>1,844,534</u>	<u>–</u>	<u>2,229,915</u>
–	–	–	9,396	–	158,154
–	–	–	4,954,524	–	4,954,524
2,248,539	1,701,312	3,548,228	270,402	–	10,065,588
–	–	–	1,283,677	–	2,936,626
–	–	–	(989,146)	–	3,684,147
<u>2,248,539</u>	<u>1,701,312</u>	<u>3,548,228</u>	<u>5,528,853</u>	<u>–</u>	<u>21,799,039</u>
<u>\$ 2,311,870</u>	<u>\$ 1,721,114</u>	<u>\$ 3,633,378</u>	<u>\$ 8,477,485</u>	<u>\$ (1,020,188)</u>	<u>\$ 25,126,514</u>
Fund balance reported above					\$ 21,799,039
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					54,137,550
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.					1,960,742
Internal service funds are used by management to charge costs to individual funds.					
The assets, liabilities, and deferred inflows/outflows of the internal service funds are included in governmental activities in the Statement of Net Position.					5,017,560
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(15,661,685)
Deferred outflows and inflows of pension resources are not current financial resources and the long-term net pension liability is not due and payable in the current period and, therefore, are not reported in the funds.					(4,132,398)
Net position of governmental activities					<u>\$ 63,120,808</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SHOREVIEW, MINNESOTA**

Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For The Year Ended December 31, 2016

	General	Community Center Operation	Recreation Programs
<b>Revenues</b>			
Taxes			
General property taxes	\$ 7,459,225	\$ —	\$ —
Tax increments	—	—	—
Franchise tax	—	—	—
Special assessments	—	—	—
Licenses and permits	695,250	—	—
Intergovernmental	550,656	—	—
Charges for services	1,500,000	2,425,505	1,397,125
Fines and forfeits	51,264	—	—
Earnings on investments	32,515	11,462	7,234
Billboard fees	—	—	—
Antenna fees	—	—	—
Park dedication fees	—	—	—
Other	27,794	22,525	—
<b>Total revenues</b>	<b>10,316,704</b>	<b>2,459,492</b>	<b>1,404,359</b>
<b>Expenditures</b>			
Current			
General government	2,254,248	—	—
Public safety	3,646,138	—	—
Public works	1,472,983	—	—
Parks and recreation	1,758,779	2,795,019	1,400,027
Community development	668,157	—	—
Capital outlay			
General government	1,683	—	—
Public safety	—	—	—
Public works	—	—	—
Parks and recreation	—	—	—
Debt service			
Principal	—	—	—
Interest	—	—	—
Fiscal charges	—	—	—
<b>Total expenditures</b>	<b>9,801,988</b>	<b>2,795,019</b>	<b>1,400,027</b>
Revenues over (under) expenditures	514,716	(335,527)	4,332
<b>Other financing sources (uses)</b>			
Sale of capital assets	—	—	—
Transfers in	811,000	384,000	84,000
Transfers out	(1,143,562)	—	(130,000)
<b>Total other financing sources (uses)</b>	<b>(332,562)</b>	<b>384,000</b>	<b>(46,000)</b>
Net change in fund balances	182,154	48,473	(41,668)
Fund balances – January 1	4,627,124	1,306,938	996,137
Fund balances – December 31	<b>\$ 4,809,278</b>	<b>\$ 1,355,411</b>	<b>\$ 954,469</b>

The accompanying notes are an integral part of these financial statements.

Statement 4

Municipal State Aid	Street Renewal	General Fixed Asset Replacement	Community Investment	Other Governmental Funds	Intra- Activity Eliminations	Total Governmental Funds
\$ -	\$ 1,001,465	\$ 1,477,321	\$ 79	\$ 788,052	\$ -	\$10,726,142
-	-	-	-	753,761	-	753,761
-	-	-	825,900	452,743	-	1,278,643
-	35,022	-	-	288,442	-	323,464
-	-	-	-	-	-	695,250
725,105	-	-	15,000	383,383	-	1,674,144
-	-	-	-	573,583	-	5,896,213
-	-	-	-	-	-	51,264
18,152	20,232	8,115	21,522	76,796	-	196,028
-	-	-	53,363	-	-	53,363
-	-	-	399,928	-	-	399,928
-	-	-	107,651	-	-	107,651
-	-	27,740	-	37,982	-	116,041
<u>743,257</u>	<u>1,056,719</u>	<u>1,513,176</u>	<u>1,423,443</u>	<u>3,354,742</u>	<u>-</u>	<u>22,271,892</u>
-	-	-	-	262,140	-	2,516,388
-	-	105,211	-	-	-	3,751,349
-	465,082	67,965	-	880,225	-	2,886,255
-	-	557,938	39,806	-	-	6,551,569
-	-	-	-	2,348,274	-	3,016,431
-	-	42,168	-	196,701	-	240,552
-	-	20,990	-	-	-	20,990
669,450	-	-	-	1,193,872	-	1,863,322
-	-	265,432	183,967	-	-	449,399
-	-	-	-	1,030,000	-	1,030,000
-	-	-	-	267,231	-	267,231
-	-	-	-	3,082	-	3,082
<u>669,450</u>	<u>465,082</u>	<u>1,059,704</u>	<u>223,773</u>	<u>6,181,525</u>	<u>-</u>	<u>22,596,568</u>
<u>73,807</u>	<u>591,637</u>	<u>453,472</u>	<u>1,199,670</u>	<u>(2,826,783)</u>	<u>-</u>	<u>(324,676)</u>
-	-	4,369	-	-	-	4,369
-	200,000	445,562	-	3,141,794	(4,454,783)	611,573
-	(1,262,411)	(327,179)	(195,000)	(1,396,631)	4,454,783	-
-	(1,062,411)	122,752	(195,000)	1,745,163	-	615,942
73,807	(470,774)	576,224	1,004,670	(1,081,620)	-	291,266
1,579,142	2,719,313	1,125,088	2,543,558	6,610,473	-	21,507,773
<u>\$ 1,652,949</u>	<u>\$ 2,248,539</u>	<u>\$ 1,701,312</u>	<u>\$ 3,548,228</u>	<u>\$ 5,528,853</u>	<u>\$ -</u>	<u>\$21,799,039</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SHOREVIEW, MINNESOTA**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended December 31, 2016

**Statement 5**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances – total governmental funds.	\$ 291,266
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital additions in the current period.	167,761
The Statement of Activities reports gains and losses arising from the trade-in or disposal of existing assets to acquire new capital assets. Conversely, governmental funds simply report proceeds on sale of capital assets.	(55,695)
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.	(81,421)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas material amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,057,103
Long-term pension activity is not reported in governmental funds.	(394,019)
The transfer out of governmental capital assets contributed to enterprise funds.	(86,730)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	37,507
Internal service funds are used by management to charge costs to individual funds. This amount is the portion of net revenue attributable to and reported with governmental activities.	328,797
Change in net position of governmental activities.	<u>\$ 1,264,569</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Net Position

Proprietary Funds

December 31, 2016

Statement 6

	Business-Type Activities – Enterprise Funds				Totals Current Year	Governmental Activities – Internal Service Funds
	Water	Sewer	Surface Water	Street Lights		
<b>Assets</b>						
<b>Current assets</b>						
Cash and investments	\$ 4,060,557	\$ 4,214,811	\$ 1,496,556	\$ 233,695	\$ 10,005,619	\$ 1,988,066
Accrued interest receivable	9,802	8,376	3,379	642	22,199	3,621
Accounts receivable						
Customers	609,105	943,866	391,204	89,086	2,033,261	234
Customer accounts certified to county	56,505	93,405	29,226	12,063	191,199	–
Taxes receivable	–	–	–	–	–	5,180
Due from other governmental units	475,168	2,306	1,587	306	479,367	–
Prepaid items	3,388	2,941	2,317	45	8,691	3,137
<b>Total current assets</b>	<b>5,214,525</b>	<b>5,265,705</b>	<b>1,924,269</b>	<b>335,837</b>	<b>12,740,336</b>	<b>2,000,238</b>
<b>Noncurrent assets</b>						
Special assessments receivable	18,200	17,393	4,083	395	40,071	–
Capital assets						
Land	27,577	11,459	286,166	–	325,202	36,293
Buildings and structures	6,733,215	1,952,005	–	–	8,685,220	6,929,379
Machinery and equipment	2,537,013	40,327	8,538	723	2,586,601	5,999,285
Distribution and collection systems	18,878,848	12,592,558	13,362,237	2,515,167	47,348,810	–
Construction in progress	13,070,896	520,194	499,715	132,500	14,223,305	–
<b>Total capital assets</b>	<b>41,247,549</b>	<b>15,116,543</b>	<b>14,156,656</b>	<b>2,648,390</b>	<b>73,169,138</b>	<b>12,964,957</b>
Less accumulated depreciation	(13,586,579)	(8,230,481)	(3,137,181)	(1,131,032)	(26,085,273)	(5,016,636)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>27,660,970</b>	<b>6,886,062</b>	<b>11,019,475</b>	<b>1,517,358</b>	<b>47,083,865</b>	<b>7,948,321</b>
<b>Total noncurrent assets</b>	<b>27,679,170</b>	<b>6,903,455</b>	<b>11,023,558</b>	<b>1,517,753</b>	<b>47,123,936</b>	<b>7,948,321</b>
<b>Total assets</b>	<b>32,893,695</b>	<b>12,169,160</b>	<b>12,947,827</b>	<b>1,853,590</b>	<b>59,864,272</b>	<b>9,948,559</b>
<b>Deferred outflows of resources</b>						
Deferred pension resources	265,529	234,291	109,336	–	609,156	78,097
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	43,448	11,811	7,028	13,486	75,773	18,983
Salaries payable	18,778	17,036	9,844	573	46,231	6,713
Contracts payable	334,661	311,441	–	–	646,102	–
Accrued bond interest payable	205,635	37,356	40,292	–	283,283	50,714
Customer deposits payable	6,653	–	–	–	6,653	–
Due to other governmental units	17,395	13,766	2,178	–	33,339	863
Compensated absences payable	2,547	2,227	898	89	5,761	405
Bonds payable	960,000	230,000	360,000	–	1,550,000	260,000
<b>Total current liabilities</b>	<b>1,589,117</b>	<b>623,637</b>	<b>420,240</b>	<b>14,148</b>	<b>2,647,142</b>	<b>337,678</b>
<b>Noncurrent liabilities</b>						
Compensated absences payable (net of current portion)	38,321	33,510	13,513	1,357	86,701	6,068
Bonds payable (net of current portion)	17,367,606	3,049,583	3,109,362	–	23,526,551	4,345,282
Net pension liability	639,776	564,509	263,437	–	1,467,722	188,170
<b>Total noncurrent liabilities</b>	<b>18,045,703</b>	<b>3,647,602</b>	<b>3,386,312</b>	<b>1,357</b>	<b>25,080,974</b>	<b>4,539,520</b>
<b>Total liabilities</b>	<b>19,634,820</b>	<b>4,271,239</b>	<b>3,806,552</b>	<b>15,505</b>	<b>27,728,116</b>	<b>4,877,198</b>
<b>Deferred inflows of resources</b>						
Deferred pension resources	76,079	67,129	31,327	–	174,535	22,377
<b>Net position</b>						
Net investment in capital assets	9,441,588	4,189,705	7,801,877	1,517,358	22,950,528	3,343,039
Restricted for trunk facility	–	13,267	–	–	13,267	–
Unrestricted	4,006,737	3,862,111	1,417,407	320,727	9,606,982	1,784,042
<b>Total net position</b>	<b>\$ 13,448,325</b>	<b>\$ 8,065,083</b>	<b>\$ 9,219,284</b>	<b>\$ 1,838,085</b>	<b>32,570,777</b>	<b>\$ 5,127,081</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					109,521	
Net position of business-type activities					<u>\$ 32,680,298</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF SHOREVIEW, MINNESOTA**

Statement of Revenues, Expenses, and  
Changes in Fund Net Position

Proprietary Funds

For The Year Ended December 31, 2016

**Statement 7**

	Business-Type Activities – Enterprise Funds				Totals Current Year	Governmental
	Water	Sewer	Surface Water	Street Lights		Internal Service Funds
Operating revenues						
Customer billings	\$ 2,844,786	\$ 4,038,416	\$ 1,606,532	\$ 554,829	\$ 9,044,563	\$ 1,293,223
Water meter sales	11,663	–	–	–	11,663	–
Other	14,897	16,147	11,536	875	43,455	–
Total operating revenues	<u>2,871,346</u>	<u>4,054,563</u>	<u>1,618,068</u>	<u>555,704</u>	<u>9,099,681</u>	<u>1,293,223</u>
Operating expenses						
MCES sewer service charges	–	1,789,462	–	–	1,789,462	–
Administrative charges	179,370	343,600	95,930	36,550	655,450	–
Personal services	740,747	655,878	365,029	21,036	1,782,690	228,791
Materials and supplies	63,967	26,852	24,926	363	116,108	237,415
Water meters	41,344	–	–	–	41,344	–
Contractual services	378,676	482,499	433,362	8,642	1,303,179	80,183
Utilities	162,491	7,279	1,283	159,442	330,495	29,520
Insurance	4,016	22,870	2,046	242	29,174	22,505
Depreciation	671,425	330,973	272,829	70,079	1,345,306	653,573
Total operating expenses	<u>2,242,036</u>	<u>3,659,413</u>	<u>1,195,405</u>	<u>296,354</u>	<u>7,393,208</u>	<u>1,251,987</u>
Operating income (loss)	<u>629,310</u>	<u>395,150</u>	<u>422,663</u>	<u>259,350</u>	<u>1,706,473</u>	<u>41,236</u>
Nonoperating revenues (expenses)						
General property taxes	–	–	–	–	–	184,217
Earnings on investments	38,343	28,417	11,465	2,179	80,404	12,594
Intergovernmental revenue	19,491	2,198	1,026	–	22,715	733
Gain on sale of capital assets	–	–	–	–	–	43,147
Loss on disposal of capital assets	–	–	–	(260)	(260)	–
Other	–	–	–	–	–	90,023
Interest	(462,503)	(82,853)	(88,721)	–	(634,077)	(110,211)
Fiscal charges	(47,105)	(1,800)	(3,231)	–	(52,136)	(321)
Total nonoperating revenues (expenses)	<u>(451,774)</u>	<u>(54,038)</u>	<u>(79,461)</u>	<u>1,919</u>	<u>(583,354)</u>	<u>220,182</u>
Income (loss) before contributions and transfers	<u>177,536</u>	<u>341,112</u>	<u>343,202</u>	<u>261,269</u>	<u>1,123,119</u>	<u>261,418</u>
Contributions	377,780	62,427	60,430	4,000	504,637	–
Transfers						
Transfers in	–	–	–	–	–	119,400
Transfers out	(363,000)	(183,000)	(159,000)	(25,400)	(730,400)	(573)
Total transfers	<u>(363,000)</u>	<u>(183,000)</u>	<u>(159,000)</u>	<u>(25,400)</u>	<u>(730,400)</u>	<u>118,827</u>
Change in net position	192,316	220,539	244,632	239,869	897,356	380,245
Net position – January 1,	13,256,009	7,844,544	8,974,652	1,598,216	31,673,421	4,746,836
Net position – December 31	<u>\$ 13,448,325</u>	<u>\$ 8,065,083</u>	<u>\$ 9,219,284</u>	<u>\$ 1,838,085</u>	<u>\$ 32,570,777</u>	<u>\$ 5,127,081</u>
Net changes in net position reported above					\$ 897,356	
Amounts reported for business-type activities in the Statement of Activities are different because:						
Transfer in of capital assets from governmental activities.					86,730	
Governmental activities contribution revenue reported above					(86,730)	
Internal service funds are used by management to charge the cost of equipment maintenance and insurance to individual funds. This amount is the portion of net revenue attributable to and reported with business-type activities.					51,448	
Change in net position of business-type activities					<u>\$ 948,804</u>	

The accompanying notes are an integral part of these financial statements.



**CITY OF SHOREVIEW, MINNESOTA**

Statement of Cash Flows

Proprietary Funds

For The Year Ended December 31, 2016

**Statement 8**

	Business-Type Activities – Enterprise Funds				Totals Current Year	Governmental
	Water	Sewer	Surface Water	Street Lights		Activities – Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 2,782,791	\$ 4,046,356	\$ 1,585,298	\$ 550,340	\$ 8,964,785	\$ –
Receipts from interfund services provided	–	–	–	–	–	1,293,223
Payments to suppliers	(698,307)	(2,184,539)	(468,742)	(166,624)	(3,518,212)	(384,511)
Payments to employees	(693,644)	(612,729)	(343,873)	(20,300)	(1,670,546)	(217,226)
Payments for interfund services used	(179,370)	(343,600)	(95,930)	(36,550)	(655,450)	–
Miscellaneous revenue	2,491	2,198	76,026	–	80,715	90,756
Net cash flows from operating activities	<u>1,213,961</u>	<u>907,686</u>	<u>752,779</u>	<u>326,866</u>	<u>3,201,292</u>	<u>782,242</u>
<b>Cash flows from noncapital financing activities</b>						
Transfer to other funds	(363,000)	(183,000)	(159,000)	(25,400)	(730,400)	(573)
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sales of capital assets	–	–	–	–	–	43,147
Proceeds from the sale of bonds	7,109,148	234,774	387,911	–	7,731,833	–
Acquisition and construction of capital assets	(6,526,218)	(227,132)	(407,758)	(278,063)	(7,439,171)	(524,772)
Receipts from taxpayers	–	–	–	–	–	183,090
Transfers from other funds	–	–	–	–	–	119,400
Contributions	17,808	62,427	–	–	80,235	–
Principal paid on capital debt	(450,000)	(175,000)	(335,000)	–	(960,000)	(220,000)
Interest and paying agent fees on capital debt	(399,550)	(84,323)	(95,141)	–	(579,014)	(124,233)
Net cash flows from capital and related financing activities	<u>(248,812)</u>	<u>(189,254)</u>	<u>(449,988)</u>	<u>(278,063)</u>	<u>(1,166,117)</u>	<u>(523,368)</u>
<b>Cash flows from investing activities</b>						
Earnings on investments	38,563	27,394	10,212	2,215	78,384	12,827
<b>Net change in cash and cash equivalents</b>	<b>640,712</b>	<b>562,826</b>	<b>154,003</b>	<b>25,618</b>	<b>1,383,159</b>	<b>271,128</b>
Cash and cash equivalents – January 1	3,419,845	3,651,985	1,342,553	208,077	8,622,460	1,716,938
Cash and cash equivalents – December 31	<u>\$ 4,060,557</u>	<u>\$ 4,214,811</u>	<u>\$ 1,496,556</u>	<u>\$ 233,695</u>	<u>\$ 10,005,619</u>	<u>\$ 1,988,066</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities</b>						
Operating income (loss)	\$ 629,310	\$ 395,150	\$ 422,663	\$ 259,350	\$ 1,706,473	\$ 41,236
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Miscellaneous revenue	19,491	2,198	1,026	–	22,715	90,756
Depreciation	671,425	330,973	272,829	70,079	1,345,306	653,573
Decrease (increase) in receivables	(105,555)	(8,207)	42,230	(5,364)	(76,896)	182
Decrease (increase) in prepaid items	(3,388)	146,181	(1,942)	(45)	140,806	(3,137)
Decrease (increase) in deferred outflows	(208,473)	(183,947)	(85,842)	–	(478,262)	(61,316)
Increase (decrease) in payables	185,873	203,034	91,406	2,846	483,159	53,513
Increase (decrease) in deferred inflows	25,278	22,304	10,409	–	57,991	7,435
Total adjustments	<u>584,651</u>	<u>512,536</u>	<u>330,116</u>	<u>67,516</u>	<u>1,494,819</u>	<u>741,006</u>
Net cash flows from operating activities	<u>\$ 1,213,961</u>	<u>\$ 907,686</u>	<u>\$ 752,779</u>	<u>\$ 326,866</u>	<u>\$ 3,201,292</u>	<u>\$ 782,242</u>
<b>Noncash investing, capital, and financing activities</b>						
Contributions of capital assets –						
Governmental funds	\$ 22,300	\$ –	\$ 60,430	\$ 4,000	\$ 86,730	\$ –
Capital asset purchase on account –						
Accounts payable	(8,380)	8,418	(960)	–	(922)	(5,500)
Contracts payable	(897,196)	308,189	(3,150)	–	(592,157)	–
Due from other governmental units –						
Contribution	337,672	–	–	–	337,672	–
Capital assets	(84,496)	–	–	–	(84,496)	–
Taxes receivable	–	–	–	–	–	1,127

The accompanying notes are an integral part of these financial statements.

**CITY OF SHOREVIEW, MINNESOTA**

Statement of Assets and Liabilities

Agency Fund

December 31, 2016

**Statement 9**

Assets

Cash and investments	\$	412,665
Accrued interest receivable		872
Total assets	\$	<u>413,537</u>

Liabilities

Deposits payable	\$	<u>413,537</u>
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The accompanying notes are an integral part of these financial statements.

## **CITY OF SHOREVIEW**

Notes to Financial Statements  
December 31, 2016

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Shoreview, Minnesota (the City) was incorporated in 1957 and operates under the state of Minnesota Statutory Plan B (Council – Manager) form of government. The City provides the following municipal services: public safety (police, fire, civil defense, and animal control), highways and streets, sanitation and health, parks and recreation, public improvements, community development, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the American Institute of Certified Public Accountants (AICPA) and the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

#### **A. FINANCIAL REPORTING ENTITY**

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include the primary government and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of their operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of service performed or provided by the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Also, the City has operational responsibility of the EDA. It is this criterion that results in the EDA being reported as a blended component unit.

#### **Blended Component Unit**

**Shoreview Economic Development Authority (EDA)** – The EDA was created to carry out the housing and economic development activities within the City. The EDA's governing body is substantively the same as the City and there is a financial benefit and burden relationship between the City and the EDA. Management of the City has operational responsibility for the EDA and the EDA provides services exclusively to the City. Although the EDA currently has no debt, the issuance of debt requires City Council approval and repayment of debt would be made entirely with resources of the City. The EDA does not issue a separate set of financial statements.

## CITY OF SHOREVIEW

Notes to Financial Statements  
December 31, 2016

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's only fiduciary fund is an agency fund. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension benefits and claims and judgments, are recorded only when payment is due.

## CITY OF SHOREVIEW

Notes to Financial Statements  
December 31, 2016

Property taxes, special assessments, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Community Center Operation Fund* (Special Revenue Fund type) accounts for all operations of the community center, including maintenance of the facility and services offered for a fee basis. The fund's primary revenue sources are memberships, daily user fees, room rentals and concessions.

The *Recreation Programs Fund* (Special Revenue Fund type) accounts for recreational and social programs offered on a fee basis. Revenues are user fees of various programs and activities which fund administrative and direct program expenditures.

The *Municipal State Aid Fund* (Capital Project Fund type) accounts for the City's allocation of the state collected highway use tax. The allocation is based on population and need for construction of designated state aid streets.

The *Street Renewal Fund* (Capital Project Fund type) provides financing for the replacement and/or rehabilitation of the City's street system. This fund has a minimum required fund balance of \$2 million per city policy.

The *General Fixed Asset Replacement Fund* (Capital Project Fund type) provides financing for the replacement of all capital assets.

The *Community Investment Fund* (Capital Project Fund type) provides financing for improvements having a community-wide benefit.

The government reports the following major proprietary funds:

The *Water Fund* accounts for the water service charges which are used to finance the water system operations.

The *Sewer Fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operations.

The *Surface Water Fund* accounts for the surface water charges which are used to finance the surface water system operations.

The *Street Lights Fund* accounts for the street light charges which are used to finance the street light system operations.

## CITY OF SHOREVIEW

Notes to Financial Statements  
December 31, 2016

Additionally, the government reports the following fund types:

*Internal service funds* account for the activities of the City's *short-term disability self-insurance, liability claims, and central garage funds*. These services are provided to other departments of the City on a cost reimbursement basis.

*Agency funds* account for the assets of the *Hockey Association* held by the City in a custodial capacity as an agent.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures, or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, which are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer, Surface Water, and Street Lights Funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### D. BUDGETS

Budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund and all special revenue funds. Budgeted expenditure appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

### E. LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.

**CITY OF SHOREVIEW**

Notes to Financial Statements  
December 31, 2016

3. The budget is legally enacted through passage of a resolution on a departmental basis (general government, public safety, public works, parks and recreation and community development) which is the legal level of control, and can be expended by each department based upon detailed budget estimates for individual expenditure accounts.
4. The city manager is authorized to transfer appropriations within any department budget. Adjustments to appropriations between departments or between funds, and budget additions and deletions must be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the debt service funds. Supplementary budgets are adopted for the proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operations and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the capital project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.

The following is a listing of nonmajor special revenue funds whose expenditures exceeded budget appropriations:

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Nonmajor funds			
Special revenue fund			
Slice of Shoreview Event	\$ 67,900	\$ 70,998	\$ 3,098

The over expenditures were funded by available fund balance and revenues in excess of budget.

**F. CASH AND INVESTMENTS**

Cash and investment balances from all funds are pooled and invested to the extent available in various securities as authorized by state law. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool. Interest on restricted cash and investments is allocated directly to the applicable fund. Investment income is accrued at the balance sheet date.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

## **CITY OF SHOREVIEW**

Notes to Financial Statements  
December 31, 2016

The City generally reports investments at fair value. The Minnesota Municipal Money Market Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC. The City's investment in this fund is measured at the net position value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 3 for the City's recurring fair value measurements as of year-end.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types are considered to be cash equivalents.

### **G. RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "interfund receivables/payables." All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "interfund loan receivable/payable." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Internal balances on the Statement of Net Position also consist of prior and current year internal service fund costs in excess of charges to business-type activities.

Property taxes and special assessment receivables have been reported net of estimated uncollectible accounts (see Note 1H and I). Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

### **H. PROPERTY TAX REVENUE RECOGNITION**

The City Council annually adopts a tax levy and certifies it to the county in December (levy/assessment date) of each year for collection in the following year. The county is responsible for billing and collecting all property taxes for itself, the City, the local school district, and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the county and remitted to the City on or before July 15 and December 15 of the same year. Delinquent collections for November



## **CITY OF SHOREVIEW**

Notes to Financial Statements  
December 31, 2016

and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The county possesses this authority.

### GOVERNMENT-WIDE AND PROPRIETARY FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which taxes were levied. Uncollectible property taxes are not material and have not been reported.

### GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City in July, December, and January are recognized as revenue for the current year. Taxes collected by the county by December 31 (remitted to the City the following January) and taxes not received at year-end are classified as delinquent and due from county taxes receivable. The portion of governmental fund delinquent taxes not collected by the City in January is fully offset by a deferred inflow of resources because they are not available to finance current expenditures.

The City's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per Minnesota Statute § 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971. Property taxes paid to the City through this formula for 2016 totaled \$930,056. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

## **I. SPECIAL ASSESSMENT REVENUE RECOGNITION**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded or is agricultural or seasonal recreational land, in which event the property is subject to such sale after five years.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the county by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by a deferred inflow of resources.

**J. INVENTORIES**

The original cost of materials and supplies has been recorded as expenditures at the time of purchase for both the governmental and proprietary funds. These funds do not maintain material amounts of materials and supplies.

**K. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

**L. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date. These assets are reported at historical cost.

The City estimated historical cost for the initial reporting of these assets through back trending (estimating the current replacement cost and utilizing an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional infrastructure assets each period, they will be capitalized and reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2016, no interest was capitalized in connection with construction in progress.

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Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	
Building and structures	20–75 years
Machinery and equipment	5–20 years
Distribution and collection systems	50 years
Streets	35 years
Street lights	25 years
Trails and sidewalks	25–30 years
Pedestrian tunnels and bridges	35 years

**M. COMPENSATED ABSENCES**

It is the City’s policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. Annual leave is payable when used or upon termination of employment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**N. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**O. FUND BALANCE CLASSIFICATIONS/FLOW ASSUMPTIONS**

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which those fund balances can be spent. These classifications are as follows:

*Nonspendable* – consists of amounts that are not in spendable form, such as prepaid items.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City’s intended use. These constraints are established by the City Council and/or management. Pursuant to City Council Resolution, the City Manager or Finance Director is authorized to establish assignments of fund balance.

*Unassigned* – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for an allowable use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

**P. NET POSITION CLASSIFICATIONS/FLOW ASSUMPTIONS**

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities and deferred inflows/outflows (as applicable). Net position is displayed in three components:

*Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

*Restricted Net Position* – Consists of net position that is restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

*Unrestricted Net Position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for an allowable use, it is the City’s policy to use the restricted resources first, then unrestricted resources as they are needed.

## **CITY OF SHOREVIEW**

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### **Q. INTERFUND TRANSACTIONS**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

### **R. USE OF ESTIMATES**

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

### **S. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and proprietary funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, the Statement of Financial Position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items which qualify for reporting in this category.

The first item, unavailable revenue, arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item, imposed nonexchange revenue transactions, state aid received for subsequent years, is deferred and recognized as an inflow of resources in the period that the resources are required to be used. This item is reported both in the governmental fund balance sheet and the government-wide Statement of Net Position as a deferred inflow of resources.

The third item, deferred inflows of resources related to pensions, is reported in the government-wide and proprietary funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

**T. STATE-WIDE PENSION PLANS**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA’s fiduciary net position have been determined on the same basis as they are reported by the PERA except that the PERA’s fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

**Note 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund Balance Sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$15,661,685) difference are as follows:

Long-term debt payable	\$ (15,065,000)
Issuance premium	(206,530)
Accrued interest payable	(102,636)
Compensated absences	<u>(287,519)</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ (15,661,685)</u>

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Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of fleet management, short-term disability insurance, and liability claims to individual funds. The net position of the internal service funds is included in governmental activities in the Statement of Net Position.” The details of this \$5,017,560 difference are as follows:

Net position of the internal service funds	\$ 5,127,081
Add: Internal payable representing charges in excess of costs to business-type activities – prior years	(58,073)
Add: Internal payable representing charges in excess of costs to business-type activities – current year	<u>(51,448)</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ 5,017,560</u>

Another element of that reconciliation explains that governmental funds do not report long-term amounts related to pensions. The deferred outflows and inflows are not current financial resources and the long-term net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. The details of this (\$4,132,398) difference are as follows:

Deferred outflows of pension resources	\$ 2,436,624
Long-term net pension liability	(5,870,887)
Deferred inflows of pension resources	<u>(698,135)</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ (4,132,398)</u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$167,761) difference are as follows:

Capital outlay	\$ 2,574,263
Depreciation expense	<u>(2,406,502)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 167,761</u>

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Another element of that reconciliation states that “revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$81,421) difference are as follows:

General property taxes deferred inflow of resources	
At December 31, 2015	\$ (79,112)
At December 31, 2016	72,604
Special assessments deferred inflow of resources	
At December 31, 2015	(1,963,051)
At December 31, 2016	<u>1,888,138</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (81,421)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. The details of this \$1,057,103 difference are as follows:

Principal repayments	
General obligation improvement bonds	\$ 200,000
General obligation capital improvement plan bonds	120,000
General obligation street reconstruction bonds	345,000
Certificates of participation	365,000
Premium/discount on debt issuance	<u>27,103</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,057,103</u>

Another element of that reconciliation states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this (\$37,507) difference are as follows:

Compensated absences	\$ 26,294
Accrued interest	<u>11,213</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 37,507</u>



**Note 3 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a failure, the City’s deposits may be lost. Minnesota Statutes require that all city deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the city treasurer or in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, and treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation; and
- f) Time deposits that are fully insured by any federal agency.

The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City’s deposits was \$5,230,072 and the bank balance was \$5,712,081. The entire bank balance was covered by federal depository insurance.

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**B. INVESTMENTS**

As of December 31, 2016, the City had the following cash and investments:

Investment Type	Concentration	Fair Value Measurement Using	Interest Risk – Maturity Duration in Years				Carrying Amount at Fair Value
	Risk Over 5% of Portfolio		Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years	
Federal National Mortgage Association	1.7%	Level 1	\$ –	\$ 485,275	\$ –	\$ –	\$ 485,275
Federal Home Loan Bank	1.7%	Level 2	–	498,363	–	–	498,363
Federal Home Loan Mortgage Corporation	1.7%	Level 1	–	493,275	–	–	493,275
Federal Home Loan Mortgage Corporation	3.3%	Level 2	–	958,713	–	–	958,713
Municipal bonds	**	Level 1	445,374	6,620,938	755,608	498,485	8,320,405
Municipal bonds	**	Level 2	–	899,932	–	–	899,932
Marketable certificates of deposit	N/A	Level 1	1,241,088	8,403,916	482,656	–	10,127,660
Investment pools/mutual funds							
Minnesota Municipal Money Market 4M Fund	N/A	N/A	3,386,605	–	–	–	3,386,605
Term Series Pools	N/A	N/A	4,000,000	–	–	–	4,000,000
MSILF Government Cash Management Fund	N/A	N/A	28,534	–	–	–	28,534
Wells Fargo Advantage Government Money Market Fund	N/A	N/A	52,490	–	–	–	52,490
<b>Total investments</b>			<b>\$ 9,154,091</b>	<b>\$ 18,360,412</b>	<b>\$ 1,238,264</b>	<b>\$ 498,485</b>	<b>29,251,252</b>
Deposits							5,230,072
Petty cash							11,750
<b>Totals</b>							<b>\$ 34,493,074</b>
Government-wide Statement of Net Position							
Cash and investments							\$ 34,080,409
Statement of Assets and Liabilities – Agency Fund							
Cash and investments							412,665
<b>Totals</b>							<b>\$ 34,493,074</b>

\*\* – Individual bonds less than 5%

N/A – Not Applicable

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial Credit Risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by only purchasing insured or registered investments, or by the control of who holds the securities.

## CITY OF SHOREVIEW

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Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a national bond rating service, and all of the investments have a final maturity of 13 months or less, and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of any state or local municipality as follows:
  - 1) any security which is a general obligation of any state or local government with taxing powers which is rated “A” or better by a national bond rating service;
  - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service; and
  - 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated “A” or better by a national bond rating agency.
- d) Bankers’ acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two national rating agencies, and maturing in 270 days or less.
- f) Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories by a national bond rating agency.
- g) Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the governmental entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers; or a bank qualified as a depositor.
- h) General obligation temporary bonds of the same governmental entity issued under § 429.091, Subdivision 7; § 469.178, Subdivision 5; or § 475.61, Subdivision 6.

The City’s investment policy does not further address credit risk. As of December 31, 2016, the City’s investment in obligations of U.S. government agencies that are only implicitly guaranteed by the U.S. government (e.g., securities issued by the Federal National Mortgage Association, the Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation), the MSILF Government Cash Management Fund shares, and Wells Fargo Advantage Government Money Market Fund received Aaa credit ratings from Moody’s Investors Service, Inc. and AA+ from Standard & Poor’s Corporation. The City’s investments in municipal bonds were rated A and Aa by Moody’s Investors Service, Inc. and AA and AAA by Standard & Poor’s Ratings Services in the amount of \$703,498, \$2,004,065, \$5,152,312, and \$1,360,462, respectively.

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Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies do not limit the concentration of investments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City does not have an investment policy limiting the duration of investments.

**Note 4 RECEIVABLES**

Significant receivable balances not expected to be collected within one year of December 31, 2016 are as follows:

	Accounts Receivable	Certified Utility Accounts Receivable	Utility Customer Accounts Receivable	Delinquent Property Taxes	Special Assessment Receivable	Total
Major funds						
General	\$ 3,434	\$ –	\$ –	\$ 24,200	\$ –	\$ 27,634
Street Renewal	–	–	–	3,223	39,485	42,708
General Fixed Asset Replacement	–	–	–	4,836	–	4,836
Community Investment	–	–	–	41	–	41
Water	–	12,366	48,242	–	14,613	75,221
Sewer	–	20,442	85,692	–	12,945	119,079
Surface Water	–	6,396	35,435	–	2,876	44,707
Street Lights	–	2,640	12,223	–	–	14,863
Nonmajor governmental funds	–	–	–	3,050	1,728,505	1,731,555
	<u>\$ 3,434</u>	<u>\$ 41,844</u>	<u>\$ 181,592</u>	<u>\$ 35,350</u>	<u>\$ 1,798,424</u>	<u>\$ 2,060,644</u>

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**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Primary government</b>					
<b>Governmental activities</b>					
Capital assets, not being depreciated					
Land	\$ 7,724,345	\$ —	\$ —	\$ —	\$ 7,724,345
Construction in progress	1,836,628	2,163,386	—	(1,886,785)	2,113,229
Total capital assets, not being depreciated	<u>9,560,973</u>	<u>2,163,386</u>	<u>—</u>	<u>(1,886,785)</u>	<u>9,837,574</u>
Capital assets, being depreciated					
Building and structures	35,420,294	191,870	35,215	169,306	35,746,255
Machinery and equipment	8,827,191	651,549	300,023	—	9,178,717
Infrastructure	60,161,520	—	205,965	1,717,479	61,673,034
Total capital assets, being depreciated	<u>104,409,005</u>	<u>843,419</u>	<u>541,203</u>	<u>1,886,785</u>	<u>106,598,006</u>
Less accumulated depreciation for					
Building and structures	11,756,335	868,569	35,215	—	12,589,689
Machinery and equipment	4,628,791	574,372	300,023	—	4,903,140
Infrastructure	35,390,016	1,617,134	150,270	—	36,856,880
Total accumulated depreciation	<u>51,775,142</u>	<u>3,060,075</u>	<u>485,508</u>	<u>—</u>	<u>54,349,709</u>
Total capital assets being depreciated – net	<u>52,633,863</u>	<u>(2,216,656)</u>	<u>55,695</u>	<u>1,886,785</u>	<u>52,248,297</u>
Governmental activities capital assets – net	<u>\$ 62,194,836</u>	<u>\$ (53,270)</u>	<u>\$ 55,695</u>	<u>\$ —</u>	<u>\$ 62,085,871</u>
	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Primary government</b>					
<b>Business-type activities</b>					
Capital assets, not being depreciated					
Land	\$ 325,202	\$ —	\$ —	\$ —	\$ 325,202
Construction in progress	9,690,149	6,170,764	—	(1,637,608)	14,223,305
Total capital assets, not being depreciated	<u>10,015,351</u>	<u>6,170,764</u>	<u>—</u>	<u>(1,637,608)</u>	<u>14,548,507</u>
Capital assets, being depreciated					
Building and structures	8,649,260	—	—	35,960	8,685,220
Machinery and equipment	2,520,613	—	—	65,988	2,586,601
Distribution and collection systems	45,153,798	677,562	18,210	1,535,660	47,348,810
Total capital assets, being depreciated	<u>56,323,671</u>	<u>677,562</u>	<u>18,210</u>	<u>1,637,608</u>	<u>58,620,631</u>
Less accumulated depreciation for					
Building and structures	3,857,036	262,093	—	—	4,119,129
Machinery and equipment	652,879	102,555	—	—	755,434
Distribution and collection systems	20,248,002	980,658	17,950	—	21,210,710
Total accumulated depreciation	<u>24,757,917</u>	<u>1,345,306</u>	<u>17,950</u>	<u>—</u>	<u>26,085,273</u>
Total capital assets being depreciated – net	<u>31,565,754</u>	<u>(667,744)</u>	<u>260</u>	<u>1,637,608</u>	<u>32,535,358</u>
Business-type activities capital assets – net	<u>\$ 41,581,105</u>	<u>\$ 5,503,020</u>	<u>\$ 260</u>	<u>\$ —</u>	<u>\$ 47,083,865</u>

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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities	
General government	\$ 194,012
Public safety	84,778
Public works	1,615,973
Parks and recreation	511,739
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>653,573</u>
Total depreciation expense – governmental activities	<u>\$ 3,060,075</u>
Business-type activities	
Water	\$ 671,425
Sewer	330,973
Surface water	272,829
Street lights	<u>70,079</u>
Total depreciation expense – business-type activities	<u>\$ 1,345,306</u>

COMMITMENTS

At December 31, 2016, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project</u>	<u>Amount</u>
Gramsie Road Rehabilitation	\$ 130,715
Bucher Sewer Lift Station	12,309
Water Treatment Plant	10,129
Virginia/Dennison Reconstruction	4,782
I-694 Watermain Relocation	<u>2,225</u>
Total construction commitments	<u>\$ 160,160</u>

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

**Note 6 LONG-TERM DEBT**

The City issues general obligation bonds and certificates of participation to provide funds for the acquisition and construction of major capital facilities. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**GOVERNMENTAL ACTIVITIES**

As of December 31, 2016, the governmental activities long-term debt of the City consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Authorized and Issued	Outstanding 12/31/2016
G.O. improvement bonds					
2008 Improvement Bonds	11/15/2008	02/01/2025	3.50-4.375 %	\$ 330,000	\$ 220,000
2009 Improvement Bonds	11/15/2009	02/01/2021	3.00-4.00	235,000	125,000
2013 Refunding Improvement Bonds	03/06/2013	02/01/2022	2.00	235,000	65,000
2013 Improvement Bonds	12/05/2013	02/01/2035	3.00-4.00	1,775,000	1,690,000
2014 Refunding Improvement Bonds	12/04/2014	02/01/2022	2.00-3.00	100,000	85,000
2015 Improvement Bonds	09/17/2015	02/01/2026	2.00-4.00	295,000	295,000
Total G.O. improvement bonds				<u>2,970,000</u>	<u>2,480,000</u>
Other G.O. improvement bonds					
G.O. Refunding Capital Improvement Plan Bonds of 2013	03/06/2013	02/01/2020	2.00	750,000	510,000
G.O. Refunding Street Reconstruction Bonds of 2013	03/06/2013	02/01/2022	2.00	1,380,000	1,180,000
G.O. Street Reconstruction Bonds of 2013	03/06/2013	02/01/2028	2.00-2.375	2,415,000	1,985,000
G.O. Capital Improvement Plan Refunding Bonds of 2014	12/04/2014	02/01/2030	2.00-3.00	4,670,000	4,450,000
Total other G.O. improvement bonds				<u>9,215,000</u>	<u>8,125,000</u>
Unamortized premium	N/A	N/A	N/A	N/A	<u>361,812</u>
Loan payable					
Metropolitan Right-of-Way Acquisition Loan Fund	09/26/2006	N/A	-	<u>6,000,000</u>	<u>6,000,000</u>
Certificates of participation					
Refunding Certificates of Participation 2011	04/01/2011	08/01/2023	2.00-3.75	<u>4,620,000</u>	<u>2,910,000</u>
Compensated absences	N/A	N/A	N/A	N/A	293,992
Net pension liability	N/A	N/A	N/A	N/A	<u>6,059,057</u>
Total city indebtedness – governmental activities				<u>\$ 22,805,000</u>	<u>\$ 26,229,861</u>

N/A – Not Applicable

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

BUSINESS-TYPE ACTIVITIES

As of December 31, 2016, the business-type activities long-term debt of the City consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Authorized and Issued	Outstanding 12/31/2016
G.O. revenue bonds					
Water Revenue Bonds of 2007	11/01/2007	02/01/2023	3.50–4.15 %	\$ 845,000	\$ 460,000
Sewer Revenue Bonds of 2007	11/01/2007	02/01/2023	3.50–4.15	260,000	145,000
Surface Water Revenue Bonds of 2007	11/01/2007	02/01/2023	3.50–4.15	600,000	325,000
Water Revenue Bonds of 2008	11/15/2008	02/01/2025	3.5–4.375	2,365,000	1,530,000
Sewer Revenue Bonds of 2008	11/15/2008	02/01/2025	3.5–4.375	580,000	375,000
Surface Water Revenue Bonds of 2008	11/15/2008	02/01/2025	3.5–4.375	230,000	150,000
Surface Water Revenue Bonds of 2009	11/15/2009	02/01/2021	3.00–4.00	1,180,000	580,000
Water Revenue Bonds of 2013A	03/06/2013	02/01/2023	2.00	775,000	560,000
Surface Water Revenue Bonds of 2013A	03/06/2013	02/01/2023	2.00	960,000	690,000
Water Refunding Revenue Bonds of 2013B	03/06/2013	02/01/2022	2.00	610,000	385,000
Sewer Refunding Revenue Bonds of 2013B	03/06/2013	02/01/2022	2.00	285,000	125,000
Water Revenue Bonds of 2013C	12/05/2013	02/01/2024	3.00	305,000	245,000
Surface Water Revenue Bonds of 2013C	12/05/2013	02/01/2024	3.00	190,000	160,000
Water Refunding Revenue Bonds of 2014	12/04/2014	02/01/2026	2.00–3.00	915,000	840,000
Sewer Refunding Revenue Bonds of 2014	12/04/2014	02/01/2026	2.00–3.00	730,000	665,000
Surface Water Refunding Revenue Bonds of 2014	12/04/2014	02/01/2026	2.00–3.00	265,000	245,000
Water Revenue Bonds of 2015	09/17/2015	02/01/2036	2.00–4.00	6,885,000	6,885,000
Sewer Revenue Bonds of 2015	09/17/2015	02/01/2031	2.00–4.00	1,650,000	1,650,000
Surface Water Revenue Bonds of 2015	09/17/2015	02/01/2031	2.00–4.00	860,000	860,000
Water Revenue Bonds of 2016	01/14/2016	02/01/2036	2.00–3.00	6,995,000	6,995,000
Sewer Revenue Bonds of 2016	01/14/2016	02/01/2031	2.00–3.00	230,000	230,000
Surface Water Revenue Bonds of 2016	01/14/2016	02/01/2031	2.00–3.00	380,000	380,000
Total G.O. revenue bonds				28,095,000	24,480,000
Unamortized premium	N/A	N/A	N/A	N/A	596,551
Compensated absences payable	N/A	N/A	N/A	N/A	92,462
Net pension liability	N/A	N/A	N/A	N/A	1,467,722
Total city indebtedness – business-type activities				\$ 28,095,000	\$ 26,636,735

N/A – Not Applicable



**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

GOVERNMENTAL ACTIVITIES

Annual debt service requirements to maturity for the governmental activities long-term debt are as follows:

Year Ending December 31,	G.O. Improvement Bonds		Other G.O. Improvement Bonds		Certificates of Participation	
	Governmental Activities		Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 175,000	\$ 79,066	\$ 720,000	\$ 190,682	\$ 375,000	\$ 94,540
2018	185,000	73,623	740,000	176,080	390,000	84,978
2019	175,000	68,197	760,000	159,682	400,000	74,058
2020	190,000	62,667	765,000	141,606	415,000	62,057
2021	195,000	56,604	660,000	124,432	430,000	48,155
2022	175,000	50,729	685,000	107,930	440,000	33,750
2023	150,000	45,441	485,000	94,282	460,000	17,250
2024	160,000	40,454	495,000	83,462	—	—
2025	170,000	35,441	505,000	71,800	—	—
2026	115,000	31,230	515,000	58,638	—	—
2027	80,000	28,320	525,000	44,256	—	—
2028	85,000	25,680	540,000	29,422	—	—
2029	85,000	22,960	360,000	16,500	—	—
2030	90,000	19,800	370,000	5,550	—	—
2031	85,000	16,300	—	—	—	—
2032	85,000	12,900	—	—	—	—
2033	90,000	9,400	—	—	—	—
2034	95,000	5,700	—	—	—	—
2035	95,000	1,900	—	—	—	—
Total	<u>\$ 2,480,000</u>	<u>\$ 686,412</u>	<u>\$ 8,125,000</u>	<u>\$ 1,304,322</u>	<u>\$ 2,910,000</u>	<u>\$ 414,788</u>

It is not practical to determine the specific year for payment of long-term accrued compensated absences and the net pension liability.

The Metropolitan Right-of-Way Acquisition Loan Fund loan payable repayment is subject to conveyance of the property purchased with the loan to the Minnesota Department of Transportation and the timing of highway improvements is currently not known; therefore, it is not practical to determine the annual requirements to amortize this non-interest bearing note.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

BUSINESS-TYPE ACTIVITIES

Annual debt service requirements to maturity for the business-type long-term debt are as follows:

Year Ending December 31,	G.O. Revenue Bonds	
	Business-Type Activities	
	Principal	Interest
2017	\$ 1,550,000	\$ 657,165
2018	1,695,000	611,114
2019	1,750,000	565,002
2020	1,775,000	518,559
2021	1,820,000	468,122
2022	1,740,000	416,277
2023	1,700,000	364,271
2024	1,400,000	319,737
2025	1,385,000	284,562
2026	1,140,000	254,094
2027	960,000	230,052
2028	975,000	206,697
2029	1,005,000	180,692
2030	1,030,000	153,156
2031	1,065,000	124,388
2032	655,000	99,830
2033	675,000	79,788
2034	695,000	58,400
2035	720,000	35,863
2036	745,000	12,087
Total	<u>\$ 24,480,000</u>	<u>\$ 5,639,856</u>

It is not practical to determine the specific year for payment of long-term accrued compensated absences and net pension liability.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

**CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
G.O. improvement bonds	\$ 2,680,000	\$ —	\$ 200,000	\$ 2,480,000	\$ 175,000
Other G.O. improvement bonds	8,810,000	—	685,000	8,125,000	720,000
Premium	400,783	—	38,971	361,812	—
Total bonds payable	<u>11,890,783</u>	<u>—</u>	<u>923,971</u>	<u>10,966,812</u>	<u>895,000</u>
Loans payable	6,000,000	—	—	6,000,000	—
Certificates of participation	3,275,000	—	365,000	2,910,000	375,000
Compensated absences	319,751	376,260	402,019	293,992	18,317
Net pension liability	3,917,440	3,022,371	880,754	6,059,057	—
Total governmental activity long-term liabilities	<u>\$ 25,402,974</u>	<u>\$ 3,398,631</u>	<u>\$ 2,571,744</u>	<u>\$ 26,229,861</u>	<u>\$ 1,288,317</u>
<b>Business-type activities</b>					
G.O. revenue bonds					
G.O. revenue bonds	\$ 17,835,000	\$ 7,605,000	\$ 960,000	\$ 24,480,000	\$ 1,550,000
Premium	468,773	176,050	48,272	596,551	—
Total bonds payable	<u>18,303,773</u>	<u>7,781,050</u>	<u>1,008,272</u>	<u>25,076,551</u>	<u>1,550,000</u>
Compensated absences	83,763	135,165	126,466	92,462	5,761
Net pension liability	948,945	732,127	213,350	1,467,722	—
Total business-type activity long-term liabilities	<u>\$ 19,336,481</u>	<u>\$ 8,648,342</u>	<u>\$ 1,348,088</u>	<u>\$ 26,636,735</u>	<u>\$ 1,555,761</u>

The governmental activities loans payable, compensated absences, and net pension liability are generally liquidated by the General Fund, special revenue funds, and capital project funds.

Financing of the certificates of participation will be provided from the General Fund, General Fixed Asset Replacement Fund, Community Investment Fund and Closed Bond Fund.

All general obligation indebtedness outstanding at December 31, 2016 is backed by the full faith and credit of the City, including improvement, other improvement, and revenue bonds. Delinquent assessments receivable at December 31, 2016 totaled \$2,085.

## **CITY OF SHOREVIEW**

Notes to Financial Statements  
December 31, 2016

### DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

General obligation bond issues sold by the City are financed by ad valorem tax levies. General obligation improvement bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the county auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest. These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2016. Future scheduled tax levies for all bonds outstanding at December 31, 2016 totaled \$9,015,873.

### CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Not the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2016, there is one industrial revenue bond outstanding, with an aggregate principal amount payable of \$1,069,421.

### TAX ABATEMENT AGREEMENTS

The City in order to spur economic development and redevelopment has entered into private development agreements regarding certain tax increment properties. These agreements may in substance be a tax abatement but will depend on their individual circumstances. The City currently has five agreements that would be considered a tax abatement under GASB Statement No. 77. Included in the developer agreements are provisions for tax increment pay-as-you-go revenue notes in accordance with Minnesota Statute, Chapter 469. These notes provide for the payment of principal and interest at set rates and terms. The notes are not a general obligation of the City and are payable solely from available tax increments (repayment is required only if sufficient tax increments are received) and the note is cancelled at the end of the repayment term, whether or not the note has been repaid in full. Accordingly, these note balances are not reflected in the long-term debt balances of the City.

Details of the pay-as-you-go revenue notes are as follows:

#### TIF District #4 Twin Cities Christian Homes (Scandia Shores)

In 1995 the City entered into a development agreement with Twin Cities Christian Homes to assist the developer with the financing of certain costs associated with the Scandia Shores senior housing project within TIF District #4. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. In 1996 the City issued a Tax increment note in the amount of \$2,514,320 with interest of 6.5%. The City will abate 100 percent of the incremental taxes received less administrative costs through execution of the tax increment revenue pay-as-you-go note to be retired in 2017. The outstanding principal balance as of December 31, 2016, was \$193,175 and the City rebated \$132,185 in the current year.

## **CITY OF SHOREVIEW**

Notes to Financial Statements  
December 31, 2016

### TIF District #6 Lexington Shores, LLC (Gateway)

In 2001 the City entered into a development agreement with Lexington Shores, LLC to assist the developer with the financing of certain costs associated with the Gateway redevelopment project within TIF District #6. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. In 2001 the City issued two Tax Increment Notes in the amount of \$1,500,000 (Note 1) and \$527,000 (Note 2), with interest of 7.0%. The City will abate 100 percent of the incremental taxes received less administrative costs through execution of the tax increment revenue pay-as-you-go notes to be retired in 2028. No payments are made on Note 2 until Note 1 is paid in full. The outstanding principal balance of Note 1 as of December 31, 2016, was \$1,324,956 and the City rebated \$88,358 in the current year. The outstanding principal balance on Note 2 was \$527,000 and the City did not have any rebate in the current year.

### TIF District #7 Southview Senior Living, LLC (Shoreview Senior Living)

In 2011 the City entered into a development agreement with Southview Senior Living, LLC to assist the developer with the financing of certain costs associated with the Shoreview Senior Living senior housing project within TIF District #7. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. In 2012 the City issued a Tax increment note in the amount of \$750,000 with interest of 6.75%. The City will abate 90 percent of the incremental taxes received through execution of the tax increment revenue pay-as-you-go note to be retired in 2023. The outstanding principal balance as of December 31, 2016, was \$359,124 and the City rebated \$190,330 in the current year.

### TIF District #8 Lakeview Terrace, LLC (Lakeview Terrace)

In 2013 the City entered into a development agreement with Lakeview Terrace, LLC to assist the developer with the financing of certain costs associated with the Lakeview Terrace apartment project within TIF District #8. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. In 2015 the City issued a Tax increment note in the amount of \$2,000,000 with interest of 5.5%. The City will abate 67 percent of incremental taxes received after a 10% administrative fee through execution of the tax increment revenue pay-as-you-go note to be retired in 2040. The outstanding principal balance as of December 31, 2016, was \$1,878,070 and the City rebated \$147,763 in the current year.

### TIF District #9 TSI Incorporated

In 2012 the City entered into a development agreement with TSI Incorporated to assist the company with the financing of certain expansion costs associated with their corporate campus within TIF District #9. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. In 2014 the City issued a Tax increment note in the amount of \$500,000 with interest of 5.0%. The City will abate 90 percent of incremental taxes received through execution of the tax increment revenue pay-as-you-go note to be retired in 2021. The outstanding principal balance as of December 31, 2016, was \$410,191 and the City rebated \$65,743 in the current year.

## **CITY OF SHOREVIEW**

Notes to Financial Statements  
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The City is authorized to create a tax increment financing plan under Minnesota Statute, Chapter 469.175. The criteria that must be met under the statute are that, in the opinion of the municipality:

- The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

### PLEDGED REVENUE

The City has issued Certificates of Participation, Capital Improvement, and Utility Improvement bonds for the construction of buildings, public works infrastructure, and park and recreation facilities. Specific revenues are pledged for the payments of interest and future retirement of the obligations. As of December 31, 2016 the following pledges were in place:

#### G.O. Capital Improvement Plan Refunding Bonds of 2014

The City pledged \$1,008,015 of Central Garage charges, property tax collections, earnings on investments, intergovernmental revenue, and transfers from utility funds to meet the debt service commitment on the bonds. The debt was originally issued in 2010 to finance the Central Garage building renovation. Refunding Bonds were issued in 2014 and the 2010 bonds were called for redemption in 2015. The 2014 Refunding Bonds have a final maturity date of February 1, 2030. The pledged revenues represent 63 percent of the revenue stream, and \$5,387,944 of the pledge commitment remains outstanding.

#### G.O. Water Revenue Bonds

The City pledged \$1,351,049 of operating revenue, intergovernmental revenue earnings on investments and capital contributions to meet the debt service commitment on the bonds. The debt was originally issued in years 2007–2016 to finance water system infrastructure improvements and has a final maturity date of years 2022–2036. The pledged revenues represent 41 percent of the revenue stream, and \$22,478,532 of the pledge commitment remains outstanding.

#### G.O. Sewer Revenue Bonds

The City pledged \$636,165 of operating revenue, intergovernmental revenue, earnings on investments and capital contributions to meet the debt service commitment on the bonds. The debt was originally issued in years 2007–2016 to finance sewer system infrastructure improvements and it has a final maturity date of years 2022–2031. The pledged revenues represent 15 percent of the revenue stream, and \$3,765,135 of the pledge commitment remains outstanding.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
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G.O. Surface Water Revenue Bonds

The City pledged \$548,983 of operating revenue, intergovernmental revenue and earnings on investments, to meet the debt service commitment on the bonds. The debt was originally issued in years 2007–2016 to finance surface water system infrastructure improvements and it has a final maturity date of years 2021–2031. The pledged revenues represent 34 percent of the revenue stream, and \$3,876,189 of the pledge commitment remains outstanding.

Refunding Certificates of Participation of 2011

The City pledged \$466,639 of earnings on investments, other revenue and transfers from other funds to meet the debt service commitment on the certificates. The certificates were issued in 2011 to refund the Certificates of Participation of 2002 which financed the community center expansion and they have a final maturity date of August 1, 2023. The pledged revenues represent 100 percent of the revenue stream, and \$3,324,788 of the pledge commitment remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

Bond Issue	Gross Revenue	Direct Operating Expenses	Available Net Revenue	Debt Service Requirements		
				Principal	Interest and Paying Agent Fees	Total
G.O. Capital Improvement Plan Refunding Bonds of 2014	\$ 1,600,242	\$ 592,227	\$ 1,008,015	\$ 220,000	\$ 110,532	\$ 330,532
G.O. Water Revenue Bonds	3,284,660	1,933,611 *	1,351,049	450,000	509,608	959,608
G.O. Sewer Revenue Bonds	4,147,605	3,511,440 *	636,165	175,000	84,653	259,653
G.O. Surface Water Revenue Bonds	1,630,559	1,081,576 *	548,983	335,000	91,952	426,952
Refunding Certificates of Participation of 2011	466,639	– *	466,639	365,000	104,935	469,935
	<u>\$ 11,129,705</u>	<u>\$ 7,118,854</u>	<u>\$ 4,010,851</u>	<u>\$ 1,545,000</u>	<u>\$ 901,680</u>	<u>\$ 2,446,680</u>

\* Direct operating expenses exclude depreciation expense

**NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**A. Plan Description**

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota. The PERA’s defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The PERA’s defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**B. Benefits Provided**

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the State Legislature.

## **CITY OF SHOREVIEW**

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Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

### GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

### **C. Contributions**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

### GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2016. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the year ended December 31, 2016 were \$437,884. The City's contributions were equal to the required contributions as set by state statute.

### **D. Pension Costs**

### GERF Pension Costs

At December 31, 2016, the City reported a liability of \$7,526,779 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$6 million to the fund in 2016. The state of Minnesota is considered a non-employer contributing entity and the state of Minnesota's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$98,291. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all of the



**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

PERA’s participating employers. At June 30, 2016, the City’s proportionate share was .0927 percent, which was a decrease of .0012 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$943,640 for its proportionate share of the GERS’ pension expense. In addition, the City recognized an additional \$29,308 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$6 million to the GERS.

At December 31, 2016, the City reported its proportionate share of the GERS’ deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 613,530
Changes in actuarial assumptions	1,473,749	–
Differences between projected and actual investment earnings	1,433,031	–
Changes in proportion	–	281,517
Contributions paid to the PERA subsequent to the measurement date	<u>217,097</u>	<u>–</u>
Total	<u>\$ 3,123,877</u>	<u>\$ 895,047</u>

Deferred outflows of resources reported \$217,097 related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2017	\$ 513,544
2018	513,544
2019	712,765
2020	<u>271,880</u>
Total	<u>\$ 2,011,733</u>

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	per year
Active member payroll growth	3.25%	per year
Investment rate of return	7.50%	per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled members were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for GERS.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERS was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

The State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2016 was 7.5 percent, a reduction from the 7.9 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on these assumptions, fiduciary net position of the GERS was projected to be available to make all projected future benefit payments of current

plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase in Discount Rate <u>(8.5%)</u>
The City’s proportionate share of the GERF net pension liability	\$ 10,690,259	\$ 7,526,779	\$ 4,920,935

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at [www.mnpera.org](http://www.mnpera.org)

**Note 8 – DEFINED CONTRIBUTION PLAN**

Councilmembers of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employee contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, the PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (0.0025) of the assets in each member’s account annually.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
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Total contributions made by the City for the last three fiscal years were:

For the Year Ended December 31,	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
2016	\$ 1,508	\$ 1,508	5%	5%	5%
2015	\$ 1,508	\$ 1,508	5%	5%	5%
2014	\$ 1,477	\$ 1,477	5%	5%	5%

**Note 9 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Interfund receivable and payable balances at December 31, 2016 are as follows:

Fund	Receivable	Payable
Nonmajor governmental funds	\$ 1,020,188	\$ 1,020,188

Interfund receivables/payables are used for temporary cash deficits. These balances will be eliminated by future tax increment receipts.

Interfund transfers:

Transfers out	Transfer In							Total
	General Fund	Community Center Operation Fund	Recreation Programs Fund	Street Renewal Fund	General Fixed Asset Replacement Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 254,000	\$ 84,000	\$ 200,000	\$ 445,562	\$ 160,000	\$ -	\$ 1,143,562
Recreation Programs Fund	-	130,000	-	-	-	-	-	130,000
Street Renewal Fund	-	-	-	-	-	1,262,411	-	1,262,411
General Fixed Asset Replacement Fund	-	-	-	-	-	327,179	-	327,179
Community Investment Fund	-	-	-	-	-	195,000	-	195,000
Nonmajor governmental funds	200,000	-	-	-	-	1,196,631	-	1,396,631
Water Fund	320,000	-	-	-	-	-	43,000	363,000
Sewer Fund	140,000	-	-	-	-	-	43,000	183,000
Surface Water Fund	128,000	-	-	-	-	-	31,000	159,000
Street Lights Fund	23,000	-	-	-	-	-	2,400	25,400
Internal Service funds	-	-	-	-	-	573	-	573
Total transfers out	\$ 811,000	\$ 384,000	\$ 84,000	\$ 200,000	\$ 445,562	\$ 3,141,794	\$ 119,400	\$ 5,185,756

Interfund transfers allow the City to allocate financial resources to the funds that receive benefits from services provided by another fund. All of the City's interfund transfers fall under that category. All of the 2016 transfers are considered routine and consistent with previous practices.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

**Note 10 CAPITAL LEASE**

In 2011, the City issued refunding certificates of participation for the lease of the community center expansion area. The lease is paid in semi-annual installments, and final payment is due August 1, 2023. Depreciation in the amount of \$75,598 has been recorded as depreciation expense during 2016.

The net book value of assets under capital lease at December 31, 2016 is as follows:

	December 31, 2016
	<u>                    </u>
Building and structures	\$ 5,359,094
Accumulated depreciation	<u>(1,020,570)</u>
Net	<u><u>\$ 4,338,524</u></u>

The following is a schedule of future minimum lease payments under the capital lease:

<u>Year</u>	<u>Community Center Expansion</u>
2017	\$ 469,540
2018	474,978
2019	474,058
2020	477,057
2021	478,155
2022	473,750
2023	<u>477,250</u>
Total	<u>3,324,788</u>
Less amount representing interest	<u>(414,788)</u>
Present value of minimum lease payments	<u><u>\$ 2,910,000</u></u>

**Note 11 OPERATING LEASE PAYABLE**

During 2016 the City leased three copier machines under one lease agreement. The lease expires in August 2018, and calls for monthly lease payments of \$1,947. During 2016 the City leased five treadmills, seven elliptical machines, and two adaptive motion trainers under two separate lease agreements for the community center. Both leases expired in September of 2016. Lease expenditures for the year ended December 31, 2016 amounted to \$49,921.

Future minimum annual lease payments at December 31, 2016 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Copiers</u>
2017	\$ 23,364
2018	<u>15,576</u>
Total	<u>\$ 38,940</u>

**Note 12 COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers' compensation coverage for City employees and councilmembers is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers' Compensation Reinsurance Association (WCRA) as required by law. For workers' compensation, the City is not subject to a deductible. The City's workers' compensation coverage prior to December 1, 2004 is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Other insurance coverage is provided through a pooled self-insurance program through LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for deductible portions. These deductibles are considered immaterial to the financial statements.

The City continues to carry commercial insurance for other risks of loss, including disability insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The City established the Short-Term Disability Self-Insurance Fund to account for the receipt of monthly premiums paid by employees and costs incurred in providing short-term disability insurance to employees on a self-insured basis. Under this program, the Short-Term Disability Self-Insurance Fund provides coverage for losses up to two-thirds of any employee's gross wages. Benefits begin on the sixteenth working

## **CITY OF SHOREVIEW**

Notes to Financial Statements

December 31, 2016

day and cover up to three calendar months. The City purchases commercial insurance for long-term disability for claims which exceed three months.

The City established the Liability Claims Fund to account for losses in the City's general package insurance. Under this program, the Liability Claims Fund provides coverage for losses up to \$25,000 for each claim (annual aggregate is \$75,000).

All funds of the City participate in these two programs and make payments to these funds based on historical cost information. GASB Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As of the date of the report, liabilities that have occurred are immaterial.

### **B. LITIGATION**

The City attorney has indicated that existing and pending lawsuits, claims, and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

### **C. FEDERAL AND STATE FUNDS**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2016.

### **D. TAX INCREMENT DISTRICTS**

The City's tax increment districts are subject to review by the state of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

**Note 13 FUND BALANCES**

**A. CLASSIFICATIONS**

At December 31, 2016, a summary of the governmental fund balance classifications are as follows:

	General Fund	Major Special Revenue Funds	Major Capital Project Funds	Other Funds	Total
Nonspendable					
Prepaid items	\$ 135,985	\$ 12,773	\$ —	\$ 9,396	\$ 158,154
Restricted for					
Business loan program	—	—	—	165,777	165,777
Cable television	—	—	—	379,932	379,932
Debt service	—	—	—	1,641,557	1,641,557
Economic development	—	—	—	51,569	51,569
Housing and redevelopment	—	—	—	120,870	120,870
Recycling	—	—	—	460,079	460,079
Tax increment purposes	—	—	—	2,134,740	2,134,740
Total restricted	—	—	—	4,954,524	4,954,524
Committed to					
Community center operations	—	1,348,617	—	—	1,348,617
Recreation programs	—	948,490	—	—	948,490
Street improvements	—	—	2,248,539	—	2,248,539
Capital asset replacements	—	—	1,701,312	—	1,701,312
Community projects	—	—	3,548,228	—	3,548,228
Cable TV	—	—	—	182,793	182,793
Slice of Shoreview event	—	—	—	87,609	87,609
Total committed	—	2,297,107	7,498,079	270,402	10,065,588
Assigned to					
Debt service	—	—	—	1,164,352	1,164,352
Street improvements	—	—	1,652,949	43,635	1,696,584
Computer systems	—	—	—	75,690	75,690
Total assigned	—	—	1,652,949	1,283,677	2,936,626
Unassigned	4,673,293	—	—	(989,146)	3,684,147
Total	\$ 4,809,278	\$ 2,309,880	\$ 9,151,028	\$ 5,528,853	\$ 21,799,039



**B. MINIMUM UNASSIGNED FUND BALANCE POLICY**

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year—June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. The policy also addresses the potential for unanticipated events.

The policy establishes a year-end targeted unassigned fund balance for working capital needs at 50 percent of the ensuing years’ General Fund tax levy, and levy-based state aids. The working capital allocation shall be reduced by the balance of any prepaid items at year-end. The unassigned unanticipated event fund balance is established at 10 percent of the ensuing years’ budgeted General Fund expenditures. At December 31, 2016, the unassigned working capital fund balance was 50 percent of the ensuing years’ General Fund tax levy, and levy based aids. The unassigned unanticipated event fund balance was ten percent of the ensuing years’ budgeted General Fund expenditures.

**C. DEFICIT FUND BALANCES**

The City had deficit fund balances at December 31, 2016 as follows:

	<u>Amount</u>
Nonmajor Fund	
Capital Project	
District #8 Lakeview Terrace	\$ 989,146

The District #8 Lakeview Terrace deficit will be eliminated through future tax increment revenue.

**CITY OF SHOREVIEW**  
Notes to Financial Statements  
December 31, 2016

**Note 14 HOME ENERGY IMPROVEMENT LOAN RECEIVABLE**

In 2010, the Economic Development Authority (EDA) started a home energy improvement loan program. As of December 31, 2016 the EDA issued thirteen loans with interest rates of 5.25 percent. The terms range from 96 to 120 months and call for monthly payments.

Future minimum loan receipts at December 31, 2016 are as follows:

<u>Year</u>	<u>Home Energy Improvement Loan Program</u>
2017	\$ 24,736
2018	24,639
2019	23,575
2020	23,180
2021	16,643
2022	13,375
2023	11,599
2024	8,718
2025	6,171
2026	<u>868</u>
Total	153,504
Less amount representing interest	<u>(25,622)</u>
Total loan receivable	<u><u>\$ 127,882</u></u>

**FINANCIAL SECTION –  
REQUIRED SUPPLEMENTARY FINANCIAL  
INFORMATION OTHER THAN MD&A**



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SHOREVIEW, MINNESOTA**  
 Required Supplementary Information  
 Budgetary Comparison Schedule – General Fund  
 For The Year Ended December 31, 2016

**Statement 10**  
**Page 1 of 2**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>			
General property taxes			
Current	\$ 7,321,858	\$ 7,454,290	\$ 132,432
Other	–	4,935	4,935
Total general property taxes	<u>7,321,858</u>	<u>7,459,225</u>	<u>137,367</u>
Licenses and permits			
Business	35,100	46,619	11,519
Non-business	318,900	648,631	329,731
Total licenses and permits	<u>354,000</u>	<u>695,250</u>	<u>341,250</u>
Intergovernmental			
State			
Road maintenance	240,000	241,702	1,702
Market value homestead credit	–	133	133
PERA aid	20,122	20,122	–
State fire aid	220,000	287,342	67,342
Local			
Aggregate gravel tax	500	1,357	857
Total intergovernmental	<u>480,622</u>	<u>550,656</u>	<u>70,034</u>
Charges for services			
General government	600	587	(13)
Public works	319,500	371,285	51,785
Parks and recreation	4,750	8,546	3,796
Community development	53,000	152,635	99,635
Administrative charges			
Special revenue funds	101,220	101,220	–
Capital project funds	90,000	210,277	120,277
Enterprise funds	655,450	655,450	–
Total charges for services	<u>1,224,520</u>	<u>1,500,000</u>	<u>275,480</u>
Fines and forfeits	42,500	51,264	8,764
Earnings on investments	50,000	32,515	(17,485)
Other	25,450	27,794	2,344
Total revenues	<u>9,498,950</u>	<u>10,316,704</u>	<u>817,754</u>
<b>Expenditures</b>			
General government			
Current			
Council and Commissions	156,597	156,885	(288)
Administration	575,203	555,151	20,052
Human resources	295,128	269,109	26,019
Elections	39,574	50,863	(11,289)
Communications	235,448	208,389	27,059
Finance and accounting	571,295	560,080	11,215
Information systems	348,684	363,874	(15,190)
Legal	132,000	89,897	42,103
Capital outlay			
Information systems	–	1,683	(1,683)
Total general government	<u>2,353,929</u>	<u>2,255,931</u>	<u>97,998</u>

**CITY OF SHOREVIEW, MINNESOTA**  
 Required Supplementary Information  
 Budgetary Comparison Schedule – General Fund  
 For The Year Ended December 31, 2016

**Statement 10**  
**Page 2 of 2**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)			
Public safety			
Current			
Police	2,096,500	2,104,320	(7,820)
Fire	1,474,420	1,541,818	(67,398)
Total public safety	<u>3,570,920</u>	<u>3,646,138</u>	<u>(75,218)</u>
Public works			
Current			
Public works administration and engineering	434,492	424,141	10,351
Streets	871,799	814,474	57,325
Trail management	131,148	108,591	22,557
Forestry	122,311	125,777	(3,466)
Total public works	<u>1,559,750</u>	<u>1,472,983</u>	<u>86,767</u>
Parks and recreation			
Current			
Parks and recreation administration	387,297	364,186	23,111
Municipal buildings	117,633	132,665	(15,032)
Park and sports area maintenance	1,276,575	1,261,928	14,647
Total parks and recreation	<u>1,781,505</u>	<u>1,758,779</u>	<u>22,726</u>
Community development			
Current			
Planning and zoning administration	484,478	484,130	348
Building inspection	161,368	184,027	(22,659)
Total community development	<u>645,846</u>	<u>668,157</u>	<u>(22,311)</u>
Total expenditures	<u>9,911,950</u>	<u>9,801,988</u>	<u>109,962</u>
Revenues over (under) expenditures	<u>(413,000)</u>	<u>514,716</u>	<u>927,716</u>
Other financing sources (uses)			
Transfers in	811,000	811,000	–
Transfers out	(398,000)	(1,143,562)	(745,562)
Total other financing sources (uses)	<u>413,000</u>	<u>(332,562)</u>	<u>(745,562)</u>
Net change in fund balance	<u>\$ –</u>	<u>182,154</u>	<u>\$ 182,154</u>
Fund balance – January 1		4,627,124	
Fund balance – December 31		<u>\$ 4,809,278</u>	

**CITY OF SHOREVIEW, MINNESOTA**

Required Supplementary Information

**Statement 11**

Budgetary Comparison Schedule – Community Center Operations Fund

For The Year Ended December 31, 2016

	Original and Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>			
Charges for services	\$ 2,468,215	\$ 2,425,505	\$ (42,710)
Earnings on investments	5,000	11,462	6,462
Other	12,500	22,525	10,025
Total revenues	<u>2,485,715</u>	<u>2,459,492</u>	<u>(26,223)</u>
<b>Expenditures</b>			
Parks and recreation			
Current			
Personal services	1,623,772	1,602,588	21,184
Materials and supplies	511,522	504,445	7,077
Contractual services	598,611	687,986	(89,375)
Total expenditures	<u>2,733,905</u>	<u>2,795,019</u>	<u>(61,114)</u>
Revenues over (under) expenditures	<u>(248,190)</u>	<u>(335,527)</u>	<u>(87,337)</u>
<b>Other financing sources (uses)</b>			
Transfers in	384,000	384,000	–
Net change in fund balance	<u>\$ 135,810</u>	48,473	<u>\$ (87,337)</u>
Fund balance – January 1		1,306,938	
Fund balance – December 31		<u>\$ 1,355,411</u>	



**CITY OF SHOREVIEW, MINNESOTA**

Required Supplementary Information

Budgetary Comparison Schedule – Recreation Programs Fund

For The Year Ended December 31, 2016

**Statement 12**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>			
Charges for services	\$ 1,500,041	\$ 1,397,125	\$ (102,916)
Earnings on investments	2,000	7,234	5,234
Total revenues	<u>1,502,041</u>	<u>1,404,359</u>	<u>(97,682)</u>
<b>Expenditures</b>			
Parks and recreation			
Current			
Personal services	1,169,216	1,121,967	47,249
Materials and supplies	87,227	78,230	8,997
Contractual services	225,438	199,830	25,608
Total expenditures	<u>1,481,881</u>	<u>1,400,027</u>	<u>81,854</u>
Revenues over (under) expenditures	<u>20,160</u>	<u>4,332</u>	<u>(15,828)</u>
<b>Other financing sources (uses)</b>			
Transfers in	84,000	84,000	-
Transfers out	(130,000)	(130,000)	-
Total other financing sources (uses)	<u>(46,000)</u>	<u>(46,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (25,840)</u>	<u>(41,668)</u>	<u>\$ (15,828)</u>
Fund balance – January 1		<u>996,137</u>	
Fund balance – December 31		<u>\$ 954,469</u>	

**CITY OF SHOREVIEW, MINNESOTA**

Required Supplementary Information (Last Ten Years\*)

**Statement 13**

Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability –

PERA – General Employees Retirement Fund

Schedule of City Contributions –

PERA – General Employees Retirement Fund

For The Year Ended December 31, 2016

PERA – General Employees Retirement Fund  
Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0939%	\$ 4,866,385	\$ –	\$ 4,866,385	\$ 5,518,544	88.18%	78.20%
12/31/2016	06/30/2016	0.0927%	\$ 7,526,779	\$ 98,291	\$ 7,625,070	\$ 5,751,467	130.87%	68.90%

PERA – General Employees Retirement Fund  
Schedule of City Contributions

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	06/30/2015	\$ 417,738	\$ 417,738	\$ –	\$ 5,569,840	7.50%
12/31/2016	06/30/2016	\$ 437,884	\$ 437,884	\$ –	\$ 5,838,453	7.50%

Note 1: **Changes in Plan Provisions.** On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the GERF, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Note 2: **Changes in Actuarial Assumptions.** (1) 2015 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter. (2) 2016 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Note 3: \*The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years. Ten years of information will be presented as it becomes available.

**CITY OF SHOREVIEW, MINNESOTA**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

December 31, 2016

**Note A LEGAL COMPLIANCE – BUDGETS**

The General Fund, Community Center Operations Fund, and Recreation Programs Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level (general government, public safety, public works, parks and recreation, community development, and miscellaneous) for all funds. For the year ended December 31, 2016, the following is a list of funds whose departments exceeded budgeted appropriations:

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Major funds			
General Fund			
Public Safety	\$ 3,570,920	\$ 3,646,138	\$ 75,218
Community Development	645,846	668,157	22,311
Community Center Operations Fund	2,733,905	2,795,019	61,114

The General Fund over expenditures were funded by greater than anticipated revenues. The Community Center Operations Fund over expenditures were funded by available fund balance.

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**FINANCIAL SECTION –  
COMBINING AND INDIVIDUAL NONMAJOR FUND  
STATEMENTS AND SCHEDULES**



**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND  
SCHEDULES**

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**NONMAJOR GOVERNMENTAL FUNDS**

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### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

### DEBT SERVICE FUNDS

Debt service funds are used to account for and report the accumulation of restricted, committed, or assigned resources for the payment of interest, principal, and related costs on long-term debt.

### CAPITAL PROJECT FUNDS

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**CITY OF SHOREVIEW, MINNESOTA**

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2016

**Statement 14**

	Special Revenue	Debt Service	Capital Project	Totals Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 1,342,749	\$ 2,769,002	\$ 1,103,535	\$ 5,215,286
Accrued interest receivable	1,869	5,223	3,122	10,214
Accounts receivable	119,392	-	-	119,392
Loan receivable	-	-	127,882	127,882
Taxes receivable	5,888	15,323	1,849	23,060
Special assessments receivable	-	1,859,592	-	1,859,592
Interfund receivable	-	-	1,020,188	1,020,188
Due from other governmental units	16,334	-	76,141	92,475
Prepaid items	9,396	-	-	9,396
<b>Total assets</b>	<b>\$ 1,495,628</b>	<b>\$ 4,649,140</b>	<b>\$ 2,332,717</b>	<b>\$ 8,477,485</b>
<b>Liabilities</b>				
Accounts payable	\$ 30,732	\$ 353	\$ 3,756	\$ 34,841
Salaries payable	5,405	-	-	5,405
Contracts payable	-	-	43,664	43,664
Interfund payable	-	-	1,020,188	1,020,188
<b>Total liabilities</b>	<b>36,137</b>	<b>353</b>	<b>1,067,608</b>	<b>1,104,098</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue – property taxes	1,466	3,831	190	5,487
Unavailable revenue – special assessments	-	1,839,047	-	1,839,047
<b>Total deferred inflows of resources</b>	<b>1,466</b>	<b>1,842,878</b>	<b>190</b>	<b>1,844,534</b>
<b>Fund balances</b>				
Nonspendable	9,396	-	-	9,396
Restricted	1,178,227	1,641,557	2,134,740	4,954,524
Committed	270,402	-	-	270,402
Assigned	-	1,164,352	119,325	1,283,677
Unassigned	-	-	(989,146)	(989,146)
<b>Total fund balances</b>	<b>1,458,025</b>	<b>2,805,909</b>	<b>1,264,919</b>	<b>5,528,853</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,495,628</b>	<b>\$ 4,649,140</b>	<b>\$ 2,332,717</b>	<b>\$ 8,477,485</b>

**CITY OF SHOREVIEW, MINNESOTA**

Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For The Year Ended December 31, 2016

**Statement 15**

	Special Revenue	Debt Service	Capital Project	Totals Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes				
General property taxes	\$ 210,038	\$ 548,016	\$ 29,998	\$ 788,052
Tax increments	-	-	753,761	753,761
Franchise tax	452,743	-	-	452,743
Special assessments	-	288,442	-	288,442
Intergovernmental	79,702	-	303,681	383,383
Charges for services	573,583	-	-	573,583
Earnings on investments	7,639	24,545	44,612	76,796
Other	37,982	-	-	37,982
Total revenues	<u>1,361,687</u>	<u>861,003</u>	<u>1,132,052</u>	<u>3,354,742</u>
<b>Expenditures</b>				
Current				
General government	207,360	-	54,780	262,140
Public works	518,366	-	361,859	880,225
Community development	180,556	-	2,167,718	2,348,274
Capital outlay				
General government	16,606	-	180,095	196,701
Public works	-	-	1,193,872	1,193,872
Debt service				
Principal	-	1,030,000	-	1,030,000
Interest	-	267,231	-	267,231
Fiscal charges	-	3,082	-	3,082
Total expenditures	<u>922,888</u>	<u>1,300,313</u>	<u>3,958,324</u>	<u>6,181,525</u>
Revenues over (under) expenditures	<u>438,799</u>	<u>(439,310)</u>	<u>(2,826,272)</u>	<u>(2,826,783)</u>
<b>Other financing sources (uses)</b>				
Transfers in	10,000	471,699	2,660,095	3,141,794
Transfers out	<u>(200,000)</u>	<u>(54,543)</u>	<u>(1,142,088)</u>	<u>(1,396,631)</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>417,156</u>	<u>1,518,007</u>	<u>1,745,163</u>
Net change in fund balances	248,799	(22,154)	(1,308,265)	(1,081,620)
Fund balances – January 1	<u>1,209,226</u>	<u>2,828,063</u>	<u>2,573,184</u>	<u>6,610,473</u>
Fund balances – December 31	<u>\$ 1,458,025</u>	<u>\$ 2,805,909</u>	<u>\$ 1,264,919</u>	<u>\$ 5,528,853</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

The City had the following special revenue funds during the year:

Recycling Fund – This fund was established to account for the City’s recycling program. Revenues are received through a joint powers agreement with Ramsey County and a user charge is assessed on property tax statements to all residential property. The City maintains a contract with a private hauler for the curbside collection of all recyclable materials.

Cable TV Fund – This fund was established to account for transactions associated with cable television in the City. Franchise and Public Education and Government (PEG) Access fees are restricted for cable television operating and capital expenditures.

Slice of Shoreview Event Fund – This fund was established to account for all costs, donations, sponsorships, and entrance fees associated with the Slice of Shoreview event.

Economic Development Authority – This fund was established to account for economic development programs and activities within the City. Minnesota Statutes restrict the use of revenues for economic development purposes.

Housing and Redevelopment Authority – This fund was established to account for housing and redevelopment programs and activities within the City. Minnesota Statutes restrict the use of revenues for housing and redevelopment purposes.

**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2016

**Statement 16**

	Recycling	Cable TV	Slice of Shoreview Event	Economic Development Authority	Housing and Redevelopment Authority	Total Nonmajor Special Revenue Funds
<b>Assets</b>						
Cash and investments	\$ 473,819	\$ 444,356	\$ 86,989	\$ 216,657	\$ 120,928	\$ 1,342,749
Accrued interest receivable	617	856	-	396	-	1,869
Accounts receivable	-	118,758	634	-	-	119,392
Taxes receivable	-	-	-	3,033	2,855	5,888
Due from other governmental units	16,334	-	-	-	-	16,334
Prepaid items	37	9,236	-	58	65	9,396
<b>Total assets</b>	<b>\$ 490,807</b>	<b>\$ 573,206</b>	<b>\$ 87,623</b>	<b>\$ 220,144</b>	<b>\$ 123,848</b>	<b>\$ 1,495,628</b>
<b>Liabilities</b>						
Accounts payable	\$ 30,277	\$ 332	\$ 14	\$ 109	\$ -	\$ 30,732
Salaries payable	414	913	-	1,919	2,159	5,405
<b>Total liabilities</b>	<b>30,691</b>	<b>1,245</b>	<b>14</b>	<b>2,028</b>	<b>2,159</b>	<b>36,137</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue – property taxes	-	-	-	712	754	1,466
<b>Fund balances</b>						
Nonspendable	37	9,236	-	58	65	9,396
Restricted	460,079	379,932	-	217,346	120,870	1,178,227
Committed	-	182,793	87,609	-	-	270,402
<b>Total fund balances</b>	<b>460,116</b>	<b>571,961</b>	<b>87,609</b>	<b>217,404</b>	<b>120,935</b>	<b>1,458,025</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 490,807</b>	<b>\$ 573,206</b>	<b>\$ 87,623</b>	<b>\$ 220,144</b>	<b>\$ 123,848</b>	<b>\$ 1,495,628</b>



**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For The Year Ended December 31, 2016

**Statement 17**

	Recycling	Cable TV	Slice of Shoreview Event	Economic Development Authority	Housing and Redevelopment Authority	Total Nonmajor Special Revenue Funds
<b>Revenues</b>						
Taxes						
General property taxes	\$ -	\$ -	\$ -	\$ 110,037	\$ 100,001	\$ 210,038
Franchise tax	-	452,743	-	-	-	452,743
Intergovernmental	79,702	-	-	-	-	79,702
Charges for services	543,923	-	29,660	-	-	573,583
Earnings on investments	2,095	2,906	660	1,341	637	7,639
Other	-	1,100	36,882	-	-	37,982
Total revenues	<u>625,720</u>	<u>456,749</u>	<u>67,202</u>	<u>111,378</u>	<u>100,638</u>	<u>1,361,687</u>
<b>Expenditures</b>						
Current						
General government	-	136,362	70,998	-	-	207,360
Public works	518,366	-	-	-	-	518,366
Community development	-	-	-	97,673	82,883	180,556
Capital outlay						
General government	-	16,606	-	-	-	16,606
Total expenditures	<u>518,366</u>	<u>152,968</u>	<u>70,998</u>	<u>97,673</u>	<u>82,883</u>	<u>922,888</u>
Revenues over (under) expenditures	<u>107,354</u>	<u>303,781</u>	<u>(3,796)</u>	<u>13,705</u>	<u>17,755</u>	<u>438,799</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	10,000	-	-	10,000
Transfers out	-	(200,000)	-	-	-	(200,000)
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(190,000)</u>
Net change in fund balances	<u>107,354</u>	<u>103,781</u>	<u>6,204</u>	<u>13,705</u>	<u>17,755</u>	<u>248,799</u>
Fund balances – January 1	<u>352,762</u>	<u>468,180</u>	<u>81,405</u>	<u>203,699</u>	<u>103,180</u>	<u>1,209,226</u>
Fund balances – December 31	<u>\$ 460,116</u>	<u>\$ 571,961</u>	<u>\$ 87,609</u>	<u>\$ 217,404</u>	<u>\$ 120,935</u>	<u>\$ 1,458,025</u>

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## NONMAJOR DEBT SERVICE FUNDS

The City had the following debt service funds during the year:

Refunding Certificates of Participation of 2011 – This fund was established to provide financing for the 2011 refunding lease.

G.O. Capital Improvement Plan Refunding Bonds of 2013 – This fund was established to provide financing for the 2013 Refunding Capital Improvement Plan Bonds. The 2013 bonds refunded the 2004 bonds. Revenue sources are from property tax collections.

G.O. Street Reconstruction Refunding Bonds of 2013 – This fund was established to provide financing for the 2013 Refunding Street Reconstruction Bonds. Revenue sources are from property tax collections.

G.O. Street Reconstruction Bonds of 2013 – This fund was established to provide financing for the 2013 Street Reconstruction Bonds. Revenue sources are from property tax collections.

G.O. Improvement Refunding Bonds of 2013 (2004) – This fund was established to provide financing for the 2013 Refunding Improvement Bonds. The 2013 bonds refunded the 2004 bonds. Revenue sources are from special assessments. These bonds matured in 2016.

G.O. Improvement Refunding Bonds of 2013 – This fund was established to provide financing for the 2013 Refunding Improvement Bonds. The 2013 bonds refunded the 2006 bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2008 – This fund was established to provide financing for the 2008 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2009 – This fund was established to provide financing for the 2009 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2013 – This fund was established to provide financing for the 2013 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Refunding Bonds of 2014 – This fund was established to provide financing for the 2014 Refunding Improvement Bonds. The 2010 bonds were refunded by the 2014 bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2015 – This fund was established to provide financing for the 2015 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

Closed Bonds – This fund is used to account for previous special assessment bond issues refunded with existing funds. Outstanding special assessment balances are used for related debt service expenditures (fiscal and paying agent fees) and temporary and permanent financing of various capital improvements.

**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Balance Sheet  
 Nonmajor Debt Service Funds  
 December 31, 2016

**Statement 18**  
**Page 1 of 2**

	Refunding Certificates of Participation of 2011	G.O. Capital Improvement Plan Refunding Bonds of 2013	G.O. Street Reconstruction Refunding Bonds of 2013
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and investments	\$ 493,685	\$ 128,815	\$ 177,816
Accrued interest receivable	2,293	-	-
Taxes receivable			
Delinquent	-	931	1,497
Due from county	-	2,772	4,450
Special assessments receivable			
Delinquent	-	-	-
Deferred	-	-	-
Special deferred	-	-	-
Due from county	-	-	-
Total assets	<u>\$ 495,978</u>	<u>\$ 132,518</u>	<u>\$ 183,763</u>
<b>Liabilities</b>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue – property taxes	-	931	1,497
Unavailable revenue – special assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>931</u>	<u>1,497</u>
<b>Fund balances</b>			
Restricted	495,978	131,587	182,266
Assigned	-	-	-
Total fund balances	<u>495,978</u>	<u>131,587</u>	<u>182,266</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 495,978</u>	<u>\$ 132,518</u>	<u>\$ 183,763</u>

**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Balance Sheet  
 Nonmajor Debt Service Funds  
 December 31, 2016

	G.O. Street Reconstruction Bonds of 2013	G.O. Improvement Refunding Bonds of 2013	G.O. Improvement Bonds of 2008
<b>Assets</b>			
Cash and investments	\$ 170,048	\$ 10,243	\$ 100,319
Accrued interest receivable	-	-	-
Taxes receivable			
Delinquent	1,300	95	-
Due from county	3,975	295	-
Special assessments receivable			
Delinquent	-	2,927	-
Deferred	-	-	91,240
Special deferred	-	-	8,791
Due from county	-	2,932	1,897
Total assets	<u>\$ 175,323</u>	<u>\$ 16,492</u>	<u>\$ 202,247</u>
<b>Liabilities</b>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue – property taxes	1,300	95	-
Unavailable revenue – special assessments	-	2,927	100,031
Total deferred inflows of resources	<u>1,300</u>	<u>3,022</u>	<u>100,031</u>
<b>Fund balances</b>			
Restricted	174,023	13,470	102,216
Assigned	-	-	-
Total fund balances	<u>174,023</u>	<u>13,470</u>	<u>102,216</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 175,323</u>	<u>\$ 16,492</u>	<u>\$ 202,247</u>

G.O. Improvement Bonds of 2009	G.O. Improvement Bonds of 2013	G.O. Improvement Refunding Bonds of 2014	G.O. Improvement Bonds of 2015	Closed Bonds	Total Nonmajor Debt Service Funds
\$ 44,831	\$ 292,126	\$ 48,878	\$ 141,664	\$ 1,160,577	\$ 2,769,002
-	482	-	-	2,448	5,223
-	-	-	-	8	3,831
-	-	-	-	-	11,492
1,299	-	130	-	6	4,362
75,637	1,440,723	41,711	160,477	16,106	1,825,894
-	-	-	-	-	8,791
4,236	7,069	882	2,202	1,327	20,545
<u>\$ 126,003</u>	<u>\$ 1,740,400</u>	<u>\$ 91,601</u>	<u>\$ 304,343</u>	<u>\$ 1,180,472</u>	<u>\$ 4,649,140</u>
<u>\$ -</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353</u>
-	-	-	-	8	3,831
76,936	1,440,723	41,841	160,477	16,112	1,839,047
<u>76,936</u>	<u>1,440,723</u>	<u>41,841</u>	<u>160,477</u>	<u>16,120</u>	<u>1,842,878</u>
49,067	299,324	49,760	143,866	-	1,641,557
-	-	-	-	1,164,352	1,164,352
<u>49,067</u>	<u>299,324</u>	<u>49,760</u>	<u>143,866</u>	<u>1,164,352</u>	<u>2,805,909</u>
<u>\$ 126,003</u>	<u>\$ 1,740,400</u>	<u>\$ 91,601</u>	<u>\$ 304,343</u>	<u>\$ 1,180,472</u>	<u>\$ 4,649,140</u>

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**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For The Year Ended December 31, 2016

**Statement 19**  
**Page 1 of 2**

	Refunding Certificates of Participation of 2011	G.O. Capital Improvement Plan Refunding Bonds of 2013	G.O. Street Reconstruction Refunding Bonds of 2013
<b>Revenues</b>			
General property taxes	\$ —	\$ 132,266	\$ 212,433
Special assessments	—	—	—
Earnings on investments	11,639	343	362
Total revenues	<u>11,639</u>	<u>132,609</u>	<u>212,795</u>
<b>Expenditures</b>			
Debt service			
Principal	365,000	120,000	200,000
Interest	102,935	11,400	25,600
Fiscal charges	2,000	95	214
Total expenditures	<u>469,935</u>	<u>131,495</u>	<u>225,814</u>
Revenues over (under) expenditures	<u>(458,296)</u>	<u>1,114</u>	<u>(13,019)</u>
<b>Other financing sources (uses)</b>			
Transfers in	455,000	—	—
Transfers out	—	—	—
Total other financing sources (uses)	<u>455,000</u>	<u>—</u>	<u>—</u>
Net change in fund balances	(3,296)	1,114	(13,019)
Fund balances – January 1	499,274	130,473	195,285
Fund balances – December 31	<u>\$ 495,978</u>	<u>\$ 131,587</u>	<u>\$ 182,266</u>

**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For The Year Ended December 31, 2016

	G.O. Street Reconstruction Bonds of 2013	G.O. Improvement Refunding Bonds of 2013 (2004)	G.O. Improvement Refunding Bonds of 2013
Revenues			
General property taxes	\$ 189,277	\$ -	\$ 14,015
Special assessments	-	5,914	8,779
Earnings on investments	435	-	-
Total revenues	<u>189,712</u>	<u>5,914</u>	<u>22,794</u>
Expenditures			
Debt service			
Principal	145,000	40,000	15,000
Interest	43,819	400	1,450
Fiscal charges	264	3	12
Total expenditures	<u>189,083</u>	<u>40,403</u>	<u>16,462</u>
Revenues over (under) expenditures	<u>629</u>	<u>(34,489)</u>	<u>6,332</u>
Other financing sources (uses)			
Transfers in	-	4,543	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,543</u>	<u>-</u>
Net change in fund balances	629	(29,946)	6,332
Fund balances – January 1	173,394	29,946	7,138
Fund balances – December 31	<u>\$ 174,023</u>	<u>\$ -</u>	<u>\$ 13,470</u>

G.O. Improvement Bonds of 2008	G.O. Improvement Bonds of 2009	G.O. Improvement Bonds of 2013	G.O. Improvement Refunding Bonds of 2014	G.O. Improvement Bonds of 2015	Closed Bonds	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 548,016
21,695	18,840	131,865	11,505	71,381	18,463	288,442
654	275	1,634	307	590	8,306	24,545
<u>22,349</u>	<u>19,115</u>	<u>133,499</u>	<u>11,812</u>	<u>71,971</u>	<u>26,794</u>	<u>861,003</u>
20,000	25,000	85,000	15,000	-	-	1,030,000
9,625	4,938	58,035	2,400	6,629	-	267,231
44	79	352	6	13	-	3,082
<u>29,669</u>	<u>30,017</u>	<u>143,387</u>	<u>17,406</u>	<u>6,642</u>	<u>-</u>	<u>1,300,313</u>
<u>(7,320)</u>	<u>(10,902)</u>	<u>(9,888)</u>	<u>(5,594)</u>	<u>65,329</u>	<u>26,794</u>	<u>(439,310)</u>
-	-	-	-	12,156	-	471,699
-	-	-	-	-	(54,543)	(54,543)
-	-	-	-	12,156	(54,543)	417,156
(7,320)	(10,902)	(9,888)	(5,594)	77,485	(27,749)	(22,154)
109,536	59,969	309,212	55,354	66,381	1,192,101	2,828,063
<u>\$ 102,216</u>	<u>\$ 49,067</u>	<u>\$ 299,324</u>	<u>\$ 49,760</u>	<u>\$ 143,866</u>	<u>\$ 1,164,352</u>	<u>\$ 2,805,909</u>

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## NONMAJOR CAPITAL PROJECT FUNDS

The City had the following capital project funds during the year:

Tax Increment Financing District #1 Deluxe – This fund accounts for the receipt and use of tax increment collections in development district number two.

Tax Increment Financing District #2 City Center – This fund accounts for the receipt and use of tax increment collections in development district number two.

Tax Increment Financing District #4 Scandia Shores – This fund is used to account for the receipt and use of tax increment collections in tax increment district number four within development district number two.

Tax Increment Financing District #5 Shoreview Mall and Summer House Senior Housing – This fund is used to account for the receipt and use of tax increment collections in tax increment district number five within development district number two.

Tax Increment Financing District #6 Gateway – This fund is used to account for the receipt and use of tax increment collections in tax increment district number six within development district number two.

Tax Increment Financing District #7 Shoreview Senior Living – This fund is used to account for the receipt and use of tax increment collections in tax increment district number seven within development district number two.

Tax Increment Financing District #8 Lakeview Terrace – This fund is used to account for the receipt and use of tax increment collections in tax increment district number eight within development district number two.

Tax Increment Financing District #9 TSI Inc. – This fund is used to account for the receipt and use of tax increment collections in tax increment district number nine within development district number two.

The following city improvement project funds are temporary capital project funds which are setup to account for construction costs and capital purchases indicated by the title of each fund.

- Information Technology
- Owasso Street Realignment
- Grand Avenue Reconstruction
- Turtle Lane/Schifsky Road Reconstruction
- Virginia/Dennison Reconstruction
- Railroad Quiet Zones Jerrold/North Owasso

**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Balance Sheet  
 Nonmajor Capital Project Funds  
 December 31, 2016

	Tax Increment Financing			
	District #1 Deluxe	District #4 Scandia Shores	District #6 Gateway	District #7 Shoreview Senior Living
<b>Assets</b>				
Cash and investments	\$ 890,937	\$ 831	\$ 13,417	\$ 63,517
Accrued interest receivable	3,122	-	-	-
Loan receivable	127,882	-	-	-
Taxes receivable				
Delinquent	-	-	-	-
Due from county	-	-	1,025	-
Interfund receivable	1,020,188	-	-	-
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 2,042,129</u>	<u>\$ 831</u>	<u>\$ 14,442</u>	<u>\$ 63,517</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 1,025	\$ -
Contracts payable	-	-	-	-
Interfund payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,025</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue – property taxes	-	-	-	-
<b>Fund balances</b>				
Restricted	2,042,129	831	13,417	63,517
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,042,129</u>	<u>831</u>	<u>13,417</u>	<u>63,517</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,042,129</u>	<u>\$ 831</u>	<u>\$ 14,442</u>	<u>\$ 63,517</u>

Statement 20

District #8 Lakeview Terrace	District #9 TSI Inc.	Information Technology	Virginia/ Dennison Reconstruction	Railroad Quiet Zones Jerrold/ North Owasso	Total Nonmajor Capital Project Funds
\$ 31,042	\$ 14,846	\$ 77,787	\$ 11,158	\$ -	\$ 1,103,535
-	-	-	-	-	3,122
-	-	-	-	-	127,882
-	-	190	-	-	190
-	-	634	-	-	1,659
-	-	-	-	-	1,020,188
-	-	-	-	76,141	76,141
<u>\$ 31,042</u>	<u>\$ 14,846</u>	<u>\$ 78,611</u>	<u>\$ 11,158</u>	<u>\$ 76,141</u>	<u>\$ 2,332,717</u>
\$ -	\$ -	\$ 2,731	\$ -	\$ -	\$ 3,756
-	-	-	11,158	32,506	43,664
<u>1,020,188</u>	-	-	-	-	<u>1,020,188</u>
<u>1,020,188</u>	-	<u>2,731</u>	<u>11,158</u>	<u>32,506</u>	<u>1,067,608</u>
-	-	190	-	-	190
-	14,846	-	-	-	2,134,740
-	-	75,690	-	43,635	119,325
<u>(989,146)</u>	-	-	-	-	<u>(989,146)</u>
<u>(989,146)</u>	<u>14,846</u>	<u>75,690</u>	-	<u>43,635</u>	<u>1,264,919</u>
<u>\$ 31,042</u>	<u>\$ 14,846</u>	<u>\$ 78,611</u>	<u>\$ 11,158</u>	<u>\$ 76,141</u>	<u>\$ 2,332,717</u>

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**CITY OF SHOREVIEW, MINNESOTA**

Subcombining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Capital Project Funds  
 For The Year Ended December 31, 2016

**Statement 21**  
**Page 1 of 2**

	Tax Increment Financing			
	District #1 Deluxe	District #2 City Center	District #4 Scandia Shores	District #5 Shoreview Mall and Summer House Senior Housing
Revenues				
Taxes				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	133,031	-
Intergovernmental	-	-	-	-
Earnings on investments	43,673	-	5	-
Total revenues	<u>43,673</u>	<u>-</u>	<u>133,036</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Community development	707,624	396,770	133,031	401,165
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>707,624</u>	<u>396,770</u>	<u>133,031</u>	<u>401,165</u>
Revenues over (under) expenditures	<u>(663,951)</u>	<u>(396,770)</u>	<u>5</u>	<u>(401,165)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(663,951)</u>	<u>(396,770)</u>	<u>5</u>	<u>(401,165)</u>
Fund balances – January 1	2,706,080	396,770	826	401,165
Fund balances – December 31	<u>\$ 2,042,129</u>	<u>\$ -</u>	<u>\$ 831</u>	<u>\$ -</u>

**CITY OF SHOREVIEW, MINNESOTA**  
 Subcombining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Capital Project Funds  
 For The Year Ended December 31, 2016

	<u>Tax Increment Financing</u>			
	<u>District #6</u>	<u>District #7</u>	<u>District #8</u>	<u>District #9</u>
	<u>Gateway</u>	<u>Shoreview</u>	<u>Lakeview</u>	<u>TSI Inc.</u>
		<u>Senior Living</u>	<u>Terrace</u>	
<b>Revenues</b>				
Taxes				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	89,244	212,242	245,932	73,312
Intergovernmental	-	-	-	-
Earnings on investments	95	368	396	75
Total revenues	<u>89,339</u>	<u>212,610</u>	<u>246,328</u>	<u>73,387</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Community development	89,244	191,501	181,157	67,226
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>89,244</u>	<u>191,501</u>	<u>181,157</u>	<u>67,226</u>
Revenues over (under) expenditures	<u>95</u>	<u>21,109</u>	<u>65,171</u>	<u>6,161</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(1,129,932)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,129,932)</u>	<u>-</u>
Net change in fund balances	95	21,109	(1,064,761)	6,161
Fund balances – January 1	13,322	42,408	75,615	8,685
Fund balances – December 31	<u>\$ 13,417</u>	<u>\$ 63,517</u>	<u>\$ (989,146)</u>	<u>\$ 14,846</u>

Information Technology	Owasso Street Realignment	Grand Avenue Reconstruction	Turtle Lane/Schifsky Road Reconstruction	Virginia/Dennison Reconstruction	Railroad Quiet Zones Jerrold/North Owasso	Total Nonmajor Capital Project Funds
\$ 29,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,998
-	-	-	-	-	-	753,761
-	-	-	-	-	303,681	303,681
-	-	-	-	-	-	44,612
<u>29,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,681</u>	<u>1,132,052</u>
54,780	-	-	-	-	-	54,780
-	25,430	-	-	-	336,429	361,859
-	-	-	-	-	-	2,167,718
180,095	-	-	-	-	-	180,095
-	-	434,531	6,611	752,730	-	1,193,872
<u>234,875</u>	<u>25,430</u>	<u>434,531</u>	<u>6,611</u>	<u>752,730</u>	<u>336,429</u>	<u>3,958,324</u>
<u>(204,877)</u>	<u>(25,430)</u>	<u>(434,531)</u>	<u>(6,611)</u>	<u>(752,730)</u>	<u>(32,748)</u>	<u>(2,826,272)</u>
247,752	1,129,932	434,531	18,767	752,730	76,383	2,660,095
-	-	-	(12,156)	-	-	(1,142,088)
<u>247,752</u>	<u>1,129,932</u>	<u>434,531</u>	<u>6,611</u>	<u>752,730</u>	<u>76,383</u>	<u>1,518,007</u>
42,875	1,104,502	-	-	-	43,635	(1,308,265)
32,815	(1,104,502)	-	-	-	-	2,573,184
<u>\$ 75,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,635</u>	<u>\$ 1,264,919</u>

**CITY OF SHOREVIEW, MINNESOTA**  
 Nonmajor Special Revenue Fund – Recycling  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For The Year Ended December 31, 2016

**Statement 22**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>			
Intergovernmental	\$ 75,469	\$ 79,702	\$ 4,233
Charges for services			
Recycling fees	536,500	543,923	7,423
Earnings on investments	–	2,095	2,095
Total revenues	<u>611,969</u>	<u>625,720</u>	<u>13,751</u>
<b>Expenditures</b>			
Public works			
Current			
Personal services	39,331	31,719	7,612
Materials and supplies	1,500	224	1,276
Contractual services	525,320	486,423	38,897
Total expenditures	<u>566,151</u>	<u>518,366</u>	<u>47,785</u>
Net change in fund balances	<u>\$ 45,818</u>	<u>107,354</u>	<u>\$ 61,536</u>
Fund balances – January 1		<u>352,762</u>	
Fund balances – December 31		<u>\$ 460,116</u>	

**CITY OF SHOREVIEW, MINNESOTA**

Nonmajor Special Revenue Fund – Cable TV  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For The Year Ended December 31, 2016

**Statement 23**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>			
Franchise Taxes			
General Franchise tax	\$ 320,000	\$ 339,851	\$ 19,851
PEG Access tax	115,000	112,892	(2,108)
Total franchise tax	<u>435,000</u>	<u>452,743</u>	<u>17,743</u>
Earnings on investments	1,700	2,906	1,206
Other	1,200	1,100	(100)
Total revenues	<u>437,900</u>	<u>456,749</u>	<u>18,849</u>
<b>Expenditures</b>			
General government			
Current			
Personal services	47,653	39,391	8,262
Materials and supplies	500	32	468
Contractual services	72,030	96,939	(24,909)
Capital outlay	<u>100,000</u>	<u>16,606</u>	<u>83,394</u>
Total expenditures	<u>220,183</u>	<u>152,968</u>	<u>67,215</u>
Revenues over (under) expenditures	<u>217,717</u>	<u>303,781</u>	<u>86,064</u>
<b>Other financing sources (uses)</b>			
Transfers out	(200,000)	(200,000)	-
Net change in fund balances	<u>\$ 17,717</u>	<u>103,781</u>	<u>\$ 86,064</u>
Fund balances – January 1		<u>468,180</u>	
Fund balances – December 31		<u>\$ 571,961</u>	

**CITY OF SHOREVIEW, MINNESOTA**

Nonmajor Special Revenue Fund – Slice of Shoreview Event  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For The Year Ended December 31, 2016

**Statement 24**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Charges for services	\$ 27,000	\$ 29,660	\$ 2,660
Earnings on investments	–	660	660
Contributions	32,000	36,882	4,882
Total revenues	<u>59,000</u>	<u>67,202</u>	<u>8,202</u>
Expenditures			
General government			
Current			
Materials and supplies	2,200	2,191	9
Contractual services	65,700	68,807	(3,107)
Total expenditures	<u>67,900</u>	<u>70,998</u>	<u>(3,098)</u>
Revenues over (under) expenditures	<u>(8,900)</u>	<u>(3,796)</u>	<u>5,104</u>
Other financing sources (uses)			
Transfer in	10,000	10,000	–
Net change in fund balances	<u>\$ 1,100</u>	<u>6,204</u>	<u>\$ 5,104</u>
Fund balances – January 1		81,405	
Fund balances – December 31		<u>\$ 87,609</u>	

**CITY OF SHOREVIEW, MINNESOTA**

Nonmajor Special Revenue Fund – Economic Development Authority  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For The Year Ended December 31, 2016

**Statement 25**

	Original and Final Budget	Actual Amounts	Variance With Final Budget
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues			
General property taxes			
Current	\$ 110,000	\$ 109,965	\$ (35)
Other	–	72	72
Total general property taxes	<u>110,000</u>	<u>110,037</u>	<u>37</u>
Earnings on investments	–	1,341	1,341
Total revenues	<u>110,000</u>	<u>111,378</u>	<u>1,378</u>
Expenditures			
Community development			
Current			
Personal services	60,513	61,983	(1,470)
Supplies	4,300	3,150	1,150
Contractual services	42,200	32,540	9,660
Total expenditures	<u>107,013</u>	<u>97,673</u>	<u>9,340</u>
Net change in fund balance	<u>\$ 2,987</u>	<u>13,705</u>	<u>\$ 10,718</u>
Fund balances – January 1		<u>203,699</u>	
Fund balances – December 31		<u>\$ 217,404</u>	

**CITY OF SHOREVIEW, MINNESOTA**

Nonmajor Special Revenue Fund – Housing and Redevelopment Authority  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance – Budget and Actual  
 For The Year Ended December 31, 2016

**Statement 26**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
General property taxes			
Current	\$ 100,000	\$ 99,937	\$ (63)
Other	–	64	64
Total general property taxes	<u>100,000</u>	<u>100,001</u>	<u>1</u>
Earnings on investments	–	637	637
Total revenues	<u>100,000</u>	<u>100,638</u>	<u>638</u>
<b>Expenditures</b>			
Community development			
Current			
Personal services	68,107	69,883	(1,776)
Contractual services	<u>24,800</u>	<u>13,000</u>	<u>11,800</u>
Total expenditures	<u>92,907</u>	<u>82,883</u>	<u>10,024</u>
Net change in fund balance	<u>\$ 7,093</u>	<u>17,755</u>	<u>\$ 10,662</u>
Fund balances – January 1		<u>103,180</u>	
Fund balances – December 31		<u>\$ 120,935</u>	



## INTERNAL SERVICE FUNDS

The internal service funds were established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. Records are maintained on the accrual basis of accounting.

Short-Term Disability Self-Insurance Fund – This fund accounts for the receipt of monthly premiums paid by employees and costs incurred in providing short-term disability insurance to employees on a self-insured basis.

Liability Claims Fund – This fund was established to account for losses in the City’s general package insurance under the deductible amount of \$25,000 per loss/\$75,000 annual limit.

Central Garage Fund – This fund accounts for the operation of the Service Center and vehicle maintenance and replacement. Rental rates and user fees are charged to various departments for the use of the facility and equipment.

**CITY OF SHOREVIEW, MINNESOTA**  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2016

**Statement 27**

	Short-Term Disability Self-Insurance	Liability Claims	Central Garage	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and investments	\$ 46,861	\$ 292,229	\$ 1,648,976	\$ 1,988,066
Accrued interest receivable	-	479	3,142	3,621
Accounts receivable	-	-	234	234
Taxes receivable	-	-	5,180	5,180
Prepaid items	-	-	3,137	3,137
<b>Total current assets</b>	<u>46,861</u>	<u>292,708</u>	<u>1,660,669</u>	<u>2,000,238</u>
<b>Noncurrent assets</b>				
<b>Capital assets</b>				
Land	-	-	36,293	36,293
Buildings and structures	-	-	6,929,379	6,929,379
Machinery and equipment	-	-	5,999,285	5,999,285
<b>Total capital assets</b>	<u>-</u>	<u>-</u>	<u>12,964,957</u>	<u>12,964,957</u>
Less accumulated depreciation	-	-	(5,016,636)	(5,016,636)
<b>Total capital assets (net of accumulated depreciation)</b>	<u>-</u>	<u>-</u>	<u>7,948,321</u>	<u>7,948,321</u>
<b>Total assets</b>	<u>46,861</u>	<u>292,708</u>	<u>9,608,990</u>	<u>9,948,559</u>
<b>Deferred outflows of resources</b>				
Deferred pension resources	-	-	78,097	78,097
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	-	416	18,567	18,983
Salaries payable	-	-	6,713	6,713
Accrued bond interest payable	-	-	50,714	50,714
Due to other governmental units	-	-	863	863
Compensated absences payable	-	-	405	405
Bonds payable	-	-	260,000	260,000
<b>Total current liabilities</b>	<u>-</u>	<u>416</u>	<u>337,262</u>	<u>337,678</u>
<b>Noncurrent liabilities</b>				
Compensated absences payable (net of current portion)	-	-	6,068	6,068
Bonds payable (net of current portion)	-	-	4,345,282	4,345,282
Net pension liability	-	-	188,170	188,170
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>4,539,520</u>	<u>4,539,520</u>
<b>Total liabilities</b>	<u>-</u>	<u>416</u>	<u>4,876,782</u>	<u>4,877,198</u>
<b>Deferred inflows of resources</b>				
Deferred pension resources	-	-	22,377	22,377
<b>Net position</b>				
Net investment in capital assets	-	-	3,343,039	3,343,039
Unrestricted	46,861	292,292	1,444,889	1,784,042
<b>Total net position</b>	<u>\$ 46,861</u>	<u>\$ 292,292</u>	<u>\$ 4,787,928</u>	<u>\$ 5,127,081</u>

**CITY OF SHOREVIEW, MINNESOTA**

Combining Statement of Revenues, Expenses, and  
Changes in Fund Net Position  
Internal Service Funds  
For The Year Ended December 31, 2016

**Statement 28**

	Short-Term Disability Self-Insurance	Liability Claims	Central Garage	Total
Operating revenues				
Customer billings	\$ 7,992	\$ –	\$ 1,285,231	\$ 1,293,223
Operating expenses				
Personal services	1,461	–	227,330	228,791
Materials and supplies	–	–	237,415	237,415
Contractual services	–	4,726	75,457	80,183
Utilities	–	–	29,520	29,520
Insurance	–	–	22,505	22,505
Depreciation	–	–	653,573	653,573
Total operating expenses	<u>1,461</u>	<u>4,726</u>	<u>1,245,800</u>	<u>1,251,987</u>
Operating income (loss)	<u>6,531</u>	<u>(4,726)</u>	<u>39,431</u>	<u>41,236</u>
Nonoperating revenues (expenses)				
General property taxes	–	–	184,217	184,217
Earnings on investments	310	1,623	10,661	12,594
Intergovernmental revenue	–	–	733	733
Gain on sale of capital assets	–	–	43,147	43,147
Other	–	82,549	7,474	90,023
Interest	–	–	(110,211)	(110,211)
Fiscal charges	–	–	(321)	(321)
Total nonoperating revenues (expenses)	<u>310</u>	<u>84,172</u>	<u>135,700</u>	<u>220,182</u>
Income (loss) before transfers	<u>6,841</u>	<u>79,446</u>	<u>175,131</u>	<u>261,418</u>
Transfers				
Transfer in	–	–	119,400	119,400
Transfer out	–	–	(573)	(573)
Total transfers	<u>–</u>	<u>–</u>	<u>118,827</u>	<u>118,827</u>
Change in net position	<u>6,841</u>	<u>79,446</u>	<u>293,958</u>	<u>380,245</u>
Net position – January 1,	40,020	212,846	4,493,970	4,746,836
Net position – December 31	<u>\$ 46,861</u>	<u>\$ 292,292</u>	<u>\$ 4,787,928</u>	<u>\$ 5,127,081</u>

**CITY OF SHOREVIEW, MINNESOTA**

Combining Statement of Cash Flows

Internal Service Funds

For The Year Ended December 31, 2016

**Statement 29**

	Short-Term Disability Self-Insurance	Liability Claims	Central Garage	Total
Cash flows from operating activities				
Receipts from interfund services provided	\$ 7,992	\$ -	\$ 1,285,231	\$ 1,293,223
Payments to suppliers	-	(23,333)	(361,178)	(384,511)
Payments to employees	(3,652)	-	(213,574)	(217,226)
Miscellaneous revenue	-	82,549	8,207	90,756
Net cash flows from operating activities	<u>4,340</u>	<u>59,216</u>	<u>718,686</u>	<u>782,242</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	-	(573)	(573)
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	-	43,147	43,147
Acquisition and construction of capital assets	-	-	(524,772)	(524,772)
Receipts from taxpayers	-	-	183,090	183,090
Transfers from other funds	-	-	119,400	119,400
Principal paid on capital debt	-	-	(220,000)	(220,000)
Interest and paying agent fees on capital debt	-	-	(124,233)	(124,233)
Net cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(523,368)</u>	<u>(523,368)</u>
Cash flows from investing activities				
Earnings on investments	310	1,662	10,855	12,827
Net change in cash and cash equivalents	4,650	60,878	205,600	271,128
Cash and cash equivalents – January 1	42,211	231,351	1,443,376	1,716,938
Cash and cash equivalents – December 31	<u>\$ 46,861</u>	<u>\$ 292,229</u>	<u>\$ 1,648,976</u>	<u>\$ 1,988,066</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 6,531	\$ (4,726)	\$ 39,431	\$ 41,236
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous revenue	-	82,549	8,207	90,756
Depreciation	-	-	653,573	653,573
Decrease (increase) in receivables	-	-	182	182
Decrease (increase) in prepaid items	-	-	(3,137)	(3,137)
Decrease (increase) in deferred outflows	-	-	(61,316)	(61,316)
Increase (decrease) in payables	(2,191)	(18,607)	74,311	53,513
Increase (decrease) in deferred inflows	-	-	7,435	7,435
Total adjustments	<u>(2,191)</u>	<u>63,942</u>	<u>679,255</u>	<u>741,006</u>
Net cash flows from operating activities	<u>\$ 4,340</u>	<u>\$ 59,216</u>	<u>\$ 718,686</u>	<u>\$ 782,242</u>
Noncash investing, capital, and financing activities				
Capital assets purchased on account				
Accounts payable	\$ -	\$ -	\$ (5,500)	\$ (5,500)
Taxes receivable	-	-	1,127	1,127

## FIDUCIARY FUNDS

Agency funds account for assets held by a governmental unit in a custodial capacity as an agent for individuals, private organizations, other governmental units, and other funds. The City has the following agency fund:

Hockey Association – This fund accounts for the temporary investment of assets retained by the City pursuant to agreements between the communities of Shoreview, Arden Hills, Mounds View, and New Brighton, and the state of Minnesota Amateur Sports Commission regarding the purchase of ice time at the National Sports Center Ice Arena located in the City of Blaine.

**CITY OF SHOREVIEW, MINNESOTA**  
Statement of Changes in Assets and Liabilities  
Agency Fund  
For The Year Ended December 31, 2016

**Statement 30**

	Agency			
	Balance – January 1, 2016	Additions	Deletions	Balance – December 31, 2016
<b>Hockey Association</b>				
Assets				
Cash and investments	\$ 402,635	\$ 14,400	\$ 4,370	\$ 412,665
Accrued interest receivable	870	872	870	872
Total assets	<u>\$ 403,505</u>	<u>\$ 15,272</u>	<u>\$ 5,240</u>	<u>\$ 413,537</u>
Liabilities				
Deposits payable	<u>\$ 403,505</u>	<u>\$ 15,272</u>	<u>\$ 5,240</u>	<u>\$ 413,537</u>

**FINANCIAL SECTION –  
SUPPLEMENTARY FINANCIAL INFORMATION**





**SUPPLEMENTARY FINANCIAL INFORMATION**

**CITY OF SHOREVIEW, MINNESOTA**  
Combining Schedule of Indebtedness  
December 31, 2016

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bonded indebtedness			
G.O. improvement bonds			
2008 Improvement Bonds	3.50–4.375%	11/15/2008	02/01/2025
2009 Improvement Bonds	3.00–4.00%	11/15/2009	02/01/2021
2013 Refunding Improvement Bonds	2.00%	03/06/2013	02/01/2022
2013 Improvement Bonds	3.00–4.00%	12/05/2013	02/01/2035
2014 Refunding Improvement Bonds	2.00–3.00%	12/04/2014	02/01/2022
2015 Improvement Bonds	2.00–4.00%	09/17/2015	02/01/2026
Total G.O. improvement bonds			
Other G.O. improvement bonds			
G.O. Refunding Capital Improvement Plan Bonds of 2013	2.00%	03/06/2013	02/01/2020
G.O. Refunding Street Reconstruction Bonds of 2013	2.00%	03/06/2013	02/01/2022
G.O. Street Reconstruction Bonds of 2013	2.00–2.375%	03/06/2013	02/01/2028
G.O. Capital Improvement Plan Refunding Bonds of 2014	2.00–3.00%	12/04/2014	02/01/2030
Total other G.O. improvement bonds			
G.O. revenue bonds			
G.O. Water Revenue Bonds of 2007	3.50–4.15%	11/01/2007	02/01/2023
G.O. Water Revenue Bonds of 2008	3.50–4.375%	11/15/2008	02/01/2025
G.O. Water Revenue Bonds of 2013A	2.00%	03/06/2013	02/01/2023
G.O. Water Refunding Revenue Bonds of 2013B	2.00%	03/06/2013	02/01/2022
G.O. Water Revenue Bonds of 2013C	3.00%	12/05/2013	02/01/2024
G.O. Water Refunding Revenue Bonds of 2014	2.00–3.00%	12/04/2014	02/01/2026
G.O. Water Revenue Bonds of 2015	2.00–4.00%	09/17/2015	02/01/2036
G.O. Water Revenue Bonds of 2016	2.00–3.00%	01/14/2016	02/01/2036
G.O. Sewer Revenue Bonds of 2007	3.50–4.15%	11/01/2007	02/01/2023
G.O. Sewer Revenue Bonds of 2008	3.50–4.375%	11/15/2008	02/01/2025
G.O. Sewer Refunding Revenue Bonds of 2013B	2.00%	03/06/2013	02/01/2022
G.O. Sewer Refunding Revenue Bonds of 2014	2.00–3.00%	12/04/2014	02/01/2026
G.O. Sewer Revenue Bonds of 2015	2.00–4.00%	09/17/2015	02/01/2031
G.O. Sewer Revenue Bonds of 2016	2.00–3.00%	01/14/2016	02/01/2031
G.O. Surface Water Revenue Bonds of 2007	3.50–4.15%	11/01/2007	02/01/2023
G.O. Surface Water Revenue Bonds of 2008	3.50–4.375%	11/15/2008	02/01/2025
G.O. Surface Water Revenue Bonds of 2009	3.00–4.00%	11/15/2009	02/01/2021
G.O. Surface Water Revenue Bonds of 2013A	2.00%	03/06/2013	02/01/2023
G.O. Surface Water Refunding Revenue Bonds of 2013B	2.00%	03/06/2013	02/01/2016
G.O. Surface Water Revenue Bonds of 2013C	3.00%	12/05/2013	02/01/2024
G.O. Surface Water Refunding Revenue Bonds of 2014	2.00–3.00%	12/04/2014	02/01/2026
G.O. Surface Water Revenue Bonds of 2015	2.00–4.00%	09/17/2015	02/01/2031
G.O. Surface Water Revenue Bonds of 2016	2.00–3.00%	01/14/2016	02/01/2031
Total G.O. revenue bonds			
Total bonded indebtedness			
Unamortized premium	N/A	N/A	N/A
Refunding Certificates of Participation of 2011	2.00–3.75%	04/01/2011	08/01/2023
Loan payable	–	09/26/2006	N/A
Compensated absences	N/A	N/A	N/A
Net pension liability	N/A	N/A	N/A
Total city indebtedness			

N/A – Not Applicable

Exhibit 1

Prior Years		Outstanding 12/31/2015	2016		Outstanding 12/31/2016	Principal Due in 2017	Interest Due in 2017
Authorized and Issued	Payments		Issued	Payments			
\$ 330,000	\$ 90,000	\$ 240,000	\$ -	\$ 20,000	\$ 220,000	\$ 20,000	\$ 8,825
235,000	85,000	150,000	-	25,000	125,000	25,000	4,156
235,000	115,000	120,000	-	55,000	65,000	20,000	1,100
1,775,000	-	1,775,000	-	85,000	1,690,000	85,000	55,485
100,000	-	100,000	-	15,000	85,000	15,000	2,100
295,000	-	295,000	-	-	295,000	10,000	7,400
<u>2,970,000</u>	<u>290,000</u>	<u>2,680,000</u>	<u>-</u>	<u>200,000</u>	<u>2,480,000</u>	<u>175,000</u>	<u>79,066</u>
750,000	120,000	630,000	-	120,000	510,000	120,000	9,000
1,380,000	-	1,380,000	-	200,000	1,180,000	190,000	21,700
2,415,000	285,000	2,130,000	-	145,000	1,985,000	150,000	40,869
4,670,000	-	4,670,000	-	220,000	4,450,000	260,000	119,113
<u>9,215,000</u>	<u>405,000</u>	<u>8,810,000</u>	<u>-</u>	<u>685,000</u>	<u>8,125,000</u>	<u>720,000</u>	<u>190,682</u>
845,000	330,000	515,000	-	55,000	460,000	60,000	17,238
2,365,000	700,000	1,665,000	-	135,000	1,530,000	140,000	61,295
775,000	140,000	635,000	-	75,000	560,000	75,000	10,450
610,000	145,000	465,000	-	80,000	385,000	55,000	7,150
305,000	30,000	275,000	-	30,000	245,000	30,000	6,900
915,000	-	915,000	-	75,000	840,000	80,000	21,050
6,885,000	-	6,885,000	-	-	6,885,000	215,000	186,603
-	-	-	6,995,000	-	6,995,000	305,000	169,000
260,000	100,000	160,000	-	15,000	145,000	20,000	5,407
580,000	170,000	410,000	-	35,000	375,000	35,000	15,001
285,000	100,000	185,000	-	60,000	125,000	20,000	2,300
730,000	-	730,000	-	65,000	665,000	65,000	16,637
1,650,000	-	1,650,000	-	-	1,650,000	75,000	41,668
-	-	-	230,000	-	230,000	15,000	5,063
600,000	235,000	365,000	-	40,000	325,000	40,000	12,220
230,000	65,000	165,000	-	15,000	150,000	15,000	5,983
1,180,000	495,000	685,000	-	105,000	580,000	110,000	19,463
960,000	180,000	780,000	-	90,000	690,000	95,000	12,850
155,000	105,000	50,000	-	50,000	-	-	-
190,000	15,000	175,000	-	15,000	160,000	20,000	4,500
265,000	-	265,000	-	20,000	245,000	20,000	6,250
860,000	-	860,000	-	-	860,000	40,000	21,712
-	-	-	380,000	-	380,000	20,000	8,425
<u>20,645,000</u>	<u>2,810,000</u>	<u>17,835,000</u>	<u>7,605,000</u>	<u>960,000</u>	<u>24,480,000</u>	<u>1,550,000</u>	<u>657,165</u>
<u>32,830,000</u>	<u>3,505,000</u>	<u>29,325,000</u>	<u>7,605,000</u>	<u>1,845,000</u>	<u>35,085,000</u>	<u>2,445,000</u>	<u>926,913</u>
N/A	N/A	869,556	N/A	N/A	958,363	N/A	N/A
4,620,000	1,345,000	3,275,000	-	365,000	2,910,000	375,000	94,540
6,000,000	-	6,000,000	-	-	6,000,000	-	-
N/A	N/A	403,514	511,425	528,485	386,454	24,078	-
N/A	N/A	4,866,385	3,754,498	1,094,104	7,526,779	N/A	N/A
<u>\$ 43,450,000</u>	<u>\$ 4,850,000</u>	<u>\$ 44,739,455</u>	<u>\$ 11,870,923</u>	<u>\$ 3,832,589</u>	<u>\$ 52,866,596</u>	<u>\$ 2,844,078</u>	<u>\$ 1,021,453</u>

**CITY OF SHOREVIEW, MINNESOTA**  
 Taxable Valuations, Tax Levies, and Tax Rates

**Exhibit 2**

	<u>Tax Capacity Values 2014/2015</u>		<u>Tax Capacity Values 2015/2016</u>	
Taxable valuations				
Real estate	\$ 30,001,282		\$ 30,502,250	
Personal property	206,444		217,494	
Fiscal disparities net	(37,183)		96,053	
Less captured tax increment value	<u>(920,195)</u>		<u>(607,343)</u>	
Totals	<u>\$ 29,250,348</u>		<u>\$ 30,208,454</u>	
Tax levies				
Year of extension	2014		2015	
Year of collection	2015		2016	
	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>
Taxes levied				
General Fund	\$ 7,023,335	23.853%	\$ 7,321,858	24.267%
Shoreview EDA	90,000	0.306%	110,000	0.365%
Capital project funds	2,402,583	8.160%	2,505,000	8.302%
Debt service funds	544,000	1.848%	547,000	1.813%
Central Garage Fund	<u>208,000</u>	<u>0.706%</u>	<u>184,000</u>	<u>0.610%</u>
Totals	<u>\$ 10,267,918</u>	<u>34.873%</u>	<u>\$ 10,667,858</u>	<u>35.357%</u>
Shoreview HRA	<u>\$ 95,000</u>	<u>0.323%</u>	<u>\$ 100,000</u>	<u>0.332%</u>

**CITY OF SHOREVIEW, MINNESOTA**

Schedule of Deferred Tax Levies

Other General Obligation Bonds

December 31, 2016

**Exhibit 3**

Year of Tax Levy/Collection	G.O. Capital Improvement Plan Refunding Bonds of 2013	G.O. Capital Improvement Plan Refunding Bonds of 2014	G.O. Street Reconstruction Refunding Bonds of 2013	G.O. Street Reconstruction Bonds of 2013	Total
2016/2017	\$ 132,000	\$ 184,000	\$ 214,000	\$ 189,000	\$ 719,000
2017/2018	141,960	410,668	221,550	200,937	975,115
2018/2019	139,230	407,098	217,455	197,682	961,465
2019/2020	-	413,871	218,610	199,677	832,158
2020/2021	-	414,921	224,910	201,567	841,398
2021/2022	-	415,656	-	198,102	613,758
2022/2023	-	413,345	-	199,887	613,232
2023/2024	-	410,917	-	201,121	612,038
2024/2025	-	412,755	-	196,987	609,742
2025/2026	-	407,295	-	198,102	605,397
2026/2027	-	406,928	-	198,863	605,791
2027/2028	-	400,995	-	-	400,995
2028/2029	-	400,155	-	-	400,155
Totals	<u>\$ 413,190</u>	<u>\$ 5,098,604</u>	<u>\$ 1,096,525</u>	<u>\$ 2,181,925</u>	<u>\$ 8,790,244</u>

**CITY OF SHOREVIEW, MINNESOTA**

Schedule of Deferred Tax Levies  
 General Obligation Improvement Bonds  
 December 31, 2016

**Exhibit 4**

Year of Tax Levy/ Collection	G.O. Improvement Bonds				Total
	2009	Refunding 2014	Refunding 2013 B	2013 C	
2016/2017	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
2017/2018	3,623	1,866	3,943	9,395	18,827
2018/2019	2,704	6,801	9,088	6,718	25,311
2019/2020	1,654	6,329	8,878	9,290	26,151
2020/2021	-	5,855	8,668	11,705	26,228
2021/2022	-	-	-	8,713	8,713
2022/2023	-	-	-	5,720	5,720
2023/2024	-	-	-	13,228	13,228
2024/2025	-	-	-	10,764	10,764
2025/2026	-	-	-	8,076	8,076
2026/2027	-	-	-	10,638	10,638
2027/2028	-	-	-	7,782	7,782
2028/2029	-	-	-	10,176	10,176
2029/2030	-	-	-	10,461	10,461
2030/2031	-	-	-	6,891	6,891
2031/2032	-	-	-	8,571	8,571
2032/2033	-	-	-	10,041	10,041
2033/2034	-	-	-	6,051	6,051
<b>Total</b>	<b>\$ 7,981</b>	<b>\$ 20,851</b>	<b>\$ 42,577</b>	<b>\$ 154,220</b>	<b>\$ 225,629</b>

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**CITY OF SHOREVIEW, MINNESOTA**

Debt Service Payments to Maturity

Revenue Bonds

December 31, 2016

	Water Revenue Bonds				
	2007	2008	2013A	Refunding 2013B	2013C
Bonds payable	\$ 460,000	\$ 1,530,000	\$ 560,000	\$ 385,000	\$ 245,000
Future interest payable	68,404	314,218	40,200	23,850	29,925
Totals	<u>\$ 528,404</u>	<u>\$ 1,844,218</u>	<u>\$ 600,200</u>	<u>\$ 408,850</u>	<u>\$ 274,925</u>
Payments to maturity					
2017	\$ 77,238	\$ 201,295	\$ 85,450	\$ 62,150	\$ 36,900
2018	74,943	200,595	83,950	70,950	36,000
2019	72,603	204,595	87,400	69,650	35,100
2020	75,117	203,175	85,800	68,350	34,200
2021	77,400	206,328	84,200	67,050	33,300
2022	74,547	204,081	87,550	70,700	32,400
2023	76,556	206,431	85,850	—	31,500
2024	—	208,234	—	—	35,525
2025	—	209,484	—	—	—
2026	—	—	—	—	—
2027	—	—	—	—	—
2028	—	—	—	—	—
2029	—	—	—	—	—
2030	—	—	—	—	—
2031	—	—	—	—	—
2032	—	—	—	—	—
2033	—	—	—	—	—
2034	—	—	—	—	—
2035	—	—	—	—	—
2036	—	—	—	—	—
Totals	<u>\$ 528,404</u>	<u>\$ 1,844,218</u>	<u>\$ 600,200</u>	<u>\$ 408,850</u>	<u>\$ 274,925</u>



Sewer Revenue Bonds						
Refunding 2014	2015	2016	2007	2008	Refunding 2013B	Refunding 2014
\$ 840,000	\$ 6,885,000	\$ 6,995,000	\$ 145,000	\$ 375,000	\$ 125,000	\$ 665,000
115,638	2,048,647	1,937,650	21,209	76,388	7,750	89,943
<u>\$ 955,638</u>	<u>\$ 8,933,647</u>	<u>\$ 8,932,650</u>	<u>\$ 166,209</u>	<u>\$ 451,388</u>	<u>\$ 132,750</u>	<u>\$ 754,943</u>
\$ 101,050	\$ 401,603	\$ 474,000	\$ 25,407	\$ 50,001	\$ 22,300	\$ 81,637
99,450	472,877	477,800	24,642	48,601	21,900	80,338
97,450	480,353	476,450	23,862	52,101	21,500	78,712
95,050	479,102	470,050	23,068	50,471	21,100	76,763
92,650	476,153	473,550	22,263	48,811	20,700	74,812
90,250	476,402	471,900	21,448	52,025	25,250	72,863
93,094	474,653	470,150	25,519	50,112	–	71,156
91,181	479,302	463,350	–	48,172	–	74,637
99,038	477,153	461,500	–	51,094	–	72,975
96,425	479,852	469,000	–	–	–	71,050
–	477,028	465,387	–	–	–	–
–	473,152	461,200	–	–	–	–
–	477,971	461,350	–	–	–	–
–	472,340	460,763	–	–	–	–
–	476,538	459,400	–	–	–	–
–	371,455	383,375	–	–	–	–
–	371,613	383,175	–	–	–	–
–	370,725	382,675	–	–	–	–
–	373,988	381,875	–	–	–	–
–	371,387	385,700	–	–	–	–
<u>\$ 955,638</u>	<u>\$ 8,933,647</u>	<u>\$ 8,932,650</u>	<u>\$ 166,209</u>	<u>\$ 451,388</u>	<u>\$ 132,750</u>	<u>\$ 754,943</u>

**CITY OF SHOREVIEW, MINNESOTA**

Debt Service Payments to Maturity

Revenue Bonds

December 31, 2016

	Sewer Revenue Bonds				
	2015	2016	2007	2008	2009
Bonds payable	\$ 1,650,000	\$ 230,000	\$ 325,000	\$ 150,000	\$ 580,000
Future interest payable	336,813	43,032	47,979	30,712	56,925
Totals	<u>\$ 1,986,813</u>	<u>\$ 273,032</u>	<u>\$ 372,979</u>	<u>\$ 180,712</u>	<u>\$ 636,925</u>
Payments to maturity					
2017	\$ 116,668	\$ 20,063	\$ 52,220	\$ 20,983	\$ 129,463
2018	133,742	19,763	55,594	20,382	125,750
2019	136,318	19,462	53,839	19,782	126,812
2020	134,317	19,163	52,050	19,171	127,400
2021	131,818	18,862	55,138	18,549	127,500
2022	133,742	18,563	53,100	17,919	-
2023	134,968	18,262	51,038	22,175	-
2024	131,667	17,963	-	21,313	-
2025	134,418	17,662	-	20,438	-
2026	132,117	17,344	-	-	-
2027	134,647	16,987	-	-	-
2028	131,827	16,613	-	-	-
2029	133,609	16,219	-	-	-
2030	135,200	15,806	-	-	-
2031	131,755	20,300	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
Totals	<u>\$ 1,986,813</u>	<u>\$ 273,032</u>	<u>\$ 372,979</u>	<u>\$ 180,712</u>	<u>\$ 636,925</u>

Surface Water Revenue Bonds					
2013A	2013C	Refunding 2014	2015	2016	Total
\$ 690,000	\$ 160,000	\$ 245,000	\$ 860,000	\$ 380,000	\$ 24,480,000
49,200	19,200	34,537	175,561	72,075	5,639,856
<u>\$ 739,200</u>	<u>\$ 179,200</u>	<u>\$ 279,537</u>	<u>\$ 1,035,561</u>	<u>\$ 452,075</u>	<u>\$ 30,119,856</u>
\$ 107,850	\$ 24,500	\$ 26,250	\$ 61,712	\$ 28,425	\$ 2,207,165
105,950	23,900	25,850	70,162	32,975	2,306,114
104,050	23,300	30,275	68,913	32,475	2,315,002
107,100	22,700	29,525	67,912	31,975	2,293,559
105,100	22,100	28,775	71,588	31,475	2,288,122
103,100	21,500	28,025	69,937	30,975	2,156,277
106,050	20,900	27,369	68,013	30,475	2,064,271
-	20,300	26,806	71,312	29,975	1,719,737
-	-	26,212	70,113	29,475	1,669,562
-	-	30,450	68,912	28,944	1,394,094
-	-	-	67,653	28,350	1,190,052
-	-	-	71,180	27,725	1,181,697
-	-	-	69,474	27,069	1,185,692
-	-	-	67,735	31,312	1,183,156
-	-	-	70,945	30,450	1,189,388
-	-	-	-	-	754,830
-	-	-	-	-	754,788
-	-	-	-	-	753,400
-	-	-	-	-	755,863
-	-	-	-	-	757,087
<u>\$ 739,200</u>	<u>\$ 179,200</u>	<u>\$ 279,537</u>	<u>\$ 1,035,561</u>	<u>\$ 452,075</u>	<u>\$ 30,119,856</u>

**CITY OF SHOREVIEW, MINNESOTA**

Debt Service Payments to Maturity  
 General Obligation Improvement Bonds  
 December 31, 2016

**Exhibit 6**

	G.O. Improvement Bonds						Total
	2008	2009	Refunding 2013B	2013C	Refunding 2014	2015	
Bonds payable	\$ 220,000	\$ 125,000	\$ 65,000	\$1,690,000	\$ 85,000	\$ 295,000	\$ 2,480,000
Future interest payable	45,651	11,906	3,450	578,180	7,425	39,800	686,412
Total	<u>\$ 265,651</u>	<u>\$ 136,906</u>	<u>\$ 68,450</u>	<u>\$ 2,268,180</u>	<u>\$ 92,425</u>	<u>\$ 334,800</u>	<u>\$ 3,166,412</u>
Payments to maturity							
2017	\$ 28,825	\$ 29,156	\$ 21,100	\$ 140,485	\$ 17,100	\$ 17,400	\$ 254,066
2018	28,025	28,313	10,800	137,935	16,800	36,750	258,623
2019	27,225	27,437	5,650	135,385	11,500	36,000	243,197
2020	31,307	26,500	10,500	132,835	16,125	35,400	252,667
2021	30,269	25,500	10,300	135,210	15,675	34,650	251,604
2022	29,219	–	10,100	137,435	15,225	33,750	225,729
2023	28,156	–	–	134,585	–	32,700	195,441
2024	31,969	–	–	131,735	–	36,750	200,454
2025	30,656	–	–	138,735	–	36,050	205,441
2026	–	–	–	110,880	–	35,350	146,230
2027	–	–	–	108,320	–	–	108,320
2028	–	–	–	110,680	–	–	110,680
2029	–	–	–	107,960	–	–	107,960
2030	–	–	–	109,800	–	–	109,800
2031	–	–	–	101,300	–	–	101,300
2032	–	–	–	97,900	–	–	97,900
2033	–	–	–	99,400	–	–	99,400
2034	–	–	–	100,700	–	–	100,700
2035	–	–	–	96,900	–	–	96,900
	<u>\$ 265,651</u>	<u>\$ 136,906</u>	<u>\$ 68,450</u>	<u>\$ 2,268,180</u>	<u>\$ 92,425</u>	<u>\$ 334,800</u>	<u>\$ 3,166,412</u>

**CITY OF SHOREVIEW, MINNESOTA**

Debt Service Payments to Maturity

Other General Obligation Bonds

December 31, 2016

**Exhibit 7**

	Capital Plan Refunding 2013	Street Refunding 2013	Street 2013	Capital Plan Refunding 2014	Total
Bonds payable	\$ 510,000	\$ 1,180,000	\$ 1,985,000	\$ 4,450,000	\$ 8,125,000
Future interest payable	20,700	72,100	273,578	937,944	1,304,322
Total	<u>\$ 530,700</u>	<u>\$ 1,252,100</u>	<u>\$ 2,258,578</u>	<u>\$ 5,387,944</u>	<u>\$ 9,429,322</u>
Payments to maturity					
2017	\$ 129,000	\$ 211,700	\$ 190,869	\$ 379,113	\$ 910,682
2018	136,500	207,900	187,868	383,812	916,080
2019	133,900	209,050	189,819	386,913	919,682
2020	131,300	205,150	186,719	383,437	906,606
2021	-	206,200	188,569	389,663	784,432
2022	-	212,100	190,318	390,512	792,930
2023	-	-	187,019	392,263	579,282
2024	-	-	188,456	390,006	578,462
2025	-	-	189,575	387,225	576,800
2026	-	-	185,638	388,000	573,638
2027	-	-	186,531	382,725	569,256
2028	-	-	187,197	382,225	569,422
2029	-	-	-	376,500	376,500
2030	-	-	-	375,550	375,550
	<u>\$ 530,700</u>	<u>\$ 1,252,100</u>	<u>\$ 2,258,578</u>	<u>\$ 5,387,944</u>	<u>\$ 9,429,322</u>

**CITY OF SHOREVIEW, MINNESOTA**

Debt Service Payments to Maturity

Certificates of Participation

December 31, 2016

**Exhibit 8**

	Refunding Certificates of Participation 2011
Bonds payable	\$ 2,910,000
Future interest payable	414,788
Total	<u>\$ 3,324,788</u>
Payments to maturity	
2017	\$ 469,540
2018	474,978
2019	474,058
2020	477,057
2021	478,155
2022	473,750
2023	477,250
	<u>\$ 3,324,788</u>

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**CITY OF SHOREVIEW, MINNESOTA**  
Combining Schedule of Property and Equipment  
For The Year Ended December 31, 2016

	Capital Assets				Balance – December 31, 2016
	Balance – January 1, 2016	Additions	Deletions	Reclassification	
Governmental activities					
Governmental activities (excluding internal service funds)					
Land	\$ 7,688,052	\$ –	\$ –	\$ –	\$ 7,688,052
Buildings and structures	28,490,915	191,870	35,215	169,306	28,816,876
Machinery and equipment	3,156,360	132,277	109,205	–	3,179,432
Infrastructure	60,161,520	–	205,965	1,717,479	61,673,034
Construction in progress	1,836,628	2,163,386	–	(1,886,785)	2,113,229
Total	<u>101,333,475</u>	<u>2,487,533</u>	<u>350,385</u>	<u>–</u>	<u>103,470,623</u>
Internal service fund					
Central garage					
Land	36,293	–	–	–	36,293
Buildings and structures	6,929,379	–	–	–	6,929,379
Machinery and equipment	5,670,831	519,272	190,818	–	5,999,285
Total central garage	<u>12,636,503</u>	<u>519,272</u>	<u>190,818</u>	<u>–</u>	<u>12,964,957</u>
Total governmental activities	<u>113,969,978</u>	<u>3,006,805</u>	<u>541,203</u>	<u>–</u>	<u>116,435,580</u>
Business-type activities					
Water utility					
Land	27,577	–	–	–	27,577
Buildings and structures	6,733,215	–	–	–	6,733,215
Machinery and equipment	2,471,025	–	–	65,988	2,537,013
Distribution system	17,786,316	527,999	–	564,533	18,878,848
Construction in progress	8,670,970	5,030,447	–	(630,521)	13,070,896
Total water utility	<u>35,689,103</u>	<u>5,558,446</u>	<u>–</u>	<u>–</u>	<u>41,247,549</u>
Sewer utility					
Land	11,459	–	–	–	11,459
Buildings and structures	1,916,045	–	–	35,960	1,952,005
Machinery and equipment	40,327	–	–	–	40,327
Collection system	12,241,851	–	–	350,707	12,592,558
Construction in progress	363,122	543,739	–	(386,667)	520,194
Total sewer utility	<u>14,572,804</u>	<u>543,739</u>	<u>–</u>	<u>–</u>	<u>15,116,543</u>
Surface water management utility					
Land	286,166	–	–	–	286,166
Machinery and equipment	8,538	–	–	–	8,538
Collection system	12,847,237	–	–	515,000	13,362,237
Construction in progress	550,637	464,078	–	(515,000)	499,715
Total surface water management utility	<u>13,692,578</u>	<u>464,078</u>	<u>–</u>	<u>–</u>	<u>14,156,656</u>
Street light utility					
Machinery and equipment	723	–	–	–	723
Distribution system	2,278,394	149,563	18,210	105,420	2,515,167
Construction in progress	105,420	132,500	–	(105,420)	132,500
Total street light utility	<u>2,384,537</u>	<u>282,063</u>	<u>18,210</u>	<u>–</u>	<u>2,648,390</u>
Total business-type activities	<u>66,339,022</u>	<u>6,848,326</u>	<u>18,210</u>	<u>–</u>	<u>73,169,138</u>
Total government	<u>\$ 180,309,000</u>	<u>\$ 9,855,131</u>	<u>\$ 559,413</u>	<u>\$ –</u>	<u>\$ 189,604,718</u>



Exhibit 9

Accumulated Depreciation				Net Capital Assets		
Balance – January 1, 2016	Additions	Deletions	Reclassification	Balance – December 31, 2016	Balance – January 1, 2016	Balance – December 31, 2016
\$ –	\$ –	\$ –	\$ –	\$ –	\$ 7,688,052	\$ 7,688,052
9,771,650	614,559	35,215	–	10,350,994	18,719,265	18,465,882
2,059,595	174,809	109,205	–	2,125,199	1,096,765	1,054,233
35,390,016	1,617,134	150,270	–	36,856,880	24,771,504	24,816,154
–	–	–	–	–	1,836,628	2,113,229
<u>47,221,261</u>	<u>2,406,502</u>	<u>294,690</u>	<u>–</u>	<u>49,333,073</u>	<u>54,112,214</u>	<u>54,137,550</u>
–	–	–	–	–	36,293	36,293
1,984,685	254,010	–	–	2,238,695	4,944,694	4,690,684
2,569,196	399,563	190,818	–	2,777,941	3,101,635	3,221,344
<u>4,553,881</u>	<u>653,573</u>	<u>190,818</u>	<u>–</u>	<u>5,016,636</u>	<u>8,082,622</u>	<u>7,948,321</u>
<u>51,775,142</u>	<u>3,060,075</u>	<u>485,508</u>	<u>–</u>	<u>54,349,709</u>	<u>62,194,836</u>	<u>62,085,871</u>
–	–	–	–	–	27,577	27,577
3,159,465	184,923	–	–	3,344,388	3,573,750	3,388,827
613,417	99,531	–	–	712,948	1,857,608	1,824,065
9,142,272	386,971	–	–	9,529,243	8,644,044	9,349,605
–	–	–	–	–	8,670,970	13,070,896
<u>12,915,154</u>	<u>671,425</u>	<u>–</u>	<u>–</u>	<u>13,586,579</u>	<u>22,773,949</u>	<u>27,660,970</u>
–	–	–	–	–	11,459	11,459
697,571	77,170	–	–	774,741	1,218,474	1,177,264
31,316	2,777	–	–	34,093	9,011	6,234
7,170,621	251,026	–	–	7,421,647	5,071,230	5,170,911
–	–	–	–	–	363,122	520,194
<u>7,899,508</u>	<u>330,973</u>	<u>–</u>	<u>–</u>	<u>8,230,481</u>	<u>6,673,296</u>	<u>6,886,062</u>
–	–	–	–	–	286,166	286,166
7,749	175	–	–	7,924	789	614
2,856,603	272,654	–	–	3,129,257	9,990,634	10,232,980
–	–	–	–	–	550,637	499,715
<u>2,864,352</u>	<u>272,829</u>	<u>–</u>	<u>–</u>	<u>3,137,181</u>	<u>10,828,226</u>	<u>11,019,475</u>
397	72	–	–	469	326	254
1,078,506	70,007	17,950	–	1,130,563	1,199,888	1,384,604
–	–	–	–	–	105,420	132,500
<u>1,078,903</u>	<u>70,079</u>	<u>17,950</u>	<u>–</u>	<u>1,131,032</u>	<u>1,305,634</u>	<u>1,517,358</u>
<u>24,757,917</u>	<u>1,345,306</u>	<u>17,950</u>	<u>–</u>	<u>26,085,273</u>	<u>41,581,105</u>	<u>47,083,865</u>
<u>\$ 76,533,059</u>	<u>\$ 4,405,381</u>	<u>\$ 503,458</u>	<u>\$ –</u>	<u>\$ 80,434,982</u>	<u>\$ 103,775,941</u>	<u>\$ 109,169,736</u>

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## **STATISTICAL SECTION**



### III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Shoreview, Minnesota's (the City) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents:</b>	<b>Table No.</b>
<b>Financial Trends</b>	<b>1–5</b>
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
<b>Revenue Capacity</b>	<b>6–12</b>
<p>These schedules contain information to help the reader assess the City's most significant revenue source, including the property tax and utility revenue.</p>	
<b>Debt Capacity</b>	<b>13–17</b>
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	<b>18–19</b>
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
<b>Operating Indicators</b>	<b>20–22</b>
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides, and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF SHOREVIEW**  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental activities</b>				
Net investment in capital assets	\$ 37,992,925	\$ 38,182,484	\$ 39,316,149	\$ 39,050,369
Restricted	4,570,921	3,453,661	4,507,834	5,329,637
Unrestricted	10,283,862	9,760,917	8,899,115	10,475,310
Total governmental activities net position	<u>\$ 52,847,708</u>	<u>\$ 51,397,062</u>	<u>\$ 52,723,098</u>	<u>\$ 54,855,316</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 19,677,375	\$ 19,623,905	\$ 20,721,589	\$ 20,512,610
Restricted	437,425	441,550	432,375	408,379
Unrestricted	6,259,855	6,621,360	6,904,000	7,090,656
Total business-type activities net position	<u>\$ 26,374,655</u>	<u>\$ 26,686,815</u>	<u>\$ 28,057,964</u>	<u>\$ 28,011,645</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 57,670,300	\$ 57,806,389	\$ 60,037,738	\$ 59,562,979
Restricted	5,008,346	3,895,211	4,940,209	5,738,016
Unrestricted	16,543,717	16,382,277	15,803,115	17,565,966
Total primary government net position	<u>\$ 79,222,363</u>	<u>\$ 78,083,877</u>	<u>\$ 80,781,062</u>	<u>\$ 82,866,961</u>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015.  
Years prior to 2015 have not been restated.

**Table 1**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 40,029,233	\$ 40,154,929	\$ 41,391,324	\$ 40,908,853	\$ 41,037,296	\$ 42,222,816
6,325,795	5,364,477	4,646,335	7,253,717	7,856,109	6,620,922
10,991,847	12,597,300	10,639,322	13,905,130	12,962,834	14,277,070
<u>\$ 57,346,875</u>	<u>\$ 58,116,706</u>	<u>\$ 56,676,981</u>	<u>\$ 62,067,700</u>	<u>\$ 61,856,239</u>	<u>\$ 63,120,808</u>
\$ 20,704,816	\$ 21,585,799	\$ 21,332,825	\$ 22,829,472	\$ 24,444,045	\$ 22,950,528
246,811	183,496	217,442	224,368	23,338	13,267
6,974,381	7,185,024	8,556,468	8,141,056	7,264,111	9,716,503
<u>\$ 27,926,008</u>	<u>\$ 28,954,319</u>	<u>\$ 30,106,735</u>	<u>\$ 31,194,896</u>	<u>\$ 31,731,494</u>	<u>\$ 32,680,298</u>
\$ 60,734,049	\$ 61,740,728	\$ 62,724,149	\$ 63,738,325	\$ 65,481,341	\$ 65,173,344
6,572,606	5,547,973	4,863,777	7,478,085	7,879,447	6,634,189
17,966,228	19,782,324	19,195,790	22,046,186	20,226,945	23,993,573
<u>\$ 85,272,883</u>	<u>\$ 87,071,025</u>	<u>\$ 86,783,716</u>	<u>\$ 93,262,596</u>	<u>\$ 93,587,733</u>	<u>\$ 95,801,106</u>

**CITY OF SHOREVIEW**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
<b>Expenses</b>			
<b>Governmental activities</b>			
General government	\$ 2,128,804	\$ 2,225,081	\$ 2,199,814
Public safety	2,283,009	2,659,654	2,612,926
Public works	3,520,883	3,860,277	3,737,382
Parks and recreation	4,980,839	5,862,962	5,931,822
Community development	886,415	2,555,177	1,357,296
Interest on long-term debt	675,827	572,356	524,858
Total governmental activities expenses	<u>14,475,777</u>	<u>17,735,507</u>	<u>16,364,098</u>
<b>Business-type activities</b>			
Water	1,792,092	1,927,324	1,912,770
Sewer	2,683,832	2,883,638	3,320,551
Surface water	700,644	753,179	755,520
Street lights	255,020	258,168	255,038
Total business-type activities expenses	<u>5,431,588</u>	<u>5,822,309</u>	<u>6,243,879</u>
Total primary government expenses	<u>\$ 19,907,365</u>	<u>\$ 23,557,816</u>	<u>\$ 22,607,977</u>
<b>Program revenues</b>			
<b>Government activities</b>			
<b>Charges for services</b>			
General government	\$ 1,073,599	\$ 1,053,965	\$ 1,103,341
Public safety	53,697	59,091	61,578
Public works	675,276	702,876	815,048
Parks and recreation	2,748,584	2,877,161	3,144,695
Community development	709,768	575,989	388,087
Operating grants and contributions	241,590	118,437	236,381
Capital grants and contributions	78,181	131,876	920,597
Total governmental activities program revenues	<u>5,580,695</u>	<u>5,519,395</u>	<u>6,669,727</u>
<b>Business-type activities</b>			
<b>Charges for services</b>			
Water	1,847,847	1,920,360	2,225,830
Sewer	2,695,914	2,849,000	3,151,607
Surface water	684,387	749,967	809,111
Street lights	232,419	303,697	334,047
Operating grants and contributions	—	—	—
Capital grants and contributions	220,512	87,063	1,088,613
Total business-type activities program revenues	<u>5,681,079</u>	<u>5,910,087</u>	<u>7,609,208</u>
Total primary government program revenues	<u>\$ 11,261,774</u>	<u>\$ 11,429,482</u>	<u>\$ 14,278,935</u>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015.  
 Years prior to 2015 have not been restated.



**Table 2**  
**Page 1 of 2**

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 2,192,010	\$ 2,227,952	\$ 2,349,276	\$ 2,582,399	\$ 2,529,960	\$ 2,561,018	\$ 2,779,242
2,642,094	2,783,332	3,113,032	3,543,388	3,568,459	3,676,952	3,836,127
3,512,821	3,909,642	3,998,390	6,798,886	5,178,104	4,201,869	4,591,903
5,737,675	6,169,365	6,128,769	6,123,840	6,726,335	6,800,000	7,247,189
1,472,700	1,398,228	2,904,944	2,210,253	1,580,709	1,459,408	3,047,976
697,523	911,854	595,009	730,200	680,281	409,442	342,529
<u>16,254,823</u>	<u>17,400,373</u>	<u>19,089,420</u>	<u>21,988,966</u>	<u>20,263,848</u>	<u>19,108,689</u>	<u>21,844,966</u>
2,051,213	2,281,299	2,206,516	2,238,481	2,251,547	2,376,328	2,736,575
3,173,831	3,315,044	3,283,498	3,498,374	3,569,836	3,599,737	3,721,041
906,527	966,638	1,019,008	954,828	1,032,375	1,095,693	1,275,433
282,638	318,063	275,412	295,949	305,615	305,572	295,184
<u>6,414,209</u>	<u>6,881,044</u>	<u>6,784,434</u>	<u>6,987,632</u>	<u>7,159,373</u>	<u>7,377,330</u>	<u>8,028,233</u>
<u>\$ 22,669,032</u>	<u>\$ 24,281,417</u>	<u>\$ 25,873,854</u>	<u>\$ 28,976,598</u>	<u>\$ 27,423,221</u>	<u>\$ 26,486,019</u>	<u>\$ 29,873,199</u>
\$ 1,210,068	\$ 1,309,819	\$ 1,248,377	\$ 1,405,214	\$ 1,286,854	\$ 1,493,962	\$ 1,513,923
36,315	64,225	70,304	55,362	52,034	56,076	55,164
692,040	741,563	828,857	918,543	833,176	840,649	922,381
3,385,971	3,620,548	3,651,544	3,744,316	3,837,325	3,866,453	3,832,222
579,792	479,074	611,623	758,157	746,075	541,413	797,376
250,264	311,246	320,347	1,345,155	1,401,114	670,100	985,665
881,392	1,145,697	852,396	911,375	3,360,726	1,342,886	1,112,367
<u>7,035,842</u>	<u>7,672,172</u>	<u>7,583,448</u>	<u>9,138,122</u>	<u>11,517,304</u>	<u>8,811,539</u>	<u>9,219,098</u>
2,009,301	2,186,139	2,918,022	2,694,959	2,481,331	2,589,260	2,871,346
3,254,199	3,548,325	3,568,777	3,777,352	3,859,639	3,945,284	4,054,563
926,154	1,008,151	1,147,539	1,221,047	1,371,166	1,474,485	1,618,068
348,778	365,475	456,284	474,872	495,367	521,184	555,704
—	—	—	—	—	129,750	22,715
37,176	27,878	109,985	76,008	173,961	656,855	417,907
<u>6,575,608</u>	<u>7,135,968</u>	<u>8,200,607</u>	<u>8,244,238</u>	<u>8,381,464</u>	<u>9,316,818</u>	<u>9,540,303</u>
<u>\$ 13,611,450</u>	<u>\$ 14,808,140</u>	<u>\$ 15,784,055</u>	<u>\$ 17,382,360</u>	<u>\$ 19,898,768</u>	<u>\$ 18,128,357</u>	<u>\$ 18,759,401</u>

**CITY OF SHOREVIEW**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
Net (expense) revenue			
Governmental activities	\$ (8,895,082)	\$ (12,216,112)	\$ (9,694,371)
Business-type activities	249,491	87,778	1,365,329
Total primary government net expense	<u>\$ (8,645,591)</u>	<u>\$ (12,128,334)</u>	<u>\$ (8,329,042)</u>
General revenues and other changes in net position			
Governmental activities			
Taxes			
Property taxes	\$ 7,584,996	\$ 7,919,725	\$ 8,328,002
Tax increments	1,785,481	1,840,640	2,007,418
Franchise tax	259,107	279,644	280,687
Unrestricted grants and contributions	311,849	187,030	44,876
Investment earnings	776,753	503,337	192,083
Gain on disposal of capital assets	7,317	31,090	60,749
Transfers	180,000	4,000	106,592
Total governmental activities	<u>10,905,503</u>	<u>10,765,466</u>	<u>11,020,407</u>
Business-type activities			
Investment earnings	285,603	228,382	112,412
Transfers	(180,000)	(4,000)	(106,592)
Total business-type activities	<u>105,603</u>	<u>224,382</u>	<u>5,820</u>
Total primary government	<u>\$ 11,011,106</u>	<u>\$ 10,989,848</u>	<u>\$ 11,026,227</u>
Change in net position			
Governmental activities	\$ 2,010,421	\$ (1,450,646)	\$ 1,326,036
Business-type activities	355,094	312,160	1,371,149
Total primary government	<u>\$ 2,365,515</u>	<u>\$ (1,138,486)</u>	<u>\$ 2,697,185</u>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015. Years prior to 2015 have not been restated.

**Table 2**  
**Page 2 of 2**

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ (9,218,981)	\$ (9,728,201)	\$ (11,505,972)	\$ (12,850,844)	\$ (8,746,544)	\$ (10,297,150)	\$ (12,625,868)
161,399	254,924	1,416,173	1,256,606	1,222,091	1,939,488	1,512,070
<u>\$ (9,057,582)</u>	<u>\$ (9,473,277)</u>	<u>\$ (10,089,799)</u>	<u>\$ (11,594,238)</u>	<u>\$ (7,524,453)</u>	<u>\$ (8,357,662)</u>	<u>\$ (11,113,798)</u>
\$ 8,620,022	\$ 8,911,670	\$ 9,243,083	\$ 9,666,218	\$ 9,776,446	\$ 10,347,760	\$ 10,903,874
1,935,523	2,035,627	1,980,051	1,882,775	1,816,702	1,148,397	753,738
283,344	287,206	301,530	456,242	1,120,948	1,395,125	1,278,643
40,762	41,851	33,369	33,500	33,218	35,331	58,743
168,822	374,378	231,716	(553,422)	849,339	294,151	208,622
29,473	64,709	26,561	56,763	78,143	44,577	43,147
273,253	504,319	459,493	(130,957)	462,467	588,446	643,670
<u>11,351,199</u>	<u>12,219,760</u>	<u>12,275,803</u>	<u>11,411,119</u>	<u>14,137,263</u>	<u>13,853,787</u>	<u>13,890,437</u>
65,535	163,758	71,631	(235,147)	328,537	98,325	80,404
(273,253)	(504,319)	(459,493)	130,957	(462,467)	(588,446)	(643,670)
<u>(207,718)</u>	<u>(340,561)</u>	<u>(387,862)</u>	<u>(104,190)</u>	<u>(133,930)</u>	<u>(490,121)</u>	<u>(563,266)</u>
<u>\$ 11,143,481</u>	<u>\$ 11,879,199</u>	<u>\$ 11,887,941</u>	<u>\$ 11,306,929</u>	<u>\$ 14,003,333</u>	<u>\$ 13,363,666</u>	<u>\$ 13,327,171</u>
\$ 2,132,218	\$ 2,491,559	\$ 769,831	\$ (1,439,725)	\$ 5,390,719	\$ 3,556,637	\$ 1,264,569
(46,319)	(85,637)	1,028,311	1,152,416	1,088,161	1,449,367	948,804
<u>\$ 2,085,899</u>	<u>\$ 2,405,922</u>	<u>\$ 1,798,142</u>	<u>\$ (287,309)</u>	<u>\$ 6,478,880</u>	<u>\$ 5,006,004</u>	<u>\$ 2,213,373</u>

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**CITY OF SHOREVIEW**

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(Accrual Basis of Accounting)

**Table 3**

<u>Fiscal Year</u>	<u>General Property Tax</u>	<u>Tax Increments</u>	<u>Franchise Tax</u>	<u>Total</u>
2007	\$ 7,584,996	\$ 1,785,481	\$ 259,107	\$ 9,629,584
2008	7,919,725	1,840,640	279,644	10,040,009
2009	8,328,002	2,007,418	280,687	10,616,107
2010	8,620,022	1,935,523	283,344	10,838,889
2011	8,911,670	2,035,627	287,206	11,234,503
2012	9,243,083	1,980,051	301,530	11,524,664
2013	9,666,218	1,882,775	456,242	12,005,235
2014	9,776,446	1,816,702	1,120,948	12,714,096
2015	10,347,760	1,148,397	1,395,125	12,891,282
2016	10,903,874	753,738	1,278,643	12,936,255

**CITY OF SHOREVIEW**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved	46,887	47,363	48,559	6,463
Unreserved	<u>3,394,008</u>	<u>3,555,239</u>	<u>3,814,089</u>	<u>3,914,672</u>
Total General Fund	<u>\$ 3,440,895</u>	<u>\$ 3,602,602</u>	<u>\$ 3,862,648</u>	<u>\$ 3,921,135</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	5,402,601	3,299,496	4,204,725	5,336,946
Unreserved, reported in				
Special revenue funds	922,183	952,644	1,083,914	1,338,648
Capital projects funds	<u>5,366,600</u>	<u>4,441,511</u>	<u>3,499,574</u>	<u>3,884,575</u>
Total all other governmental funds	<u>\$ 11,691,384</u>	<u>\$ 8,693,651</u>	<u>\$ 8,788,213</u>	<u>\$ 10,560,169</u>

(1) The implementation of GASB Statement No. 54 in 2011 resulted in a significant change in the City's fund balance classifications. Prior year information has not been restated.

**Table 4**

Fiscal Year					
2011 (1)	2012	2013	2014	2015	2016
\$ 17,954	\$ 69,213	\$ 82,971	\$ 63,953	\$ 11,164	\$ 135,985
3,958,458	4,066,796	4,220,635	4,383,445	4,615,960	4,673,293
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,976,412</u>	<u>\$ 4,136,009</u>	<u>\$ 4,303,606</u>	<u>\$ 4,447,398</u>	<u>\$ 4,627,124</u>	<u>\$ 4,809,278</u>
\$ 9,924	\$ 8,680	\$ 14,642	\$ 2,350	\$ 3,925	\$ 22,169
5,955,357	5,105,880	6,832,418	7,097,111	6,220,156	4,954,524
5,030,274	5,562,550	5,517,902	7,046,321	8,957,012	10,065,588
1,200,724	1,858,594	967,183	2,090,550	2,804,058	2,936,626
(46,333)	(222,622)	(1,294,351)	(907,931)	(1,104,502)	(989,146)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 12,149,946</u>	<u>\$ 12,313,082</u>	<u>\$ 12,037,794</u>	<u>\$ 15,328,401</u>	<u>\$ 16,880,649</u>	<u>\$ 16,989,761</u>

**CITY OF SHOREVIEW**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes	\$ 7,578,220	\$ 7,897,145	\$ 8,274,948	\$ 8,649,002
Tax increments	1,785,481	1,840,640	2,007,418	1,935,523
Franchise tax	259,107	279,644	280,687	283,344
Special assessments	152,745	159,197	260,209	208,473
Licenses and permits	653,392	531,895	368,878	501,198
Intergovernmental	409,907	280,361	404,823	449,736
Charges for services	4,282,726	4,403,209	4,773,333	5,012,643
Fines and forfeits	49,462	55,814	55,582	32,813
Earnings on investments	727,810	477,652	179,965	133,828
Payments in lieu of taxes	110,000	110,000	110,000	110,000
Billboard fees	—	—	—	—
Antenna fees	147,056	156,934	178,643	228,607
Loan payments	14,500	21,750	21,750	21,750
Miscellaneous	198,053	81,209	68,358	88,001
<b>Total revenues</b>	<u>16,368,459</u>	<u>16,295,450</u>	<u>16,984,594</u>	<u>17,654,918</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,929,640	2,009,234	1,982,564	2,086,403
Public safety	2,175,694	2,550,216	2,515,416	2,557,182
Public works	1,986,180	2,215,994	2,135,743	1,913,770
Parks and recreation	4,579,140	5,322,799	5,442,013	5,213,371
Community development	894,001	2,558,932	1,347,855	1,468,725
Miscellaneous	110,135	117,609	145,689	120,007
Capital outlay	2,472,723	1,520,192	1,932,761	1,295,891
<b>Debt service</b>				
Principal	1,550,000	1,705,000	1,115,000	1,120,000
Interest	650,836	601,052	525,063	495,569
Fiscal charges	33,913	14,172	10,463	16,511
Payment to refunded bond escrow agent	—	—	—	—
<b>Total expenditures</b>	<u>16,382,262</u>	<u>18,615,200</u>	<u>17,152,567</u>	<u>16,287,429</u>
<b>Revenues over (under) expenditures</b>	<u>(13,803)</u>	<u>(2,319,750)</u>	<u>(167,973)</u>	<u>1,367,489</u>
<b>Other financing sources (uses)</b>				
Issuance of refunding debt	1,090,000	—	—	—
Loan issued	—	—	—	—
Bonds issued	—	330,000	235,000	140,000
Premium on debt issuance	17,027	—	6,150	—
Discount on debt issuance	—	(1,676)	—	(1,120)
Payments to refunded bond escrow agent	—	(1,085,000)	—	—
Sale of capital assets	—	400	8,431	—
Transfers in	244,518	240,000	273,000	324,074
Transfers out	(60,000)	—	—	—
<b>Total other financing sources (uses)</b>	<u>1,291,545</u>	<u>(516,276)</u>	<u>522,581</u>	<u>462,954</u>
<b>Net change in fund balances</b>	<u>\$ 1,277,742</u>	<u>\$ (2,836,026)</u>	<u>\$ 354,608</u>	<u>\$ 1,830,443</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>15.8%</u>	<u>13.5%</u>	<u>10.8%</u>	<u>10.8%</u>



Table 5

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 8,843,965	\$ 9,011,334	\$ 9,463,973	\$ 9,617,824	\$ 10,124,526	\$ 10,726,142
2,035,627	1,980,051	1,882,775	1,811,837	1,193,506	753,761
287,206	301,530	456,242	1,120,948	1,395,125	1,278,643
193,372	181,035	149,647	262,313	294,239	323,464
441,243	540,755	648,306	628,033	500,102	695,250
1,180,975	913,123	1,973,301	2,474,156	1,341,381	1,674,144
5,272,954	5,380,786	5,857,355	5,698,863	5,886,182	5,896,213
62,135	67,000	52,440	49,430	52,581	51,264
352,042	216,714	(508,781)	787,765	274,698	196,028
110,000	110,000	—	—	—	—
—	43,557	51,667	50,300	51,809	53,363
319,150	246,611	243,606	300,670	359,711	399,928
21,750	—	—	—	—	—
87,816	154,427	147,399	365,766	155,786	223,692
<u>19,208,235</u>	<u>19,146,923</u>	<u>20,417,930</u>	<u>23,167,905</u>	<u>21,629,646</u>	<u>22,271,892</u>
2,062,470	2,205,967	2,385,455	2,352,792	2,355,197	2,516,388
2,697,842	3,027,782	3,458,358	3,483,427	3,592,309	3,751,349
2,235,780	2,335,935	5,172,372	2,614,448	2,551,991	2,886,255
5,746,983	5,620,067	5,634,141	6,218,662	6,260,728	6,551,569
1,392,619	2,903,360	2,206,684	1,581,136	1,444,053	3,016,431
—	—	—	—	—	—
2,191,037	1,362,235	6,938,968	1,600,173	1,498,097	2,574,263
1,125,000	1,335,000	1,395,000	1,265,000	1,265,000	1,030,000
359,612	397,416	329,902	408,211	326,013	267,231
7,601	10,407	126,892	5,254	9,526	3,082
85,989	—	—	—	—	—
<u>17,904,933</u>	<u>19,198,169</u>	<u>27,647,772</u>	<u>19,529,103</u>	<u>19,302,914</u>	<u>22,596,568</u>
<u>1,303,302</u>	<u>(51,246)</u>	<u>(7,229,842)</u>	<u>3,638,802</u>	<u>2,326,732</u>	<u>(324,676)</u>
4,620,000	—	2,365,000	100,000	—	—
—	—	—	—	—	—
—	—	4,190,000	—	295,000	—
—	—	285,435	5,822	14,637	—
(44,759)	—	—	—	—	—
(4,575,241)	—	(135,000)	(860,000)	(1,490,000)	—
752	250	3,290	7,914	4,107	4,369
341,000	373,729	413,426	541,861	581,498	611,573
—	—	—	—	—	—
<u>341,752</u>	<u>373,979</u>	<u>7,122,151</u>	<u>(204,403)</u>	<u>(594,758)</u>	<u>615,942</u>
<u>\$ 1,645,054</u>	<u>\$ 322,733</u>	<u>\$ (107,691)</u>	<u>\$ 3,434,399</u>	<u>\$ 1,731,974</u>	<u>\$ 291,266</u>
<u>9.4%</u>	<u>9.7%</u>	<u>8.3%</u>	<u>9.3%</u>	<u>8.9%</u>	<u>6.5%</u>

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**CITY OF SHOREVIEW**

Taxable Net Tax Capacity Value and Estimated Market Value of Taxable Property  
Last Ten Fiscal Years

**Table 6**

Fiscal Year	Real Property		Personal Property	Agricultural and Miscellaneous	Less Captured Tax Increment Value	Total Taxable Net Tax Capacity Value	Total Direct Tax Rate	Total Market Value	Net Tax Capacity as a Percentage of Market Value
	Residential Property	Commercial Property							
2007	\$ 27,747,993	\$7,310,552	\$ 287,179	\$ 29,364	\$ 1,830,461	\$ 33,544,627	23.299%	\$3,124,914,300	1.1%
2008	28,781,938	8,444,482	278,268	23,059	2,129,346	35,398,401	23.532%	3,276,232,000	1.1%
2009	28,005,715	8,329,045	272,674	25,617	2,033,697	34,599,354	25.129%	3,198,277,000	1.1%
2010	26,372,797	8,238,244	269,727	8,996	1,933,124	32,956,640	27.569%	3,015,578,000	1.1%
2011	24,749,422	7,524,515	276,239	23,332	1,784,852	30,788,656	30.671%	2,838,577,100	1.1%
2012	22,153,383	7,228,211	296,285	21,668	1,549,078	28,150,469	33.252%	2,568,566,800	1.1%
2013	20,538,954	6,704,036	311,101	60,854	1,379,783	26,235,162	36.970%	2,404,938,000	1.1%
2014	20,887,523	6,674,198	192,279	59,021	1,319,882	26,493,139	37.490%	2,412,883,200	1.1%
2015	23,239,953	6,664,044	206,444	60,102	920,195	29,250,348	34.873%	2,640,693,400	1.1%
2016	24,122,506	6,414,987	217,494	60,810	607,343	30,208,454	35.357%	2,698,385,600	1.1%
Percentage of Total Net Tax Capacity Value									
2007	82.7%	21.8%	0.9%	0.1%	5.5%	100.0%			
2008	81.3%	23.9%	0.8%	0.1%	6.0%	100.0%			
2009	80.9%	24.1%	0.8%	0.1%	5.9%	100.0%			
2010	80.0%	25.0%	0.8%	0.1%	6.0%	100.0%			
2011	80.4%	24.4%	0.9%	0.1%	5.8%	100.0%			
2012	78.7%	25.7%	1.0%	0.1%	5.5%	100.0%			
2013	78.3%	25.6%	1.2%	0.2%	5.3%	100.0%			
2014	78.9%	25.2%	0.7%	0.3%	5.1%	100.0%			
2015	79.4%	22.8%	0.7%	0.2%	3.1%	100.0%			
2016	79.9%	21.2%	0.7%	0.2%	2.0%	100.0%			

Tax exempt property values are not included in total net capacity value.

Source: Ramsey County Assessor's Office

**CITY OF SHOREVIEW**

## Property Tax Rates

## Direct and Overlapping (1) Governments

## Last Ten Fiscal Years

City of Shoreview	2007	2008	2009
<b>Tax Capacity Rates:</b>			
City of Shoreview			
General Fund	17.164%	16.972%	18.346%
Special revenue	-	-	-
Capital project	4.403%	4.863%	5.175%
Debt service	1.732%	1.697%	1.608%
Internal service	-	-	-
Total city tax rate	23.299%	23.532%	25.129%
Shoreview HRA	-	-	-
Overlapping rates			
Ramsey County	41.967%	41.158%	43.171%
Ramsey County Library	2.976%	2.865%	3.375%
Total county tax rate	44.943%	44.023%	46.546%
Rice Creek Watershed	1.315%	1.608%	1.545%
Metro Watershed	-	-	-
School Districts			
District No. 621	23.264%	20.380%	22.937%
District No. 623	12.372%	10.175%	10.624%
Other			
Regional rail	3.956%	3.454%	3.521%
Metropolitan Council	2.174%	2.051%	2.084%
Mosquito Control	0.501%	0.479%	0.487%
<b>Total Direct and Overlapping Tax Capacity Rates:</b>			
Grass Lake, No. 621	98.137%	93.919%	100.704%
Rice Creek, No. 621	99.452%	95.527%	102.249%
Metro Watershed, No. 621	-	-	-
Grass Lake, No. 623	87.245%	83.714%	88.391%
Rice Creek, No. 623	88.560%	85.322%	89.936%
Metro Watershed, No. 623	-	-	-
<b>State-Wide Tax Capacity Rates:</b>			
Commercial, industrial, and non-electric public utilities	48.032%	45.949%	45.535%
Cabins	24.225%	20.385%	18.214%
<b>Market Value Tax Rates:</b>			
Overlapping rates			
School Districts			
District No. 621	0.18163%	0.18924%	0.18685%
District No. 623	0.16932%	0.18134%	0.20390%

Source: Ramsey County Assessor's office

- (1) Overlapping rates are those of local, county, regional, and state governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners (e.g., the rates for special districts apply only to the portion of the government's property owners whose property is located within the geographic boundaries of the special district).

**Table 7**

2010	2011	2012	2013	2014	2015	2016
20.053%	21.634%	23.148%	25.557%	25.842%	23.853%	24.267%
–	0.085%	0.197%	0.231%	0.302%	0.306%	0.365%
5.786%	6.821%	7.552%	8.545%	8.580%	8.160%	8.302%
1.730%	1.797%	1.582%	1.929%	2.071%	1.848%	1.813%
–	0.334%	0.773%	0.708%	0.695%	0.706%	0.610%
27.569%	30.671%	33.252%	36.970%	37.490%	34.873%	35.357%
0.169%	0.198%	0.254%	0.289%	0.345%	0.323%	0.332%
46.598%	50.801%	56.945%	60.638%	59.105%	54.462%	54.012%
3.650%	3.877%	4.372%	4.602%	4.630%	4.460%	4.873%
50.248%	54.678%	61.317%	65.240%	63.735%	58.922%	58.885%
1.511%	1.618%	2.348%	2.322%	2.346%	2.205%	2.108%
–	–	3.043%	3.643%	4.499%	4.259%	4.214%
24.560%	25.573%	29.044%	29.444%	29.734%	27.378%	26.245%
13.065%	14.566%	17.065%	15.464%	16.251%	17.180%	20.958%
3.700%	3.921%	4.330%	4.528%	4.196%	3.938%	4.090%
2.261%	2.313%	2.706%	2.776%	2.729%	2.525%	2.379%
0.480%	0.503%	0.571%	0.573%	0.554%	0.511%	0.475%
108.987%	117.857%	131.474%	139.820%	138.783%	128.470%	127.763%
110.498%	119.475%	133.822%	142.142%	141.129%	130.675%	129.871%
–	–	134.517%	143.463%	143.282%	132.729%	131.977%
97.492%	106.850%	119.495%	125.840%	125.300%	118.272%	122.476%
99.003%	108.468%	121.843%	128.162%	127.646%	120.477%	124.584%
–	–	122.538%	129.483%	129.799%	122.531%	126.690%
45.881%	49.043%	51.100%	52.523%	52.160%	50.840%	48.641%
17.755%	19.145%	20.750%	22.327%	22.836%	21.703%	21.167%
0.18882%	0.19536%	0.21242%	0.22834%	0.21069%	0.21901%	0.22261%
0.20374%	0.19715%	0.19591%	0.24553%	0.25826%	0.25930%	0.21044%

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**CITY OF SHOREVIEW**  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 8**

Taxpayer	2016				2007			
	Market Value	Taxable Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value	Market Value	Taxable Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value
Wells Fargo	\$ 38,743,400	\$ 774,118	1	2.56%	\$ 48,100,000	\$ 1,569,368	2	4.68%
Shoreview Ridge LLC	25,200,000	502,500	2	1.66%	50,200,000	1,637,938	1	4.88%
Deluxe Corporation	20,805,000	415,350	3	1.37%	33,885,300	676,956	3	2.02%
Terrace Apartments Company	24,667,100	308,340	4	1.02%	23,075,000	338,814	8	1.01%
Dayton Hudson Corporation	14,504,100	289,332	5	0.96%	17,000,000	553,914	4	1.65%
Medtronic	14,126,500	281,780	6	0.93%	16,091,900	521,448	5	1.55%
TSI Inc.	12,600,000	251,250	7	0.83%	-	-	-	-
Carroll Ventures Company	17,650,300	220,629	8	0.73%	12,960,000	184,652	10	0.55%
Lakeshore Oaks Apartments LLP	17,142,500	214,280	9	0.71%	13,600,000	191,538	9	0.57%
Northern States Power Co./Xcel Energy	10,083,800	195,942	10	0.65%	15,500,300	501,770	6	1.50%
Canis Major Development LP	-	-	-	-	14,744,000	479,096	7	1.43%
<b>Total</b>	<b>\$ 195,522,700</b>	<b>\$ 3,453,521</b>		<b>11.42%</b>	<b>\$ 245,156,500</b>	<b>\$ 6,655,494</b>		<b>19.84%</b>

Rank is based on taxable net tax capacity value.

Source: Ramsey County Board of Equalization and Assessment

**CITY OF SHOREVIEW**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Levy Year	Total Tax Levy for Fiscal Year (1)	Collections (Refunds) within the Fiscal Year						
		2007	2008	2009	2010	2011	2012	2013
<b>Property Taxes:</b>								
2006 and prior	\$ 7,028,114	\$ 73,055	\$ (15,347)	\$ 2,567	\$ 1,156	\$ (6,279)	\$ 127	\$ -
2007	7,557,202	7,498,003	2,782	3,568	5,152	(10,043)	369	1,183
2008	8,045,252	-	7,906,905	38,347	767	(16,093)	908	785
2009	8,350,663	-	-	8,224,205	23,468	(27,916)	(4,727)	962
2010	8,731,773	-	-	-	8,608,884	29,965	(69,854)	(5,977)
2011	9,051,713	-	-	-	-	8,980,471	(7,542)	(11,727)
2012	9,360,028	-	-	-	-	-	9,262,995	28,098
2013	9,679,510	-	-	-	-	-	-	9,607,386
2014	10,009,093	-	-	-	-	-	-	-
2015	10,362,788	-	-	-	-	-	-	-
2016	10,767,725	-	-	-	-	-	-	-
Non-levy collections (2)		7,162	2,805	6,261	9,575	(8,254)	43,440	26,253
Total collections within fiscal year		<u>\$ 7,578,220</u>	<u>\$ 7,897,145</u>	<u>\$ 8,274,948</u>	<u>\$ 8,649,002</u>	<u>\$ 8,941,851</u>	<u>\$ 9,225,716</u>	<u>\$ 9,646,963</u>
<b>Tax Increments:</b>								
2006 and prior	\$ 1,651,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2007	1,785,481	1,785,481	-	-	-	-	-	-
2008	1,990,510	-	1,840,640	-	-	-	-	-
2009	2,037,210	-	-	2,007,418	-	-	-	-
2010	2,096,947	-	-	-	1,935,523	9,302	-	-
2011	2,094,246	-	-	-	-	2,026,325	9,864	-
2012	2,013,059	-	-	-	-	-	1,939,529	(8,553)
2013	1,917,808	-	-	-	-	-	-	1,891,327
2014	1,837,507	-	-	-	-	-	-	-
2015	1,193,512	-	-	-	-	-	-	-
2016	776,270	-	-	-	-	-	-	-
Non-levy collections (2)		-	-	-	-	-	30,658	-
Total collections within fiscal year		<u>\$ 1,785,481</u>	<u>\$ 1,840,640</u>	<u>\$ 2,007,418</u>	<u>\$ 1,935,523</u>	<u>\$ 2,035,627</u>	<u>\$ 1,980,051</u>	<u>\$ 1,882,774</u>

(1) Net of county rounding adjustment.

(2) Non-levy collections include interest and other collections that do not reduce uncollected taxes.



Table 9

Collections (Refunds) within the Fiscal Year			Percentage Collected Within the Fiscal Year of the Levy	Total Collections to Date		Abatements and Adjustments	Total Uncollected	
2014	2015	2016		Amount	Percentage of Levy		Amount	Percentage of Levy
\$ -	\$ -	\$ -	99.2%	\$ 7,501,014	99.3%	\$ (56,188)	\$ -	0.00%
-	-	-	98.3%	7,932,449	98.6%	(112,803)	-	0.00%
830	-	-	98.5%	8,220,667	98.4%	(129,996)	-	0.00%
1,404	3,271	-	98.6%	8,572,808	98.2%	(160,769)	(1,804)	-0.02%
3,529	476	5,785	99.2%	8,898,164	98.3%	(153,512)	37	0.00%
(65,999)	759	2,202	99.0%	9,217,698	98.5%	(138,369)	3,961	0.04%
(40,783)	(36,120)	3,508	99.3%	9,601,594	99.2%	(80,577)	(2,661)	-0.03%
14,812	(26,344)	5,740	99.1%	9,935,703	99.3%	(63,839)	9,551	0.10%
9,922,551	11,781	1,371	99.2%	10,315,635	99.5%	(35,269)	11,884	0.11%
-	10,283,315	32,320	99.5%	10,708,778	99.5%	(5,991)	52,956	0.49%
-	-	10,708,778						
(38,859)	94,302	150,889						
<u>\$ 9,797,485</u>	<u>\$ 10,331,440</u>	<u>\$ 10,910,593</u>					<u>\$ 73,924</u>	
\$ -	\$ -	\$ -	100.0%	\$ 1,785,481	100.0%	\$ -	\$ -	0.00%
-	-	-	92.5%	1,840,640	92.5%	(149,870)	-	0.00%
-	-	-	98.5%	2,007,418	98.5%	(29,792)	-	0.00%
-	-	-	92.3%	1,944,825	92.7%	(152,122)	-	0.00%
(13,785)	-	-	96.8%	2,022,404	96.6%	(71,842)	-	0.00%
(7,020)	-	-	96.3%	1,923,956	95.6%	(89,103)	-	0.00%
10,706	-	(5,625)	98.6%	1,896,408	98.9%	(21,400)	-	0.00%
1,821,936	25	(5,622)	99.2%	1,816,339	98.8%	(21,168)	-	0.00%
-	1,193,481	(5,630)	100.0%	1,187,851	99.5%	(5,661)	-	0.00%
-	-	770,638	99.3%	770,638	99.3%	(5,632)	-	0.00%
-	-	-						
<u>\$ 1,811,837</u>	<u>\$ 1,193,506</u>	<u>\$ 753,761</u>					<u>\$ -</u>	

**CITY OF SHOREVIEW**

Water Sold by Type of Customer

Last Ten Fiscal Years

(in millions of gallons)

Fiscal Year	Residential			
	Tier 1 – First 15,000 Gallons	Tier 2 – Second 15,000 Gallons	Tier 3 – Remaining Gallons	Total Residential
2007	387.0	260.4	190.6	838.0
2008	381.5	254.2	141.8	777.5
2009	389.9	280.8	171.5	842.2

	(1) Residential			
	Tier 1 – First 10,000 Gallons	Tier 2 – Second 20,000 Gallons	Tier 3 – Remaining Gallons	Total Residential
2010	362.0	230.8	94.8	687.6
2011	360.5	221.7	94.7	676.9

	(3) Residential				
	Tier 1 – First 5,000 Gallons	Tier 2 – Second 5,000 Gallons	Tier 3 – Third 20,000 Gallons	Tier 4 – Remaining Gallons	Total Residential
2012	199.7	165.0	250.7	148.8	764.2
2013	201.1	161.8	219.1	107.5	689.5
2014	201.6	155.9	187.6	55.5	600.6
2015	202.7	153.9	176.5	63.1	596.2
2016	205.8	154.2	177.5	66.6	604.1

2007	37.1%		24.9%	18.2%	80.2%
2008	38.9%		25.9%	14.4%	79.2%
2009	36.4%		26.2%	16.0%	78.6%
2010	39.8%		25.3%	10.4%	75.5%
2011	40.6%		24.9%	10.6%	76.1%
2012	19.5%	16.2%	24.6%	14.6%	74.9%
2013	22.1%	17.8%	24.0%	11.8%	75.7%
2014	25.3%	19.6%	23.6%	7.0%	75.5%
2015	25.7%	19.5%	22.4%	8.0%	75.6%
2016	26.2%	19.7%	22.7%	8.5%	77.1%

- (1) In 2010 the City adjusted its tiers for residential accounts, and established tiers for commercial/industrial, etc. accounts.
- (2) The City does not bill the various departments for water use; this consumption is for tracking purposes only. The City started tracking internal water consumption in 2007.
- (3) In 2012 the City adjusted its tiers for residential accounts by splitting the first tier into two tiers.

Source: City of Shoreview utility billing department

**Table 10**

Commercial/Industrial/Hotel/Motel/Public Institutions Religious/Charitable/Residential irrigation only accounts					
Tier 1 – First 50,000 Gallons	Tier 2 – Second 1,150,000 Gallons	Tier 3 – Remaining Water Consumed	Total Commercial/ Industrial, Etc.	Shoreview City Accounts (2)	Total Water Sold
–	189.1	–	189.1	17.7	1,044.8
–	186.5	–	186.5	18.0	982.0
–	205.4	–	205.4	24.1	1,071.7

(1) Commercial/Industrial/Hotel/Motel/Public Institutions Religious/Charitable/Residential irrigation only accounts					
Tier 1 – First 50,000 Gallons	Tier 2 – Second 1,150,000 Gallons	Tier 3 – Remaining Water Consumed	Total Commercial/ Industrial, Etc.	Shoreview City Accounts (2)	Total Water Sold
27.0	141.3	32.3	200.6	22.6	910.8
26.1	126.7	41.7	194.5	19.0	890.4

Commercial/Industrial/Hotel/Motel/Public Institutions Religious/Charitable/Residential irrigation only accounts					
Tier 1 – First 50,000 Gallons	Tier 2 – Second 1,150,000 Gallons	Tier 3 – Remaining Water Consumed	Total Commercial/ Industrial, Etc.	Shoreview City Accounts (2)	Total Water Sold
28.2	151.5	49.5	229.2	26.0	1,019.4
27.0	135.3	39.1	201.4	20.2	911.1
26.7	126.0	26.4	179.1	16.8	796.5
26.8	118.8	26.0	171.6	21.6	789.4
26.5	114.4	17.4	158.3	21.2	783.6

Percentage of Total Water Sold					
0.0%	18.1%	0.0%	18.1%	1.7%	100.0%
0.0%	19.0%	0.0%	19.0%	1.8%	100.0%
0.0%	19.2%	0.0%	19.2%	2.2%	100.0%
3.0%	15.5%	3.5%	22.0%	2.5%	100.0%
2.9%	14.2%	4.7%	21.8%	2.1%	100.0%
2.8%	14.8%	4.9%	22.5%	2.6%	100.0%
3.0%	14.8%	4.3%	22.1%	2.2%	100.0%
3.4%	15.7%	3.3%	22.4%	2.1%	100.0%
3.4%	15.0%	3.3%	21.7%	2.7%	100.0%
3.4%	14.6%	2.2%	20.2%	2.7%	100.0%

**CITY OF SHOREVIEW**

Residential Utility Rates per Quarter

Last Ten Fiscal Years

Fiscal Year	Water				Surface Water Management			
	Base Rate Per Unit	Rate per 1,000 Gallons			Per Unit		Per Acre	
		Tier 1 First 15,000 Gallons	Tier 2 Second 15,000 Gallons	Tier 3 Remaining Gallons	Single-Family	Town Home	Condos	Apartments and Mobile Homes
2007	\$ 10.90	\$ 0.770	\$ 1.468	\$ 2.268	\$ 10.90	\$ 11.55	\$ 75.23	\$ 91.23
2008	12.54	0.816	1.644	2.608	12.00	12.71	82.75	100.35
2009	13.17	0.857	1.726	2.738	13.20	13.98	91.03	110.40

	(1) Water				Surface Water Management			
	Base Rate Per Unit	Rate per 1,000 Gallons			Per Unit		Per Acre	
		Tier 1 First 10,000 Gallons	Tier 2 Second 20,000 Gallons	Tier 3 Remaining Gallons	Single-Family	Town Home	Condos	Apartments and Mobile Homes
2010	\$ 10.00	\$ 0.920	\$ 1.860	\$ 2.950	\$ 14.52	\$ 15.38	\$ 121.44	\$ 121.44
2011	11.00	1.010	2.050	3.250	15.97	16.92	133.58	133.58

	(2) Water					Surface Water Management			
	Base Rate Per Unit	Rate per 1,000 Gallons				Per Unit		Per Acre	
		Tier 1 First 5,000 Gallons	Tier 2 Second 5,000 Gallons	Tier 2 Third 20,000 Gallons	Tier 3 Remaining Gallons	Single-Family	Town Home	Condos	Apartments and Mobile Homes
2012	\$ 13.00	\$ 1.04	\$ 1.69	\$ 2.34	\$ 3.84	\$ 17.57	\$ 18.61	\$ 146.94	\$ 146.94
2013	13.40	1.08	1.74	2.41	3.96	19.33	20.47	161.63	161.63
2014	13.96	1.13	1.81	2.51	4.13	21.26	22.52	177.79	177.79
2015	14.94	1.21	1.94	2.69	4.42	23.39	24.77	195.57	195.57
2016	16.73	1.36	2.17	3.01	4.95	25.73	27.25	215.13	215.13

Source: City of Shoreview utility billing department

Note: Rates through 2009 are based on 5/8" meter which is the standard household meter size. The City charged an excess base rate for meter sizes larger than a 5/8" meter.

- (1) Conservation rates restructured in 2010.
- (2) Conservation rates restructured in 2012 to split the first residential tier into two tiers.

**Table 11**

Sewer						Street Lighting	
Base Rate	Use Rate (Based on Winter Water Use)					Per Unit	
	Tier 1 Less Than 5,000 Gallons	Tier 2 Between 5,000 and 10,000 Gallons	Tier 3 Between 10,001 and 20,000 Gallons	Tier 4 Between 20,001 and 30,000 Gallons	Tier 5 Greater Than 30,000 Gallons	Single and Multi-Family	Condos, Apartments, and Mobile Homes
\$ 28.74	\$ 11.11	\$ 18.44	\$ 26.82	\$ 34.97	\$ 43.62	\$ 4.66	\$ 3.50
27.88	11.78	20.28	31.11	42.31	54.96	6.06	4.55
30.67	12.96	22.31	34.22	46.54	60.46	6.67	5.00

Sewer						Street Lighting	
Base Rate Per Unit	Use Rate per unit (Based on Winter Water Use)					Per Unit	
	Tier 1 Less Than 5,000 Gallons	Tier 2 Between 5,000 and 10,000 Gallons	Tier 3 Between 10,001 and 20,000 Gallons	Tier 4 Between 20,001 and 30,000 Gallons	Tier 5 Greater Than 30,000 Gallons	Single and Multi-Family	Condos, Apartments, and Mobile Homes
\$ 32.51	\$ 13.74	\$ 23.65	\$ 36.27	\$ 49.33	\$ 64.09	\$ 6.94	\$ 5.20
35.76	15.11	26.02	39.90	54.26	70.50	7.29	5.46

Sewer						Street Lighting	
Base Rate Per Unit	Use Rate per unit (Based on Winter Water Use)					Per Unit	
	Tier 1 Less Than 5,000 Gallons	Tier 2 Between 5,000 and 10,000 Gallons	Tier 3 Between 10,001 and 20,000 Gallons	Tier 4 Between 20,001 and 30,000 Gallons	Tier 5 Greater Than 30,000 Gallons	Single and Multi-Family	Condos, Apartments, and Mobile Homes
\$ 35.76	\$ 15.11	\$ 26.02	\$ 39.90	\$ 54.26	\$ 70.50	\$ 9.11	\$ 6.83
37.91	16.02	27.58	42.29	57.52	74.73	9.47	7.10
39.05	16.50	28.41	43.56	59.25	76.97	9.85	7.38
40.22	17.00	29.26	44.87	61.03	79.28	10.24	7.68
41.43	17.51	30.14	46.22	62.86	81.66	10.85	8.14

**CITY OF SHOREVIEW**

Commercial Utility Rates per Quarter

Last Ten Fiscal Years

Fiscal Year	Water	
	Base Rate – First 15,000 Gallons	Rate per 1,000 Gallons
	(1)	
2007	\$ 22.02	\$ 1.468
2008	24.66	1.644
2009	25.89	1.726

Fiscal Year	(2) Water			
	Base Rate Per Account	Rate per 1,000 gallons		
		First 50,000	Next 1,150,000	All Remaining
2010	\$ 10.00	\$ 1.40	\$ 1.86	\$ 2.95
2011	11.00	1.54	2.05	3.25
2012	13.00	1.69	2.34	3.84
2013	13.40	1.74	2.41	3.96
2014	13.96	1.81	2.51	4.13
2015	14.94	1.94	2.69	4.42
2016	16.73	2.17	3.01	4.95

Source:

City of Shoreview utility billing department

(1)

Rates through 2009 are based on 5/8” meter. The City charged higher minimum water rates for meter sizes larger than a 5/8” meter through 2009.

(2)

Conservation-based rate structure implemented in 2010 for commercial accounts.

**Table 12**

Sewer		Surface Water Management	Street Lights
Base Rate – First 15,000 Gallons	Rate per 1,000 Gallons	Rate Per Acre	Rate Per Acre
\$ 55.56	\$ 2.80	\$ 91.23	\$ 14.00
58.99	2.970	100.35	18.20
64.89	3.270	110.40	20.02

Sewer		Surface Water Management	Street Lights
Sewer Availability Charge Per Account	Rate per 1,000 Gallons	Rate Per Acre	Rate Per Acre
\$ 32.51	\$ 3.47	\$ 121.44	\$ 20.82
35.76	3.82	133.58	21.86
35.76	3.82	146.94	27.33
37.91	4.05	161.63	28.42
39.05	4.17	177.79	29.56
40.22	4.30	195.57	30.74
41.43	4.43	215.13	32.58

**CITY OF SHOREVIEW**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business- Type Activities
	General Obligation Improvement Bonds	Other General Obligation Bonds	General Obligation Tax Increment Bonds	Certificates of Participation	Loan Payable	Water Bonds
2007	\$ 1,820,000	\$ 3,950,000	\$ 4,925,000	\$ 5,430,000	\$ 6,000,000	\$ 3,120,000
2008	1,835,000	3,795,000	2,845,000	5,190,000	6,000,000	5,210,000
2009	1,765,000	3,570,000	2,510,000	4,940,000	6,000,000	4,895,000
2010	1,610,000	8,950,000	2,180,000	4,680,000	6,000,000	5,710,000
2011	1,350,000	8,705,000	1,830,000	4,620,000	6,000,000	5,250,000
2012	1,065,000	8,355,000	1,320,000	4,330,000	6,000,000	4,700,000
2013	2,780,000	12,395,000	690,000	3,985,000	6,000,000	5,930,000
2014	2,620,000	15,645,000	350,000	3,635,000	6,000,000	5,880,000
2015	2,680,000	8,810,000	-	3,275,000	6,000,000	11,355,000
2016	2,480,000	8,125,000	-	2,910,000	6,000,000	17,900,000

Note: Details regarding the City’s outstanding debt can be found in the notes to financial statements.

- (1) See Table 6 – Taxable Net Tax Capacity Value and Estimated Market Value of Taxable Property for the estimated actual market value.
- (2) See Table 18 – Demographic and Economic Statistics schedule for estimated personal income and population data.



**Table 13**

Business-Type Activities				Percentage of	Percentage of	
Sewer	Surface	Unamortized	Total Primary	Estimated	Estimated actual	
Bonds	Water	Premium	Government	Personal	Market Value of	Per Capita (2)
	Bonds			Income (2)	Property (1)	
\$ 835,000	\$ 1,335,000	\$ -	\$ 27,415,000	2.37%	0.88%	\$ 1,051
1,370,000	1,485,000	-	27,730,000	2.34%	0.85%	1,060
1,315,000	2,555,000	-	27,550,000	2.47%	0.86%	1,058
2,220,000	2,780,000	-	34,130,000	3.07%	1.13%	1,319
2,130,000	2,555,000	-	32,440,000	2.89%	1.14%	1,295
1,985,000	2,300,000	-	30,055,000	2.59%	1.17%	1,197
1,995,000	3,190,000	403,427	37,368,427	3.16%	1.55%	1,470
2,400,000	3,095,000	632,915	40,257,915	3.34%	1.67%	1,571
3,135,000	3,345,000	869,556	39,469,556	3.17%	1.49%	1,534
3,190,000	3,390,000	958,363	44,953,363	3.31%	1.67%	1,723

**CITY OF SHOREVIEW**

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Improvement Bonds	Other General Obligation Bonds	General Obligation Tax Increment Bonds	Water Bonds	Sewer Bonds	Surface Water Bonds
2007	\$1,820,000	\$ 3,950,000	\$ 4,925,000	\$ 3,120,000	\$ 835,000	\$ 1,335,000
2008	1,835,000	3,795,000	2,845,000	5,210,000	1,370,000	1,485,000
2009	1,765,000	3,570,000	2,510,000	4,895,000	1,315,000	2,555,000
2010	1,610,000	8,950,000	2,180,000	5,710,000	2,220,000	2,780,000
2011	1,350,000	8,705,000	1,830,000	5,250,000	2,130,000	2,555,000
2012	1,065,000	8,355,000	1,320,000	4,700,000	1,985,000	2,300,000
2013	2,780,000	12,395,000	690,000	5,930,000	1,995,000	3,190,000
2014	2,620,000	15,645,000	350,000	5,880,000	2,400,000	3,095,000
2015	2,680,000	8,810,000	-	11,355,000	3,135,000	3,345,000
2016	2,480,000	8,125,000	-	17,900,000	3,190,000	3,390,000

Note: Details regarding the City’s outstanding debt can be found in the notes to financial statements.

- (1) See Table 6 – Taxable Net Tax Capacity Value and Estimated Market Value of Taxable Property for the estimated actual market value.
- (2) See Table 18 – Demographic and Economic Statistics schedule.

**Table 14**

<u>Unamortized Premium</u>	<u>Total</u>	<u>Resources Restricted for Repayment</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Estimated Actual Market Value of Property (1)</u>	<u>Per Capita (2)</u>
\$ -	\$15,985,000	\$ 1,829,311	\$14,155,689	0.45%	\$ 543
-	16,540,000	862,984	15,677,016	0.48%	599
-	16,610,000	884,321	15,725,679	0.49%	604
-	23,450,000	939,736	22,510,264	0.75%	870
-	21,820,000	980,000	20,840,000	0.73%	832
-	19,725,000	881,898	18,843,102	0.73%	750
403,427	27,383,427	3,325,237	24,058,190	1.00%	946
632,915	30,622,915	2,577,845	28,045,070	1.16%	1,094
869,556	30,194,556	1,136,688	29,057,868	1.10%	1,130
958,363	36,043,363	1,145,579	34,897,784	1.29%	1,337

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**CITY OF SHOREVIEW**

Direct and Overlapping Governmental Activities Debt  
as of December 31, 2016

**Table 15**

Governmental Unit	Gross Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Overlapping debt			
Ramsey County	\$ 209,862,000	6.919%	\$ 14,519,943
Independent School District No. 621 (Mounds View)	88,300,000	31.263%	27,605,608
Independent School District No. 623 (Roseville)	37,255,000	3.606%	1,343,447
Special Independent School District No. 916 (Vo-Tech)	80,750,000	11.983%	9,676,013
Metropolitan Council	1,445,126,482	0.869%	12,559,778
Total overlapping debt			65,704,789
City of Shoreview direct debt (1)			19,876,812
Total direct and overlapping debt			<u>\$ 85,581,601</u>

Debt Ratios

Ratio of debt per capita (26,092 population, Table 18)	\$ 3,280
Ratio of debt to net tax capacity valuations (after fiscal disparities) (\$30,208,454, Table 6)	283.30%
Ratio of debt to estimated actual market value of property (\$2,698,385,600, Table 6)	3.17%

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government’s ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) Gross bonded and direct debt outstanding includes all general obligation, certificate of participation debt and loans.
- (2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county’s taxable assessed value that is within the government’s boundaries and dividing it by the county’s total taxable assessed value.

**CITY OF SHOREVIEW**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Debt limit	\$ 62,498,286	\$ 98,286,960	\$ 95,948,310	\$ 90,467,340
Total net debt applicable to limit	8,614,289	8,075,009	7,611,185	12,747,163
Legal debt margin	<u>\$ 53,883,997</u>	<u>\$ 90,211,951</u>	<u>\$ 88,337,125</u>	<u>\$ 77,720,177</u>
Total net debt applicable to the limit as a percentage of debt limit	13.78%	8.22%	7.93%	14.09%

Note: Under state statutes, prior to June 30, 2008 the City's outstanding general obligation debt and certificates of participation cannot exceed 2 percent of total market property value; after that date the limit increases to 3 percent. By law, the debt subject to the limitation may be offset by amounts set aside for repaying the debt.

**Table 16**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 85,157,333	\$ 77,057,004	\$ 72,148,140	\$ 72,386,496	\$ 79,220,802	\$ 80,951,568
12,442,328	11,798,714	13,168,149	16,872,663	11,095,214	10,064,636
<u>\$ 72,715,005</u>	<u>\$ 65,258,290</u>	<u>\$ 58,979,991</u>	<u>\$ 55,513,833</u>	<u>\$ 68,125,588</u>	<u>\$ 70,886,932</u>
14.61%	15.31%	18.25%	23.31%	14.01%	12.43%

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**Legal Debt Margin Calculation for Fiscal Year 2016**


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Market value (payable 2016 value, Table 6)	\$2,698,385,600
Debt limit (3% of market value)	80,951,568
Debt applicable to limit	
Other general obligation bonds	8,125,000
Certificates of participation	2,910,000
Less cash set aside for repayment of general obligation debt	<u>(970,364)</u>
Total net debt applicable to limit	<u>10,064,636</u>
Legal debt margin	<u>\$ 70,886,932</u>

**CITY OF SHOREVIEW**  
Pledged Revenue Coverage  
Last Ten Fiscal Years

**Table 17**

Fiscal Year	Utility Revenues	Less Operating Expenses (1)	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
<b>Water Revenue Bonds</b>						
2007	\$ 1,981,574	\$ 1,239,931	\$ 741,643	\$ 220,000	\$ 103,071	2.30
2008	2,033,018	1,329,619	703,399	275,000	126,890	1.75
2009	2,282,465	1,245,066	1,037,399	315,000	197,535	2.02
2010	2,042,580	1,339,306	703,274	425,000	192,894	1.14
2011	2,279,802	1,368,874	910,928	460,000	202,063	1.38
2012	2,966,297	1,405,259	1,561,038	550,000	183,921	2.13
2013	2,585,461	1,403,838	1,181,623	460,000	183,026	1.84
2014	2,668,132	1,432,452	1,235,680	965,000	163,432	1.10
2015	2,639,110	1,430,934	1,208,176	1,410,000	181,749	0.76
2016	2,909,689	1,570,611	1,339,078	450,000	462,503	1.47
<b>Sewer Revenue Bonds</b>						
2007	\$ 2,799,893	\$ 2,416,145	\$ 383,748	\$ 30,000	\$ 23,635	7.15
2008	2,923,581	2,590,220	333,361	45,000	34,913	4.17
2009	3,187,514	3,013,766	173,748	55,000	50,951	1.64
2010	3,274,000	2,869,607	404,393	80,000	57,495	2.94
2011	3,617,492	2,953,041	664,451	90,000	76,061	4.00
2012	3,604,257	2,893,667	710,590	145,000	72,489	3.27
2013	3,718,390	3,100,871	617,519	275,000	67,690	1.80
2014	3,973,536	3,163,229	810,307	325,000	58,703	2.11
2015	3,981,855	3,191,670	790,185	915,000	53,375	0.82
2016	4,082,980	3,328,440	754,540	175,000	82,853	2.93
<b>Surface Water Management Revenue Bonds</b>						
2007	\$ 751,760	\$ 516,526	\$ 235,234	\$ 80,000	\$ 32,303	2.09
2008	837,128	545,757	291,371	80,000	48,344	2.27
2009	826,536	565,250	261,286	110,000	26,179	1.92
2010	937,550	656,073	281,477	130,000	90,408	1.28
2011	1,032,620	669,298	363,322	225,000	91,277	1.15
2012	1,159,830	710,054	449,776	255,000	84,797	1.32
2013	1,188,105	621,960	566,145	415,000	84,608	1.13
2014	1,411,270	695,548	715,722	360,000	80,992	1.62
2015	1,485,119	752,030	733,089	610,000	73,517	1.07
2016	1,629,533	922,576	706,957	335,000	88,721	1.67

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements. Utility revenues include operating revenue, earnings on investments and the federal credit associated with Build America Bonds.

(1) Operating expenses do not include depreciation.



**CITY OF SHOREVIEW**

Demographic and Economic Statistics  
Last Ten Fiscal Years

**Table 18**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (Amounts Expressed in Whole Dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment District No. 621 (4)</u>	<u>School Enrollment District No. 623 (4)</u>	<u>Unemployment Rate (5)</u>
2007	26,093	\$ 1,156,102,551	\$ 44,307	10,116	6,373	3.5 %
2008	26,159	1,183,485,478	45,242	9,914	6,391	4.4 %
2009	26,036	1,113,924,224	42,784	9,901	6,481	6.1 %
2010	25,882	1,111,062,496	42,928	9,849	6,489	6.5 %
*2011	25,043	1,122,903,077	44,839	9,914	6,593	5.6 %
2012	25,118	1,158,818,930	46,135	10,006	6,765	4.7 %
2013	25,429	1,183,185,941	46,529	10,233	6,902	4.0 %
2014	25,630	1,205,096,970	47,019	10,734	7,437	3.3 %
2015	25,723	1,246,459,411	48,457	10,759	7,547	3.0 %
2016	26,092	1,359,836,764	52,117	11,145	7,649	3.2 %

Notes/Sources:

- (1) Population figures other than census year are estimates provided by the Metropolitan Council. The last census was taken in 2010. Figures are as of December 31 of the prior year.
- (2) This estimated personal income number is calculated by taking the per capita personal income and multiplying it by the City's population. Also see note (3) regarding the per capita personal income figures.
- (3) Per capital personal income data is provided by the Bureau of Economic Analysis. The 2007–2015 data is for Ramsey County, in which the City resides, the smallest region applicable to the City that this information is available for. The 2016 figure is an estimate for the state of Minnesota as there were no other relevant estimates available at the time of this report.
- (4) The City is served by two independent school districts. District No. 621 covers approximately 90% of the City, while District No. 623 covers approximately 10% of the City. Accordingly, not all students enrolled in District No. 621 or District No. 623 live in the City.
- (5) Annual average unemployment provided by the Minnesota Department of Employment & Economic Development.

\* 2010 Federal Census data

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**CITY OF SHOREVIEW**

Principal Employers  
Current Year and Nine Years Ago

**Table 19**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wells Fargo	1,200	1	10.77%	2,000	1	15.46%
Deluxe Corporation	1,150	2	10.33%	1,000	3	7.73%
Land O'Lakes	850	3	7.63%	–	–	–
Cummins Power Generation	600	4	5.39%	–	–	–
Target Corporation	500	5	4.49%	312	4	2.41%
TSI Inc.	485	6	4.35%	300	5	2.32%
Westinghouse (PaR Nuclear)	300	7	2.69%	–	–	–
Hill-Rom	250	8	2.24%	–	–	–
Ally Financial Services	247	9	2.22%	–	–	–
PaR Systems	200	10	1.80%	100	10	0.77%
Medtronic	–	–	–	1,200	2	9.28%
DJO Global – Empi Inc.	–	–	–	300	6	2.32%
Rainbow Foods	–	–	–	225	7	1.74%
Curtis 1000	–	–	–	180	8	1.39%
AGS Publishing	–	–	–	120	9	0.93%
<b>Total</b>	<b>5,782</b>		<b>51.92%</b>	<b>5,737</b>		<b>44.36%</b>

Source: City of Shoreview Community Development Department

Total City employment provided by the Minnesota Department of Employment & Economic Development.

**CITY OF SHOREVIEW**

Budgeted Full-Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Function	Budgeted Full-Time Equivalent Employees as of December 31,			
	2007	2008	2009	2010
General government	12.16	13.61	12.25	14.05
Public safety				
Emergency services	0.16	0.16	0.16	0.08
Public works				
Engineering	4.39	4.05	4.05	4.05
Maintenance	6.99	7.36	7.35	6.83
Parks and recreation				
Administration	6.27	6.26	6.15	6.00
Maintenance	9.40	9.87	9.45	9.51
Community center	43.72	39.51	37.29	36.03
Recreation programs	22.12	25.42	26.41	26.08
Community development	5.75	5.75	5.77	5.82
Water	8.11	8.36	8.43	8.33
Sewer	6.83	7.08	7.22	7.34
Surface water	2.88	3.33	3.37	3.52
Street lights	0.10	0.20	0.20	0.20
Central garage	2.40	2.40	2.40	2.40
	<u>131.28</u>	<u>133.36</u>	<u>130.50</u>	<u>130.24</u>
Total				
Full-time	76.00	77.25	78.68	79.75
Part-time	–	0.75	0.75	0.75
Associate	55.28	55.36	51.07	49.74
	<u>131.28</u>	<u>133.36</u>	<u>130.50</u>	<u>130.24</u>
Total				

Source: City Finance Department

**Table 20**

Budgeted Full-Time Equivalent Employees as of December 31,					
2011	2012	2013	2014	2015	2016
12.66	14.69	13.46	14.22	13.80	14.59
0.08	0.07	0.08	0.08	-	-
4.05	4.03	4.03	4.03	3.83	4.01
6.83	6.84	7.12	7.68	7.68	7.63
5.00	4.00	4.00	4.44	4.50	4.10
9.71	9.95	9.95	10.00	10.00	10.02
36.68	36.44	36.61	38.44	38.52	37.55
28.54	29.13	29.74	32.73	31.52	34.47
5.82	5.84	6.56	6.95	7.00	7.25
8.35	8.40	8.39	8.41	8.28	8.18
7.35	7.41	7.41	7.44	7.30	7.20
3.52	3.55	3.55	3.67	3.74	3.96
0.20	0.20	0.20	0.28	0.20	0.25
2.40	2.40	2.40	2.40	2.40	2.40
<u>131.19</u>	<u>132.95</u>	<u>133.50</u>	<u>140.77</u>	<u>138.77</u>	<u>141.61</u>
79.00	79.00	79.00	83.36	82.00	84.32
0.75	1.55	1.55	0.42	1.10	1.60
<u>51.44</u>	<u>52.40</u>	<u>52.95</u>	<u>56.99</u>	<u>55.67</u>	<u>55.69</u>
<u>131.19</u>	<u>132.95</u>	<u>133.50</u>	<u>140.77</u>	<u>138.77</u>	<u>141.61</u>

**CITY OF SHOREVIEW**

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year		
	2007	2008	2009
Police (contracted with Ramsey County Sheriff's Department)			
Calls for service	6,526	6,719	6,441
Fire (contractual service with Lake Johanna Fire Department)			
Calls for service	302	307	306
Public works			
Salt (tons)	705	938	350
Crack sealant (pounds)	18,000	10,000	11,250
Asphalt repairs (tons of asphalt)	595	795	578
Recyclables collected (tons)	3,723	3,385	3,204
Trails resurfaced (miles)	5.75	5.00	5.50
Parks and recreation			
Recreation program users (registered participants)	14,828	16,369	17,997
Community program attendance (non-fee programs)	–	–	–
Community center users	415,886	449,811	507,951
Community development			
Permits issued	3,057	2,350	1,352
Permit valuation (millions)	\$ 32.3	\$ 26.6	\$ 18.3
Water			
Water main breaks	7	21	9
Meters replaced	128	372	8,100
Curb box repairs (water valves)	180	485	1,130
Hydrants repaired	32	192	39
Average annual residential water use per household	91,881	82,600	89,050
Average daily consumption (millions of gallons)	3.50	3.24	3.30
Maximum daily gallons pumped (millions)	10.10	8.33	8.17
Sewer			
Sewage flow (millions of gallons)	920	926	874
Miles jetted	60	68	65
Miles rodded	9	28	25
Miles inspected	40	49	48
Surface water management			
Material dredged from ponds (yards)	425	500	432
Sweepings collected (tons of material)	200	300	200
Miles of street swept	450	360	270
Street sweeping rounds per year	5	4	3
Lake augmentation, gallons pumped (millions)	135.9	–	32.5
Central garage			
Gallons of gas	17,500	18,512	15,409
Gallons of diesel	20,000	18,901	22,265
Oil changes	115	108	97
Tires replaced	34	51	29

Sources: Various city departments

Note: Indicators are not available for the general government city functions.

N/A Indicators are not available for these years.

\*Community program attendance (non-fee programs) represent data not quantified prior to 2011.

Table 21

		Fiscal Year					
2010	2011	2012	2013	2014	2015	2016	
6,298	6,443	6,661	7,057	8,128	9,281	9,139	
806	988	1,060	1,275	1,449	1,597	1,784	
525	438	373	500	460	250	300	
9,000	13,500	9,000	12,000	7,500	12,600	15,000	
579	775	505	380	278	265	232	
3,342	2,985	3,165	3,242	2,762	2,735	2,682	
4.50	5.00	9.90	5.00	–	6.20	7.72	
20,679	26,317	28,601	25,726	29,270	28,404	27,478	
–	* 57,055	49,542	47,964	39,261	43,218	33,150	
627,822	699,025	692,616	698,892	593,172	620,509	564,444	
1,044	922	867	1,312	1,053	1,141	1,332	
\$ 42.1	\$ 21.9	\$ 29.9	\$ 42.4	\$ 40.3	\$ 21.7	\$ 41.9	
14	3	3	10	15	5	7	
61	25	16	23	45	34	52	
458	385	225	75	105	97	85	
42	75	18	25	35	11	32	
82,742	81,368	91,605	82,554	73,557	72,575	73,879	
2.91	2.69	3.01	2.69	2.43	2.14	2.26	
9.46	5.91	6.97	7.68	5.88	5.24	5.54	
865	914	791	871	813	818	895	
72	82	82	62	81	52	62	
38	32	35	32	30	22	–	
40	60	40	40	44	62	45	
795	–	–	–	–	–	–	
250	200	250	350	350	250	83	
405	353	405	794	794	904	792	
5	4	5	9	9	8	7	
221.2	–	110.7	8.7	–	–	–	
17,500	14,676	14,980	17,333	14,469	19,780	20,053	
20,000	20,002	23,183	24,727	20,914	17,677	17,497	
164	116	114	78	89	90	84	
42	17	54	53	39	29	35	

**CITY OF SHOREVIEW**

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year			
	2007	2008	2009	2010
Public safety				
Police (contractual service with Ramsey County Sheriff's Department)				
Patrol units (24-hour)	2	2	2	2
Fire (contractual service with Lake Johanna Fire Department)				
Fire stations in service	4	4	4	4
Number of firefighters	65	66	61	60
Public works				
Streets (miles)	91.85	91.85	91.85	92.49
Culture and recreation				
Parks acreage	268	268	268	268
Parks	10	10	10	10
Park buildings	8	8	8	8
Picnic shelters	5	5	6	6
Community center (square footage)	111,000	111,000	111,000	111,000
Water				
Water mains (miles)	102.8	102.8	102.8	102.8
Fire hydrants	1,312	1,318	1,318	1,318
Wells	6	6	6	6
Maximum storage capacity (millions of gallons)	4	4	4	4
Sewer				
Sanitary sewers (miles)	107.9	107.9	107.9	107.9
Lift stations	17	17	17	17
Surface water management				
Storm water lift stations	4	4	5	5
Storm ponds	200	200	200	200
Street lights	659	659	681	692

Sources: Various city departments

Note: No capital asset indicators are available for the general government and community development functions.



**Table 22**

Fiscal Year					
2011	2012	2013	2014	2015	2016
2	2	2	2	2	2
4	4	4	4	4	4
60	60	60	60	60	79
92.63	92.69	92.69	93.21	93.21	93.32
268	268	268	268	268	268
10	10	10	10	10	10
8	8	8	8	8	8
6	6	7	7	7	7
111,000	111,000	111,000	111,000	111,000	111,000
103.0	103.0	103.0	103.0	103.0	103.4
1,325	1,327	1,328	1,330	1,328	1,332
6	6	6	6	6	6
4	4	4	4	4	4
108.2	108.2	108.2	108.5	108.5	108.6
17	17	17	17	18	19
4	4	4	4	4	4
200	200	201	202	198	198
692	701	717	731	764	787

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