



# Five-year Operating Plan

Including fund-specific working capital targets

Prepared by the Finance Department  
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# Executive Summary

## Introduction

Long-term financial planning has been a part of the normal business process in Shoreview for more than two decades. It started in the late 1980s with a street replacement plan, and expanded into a comprehensive infrastructure replacement policy by 1992.

Through the City's annual Comprehensive Infrastructure Replacement Plan (CHIRP) the City routinely updates capital replacement estimates for a minimum of 40 years; identifies revenue sources to support capital costs; and evaluates the impact of capital costs on inter-fund charges, property tax levies and user fees. The CHIRP policy ensures that capital replacement planning remains a vital and ongoing effort.

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

This Five-year Operating Plan (FYOP) document contains 3 years of history for each fund, a revised estimate for the current year (2025) and projections for the next 5 years (2026 through 2030). The document also:

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

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

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

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

## Fund Balances

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

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

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

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

Working capital needs create special circumstances in some operating funds. For instance, property tax receipts in the General Fund provide 74% of total revenue, and are received twice per year (July and December). Consequently, the General Fund supports ongoing operations for nearly 6 months of the year before the first receipt of its largest revenue source. In this case, fund balances provide necessary working capital to avoid cash deficits and short-term borrowing. For the purpose of measuring working capital in this document, fund balances are evaluated by the number of months or years of operating coverage. This calculation includes operating and debt service costs, and may also include capital outlay and transfers to other funds, if they have a significant impact on the fund.

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

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

## Operating Assumptions

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

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

- No new development is projected in the next 5 years
- Population remains stable due to a slight decline in residents per household
- Full-time wage adjustments are 3% for 2026 – 2030
- Health insurance costs rise an average of 15% 2026-2030
- Workers compensation insurance premiums increase an average of 5.0% for 2026 – 2030
- Contractual costs rise an average of 6.0% per year for the period 2026 - 2030
- Property values are projected to increase 4.2% for 2026, and 5% for all subsequent years

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

## Levy, Value and Tax Rate Projections

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

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

### Homestead Market Value

Exclusion (HMVE)—Beginning in 2012 the State of Minnesota replaced the Market Value Homestead Credit (MVHC) program with a Homestead Market Value Exclusion (HMVE) program, which excludes a portion of homestead property value from property taxes. The amount of excluded value is equal to 40% of the first \$95,000 in home value, less 9% of the value over \$95,000 but less than \$517,200. No exclusion is given for homes above \$517,200.

Home Value	Excluded Value	Percent of Value Excluded
\$ 95,000	\$ 38,000	40.0%
\$ 150,000	\$ 33,050	22.0%
\$ 200,000	\$ 28,550	14.3%
\$ 235,700	\$ 25,337	10.7%
\$ 250,000	\$ 24,050	9.6%
\$ 300,000	\$ 19,550	6.5%
\$ 350,000	\$ 15,050	4.3%
\$ 400,000	\$ 10,550	2.6%
\$ 450,000	\$ 6,050	1.3%
\$ 517,200	\$ -	0.0%

Levy Limits—During some years State statutes place restrictions on local government levies through levy limits. In the recent past, the levy limit formula has provided special levy authority outside of the levy limit for the cost of police and fire, increased contributions to PERA, debt payments and certain other special levies. For 2025 the City is not subject to a levy limit.

Tax Levy—Even though the largest share of the tax levy is allocated to the General fund, the General Fund share of the tax levy has declined from a high of 85% in 2002 to 73% for 2025, while the combined debt service special revenue and capital project funds share of the tax levy has risen from 15% in 2002 to 27% for 2026. This trend is expected to continue in the future due to increased repair and replacement costs.

Property Values—From 2000 to 2008, property values increased an average of 10% per year. From 2009 to 2013 the economic climate resulted in declining property values at an average rate of 6% per year, 2014 to 2023 property values have increased an average rate of 7% per year. Preliminary information from the county assessor indicates that property values for 2026 taxes are expected to increase about 4%. The projections in this document assume values will increase 5% per year thereafter.

Fiscal Disparities—The fiscal disparities formula, provided in State Statutes, takes 40% of the value of new commercial and industrial development in the metro area and redistributes the value back to each community based on a formula. The result is either a net gain or net loss in tax dollars from the pool. Shoreview's share of the metro-wide fiscal disparities pool is projected to increase in 2026 and remain consistent over the next four years.

Tax Rates—The tax rate measures the change in tax levies in relation to the change in taxable values. Because values generally grew faster than the tax levy through 2007, the tax rate dropped. From 2008 to 2014, values dropped and levies increased, resulting in growth in the tax rate. Increases in taxable value have resulted in decreases in the City's tax rate since 2014. For 2026, the expected modest growth in market values and an 8.65% rise in the City's levy are expected to result in a 1.815% increase in the City's tax rate. The tax rate is expected to increase from 32.378 in 2025 to 39.548 in 2030.

Levy and Value Projections	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
Tax Levy									
General fund	\$ 9,809,785	\$ 10,703,345	\$ 11,512,747	\$ 12,617,128	\$ 13,808,257	\$ 15,898,474	\$ 17,023,916	\$ 18,227,607	\$ 19,673,986
EDA	190,000	215,000	240,000	265,000	265,000	265,000	265,000	270,000	285,000
HRA	280,000	295,000	310,000	325,000	325,000	325,000	330,000	365,000	385,000
Debt-All Debt Funds (combined)	887,000	971,000	971,000	971,000	1,116,000	1,276,000	1,338,000	1,626,000	1,626,000
Debt-Central Garage Fund	184,000	184,000	184,000	184,000	184,000	210,000	210,000	210,000	-
Capital project-Street Renewal Fund	1,090,000	1,025,000	1,080,000	980,000	1,170,000	1,120,000	1,270,000	1,320,000	1,370,000
Capital project-Capital Asset Fund	1,822,922	1,855,000	1,945,000	1,945,000	1,890,000	1,795,000	2,350,000	2,460,000	2,500,000
Capital project-Capital Acquis Fund (IT)	50,000	50,000	50,000	50,000	50,000	60,000	70,000	75,000	75,000
Edison Tax Abatement	43,000	43,000	43,000	60,500	82,000	82,000	82,000	82,000	82,000
Total Levy	\$ 14,356,707	\$ 15,341,345	\$ 16,335,747	\$ 17,397,628	\$ 18,890,257	\$ 21,031,474	\$ 22,938,916	\$ 24,635,607	\$ 25,996,986
Market Value (millions)	\$ 3,851.5	\$ 4,497.7	\$ 4,745.7	\$ 4,895.0	\$ 5,133.9	\$ 5,390.6	\$ 5,660.1	\$ 5,943.1	\$ 6,240.2
Taxable Value (millions)	\$ 38.8	\$ 45.6	\$ 47.1	\$ 48.3	\$ 50.3	\$ 52.8	\$ 55.5	\$ 58.2	\$ 61.2
Fiscal Disparities/City	\$ 1,280,826	\$ 1,260,930	\$ 1,229,343	\$ 1,422,040	\$ 1,491,823	\$ 1,491,823	\$ 1,491,823	\$ 1,491,823	\$ 1,491,823
Fiscal Disparities/HRA	\$ 25,107	\$ 25,118	\$ 24,067	\$ 27,956	\$ 27,956	\$ 27,956	\$ 27,956	\$ 27,956	\$ 27,956
Tax Rate/City	32.961	30.258	31.432	32.378	34.027	36.470	38.173	39.216	39.548
Tax Rate/HRA	0.657	0.592	0.607	0.615	0.590	0.562	0.545	0.579	0.584
Percent Change/Tax Data									
Market Value	2.85%	16.78%	5.51%	3.15%	4.88%	5.00%	5.00%	5.00%	5.00%
Taxable Value	2.06%	17.36%	3.33%	2.51%	4.25%	5.00%	5.00%	5.00%	5.00%
Fiscal Disparities	9.73%	-1.55%	-2.51%	15.67%	4.91%	0.00%	0.00%	0.00%	0.00%
City Tax Levy	4.56%	6.86%	6.48%	6.50%	8.58%	11.34%	9.07%	7.40%	5.53%
City Tax Rate	1.95%	-8.20%	3.88%	3.01%	5.09%	7.18%	4.67%	2.73%	0.85%
HRA Tax Levy	5.66%	5.36%	5.08%	4.84%	0.00%	0.00%	1.54%	10.61%	0.00%
HRA Tax Rate	3.63%	-9.89%	2.53%	1.32%	-4.07%	-4.75%	-3.02%	6.24%	0.86%

## Debt Policy

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

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

Shoreview's debt policy states that the City will:

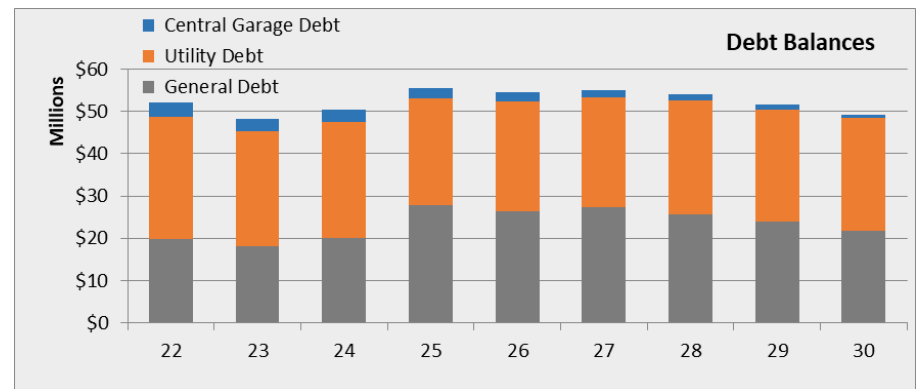
- Remain in compliance with statutory debt limits
- Plan and direct use of debt so that payments are manageable
- Seek to maintain the highest possible credit rating without compromising the delivery of essential services
- Prepare long-term financial planning
- Take advantage of lower interest rates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

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

## Debt Projections

Debt Balances—The list and graph below provide a summary of outstanding debt as of December 31, 2025.

G.O. Improvement Bonds (assessments)	\$ 3,045,000
G.O. CIP Bonds (Fire Station and park)	10,685,000
G.O. Street Improvement Bonds (streets)	4,820,000
G.O. Community Center Abatement Bonds	9,225,000
G.O. Capital Plan Bonds (maint. center)	1,770,000
G.O. Revenue Bonds (utility systems)	<u>25,955,000</u>
Total Existing Debt	\$55,500,000



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

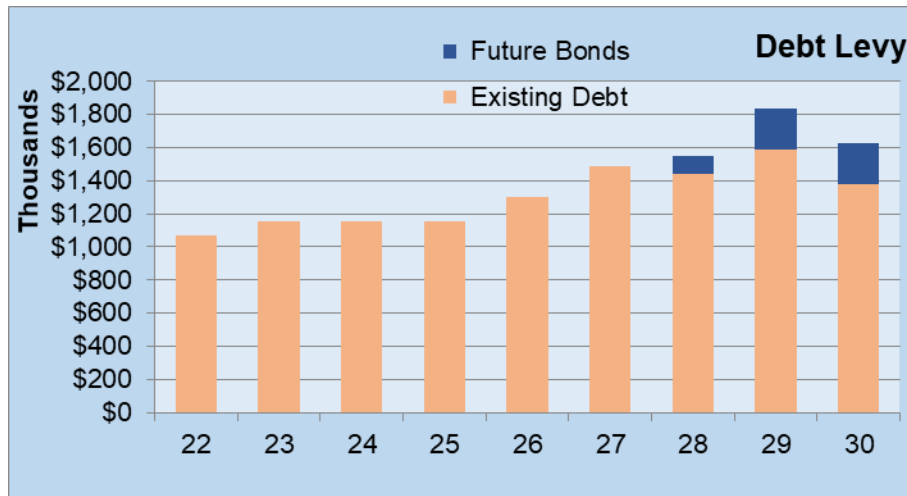
Planning for future debt issuance enables the City to identify the revenue sources necessary to support debt payments well in advance to minimize sharp changes in the tax levies and utility fees dedicated to debt repayment. Maintaining stable revenue sources and sufficient fund balances allows the City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

Projected debt issuance over the next 5 years includes:

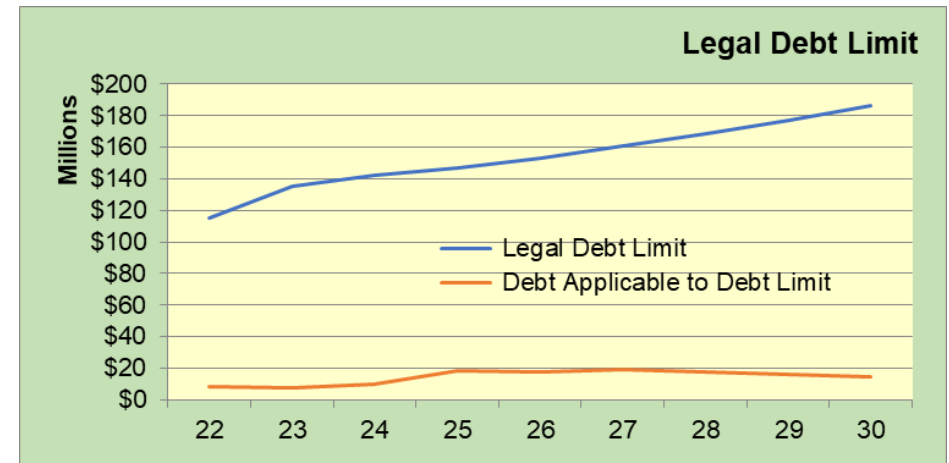
G.O. Street Reconstruction Bonds	\$ 2,590,000
G.O. Revenue Bonds (utility systems)	<u>14,176,000</u>
Total Planned Debt	\$19,946,000

The City anticipates issuing debt in 2026, 2027, 2028 and 2029 to finance projects in the proposed Capital Improvement Program.

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



**Debt Limit**—Minnesota statutes limit the amount of debt a City may issue for general obligation purposes. Shoreview's current debt is 12% of the debt limit. This leaves 88% of the debt limit available



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

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

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

<b>Debt Issued and Retired</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Actual</b>	<b>2025 Budget</b>	<b>2026 Projected</b>	<b>2027 Projected</b>	<b>2028 Projected</b>	<b>2029 Projected</b>	<b>2030 Projected</b>
Debt Balance, beginning of year	\$ 47,540,000	\$ 53,045,000	\$ 49,115,000	\$ 50,090,000	\$ 45,890,000	\$ 48,125,000	\$ 55,500,000	\$ 54,605,000	\$ 55,150,000	\$ 53,096,000	\$ 55,529,000
Debt Issued											
Improvement bonds	850,000	-	-	-	-	1,495,000	-	-	85,000	-	-
Park Building Bonds	-	-	-	-	3,100,000	-	-	-	-	-	-
Fire Station	-	-	-	-	-	7,585,000	-	-	-	-	-
Street Improvements	-	-	2,425,000	-	-	-	-	2,590,000	-	-	-
Water bonds	2,360,000	-	920,000	-	2,040,000	1,630,000	1,925,000	1,675,000	2,160,000	5,250,000	-
Sewer bonds	3,545,000	-	1,285,000	-	-	545,000	100,000	105,000	130,000	931,000	-
Surface Water bonds	2,670,000	-	665,000	-	905,000	-	980,000	220,000	-	1,050,000	-
Total Bonds Issued	9,425,000	-	5,295,000	-	6,045,000	11,255,000	3,005,000	4,590,000	2,375,000	7,231,000	-
Debt Paid											
Improvement bonds	185,000	195,000	185,000	195,000	230,000	245,000	190,000	285,000	295,000	305,000	320,000
Park Building Bonds	-	-	-	-	-	-	125,000	150,000	160,000	170,000	175,000
Fire Station	130,000	-	-	-	-	-	-	-	100,000	275,000	290,000
Street Improvements	495,000	525,000	545,000	345,000	520,000	490,000	505,000	525,000	545,000	510,000	530,000
COPs (commun center)	415,000	430,000	440,000	460,000	-	-	-	-	-	-	-
G.O. Community Center	505,000	515,000	525,000	540,000	560,000	575,000	590,000	610,000	630,000	645,000	665,000
Water bonds	1,175,000	1,205,000	1,365,000	1,355,000	1,260,000	1,285,000	1,210,000	1,225,000	1,355,000	1,490,000	1,655,000
Sewer bonds	285,000	290,000	475,000	485,000	525,000	560,000	525,000	500,000	514,000	543,000	525,500
Surface Water bonds	445,000	470,000	475,000	500,000	390,000	395,000	415,000	405,000	475,000	500,000	520,000
Maintenance Center	285,000	300,000	310,000	320,000	325,000	330,000	340,000	345,000	355,000	360,000	370,000
Total Bonds Retired	3,920,000	3,930,000	4,320,000	4,200,000	3,810,000	3,880,000	3,900,000	4,045,000	4,429,000	4,798,000	5,050,500
Debt Balance, end of year	\$ 53,045,000	\$ 49,115,000	\$ 50,090,000	\$ 45,890,000	\$ 48,125,000	\$ 55,500,000	\$ 54,605,000	\$ 55,150,000	\$ 53,096,000	\$ 55,529,000	\$ 50,478,500



Debt Balances (at each year end)	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected
Debt Balances									
General Obligation Bonds									
Improvement	\$ 2,220,000	\$ 2,025,000	\$ 1,795,000	\$ 1,550,000	\$ 1,360,000	\$ 1,195,000	\$ 1,110,000	\$ 935,000	\$ 755,000
Park Building Bonds	-	-	3,100,000	3,100,000	2,975,000	2,825,000	2,665,000	2,495,000	2,320,000
City Hall	-	-	-	1,495,000	1,495,000	1,375,000	1,250,000	1,120,000	980,000
Fire Stations	-	-	-	7,585,000	7,585,000	7,585,000	7,485,000	7,210,000	6,920,000
Street Improvements	6,175,000	5,830,000	5,310,000	4,820,000	4,315,000	6,380,000	5,835,000	5,325,000	4,795,000
Community Center Expansion G.O.	10,900,000	10,360,000	9,800,000	9,225,000	8,635,000	8,025,000	7,395,000	6,750,000	6,085,000
Total General Bonds	19,295,000	18,215,000	20,005,000	27,775,000	26,365,000	27,385,000	25,740,000	23,835,000	21,855,000
General Obligation Bonds									
Maintenance Center	2,745,000	2,425,000	2,100,000	1,770,000	1,430,000	1,085,000	730,000	370,000	-
General Obligation Revenue Bonds									
Water Improvement	15,815,000	14,460,000	15,240,000	15,585,000	16,300,000	16,750,000	17,555,000	21,315,000	19,660,000
Sewer Improvement	6,555,000	6,070,000	5,545,000	5,530,000	5,105,000	4,710,000	4,326,000	4,714,000	4,188,500
Surface Water Improvement	5,220,000	4,720,000	5,235,000	4,840,000	5,405,000	5,220,000	4,745,000	5,295,000	4,775,000
Total Utility Bonds	27,590,000	25,250,000	26,020,000	25,955,000	26,810,000	26,680,000	26,626,000	31,324,000	28,623,500
Total Bonded Debt	49,630,000	45,890,000	48,125,000	55,500,000	54,605,000	55,150,000	53,096,000	55,529,000	50,478,500
Community Center Expansion COP's	460,000	-	-	-	-	-	-	-	-
Total Combined Debt Balances	\$ 50,090,000	\$ 45,890,000	\$ 48,125,000	\$ 55,500,000	\$ 54,605,000	\$ 55,150,000	\$ 53,096,000	\$ 55,529,000	\$ 50,478,500
Debt Limit Information									
Market value (millions)	\$ 3,851.5	\$ 4,497.7	\$ 4,745.7	\$ 4,895.0	\$ 5,101.8	\$ 5,356.9	\$ 5,624.7	\$ 5,906.0	\$ 6,201.2
Debt Limit Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Limit	\$ 115,545,000	\$ 134,931,000	\$ 142,371,000	\$ 146,851,320	\$ 153,053,460	\$ 160,706,133	\$ 168,741,440	\$ 177,178,512	\$ 186,037,437
Debt Applicable to Debt Limit	\$ 8,451,791	\$ 7,674,037	\$ 10,020,541	\$ 18,005,655	\$ 17,326,740	\$ 18,838,767	\$ 17,742,229	\$ 16,326,759	\$ 14,850,360
Debt Margin Available	\$ 107,093,209	\$ 127,256,963	\$ 132,350,459	\$ 128,845,665	\$ 135,726,720	\$ 141,867,366	\$ 150,999,211	\$ 160,851,753	\$ 171,187,077
Percent Debt Margin Used	7.3%	5.7%	7.0%	12.3%	11.3%	11.7%	10.5%	9.2%	8.0%
Percent Debt Margin Available	92.7%	94.3%	93.0%	87.7%	88.7%	88.3%	89.5%	90.8%	92.0%
Debt Levy by Type of Debt									
Improvement	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Station	-	-	-	-	150,000	310,000	450,000	590,000	590,000
Street Improvements	546,000	637,000	637,000	637,000	632,000	632,000	448,000	457,000	457,000
Maintenance Center	184,000	184,000	184,000	184,000	184,000	210,000	210,000	210,000	-
Community Center Expansion	334,000	334,000	334,000	334,000	334,000	334,000	334,000	334,000	334,000
Sub-total Levies for Existing Debt	1,071,000	1,155,000	1,155,000	1,155,000	1,300,000	1,486,000	1,442,000	1,591,000	1,381,000
Improvement -future	-	-	-	-	-	-	106,000	245,000	245,000
Street Improvements-future	-	-	-	-	-	-	-	-	-
Total Debt Levies	\$ 1,071,000	\$ 1,155,000	\$ 1,155,000	\$ 1,155,000	\$ 1,300,000	\$ 1,486,000	\$ 1,548,000	\$ 1,836,000	\$ 1,626,000
Change in Debt Levies	\$ (107,000)	\$ 84,000	\$ -	\$ -	\$ 145,000	\$ 186,000	\$ 62,000	\$ 288,000	\$ (210,000)

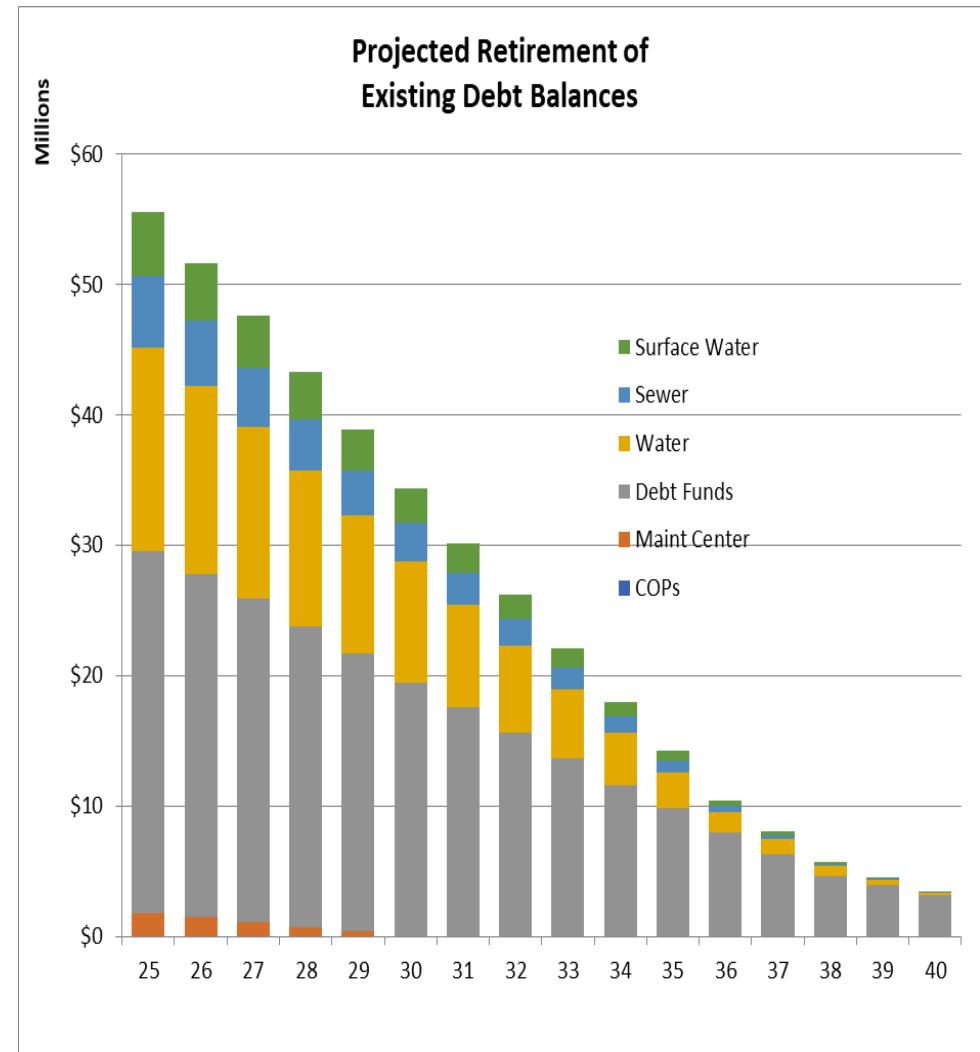
## Debt Retirement Rate

Shoreview's rate of debt retirement is a very favorable indicator. When considering the retirement for all debt combined, about 38% of the City's current outstanding debt will be retired over the next 5 years, and more than 74% will be retired within 10 years.

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

About 30% of combined governmental debt (General Obligation Improvement) is retired over the next 5 years, and 65% is retired within 10 years.

Proprietary Debt (Enterprise utility fund and Internal Service maintenance center debt) is being retired over the next 15 years, with 46% retired over the next five years and 84% retired within 10 years.



Retirement of existing debt is shown in the table below.

Year	Debt Balances as of Year End								Percent Paid		
	Proprietary Debt					Governmental		Total All Debt	Proprietary Debt	Govern Debt	Total All Debt
	G.O. Water Revenue	G.O. Sewer Revenue	G.O. Surface Water Revenue	G.O. Maintenance Center	Total Proprietary Debt	G.O. Improvement Debt Funds	Total Govern and COP Debt				
2025	\$ 15,585,000	\$ 5,530,000	\$ 4,840,000	\$ 1,770,000	\$ 27,725,000	\$ 27,775,000	\$ 27,775,000	\$ 55,500,000			
2026	14,375,000	5,005,000	4,425,000	1,430,000	25,235,000	26,365,000	26,365,000	51,600,000	9.0%	5.1%	7.0%
2027	13,150,000	4,505,000	4,020,000	1,085,000	22,760,000	24,795,000	24,795,000	47,555,000	17.9%	10.7%	14.3%
2028	11,895,000	3,995,000	3,595,000	730,000	20,215,000	23,065,000	23,065,000	43,280,000	27.1%	17.0%	22.0%
2029	10,595,000	3,460,000	3,155,000	370,000	17,580,000	21,295,000	21,295,000	38,875,000	36.6%	23.3%	30.0%
2030	9,255,000	2,950,000	2,700,000	-	14,905,000	19,455,000	19,455,000	34,360,000	46.2%	30.0%	38.1%
2031	7,875,000	2,425,000	2,230,000	-	12,530,000	17,560,000	17,560,000	30,090,000	54.8%	36.8%	45.8%
2032	6,635,000	2,050,000	1,860,000	-	10,545,000	15,615,000	15,615,000	26,160,000	62.0%	43.8%	52.9%
2033	5,355,000	1,660,000	1,470,000	-	8,485,000	13,630,000	13,630,000	22,115,000	69.4%	50.9%	60.2%
2034	4,035,000	1,265,000	1,075,000	-	6,375,000	11,605,000	11,605,000	17,980,000	77.0%	58.2%	67.6%
2035	2,805,000	860,000	755,000	-	4,420,000	9,785,000	9,785,000	14,205,000	84.1%	64.8%	74.4%
2036	1,530,000	445,000	425,000	-	2,400,000	7,995,000	7,995,000	10,395,000	91.3%	71.2%	81.3%
2037	1,160,000	295,000	295,000	-	1,750,000	6,325,000	6,325,000	8,075,000	93.7%	77.2%	85.5%
2038	780,000	140,000	160,000	-	1,080,000	4,595,000	4,595,000	5,675,000	96.1%	83.5%	89.8%
2039	470,000	95,000	80,000	-	645,000	3,885,000	3,885,000	4,530,000	97.7%	86.0%	91.8%
2040	145,000	50,000	-	-	195,000	3,150,000	3,150,000	3,345,000	99.3%	88.7%	94.0%

## Working Capital Targets

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

Working capital targets generally fall into 4 different targeted levels. Governmental Funds maintain 5 to 6 months coverage if revenue is received semi-annually, and 3 months of coverage if revenue is received monthly or quarterly. Enterprise and Internal Service Funds maintain 6 to 8 months coverage, and 2 to 3 years if the primary expense for the fund results from insurance claims. Examples of factors that influence working capital targets include:

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

Fund	Basis	Target	Actual			Estim. 2025	Budget	
			2022	2023	2024		2026	2027
General Fund	months	5.0	5.9	5.8	5.8	5.5	4.9	4.6
Special Revenue Funds								
Recycling	months	5.0	21.3	14.9	15.2	14.5	13.8	11.1
Community Center	months	3.0	5.0	5.4	5.7	5.4	5.1	4.4
Recreation Programs	months	3.0	6.1	6.6	6.5	6.2	6.1	5.7
Cable TV	months	3.0	7.4	10.6	12.3	14.6	15.8	15.8
EDA	months	5.0	2.9	1.2	4.2	5.7	7.3	8.2
HRA	months	5.0	13.4	13.1	14.8	16.0	16.5	16.5
Slice of Shoreview	months	6.0	14.7	18.3	26.1	22.3	21.8	21.1
Debt Funds (combined)	months	6.0	13.6	13.5	12.2	9.8	7.9	7.0
Enterprise Funds								
Water	months	8.0	8.9	9.2	8.9	8.1	8.4	8.6
Sewer	months	6.0	10.6	13.3	11.3	9.3	8.7	8.2
Surface Water	months	6.0	12.4	13.8	12.0	11.7	10.9	10.2
Street Lighting	months	6.0	29.2	23.7	30.7	23.4	28.9	18.0
Internal Service Funds								
Central Garage	months	6.0	12.6	20.2	16.7	14.0	10.6	11.0
Short-term Disability	years	3.0	2.8	0.8	(1.4)	(1.4)	(1.1)	(0.6)
Liability Claims	years	2.0	3.1	3.0	3.6	3.3	3.0	2.8

## Summary

The remainder of this document contains 5-year projections for each operating fund. These estimates inform and help formulate the City's long-term strategies and influence development of the City's Biennial Budget (for 2026 and 2027). The financial planning strategies are intended to:

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

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

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

Brad Martens, City Manager

Kevin Knopik, Finance Director

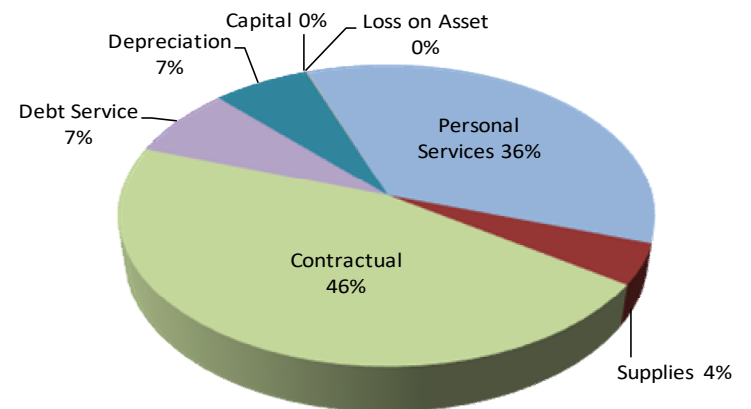
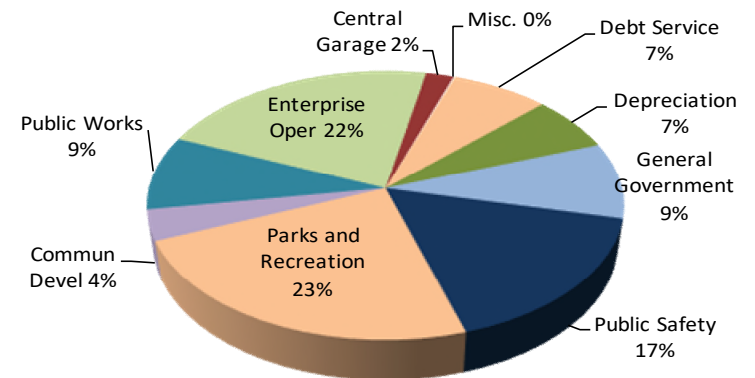
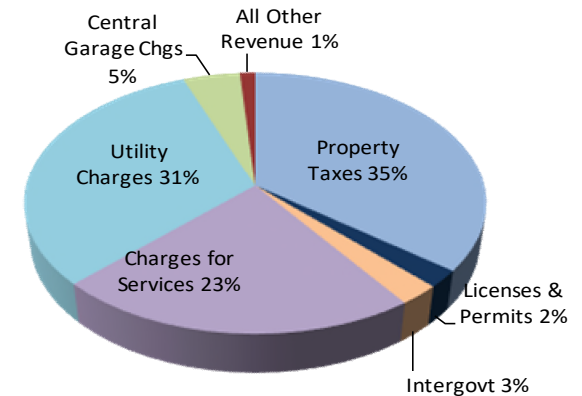
# Total Operating Funds

Combined revenue and expense for all operating funds is presented in the table below. Total expense (excluding capital project funds and transfers between funds) is projected to rise 6.9% over the 2025 revised estimate and will rise between 4.6% and 8.8% from 2026 through 20230. It should be noted that the property tax totals in the table below exclude tax levies for capital funds. For instance, the 2026 levy in the table below (\$15,698,257) plus capital fund levies of \$3,110,000 and a tax abatement levy of \$82,000 equal a total levy of \$18,890,257.

Revenue for 2026 (shown in the top pie chart at right) is derived from a combination of sources including: 31% from utility charges, 35% from property taxes, 23% from charges for service (including inter-fund charges), 5% from central garage charges, 3% from intergovernmental revenue, 2% from licenses and permits, and 1% for all other sources combined.

Expense for 2026 (shown in the middle pie chart at right) shows that public works accounts for the largest share at 31% (enterprise 22% and other public works functions 9%). Parks and recreation operations accounts for 23%, and includes maintenance of parks and park buildings, park administration, community center operations and recreation programs. Public safety accounts for 17% (police, fire, animal control and emergency services). General government accounts for 9%, debt service and depreciation account for 7% each, followed by central garage at 2% and community development at 4%.

Total 2026 costs by classification are shown in the bottom chart at right. The largest class of expense is for contractual services at 46%. The most significant contractual costs include police and fire contracts, sewage treatment, central garage charges, administrative charges, recycling, electric and insurance. Personal services accounts for 36% of total expense, 7% for debt service, 7% for depreciation of utility and central garage assets and 4% for supplies.



Total Operating Funds	2022	2023	2024	2025		2026	2027	2028	2029	2030
	Actual	Actual	Actual	Budget	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>										
Property Taxes	\$ 11,350,165	\$ 12,291,376	\$12,990,696	\$ 14,362,128	\$ 14,362,128	\$ 15,698,257	\$ 17,974,474	\$ 19,166,916	\$ 20,698,607	\$ 21,969,986
Special Assessments	356,205	235,934	234,153	178,466	176,736	162,054	154,491	154,491	154,491	151,803
Licenses & Permits	1,028,274	1,208,306	1,481,573	772,700	974,362	946,850	887,725	912,925	922,925	923,125
Intergovernmental	870,077	937,746	986,604	1,050,663	1,106,797	1,117,317	1,117,317	1,118,567	1,119,867	1,121,217
Charges for Services	8,233,420	8,730,081	9,711,908	9,625,125	9,541,113	9,999,715	10,251,268	10,530,720	10,813,052	11,028,016
Fines & Forfeits	42,271	29,589	32,237	32,000	25,500	33,500	33,500	33,500	33,500	33,500
Utility Charges	12,650,786	13,375,619	13,124,057	13,370,000	13,370,000	13,949,000	14,430,000	14,925,000	15,433,000	15,962,000
Central Garage Chgs	1,449,023	1,277,005	1,206,598	1,516,806	1,830,449	2,004,951	2,105,015	2,150,450	2,172,640	2,216,782
Interest Earnings	(891,628)	1,433,994	1,442,692	219,310	219,680	233,350	240,540	238,930	238,360	237,860
Other Revenues	125,934	115,635	166,136	85,950	101,170	108,670	108,670	109,705	110,772	111,871
Total Revenue	35,214,527	39,635,285	41,376,654	41,213,148	41,707,935	44,253,664	47,303,000	49,341,204	51,697,214	53,756,160
<b>Expense</b>										
General Government	3,058,790	3,184,146	3,564,681	3,901,225	3,782,219	4,058,496	4,457,506	4,661,629	4,852,619	5,254,680
Public Safety	4,818,371	5,408,615	6,043,226	6,464,682	6,411,326	7,326,204	8,692,619	9,381,804	10,275,214	11,094,024
Public Works	2,535,940	2,740,475	3,178,849	3,681,814	3,706,612	3,964,703	4,133,428	4,566,184	4,645,301	4,771,470
Parks and Recreation	8,007,121	8,464,303	9,212,029	9,835,301	9,823,816	10,386,219	10,877,308	11,645,822	12,068,901	12,592,717
Commun Development	1,223,654	1,357,277	1,849,931	1,537,253	1,558,425	1,642,412	1,719,533	1,776,401	1,866,058	1,971,085
Enterprise Oper	7,626,185	7,695,162	8,081,649	8,959,073	9,211,966	9,588,990	9,965,904	10,399,956	10,718,077	11,065,331
Central Garage	741,703	779,002	757,399	836,288	842,844	947,437	922,548	967,913	997,240	1,042,692
Miscellaneous	62,576	333,232	93,676	42,000	42,000	44,500	44,500	44,500	44,500	44,500
Debt Service	3,094,398	2,859,557	2,565,875	2,524,906	2,536,308	3,307,767	3,354,396	3,510,772	3,626,021	3,833,221
Depreciation	2,573,169	2,796,923	2,807,621	2,837,732	2,863,339	2,914,732	2,964,708	3,002,669	3,146,839	3,224,385
Total Expense	33,741,907	35,618,692	38,154,936	40,620,274	40,778,855	44,181,460	47,132,450	49,957,650	52,240,770	54,894,105
<b>Other Sources (Uses)</b>										
Sale of Asset-Gain	93,471	6,526	186,812	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Debt Refunded	-	-	-	-	-	-	-	-	-	-
Debt Proceeds	43,558	-	-	-	289,409	-	42,000	-	-	-
Contrib Cap Assets	259,017	3,368	104,529	-	-	-	-	-	-	-
Transfers In	2,654,090	2,490,208	2,448,400	2,563,889	2,575,465	2,850,206	2,986,550	3,020,790	3,019,550	3,090,175
Transfers Out	(2,328,151)	(2,589,945)	(2,676,546)	(1,963,925)	(1,975,501)	(1,971,400)	(1,995,400)	(2,035,515)	(2,026,900)	(2,093,900)
Net Change	\$ 2,194,605	\$ 3,926,750	\$ 3,284,913	\$ 1,242,838	\$ 1,868,453	\$ 1,001,010	\$ 1,253,700	\$ 418,829	\$ 499,094	\$ (91,670)

# General Fund Operations

The General Fund is the primary operating fund of the City, accounting for all operations not otherwise accounted for in separate funds. In 2026, property taxes provide 79.1% of revenues for the fund (excluding transfers from other funds).

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

## Impacts

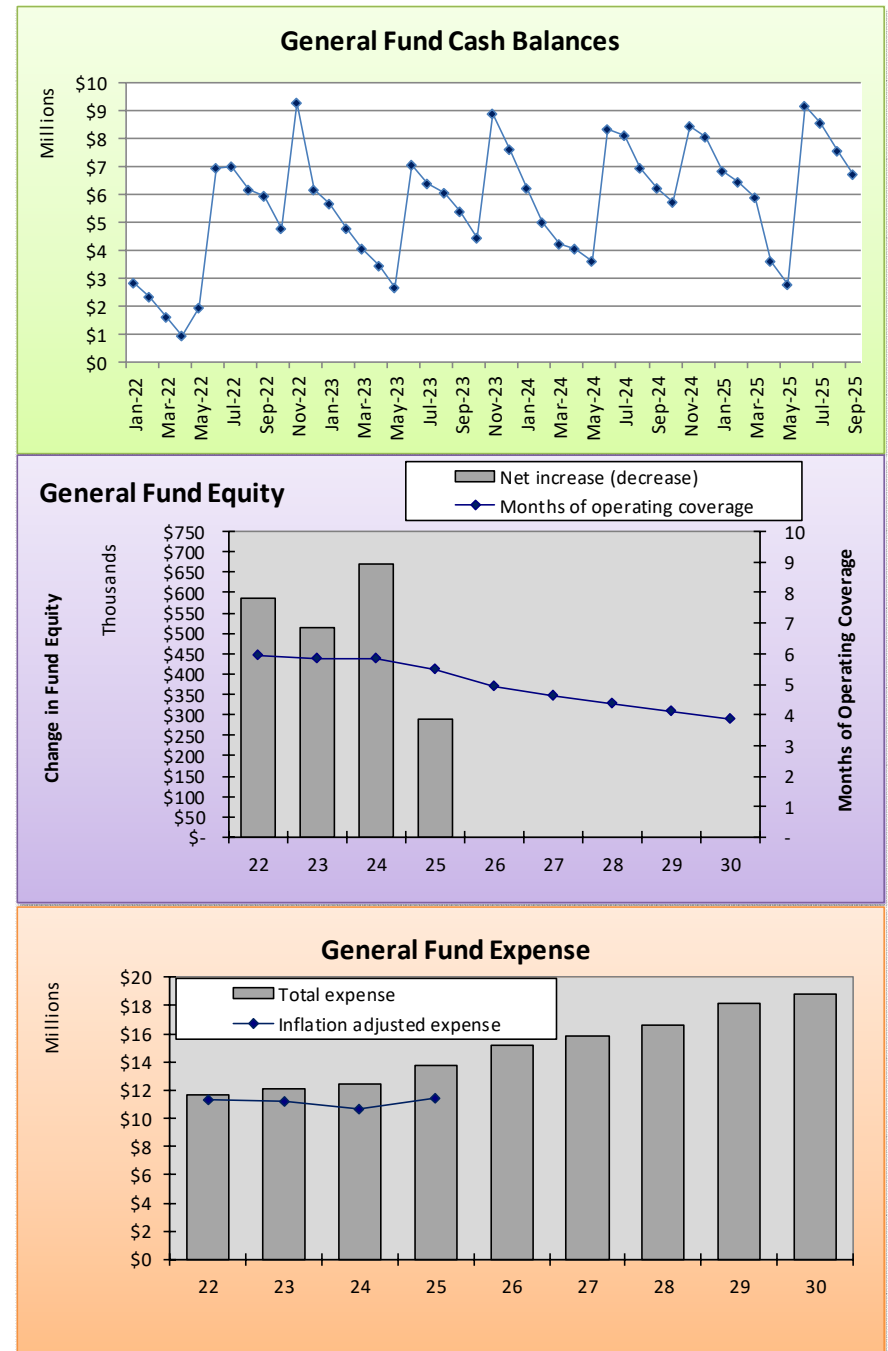
- Shoreview receives less aid than cities of similar size, making it more challenging to maintain competitive property tax levels
- Property taxes are increasing as a percent of total General Fund revenue, providing 79.1% of total revenue in 2026 and 84.3% in 2030
- Property tax collections occur in July and December, creating cash flow challenges for the fund

## Performance/History

- Strong fund balances at 46% of current expense
- Operating coverage greater than 5 months in all actual years
- Internal decisions account for about 90% of revenue sources in most years

## Fund Goals/Targets

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





General Fund	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Property Taxes	\$ 9,810,225	\$ 10,636,888	\$ 11,312,659	\$ 12,617,128	\$ 13,808,257	\$ 15,898,474	\$ 17,023,916	\$ 18,227,607	\$ 19,673,986
Licenses & Permits	1,028,274	1,198,008	1,346,313	834,362	796,850	732,725	757,925	767,925	763,125
Intergovernmental	696,790	718,116	785,869	769,484	812,317	812,317	813,567	814,867	816,217
Charges for Services	1,919,167	1,845,778	2,097,256	1,804,260	1,880,010	1,907,100	1,935,200	1,974,450	1,929,950
Fines & Forfeits	42,271	29,589	32,237	25,500	33,500	33,500	33,500	33,500	33,500
Interest Earnings	(169,243)	291,287	323,424	80,000	80,000	80,000	80,000	80,000	80,000
Other Revenues	27,449	37,415	41,174	28,920	36,420	36,420	36,420	36,420	36,420
Total Revenue	13,354,933	14,757,081	15,938,932	16,159,654	17,447,354	19,500,536	20,680,528	21,934,769	23,333,198
<b>Expense</b>									
General Government	2,645,485	2,963,841	3,352,031	3,565,168	3,867,577	4,261,066	4,458,729	4,640,394	5,010,374
Public Safety	4,818,371	5,408,615	6,043,226	6,411,326	7,326,204	8,692,619	9,381,804	10,275,214	11,094,024
Public Works	1,779,536	2,000,430	1,903,690	2,366,561	2,490,514	2,595,037	2,665,088	2,667,612	2,720,798
Parks and Recreation	2,476,057	2,613,311	2,787,747	3,105,760	3,342,158	3,511,647	3,741,743	3,891,204	4,046,678
Community Development	766,955	736,943	927,436	926,139	992,901	1,037,167	1,053,164	1,098,345	1,170,324
Total Expense	12,486,404	13,723,140	15,014,130	16,374,954	18,019,354	20,097,536	21,300,528	22,572,769	24,042,198
<b>Other Sources (Uses)</b>									
Transfers In	920,000	945,000	1,127,000	1,133,000	1,202,000	1,227,000	1,250,000	1,268,000	1,339,000
Transfers Out	(1,202,784)	(1,465,611)	(1,380,146)	(630,000)	(630,000)	(630,000)	(630,000)	(630,000)	(630,000)
Net Change	585,745	513,330	671,656	287,700	-	-	-	-	-
Fund Equity, beginning	6,178,878	6,764,623	7,277,953	7,949,609	8,237,309	8,237,309	8,237,309	8,237,309	8,237,309
Fund Equity, ending	\$ 6,764,623	\$ 7,277,953	\$ 7,949,609	\$ 8,237,309	\$ 8,237,309	\$ 8,237,309	\$ 8,237,309	\$ 8,237,309	\$ 8,237,309
Fund equity percent of expense	49.3%	48.5%	48.5%	45.7%	41.0%	38.7%	36.5%	34.3%	32.3%
Months of operating coverage	5.9	5.8	5.8	5.5	4.9	4.6	4.4	4.1	3.9
Transfers out (in) per fund bal policy	\$ 2,000,000	\$ 916,470	\$ 587,784	\$ (468,755)					
Expense percent change	3.3%	9.9%	9.4%	9.1%	10.0%	11.5%	6.0%	6.0%	6.5%
Average annual percent change				7.9%					8.0%
Tax Levy percent change	4.6%	8.4%	6.4%	11.5%	9.4%	15.1%	7.1%	7.1%	7.9%
Average annual percent change				7.7%					9.3%
Percent revenue/internal decisions	87.5%	83.2%	83.4%	89.0%	90.2%	91.1%	91.5%	91.8%	93.0%
Percent revenue/external decisions	12.5%	16.8%	16.6%	11.0%	9.8%	8.9%	8.5%	8.2%	7.0%

# Recycling Fund Operations

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

## Impacts

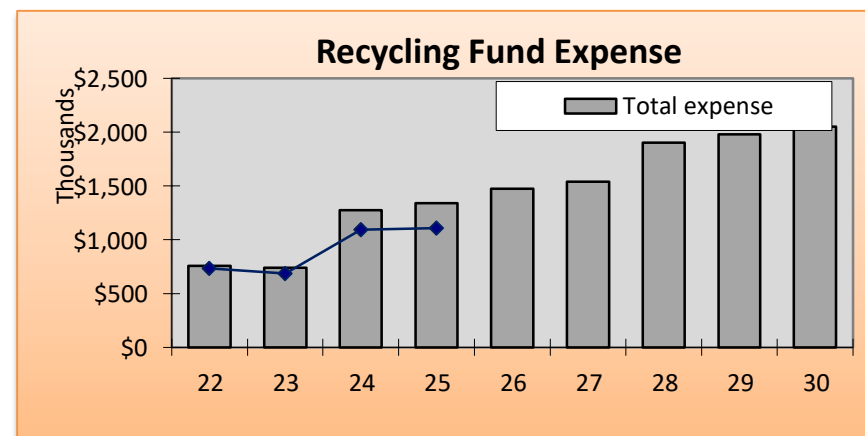
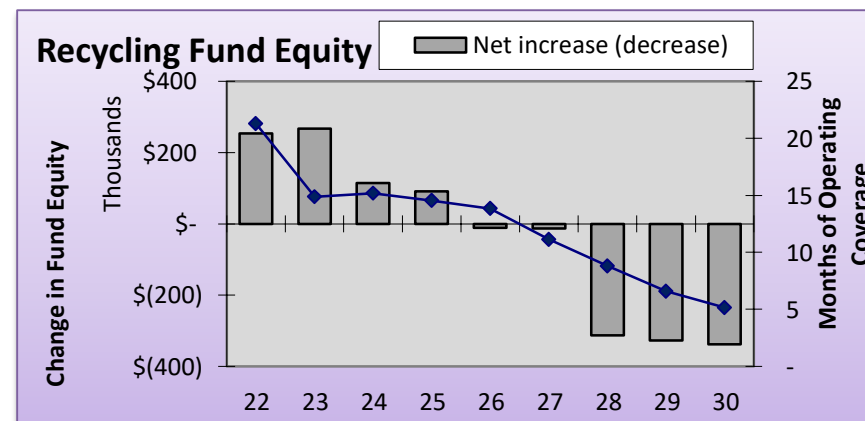
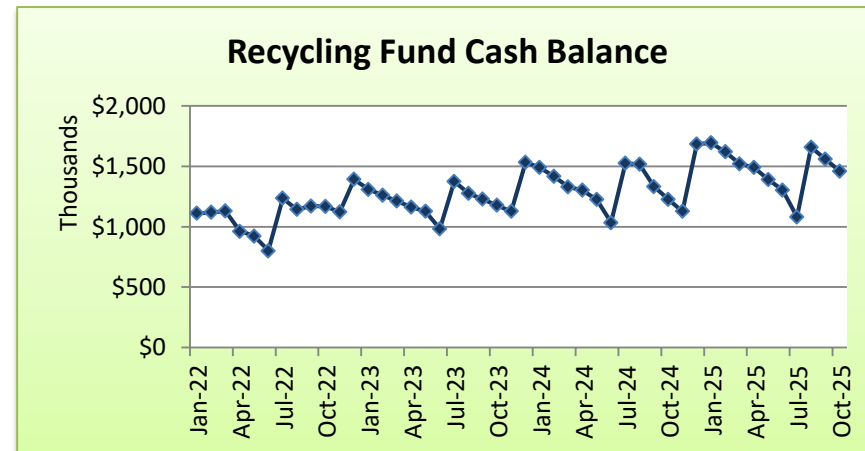
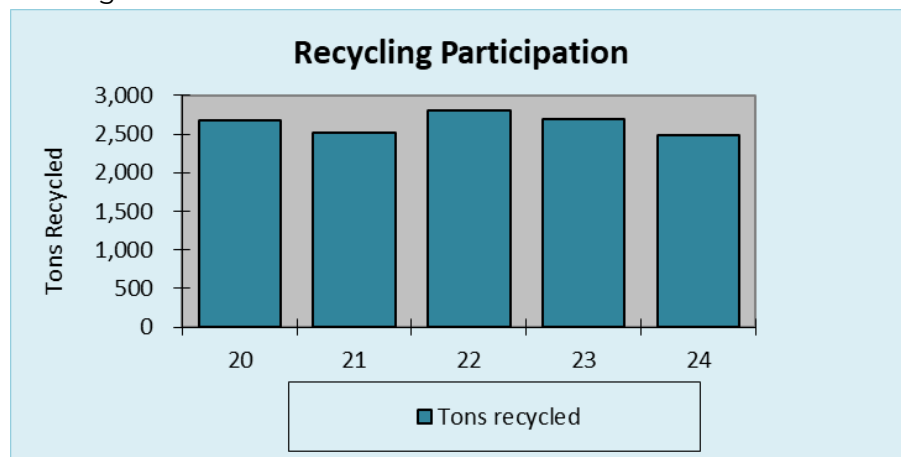
- SCORE grant funding has grown at a slower pace than program costs, and provides between 4.4% and 3.7% of revenue
- Reductions in newspaper circulation have significantly reduced the tons of materials recycled in recent years
- User fees provide between 95.6% and 96.3% of revenue, and are received in July and December, creating cash flow challenges for the fund

## Performance/History

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

## Fund Goals/Targets

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



<b>Recycling Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Intergovernmental									
SCORE Grant	\$ 67,979	\$ 70,784	\$ 69,897	\$ 97,313	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Charges for Services									
Recycling Charges	857,771	857,788	1,235,921	1,309,350	1,371,810	1,434,165	1,496,520	1,558,875	1,621,230
Cleanup Day Charges	129,104	16,031	17,696	25,000	26,500	26,500	26,500	26,500	26,500
Interest Earnings	(45,041)	62,229	66,572	-	-	-	-	-	-
Total Revenue	1,009,813	1,006,832	1,390,086	1,431,663	1,463,310	1,525,665	1,588,020	1,650,375	1,712,730
<b>Expense</b>									
Public Works									
Personal Services	57,385	68,570	64,232	87,674	93,681	100,501	107,732	114,747	121,923
Supplies	1,675	3,221	11,048	5,000	5,000	5,000	300,000	300,000	300,000
Contractual Services	697,344	668,254	1,199,879	1,247,377	1,375,508	1,432,890	1,493,364	1,562,942	1,628,749
Total Expense	756,404	740,045	1,275,159	1,340,051	1,474,189	1,538,391	1,901,096	1,977,689	2,050,672
Net Change	253,409	266,787	114,927	91,612	(10,879)	(12,726)	(313,076)	(327,314)	(337,942)
Fund Equity, beginning	1,059,556	1,312,965	1,579,752	1,694,679	1,786,291	1,775,412	1,762,686	1,449,610	1,122,296
Fund Equity, ending	\$ 1,312,965	\$ 1,579,752	\$ 1,694,679	\$ 1,786,291	\$ 1,775,412	\$ 1,762,686	\$ 1,449,610	\$ 1,122,296	\$ 784,354
Fund equity percent of expense	177.4%	123.9%	126.5%	121.2%	115.4%	92.7%	73.3%	54.7%	42.8%
Months of operating coverage	21.3	14.9	15.2	14.5	13.8	11.1	8.8	6.6	5.1
Expense percent change	11.0%	-2.2%	72.3%	5.1%	10.0%	4.4%	23.6%	4.0%	3.7%
Average annual percent change				21.5%					9.1%
Annual charge per parcel/unit	\$ 70.00	\$ 70.00	\$ 101.00	\$ 105.00	\$ 110.00	\$ 115.00	\$ 120.00	\$ 125.00	\$ 130.00
Change in rate-dollars	\$ 22.00	\$ -	\$ 31.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Number of units	11,797	12,269	12,268	12,471	12,471	12,471	12,471	12,471	12,471

# Community Center Fund Operations

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

## Impacts

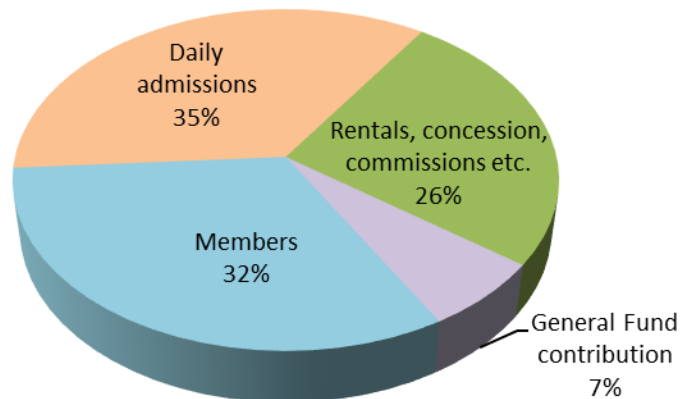
- User fees provide 89% of revenue (memberships, admissions and room rentals)
- Expenses continue to increase as costs to operate increase

## Performance/History

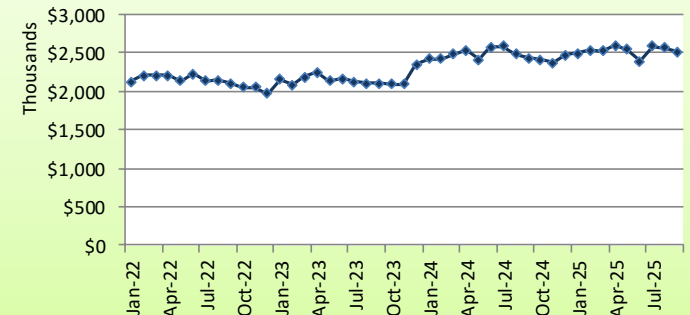
- Working capital coverage equal to 1 to 6 months in all years
- Positive cash flows

## Fund Goals/Targets

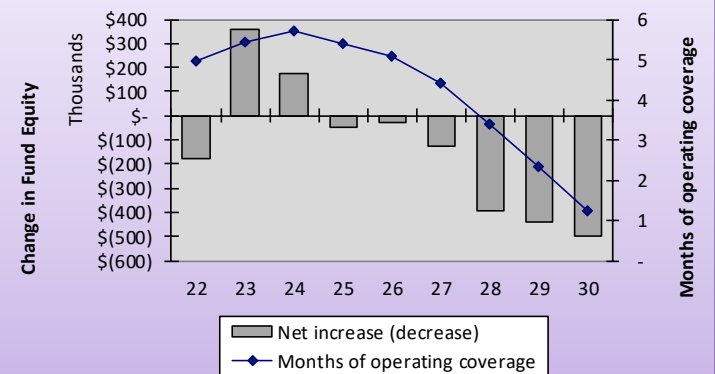
- Adjust rates and operating expense to maintain operating coverage of 3 months
- General Fund provides \$305,000 in support of operations for all future years presented through an inter-fund transfer



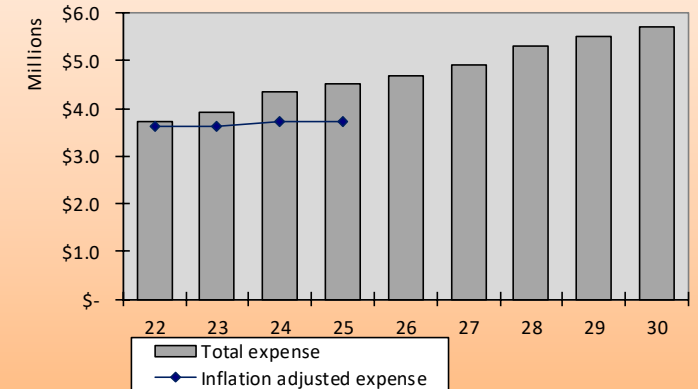
Community Center Cash Balance



Community Center Fund Equity



Community Center Expense



<b>Community Center Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Memberships	1,095,447	1,332,371	1,439,923	1,442,990	1,501,400	1,546,600	1,593,825	1,641,690	1,691,700
Daily Admissions	1,187,351	1,420,130	1,530,469	1,588,000	1,648,000	1,697,500	1,748,555	1,801,550	1,863,500
Room Rentals	582,197	602,366	604,440	613,585	649,250	669,250	695,750	717,775	739,550
Concessions & Commissions	292,996	310,726	287,379	303,000	307,500	316,700	324,000	333,550	343,300
All Other Charges	173,762	185,463	188,917	187,880	190,080	192,380	204,000	210,120	216,390
Interest Earnings	(84,186)	105,868	118,993	10,000	25,000	25,000	25,000	25,000	25,000
Other Revenues	12,689	18,048	50,710	21,100	21,100	21,100	21,100	21,100	21,100
Total Revenue	3,260,256	3,974,972	4,220,831	4,166,555	4,342,330	4,468,530	4,612,230	4,750,785	4,900,540
<b>Expense</b>									
Parks and Recreation									
Personal Services	770,384	845,667	868,362	841,174	855,847	874,321	892,289	911,870	930,740
Supplies	2,307,330	2,447,208	2,885,483	3,064,029	3,196,867	3,384,151	3,565,944	3,743,630	3,918,290
Contractual	654,864	631,227	600,228	613,750	622,250	640,000	852,250	840,000	857,750
Total Expense	3,732,578	3,924,102	4,354,073	4,518,953	4,674,964	4,898,472	5,310,483	5,495,500	5,706,780
<b>Other Sources (Uses)</b>									
Transfers In	295,000	305,000	305,000	305,000	305,000	305,000	305,000	305,000	305,000
Net Change	(177,322)	355,870	171,758	(47,398)	(27,634)	(124,942)	(393,253)	(439,715)	(501,240)
Fund Equity, beginning	1,796,089	1,618,767	1,974,637	2,146,395	2,098,997	2,071,363	1,946,421	1,553,168	1,113,453
Fund Equity, ending	\$ 1,618,767	\$ 1,974,637	\$ 2,146,395	\$ 2,098,997	\$ 2,071,363	\$ 1,946,421	\$ 1,553,168	\$ 1,113,453	\$ 612,213
Fund equity percent of expense	41.3%	45.4%	47.5%	44.9%	42.3%	36.7%	28.3%	19.5%	10.3%
Months of operating coverage	5.0	5.4	5.7	5.4	5.1	4.4	3.4	2.3	1.2
Tax support as percent of expense	7.8%	7.3%	6.7%	6.3%	6.5%	6.2%	5.7%	5.5%	5.3%
Revenue percent change	70.2%	21.9%	6.2%	-1.3%	4.2%	2.9%	3.2%	3.0%	3.2%
Average annual percent change/rev				24.3%					3.3%
Expense percent change	28.4%	5.1%	11.0%	3.8%	3.5%	4.8%	8.4%	3.5%	3.8%
Average annual percent change/exp				12.1%					4.8%

# Recreation Program Fund Operations

The Recreation Programs Fund accounts for a variety of recreational and social programs offered throughout the City on a fee basis.

## Impacts

- User fees provide 87% of revenue
- General Fund provides support for community-oriented programs through an annual transfer
- Projected operating losses in all years projected

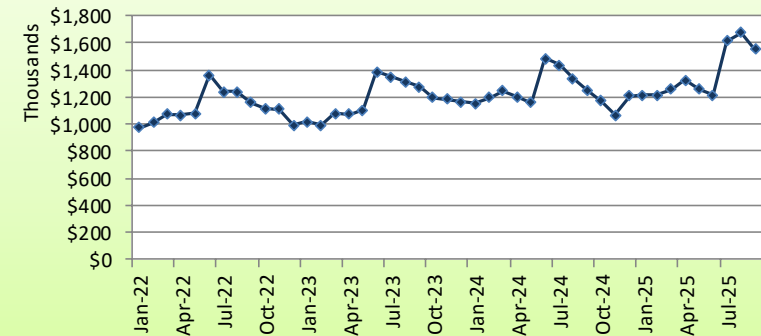
## Performance/History

- Operating coverage equal to 4 to 6 months
- Operating losses in 2022 through 2024

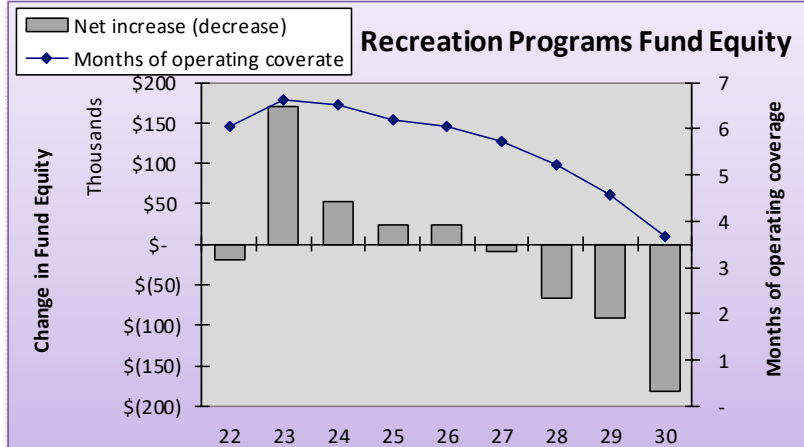
## Fund Goals/Targets

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

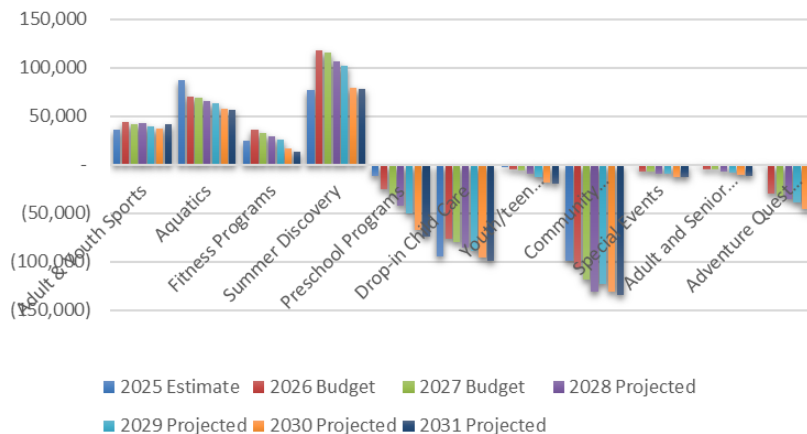
Recreation Programs Fund Cash Balance



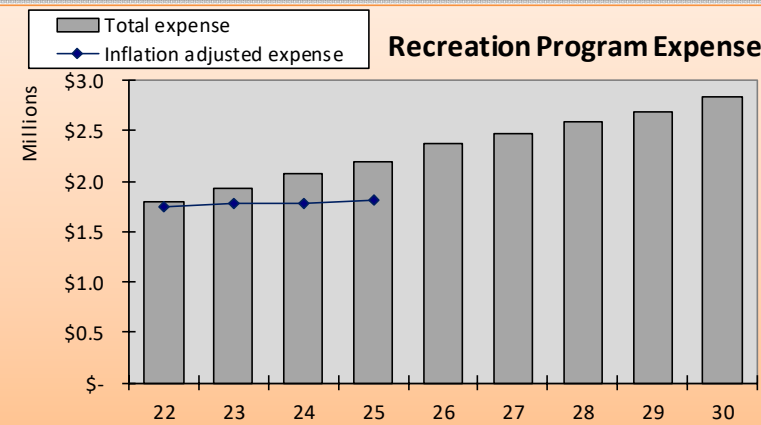
Recreation Programs Fund Equity



Gain (loss) by Program



Recreation Program Expense



<b>Recreation Programs Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Intergovernmental	\$ 1,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	1,572,006	1,739,265	1,762,557	1,913,125	2,083,500	2,146,900	2,216,530	2,280,646	2,347,506
Earnings on investments	(44,288)	57,567	60,192	10,000	10,000	10,000	10,000	10,000	10,000
Miscellaneous	745	-	595	450	450	450	450	450	450
Total Revenue	1,529,483	1,796,832	1,823,344	1,923,575	2,093,950	2,157,350	2,226,980	2,291,096	2,357,956
<b>Expense</b>									
Parks and Recreation									
Parks Administration	623,082	648,571	698,131	772,961	822,366	874,603	953,484	1,005,164	1,118,755
Program Costs	1,175,402	1,278,321	1,372,077	1,426,142	1,546,731	1,592,586	1,640,112	1,677,033	1,720,504
Total Expense	1,798,484	1,926,892	2,070,208	2,199,103	2,369,097	2,467,189	2,593,596	2,682,197	2,839,259
<b>Other Sources (Uses)</b>									
Transfer in	250,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Net Change	(19,001)	169,940	53,136	24,472	24,853	(9,839)	(66,616)	(91,101)	(181,303)
Fund Equity, beginning	992,383	973,382	1,143,322	1,196,458	1,220,930	1,245,783	1,235,944	1,169,328	1,078,227
Fund Equity, ending	\$ 973,382	\$1,143,322	\$1,196,458	\$1,220,930	\$1,245,783	\$1,235,944	\$1,169,328	\$1,078,227	\$ 896,924
Fund equity percent of expense	50.5%	55.2%	54.4%	51.5%	50.5%	47.7%	43.6%	38.0%	30.6%
Months of operating coverage	6.1	6.6	6.5	6.2	6.1	5.7	5.2	4.6	3.7
Revenue percent change	23.9%	17.5%	1.5%	5.5%	8.9%	3.0%	3.2%	2.9%	2.9%
Average annual percent change				12.1%					4.2%
Expense percent change	23.9%	7.1%	7.4%	6.2%	7.7%	4.1%	5.1%	3.4%	5.9%
Average annual percent change				11.2%					5.3%
Percent of revenue from user fees	88.3%	82.9%	83.0%	86.0%	87.0%	87.4%	87.7%	88.0%	88.3%
Percent of revenue from Gen Fund	14.0%	14.3%	14.1%	13.5%	12.5%	12.2%	11.9%	11.6%	11.3%

# Cable TV Fund Operations

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

## Impacts

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

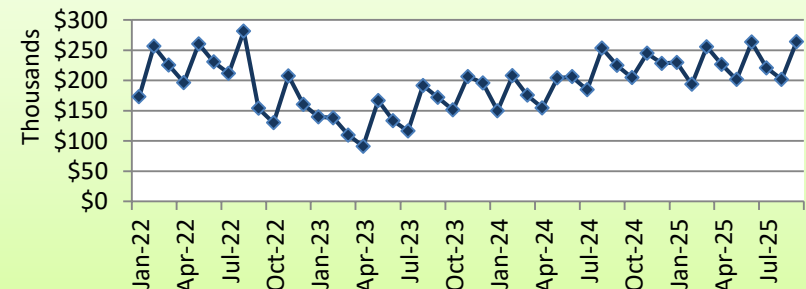
## Performance/History

- Operating coverage is above minimum and projected to decrease over the next five years
- Franchise fee revenue is declining

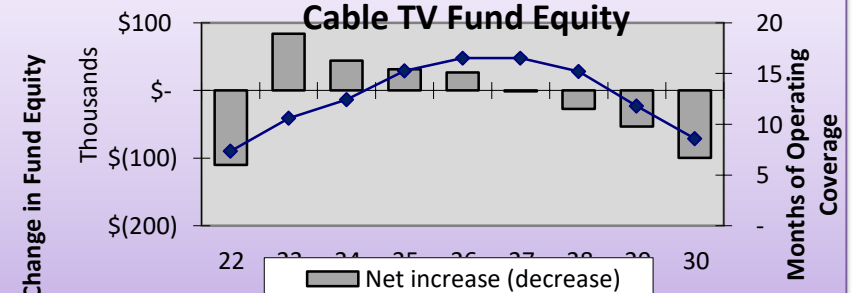
## Fund Goals/Targets

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

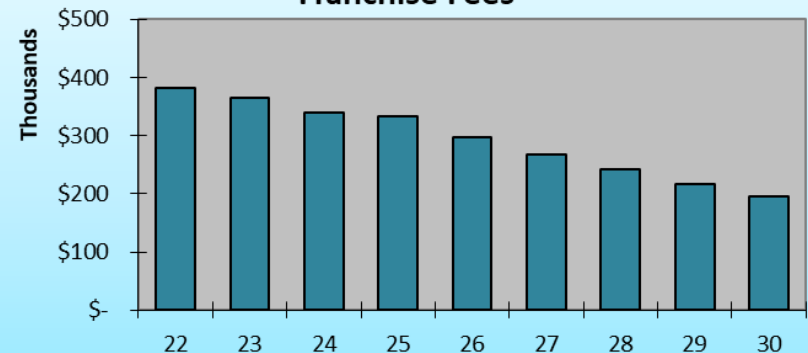
**Cable Television Fund Cash Balance**



**Cable TV Fund Equity**



**Franchise Fees**





<b>Cable Television Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Charges for Services	\$ 381,536	\$364,010	\$340,398	\$321,568	\$297,463	\$267,716	\$240,945	\$ 216,850	\$ 195,166
Interest Earnings	(9,036)	8,135	10,561	2,000	2,000	2,000	2,000	2,000	2,000
Other Revenues	600	2,900	2,000	1,200	1,200	1,200	1,200	1,200	1,200
Total Revenue	373,100	375,045	352,959	324,768	300,663	270,916	244,145	220,050	198,366
<b>Expense</b>									
General Government									
Personal Services	38,434	39,621	41,705	44,233	27,758	28,767	29,834	30,961	32,117
Supplies	48	901	108	500	500	500	500	500	500
Contractual	57,884	76,224	91,962	86,783	73,159	75,631	78,604	84,617	112,981
Capital Outlay	236,650	24,379	-	2,500	2,500	2,500	2,500	2,500	2,500
Total Expense	333,016	141,125	133,775	134,016	103,917	107,398	111,438	118,578	148,098
<b>Other Sources (Uses)</b>									
Transfers Out	(150,000)	(150,000)	(175,000)	(175,000)	(170,000)	(165,000)	(160,000)	(155,000)	(150,000)
Net Change	(109,916)	83,920	44,184	15,752	26,746	(1,482)	(27,293)	(53,528)	(99,732)
Fund Equity, beginning	299,073	189,157	273,077	317,261	333,013	359,759	358,277	330,984	277,456
Fund Equity, ending	\$ 189,157	\$273,077	\$317,261	\$333,013	\$359,759	\$358,277	\$330,984	\$ 277,456	\$ 177,724
Fund equity percent of expense and transfers out	61.3%	88.4%	102.7%	121.6%	132.1%	132.0%	121.0%	93.1%	65.8%
Months of operating coverage for expense and transfers out	7.4	10.6	12.3	14.6	15.8	15.8	14.5	11.2	7.9
Franchise fee percent change	-2.9%	-7.4%	-10.8%	-5.5%	-7.5%	-10.0%	-10.0%	-10.0%	-10.0%
Average annual percent change			-4.7%						-9.5%

# Economic Development Authority Fund Operations

The Economic Development Authority (EDA) was created in 2008 with an initial \$50,000 transfer from the General Fund and \$2,025 from the former Economic Development Fund. The City's previous deposit in the Twin Cities Community Capital Fund was returned to the City in 2010 (\$165,777). The funds were legally restricted to economic development and business assistance (as governed by Minnesota statutes).

## Impacts

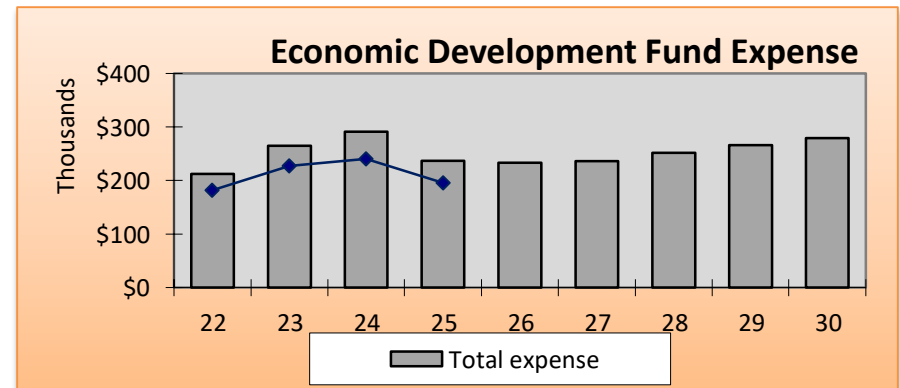
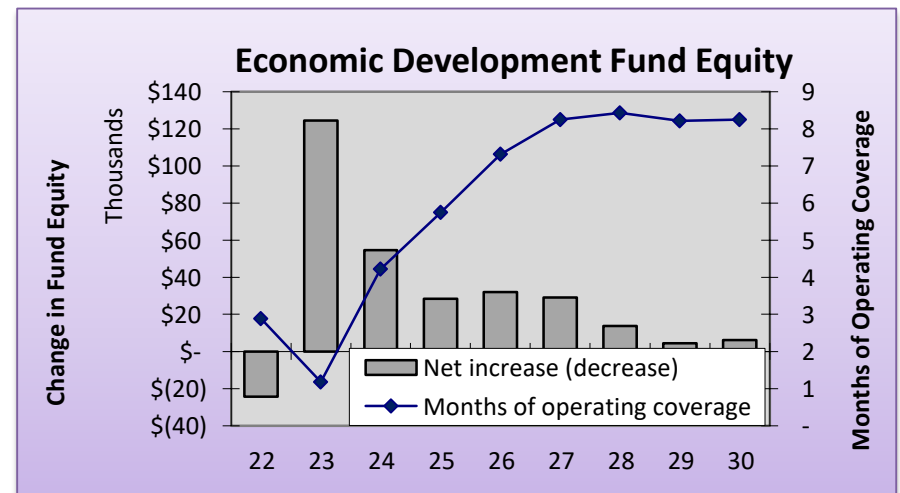
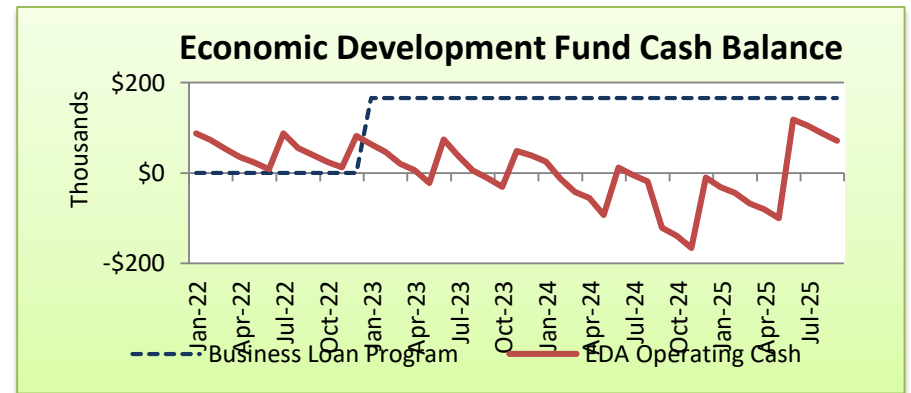
- Levy authority is within the City's levy limit, when levy limits are in effect
- Property tax collections occur in July and December, creating cash flow challenges for the fund
- Covers 25% of the Assistant City Manager/Community Development Director position
- Covers 50% of the Assistant Community Development Director position

## Performance/History

- Operating coverage equal to 5 to 8 months

## Fund Goals/Targets

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



<b>Economic Development Authority Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Projected	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Property Taxes	\$ 189,774	\$ 213,656	\$ 235,994	\$ 265,000	\$265,000	\$ 265,000	\$ 265,000	\$ 270,000	\$ 285,000
Interest Earnings	(2,161)	9,426	5,639	-	-	-	-	-	-
Charges for services	-	-	104,018	-	-	-	-	-	-
Total Revenue	187,613	223,082	345,651	265,000	265,000	265,000	265,000	270,000	285,000
<b>Expense</b>									
Community Development									
Personal Services	139,853	137,023	156,383	149,135	140,708	148,905	157,277	165,378	171,512
Supplies	2,512	2,326	3,773	3,500	3,500	3,500	8,500	8,750	9,750
Contractual Services	69,509	125,160	130,830	84,058	88,711	83,372	85,541	91,419	97,605
Total Expense	211,874	264,509	290,986	236,693	232,919	235,777	251,318	265,547	278,867
<b>Other Sources (Uses)</b>									
Transfers In	-	165,778	-	-	-	-	-	-	-
Net Change	(24,261)	124,351	54,665	28,307	32,081	29,223	13,682	4,453	6,133
Fund Equity, beginning	94,191	69,930	194,281	248,946	277,253	309,334	338,557	352,239	356,692
Fund Equity, ending	\$ 69,930	\$ 194,281	\$ 248,946	\$ 277,253	\$309,334	\$ 338,557	\$ 352,239	\$ 356,692	\$ 362,825
<b>Fund Equity Breakdown</b>									
Business loan program fund balance	\$ -	\$ 165,777	\$ 165,777	\$ 165,777	\$165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777
Non loan program fund balance	\$ 69,930	\$ 28,504	\$ 83,169	\$ 111,476	\$143,557	\$ 172,780	\$ 186,462	\$ 190,915	\$ 197,048
Months of operating coverage (excluding balances restricted for business loan program)	2.9	1.2	4.2	5.7	7.3	8.2	8.4	8.2	8.2
Tax levy percent change	14.0%	0.1	24.4%	12.3%	0.0%	0.0%	0.0%	1.9%	5.6%
Annual average percent change			12.5%						1.5%

# Housing Redevelopment Authority Fund Operations

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

## Impacts

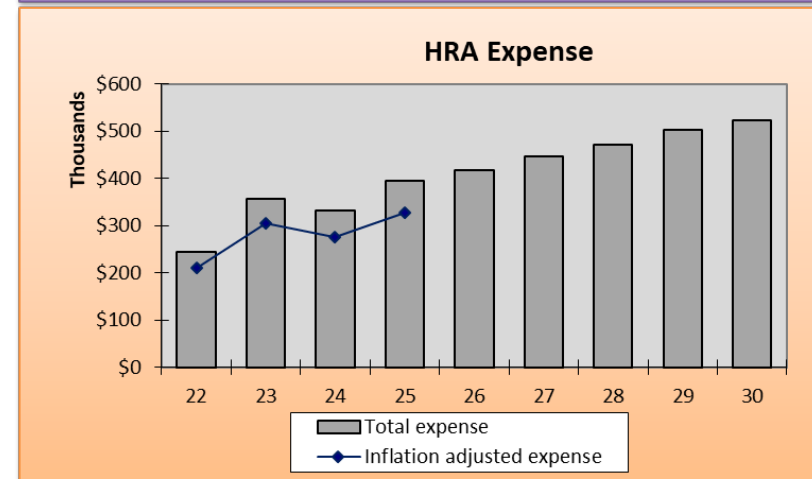
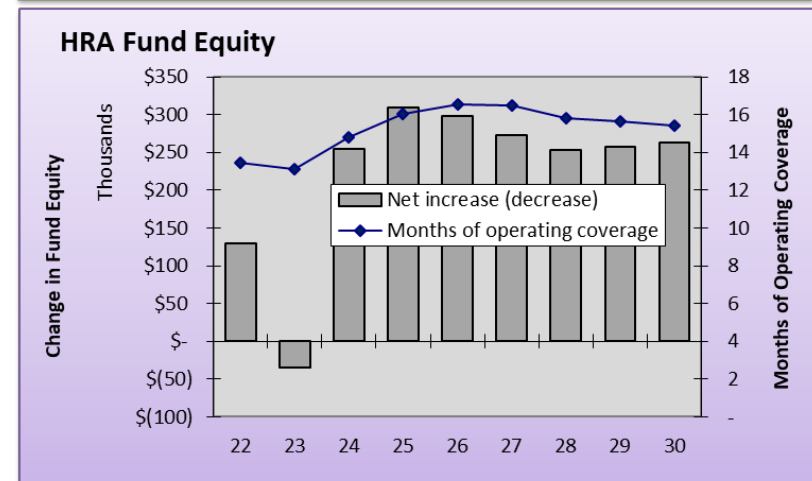
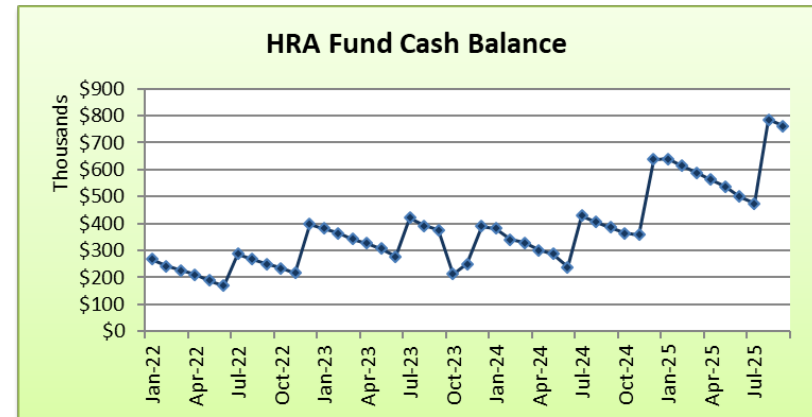
- Levy authority for the HRA is outside the City's levy limit
- Covers 25% of the Assistant City Manager/Community Development Director position cost
- Covers 50% of the Assistant Community Development Director position
- Covers 100% of the Housing and Rental Specialist and Property Maintenance Specialist

## Performance/History

- Operating coverage from 10 to 16 months

## Fund Goals/Targets

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



<b>Housing Redevelopment Authority</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Projected	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Property Taxes	\$ 279,665	\$ 293,113	\$ 304,443	\$ 325,000	\$ 325,000	\$ 325,000	\$ 330,000	\$ 365,000	\$ 385,000
Interest Earnings	(9,887)	17,197	17,730	-	-	-	-	-	-
Intergovernmental	104,500	-	130,516	240,000	240,000	240,000	240,000	240,000	240,000
Licenses and Permits	-	10,298	135,260	140,000	150,000	155,000	155,000	155,000	160,000
Total Revenue	374,278	320,608	587,949	705,000	715,000	720,000	725,000	760,000	785,000
<b>Expense</b>									
Community Development									
Personal Services	216,289	202,608	252,799	327,276	348,034	372,488	397,572	422,771	441,949
Contractual Services	13,535	76,975	79,898	43,317	43,558	44,101	44,347	49,395	49,945
Capital Outlay	15,000	76,242	-	25,000	25,000	30,000	30,000	30,000	30,000
Total Expense	244,824	355,825	332,697	395,593	416,592	446,589	471,919	502,166	521,894
Net Change	129,454	(35,217)	255,252	309,407	298,408	273,411	253,081	257,834	263,106
Fund Equity, beginning	268,790	398,244	363,027	618,279	927,686	1,226,094	1,499,505	1,752,586	2,010,420
Fund Equity, ending	\$ 398,244	\$ 363,027	\$ 618,279	\$ 927,686	\$ 1,226,094	\$ 1,499,505	\$ 1,752,586	\$ 2,010,420	\$ 2,273,526
Fund Equity Breakdown									
LAHA State Grant funds	\$ -	\$ -	\$ 130,516	\$ 370,516	\$ 610,516	\$ 850,516	\$ 1,090,516	\$ 1,330,516	\$ 1,570,516
Non LAHA State Grant fund balance	398,244	363,027	487,763	557,170	615,578	648,989	662,070	679,904	703,010
Months of operating coverage (excluding LAHA fund balance)	13.4	13.1	14.8	16.0	16.5	16.5	15.8	15.6	15.4
Taxable Value (millions)	\$ 38.8	\$ 45.6	\$ 47.1	\$ 48.3	\$ 50.3	\$ 52.8	\$ 55.5	\$ 58.2	\$ 61.2
Tax Rate (HRA)	0.669%	0.592%	0.607%	0.615%	0.590%	0.562%	0.545%	0.579%	0.584%
Change in tax rate	12.4%	-11.5%	-9.3%	1.3%	-4.1%	-4.7%	-3.0%	6.2%	0.9%
Average annual percent change			15.3%						-0.9%
Expense percent change	-14.2%	45.3%	35.9%	18.9%	5.3%	7.2%	5.7%	6.4%	3.9%
Average annual percent change			27.4%						5.7%

# Slice of Shoreview Fund Operations

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

## Impacts

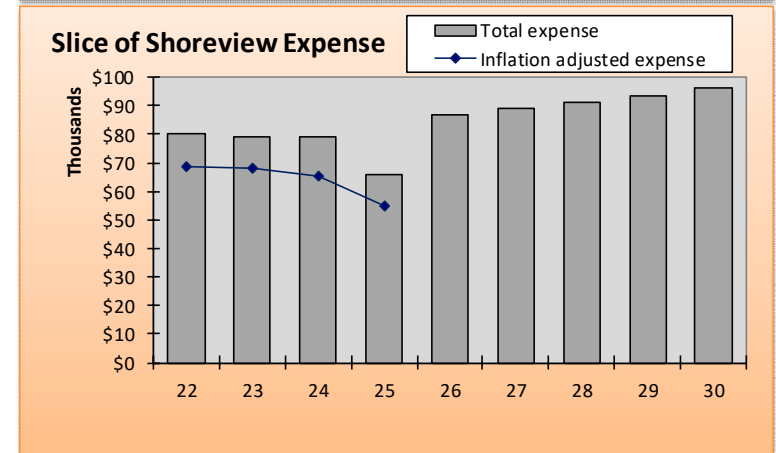
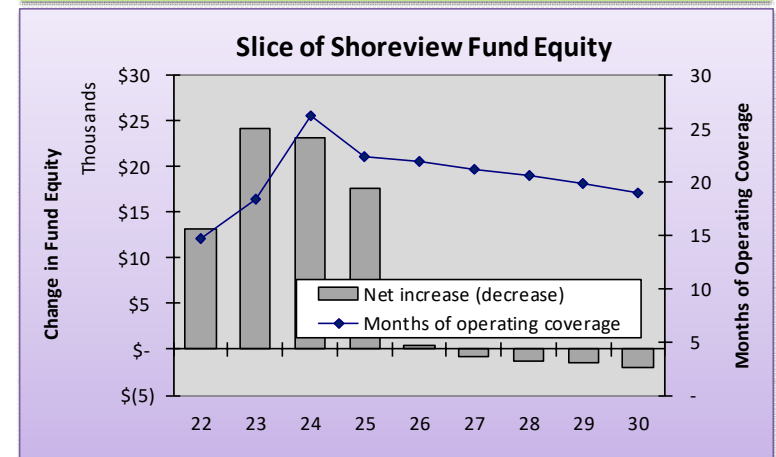
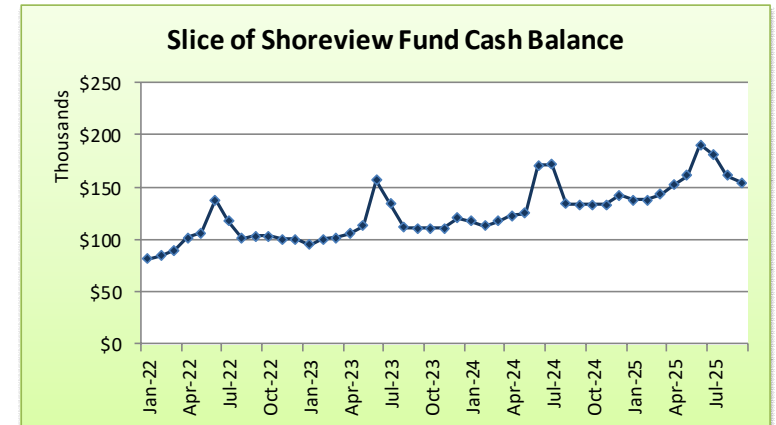
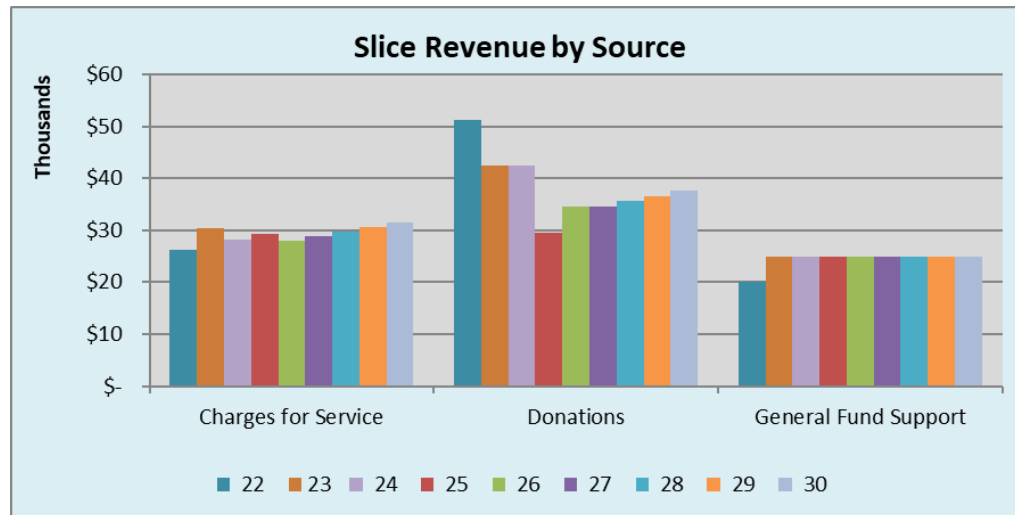
- For 2024, support for the event is provided by donations (35%), fees (34%), and General Fund support (31%)

## Performance/History

- Operating coverage equal to 19 to 22 months

## Fund Goals/Targets

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



<b>Slice of Shoreview Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Charges for Services	\$ 26,275	\$ 30,302	\$ 28,183	\$ 29,283	\$ 27,950	\$ 28,789	\$ 29,655	\$ 30,546	\$ 31,464
Interest Earnings	(4,002)	5,531	6,356	-	-	-	-	-	-
Other Revenues (donations)	51,113	42,414	42,492	29,456	34,500	34,500	35,535	36,602	37,701
Total Revenue	73,386	78,247	77,031	58,739	62,450	63,289	65,190	67,148	69,165
<b>Expense</b>									
General Government	80,289	79,180	78,876	66,112	87,002	89,042	91,462	93,647	96,208
Total Expense	80,289	79,180	78,876	66,112	87,002	89,042	91,462	93,647	96,208
<b>Other Sources (Uses)</b>									
Transfers In	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Net Change	13,097	24,067	23,155	17,627	448	(753)	(1,272)	(1,499)	(2,043)
Fund Equity, beginning	83,444	96,541	120,608	143,763	161,390	161,838	161,085	159,813	158,314
Fund Equity, ending	\$ 96,541	\$ 120,608	\$ 143,763	\$ 161,390	\$ 161,838	\$ 161,085	\$ 159,813	\$ 158,314	\$ 156,271
Fund equity percent of expense	122.4%	182.4%	217.5%	185.5%	181.8%	176.1%	170.7%	164.6%	158.3%
Months of operating coverage	14.7	18.3	26.1	22.3	21.8	21.1	20.5	19.7	19.0
Expense percent change	22.7%	-1.4%	-1.8%	-16.2%	31.6%	2.3%	2.7%	2.4%	2.7%
Annual average percent change				143.2%					3.4%

# Combined Debt Service Funds

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

## Impacts

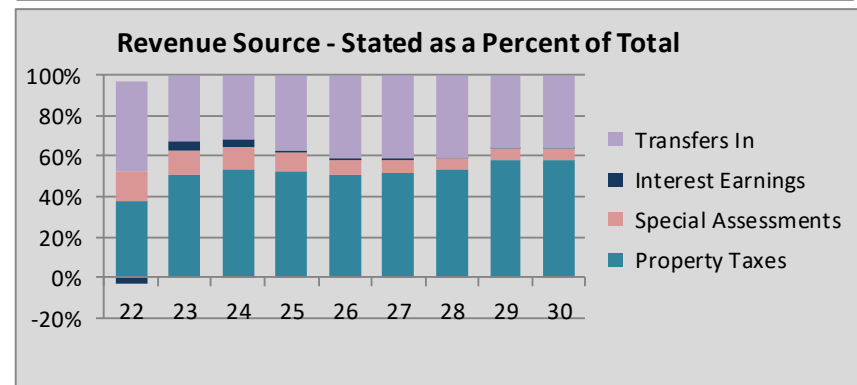
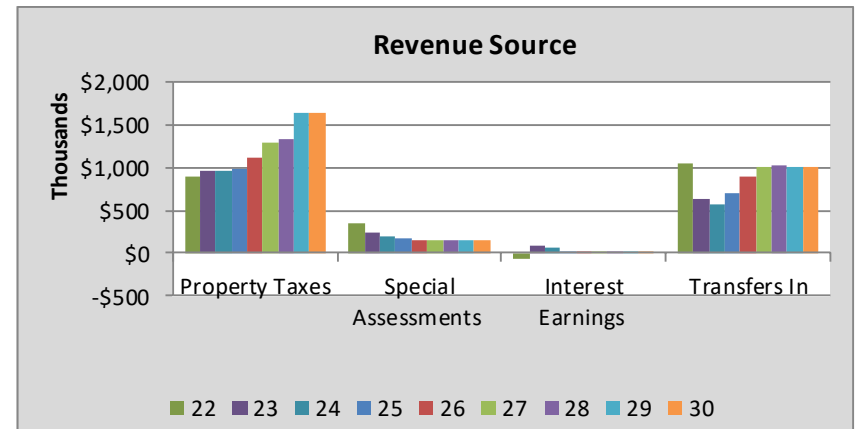
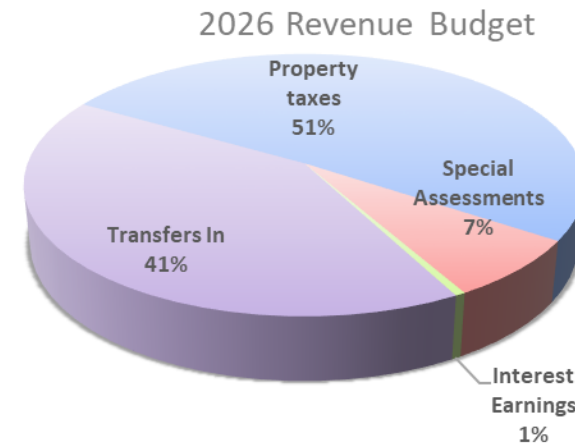
- Revenue in support of debt payments for 2026 is derived from transfers in (41%), property taxes (51%), special assessments (7%) and interest earnings (1%)
- Transfers for debt payments are from the Closed Bond Fund (\$35,000), Capital Asset Replacement Fund (\$200,000) and the Community Investment Fund (\$322,000)
- Transfers to or from the Closed Debt Fund are intended to provide reductions in the debt portion of the tax levy (\$35,000)

## Performance/History

- Operating coverage equal to 12 to 14 months
- Advance refunding of the 2002 Certificates of Participation in 2011, saving more than \$200,000 in interest costs on a net present value basis
- Crossover refunding of the 2004 and 2006 G.O. Improvement, Utility, Street and Capital Improvement Plan Bonds (for fire station improvements) during 2013. The combined refunding saves \$280,000 in interest costs on a net present value basis. The crossover refunding transactions occurred on the call dates during 2013, 2014 and 2015.
- Advance refunding of the 2010 G.O. Improvement, Utility and Capital Improvement Plan (Public Works facility) Bonds in 2014, saving more than \$364,000 in interest cost on a net present value basis.

## Fund Goals/Targets

- Preserve a minimum of 6 months of operating coverage





<b>Debt Funds</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Property Taxes	\$ 886,592	\$ 964,823	\$ 956,949	\$ 971,000	\$ 1,116,000	\$ 1,276,000	\$ 1,338,000	\$ 1,626,000	\$ 1,626,000
Special Assessments	353,002	230,809	197,041	176,736	162,054	154,491	154,491	154,491	151,803
Interest Earnings	(66,433)	93,116	71,686	12,580	11,250	10,440	8,830	8,260	7,760
Total Revenue	1,173,161	1,288,748	1,225,676	1,160,316	1,289,304	1,440,931	1,501,321	1,788,751	1,785,563
<b>Expense</b>									
Debt Service	2,373,455	2,212,836	1,919,479	1,950,192	2,543,690	2,597,517	2,752,142	2,863,220	2,860,035
Total Expense	2,373,455	2,212,836	1,919,479	1,950,192	2,543,690	2,597,517	2,752,142	2,863,220	2,860,035
<b>Other Sources (Uses)</b>									
Debt Proceeds	43,558	-	-	289,409	-	42,000	-	-	-
Transfers In	1,049,689	630,030	572,000	693,065	898,806	1,010,150	1,021,390	1,002,150	1,001,775
Transfers Out	(85,966)	(59,934)	(50,000)	(90,301)	(20,000)	(12,000)	(22,115)	(2,500)	(2,500)
Net Change	(193,013)	(353,992)	(171,803)	102,297	(375,580)	(116,436)	(251,546)	(74,819)	(75,197)
Fund Equity, beginning	2,703,862	2,510,849	2,156,857	1,985,054	2,087,351	1,711,771	1,595,335	1,343,789	1,268,970
Fund Equity, ending	\$ 2,510,849	\$ 2,156,857	\$ 1,985,054	\$ 2,087,351	\$ 1,711,771	\$ 1,595,335	\$ 1,343,789	\$ 1,268,970	\$ 1,193,773
Fund equity percent of expense	113.5%	112.4%	101.8%	82.1%	65.9%	58.0%	46.9%	44.4%	41.9%
Months of operating coverage	13.6	13.5	12.2	9.8	7.9	7.0	5.6	5.3	5.0
Expense percent change	1.0%	-6.8%	-13.3%	1.6%	30.4%	2.1%	6.0%	4.0%	-0.1%
Average annual percent change				-4.3%					8.5%
Tax Levy percent change	-11.7%	8.8%	-0.8%	1.5%	14.9%	14.3%	4.9%	21.5%	0.0%
Average annual percent change				-0.5%					11.1%

# Water Fund Operations

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

## Impacts

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

## Performance/History

- Operating coverage equal to 8 to 9 months of operating and capital costs
- Stable cash balances, fluctuations are the result of bond proceeds
- Operating income generated each year
- Projected base gallons established at 800 million gallons

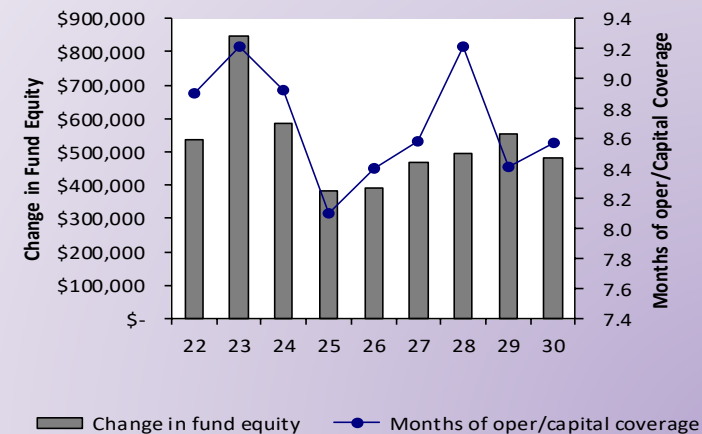
## Fund Goals/Targets

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

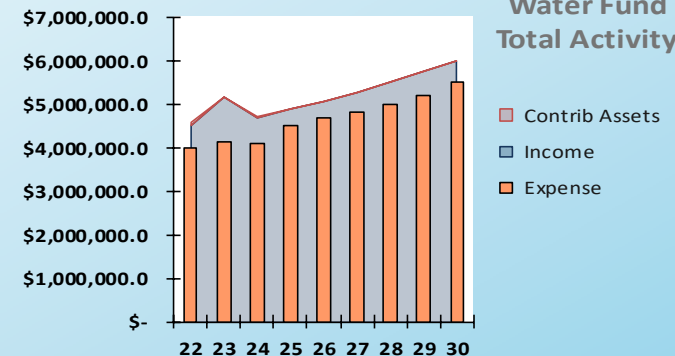
Water Fund Cash Balance



Water Fund Equity



Water Fund Total Activity



<b>Water Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Special Assessments	\$ 1,070	\$ 1,737	\$ 32,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	4,531,186	4,844,172	4,352,252	4,823,000	4,996,000	5,211,000	5,440,000	5,675,000	5,920,000
Late Fees/Utility Charges	64,979	77,378	85,092	-	-	-	-	-	-
Water Facility Charges	3,230	58,995	97,060	10,500	10,500	10,500	10,500	10,500	10,500
Other Charges	13,237	9,847	18,141	27,000	27,000	27,000	27,000	27,000	27,000
Other Revenues	3,125	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>4,616,827</b>	<b>4,992,129</b>	<b>4,584,657</b>	<b>4,860,500</b>	<b>5,033,500</b>	<b>5,248,500</b>	<b>5,477,500</b>	<b>5,712,500</b>	<b>5,957,500</b>
<b>Expense</b>									
Enterprise Operations	2,173,359	2,279,253	2,195,529	2,609,990	2,601,333	2,700,386	2,836,534	2,896,553	2,973,002
Depreciation	976,858	1,040,057	1,012,769	1,029,804	1,043,344	1,063,946	1,083,327	1,136,155	1,170,381
<b>Total Expense</b>	<b>3,150,217</b>	<b>3,319,310</b>	<b>3,208,298</b>	<b>3,639,794</b>	<b>3,644,677</b>	<b>3,764,332</b>	<b>3,919,861</b>	<b>4,032,708</b>	<b>4,143,383</b>
<b>Operating Income (Loss)</b>	<b>1,466,610</b>	<b>1,672,819</b>	<b>1,376,359</b>	<b>1,220,706</b>	<b>1,388,823</b>	<b>1,484,168</b>	<b>1,557,639</b>	<b>1,679,792</b>	<b>1,814,117</b>
<b>Other Sources (Uses)</b>									
Interest Earnings	(102,315)	170,294	99,910	30,000	30,000	30,000	30,000	30,000	30,000
Sale of Asset-Gain(loss)	225	(201,328)	-	-	-	-	-	-	-
Contributed Capital Assets	50,500	3,269	18,614	-	-	-	-	-	-
Debt Service	(393,105)	(352,734)	(366,391)	(344,053)	(472,459)	(468,840)	(500,139)	(542,188)	(702,449)
Transfers Out	(433,000)	(443,000)	(524,000)	(525,000)	(555,000)	(577,500)	(591,000)	(611,000)	(661,000)
<b>Net Change</b>	<b>588,915</b>	<b>849,320</b>	<b>604,492</b>	<b>381,653</b>	<b>391,364</b>	<b>467,828</b>	<b>496,500</b>	<b>556,604</b>	<b>480,668</b>
Fund Equity, beginning	14,184,523	14,773,438	15,622,758	16,227,250	16,608,903	17,000,267	17,468,095	17,964,595	18,521,199
Fund Equity, ending	\$ 14,773,438	\$ 15,622,758	\$ 16,227,250	\$ 16,608,903	\$ 17,000,267	\$ 17,468,095	\$ 17,964,595	\$ 18,521,199	\$ 19,001,867
Months of operating coverage	8.9	9.2	8.9	8.1	8.4	8.6	9.2	8.4	8.6
Cash balance	\$ 3,617,056	\$ 3,791,861	\$ 3,918,331	\$ 3,597,888	\$ 3,822,596	\$ 4,129,370	\$ 4,654,197	\$ 4,556,956	\$ 4,853,005
Capital costs	\$ 769,731	\$ 1,117,039	\$ 1,366,597	\$ 2,076,900	\$ 1,925,000	\$ 1,675,000	\$ 1,760,000	\$ 5,300,000	\$ -
General transfer percent of assets	0.87%	0.87%	0.87%	0.81%	0.80%	0.79%	0.78%	0.73%	0.74%
Rate Increase (tiers)	9.0%	4.0%	9.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Change in utility charge revenue	2.6%	6.9%	-10.2%	10.8%	3.6%	0.043034428	4.4%	4.3%	4.3%
Debt issued	\$ 2,360,000	\$ -	\$ 920,000	\$ 1,630,000	\$ 1,925,000	\$ 1,675,000	\$ 2,060,000	\$ 5,000,000	\$ 300,000
Debt payments (principal)	\$ 1,175,000	\$ 1,205,000	\$ 1,365,000	\$ 1,285,000	\$ 1,210,000	\$ 1,225,000	\$ 1,355,000	\$ 1,490,000	\$ 1,655,000
Debt balance (year end)	\$ 11,880,000	\$ 10,675,000	\$ 10,230,000	\$ 10,575,000	\$ 11,290,000	\$ 11,740,000	\$ 12,445,000	\$ 15,955,000	\$ 14,600,000
Debt Capacity after transfers	\$ 340,048	\$ 882,436	\$ 233,647	\$ 126,457	\$ 224,708	\$ 306,774	\$ 224,827	\$ 202,759	\$ (3,951)
Gallons of water sold (000)	791,129	874,449	845,217	781,551	800,000	800,000	800,000	800,000	800,000

# Sewer Fund Operations

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

## Impacts

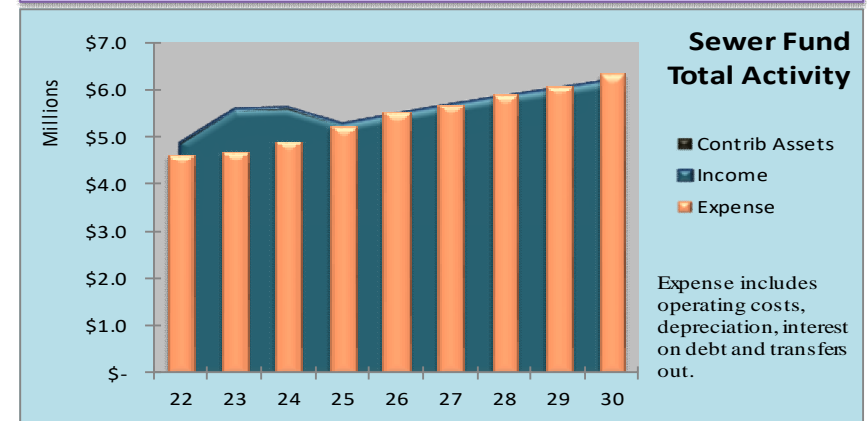
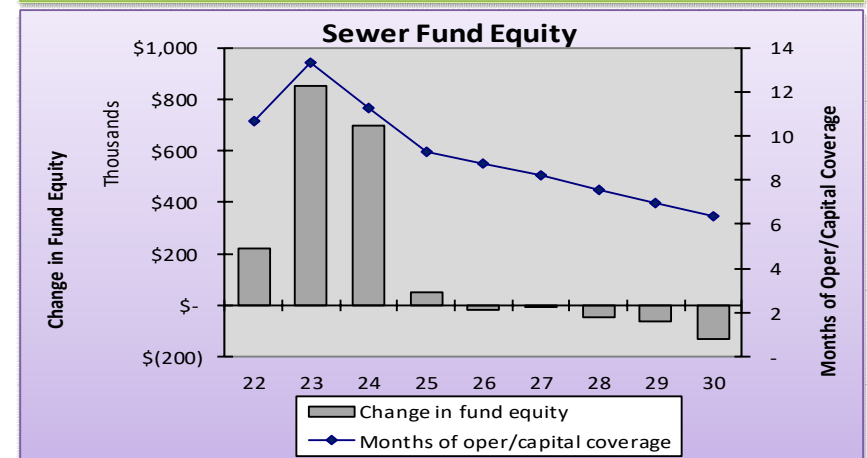
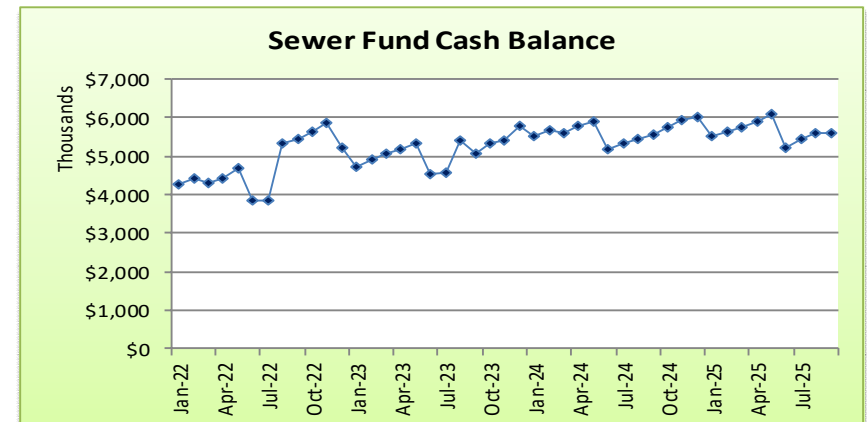
- Residential sewer bills are based on winter water consumption
- Average winter household consumption has dropped over the past years, but has leveled off in recent years (likely influenced by the installation of water saving appliances)
- Inflow and infiltration elimination projects allow the City to avoid an annual sewage treatment surcharge
- Contributions for maintenance center debt payments began in 2011

## Performance/History

- Operating coverage equal to 10 to 13 months
- Stable cash balances (apart from spending down of bond proceeds)
- Operating income in all of the last 3 years
- Increase in overall net assets in all of the last 3 years

## Fund Goals/Targets

- Preserve 6 months operating and capital coverage



<b>Sewer Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Special Assessments	\$ 1,496	\$ 2,302	\$ 3,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	721	4,632	302	1,600	1,600	1,600	1,600	1,600	1,600
Utility Charges	4,921,395	5,036,027	5,175,918	5,232,000	5,470,000	5,643,000	5,815,000	5,990,000	6,174,000
Late Fees/Utility Charges	71,775	84,122	100,064	-	-	-	-	-	-
Sewer Facility Charges	3,140	57,900	37,404	5,000	5,000	5,000	5,000	5,000	5,000
Other Charges	-	-	24,328	2,500	2,500	2,500	2,500	2,500	2,500
Total Revenue	4,998,527	5,184,983	5,341,341	5,241,100	5,479,100	5,652,100	5,824,100	5,999,100	6,183,100
<b>Expense</b>									
Enterprise Operations	3,962,385	3,951,090	4,182,476	4,500,267	4,750,571	4,921,476	5,151,398	5,340,813	5,546,929
Depreciation	339,856	401,352	363,488	375,063	386,614	388,523	387,038	397,718	408,473
Total Expense	4,302,241	4,352,442	4,545,964	4,875,330	5,137,185	5,309,999	5,538,436	5,738,531	5,955,402
<b>Operating Income (Loss)</b>	696,286	832,541	795,377	365,770	341,915	342,101	285,664	260,569	227,698
<b>Other Sources (Uses)</b>									
Interest Earnings	(117,735)	258,396	272,927	35,000	35,000	35,000	35,000	35,000	35,000
Sale of Asset-Loss	-	(26,800)	-	-	-	-	-	-	-
Contributed Capital Assets	32,936	54	12,238	-	-	-	-	-	-
Intergovernmental	-	133,846	-	-	-	-	-	-	-
Debt Service	(145,226)	(130,934)	(114,802)	(96,331)	(116,234)	(99,914)	(88,013)	(78,751)	(102,487)
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(213,000)	(218,000)	(255,000)	(255,000)	(279,000)	(283,500)	(281,000)	(282,000)	(292,000)
Net Change	253,261	849,103	710,740	49,439	(18,319)	(6,313)	(48,349)	(65,182)	(131,789)
Fund Equity, beginning	9,843,885	10,097,146	10,946,249	11,656,989	11,706,428	11,688,109	11,681,796	11,633,447	11,568,265
Fund Equity, ending	\$ 10,097,146	\$ 10,946,249	\$ 11,656,989	\$ 11,706,428	\$ 11,688,109	\$ 11,681,796	\$ 11,633,447	\$ 11,568,265	\$ 11,436,476
Months of operating coverage	10.6	13.3	11.3	9.3	8.7	8.2	7.6	6.9	6.3
Cash balance	\$ 5,213,016	\$ 5,798,941	\$ 5,998,661	\$ 4,465,263	\$ 4,308,558	\$ 4,190,768	\$ 4,015,457	\$ 3,804,993	\$ 3,551,177
Capital costs	\$ 254,130	\$ 1,315,186	\$ 1,789,539	\$ 1,942,900	\$ 100,000	\$ 105,000	\$ 130,000	\$ 931,000	\$ 115,000
General transfer percent of assets	1.00%	0.96%	0.89%	0.79%	0.81%	0.83%	0.84%	0.83%	0.85%
Rate Increase (middle tier)	2.0%	3.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Change in utility charge revenue	6027.2%	2.3%	2.8%	1.1%	4.5%	3.2%	3.0%	3.0%	3.1%
Debt issued	\$ 1,370,542	\$ -	\$ 1,285,000	\$ 545,000	\$ 100,000	\$ 105,000	\$ 130,000	\$ 931,000	\$ 115,000
Debt payments (principal)	\$ 475,000	\$ 485,000	\$ 475,000	\$ 560,000	\$ 525,000	\$ 500,000	\$ 514,000	\$ 543,000	\$ 530,500
Debt balance (year end)	\$ 7,000,542	\$ 6,515,542	\$ 7,325,542	\$ 7,310,542	\$ 6,885,542	\$ 6,490,542	\$ 6,106,542	\$ 6,494,542	\$ 6,079,042
Debt Capacity after transfers	\$ 85,181	\$ 658,355	\$ 586,990	\$ (135,498)	\$ (156,705)	\$ (117,790)	\$ (175,311)	\$ (210,464)	\$ (253,816)
Commercial gallons (000)	73,039	78,090	85,487	-	82,000	82,000	82,000	82,000	82,000
Winter gallons-residential (avg)	10,547	10,764	10,547	-	-	-	-	-	-
Winter gallons-multi-family (avg)	8,299	7,754	8,299	-	-	-	-	-	-

# Surface Water Management Fund Operations

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

## Impacts

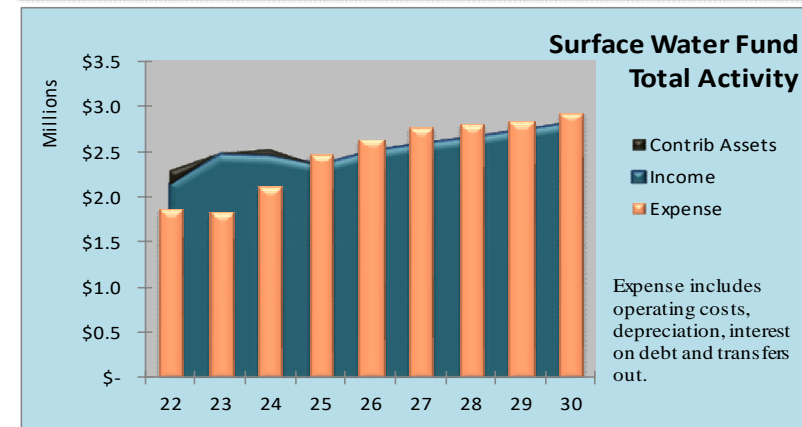
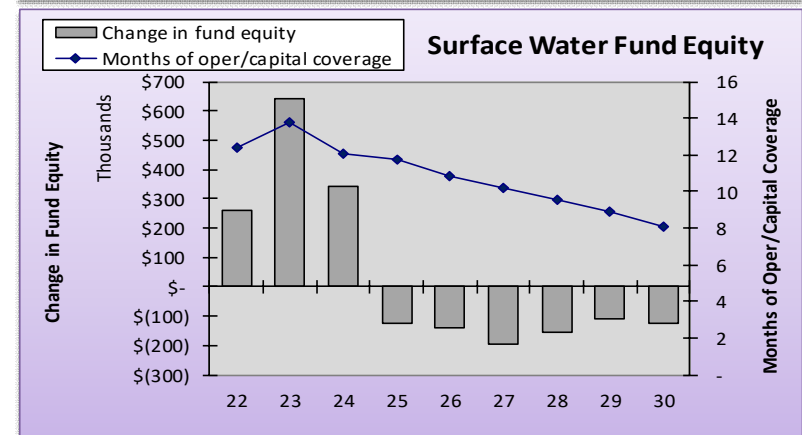
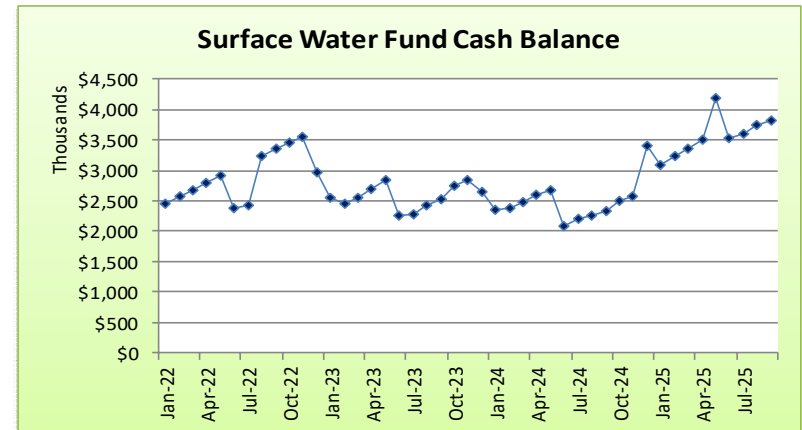
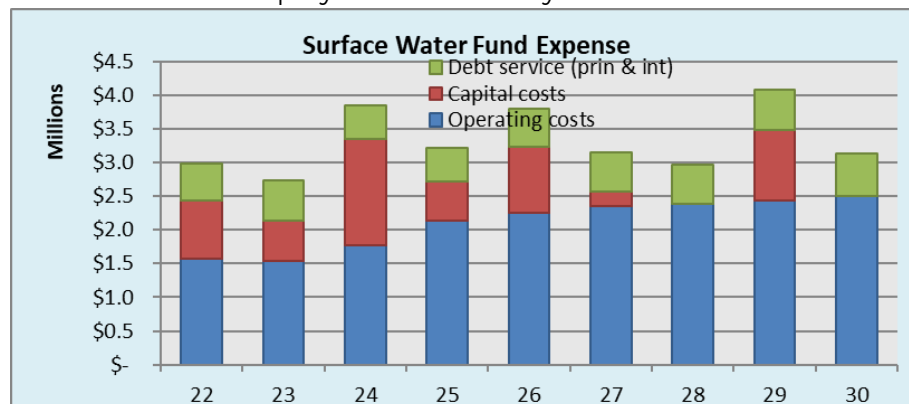
- Contributions for maintenance center debt payments began in 2011

## Performance/History

- Operating coverage equal to 11 to 13 months
- Stable cash balances
- Operating increase in each of the last 3 years
- Increase in overall net assets in each of the last 3 years

## Fund Goals/Targets

- Establish and preserve 6 months operating and capital coverage (excluding timing differences for project costs and debt issuance)
- Expected operating gain in each of the next 2 years
- Monitor cash and equity balances closely



<b>Surface Water Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Special Assessments	\$ 448	\$ 759	\$ 1,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	6,260	12,520	20,690	-	-	-	-	-	-
Utility Charges	2,149,698	2,236,344	2,245,863	\$ 2,300,000	\$ 2,454,000	\$ 2,528,000	\$ 2,603,000	\$ 2,681,000	\$ 2,761,000
Late Fees/Utility Charges	31,405	35,302	44,246	-	-	-	-	-	-
Snail Lake Augmentation Chgs	15,307	22,659	35,535	38,000	38,000	38,000	38,000	38,000	38,000
Other Charges	-	17,414	-	8,000	8,000	8,000	8,000	8,000	8,000
Total Revenue	2,203,118	2,324,998	2,347,504	2,346,000	2,500,000	2,574,000	2,649,000	2,727,000	2,807,000
<b>Expense</b>									
Enterprise Operations	1,185,997	1,114,872	1,335,873	1,685,197	1,795,297	1,880,445	1,921,274	1,962,316	2,015,355
Depreciation	382,929	416,396	435,665	450,537	462,137	469,737	469,737	477,641	485,419
Total Expense	1,568,926	1,531,268	1,771,538	2,135,734	2,257,434	2,350,182	2,391,011	2,439,957	2,500,774
<b>Operating Income (Loss)</b>	634,192	793,730	575,966	210,266	242,566	223,818	257,989	287,043	306,226
<b>Other Sources (Uses)</b>									
Interest Earnings	(58,444)	139,395	120,570	15,000	15,000	15,000	15,000	15,000	15,000
Debt Service	(117,448)	(105,213)	(114,653)	(103,437)	(143,127)	(166,205)	(159,183)	(141,355)	(167,874)
Transfers Out	(196,000)	(201,000)	(241,000)	(246,000)	(257,000)	(267,000)	(269,000)	(271,000)	(279,000)
Net Change	425,282	641,940	411,177	(124,171)	(142,561)	(194,387)	(155,194)	(110,312)	(125,648)
Fund Equity, beginning	12,772,405	13,197,687	13,839,627	14,250,804	14,126,633	13,984,072	13,789,685	13,634,491	13,524,179
Fund Equity, ending	\$ 13,197,687	\$ 13,839,627	\$ 14,250,804	\$ 14,126,633	\$ 13,984,072	\$ 13,789,685	\$ 13,634,491	\$ 13,524,179	\$ 13,398,531
Months of oper/capital coverage	12.4	13.8	12.0	11.7	10.9	10.2	9.5	8.9	8.1
Cash balance	\$ 2,963,235	\$ 2,640,052	\$ 3,392,797	\$ 2,744,405	\$ 2,648,981	\$ 2,519,331	\$ 2,408,874	\$ 2,326,203	\$ 2,220,974
Capital costs	\$ 858,867	\$ 602,704	\$ 1,574,083	\$ 579,758	\$ 980,000	\$ 220,000	\$ -	\$ 1,050,000	\$ -
General transfer percent of assets	1.00%	0.96%	0.81%	0.82%	0.80%	0.82%	0.81%	0.79%	0.81%
Rate Increase	5.0%	5.0%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Change in utility charge revenue	6.4%	4.0%	0.4%	2.4%	6.7%	3.0%	3.0%	3.0%	3.0%
Debt issued	\$ 2,670,000	\$ -	\$ 988,184	\$ -	\$ 980,000	\$ 220,000	\$ -	\$ 1,050,000	\$ -
Debt payments (principal)	\$ 445,000	\$ 500,000	\$ 390,000	\$ 395,000	\$ 415,000	\$ 405,000	\$ 425,000	\$ 450,000	\$ 465,000
Debt balance (year end)	\$ 5,815,000	\$ 5,315,000	\$ 5,913,184	\$ 5,518,184	\$ 6,083,184	\$ 5,898,184	\$ 5,473,184	\$ 6,073,184	\$ 5,608,184
Debt Capacity after transfers	\$ 200,229	\$ 543,308	\$ 386,548	\$ (68,634)	\$ (95,424)	\$ (129,650)	\$ (110,457)	\$ (82,671)	\$ (105,229)

# Street Lighting Fund Operations

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

## Impacts

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

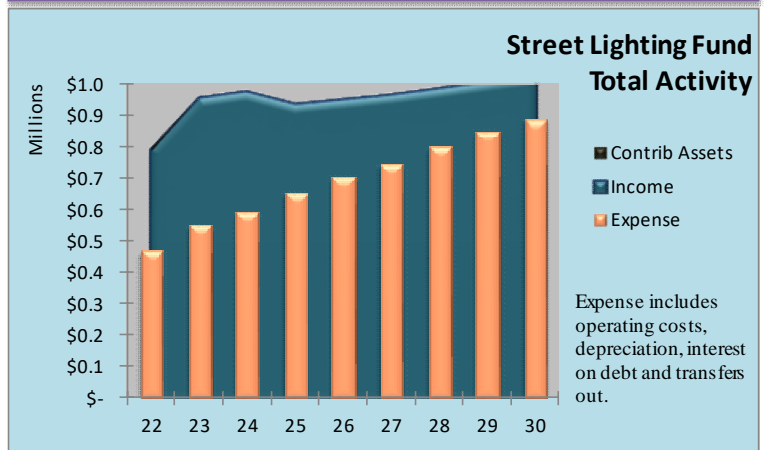
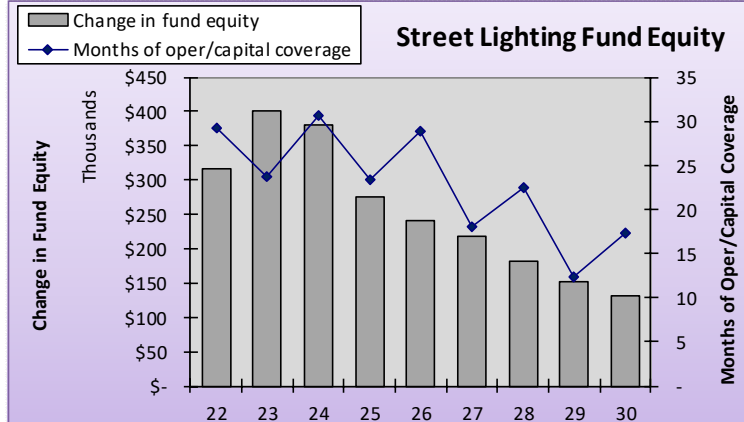
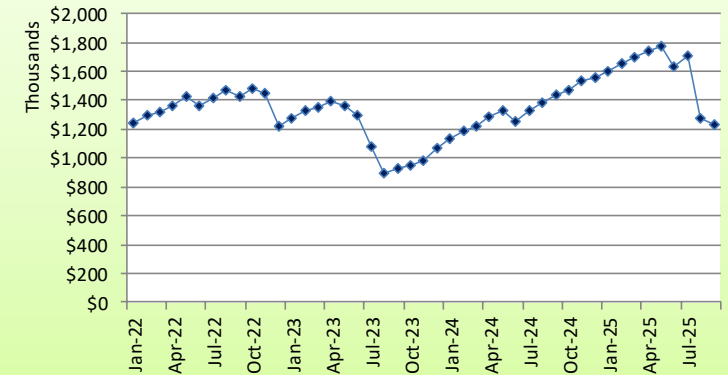
## Performance/History

- Fund was created in 2004
- Operating coverage equal to 23 to 30 months
- Operating gain and an increase in net assets in each of the last 3 years

## Fund Goals/Targets

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

Street Lighting Fund Cash Balance





<b>Street Lighting Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Utility Charges	\$ 833,093	\$ 881,015	\$ 892,873	\$ 924,000	\$ 938,000	\$ 957,000	\$ 976,000	\$ 996,000	\$ 1,016,000
Total Revenue	845,623	897,959	910,809	924,000	938,000	957,000	976,000	996,000	1,016,000
<b>Expense</b>									
Enterprise Operations	304,444	349,947	367,771	416,512	441,789	463,597	490,750	518,395	530,045
Depreciation	122,003	153,220	175,411	190,374	205,076	224,941	245,006	267,144	288,081
Total Expense	426,447	503,167	543,182	606,886	646,865	688,538	735,756	785,539	818,126
<b>Operating Income (Loss)</b>	419,176	394,792	367,627	317,114	291,135	268,462	240,244	210,461	197,874
<b>Other Sources (Uses)</b>									
Interest Earnings	(54,984)	58,899	64,374	10,000	10,000	10,000	10,000	10,000	10,000
Transfers Out	(47,400)	(52,400)	(51,400)	(51,400)	(60,400)	(60,400)	(68,400)	(68,400)	(76,400)
Net Change	329,826	401,291	380,601	275,714	240,735	218,062	181,844	152,061	131,474
Fund Equity, beginning	3,827,158	4,156,984	4,558,275	4,938,876	5,214,590	5,455,325	5,673,387	5,855,231	6,007,292
Fund Equity, ending	\$ 4,156,984	\$ 4,558,275	\$ 4,938,876	\$ 5,214,590	\$ 5,455,325	\$ 5,673,387	\$ 5,855,231	\$ 6,007,292	\$ 6,138,766
Months of oper/capital coverage	29.2	23.7	30.7	23.4	28.9	18.0	22.4	12.3	17.3
Cash balance	\$ 1,222,617	\$ 1,072,473	\$ 1,551,104	\$ 1,262,192	\$ 1,658,003	\$ 1,101,006	\$ 1,467,856	\$ 837,061	\$ 1,256,616
Capital costs	\$ 72,590	\$ 95,219	\$ 673,641	\$ 755,000	\$ 50,000	\$ 1,000,000	\$ 60,000	\$ 1,050,000	\$ -
General transfer percent of assets	1.01%	1.14%	0.90%	0.86%	0.96%	0.88%	0.93%	0.86%	0.93%
Rate Increase	6.0%	5.0%	3.0%	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%

# Central Garage Fund Operations

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

## Impacts

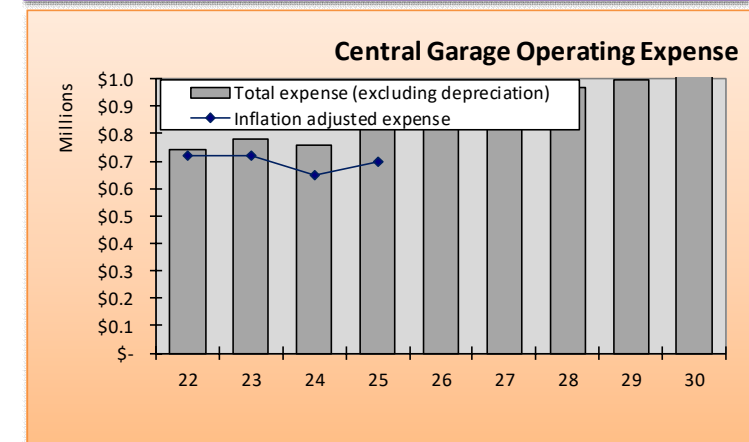
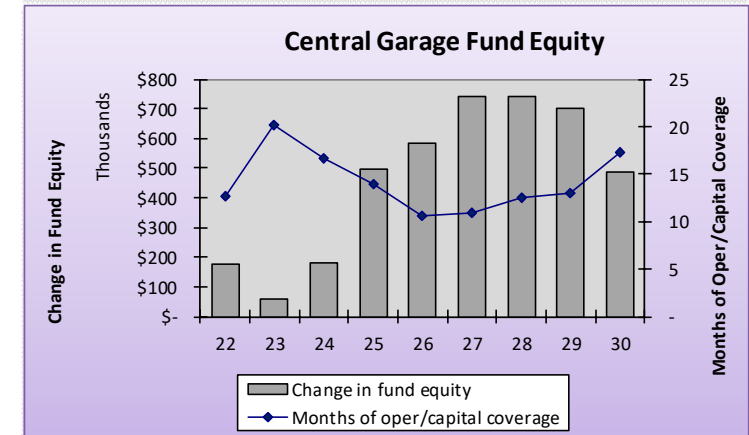
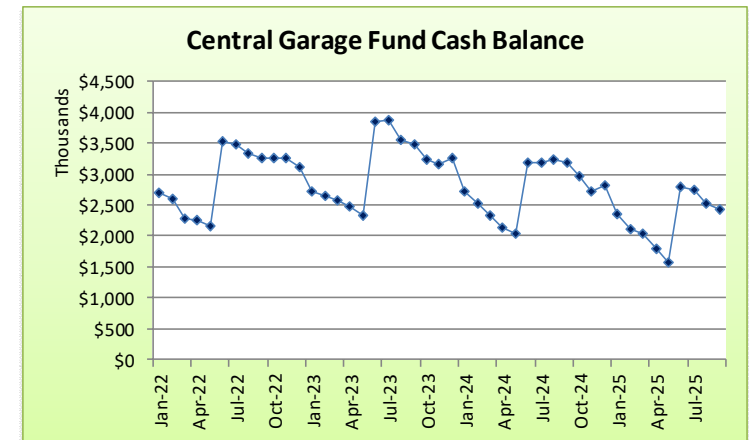
- Capital costs place increasing demands on inter-fund charges
- Fuel costs are expected to rise an average of 1% per year
- Maintenance center debt refunded in 2014, resulted in a present value debt service savings of \$309,777
- Debt payments for maintenance center debt began in 2011

## Performance/History

- Operating coverage equal to 12 to 20 months
- Temporary periods of cash decline due to the timing of inter-fund charges and capital costs
- Overall gain in each of the last 3 years

## Fund Goals/Targets

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



<b>Central Garage Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Central Garage Charges	\$ 1,449,023	\$ 1,277,005	\$ 1,206,598	\$ 1,830,449	\$ 2,004,951	\$ 2,105,015	\$ 2,150,450	\$ 2,172,640	\$ 2,216,782
Total Revenue	1,449,023	1,277,005	1,206,598	1,830,449	2,004,951	2,105,015	2,150,450	2,172,640	2,216,782
<b>Expense</b>									
Central Garage Operations	741,703	779,002	757,399	842,844	947,437	922,548	967,913	997,240	1,042,692
Depreciation	751,524	785,898	820,289	817,561	817,561	817,561	817,561	868,181	872,031
Total Expense	1,493,227	1,564,900	1,577,688	1,660,405	1,764,998	1,740,109	1,785,474	1,865,421	1,914,723
<b>Operating Income (Loss)</b>	(44,204)	(287,895)	(371,090)	170,044	239,953	364,906	364,976	307,219	302,059
<b>Other Sources (Uses)</b>									
Property Taxes	183,910	182,896	180,653	184,000	184,000	210,000	210,000	210,000	-
Interest Earnings	(115,128)	147,752	139,022	20,000	20,000	20,000	20,000	20,000	20,000
Sale of Asset-Gain (Loss)	92,811	(45,495)	146,173	50,000	50,000	50,000	50,000	50,000	50,000
Debt Service	(65,164)	(57,841)	(50,551)	(42,295)	(32,257)	(21,920)	(11,295)	(507)	(376)
Transfers In	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400	119,400
Transfers Out	-	-	-	(2,800)	-	-	(14,000)	(7,000)	(3,000)
Net Change	174,382	58,834	178,966	498,349	581,096	742,386	739,081	699,112	488,083
Fund Equity, beginning	6,394,131	6,568,513	6,627,347	6,806,313	7,304,662	7,885,758	8,628,144	9,367,225	10,066,337
Fund Equity, ending	\$ 6,568,513	\$ 6,627,347	\$ 6,806,313	\$ 7,304,662	\$ 7,885,758	\$ 8,628,144	\$ 9,367,225	\$ 10,066,337	\$ 10,554,420
Months of oper/cap coverage	12.6	20.2	16.7	14.0	10.6	11.0	12.4	13.0	17.2
Cash balance	\$ 2,020,109	\$ 3,264,469	\$ 2,826,706	\$ 2,492,384	\$ 1,860,041	\$ 1,969,988	\$ 2,306,630	\$ 2,481,923	\$ 2,752,037
Capital costs	\$ 702,786	\$ 144,115	\$ 627,811	\$ 1,320,232	\$ 1,691,000	\$ 1,105,000	\$ 865,000	\$ 1,032,000	\$ 720,000
Expense percent change	7.1%	4.8%	0.8%	5.2%	6.3%	-1.4%	2.6%	4.5%	2.6%
Average annual percent change				4.5%					2.9%
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund charges percent change	2.4%	-11.9%	-5.5%	51.7%	9.5%	5.0%	2.2%	1.0%	2.0%
Average annual percent change				9.2%					3.9%
Debt payments (principal)	\$ 285,000	\$ 300,000	\$ 310,000	\$ 330,000	\$ 340,000	\$ 345,000	\$ 355,000	\$ 360,000	\$ 370,000
Debt balance (year end)	\$ 3,835,000	\$ 3,535,000	\$ 3,225,000	\$ 2,895,000	\$ 2,555,000	\$ 2,210,000	\$ 1,855,000	\$ 1,495,000	\$ 1,125,000

# Short-term Disability Fund Operations

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

## Impacts

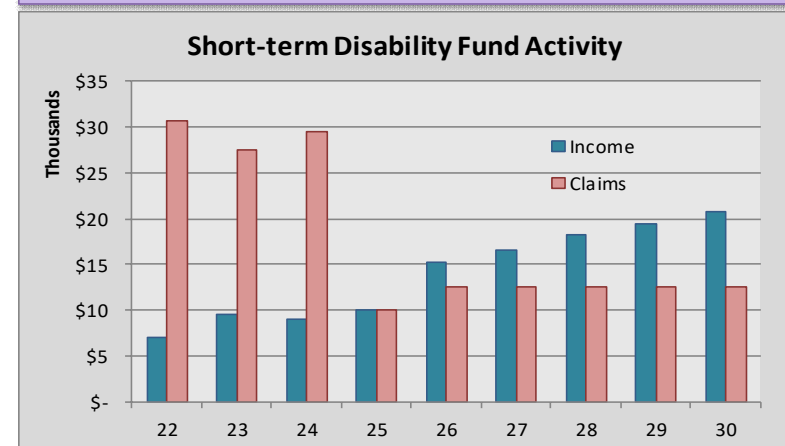
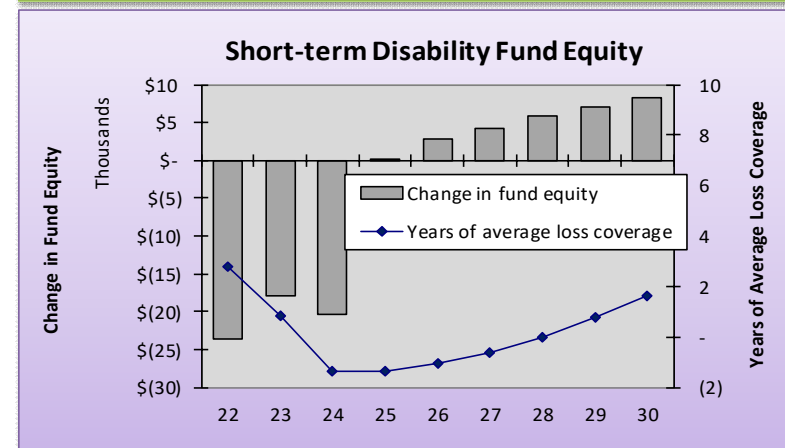
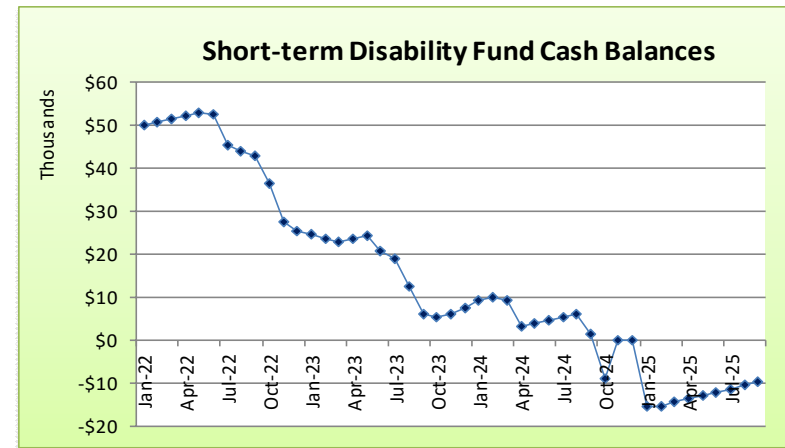
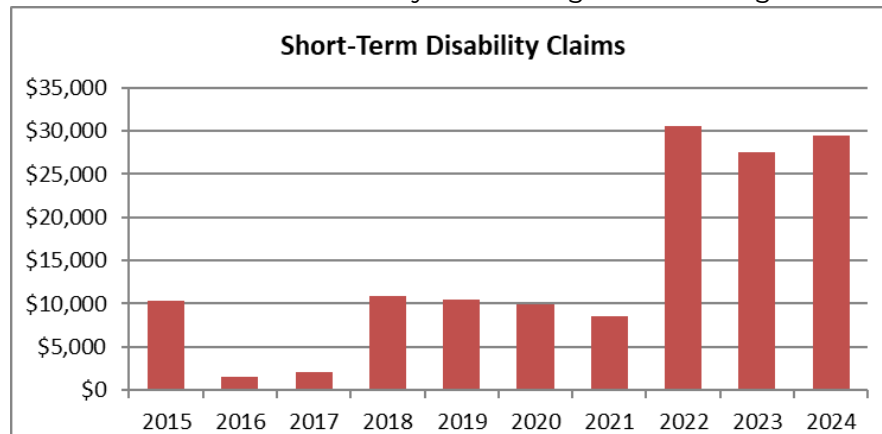
- Losses vary greatly between fiscal years, due to the number and length of employee absences resulting from temporary disabilities
- Monthly premiums will increase from \$8 to \$12 in 2026 and increase \$1 every year thereafter to address deficit cash

## Performance/History

- Net assets provide approximately 6 years of average loss coverage
- Premiums and fund balances have been sufficient to offset historical losses

## Fund Goals/Targets

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



<b>Short-term Disability Fund</b>	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
<b>Revenue</b>									
Charges for Services	\$ 8,828	\$ 8,696	\$ 8,876	\$ 9,480	\$ 14,652	\$ 16,068	\$ 17,640	\$ 18,900	\$ 20,160
Interest Earnings	(1,785)	848	143	600	600	600	600	600	600
Total Revenue	7,043	9,544	9,019	10,080	15,252	16,668	18,240	19,500	20,760
<b>Expense</b>									
Miscellaneous									
Personal Services (claims)	30,575	27,518	29,440	10,000	12,500	12,500	12,500	12,500	12,500
Total Expense	30,575	27,518	29,440	10,000	12,500	12,500	12,500	12,500	12,500
Net Change	(23,532)	(17,974)	(20,421)	80	2,752	4,168	5,740	7,000	8,260
Fund Equity, beginning	49,173	25,641	7,667	(12,754)	(12,674)	(9,922)	(5,754)	(14)	6,986
Fund Equity, ending	\$ 25,641	\$ 7,667	\$(12,754)	\$(12,674)	\$ (9,922)	\$ (5,754)	\$ (14)	\$ 6,986	\$ 15,246
Years of average loss coverage [1]	2.8	0.8	(1.4)	(1.4)	(1.1)	(0.6)	(0.0)	0.7	1.6
[1] Using inflation adjusted average annual claims									
Monthly premium	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00	\$ 16.00
Participants (annual average)	92.0	90.6	92.5	98.8	101.8	103.0	105.0	105.0	105.0

# Liability Claims Fund Operations

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

## Impacts

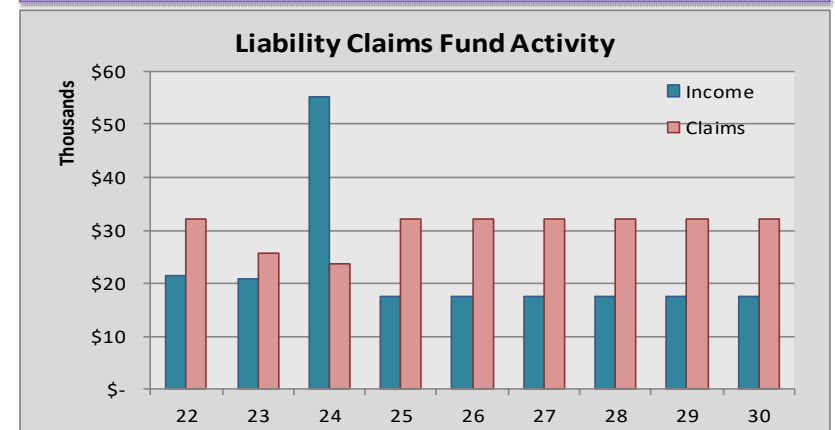
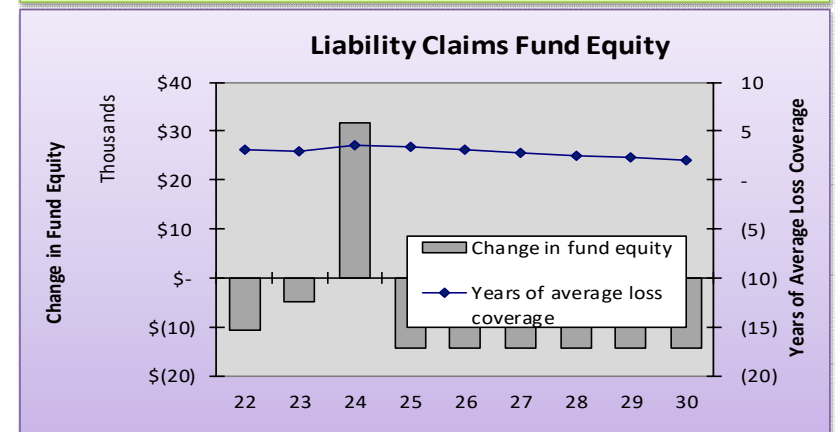
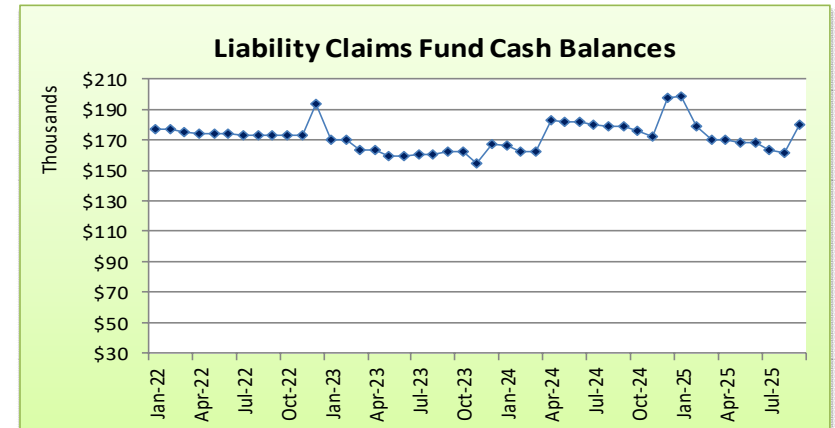
- Losses from internal and outside claims vary between fiscal years due to the number and type of claims

## Performance/History

- Higher than normal losses and deductible recovery in 2014 due to the Community Center fire
- Insurance claims surcharge assessed to operating funds in 2009 to restore fund equity
- Net assets provide 2 to 4 years of average annual loss coverage

## Fund Goals/Targets

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



<b>Liability Claims Fund</b>	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Budget	2027 Budget	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>									
Interest Earnings	\$ (6,958)	\$ 8,054	\$ 8,387	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Other Revenues	28,264	12,688	46,865	15,000	15,000	15,000	15,000	15,000	15,000
Total Revenue	21,306	20,742	55,252	17,500	17,500	17,500	17,500	17,500	17,500
<b>Expense</b>									
Miscellaneous	32,001	25,565	23,597	32,000	32,000	32,000	32,000	32,000	32,000
Total Expense	32,001	25,565	23,597	32,000	32,000	32,000	32,000	32,000	32,000
Net Change	(10,695)	(4,823)	31,655	(14,500)	(14,500)	(14,500)	(14,500)	(14,500)	(14,500)
Fund Equity, beginning	181,205	170,510	165,687	197,342	182,842	168,342	153,842	139,342	124,842
Fund Equity, ending	\$ 170,510	\$ 165,687	\$ 197,342	\$ 182,842	\$ 168,342	\$ 153,842	\$ 139,342	\$ 124,842	\$ 110,342
Years of average loss coverage [1]	3.1	3.0	3.6	3.3	3.0	2.8	2.5	2.3	2.0
[1] Using inflation adjusted average annual claims									

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## City Council

Sue Denking, Mayor.....	651-490-4618
sdenking@shoreviewmn.gov	
Paul Gardner .....	612-227-4582
pgardner@shoreviewmn.gov	
John Doan.....	612-424-2527
jdoan@shoreviewmn.gov	
Cory Springhorn.....	651-403-3422
cspringhorn@shoreviewmn.gov	
Shelly Myrland.....	763-291-0185
smyrland@shoreviewmn.gov	

## City Staff

Brad Martens, City Manager .....	651-490-4611
bmartens@shoreviewmn.gov	
Renee Eisenbeisz, Assistant City Manager .....	651-490-4613
reisenbeisz@shoreviewmn.gov	
Kevin Knopik, Finance Director .....	651-490-4622
kknopik@shoreviewmn.gov	
Travis Byrne, Assistant Finance Director .....	651-490-4621
tbyrne@shoreviewmn.gov	
Tom Simonson, Asst City Mgr/Comm Dev Director .....	651-490-4612
tsimonson@shoreviewmn.gov	
Tom Wesolowski, Public Works Director .....	651-490-4652
twesolowski@shoreviewmn.gov	
Steve Benoit, Parks and Recreation Director	651-490-4754
sbenoit@shoreviewmn.gov	
Charnelle Dengnoue, Human Resources Director	651-490-4616
cdengnoue@shoreviewmn.gov	