



Proposed Five-year Operating Plan

Including fund-specific
working capital targets

City of Shoreview, Minnesota

November 2013

Prepared by Department of Finance



EXECUTIVE SUMMARY

Introduction

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

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

This Five-year Operating Plan (FYOP) document contains 3 years of history for each fund, a revised estimate for the current year (2013) and projections for the next 5 years (2014 through 2018). The document also:

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

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

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

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

Fund Balances

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

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

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

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

Working capital needs create special circumstances in some operating funds. For instance, property tax receipts in the General Fund provide 78% 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. Recent examples for Shoreview include 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, with slight declines due to a reduction in residents per household
- Full-time wage adjustments are limited to 2% for 2014, and a tentative estimate of 3% is used for 2015 and beyond
- Health insurance costs rise an average of 11% over the next five years, and account for 20% of the rise in personal services
- Workers compensation insurance premiums drop an average of 20% for 2014 and rise an average of 3% per year thereafter
- Most contractual costs are expected to rise between 0% and 3% per year, while police and fire contracts, central garage charges, fuel and utility costs are expected to rise between 2% and 8% per year
- Property values are projected to increase 1% for 2014, 2% for 2015, and property value increases of 3% per year are projected beginning in 2016

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

Levy, Value and Tax Rate Projections

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

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

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

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

Levy Limits—During some years State statutes place restrictions on local government levies through levy limits. Typically, the levy limit formula provides 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 2014 the City is subject to a levy limit increase of 3%, and only levies for General Obligation debt are allowed in excess of the limit. A unique provision in the levy limit law for 2014 would have allowed the City to levy an additional \$417,413 over the proposed levy, but the City determined that this additional levy authority was not necessary. It is important to note that Shoreview was \$211,327 below the limit in 2010, and \$364,703 below the limit for 2011, and was not subject to a levy limit for 2012 and 2013.

Typically, the levy limit formula preserves unused levy authority by computing a future levy limit from the previous maximum. For 2014 taxes, the levy limit law is computed based on prior adopted levies, which means that the previous gap between the City's levy and the levy limit is lost.

Tax Levy—Even though the largest share of the tax levy is allocated to the General fund, over the last 10 years (since 2004) the General Fund share of the tax levy has declined from a high of 77% in 2004 to a low of 69% for 2014, while the combined debt service and capital share of the tax levy has risen from 23% in 2004 to 31% for 2014. This trend is expected to continue in the future due to increased repair and replacement costs.

Property Values—Between 2004 and 2008, both market values and taxable values increased an average of 9.9% per year. From 2008 to 2013 the economic climate resulted in declining property values at an average rate of 5.9% per year. Preliminary information from the county assessor indicates that property values for 2014 taxes are expected to increase about 1%. The projections in this document assume values will increase 2% for 2015 and 3% per year thereafter.

Fiscal Disparities—The fiscal disparities formula, provided in State Statutes, takes 40% of the value of new commercial and industrial development in the metro area and redistributes the value back to each community based on a formula. The result is either a net gain or net loss in tax dollars from the pool. Shoreview's share of the metro-wide fiscal disparities pool is projected to grow at a modest 1% to 2% rate over the next few 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 from 2005 to 2008, the tax rate dropped. Since then, values have dropped and levies have grown, resulting in tax rate growth since 2008. For 2014, the expected modest growth in market values and the 3.4% rise in the City's levy, is expected to result in a 1.4% increase in the City's tax rate. The tax rate is expected to rise between 1.6% and 3.3% in 2015 and 2016. As taxable values from TIF districts 1, 2 and 5 return to the general tax base, the annual increase in the tax rate is reduced to between .4% and .6% after 2016.

Levy and Value Projections	2010 Adopted	2011 Adopted	2012 Adopted	2013 Adopted	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Tax Levy									
General fund (net of lost MVHC)	\$ 6,228,739	\$ 6,343,983	\$ 6,467,060	\$ 6,639,567	\$ 6,837,154	\$ 7,180,671	\$ 7,524,142	\$ 7,792,279	\$ 8,108,427
EDA	-	25,000	55,000	60,000	80,000	90,000	100,000	105,000	110,000
HRA	50,000	60,000	70,000	75,000	90,000	95,000	100,000	105,000	110,000
Debt-All Debt Funds (combined)	565,000	527,000	442,026	501,000	548,000	544,000	545,000	551,000	542,000
Debt-Central Garage Fund	-	98,000	216,000	184,000	184,000	208,000	208,000	200,000	200,000
Capital project-Street Renewal Fund	700,000	750,000	800,000	850,000	900,000	950,000	1,000,000	1,060,000	1,124,000
Capital project-General Fixed Asset Fund	1,100,000	1,150,000	1,200,000	1,250,000	1,350,000	1,425,000	1,475,000	1,495,000	1,505,000
Capital project-Capital Acquis Fund (IT)					20,000	25,000	30,000	35,000	40,000
Capital project-Capital Impr. Fund	90,000	100,000	110,000	120,000	-	-	-	-	-
Total Levy (net of MVHC loss)	\$ 8,733,739	\$ 9,053,983	\$ 9,360,086	\$ 9,679,567	\$ 10,009,154	\$ 10,517,671	\$ 10,982,142	\$ 11,343,279	\$ 11,739,427
Market Value (millions)	\$ 3,015.6	\$ 2,838.6	\$ 2,568.6	\$ 2,404.9	\$ 2,420.0	\$ 2,470.0	\$ 2,544.0	\$ 2,620.0	\$ 2,700.0
Taxable Value (millions)	\$ 29.6	\$ 27.6	\$ 25.4	\$ 23.7	\$ 24.0	\$ 24.6	\$ 25.3	\$ 26.1	\$ 26.8
Fiscal Disparities/City	\$ 832,802	\$ 866,880	\$ 838,214	\$ 845,000	\$ 939,450	\$ 960,000	\$ 980,000	\$ 1,000,000	\$ 1,020,000
Fiscal Disparities/HRA	\$ -	\$ 5,304	\$ 5,407	\$ 6,457	\$ 7,350	\$ 7,400	\$ 7,400	\$ 7,400	\$ 7,400
Tax Rate/City [computed for prelim docs]	27.569	30.671	33.252	36.970	37.474	38.527	39.142	39.292	39.531
Tax Rate/HRA	0.169	0.198	0.254	0.289	0.345	0.357	0.366	0.375	0.382
Annual Change in City Tax Levy									
General fund (net of MVHC loss)	\$ 211,149	\$ 115,244	\$ 123,077	\$ 172,507	\$ 197,587	\$ 343,517	\$ 343,471	\$ 268,137	\$ 316,148
Add allowance (to max levy limit)					-	-			
EDA and HRA (combined)	50,000	35,000	40,000	10,000	35,000	15,000	15,000	10,000	10,000
Debt (all funds combined)	12,000	60,000	33,026	26,974	47,000	20,000	1,000	(2,000)	(9,000)
Capital project funds-replacements	100,000	100,000	100,000	100,000	150,000	125,000	100,000	80,000	74,000
Capital project funds-improvements	10,000	10,000	10,000	10,000	(100,000)	5,000	5,000	5,000	5,000
Total Change in Tax Levy	\$ 383,149	\$ 320,244	\$ 306,103	\$ 319,481	\$ 329,587	\$ 508,517	\$ 464,471	\$ 361,137	\$ 396,148
Percent Change/Tax Data									
Market Value	-5.71%	-5.87%	-9.51%	-6.37%	0.63%	2.07%	3.00%	2.99%	3.05%
Taxable Value	-5.67%	-6.74%	-8.05%	-6.78%	1.13%	2.50%	3.00%	3.00%	3.00%
Fiscal Disparities	11.44%	4.09%	-3.31%	0.81%	11.18%	2.19%	2.08%	2.04%	2.00%
City Tax Levy (net of MVHC cuts)	4.59%	3.67%	3.38%	3.41%	3.40%	5.08%	4.42%	3.29%	3.49%
City Tax Rate	9.71%	11.25%	8.42%	11.18%	1.36%	2.81%	1.60%	0.38%	0.61%
HRA Tax Levy (net of MCHC cuts)		20.18%	21.25%	7.14%	20.00%	5.56%	5.26%	5.00%	4.76%
HRA Tax Rate		17.16%	28.28%	13.78%	19.38%	3.48%	2.52%	2.46%	1.87%

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:

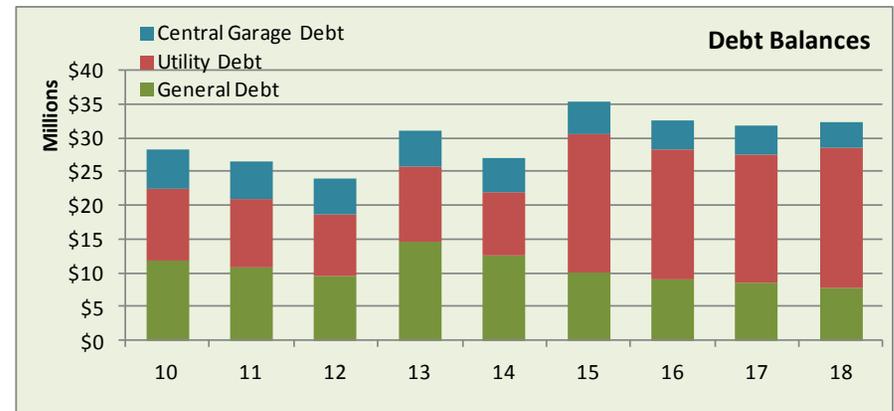
- Remain in compliance with statutory debt limits
- Plan and direct use of debt so that payments are manageable
- Seek to maintain the highest possible credit rating without compromising the delivery of essential services
- Prepare long-term financial planning
- Take advantage of lower interest rates 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, 2013, including \$3.3 million of crossover refunding debt issued during 2013. Debt refunding occurs when new debt, at a lower interest rate, is issued to pay off old debt at a higher interest rate. A crossover refunding occurs when the new debt is issued to repay older debt but the call date on the old debt is in a future calendar year. For a crossover refunding, the debt proceeds are held in escrow until the debt is paid off on the call date. This means that old and new debt balances are reported until the call date.

G.O. Improvement Bonds (assessments)	\$ 2,780,000
G.O. Tax Increment Bonds	690,000
G.O. Capital Plan Bonds (fire stations)	1,620,000
G.O. Street Improvement Bonds (streets)	5,505,000
Certificates of Participation (comm. center)	3,985,000
G.O. Capital Plan Bonds (maint. center)	5,270,000
G.O. Revenue Bonds (utility systems)	<u>11,115,000</u>
Total Existing Debt	\$30,965,000



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

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

Projected debt issuance over the next 5 years includes:

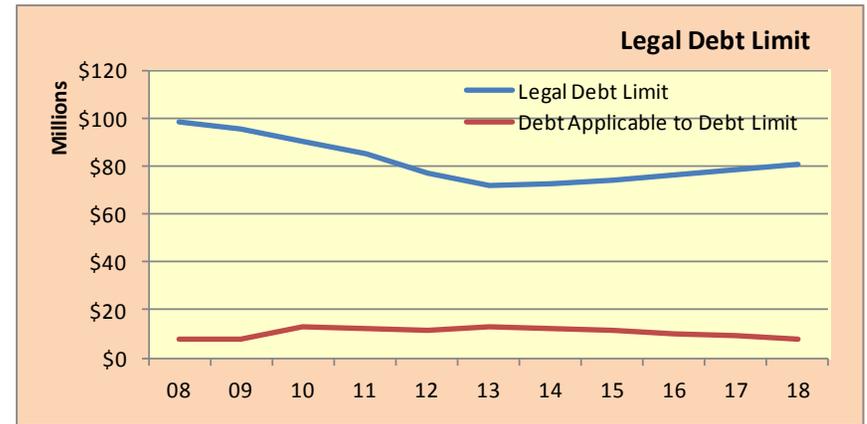
G.O. Improvement Bonds (assessments)	\$ 1,090,000
G.O. Revenue Bonds (water treatment plant)	9,100,000
G.O. Revenue Bonds (utility systems)	<u>7,150,000</u>
Total Planned Debt	\$17,340,000

The City anticipates issuing debt in 2015, 2017 and 2018 to finance projects in the proposed Capital Improvement Program.

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



Debt Limit—Minnesota statutes limit the amount of debt a City may issue for general obligation purposes. Shoreview’s current debt is 18% of the debt limit, including the outstanding \$3.3 million in crossover refunding debt. This leaves 82% of the debt limit available. Once the crossover dates arrive in 2015, the debt percentage drops to 15%.



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

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

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

Debt Issued and Retired	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Debt Balance, beginning of year	\$21,550,000	\$28,130,000	\$26,440,000	\$24,055,000	\$30,965,000	\$26,945,000	\$35,330,000	\$32,645,000	\$31,840,000
Debt Issued									
Improvement bonds	140,000	-	-	2,010,000	-	310,000	-	340,000	440,000
Fire Station	-	-	-	750,000	-	-	-	-	-
Street Improvements	-	-	-	3,795,000	-	-	-	-	-
COPs (refunding)	-	4,620,000	-	-	-	-	-	-	-
Water bonds	1,240,000	-	-	1,690,000	-	9,900,000	-	630,000	560,000
Sewer bonds	985,000	-	-	285,000	-	1,200,000	-	330,000	1,400,000
Surface Water bonds	355,000	-	-	1,305,000	-	840,000	-	520,000	870,000
Maintenance Center	5,615,000	-	-	-	-	-	-	-	-
Total Bonds Issued	8,335,000	4,620,000	-	9,835,000	-	12,250,000	-	1,820,000	3,270,000
Debt Paid									
Improvement bonds	295,000	260,000	285,000	295,000	260,000	130,000	200,000	190,000	180,000
Tax Increment bonds	330,000	350,000	510,000	630,000	340,000	350,000	-	-	-
Fire Station	95,000	100,000	100,000	105,000	870,000	120,000	120,000	120,000	130,000
Street Improvements	140,000	145,000	150,000	155,000	305,000	1,690,000	345,000	340,000	340,000
COPs (commun center)	260,000	4,680,000	290,000	345,000	350,000	360,000	365,000	375,000	390,000
Water bonds	425,000	460,000	550,000	460,000	965,000	465,000	785,000	785,000	840,000
Sewer bonds	80,000	90,000	145,000	275,000	325,000	165,000	235,000	200,000	225,000
Surface Water bonds	130,000	225,000	255,000	415,000	360,000	335,000	380,000	350,000	385,000
Maintenance Center	-	-	100,000	245,000	245,000	250,000	255,000	265,000	270,000
Total Bonds Issued	1,755,000	6,310,000	2,385,000	2,925,000	4,020,000	3,865,000	2,685,000	2,625,000	2,760,000
Debt Balance, end of year	\$28,130,000	\$26,440,000	\$24,055,000	\$30,965,000	\$26,945,000	\$35,330,000	\$32,645,000	\$31,840,000	\$32,350,000

Includes refunding bond activity

Debt Balances (at each year end)	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
Debt Balances									
General Obligation Bonds									
Improvement	\$ 1,610,000	\$ 1,350,000	\$ 1,065,000	\$ 2,780,000	\$ 2,520,000	\$ 2,700,000	\$ 2,500,000	\$ 2,650,000	\$ 2,910,000
Tax Increment	2,180,000	1,830,000	1,320,000	690,000	350,000	-	-	-	-
Fire Stations	1,175,000	1,075,000	975,000	1,620,000	750,000	630,000	510,000	390,000	260,000
Street Improvements	2,160,000	2,015,000	1,865,000	5,505,000	5,200,000	3,510,000	3,165,000	2,825,000	2,485,000
Total General Bonds	7,125,000	6,270,000	5,225,000	10,595,000	8,820,000	6,840,000	6,175,000	5,865,000	5,655,000
General Obligation Bonds									
Maintenance Center	5,615,000	5,615,000	5,515,000	5,270,000	5,025,000	4,775,000	4,520,000	4,255,000	3,985,000
General Obligation Revenue Bonds									
Water Improvement	5,710,000	5,250,000	4,700,000	5,930,000	4,965,000	14,400,000	13,615,000	13,460,000	13,180,000
Sewer Improvement	2,220,000	2,130,000	1,985,000	1,995,000	1,670,000	2,705,000	2,470,000	2,600,000	3,775,000
Surface Water Improvement	2,780,000	2,555,000	2,300,000	3,190,000	2,830,000	3,335,000	2,955,000	3,125,000	3,610,000
Total Utility Bonds	10,710,000	9,935,000	8,985,000	11,115,000	9,465,000	20,440,000	19,040,000	19,185,000	20,565,000
Total Bonded Debt	23,450,000	21,820,000	19,725,000	26,980,000	23,310,000	32,055,000	29,735,000	29,305,000	30,205,000
Community Center Expansion	4,680,000	4,620,000	4,330,000	3,985,000	3,635,000	3,275,000	2,910,000	2,535,000	2,145,000
Total Combined Debt Balances	\$ 28,130,000	\$ 26,440,000	\$ 24,055,000	\$ 30,965,000	\$ 26,945,000	\$ 35,330,000	\$ 32,645,000	\$ 31,840,000	\$ 32,350,000
Debt Limit Information									
Market value in ensuing year (millions)	\$ 3,015.6	\$ 2,838.6	\$ 2,568.6	\$ 2,404.9	\$ 2,420.0	\$ 2,470.0	\$ 2,544.0	\$ 2,620.0	\$ 2,700.0
Debt Limit Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debt Limit	\$ 90,467,340	\$ 85,157,310	\$ 77,057,004	\$ 72,148,140	\$ 72,600,000	\$ 74,100,000	\$ 76,320,000	\$ 78,600,000	\$ 81,000,000
Debt Applicable to Debt Limit	\$ 12,747,163	\$ 12,442,328	\$ 11,798,714	\$ 13,120,594	\$ 12,186,908	\$ 11,180,502	\$ 10,117,226	\$ 9,022,555	\$ 7,907,352
Debt Margin Available	\$ 77,720,177	\$ 72,714,982	\$ 65,258,290	\$ 59,027,546	\$ 60,413,092	\$ 62,919,498	\$ 66,202,774	\$ 69,577,445	\$ 73,092,648
Percent Debt Margin Used	14.1%	14.6%	15.3%	18.2%	16.8%	15.1%	13.3%	11.5%	9.8%
Percent Debt Margin Available	85.9%	85.4%	84.7%	81.8%	83.2%	84.9%	86.7%	88.5%	90.2%
Debt Levy by Type of Debt									
Improvement -existing	\$ 188,000	\$ 150,000	\$ 67,026	\$ -	\$ 8,000	\$ 16,000	\$ 12,000	\$ 18,000	\$ 9,000
Fire Station-existing	145,000	145,000	143,000	143,000	132,000	132,000	132,000	132,000	132,000
Street Improvements-existing	232,000	232,000	232,000	358,000	408,000	396,000	401,000	401,000	401,000
Maintenance Center-existing	-	98,000	216,000	184,000	184,000	208,000	208,000	200,000	200,000
Total Debt Levies	\$ 565,000	\$ 625,000	\$ 658,026	\$ 685,000	\$ 732,000	\$ 752,000	\$ 753,000	\$ 751,000	\$ 742,000
Change in Debt Levies	\$ 12,000	\$ 60,000	\$ 33,026	\$ 26,974	\$ 47,000	\$ 20,000	\$ 1,000	\$ (2,000)	\$ (9,000)

Debt Retirement Rate

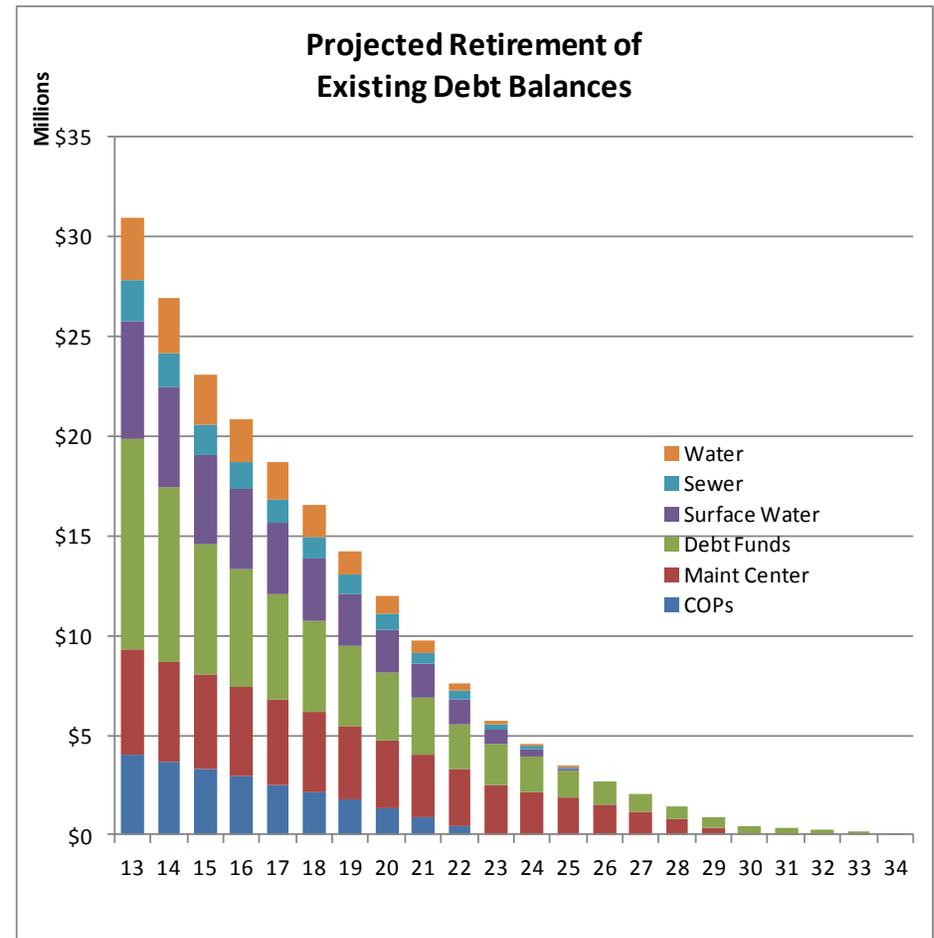
Shoreview's rate of debt retirement is a very favorable indicator. When considering the retirement for all debt combined, about 47% of the City's current outstanding debt will be retired over the next 5 years, and more than 81% will be retired within 10 years.

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

Certificate of Participation Debt (COP) was issued to finance the last community center expansion in 2002. The final payment will occur in 2022 (within 9 years).

About 54% of combined governmental debt (General Obligation Improvement and COPs) is retired over the next 5 years, and 86% is retired within 10 years.

Proprietary Debt (Enterprise utility fund and Internal Service maintenance center debt) is retired at a slightly slower rate initially but is paid in full sooner, with 41% retired over the next five years and 78% retired within 10 years.



Retirement of existing debt is shown in the table below.

Year	Debt Balances as of Year End									Percent Paid		
	Proprietary Debt					Governmental/COP				Total All Debt	Govern and COP Debt	Total All Debt
	G.O. Water Revenue	G.O. Sewer Revenue	G.O. Surface Water Revenue	G.O. Maintenance Center	Total Proprietary Debt	G.O. Improvement Debt Funds	COP's Debt Funds	Total Govern and COP Debt	Total All Debt			
2013	\$ 5,930,000	\$ 1,995,000	\$ 3,190,000	\$ 5,270,000	\$ 16,385,000	\$ 10,595,000	\$ 3,985,000	\$ 14,580,000	\$ 30,965,000			
2014	4,965,000	1,670,000	2,830,000	5,025,000	14,490,000	8,820,000	3,635,000	12,455,000	26,945,000	11.6%	14.6%	13.0%
2015	4,500,000	1,505,000	2,495,000	4,775,000	13,275,000	6,530,000	3,275,000	9,805,000	23,080,000	19.0%	32.8%	25.5%
2016	4,045,000	1,335,000	2,160,000	4,520,000	12,060,000	5,865,000	2,910,000	8,775,000	20,835,000	26.4%	39.8%	32.7%
2017	3,605,000	1,200,000	1,855,000	4,255,000	10,915,000	5,240,000	2,535,000	7,775,000	18,690,000	33.4%	46.7%	39.6%
2018	3,150,000	1,060,000	1,545,000	3,985,000	9,740,000	4,615,000	2,145,000	6,760,000	16,500,000	40.6%	53.6%	46.7%
2019	2,680,000	915,000	1,230,000	3,705,000	8,530,000	3,985,000	1,745,000	5,730,000	14,260,000	47.9%	60.7%	53.9%
2020	2,195,000	770,000	905,000	3,420,000	7,290,000	3,345,000	1,330,000	4,675,000	11,965,000	55.5%	67.9%	61.4%
2021	1,695,000	620,000	570,000	3,125,000	6,010,000	2,820,000	900,000	3,720,000	9,730,000	63.3%	74.5%	68.6%
2022	1,180,000	460,000	360,000	2,820,000	4,820,000	2,300,000	460,000	2,760,000	7,580,000	70.6%	81.1%	75.5%
2023	715,000	320,000	140,000	2,505,000	3,680,000	2,015,000	-	2,015,000	5,695,000	77.5%	86.2%	81.6%
2024	395,000	200,000	75,000	2,180,000	2,850,000	1,720,000	-	1,720,000	4,570,000	82.6%	88.2%	85.2%
2025	95,000	75,000	30,000	1,845,000	2,045,000	1,410,000	-	1,410,000	3,455,000	87.5%	90.3%	88.8%
2026	-	-	-	1,500,000	1,500,000	1,155,000	-	1,155,000	2,655,000	90.8%	92.1%	91.4%
2027	-	-	-	1,145,000	1,145,000	895,000	-	895,000	2,040,000	93.0%	93.9%	93.4%
2028	-	-	-	775,000	775,000	625,000	-	625,000	1,400,000	95.3%	95.7%	95.5%
2029	-	-	-	395,000	395,000	540,000	-	540,000	935,000	97.6%	96.3%	97.0%
2030	-	-	-	-	-	450,000	-	450,000	450,000	100.0%	96.9%	98.5%
2031	-	-	-	-	-	365,000	-	365,000	365,000	-	97.5%	98.8%
2032	-	-	-	-	-	280,000	-	280,000	280,000	-	98.1%	99.1%
2033	-	-	-	-	-	190,000	-	190,000	190,000	-	98.7%	99.4%
2034	-	-	-	-	-	95,000	-	95,000	95,000	-	99.3%	99.7%
2035	-	-	-	-	-	-	-	-	-	-	100.0%	100.0%

Working Capital Targets

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

Working capital targets generally fall into 4 different targeted levels.

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

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

Fund	Basis	Target	Actual			Estim.	Budget	
			2010	2011	2012	2013	2014	2015
General Fund	months	5.0	5.9	5.8	5.7	5.6	5.4	5.2
Special Revenue Funds								
Recycling	months	5.0	1.6	2.9	3.9	4.5	5.0	5.6
Community Center	months	3.0	3.0	4.1	4.6	5.0	5.3	4.6
Recreation Programs	months	3.0	4.2	5.3	6.1	7.1	7.1	5.6
Cable TV	months	3.0	8.9	9.6	7.9	7.1	6.6	5.7
EDA	months	5.0	2.4	4.6	4.9	4.0	4.7	5.1
HRA	months	5.0	3.6	10.0	13.7	12.2	12.8	13.3
Slice of Shoreview	months	6.0	7.5	9.9	11.0	11.4	11.5	11.6
Debt Funds (combined)	months	6.0	12.7	15.5	14.5	16.9	16.3	19.5
Enterprise Funds								
Water	months	8.0	13.3	12.2	12.9	12.7	10.9	13.2
Sewer	months	6.0	6.3	7.4	6.4	6.0	6.6	7.6
Surface Water	months	6.0	9.9	7.3	3.0	6.0	3.3	5.4
Street Lighting	months	6.0	5.7	7.6	7.2	7.1	6.3	6.0
Internal Service Funds								
Central Garage	months	6.0	9.9	6.1	7.9	7.8	8.4	8.9
Short-term Disability	years	3.0	5.8	5.3	5.1	5.1	5.1	5.1
Liability Claims	years	2.0	3.9	4.3	5.0	5.0	5.0	5.0
* Temporary decrease due to timing differences between debt proceeds and capital costs.								

Summary

The remainder of this document contains 5-year projections for each operating fund. These estimates inform and help formulate the City's long-term strategies and influence development of the City's Biennial Budget (for 2014 and 2015). The financial planning strategies are intended to:

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

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

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

Fred Espe, Assistant Finance Director
Jeanne Haapala, Finance Director
Terry Schwerm, City Manager

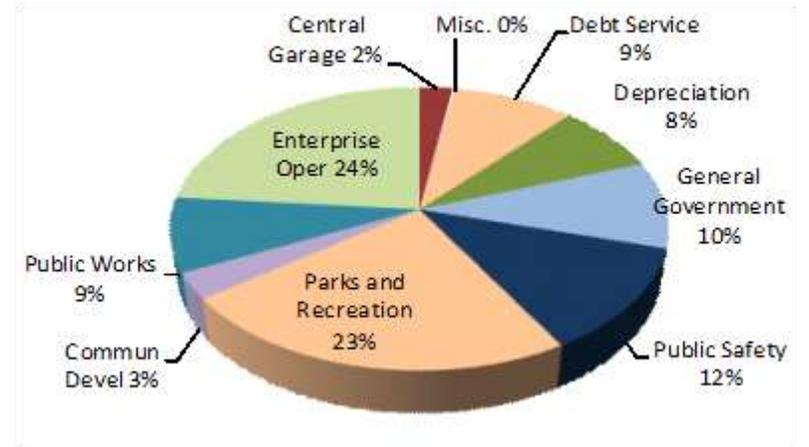
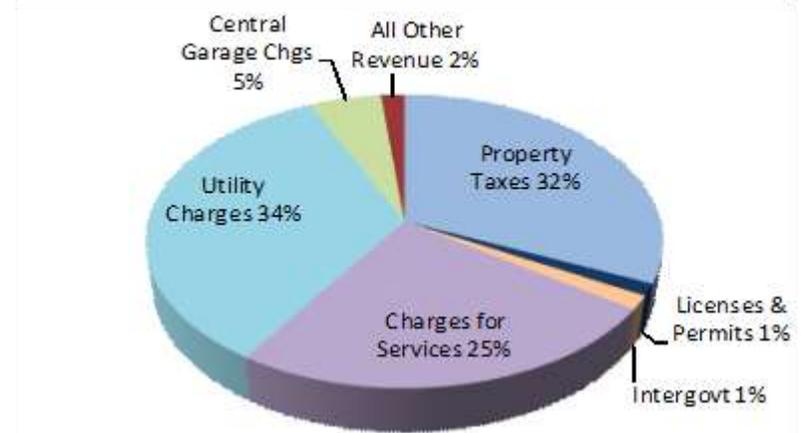
Total Operating Funds

Combined revenue and expense for all operating funds is presented in the table below. Total expense (excluding capital project funds and transfers between funds) is projected to rise 2.9% over the 2013 revised estimate (3.2% over the 2013 budget), and will rise between 2.6% and 3.4% from 2015 through 2018. It should be noted that the property tax totals in the table below exclude tax levies for capital funds. For instance, the 2014 levy below \$7,739,154 plus capital fund levies of \$2,270,000 equal a total levy of \$10,009,154.

Revenue for 2014 (shown in the top pie chart at right) is derived from a combination of sources including: 34% from utility charges, 32% from property taxes, 25% from charges for service (including inter-fund charges), 5% from central garage charges, 1% from intergovernmental revenue, 1% from licenses and permits, and 2% for all other sources combined.

Expense for 2014 (shown in the middle pie chart at right) shows that public works accounts for the largest share at 33% (enterprise 24% 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 12% (police, fire, animal control and emergency services). General government and debt service account for 10% and 9%, followed by depreciation at 8%, and central garage and community development at 2% and 3%.

Total 2014 costs by classification are shown in the bottom chart at right. Unlike the two previous pie charts, this chart presents total costs, including planned capital project spending. The largest class of expense is for contractual services at 39%. 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 32% of total expense, compared to 9% for capital costs, 8% for debt service, 7% for depreciation of utility and central garage assets, and 5% for supplies.



Total Operating Funds	2010	2011	2012	2013		2014	2015	2016	2017	2018
	Actual	Actual	Actual	Budget	Estimate					
Revenue										
Property Taxes	\$ 6,777,040	\$ 6,966,068	\$ 7,147,896	\$ 7,459,567	\$ 7,459,567	\$ 7,739,154	\$ 8,117,671	\$ 8,477,142	\$ 8,753,279	\$ 9,070,427
Special Assessments	201,614	186,281	174,842	107,971	94,428	100,850	199,945	234,945	216,411	256,411
Licenses & Permits	501,198	441,243	540,755	314,050	475,600	324,500	308,300	288,800	274,800	267,300
Intergovernmental	342,426	375,466	376,158	366,152	363,727	365,392	361,152	358,252	355,597	351,137
Charges for Services	5,305,833	5,568,549	5,689,999	5,809,731	5,942,760	6,037,173	6,190,130	6,314,115	6,435,401	6,565,849
Fines & Forfeits	32,813	62,135	67,000	62,500	52,800	52,800	52,800	52,800	52,800	52,800
Utility Charges	6,487,924	7,100,858	8,086,327	7,993,640	7,993,640	8,294,577	8,663,303	9,270,141	9,702,675	10,100,682
Central Garage Chgs	1,043,775	1,060,926	1,143,847	1,153,020	1,196,240	1,242,855	1,256,090	1,281,880	1,317,480	1,360,660
Interest Earnings	160,710	351,119	185,417	163,350	137,950	153,000	160,070	160,830	177,570	177,470
Other Revenues	146,587	126,918	174,000	80,740	103,556	102,808	102,427	102,627	103,201	103,401
Total Revenue	20,999,920	22,239,563	23,586,241	23,510,721	23,820,268	24,413,109	25,411,888	26,541,532	27,389,214	28,306,137
Expense										
General Government	2,077,391	2,037,408	2,243,504	2,345,660	2,455,800	2,442,375	2,515,522	2,597,448	2,640,355	2,748,634
Public Safety	2,448,406	2,556,068	2,706,424	2,882,693	2,861,662	3,000,223	3,144,020	3,282,803	3,434,194	3,549,704
Public Works	1,714,051	1,747,326	1,864,122	1,979,986	1,979,026	2,086,295	2,150,401	2,208,064	2,288,245	2,351,419
Parks and Recreation	5,076,848	5,291,572	5,282,365	5,470,139	5,458,672	5,759,484	6,116,013	6,304,563	6,444,127	6,623,244
Commun Development	621,455	621,534	612,405	680,735	690,928	742,615	780,031	816,501	845,914	881,495
Enterprise Oper	5,110,193	5,272,823	5,244,732	5,705,039	5,583,226	5,817,212	6,015,448	6,256,442	6,421,072	6,551,168
Central Garage	502,790	537,045	550,659	593,566	577,942	599,799	617,652	634,269	649,401	665,717
Miscellaneous	79,834	156,808	67,522	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Debt Service	2,172,790	2,407,716	2,331,187	2,277,782	2,429,890	2,213,943	2,096,139	2,181,882	2,104,467	2,123,104
Depreciation	1,397,175	1,636,971	1,813,983	1,907,000	1,867,000	1,935,000	1,991,000	2,022,000	2,149,000	2,278,000
Total Expense	21,200,933	22,265,271	22,716,903	23,882,600	23,944,146	24,636,946	25,466,226	26,343,972	27,016,775	27,812,485
Other Sources (Uses)										
Sale of Asset-Gain	29,473	64,457	26,311	41,000	40,000	29,000	-	50,000	39,000	56,000
Debt Refunded	-	(4,410,000)	-	-	(135,000)	(860,000)	(1,385,000)	-	-	-
Debt Proceeds	-	4,620,000	-	20,000	2,596,503	-	10,000	-	10,000	10,000
Contrib Cap Assets	107,585	17,281	194,313	-	-	-	-	-	-	-
Transfers In	1,992,463	2,261,833	2,063,714	2,359,186	2,362,009	2,070,010	2,130,321	1,839,288	1,889,400	1,949,400
Transfers Out	(1,211,030)	(1,496,802)	(1,374,262)	(1,340,320)	(1,349,850)	(1,347,010)	(1,829,400)	(1,484,288)	(1,534,400)	(1,594,400)
Net Change	\$ 717,478	\$ 1,031,061	\$ 1,779,414	\$ 707,987	\$ 3,389,784	\$ (331,837)	\$ (1,128,417)	\$ 602,560	\$ 776,439	\$ 914,652
Expense percent change	3.6%	5.0%	2.0%		5.4%	3.2%	3.4%	3.4%	2.6%	2.9%

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 2014, property taxes provide 77.9% 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

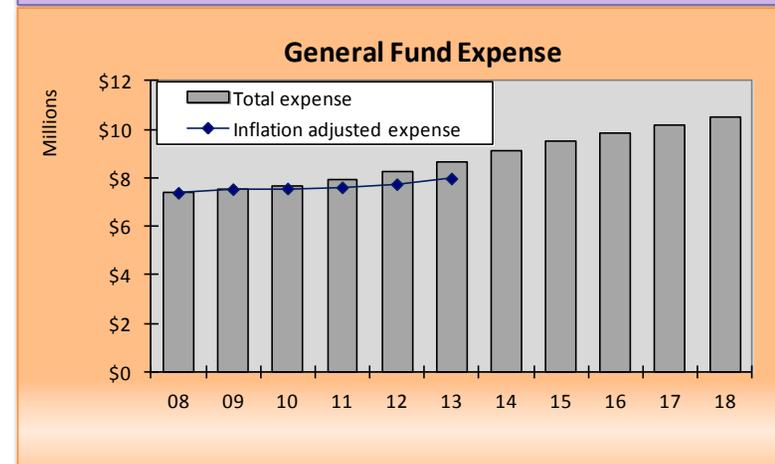
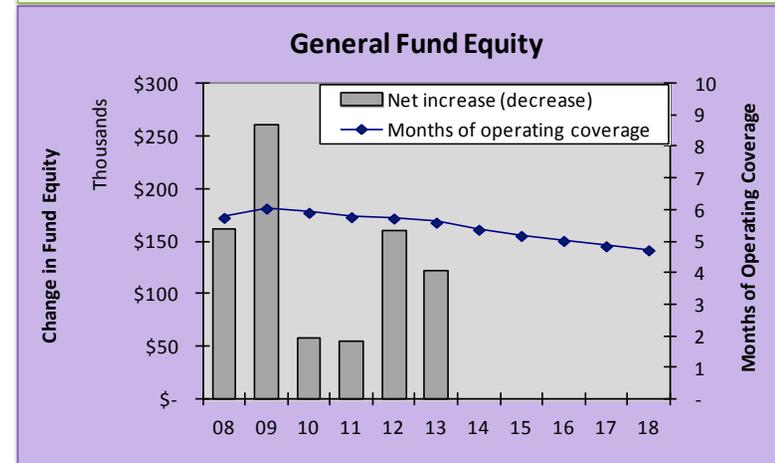
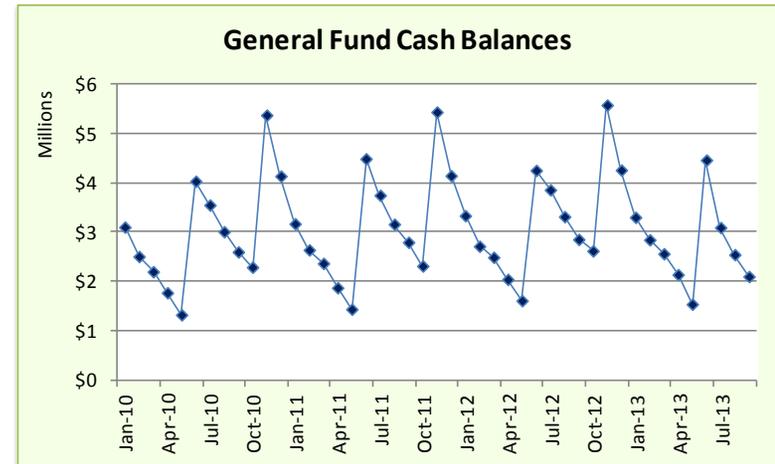
- Shoreview receives less aid than cities of similar size, making it more challenging to maintain competitive property tax levels
- Property taxes are increasing as a percent of total General Fund revenue, providing 79.9% of total revenue in 2014 and 80.5% in 2018
- Property tax collections occur in July and December, creating cash flow challenges for the fund

Performance/History

- Strong fund balances between 47% and 49% of current expense
- Operating coverage greater than 5 months in most years
- Internal decisions account for over 90% of revenue sources

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	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Property Taxes	\$ 6,170,162	\$ 6,265,673	\$ 6,374,969	\$ 6,639,567	\$ 6,837,154	\$ 7,180,671	\$ 7,524,142	\$ 7,792,279	\$ 8,108,427
Licenses & Permits	501,198	441,243	540,755	475,600	324,500	308,300	288,800	274,800	267,300
Intergovernmental	187,717	188,521	187,149	187,407	188,622	188,622	189,622	189,622	190,622
Charges for Services	1,226,101	1,198,357	1,262,088	1,313,670	1,303,110	1,302,400	1,320,900	1,346,100	1,373,100
Fines & Forfeits	32,813	62,135	67,000	52,800	52,800	52,800	52,800	52,800	52,800
Interest Earnings	38,330	79,714	47,253	40,000	45,000	50,000	50,000	55,000	55,000
Other Revenues	33,400	40,264	52,529	26,956	26,108	26,227	26,427	27,001	27,201
Total Revenue	8,189,721	8,275,907	8,531,743	8,736,000	8,777,294	9,109,020	9,452,691	9,737,602	10,074,450
Expense									
General Government	1,696,835	1,839,812	2,037,850	2,128,114	2,227,053	2,269,274	2,356,035	2,408,516	2,511,130
Public Safety	2,448,406	2,556,068	2,706,424	2,861,662	3,000,223	3,144,020	3,282,803	3,434,194	3,549,704
Public Works	1,284,791	1,298,219	1,389,113	1,475,047	1,556,726	1,603,772	1,648,440	1,711,087	1,756,416
Parks and Recreation	1,665,045	1,716,548	1,594,152	1,599,242	1,726,055	1,850,037	1,919,773	1,941,338	2,006,273
Community Development	554,739	530,288	517,777	575,447	590,237	611,917	631,640	651,467	675,927
Total Expense	7,649,816	7,940,935	8,245,316	8,639,512	9,100,294	9,479,020	9,838,691	10,146,602	10,499,450
Other Sources (Uses)									
Transfers In	312,000	471,450	481,000	519,000	692,000	748,000	784,000	817,000	850,000
Transfers Out	(793,418)	(751,145)	(607,830)	(494,000)	(369,000)	(378,000)	(398,000)	(408,000)	(425,000)
Net Change	58,487	55,277	159,597	121,488	-	-	-	-	-
Fund Equity, beginning	3,862,648	3,921,135	3,976,412	4,136,009	4,257,497	4,257,497	4,257,497	4,257,497	4,257,497
Fund Equity, ending	\$ 3,921,135	\$ 3,976,412	\$ 4,136,009	\$ 4,257,497	\$ 4,257,497	\$ 4,257,497	\$ 4,257,497	\$ 4,257,497	\$ 4,257,497
Fund equity percent of expense	49.4%	48.2%	47.9%	46.8%	44.9%	43.3%	42.0%	40.5%	39.5%
Months of operating coverage	5.9	5.8	5.7	5.6	5.4	5.2	5.0	4.9	4.7
Transfers out per fund bal policy	\$ 378,064	\$ 311,728	\$ 207,403	\$ 82,000					
Expense percent change	2.0%	3.8%	3.8%	4.8%	5.3%	4.2%	3.8%	3.1%	3.5%
Average annual percent change				3.6%					4.0%
Tax Levy percent change	3.5%	1.5%	1.7%	4.2%	3.0%	5.0%	4.8%	3.6%	4.1%
Average annual percent change				2.7%					4.1%
Percent revenue/internal decision:	90.8%	91.3%	90.1%	91.9%	93.8%	94.2%	94.7%	94.9%	95.1%
Percent revenue/external decision	9.2%	8.7%	9.9%	8.1%	6.2%	5.8%	5.3%	5.1%	4.9%

Recycling Fund Operations

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

Impacts

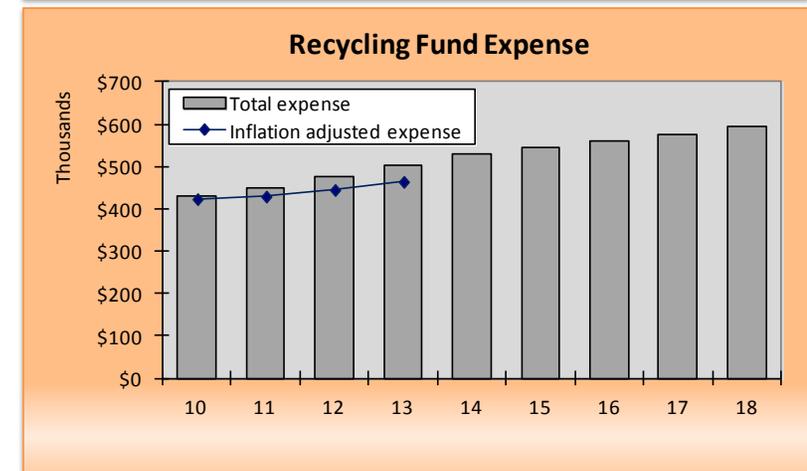
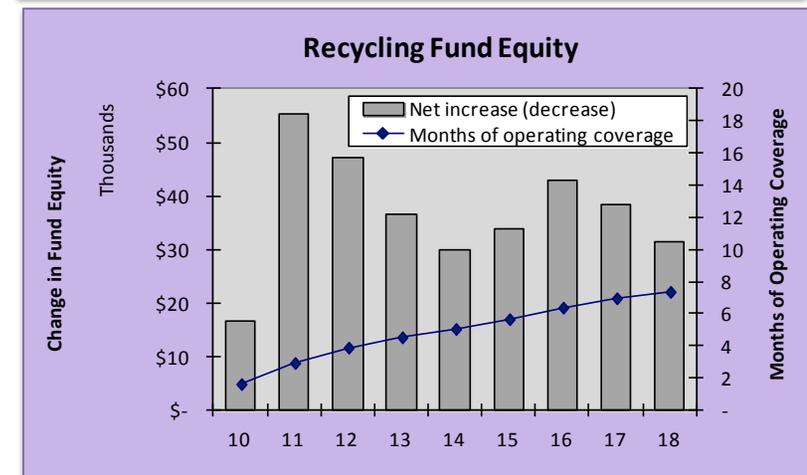
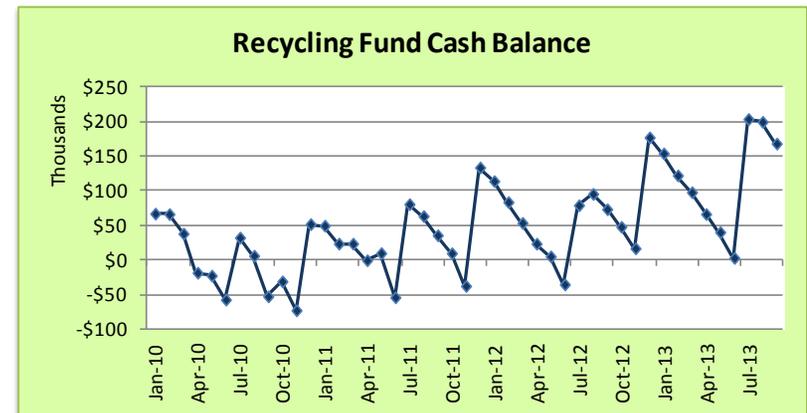
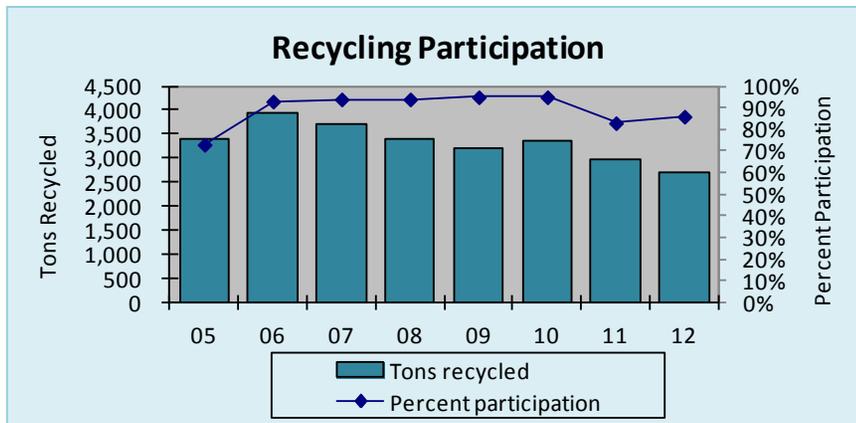
- SCORE grant funding has grown at a slower pace than program costs, and provides between 8.6% and 9.3% of revenue
- Reductions in newspaper circulation have significantly reduced the tons of materials recycled in recent years
- User fees provide between 85% and 87% of revenue, and are received in July and December, creating cash flow challenges for the fund

Performance/History

- Operating coverage of less than 2 month in 3 of the last 5 years
- Periodic negative cash balances due to the timing of revenue from user fees

Fund Goals/Targets

- Gradually build fund balance and improve cash flow performance
- Establish recycling fees sufficient to generate operating coverage of 5 months within 2 years, and pay interest to the investment pool for temporary negative cash balances throughout the year



Recycling Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Intergovernmental									
SCORE Grant	\$ 54,023	\$ 53,242	\$ 51,883	\$ 52,000	\$ 52,000	\$ 53,000	\$ 53,000	\$ 55,000	\$ 55,000
Other Local Governments	5,118	17,603	14,911	17,000	14,000	12,000	12,000	12,000	12,000
Charges for Services									
Recycling Charges	375,660	410,121	434,962	458,000	493,000	515,000	537,000	548,000	559,000
Cleanup Day Charges	10,888	22,747	19,590	13,500	500	500	500	500	500
Interest Earnings	62	683	885	-	-	-	-	-	-
Total Revenue	445,751	504,396	522,231	540,500	559,500	580,500	602,500	615,500	626,500
Expense									
Public Works									
Personal Services	30,207	6,983	24,583	25,159	26,579	28,069	31,534	32,398	34,073
Supplies	-	1,039	2,804	1,000	1,100	1,100	1,100	1,100	1,200
Contractual Services	399,053	441,085	447,622	477,820	501,890	517,460	526,990	543,660	559,730
Total Expense	429,260	449,107	475,009	503,979	529,569	546,629	559,624	577,158	595,003
Net Change	16,491	55,289	47,222	36,521	29,931	33,871	42,876	38,342	31,497
Fund Equity, beginning	43,180	59,671	114,960	162,182	198,703	228,634	262,505	305,381	343,723
Fund Equity, ending	\$ 59,671	\$ 114,960	\$ 162,182	\$ 198,703	\$ 228,634	\$ 262,505	\$ 305,381	\$ 343,723	\$ 375,220
Fund equity percent of expense	13.3%	24.2%	32.2%	37.5%	41.8%	46.9%	52.9%	57.8%	61.1%
Months of operating coverage	1.6	2.9	3.9	4.5	5.0	5.6	6.3	6.9	7.3
Expense percent change	1.3%	4.6%	5.8%	6.1%	5.1%	3.2%	2.4%	3.1%	3.1%
Average annual percent change				4.5%					3.4%
Annual charge per parcel/unit	\$ 35.00	\$ 37.50	\$ 40.00	\$ 42.00	\$ 45.00	\$ 47.00	\$ 49.00	\$ 50.00	\$ 51.00
Change in rate-dollars	\$ 1.50	\$ 2.50	\$ 2.50	\$ 2.00	\$ 3.00	\$ 2.00	\$ 2.00	\$ 1.00	\$ 1.00
Change in rate-percent	4.5%	7.1%	6.7%	5.0%	7.1%	4.4%	4.3%	2.0%	2.0%
Average annual percent change				5.8%					4.0%
Cost per collection	\$ 1.35	\$ 1.44	\$ 1.54	\$ 1.62	\$ 1.73	\$ 1.81	\$ 1.88	\$ 1.92	\$ 1.96
Participation rate	95.0%	83.0%	86.0%						
Tons recycled	3,342	2,985	2,696						
Number of units	10,895	10,897	10,897	10,966	10,966	10,966	10,966	10,966	10,966

Community Center Fund Operations

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

Impacts

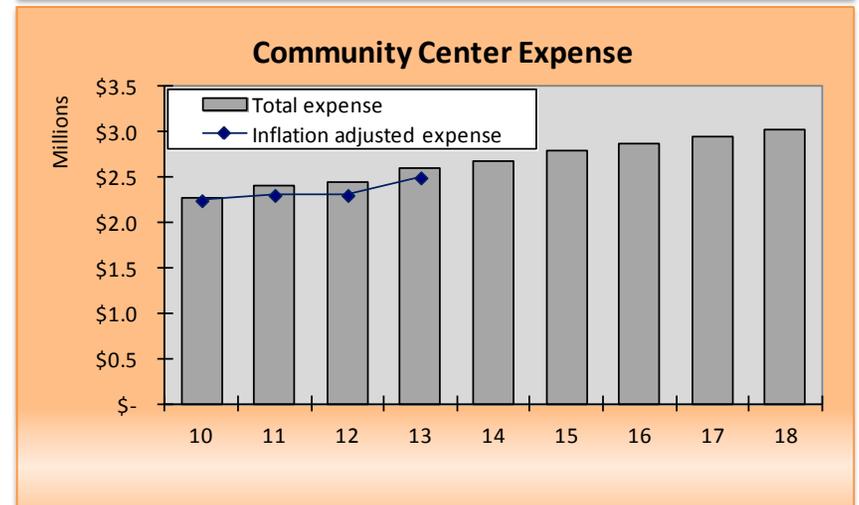
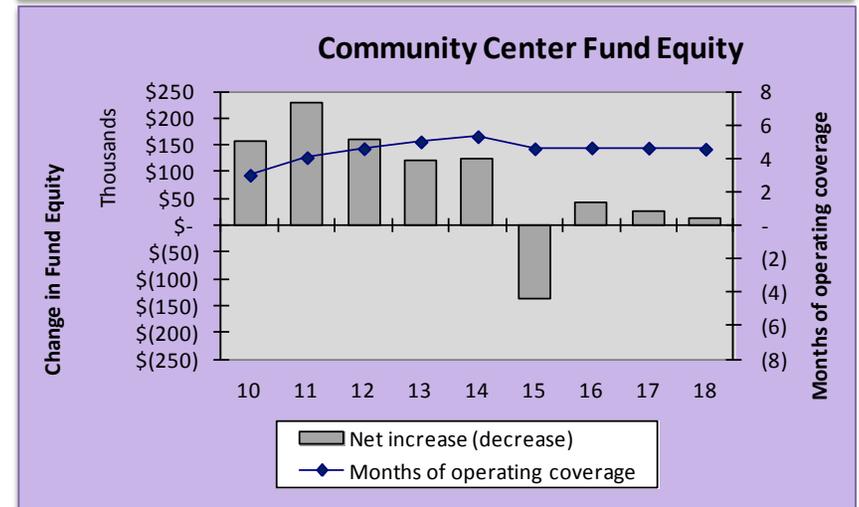
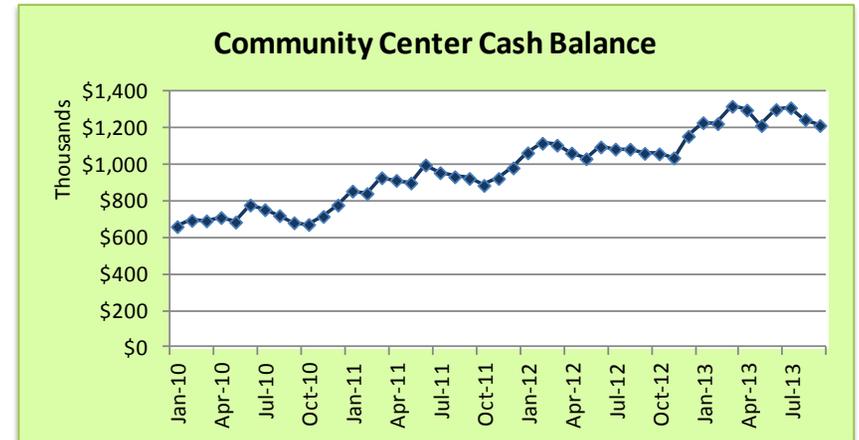
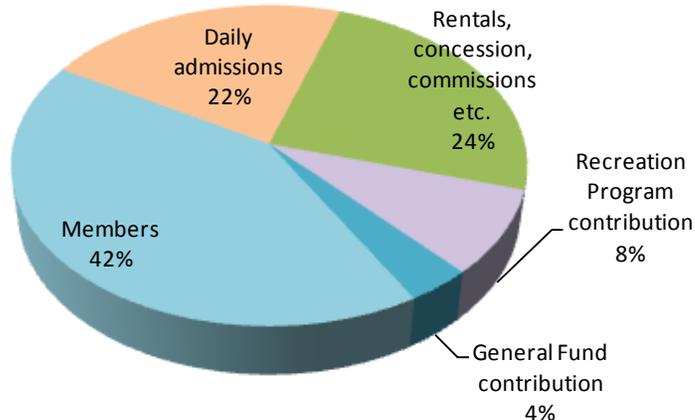
- User fees provide 88% of revenue (memberships, admissions and room rentals)
- General Fund provides \$239,000 in support of operations for 2014 through an inter-fund transfer
- Recreation Programs Fund provides \$100,000 in support for use of the facility
- Planned \$200,000 contribution to the community center expansion in 2015

Performance/History

- Enrollment in automatic monthly billing by members continues to rise, providing greater cash flow stability
- Insurance incentive credits increased from \$25,575 in 2008 to an estimated \$198,192 in 2013
- Working capital coverage equal to 4 to 5 months in most years
- Positive cash flows

Fund Goals/Targets

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



Community Center Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Charges for Services									
Memberships	\$ 1,040,491	\$ 1,111,186	\$ 1,137,711	\$ 1,137,000	\$ 1,165,000	\$ 1,177,000	\$ 1,192,000	\$ 1,207,000	\$ 1,222,000
Daily Admissions	522,366	597,163	555,209	599,400	605,300	610,600	617,000	623,350	629,700
Room Rentals	220,656	250,291	255,186	275,990	287,900	299,130	309,865	320,600	331,340
Concessions & Commissions	198,094	223,800	221,418	240,610	247,800	255,000	262,930	271,000	279,000
All Other Charges	125,135	128,631	128,821	123,100	125,850	128,600	131,350	134,400	137,350
Interest Earnings	8,017	20,674	14,100	7,500	8,000	5,000	5,000	6,000	6,000
Other Revenues	715	756	60	13,000	13,000	12,500	12,500	12,500	12,500
Total Revenue	2,115,474	2,332,501	2,312,505	2,396,600	2,452,850	2,487,830	2,530,645	2,574,850	2,617,890
Expense									
Parks and Recreation									
Personal Services	1,319,270	1,352,471	1,399,967	1,515,582	1,570,841	1,674,045	1,730,937	1,779,639	1,829,424
Supplies	405,540	448,853	446,078	469,600	499,815	510,461	522,694	537,530	551,568
Contractual	544,863	600,542	599,684	602,190	597,020	607,695	617,075	633,720	645,335
Capital Outlay	-	-	5,727	-	-	-	-	-	-
Total Expense	2,269,673	2,401,866	2,451,456	2,587,372	2,667,676	2,792,201	2,870,706	2,950,889	3,026,327
Other Sources (Uses)									
Transfers In	310,000	297,000	300,000	312,000	339,000	366,000	384,000	402,000	420,000
Transfers Out	-	-	-	-	-	(200,000)	-	-	-
Net Change	155,801	227,635	161,049	121,228	124,174	(138,371)	43,939	25,961	11,563
Fund Equity, beginning	444,851	600,652	828,287	989,336	1,110,564	1,234,738	1,096,367	1,140,306	1,166,267
Fund Equity, ending	\$ 600,652	\$ 828,287	\$ 989,336	\$ 1,110,564	\$ 1,234,738	\$ 1,096,367	\$ 1,140,306	\$ 1,166,267	\$ 1,177,830
Fund equity committed to building impr	186	215,423	376,472	443,645	536,688	378,691	402,584	409,685	402,843
Fund equity percent of expense	25.0%	33.8%	38.2%	41.6%	44.2%	38.2%	38.6%	38.5%	38.0%
Months of operating coverage	3.0	4.1	4.6	5.0	5.3	4.6	4.6	4.6	4.6
Tax support as percent of expense	10.1%	9.5%	9.2%	9.0%	9.0%	8.8%	8.8%	8.9%	8.9%
Revenue percent change	6.8%	10.3%	-0.9%	3.6%	2.3%	1.4%	1.7%	1.7%	1.7%
Average annual percent change/rev				5.0%					1.8%
Expense percent change	3.8%	5.8%	2.1%	5.5%	3.1%	4.7%	2.8%	2.8%	2.6%
Average annual percent change/exp				4.3%					3.2%
Insurance credits (memberships)	\$ 178,500	\$ 202,682	\$ 193,512	\$ 198,192					
Annual membership rev billed monthly	\$ 352,441	\$ 399,450	\$ 427,000	\$ 441,300					
Rate change, daily admissions	3.9%	3.8%	1.8%	2.2%	3.0%	3.0%	3.0%	3.0%	3.0%
Rate change, memberships	2.5%	3.3%	3.3%	2.2%	3.0%	3.0%	3.0%	3.0%	3.0%

Recreation Program Fund Operations

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

Impacts

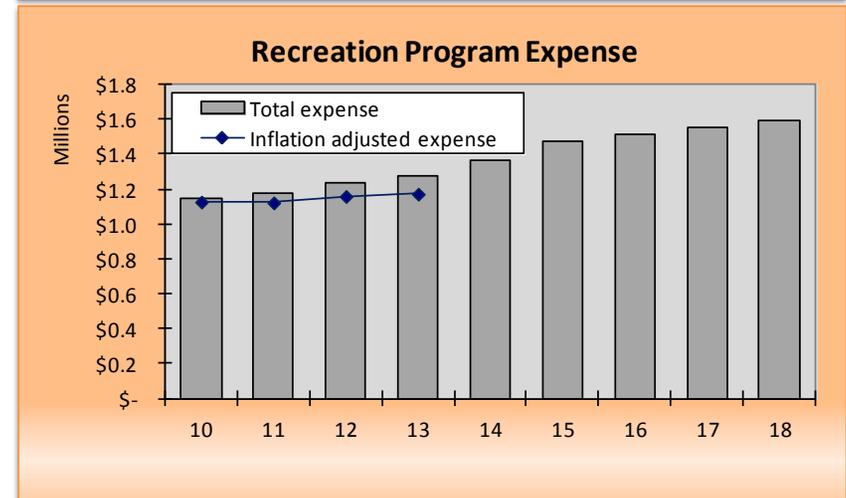
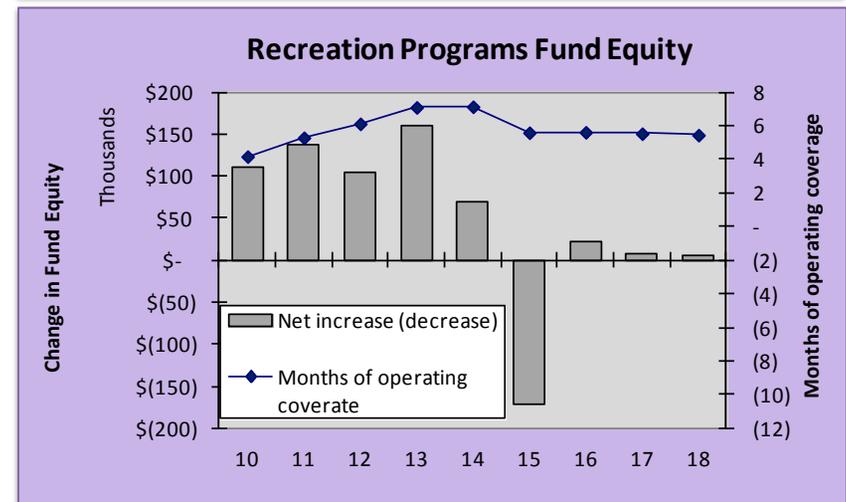
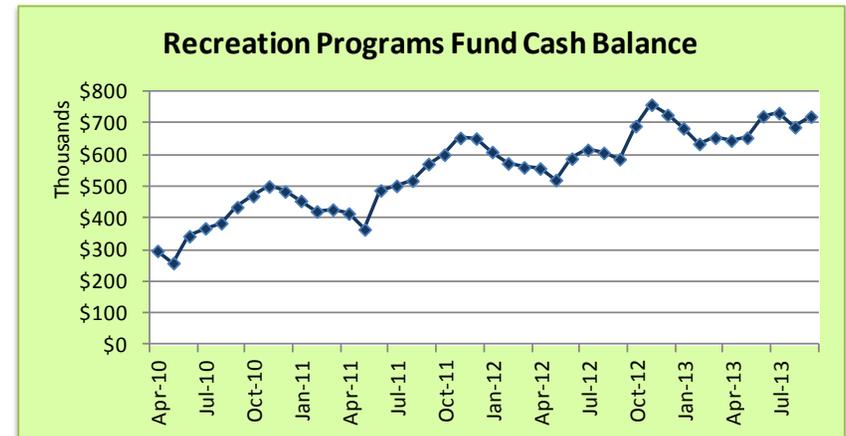
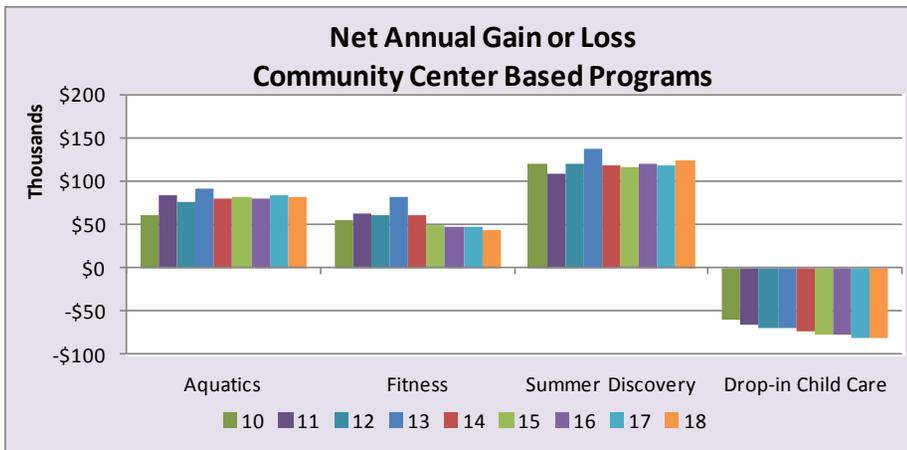
- User fees provide 95% of revenue
- General Fund provides support for community-oriented programs through an annual transfer
- Planned \$200,000 contribution to the community center expansion in 2015

Performance/History

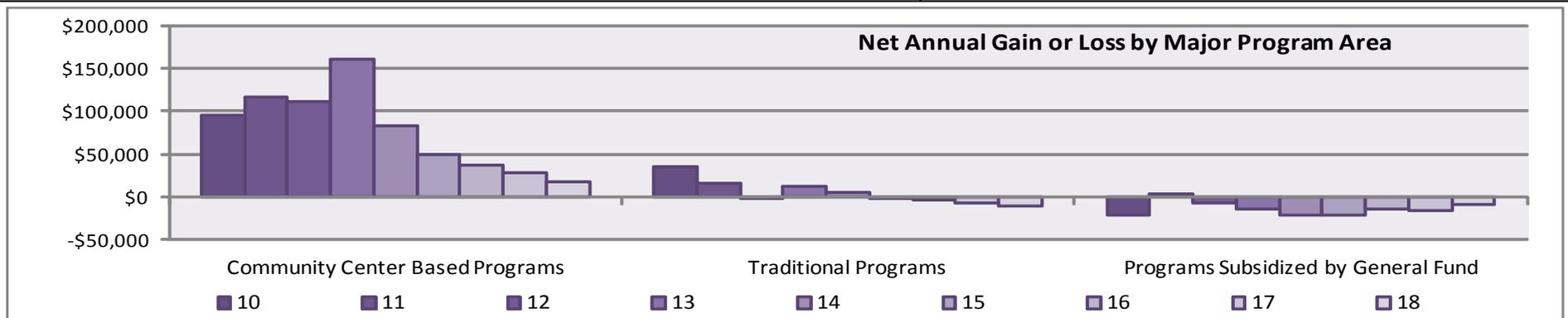
- Operating coverage equal to 4 to 6 months
- Positive cash flows

Fund Goals/Targets

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



Recreation Programs Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Charges for Services	\$1,266,929	\$1,303,082	\$1,340,831	\$1,436,990	\$1,460,213	\$1,548,900	\$1,579,070	\$1,610,381	\$1,649,239
Interest Earnings	4,623	12,323	8,388	4,000	4,200	2,000	2,000	2,500	2,500
Other Revenues	489	60	972	-	-	-	-	-	-
Total Revenue	1,272,041	1,315,465	1,350,191	1,440,990	1,464,413	1,550,900	1,581,070	1,612,881	1,651,739
Expense									
Parks and Recreation									
Parks Administration	344,288	304,171	387,969	457,259	475,879	496,110	512,259	-	-
Program Costs	797,842	868,987	848,788	814,799	889,874	977,665	1,001,825	1,551,900	1,590,644
Total Expense	1,142,130	1,173,158	1,236,757	1,272,058	1,365,753	1,473,775	1,514,084	1,551,900	1,590,644
Other Sources (Uses)									
Transfers In	60,000	65,000	65,000	70,000	70,000	72,000	84,000	86,000	95,000
Transfers Out	(80,000)	(70,000)	(75,000)	(80,000)	(100,000)	(320,000)	(130,000)	(140,000)	(150,000)
Net Change	109,911	137,307	103,434	158,932	68,660	(170,875)	20,986	6,981	6,095
Fund Equity, beginning	297,987	407,898	545,205	648,639	807,571	876,231	705,356	726,342	733,323
Fund Equity, ending	\$ 407,898	\$ 545,205	\$ 648,639	\$ 807,571	\$ 876,231	\$ 705,356	\$ 726,342	\$ 733,323	\$ 739,418
Fund equity committed to bldg impr	\$ 114,609	\$ 236,016	\$ 330,625	\$ 466,133	\$ 507,787	\$ 326,835	\$ 338,367	\$ 335,662	\$ 332,215
Fund equity percent of expense	34.8%	44.1%	51.0%	59.1%	59.5%	46.6%	46.8%	46.1%	45.4%
Months of operating coverage	4.2	5.3	6.1	7.1	7.1	5.6	5.6	5.5	5.4
Revenue percent change	9.2%	3.4%	2.6%	6.7%	1.6%	5.9%	1.9%	2.0%	2.4%
Average annual percent change				5.5%					2.8%
Expense percent change	5.1%	2.7%	5.4%	2.9%	7.4%	7.9%	2.7%	2.5%	2.5%
Average annual percent change				4.0%					4.6%
Percent of revenue from user fees	95.1%	94.4%	94.7%	95.1%	95.2%	95.4%	94.8%	94.8%	94.4%
Percent of revenue from Gen Fund	4.5%	4.7%	4.6%	4.6%	4.6%	4.4%	5.0%	5.1%	5.4%



Cable TV Fund Operations

The Cable TV Fund accounts for the operation and promotion of cable communications, provides partial support for newsletter costs, and provides funding for equipment necessary for broadcasting public meetings.

Impacts

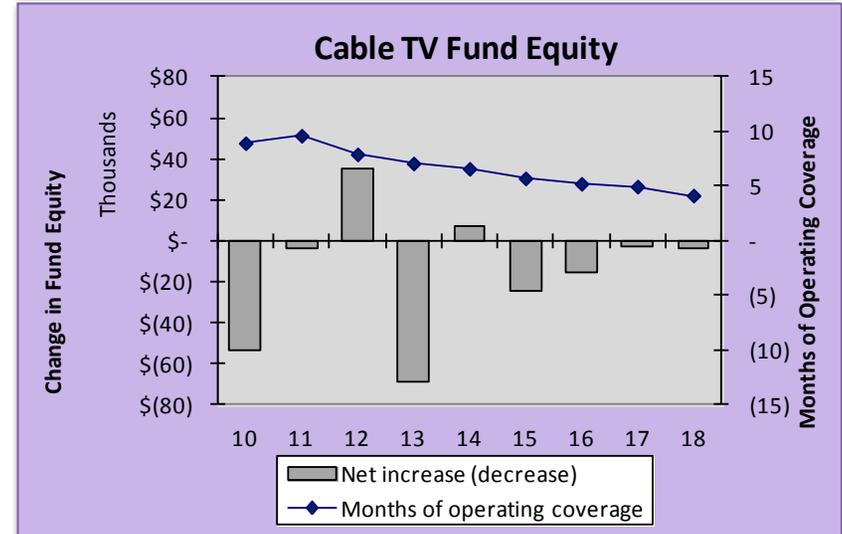
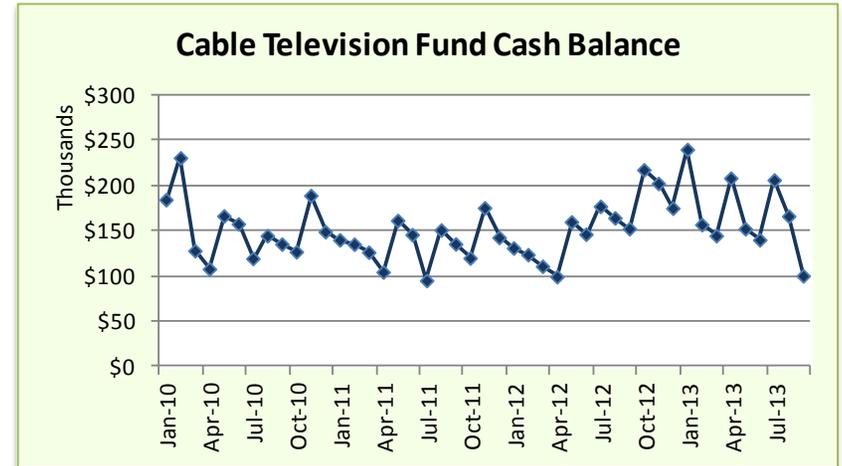
- Cable franchise fees provide more than 98% of revenue
- Future use of franchise fees could be impacted by changes in State law which could limit the franchising authority of cities as well as franchise fee revenue
- Transfers to the General Fund provide support for communication activities

Performance/History

- Operating coverage equal to 7 to 9 months
- Positive cash flows
- 2013 capital costs include council chamber improvements

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	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Charges for Services	\$283,394	\$287,206	\$301,530	\$310,000	\$314,000	\$318,000	\$328,000	\$338,000	\$348,000
Interest Earnings	1,822	3,174	2,056	1,500	1,600	1,700	1,700	1,800	1,800
Other Revenues	1,100	1,200	1,100	1,100	1,200	1,200	1,200	1,200	1,200
Total Revenue	286,316	291,580	304,686	312,600	316,800	320,900	330,900	341,000	351,000
Expense									
General Government									
Personal Services	109,354	28,904	31,128	33,433	34,217	35,403	36,443	37,389	38,614
Supplies	58,894	-	1,367	500	500	500	500	500	500
Contractual	158,429	112,032	109,242	110,778	114,870	117,860	136,570	125,580	128,990
Capital Outlay	-	-	-	115,500	-	25,000	-	-	-
Total Expense	326,677	140,936	141,737	260,211	149,587	178,763	173,513	163,469	168,104
Other Sources (Uses)									
Transfers Out	(13,250)	(154,057)	(127,989)	(120,950)	(160,000)	(167,000)	(173,000)	(180,000)	(187,000)
Net Change	(53,611)	(3,413)	34,960	(68,561)	7,213	(24,863)	(15,613)	(2,469)	(4,104)
Fund Equity, beginning	272,688	219,077	215,664	250,624	182,063	189,276	164,413	148,800	146,331
Fund Equity, ending	\$219,077	\$215,664	\$250,624	\$182,063	\$189,276	\$164,413	\$148,800	\$146,331	\$142,227
Fund equity percent of expense and transfers out	74.3%	80.0%	65.8%	58.8%	54.7%	47.4%	43.3%	41.2%	34.4%
Months of operating coverage (for expense and transfers out)	8.9	9.6	7.9	7.1	6.6	5.7	5.2	4.9	4.1
Franchise fee percent change	0.9%	1.3%	5.0%	2.8%	1.3%	1.3%	3.1%	3.0%	3.0%
Average annual percent change				2.5%					2.3%

Economic Development Authority Fund Operations

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

Impacts

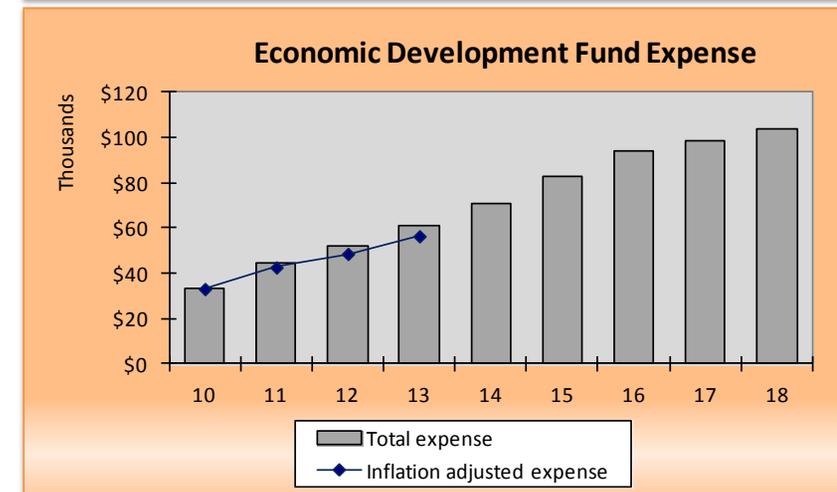
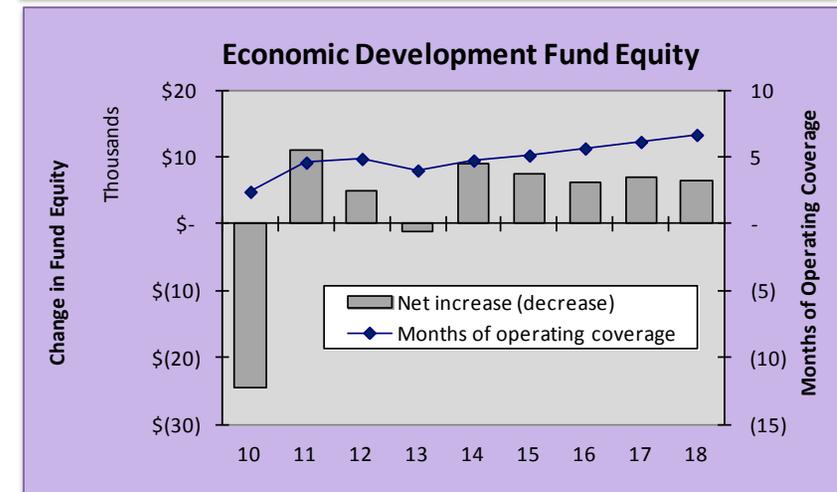
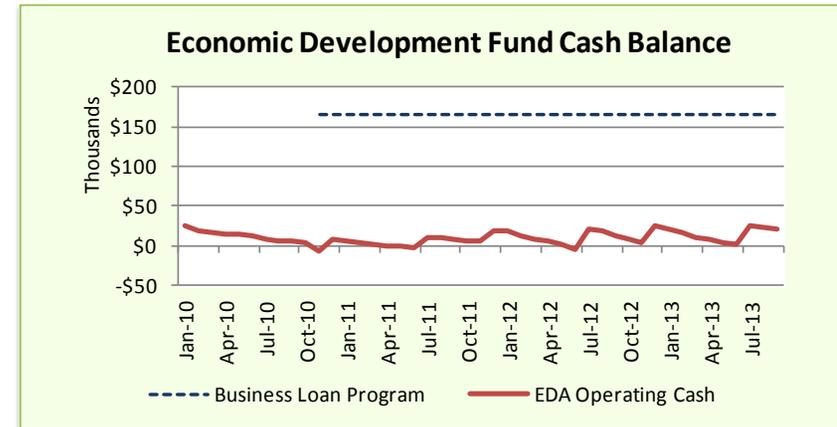
- First tax levy in 2011
- Levy authority is within the City's levy limit, when levy limits are in effect
- Property tax collections occur in July and December, creating cash flow challenges for the fund
- Covers 15% of the Assistant City Manager/Community Development Director position in 2014, 20% in 2015, and 25% in 2016 and thereafter
- Covers 25% of the Administrative Tech/Economic Development and Planning position

Performance/History

- Operating coverage near 4 months, except for 2010 (before the tax levy was established)

Fund Goals/Targets

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



Economic Development Authority Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Property Taxes	\$ -	\$ 24,818	\$ 54,358	\$ 60,000	\$ 80,000	\$ 90,000	\$ 100,000	\$ 105,000	\$ 110,000
Interest Earnings	436	3,969	2,367	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenue	436	28,787	56,725	60,000	80,000	90,000	100,000	105,000	110,000
Expense									
Community Development									
Personal Services	6,920	23,339	27,698	34,496	39,497	49,609	60,337	64,191	67,912
Supplies	-	1,776	2,583	3,200	3,200	3,400	3,400	3,500	3,500
Contractual Services	26,529	19,354	21,484	23,410	28,310	29,620	30,130	30,500	32,220
Total Expense	33,449	44,469	51,765	61,106	71,007	82,629	93,867	98,191	103,632
Other Sources (Uses)									
Transfers In	8,354	26,556	-	-	-	-	-	-	-
Net Change	(24,659)	10,874	4,960	(1,106)	8,993	7,371	6,133	6,809	6,368
Fund Equity, beginning	199,309	174,650	185,524	190,484	189,378	198,371	205,742	211,875	218,684
Fund Equity, ending	\$ 174,650	\$ 185,524	\$ 190,484	\$ 189,378	\$ 198,371	\$ 205,742	\$ 211,875	\$ 218,684	\$ 225,052
Fund Equity Breakdown									
Business loan program fund balance	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777	\$ 165,777
Non loan program fund balance	\$ 8,873	\$ 19,747	\$ 24,707	\$ 23,601	\$ 32,594	\$ 39,965	\$ 46,098	\$ 52,907	\$ 59,275
Months of operating coverage (excluding balances restricted for business loan program)	2.4	4.6	4.9	4.0	4.7	5.1	5.6	6.1	6.7
Tax levy percent change			119.0%	10.4%	33.3%	12.5%	11.1%	5.0%	4.8%
Annual average percent change				64.7%					13.3%

Housing Redevelopment Authority Fund Operations

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

Impacts

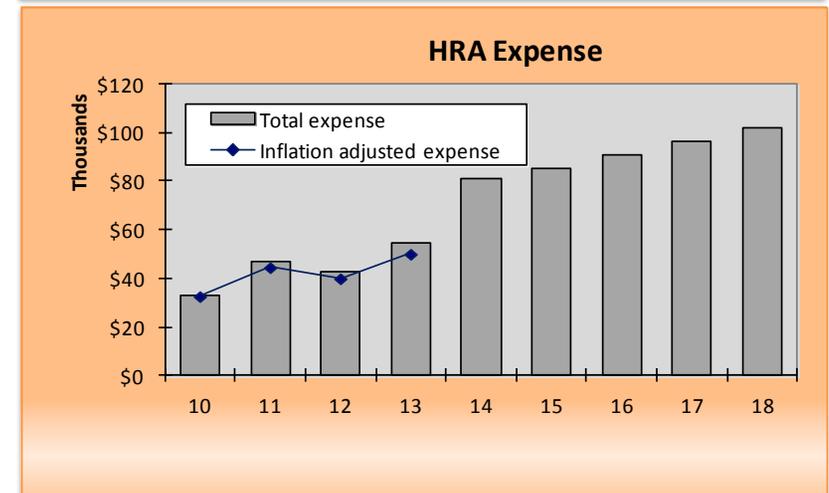
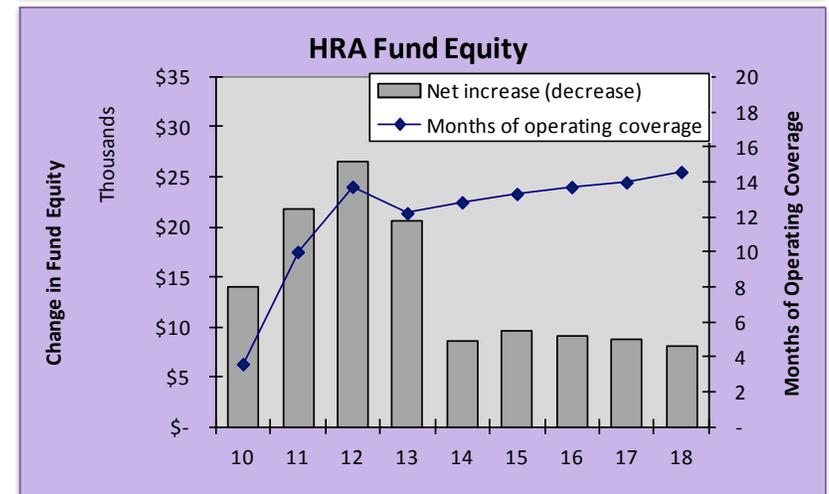
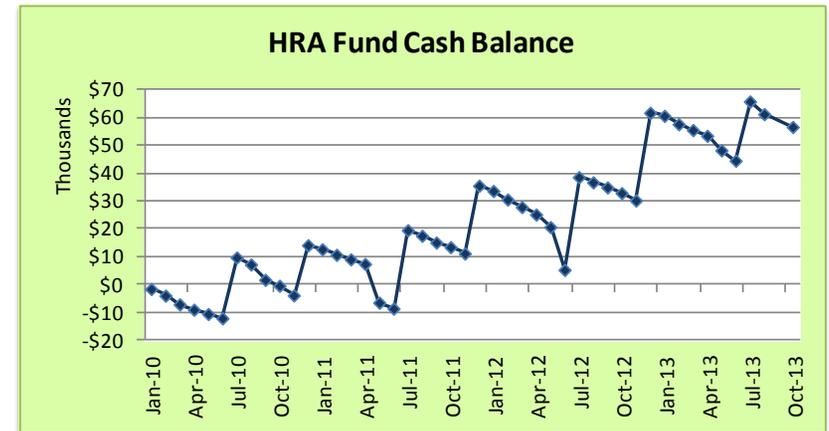
- First tax levy in 2010
- Levy authority for the HRA is outside the City's levy limit
- Beginning in 2014, covers 25% of the Assistant City Manager/Community Development Director position cost
- Covers 35% of the Administrative Tech/Economic Development and Planning position

Performance/History

- Operating coverage from 10 to 13 months, except 2010 (which was the first year of operation for the fund)

Fund Goals/Targets

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



Housing Redevelopment Authority	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Property Taxes	\$ 47,248	\$ 57,380	\$ 68,909	\$ 75,000	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
Interest Earnings	-	269	424	-	-	-	-	-	-
Total Revenue	47,248	57,649	69,333	75,000	90,000	95,000	100,000	105,000	110,000
Expense									
Community Development									
Personal Services	28,415	31,070	29,344	36,625	61,621	64,535	67,544	72,456	77,036
Contractual Services	4,852	15,707	13,519	17,750	19,750	20,950	23,450	23,800	24,900
Debt Service	14	-	-	-	-	-	-	-	-
Total Expense	33,281	46,777	42,863	54,375	81,371	85,485	90,994	96,256	101,936
Other Sources (Uses)									
Transfers In	-	10,861	-	-	-	-	-	-	-
Net Change	13,967	21,733	26,470	20,625	8,629	9,515	9,006	8,744	8,064
Fund Equity, beginning	-	13,967	35,700	62,170	82,795	91,424	100,939	109,945	118,689
Fund Equity, ending	\$ 13,967	\$ 35,700	\$ 62,170	\$ 82,795	\$ 91,424	\$ 100,939	\$ 109,945	\$ 118,689	\$ 126,753
Fund equity percent of expense	29.9%	83.3%	114.3%	101.8%	106.9%	110.9%	114.2%	116.4%	121.4%
Months of operating coverage	3.6	10.0	13.7	12.2	12.8	13.3	13.7	14.0	14.6
Taxable Value (millions)	\$ 29.6	\$ 27.6	\$ 25.4	\$ 23.7	\$ 23.9	\$ 24.4	\$ 24.9	\$ 25.6	\$ 26.4
Tax Rate (HRA)	0.169%	0.198%	0.254%	0.289%	0.345%	0.359%	0.372%	0.381%	0.388%
Change in tax rate		17.2%	28.3%	13.8%	19.4%	4.1%	3.6%	2.4%	1.8%
Average annual percent change				19.7%					6.3%
Expense percent change		40.6%	-8.4%	26.9%	49.6%	5.1%	6.4%	5.8%	5.9%
Average annual percent change				19.7%					14.6%
Market value homestead credit loss	\$ 1,965	\$ 2,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

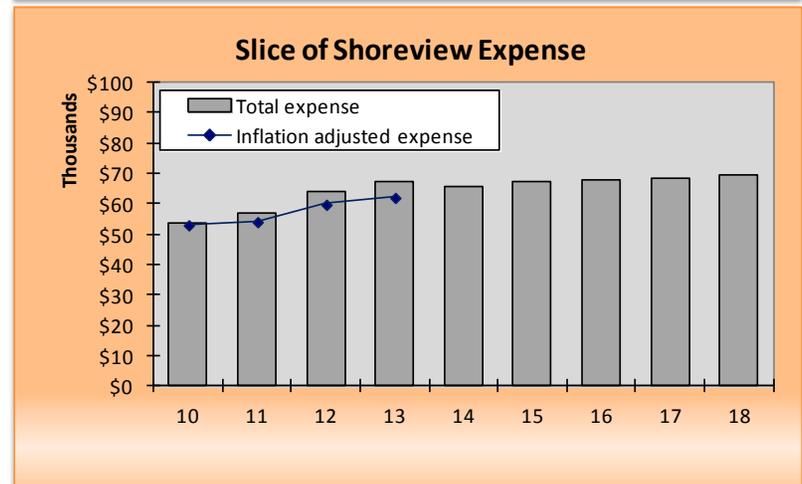
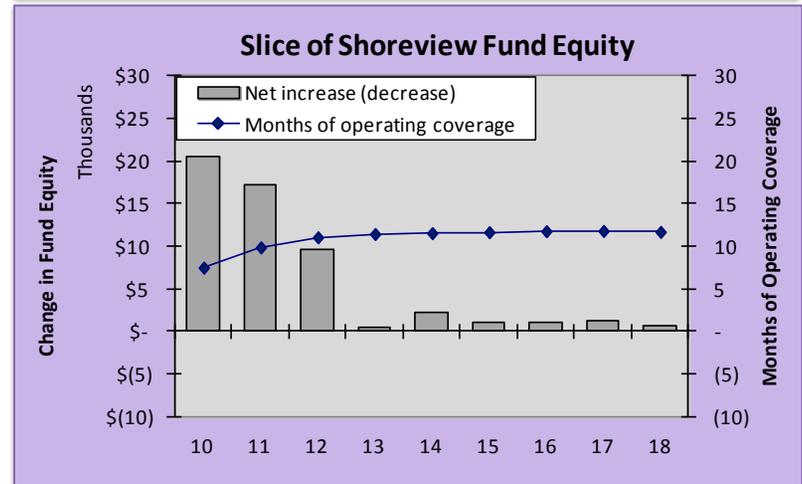
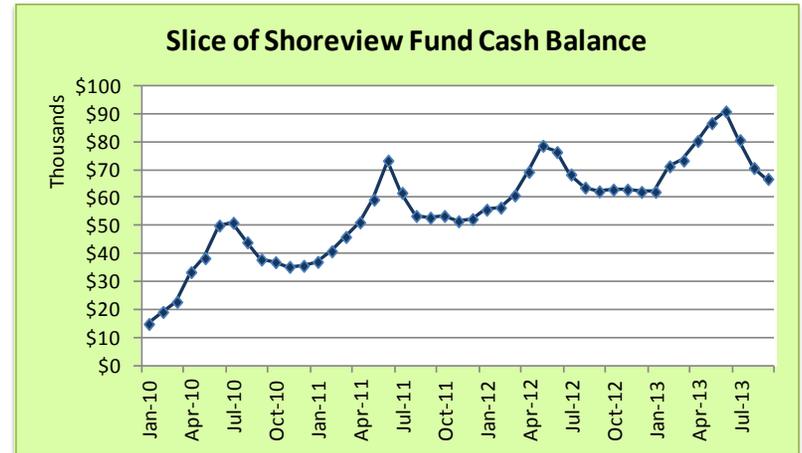
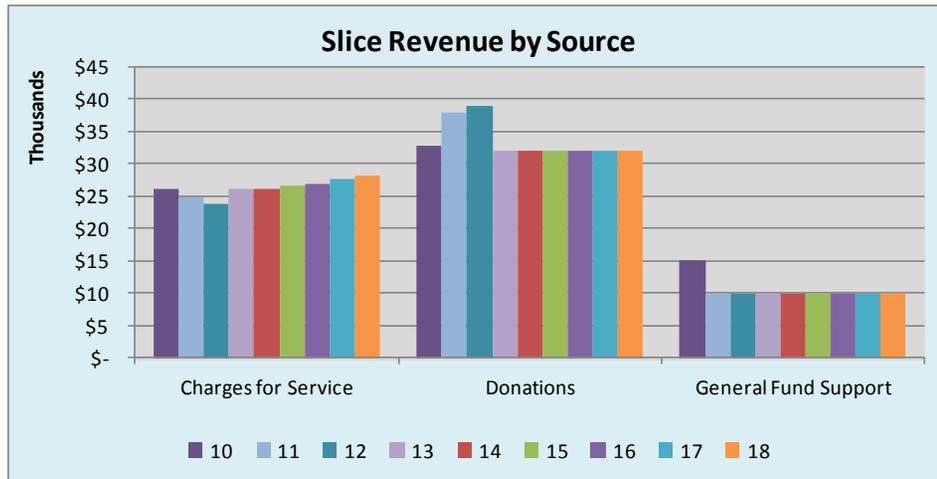
- For 2014, support for the event is provided by donations (47%), fees (38%), and General Fund support (15%)

Performance/History

- Improved operating performance in the last 3 years
- Operating coverage equal to 7 to 11 months

Fund Goals/Targets

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



Slice of Shoreview Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Charges for Services	\$ 26,142	\$ 24,818	\$ 23,720	\$ 26,000	\$ 26,000	\$ 26,500	\$ 27,000	\$ 27,570	\$ 28,120
Interest Earnings	388	1,189	853	-	-	-	-	-	-
Other Revenues (donations)	32,866	37,864	38,896	32,000	32,000	32,000	32,000	32,000	32,000
Total Revenue	59,396	63,871	63,469	58,000	58,000	58,500	59,000	59,570	60,120
Expense									
General Government	53,879	56,660	63,917	67,475	65,735	67,485	67,900	68,370	69,400
Total Expense	53,879	56,660	63,917	67,475	65,735	67,485	67,900	68,370	69,400
Other Sources (Uses)									
Transfers In	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net Change	20,517	17,211	9,552	525	2,265	1,015	1,100	1,200	720
Fund Equity, beginning	14,830	35,347	52,558	62,110	62,635	64,900	65,915	67,015	68,215
Fund Equity, ending	\$ 35,347	\$ 52,558	\$ 62,110	\$ 62,635	\$ 64,900	\$ 65,915	\$ 67,015	\$ 68,215	\$ 68,935
Fund equity percent of expense	62.4%	82.2%	92.0%	95.3%	96.2%	97.1%	98.0%	98.3%	97.4%
Months of operating coverage	7.5	9.9	11.0	11.4	11.5	11.6	11.8	11.8	11.7
Expense percent change	21.0%	5.2%	12.8%	5.6%	-2.6%	2.7%	0.6%	0.7%	1.5%
Annual average percent change				11.1%					0.6%

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

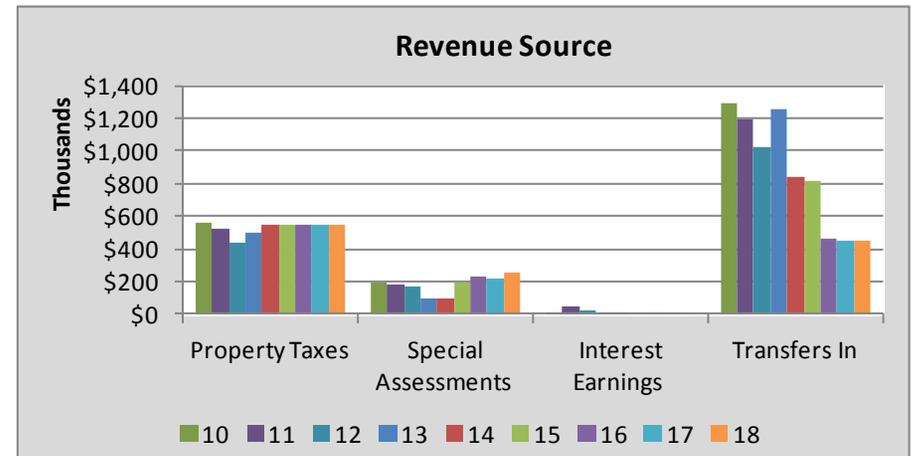
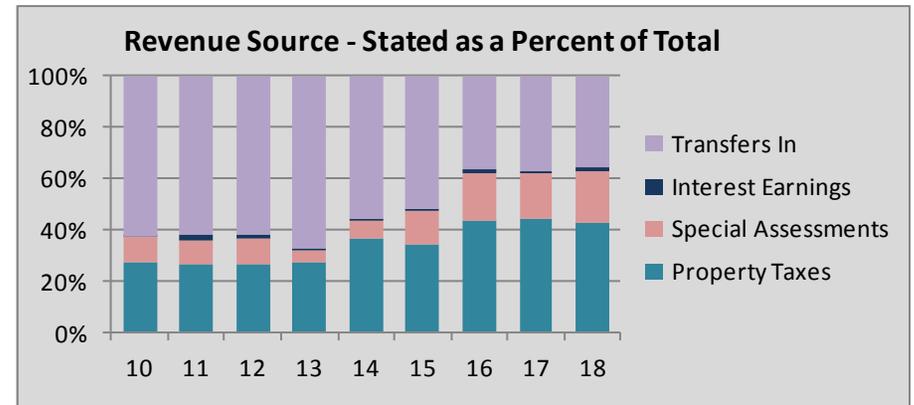
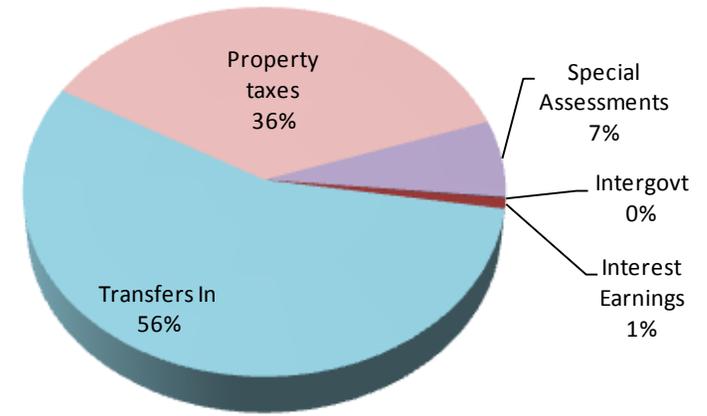
- Revenue in support of debt payments for 2014 is derived from transfers in (56%), property taxes (36%), special assessments (7%) and interest earnings (1%)
- Transfers for debt payments are from the General Fund (\$50,000), TIF #2/City Center Fund (\$368,000), General Fixed Asset Replacement Fund (\$180,000) and the Community Investment Fund (\$175,000)
- Transfers to or from the Closed Debt Fund are intended to close out balances for retired debt (\$16,610), or to provide reductions in the debt portion of the tax levy (\$50,000)
- The decrease in transfers into Debt Funds in 2016 is due to the retirement of all tax increment debt by the end of 2015

Performance/History

- Operating coverage equal to 12 to 19 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 Bonds, Utility Bonds, Street Bonds 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 will occur on the call dates during 2013, 2014 and 2015.

Fund Goals/Targets

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



Debt Funds	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Property Taxes	\$ 559,630	\$ 520,311	\$ 435,278	\$ 501,000	\$ 548,000	\$ 544,000	\$ 545,000	\$ 551,000	\$ 542,000
Special Assessments	198,783	182,939	171,872	94,428	100,850	199,945	234,945	216,411	256,411
Intergovernmental	-	831	1,330	1,255	1,270	1,210	1,110	990	845
Interest Earnings	6,503	43,030	22,458	14,050	13,950	11,670	12,430	13,220	13,120
Other Revenues	-	-	16,294	-	-	-	-	-	-
Total Revenue	764,916	747,111	647,232	610,733	664,070	756,825	793,485	781,621	812,376
Expense									
Debt Service	1,632,080	1,788,203	1,742,823	1,804,884	1,674,973	1,587,156	1,297,996	1,269,118	1,276,690
Total Expense	1,632,080	1,788,203	1,742,823	1,804,884	1,674,973	1,587,156	1,297,996	1,269,118	1,276,690
Other Sources (Uses)									
Debt Proceeds	-	4,620,000	-	2,596,503	-	10,000	-	10,000	10,000
Debt Refunded	-	(4,410,000)	-	(135,000)	(860,000)	(1,385,000)	-	-	-
Transfers In	1,287,109	1,200,366	1,027,114	1,250,109	839,610	814,921	457,888	455,000	455,000
Transfers Out	(288)	-	(9,114)	(50,000)	(66,610)	(50,000)	(52,888)	(50,000)	(50,000)
Net Change	419,657	369,274	(77,591)	2,467,461	(1,097,903)	(1,440,410)	(99,511)	(72,497)	(49,314)
Fund Equity, beginning	1,468,416	1,888,073	2,257,347	2,179,756	4,647,217	3,549,314	2,108,904	2,009,393	1,936,896
Fund Equity, ending	\$ 1,888,073	\$ 2,257,347	\$ 2,179,756	\$ 4,647,217	\$ 3,549,314	\$ 2,108,904	\$ 2,009,393	\$ 1,936,896	\$ 1,887,582
Fund equity percent of expense	105.6%	129.5%	120.8%	277.5%	223.6%	162.5%	158.3%	151.7%	144.0%
Months of operating coverage	12.7	15.5	14.5	16.9	16.3	19.5	19.0	18.2	17.3
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 2,286,110	\$ 1,390,297	\$ -	\$ -	\$ -	\$ -
Expense percent change	-1.1%	9.6%	-2.5%	3.6%	-7.2%	-5.2%	-18.2%	-2.2%	0.6%
Average annual percent change				2.4%					-6.5%
Tax Levy percent change	2.1%	-7.0%	-16.3%	15.1%	9.4%	-0.7%	0.2%	1.1%	-1.6%
Average annual percent change				-1.5%					1.7%

Water Fund Operations

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

Impacts

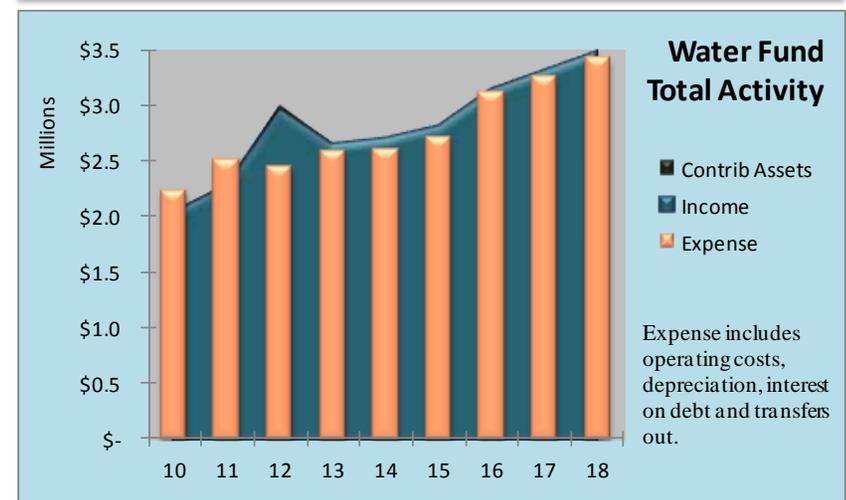
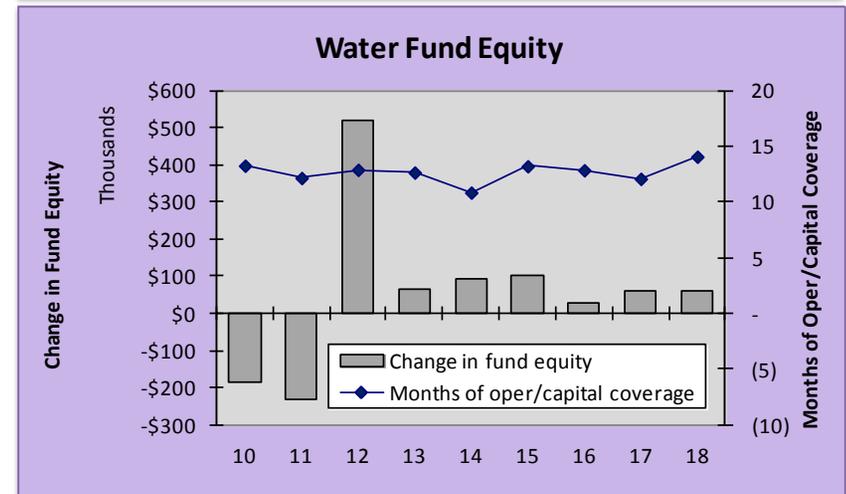
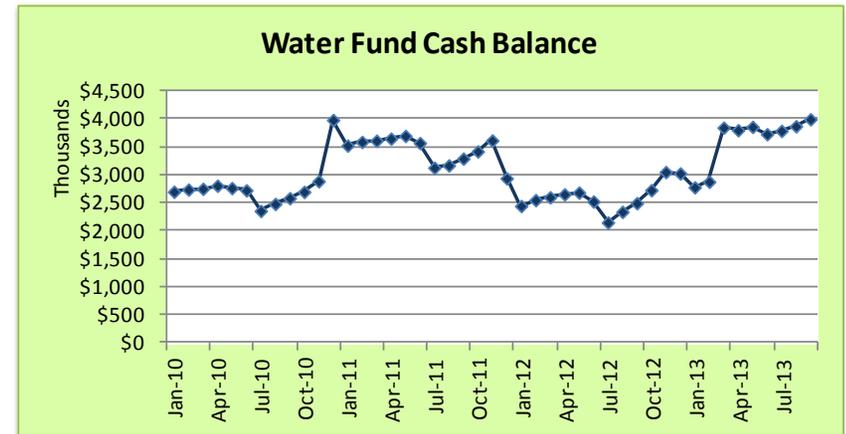
- Average household water consumption continues to decline
- Average winter household consumption in the last 5 years is approximately 3% higher than the previous 5-year period, likely related to completion of the water meter replacement project in 2008/2009
- Water use fluctuates significantly based on rainfall during the growing season
- Contributions for maintenance center debt payments began in 2011
- Planned water treatment plant at an estimated cost of \$9,000,000 (2014-2016)

Performance/History

- Operating coverage equal to 12 to 13 months of operating and capital costs
- Stable cash balances (apart from spending down of bond proceeds)
- Operating income generated each year, yet the fund experiences an overall decrease in net assets in 2010 and 2011
- Projected base gallons established at 880 million gallons
- In 2012 the lowest residential billing tier was split into two tiers resulting in revenue increases
- Decrease in net assets in 2010 and 2011 (\$177,099 and \$233,354 respectively)

Fund Goals/Targets

- Preserve a minimum of 8 months of operating and capital coverage (exempt of anticipated water treatment plant costs, which cause a temporary drop in this indicator for 2014)
- Increased water rates to achieve overall gain for 2014 (at revised base gallons)
- Adjust water rates for the scheduled addition of a water treatment plant in 2015/2016



Water Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Special Assessments	\$ 1,113	\$ 1,187	\$ 1,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	1,901,006	2,087,251	2,832,809	2,580,000	2,630,000	2,740,000	3,070,000	3,235,000	3,405,000
Late Fees/Utility Charges	42,255	39,192	45,780	-	-	-	-	-	-
Water Facility Charges	6,168	37,472	13,420	8,000	7,000	5,000	5,000	5,000	5,000
Other Charges	13,913	20,827	25,011	19,000	16,500	15,000	15,000	15,000	15,000
Other Revenues	44,846	210	-	-	-	-	-	-	-
Total Revenue	2,009,301	2,186,139	2,918,022	2,607,000	2,653,500	2,760,000	3,090,000	3,255,000	3,425,000
Expense									
Enterprise Operations	1,339,306	1,368,874	1,405,259	1,489,821	1,503,536	1,565,163	1,606,402	1,662,608	1,723,291
Miscellaneous	-	108,152	1,901	-	-	-	-	-	-
Depreciation	543,688	609,067	614,991	624,000	639,000	651,000	658,000	754,000	850,000
Total Expense	1,882,994	2,086,093	2,022,151	2,113,821	2,142,536	2,216,163	2,264,402	2,416,608	2,573,291
Operating Income (Loss)	126,307	100,046	895,871	493,179	510,964	543,837	825,598	838,392	851,709
Other Sources (Uses)									
Interest Earnings	32,722	80,297	35,077	30,000	34,000	38,000	38,000	42,000	42,000
Contributed Capital Assets	7,246	-	31,823	-	-	-	-	-	-
Intergovernmental	557	13,366	13,198	11,815	12,620	12,200	11,630	10,935	10,110
Debt Service	(192,894)	(202,063)	(183,921)	(207,718)	(160,623)	(148,243)	(483,439)	(459,265)	(461,693)
Transfers Out	(151,037)	(225,000)	(240,000)	(262,500)	(303,000)	(345,000)	(363,000)	(373,000)	(383,000)
Net Change	(177,099)	(233,354)	552,048	64,776	93,961	100,794	28,789	59,062	59,126
Fund Equity, beginning	12,856,007	12,678,908	12,445,554	12,997,602	13,062,378	13,156,339	13,257,133	13,285,922	13,344,984
Fund Equity, ending	\$ 12,678,908	\$ 12,445,554	\$ 12,997,602	\$ 13,062,378	\$ 13,156,339	\$ 13,257,133	\$ 13,285,922	\$ 13,344,984	\$ 13,404,110
Months of operating coverage	13.3	12.2	12.9	12.7	10.9	13.2	12.9	12.1	14.1
Cash balance	\$ 3,977,866	\$ 2,935,896	\$ 3,023,577	\$ 4,246,339	\$ 2,559,436	\$ 8,310,608	\$ 3,922,642	\$ 4,233,196	\$ 4,806,172
Capital costs	\$ 314,400	\$ 991,631	\$ 405,814	\$ 694,800	\$ 1,455,000	\$ 4,435,800	\$ 4,290,000	\$ 347,800	\$ 56,500
Unspent bond proceeds	\$ 939,784	\$ 142,147	\$ 34,027	\$ 800,000	\$ -	\$ 4,420,000	\$ -	\$ 329,000	\$ -
General transfer percent of assets	0.60%	0.65%	0.70%	0.72%	0.93%	0.93%	0.87%	0.89%	0.92%
		blended	blended						
Rate Increase (middle tier)	5.0%	10.0%	15.0%	3.0%	4.2%	4.2%	12.0%	5.0%	5.0%
Change in utility charge revenue	-9.9%	9.8%	35.7%	-8.9%	1.9%	4.2%	12.0%	5.4%	5.3%
Debt issued	\$ 1,240,000	\$ -	\$ -	\$ 1,690,000	\$ -	\$ 9,900,000	\$ -	\$ 630,000	\$ 560,000
Debt payments (principal)	\$ 425,000	\$ 460,000	\$ 550,000	\$ 460,000	\$ 965,000	\$ 465,000	\$ 785,000	\$ 785,000	\$ 840,000
Debt balance (year end)	\$ 5,710,000	\$ 5,250,000	\$ 4,700,000	\$ 5,930,000	\$ 4,965,000	\$ 14,400,000	\$ 13,615,000	\$ 13,460,000	\$ 13,180,000
Gallons of water sold (000)	910,803	890,380	1,019,393	898,000	880,000	880,000	880,000	880,000	880,000
Quarterly residential gallons (avg)	18,536	18,221	20,590	18,400					
Quarterly multi-family gallons (avg)	9,405	9,263	10,179	9,600					

Sewer Fund Operations

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

Impacts

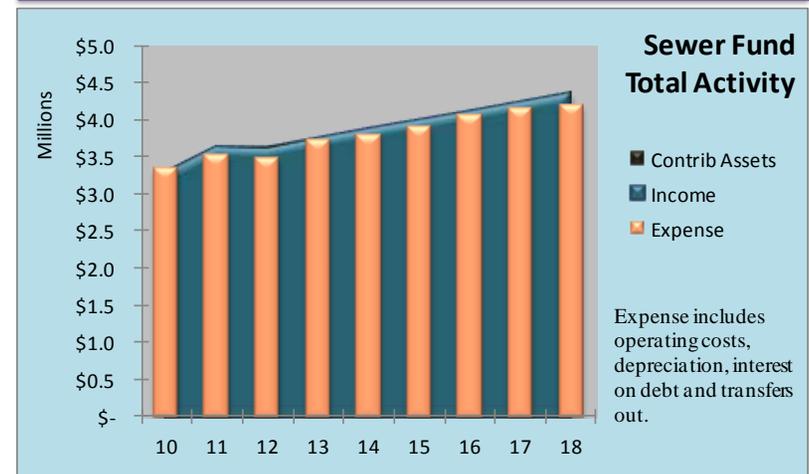
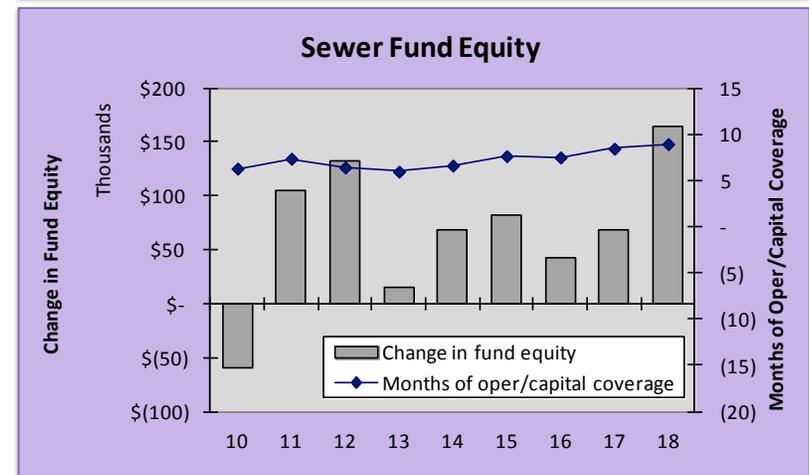
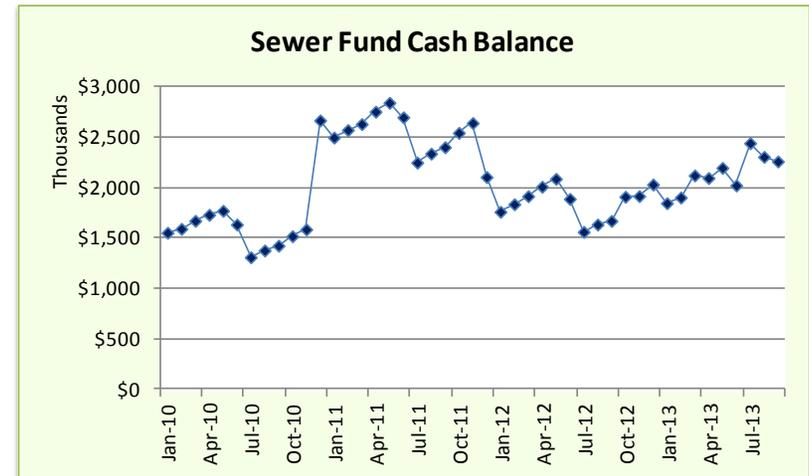
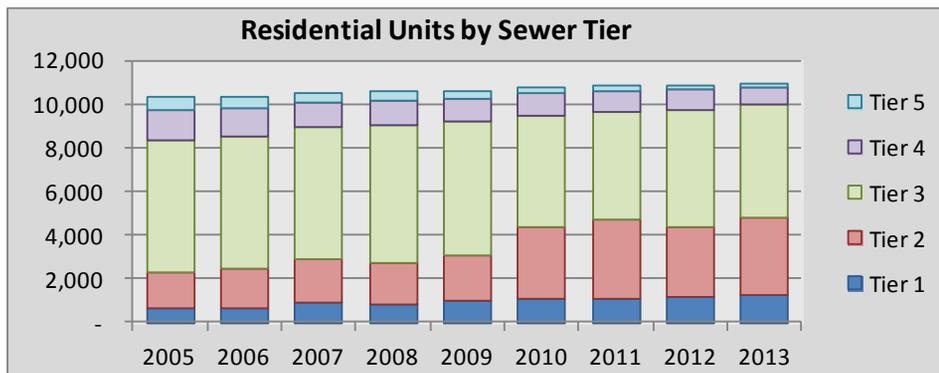
- Residential sewer bills are based on winter water consumption
- Average winter household consumption in the last 5 years is approximately 3% higher than the previous 5-year period (likely influenced by the installation of new water meters in 2008/2009)
- Inflow and infiltration elimination projects allow the City to avoid an annual sewage treatment surcharge
- Contributions for maintenance center debt payments began in 2011
- Sewage treatment costs decline for 2012, allowing the City to hold sewer rates constant and mitigate the impact of higher water rates

Performance/History

- Operating coverage equal to 6 to 7 months
- Stable cash balances (apart from spending down of bond proceeds)
- Operating losses in 1 of the last 4 years (\$127,717 loss in 2009)
- Decrease in overall net assets in 1 of the last 4 years (in 2010)

Fund Goals/Targets

- Preserve 6 months operating and capital coverage



Sewer Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Special Assessments	\$ 1,092	\$ 1,541	\$ 1,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	2,365	3,680	1,325	1,000	1,000	1,000	1,000	1,000	1,000
Utility Charges	3,158,442	3,417,937	3,479,384	3,694,000	3,816,000	3,930,000	4,048,000	4,168,000	4,293,000
Late Fees/Utility Charges	69,985	72,054	72,948	-	-	-	-	-	-
Sewer Facility Charges	1,650	35,942	4,238	4,000	4,000	4,000	4,000	4,000	4,000
Other Charges	20,665	17,171	9,357	2,500	2,500	2,500	2,500	2,500	2,500
Total Revenue	3,254,199	3,548,325	3,568,777	3,701,500	3,823,500	3,937,500	4,055,500	4,175,500	4,300,500
Expense									
Enterprise Operations	2,869,607	2,953,041	2,893,667	3,120,250	3,219,590	3,308,671	3,430,900	3,540,995	3,557,140
Depreciation	279,711	295,893	317,853	326,000	330,000	348,000	350,000	338,000	338,000
Total Expense	3,149,318	3,248,934	3,211,520	3,446,250	3,549,590	3,656,671	3,780,900	3,878,995	3,895,140
Operating Income (Loss)	104,881	299,391	357,257	255,250	273,910	280,829	274,600	296,505	405,360
Other Sources (Uses)									
Interest Earnings	19,357	58,518	24,964	21,000	24,000	27,000	27,000	30,000	30,000
Contributed Capital Assets	-	-	25,068	-	-	-	-	-	-
Intergovernmental	444	10,649	10,516	9,415	10,050	9,720	9,290	8,770	8,100
Debt Service	(57,495)	(76,061)	(72,489)	(74,499)	(58,177)	(54,309)	(86,242)	(80,353)	(87,763)
Transfers Out	(127,037)	(187,000)	(188,000)	(196,500)	(181,000)	(181,000)	(183,000)	(187,000)	(191,000)
Net Change	(59,850)	105,497	157,316	14,666	68,783	82,240	41,648	67,922	164,697
Fund Equity, beginning	7,238,462	7,178,612	7,284,109	7,441,425	7,456,091	7,524,874	7,607,114	7,648,762	7,716,684
Fund Equity, ending	\$ 7,178,612	\$ 7,284,109	\$ 7,441,425	\$ 7,456,091	\$ 7,524,874	\$ 7,607,114	\$ 7,648,762	\$ 7,716,684	\$ 7,881,381
Months of operating coverage	6.3	7.4	6.4	6.0	6.6	7.6	7.5	8.4	8.9
Cash balance	\$ 2,664,496	\$ 2,103,096	\$ 2,029,363	\$ 2,288,614	\$ 2,137,397	\$ 2,611,837	\$ 2,598,485	\$ 2,961,607	\$ 4,479,304
Capital costs	\$ 134,201	\$ 1,040,575	\$ 151,918	\$ 90,300	\$ 225,000	\$ 990,800	\$ 170,000	\$ 172,800	\$ 160,000
Unspent bond proceeds	\$ 874,325	\$ -	\$ -	\$ 335,000	\$ -	\$ -	\$ -	\$ -	\$ 1,180,000
General transfer percent of assets	0.99%	0.92%	0.92%	0.91%	1.00%	0.93%	0.94%	0.95%	0.97%
Rate Increase (middle tier)	6.0%	10.0%	0.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Change in utility charge revenue	3.4%	8.2%	1.8%	6.2%	3.3%	3.0%	3.0%	3.0%	3.0%
Debt issued	\$ 985,000	\$ -	\$ -	\$ 285,000	\$ -	\$ 1,200,000	\$ -	\$ 330,000	\$ 1,400,000
Debt payments (principal)	\$ 80,000	\$ 90,000	\$ 145,000	\$ 275,000	\$ 325,000	\$ 165,000	\$ 235,000	\$ 200,000	\$ 225,000
Debt balance (year end)	\$ 2,220,000	\$ 2,130,000	\$ 1,985,000	\$ 1,995,000	\$ 1,670,000	\$ 2,705,000	\$ 2,470,000	\$ 2,600,000	\$ 3,775,000
Commercial gallons (000)	89,289	85,784	94,092	86,500	86,500	86,500	86,500	86,500	86,500
Winter gallons-residential (avg)	13,432	12,931	12,660	12,432					
Winter gallons-multi-family (avg)	8,756	8,426	9,113	8,588					

Surface Water Management Fund Operations

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

Impacts

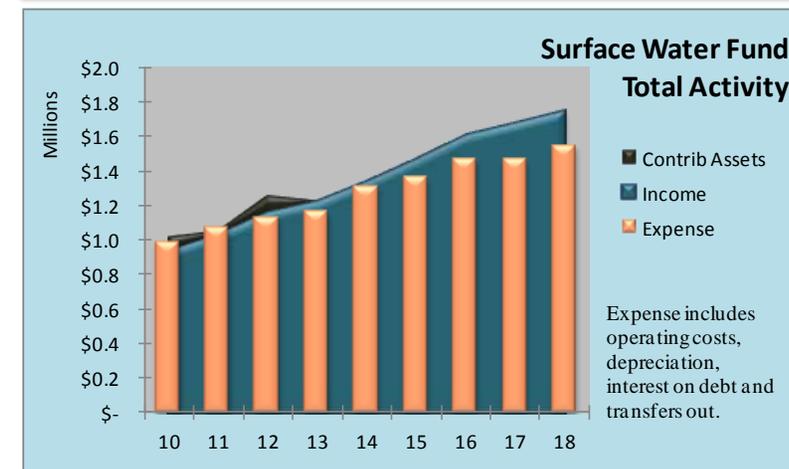
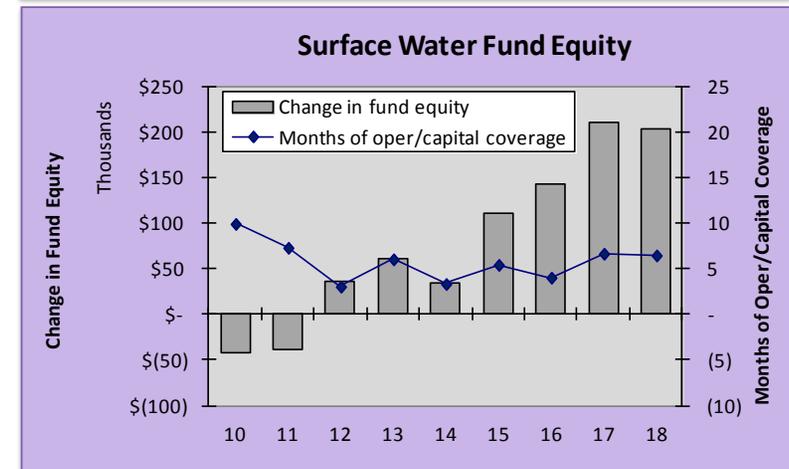
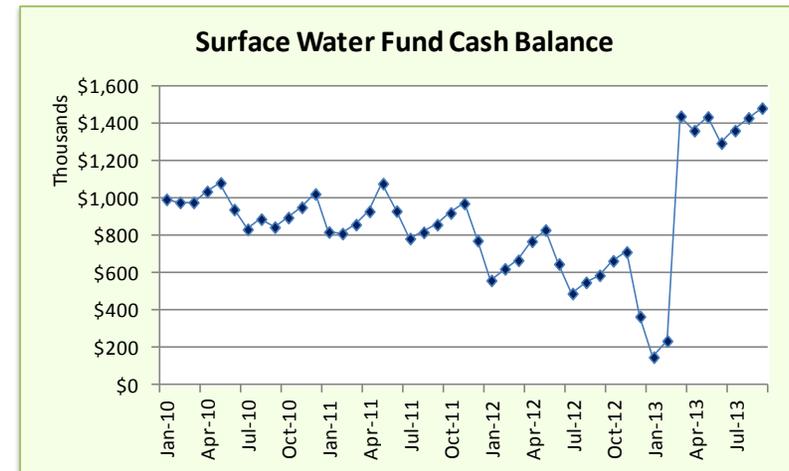
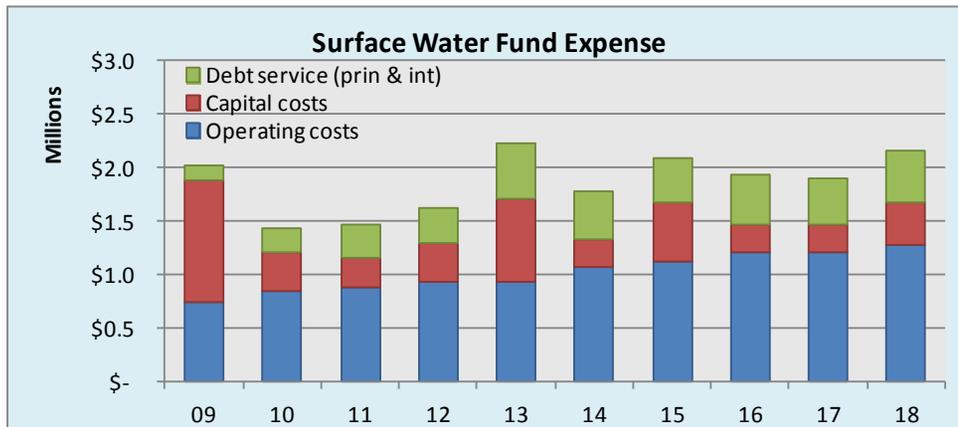
- Contributions for maintenance center debt payments began in 2011

Performance/History

- Operating coverage equal to 3 to 10 months
- Stable cash balances
- Operating increase in each of the last 5 years
- Decrease in overall net assets in 1 of the last 5 years (\$21,735 decrease in 2011)

Fund Goals/Targets

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



Surface Water Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Special Assessments	\$ 534	\$ 472	\$ 303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	865,432	951,871	1,048,852	1,162,000	1,277,000	1,404,000	1,543,000	1,610,000	1,679,000
Late Fees/Utility Charges	14,913	16,250	17,422	-	-	-	-	-	-
Snail Lake Augmentation Chgs	38,835	31,718	43,089	45,140	43,577	44,803	44,641	45,175	48,182
Other Charges	6,440	7,840	37,873	5,000	5,000	5,000	5,000	5,000	5,000
Total Revenue	926,154	1,008,151	1,147,539	1,212,140	1,325,577	1,453,803	1,592,641	1,660,175	1,732,182
Expense									
Enterprise Operations	656,073	669,298	710,054	706,117	826,595	865,205	935,314	926,610	973,802
Depreciation	192,558	214,061	221,177	229,000	248,000	266,000	278,000	288,000	300,000
Total Expense	848,631	883,359	931,231	935,117	1,074,595	1,131,205	1,213,314	1,214,610	1,273,802
Operating Income (Loss)	77,523	124,792	216,308	277,023	250,982	322,598	379,327	445,565	458,380
Other Sources (Uses)									
Interest Earnings	11,235	20,606	8,476	7,000	8,000	9,000	9,000	10,000	10,000
Contributed Capital Assets	79,589	17,281	92,979	-	-	-	-	-	-
Intergovernmental	161	3,863	3,815	3,580	3,660	3,550	3,400	3,190	2,930
Debt Service	(90,408)	(91,277)	(84,797)	(99,661)	(82,116)	(72,244)	(90,343)	(80,765)	(92,148)
Transfers Out	(40,000)	(97,000)	(107,000)	(126,900)	(147,000)	(152,000)	(159,000)	(168,000)	(176,000)
Net Change	38,100	(21,735)	129,781	61,042	33,526	110,904	142,384	209,990	203,162
Fund Equity, beginning	7,368,407	7,406,507	7,384,772	7,514,553	7,575,595	7,609,121	7,720,025	7,862,409	8,072,399
Fund Equity, ending	\$7,406,507	\$7,384,772	\$7,514,553	\$7,575,595	\$7,609,121	\$7,720,025	\$7,862,409	\$8,072,399	\$8,275,561
Months of oper/capital coverage	9.9	7.3	3.0	6.0	3.3	5.4	4.0	6.6	6.5
Cash balance	\$1,023,689	\$773,425	\$367,602	\$762,760	\$427,323	\$761,574	\$552,070	\$970,201	\$1,553,392
Capital costs	\$362,410	\$270,492	\$356,424	\$782,550	\$257,000	\$547,700	\$249,950	\$249,950	\$405,080
Unspent bond proceeds	\$32,475	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$546,000
General transfer percent of assets	0.38%	0.46%	0.53%	0.58%	0.88%	0.88%	0.91%	0.95%	0.97%
Rate Increase (homes)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	4.3%	4.3%
Change in utility charge revenue	10.4%	10.0%	10.2%	10.8%	9.9%	9.9%	9.9%	4.3%	4.3%
Debt issued	\$355,000	\$-	\$-	\$1,305,000	\$-	\$840,000	\$-	\$520,000	\$870,000
Debt payments (principal)	\$130,000	\$225,000	\$255,000	\$415,000	\$360,000	\$335,000	\$380,000	\$350,000	\$385,000
Debt balance (year end)	\$2,780,000	\$2,555,000	\$2,300,000	\$3,190,000	\$2,830,000	\$3,335,000	\$2,955,000	\$3,125,000	\$3,610,000

Street Lighting Fund Operations

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

Impacts

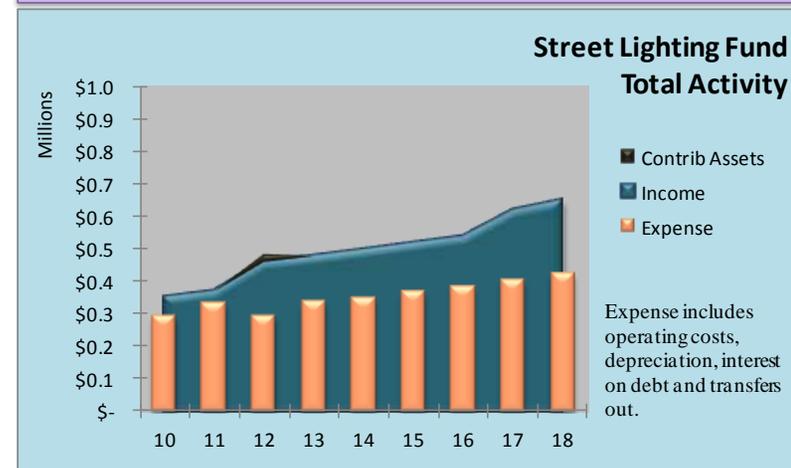
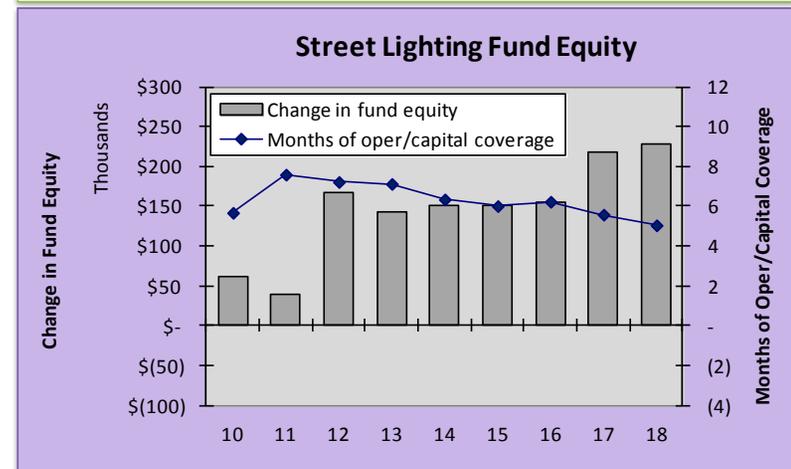
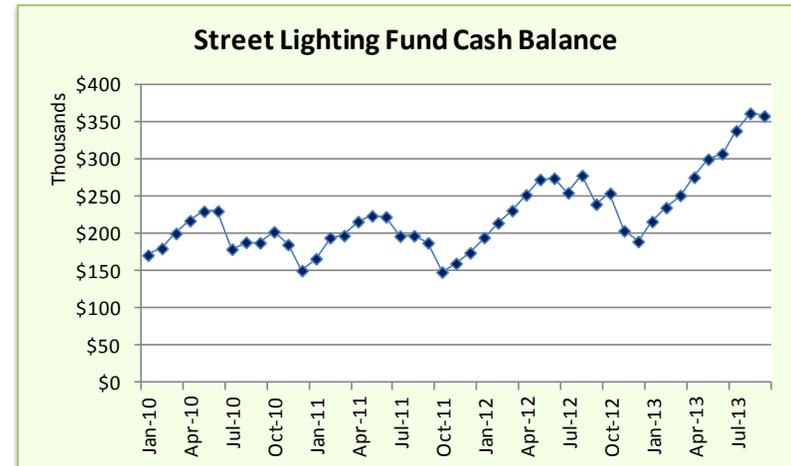
- Street light repair and replacement costs place increasing demands on street light fees, largely due to the scheduled replacement of about 30 street lights per year
- Contributions for maintenance center debt repayment began in 2011

Performance/History

- Fund was created in 2004
- Operating coverage equal to 5 to 7 months
- Operating gain and an increase in net assets in each of the last 5 years

Fund Goals/Targets

- Reestablish 6 months operating and capital coverage in 2019
- 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	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Special Assessments	\$ 92	\$ 142	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Charges	341,265	358,471	448,265	474,000	493,000	513,000	533,000	613,000	644,000
Late Fees/Utility Charges	6,955	6,862	7,879	-	-	-	-	-	-
Other Revenues	466	-	-	500	500	500	500	500	500
Total Revenue	348,778	365,475	456,284	474,500	493,500	513,500	533,500	613,500	644,500
Expense									
Enterprise Operations	245,207	281,610	235,752	267,038	267,491	276,409	283,826	290,859	296,935
Miscellaneous	26	-	-	-	-	-	-	-	-
Depreciation	37,911	36,865	40,041	48,000	58,000	66,000	72,000	80,000	90,000
Total Expense	283,144	318,475	275,793	315,038	325,491	342,409	355,826	370,859	386,935
Operating Income (Loss)	65,634	47,000	180,491	159,462	168,009	171,091	177,674	242,641	257,565
Other Sources (Uses)									
Interest Earnings	2,221	4,337	3,114	2,000	2,200	2,500	2,500	2,700	2,700
Contributed Capital Assets	-	-	23,693	-	-	-	-	-	-
Transfers Out	(6,000)	(12,600)	(15,600)	(19,000)	(20,400)	(22,400)	(25,400)	(28,400)	(32,400)
Net Change	61,855	38,737	191,698	142,462	149,809	151,191	154,774	216,941	227,865
Fund Equity, beginning	649,346	711,201	749,938	941,636	1,084,098	1,233,907	1,385,098	1,539,872	1,756,813
Fund Equity, ending	\$ 711,201	\$ 749,938	\$ 941,636	\$ 1,084,098	\$ 1,233,907	\$ 1,385,098	\$ 1,539,872	\$ 1,756,813	\$ 1,984,678
Months of oper/capital coverage	5.7	7.6	7.2	7.1	6.3	6.0	6.2	5.6	5.0
Cash balance	\$ 150,597	\$ 174,479	\$ 189,614	\$ 193,266	\$ 181,075	\$ 178,266	\$ 192,540	\$ 179,981	\$ 171,626
Capital costs	\$ 100,799	\$ 65,702	\$ 179,169	\$ 186,770	\$ 220,000	\$ 220,000	\$ 212,500	\$ 309,500	\$ 326,220
General transfer percent of assets	0.41%	0.60%	0.71%	0.75%	0.82%	0.82%	0.87%	0.87%	0.91%
Rate Increase	4.0%	5.0%	25.0%	4.0%	4.0%	4.0%	4.0%	15.0%	5.0%

Central Garage Fund Operations

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

Impacts

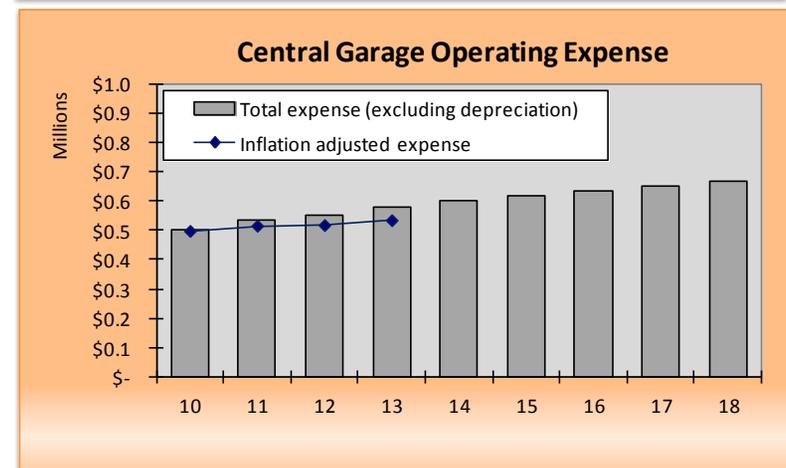
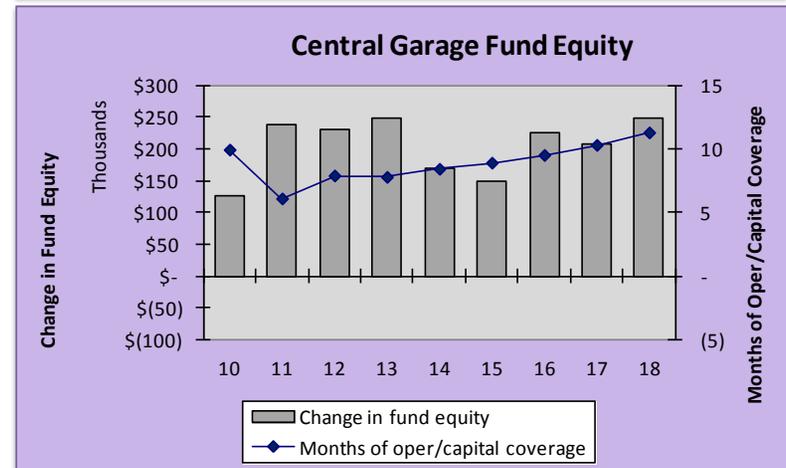
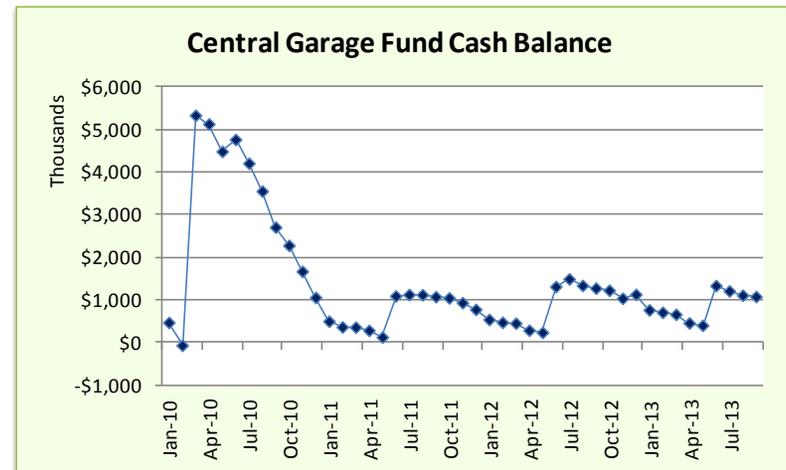
- Capital costs place increasing demands on inter-fund charges
- Fuel costs doubled from 2005 to 2009, declined sharply in 2010, and are expected to rise between 2% and 4% in the future
- Maintenance center renovation completed in 2010 (bond proceeds received in March of 2010)
- Debt payments for maintenance center debt began in 2011

Performance/History

- Operating coverage equal to 6 to 10 months (excluding capital costs for the maintenance center addition)
- Temporary periods of cash decline due to the timing of inter-fund charges and capital costs
- Operating gain in 4 of the last 5 years (\$26,733 loss in 2012)
- Overall gain in each of the last 5 years

Fund Goals/Targets

- Preserve 6 to 12 months of operating and capital coverage
- Maintain inter-fund charges sufficient to generate an operating gain in each of the next 5 years
- Maintain sufficient cash balance to support debt payments prior to receipt of the federal interest credit (the credit is used for a subsequent debt payment)



Central Garage Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Central Garage Charges	\$ 1,043,775	\$ 1,060,926	\$ 1,143,847	\$ 1,196,240	\$ 1,242,855	\$ 1,256,090	\$ 1,281,880	\$ 1,317,480	\$ 1,360,660
Total Revenue	1,043,775	1,060,926	1,143,847	1,196,240	1,242,855	1,256,090	1,281,880	1,317,480	1,360,660
Expense									
Central Garage Operations	502,790	537,045	550,659	577,942	599,799	617,652	634,269	649,401	665,717
Depreciation	343,307	481,085	619,921	640,000	660,000	660,000	664,000	689,000	700,000
Total Expense	846,097	1,018,130	1,170,580	1,217,942	1,259,799	1,277,652	1,298,269	1,338,401	1,365,717
Operating Income (Loss)	197,678	42,796	(26,733)	(21,702)	(16,944)	(21,562)	(16,389)	(20,921)	(5,057)
Other Sources (Uses)									
Property Taxes	-	97,886	214,382	184,000	184,000	208,000	208,000	200,000	200,000
Interest Earnings	32,238	17,484	12,008	8,500	9,500	10,500	10,500	11,500	11,500
Other Revenues	945	3,562	1,642	-	-	-	-	-	-
Sale of Asset-Gain (Loss)	914	57,794	5,470	40,000	29,000	-	50,000	39,000	56,000
Contributed Capital Assets	20,750	-	20,750	-	-	-	-	-	-
Intergovernmental	94,406	87,391	93,356	81,255	83,170	80,850	78,200	75,090	71,530
Debt Service	(199,899)	(250,112)	(247,157)	(243,128)	(238,054)	(234,187)	(223,862)	(214,966)	(204,810)
Transfers In	-	180,600	180,600	200,900	119,400	119,400	119,400	119,400	119,400
Transfers Out	-	-	(3,729)	-	-	(14,000)	-	-	-
Net Change	147,032	237,401	250,589	249,825	170,072	149,001	225,849	209,103	248,563
Fund Equity, beginning	3,328,798	3,475,830	3,713,231	3,963,820	4,213,645	4,383,717	4,532,718	4,758,567	4,967,670
Fund Equity, ending	\$ 3,475,830	\$ 3,713,231	\$ 3,963,820	\$ 4,213,645	\$ 4,383,717	\$ 4,532,718	\$ 4,758,567	\$ 4,967,670	\$ 5,216,233
Months of oper/cap coverage	9.9	6.1	7.9	7.8	8.4	8.9	9.5	10.3	11.3
Cash balance	\$ 1,049,876	\$ 769,837	\$ 1,122,633	\$ 1,130,630	\$ 1,236,402	\$ 1,318,403	\$ 1,441,252	\$ 1,580,355	\$ 1,751,918
Capital costs	\$ 5,729,360	\$ 551,665	\$ 484,765	\$ 679,097	\$ 524,000	\$ 533,000	\$ 548,000	\$ 527,000	\$ 540,000
Expense percent change	-6.4%	20.3%	15.0%	4.0%	3.4%	1.4%	1.6%	3.1%	2.0%
Average annual percent change				7.2%					2.3%
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund charges percent change	11.1%	1.6%	7.8%	4.6%	3.9%	1.1%	2.1%	2.8%	3.3%
Average annual percent change				5.8%					2.6%
Debt issued	\$ 5,615,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ -	\$ -	\$ 100,000	\$ 245,000	\$ 245,000	\$ 250,000	\$ 255,000	\$ 265,000	\$ 270,000
Debt balance (year end)	\$ 5,615,000	\$ 5,615,000	\$ 5,515,000	\$ 5,270,000	\$ 5,025,000	\$ 4,775,000	\$ 4,520,000	\$ 4,255,000	\$ 3,985,000

Short-term Disability Fund Operations

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

Impacts

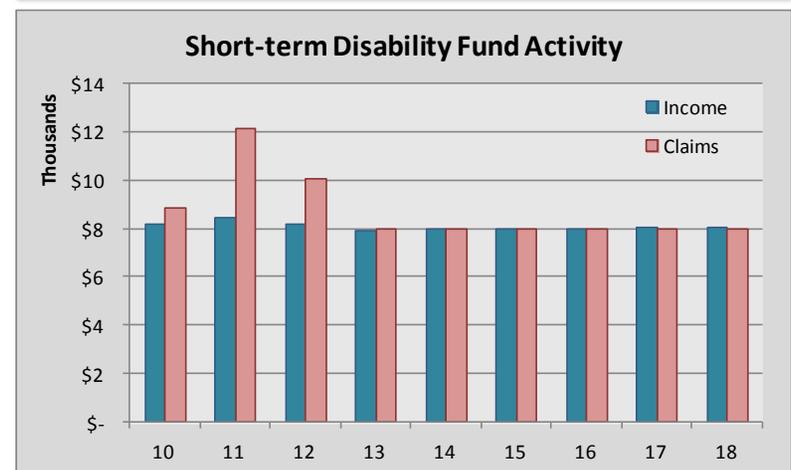
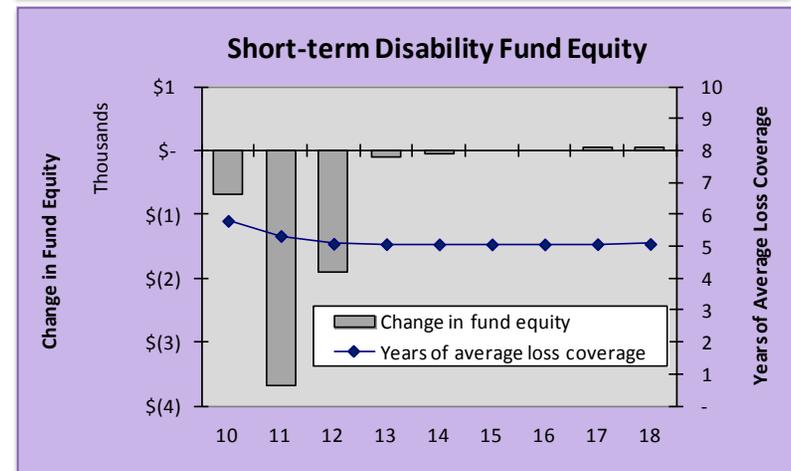
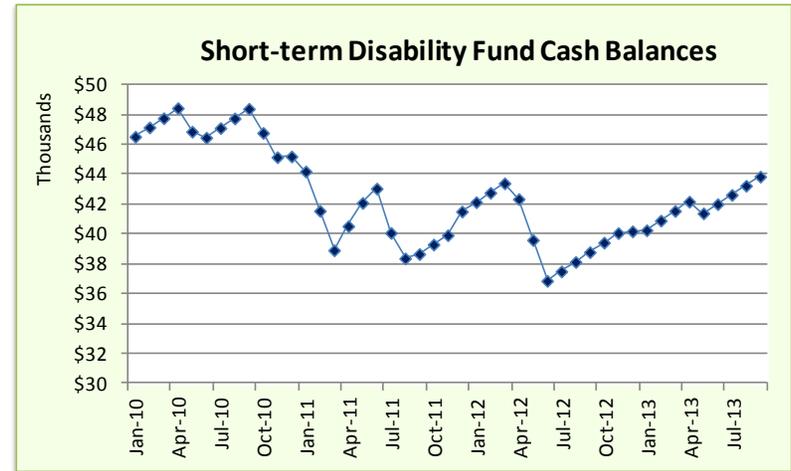
- Losses vary greatly between fiscal years, due to the number and length of employee absences resulting from temporary disabilities
- Monthly premiums have remained at \$8 per employee per month since 1999

Performance/History

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

Fund Goals/Targets

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



Short-term Disability Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Estimate	Budget	Budget	Projected	Projected	Projected
Revenue									
Charges for Services	\$ 7,612	\$ 7,467	\$ 7,608	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Interest Earnings	545	948	536	400	450	500	500	550	550
Total Revenue	8,157	8,415	8,144	7,900	7,950	8,000	8,000	8,050	8,050
Expense									
Miscellaneous									
Personal Services (claims)	8,857	12,101	10,043	8,000	8,000	8,000	8,000	8,000	8,000
Total Expense	8,857	12,101	10,043	8,000	8,000	8,000	8,000	8,000	8,000
Net Change	(700)	(3,686)	(1,899)	(100)	(50)	-	-	50	50
Fund Equity, beginning	45,889	45,189	41,503	39,604	39,504	39,454	39,454	39,454	39,504
Fund Equity, ending	\$ 45,189	\$ 41,503	\$ 39,604	\$ 39,504	\$ 39,454	\$ 39,454	\$ 39,454	\$ 39,504	\$ 39,554
Years of average loss coverage [1]	5.8	5.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1
[1] Using inflation adjusted average annual claims									
Monthly premium	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Participants (annual average)	79.3	77.8	79.3	78.1	78.1	78.1	78.1	78.1	78.1

Liability Claims Fund Operations

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

Impacts

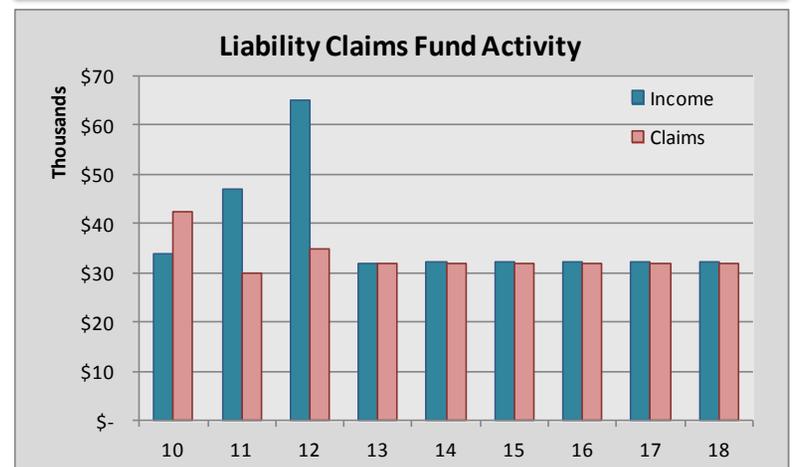
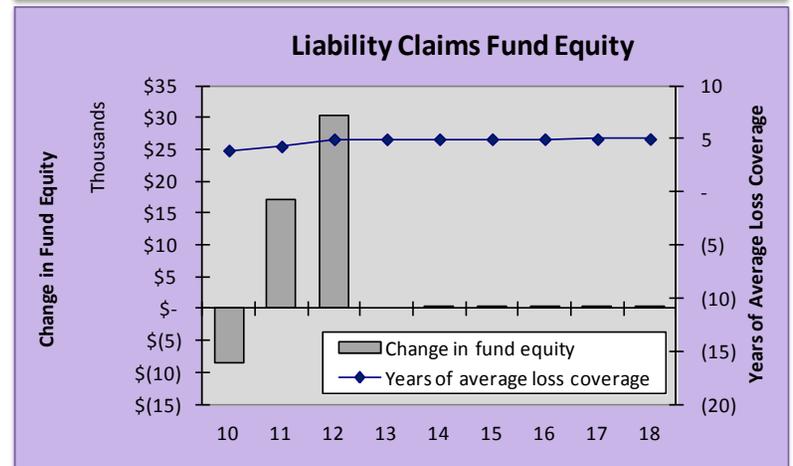
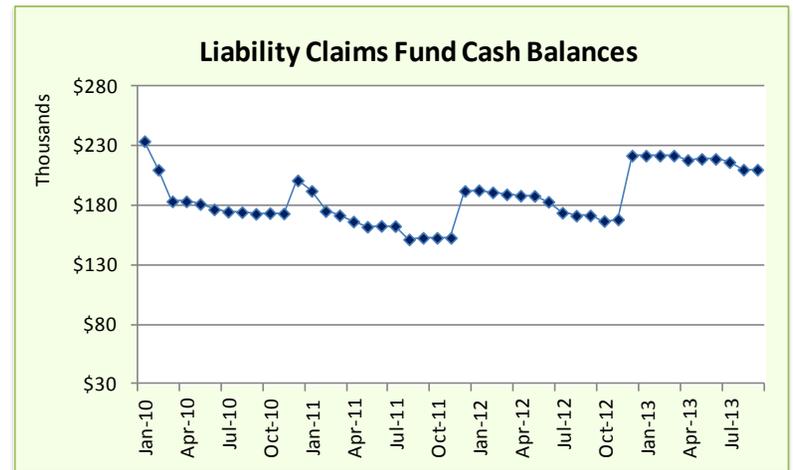
- Losses from internal and outside claims vary between fiscal years due to the number and type of claims

Performance/History

- Higher than normal losses in 2008 and 2009
- Insurance claims surcharge assessed to operating funds in 2009 to restore fund equity
- Net assets provide 3 to 5 years of average annual loss coverage

Fund Goals/Targets

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



Liability Claims Fund	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Budget	2015 Budget	2016 Projected	2017 Projected	2018 Projected
Revenue									
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Earnings	2,211	3,904	2,458	2,000	2,100	2,200	2,200	2,300	2,300
Other Revenues	31,760	43,002	62,507	30,000	30,000	30,000	30,000	30,000	30,000
Total Revenue	33,971	46,906	64,965	32,000	32,100	32,200	32,200	32,300	32,300
Expense									
Miscellaneous	42,392	29,892	34,737	32,000	32,000	32,000	32,000	32,000	32,000
Total Expense	42,392	29,892	34,737	32,000	32,000	32,000	32,000	32,000	32,000
Net Change	(8,421)	17,014	30,228	-	100	200	200	300	300
Fund Equity, beginning	183,461	175,040	192,054	222,282	222,282	222,382	222,582	222,782	223,082
Fund Equity, ending	\$ 175,040	\$ 192,054	\$ 222,282	\$ 222,282	\$ 222,382	\$ 222,582	\$ 222,782	\$ 223,082	\$ 223,382
Years of average loss coverage	3.9	4.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0
[1] Using inflation adjusted average annual claims									

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