

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

ANNUAL
COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

GREG LERUD, CITY ADMINISTRATOR

REPORT PREPARED BY
SHOREWOOD'S FINANCE DEPARTMENT
JOE RIGDON, FINANCE DIRECTOR
MICHELLE NGUYEN, SENIOR ACCOUNTANT

MEMBER OF GOVERNMENT FINANCE OFFICERS ASSOCIATION
OF THE UNITED STATES AND CANADA

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Annual Comprehensive Financial Report
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INTRODUCTORY SECTION
CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Shorewood, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2021

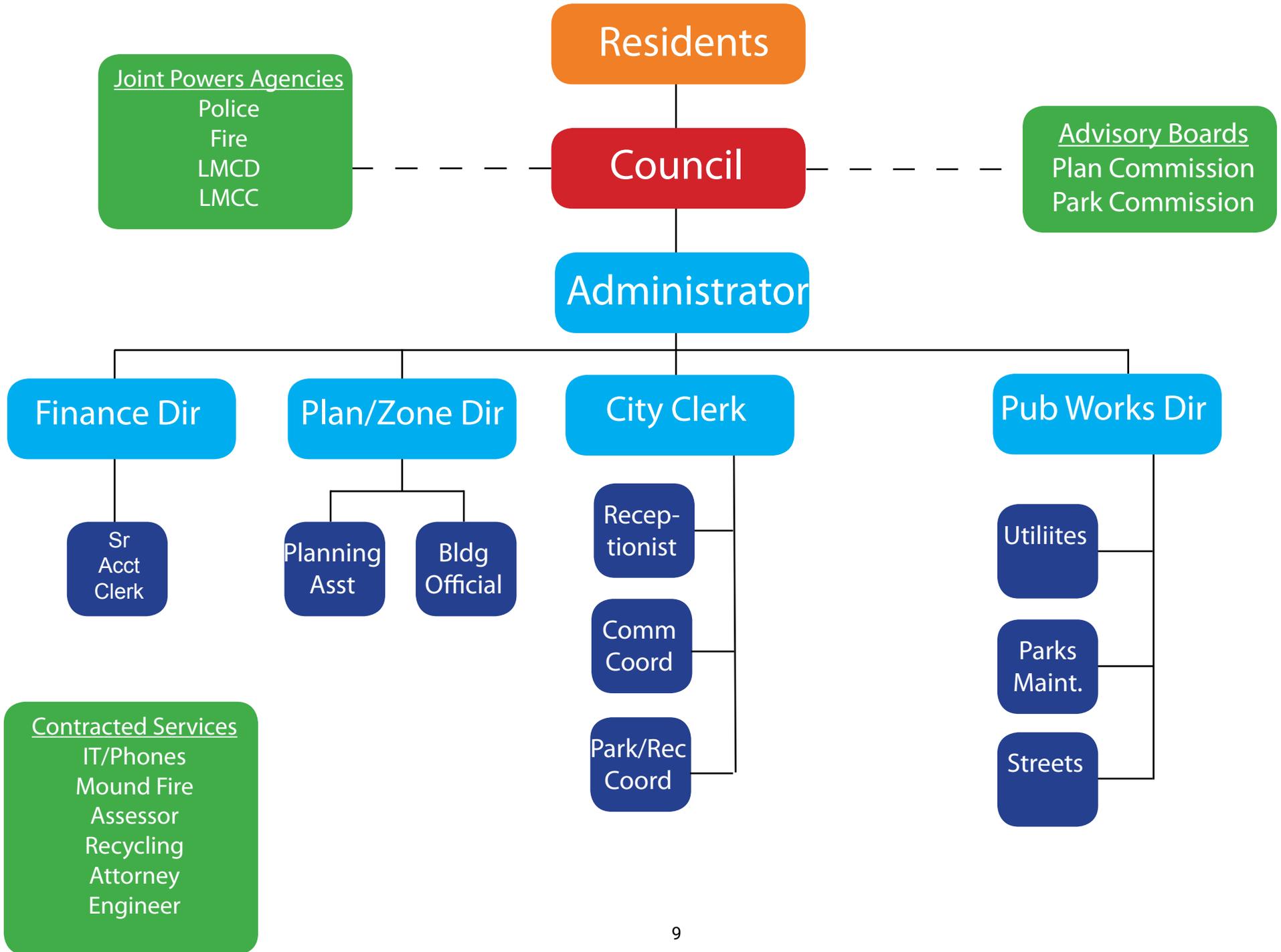
ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jennifer Labadie	Mayor	12/31/24
Patrick Johnson	Council Member	12/31/24
Paula Callies	Council Member	12/31/24
Debbie Siakel	Council Member	12/31/22
Nathaniel Gorham	Council Member	12/31/22

APPOINTED

<u>Name</u>	<u>Title</u>
Greg Lerud	City Administrator
Joe Rigdon	Finance Director

City of Shorewood Organizational Chart



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CITY OF SHOREWOOD

5755 COUNTRY CLUB ROAD • SHOREWOOD, MINNESOTA 55331-8927 • (952) 960-7900
FAX (952) 474-0128 • www.ci.shorewood.mn.us • cityhall@ci.shorewood.mn.us

April 5, 2022

Honorable Mayor and Members of the City Council
City of Shorewood, Minnesota

Mayor and City Council Members:

The Annual Comprehensive Financial Report of the City of Shorewood, Minnesota, for the fiscal year ended December 31, 2021, is hereby transmitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and meets the requirements of the Office of Minnesota State Auditor.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established internal controls designed to protect the City's assets from loss, theft, or misuse, and to provide sufficient information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The City of Shorewood's financial statements have been audited by the firm of Abdo, Certified Public Accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates used by management; and evaluating the overall financial statement presentation. Based on the audit, the independent auditor concluded that there was reasonable basis for rendering an unmodified opinion

that the City's financial statements, for the year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A can be found in the financial section of this report immediately following the independent auditor's report.

City Profile

The City of Shorewood is a suburban community located southwest of the Twin Cities on the southern shore of Lake Minnetonka, in a setting of rolling hills and picturesque lakes and creeks. Shorewood has a convenient location, a comprehensive system of highways, and is a short distance from downtown Minneapolis and St. Paul, and the MSP International Airport. The City is predominately a residential community with limited commercial businesses and two commercial shopping malls. The City is six square miles in area and had an estimated population of 7,783 as of 2021. The City, which is currently over 95% developed, continues to experience some growth in its residential base.

Incorporated as a Village in 1956, and later becoming a city in 1974, the City of Shorewood operates under the Council-Administrator, Plan A, form of government. Policy making and legislative authority are vested in a governing council consisting of the Mayor and four-member council, all elected at-large on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The Mayor is elected to a four-year term. The City Administrator is responsible for overseeing the day-to-day operations of the government, and to assign responsibility to City staff for the efficient and effective delivery of City services.

The Economic Development Authority (EDA) of the City was created in 2001 pursuant to Minnesota Statutes to carry out economic and industrial development and redevelopment consistent with policies established by the Council. Its board is comprised of the members of the City Council. The EDA activities are blended, and separate financial statements are not issued for this component unit.

The City provides its residents and businesses with a broad range of municipal services consisting of police and fire protection, street maintenance, recreation programs, park maintenance, community and economic development, and administrative services, including building inspections. During 2021, the City operated four enterprises: water utility, sanitary sewer utility, storm water management utility, and a recycling program.

Economic Conditions and Outlook

Governance

The City Council, in its leadership role, has effectively established a focus for government in Shorewood and has established overall goals and expectations for the City. The Council's budget calendar consists

of three phases: first is planning. This includes review of the previous year's work plan and identifies goals and priorities for the next twelve months.

The second phase is capital finance planning. The City has examined the Capital Improvement Plan process and has established priorities for Plan development. Those projects are incorporated into a financial management plan that includes both operating and capital spending plans to determine the overall feasibility of the plans and the effect of that proposed spending level on the balances and tax necessary to support that level of investment.

The third phase is budgeting. The annual operating budget is developed based on decisions made in the first two phases and serves as the foundation of the City of Shorewood's financial planning and control. Departments submit budget requests to Finance in July and the City Administrator presents the proposed budget to the City Council for review. Budget work sessions are held with the City Council in July and August. The City Council adopts a preliminary budget and tax levy prior to September 30 of each year. After individual property tax estimates are mailed to all property owners in November, the City Council holds a Truth-in-taxation public hearing on the proposed budget and adopts the final budget in December each year.

The budget is organized by fund and function. The City's department directors develop their budgets with subsequent review and input from the City Administrator and Finance Director. Any changes in the overall budget must be approved by the City Council.

Cooperative Public Service Delivery

Shorewood is committed to working cooperatively with other Lake Minnetonka area cities to carefully consider methods to efficiently deliver public services. The City has various contractual arrangements and entered into joint powers agreements with other government jurisdictions and with private entities for providing many of these services. The City is also involved in cooperative employee training, disaster preparedness and other areas of mutual interest as an active participant in the Lake Minnetonka area.

The City has been a member of the South Lake Minnetonka Police Department (SLMPD) since its creation in 1973. The other members of this joint powers organization are the cities of Excelsior, Greenwood, and Tonka Bay.

The City of Shorewood, along with the cities of Deephaven, Excelsior, Greenwood, and Tonka Bay, has been a member of the Excelsior Fire District since 2000. The Excelsior Fire District is a joint powers organization. A combined police and fire public safety building that serves the South Lake Minnetonka Area cities was completed in late 2003.

The City contracts with Hennepin County for property assessment services. The Hennepin County Assessor analyzes property sales information, sets taxable values, and handles the valuation appeal process.

The City is a member of the Lake Minnetonka Communications Commission, which was formed through a Joint Powers Agreement between eleven area cities to oversee the franchise agreement with the cable operator and to promote awareness and use of community television.

Debt Administration

As of December 31, 2021, the City's debt outstanding totaled \$14,375,000. Of this total, \$280,000 are General Obligation Water Revenue Refunding bonds issued in 2013. The proceeds from these bonds financed water system extensions and improvements that will be repaid from special assessments and water rate revenues.

In 2013, Moody's Investors Service affirmed an Aa1 rating on the City's outstanding general obligation debt.

In 2016, the City's Economic Development Authority (EDA) issued Public Safety Facility Lease Revenue Refunding bonds, Series 2016A, 2016B, and 2016C, in the total amount of \$5,910,000. The 2016 bonds refunded the 2007A, 2007B, and 2007C Public Safety Facility Lease Revenue Refunding bonds. The outstanding principal on the 2016 bonds amounted to \$1,675,000 on December 31, 2021. These bonds will be repaid from lease payments from the Excelsior Fire District and South Lake Minnetonka Police Department.

Moody's assigned a rating of Aa2 to the Series 2016 Lease Revenue refunding bonds. On May 2, 2017 the EDA issued Lease Revenue Refunding bonds to refund the 2008 EDA Lease Revenue bonds issued for the remodeling of City Hall. The outstanding balance on the bonds was \$595,000 on December 31, 2021. These bonds will be repaid with lease payments from the City.

The 2017 EDA Lease Revenue refunding bonds were not rated.

On August 25, 2020, the City issued \$7,500,000 series 2020A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds to finance various street and utility improvements. Of the total bonds, \$3,030,000 are considered street reconstruction bonds secured by the City's G.O. tax pledge, and \$4,470,000 are utility revenue bonds secured by revenues of the City's water, sewer, and storm water utilities.

In 2020, S&P Global Ratings assigned its AA+ rating to the series 2020A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds.

On July 28, 2021, the City issued \$4,325,000 series 2021A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds to finance various street and utility improvements. Of the total bonds, \$3,285,000 are considered street reconstruction bonds secured by the City's G.O. tax pledge, and \$1,040,000 are utility revenue bonds secured by revenues of the City's water, sewer, and storm water utilities.

In 2021, S&P Global Ratings assigned its AA+ rating to the series 2021A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds.

Long-term Financial Planning

The City has implemented various financial/budgetary policies to guide the City Council and staff when making financial decisions to ensure the long-term stability and flexibility of City finances and operations. These policies include the following:

- The original budget should be balanced with revenues and other sources equal to expenditures and other uses.
- By Policy, the City Council has set the Unassigned fund balance level in the General Fund 60% of the next year's expenditure budget including transfers. This policy ensures the long-term economic stability of the organization by providing adequate working capital given the periodic nature of tax receipts and by providing for unexpected shortfalls or emergencies. In accordance with this policy, the City Council may use any General Fund reserve in excess of 60% to reduce the budgeted tax levy, or for one-time projects, or transfer to any of the City's capital funds.
- The City will maintain a ten-year capital improvement plan to provide for capital asset acquisition, maintenance, replacement, and retirement.
- The City will continue to accumulate resources for future capital equipment and improvement projects. Through 2020, this was accomplished with the use of General Fund operating transfers to various capital project funds. Commencing in 2021, the City directly funded its capital program by levying property taxes to capital projects funds rather than using transfers.

Major Initiatives

The five-year Badger park improvement project was completed when a new playground, shelter and bathroom, and walking trail connecting City Hall to the Community Center was completed. Major work on the tennis court was completed in June, 2021.

The city completed a two-year capital improvement planning effort in 2018, and 2021 was the third year of implementing a 10-year infrastructure capital improvement project list. Street and utility work was completed on Glen Road, Amlee Road, and Manitou Lane in 2021. Work planned in 2022 includes a \$500,000 overlay project on various city streets.

The most significant residential development project in Shorewood has been occurring over the past five years on the old Minnetonka Country Club. It is anticipated that the final building permits for remaining vacant lots in the approximately 140 housing unit subdivision will be issued in 2022.

COVID-19 has had an impact on city operations in terms of service delivery again in 2021, but the impact was not as dramatic as it was in 2020. Shorewood continued to have in-person and virtual meetings depending on recommendations from the Minnesota Department of Health. The city will continue to evaluate opportunities on how to incorporate these technology advancements into delivering services to the public.

In response to COVID-19, Congress approved the American Rescue Plan Act in 2021. Through that Act, Shorewood was the recipient of \$883,438, of which \$441,719 was received in 2021. The City Council

approved using the funds for utility improvements in the water fund. It is anticipated the remaining amount will be available to the city in 2022. The City Council and staff will work together to determine the best use of those funds.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shorewood for its annual comprehensive financial report for the fiscal year ended December 31, 2020.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to program standards, and must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City of Shorewood has received the Certificate for the past 25 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to express our appreciation to the employees of the Administration, Finance, Planning, and Public Works departments for their contribution to the preparation of this report. We would also like to thank the Mayor and City Council members for their continued support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,



Greg Lerud, City Administrator



Joe Rigdon, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Shorewood
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION
CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Shorewood, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shorewood, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 25 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, and the related note disclosures starting on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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



Abdo
Minneapolis, Minnesota
April 5, 2022



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Management's Discussion and Analysis

As management of the City of Shorewood, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,960,698 (net position). Of this amount, \$12,552,418 (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- The City's total net position increased \$2,036,006, with the majority of the increase resulting from governmental type activities. Governmental capital grants and contributions increased mainly due to grants received during the year for street improvement projects.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,754,376, an increase of \$413,811 in comparison with the prior year. This is primarily the result of the receipt of bond proceeds during 2021, and an increase in fund balance resulting from operations in the General fund. Approximately 44.4 percent of the total ending fund balance, \$4,330,003, is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$5,398,172, or 97.9 percent of total 2021 expenditures and transfers out. The City has a policy to maintain a General fund working capital balance of 60.0 percent of expenditures and transfers.
- The City's total debt increased \$3,082,439 or 27.2 percent during the current fiscal year. This was the result of the issuance of street reconstruction and general obligation revenue bonds during the year to finance infrastructure projects.

Overview of the Financial Statements

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

Figure 1 illustrates how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

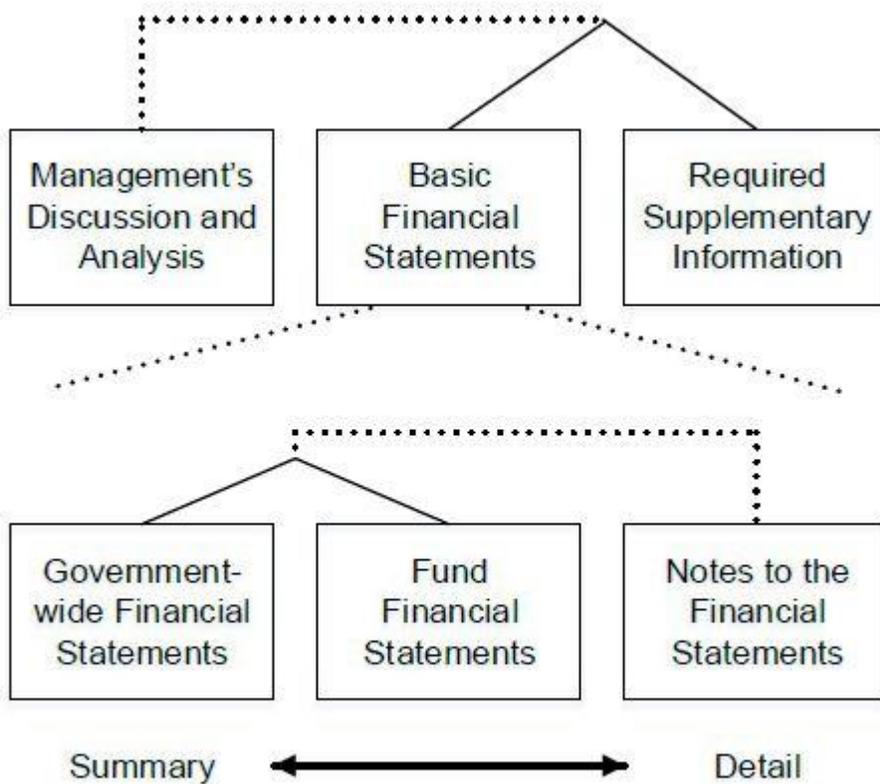


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government and the City’s component units	The activities of the City that are not proprietary	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year of soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the City include water, sewer, stormwater management utility, and recycling.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. The EDA, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements start on page 39 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 16 individual governmental funds, six of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Street Reconstruction, MSA Construction, and the TIF #2 Oppidan Senior Housing funds which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 44 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, stormwater management utility, and recycling.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds. The Water, Sewer, and Stormwater Management Utility funds are considered to be major funds of the City, while the Recycling fund is a nonmajor fund.

The basic proprietary fund financial statements start on page 52 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 57 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 86 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules starts on page 92 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred inflows of resources exceeded liabilities and deferred inflows of resources by \$37,960,698 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (66.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Shorewood's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Cash and temporary investments	\$ 11,390,592	\$ 10,760,135	\$ 630,457	\$ 4,367,008	\$ 6,116,683	\$ (1,749,675)
Cash with fiscal agent	8,502	9,330	(828)	280,000	279,313	687
Receivables	3,043,962	2,854,665	189,297	1,195,119	1,265,601	(70,482)
Internal balances	(1,015,044)	(1,015,044)	-	1,015,044	1,015,044	-
Prepaid items	250,664	249,734	930	10,720	-	10,720
Land held for resale	150,068	150,068	-	-	-	-
Capital assets	18,664,235	15,313,633	3,350,602	16,027,297	13,000,213	3,027,084
Total Assets	32,492,979	28,322,521	4,170,458	22,895,188	21,676,854	1,218,334
Deferred Outflows of Resources	657,207	200,663	456,544	209,140	59,000	150,140
Liabilities						
Noncurrent liabilities	9,730,493	7,641,212	2,089,281	6,050,745	5,347,528	703,217
Other liabilities	1,280,589	1,089,005	191,584	245,598	194,051	51,547
Total Liabilities	11,011,082	8,730,217	2,280,865	6,296,343	5,541,579	754,764
Deferred Inflows of Resources	748,227	48,307	699,920	238,164	14,243	223,921
Net Position						
Net investment in capital assets	12,609,077	13,518,983	(909,906)	12,539,096	11,173,838	1,365,258
Restricted	260,107	25,071	235,036	-	-	-
Unrestricted	8,521,693	6,200,606	2,321,087	4,030,725	5,006,194	(975,469)
Total Net Position	\$ 21,390,877	\$ 19,744,660	\$ 1,646,217	\$ 16,569,821	\$ 16,180,032	\$ 389,789

The balance of *unrestricted net position* is \$12,552,418. This may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

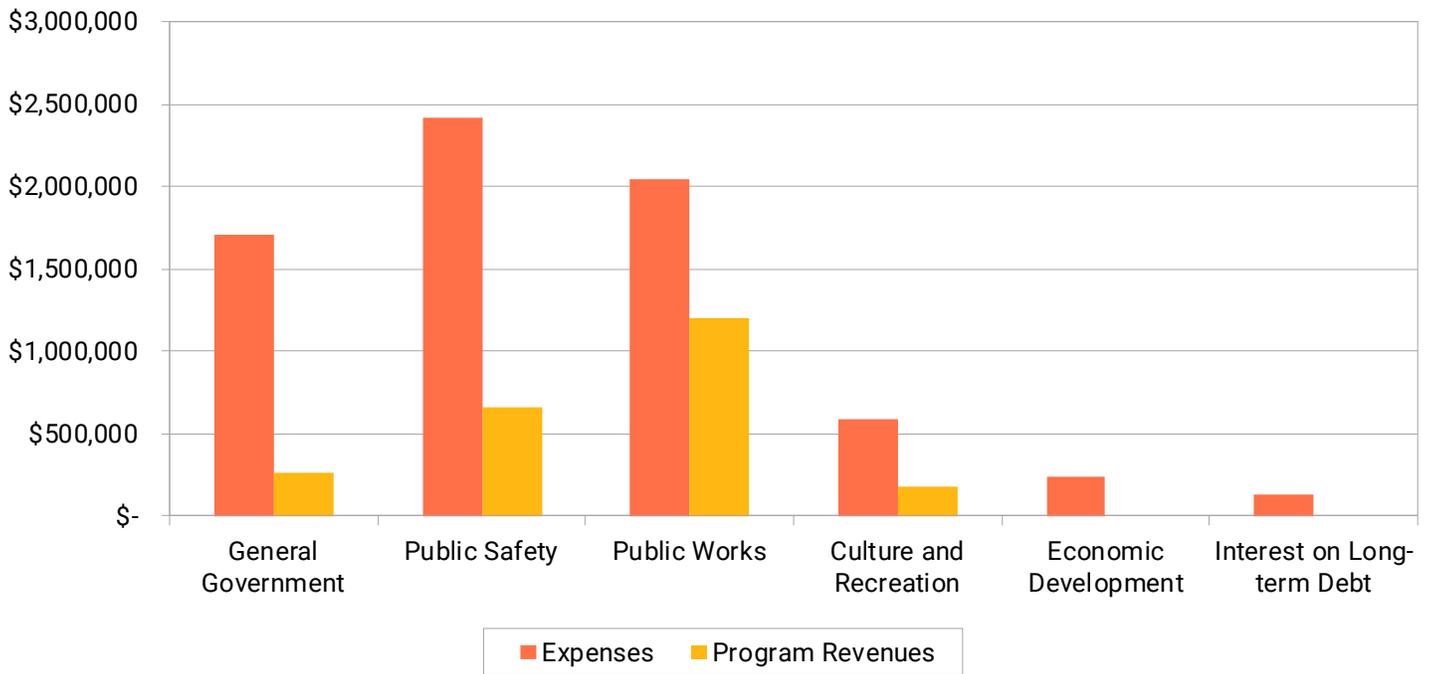
City of Shorewood's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,004,105	\$ 964,758	\$ 39,347	\$ 2,622,017	\$ 2,233,559	\$ 388,458
Operating grants and contributions	110,896	698,407	(587,511)	17,165	16,403	762
Capital grants and contributions	1,193,542	92,662	1,100,880	192,962	209,375	(16,413)
General Revenues						
Taxes						
Property taxes	5,976,604	5,855,939	120,665	-	-	-
Tax increment	245,116	236,140	8,976	-	-	-
Franchise taxes	319,409	315,725	3,684	-	-	-
Grants and contributions not restricted to specific programs	334,555	7,766	326,789	-	-	-
Unrestricted investment earnings	(1,749)	96,326	(98,075)	83,775	141,466	(57,691)
Gain on disposal of capital assets	-	2,500	(2,500)	-	-	-
Total Revenues	9,182,478	8,270,223	912,255	2,915,919	2,600,803	315,116
Expenses						
General government	1,710,164	1,359,466	350,698	-	-	-
Public safety	2,416,020	2,358,675	57,345	-	-	-
Public works	2,048,851	2,353,240	(304,389)	-	-	-
Culture and recreation	586,378	545,469	40,909	-	-	-
Economic development	246,166	233,354	12,812	-	-	-
Interest on long-term debt	131,005	115,468	15,537	-	-	-
Water	-	-	-	992,447	862,039	130,408
Sewer	-	-	-	1,469,004	1,243,533	225,471
Stormwater Management Utility	-	-	-	253,764	244,857	8,907
Recycling	-	-	-	208,592	164,643	43,949
Total Expenses	7,138,584	6,965,672	172,912	2,923,807	2,515,072	408,735
Increase (Decrease) in Net Position						
Before Transfers	2,043,894	1,304,551	739,343	(7,888)	85,731	(93,619)
Transfers of Capital Assets	(422,677)	(40,731)	(381,946)	422,677	40,731	381,946
Transfers	25,000	25,000	-	(25,000)	(25,000)	-
Change in Net Position	1,646,217	1,288,820	357,397	389,789	101,462	288,327
Net Position, January 1	19,744,660	18,455,840	1,288,820	16,180,032	16,078,570	101,462
Net Position, December 31	\$ 21,390,877	\$ 19,744,660	\$ 1,646,217	\$ 16,569,821	\$ 16,180,032	\$ 389,789

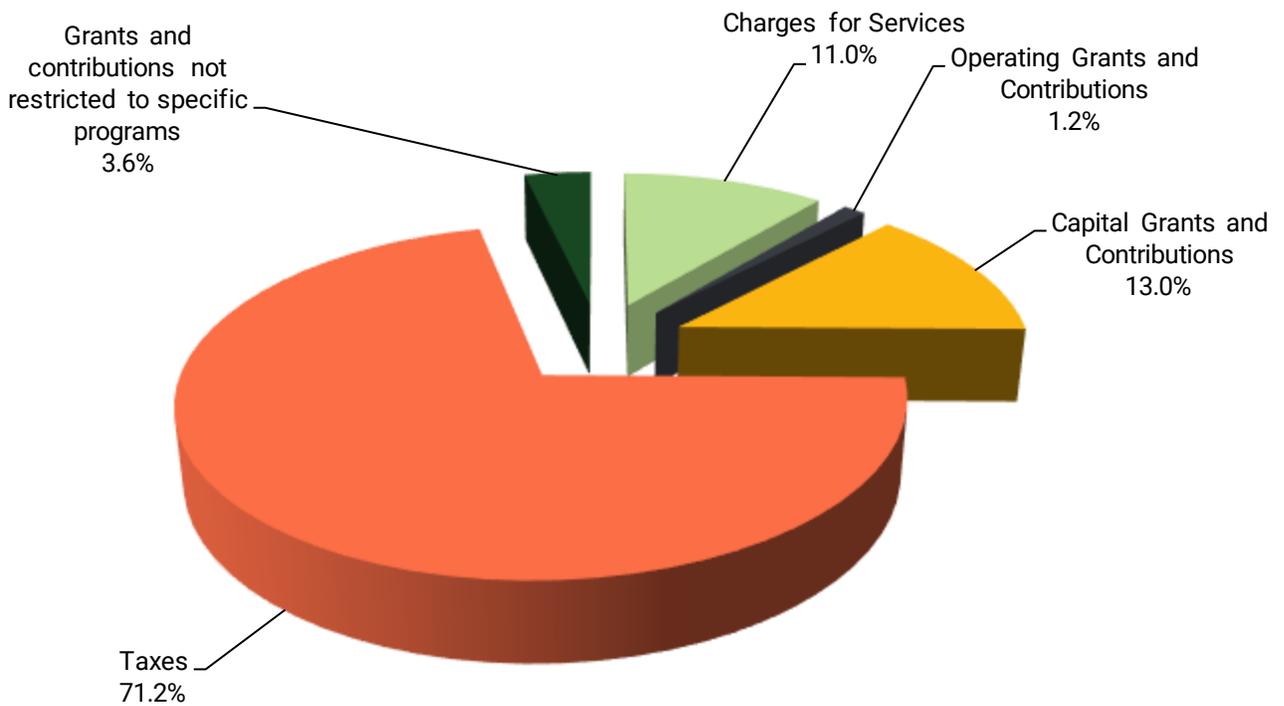
Governmental Activities. Governmental activities increased the City's net position by \$1,646,217. Key elements of this increase are as follows:

- There was an overall increase of \$912,255 in revenues, predominately in capital grants and property taxes. Capital grants and contributions increased from the prior year, including the recording of Municipal State Aid of \$1,104,344. Total expenses increased from the prior year, despite a \$304,389 decrease in public works expenses related to road maintenance and construction. Property tax revenue increased \$120,665 due to a higher tax levy, which offset the increase in expenses.

Expenses and Program Revenues - Governmental Activities



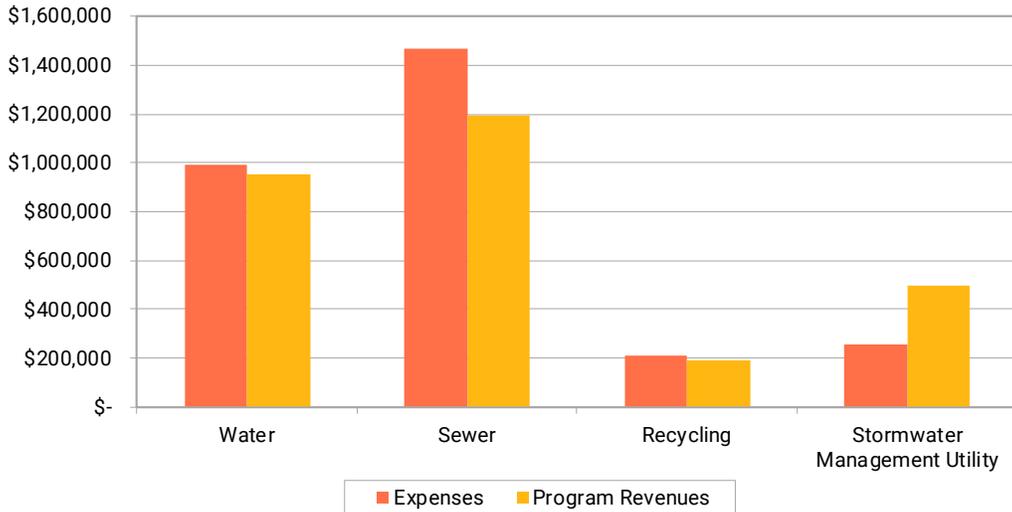
Revenues by Source - Governmental Activities



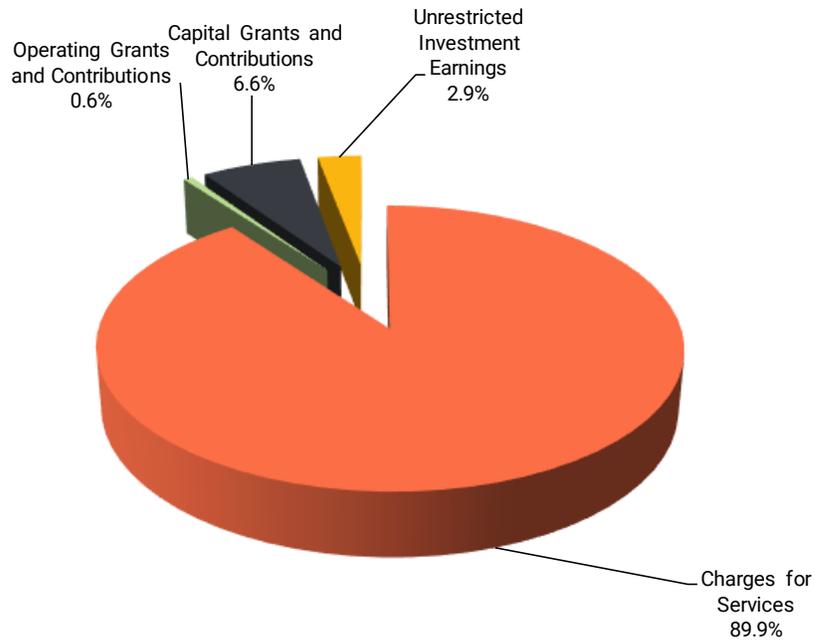
Business-type Activities. Business-type activities increased the City’s net position by \$389,789. Key elements of this increase are as follows:

There was an overall increase of \$315,116 in revenues, resulting from utility rate increases and additional utility customers, and an overall increase in expenses of \$408,735, mostly due to increases in contracted services expenses in the Water fund and increases in disposal charges in the Sewer fund. Changes resulted in a \$7,888 decrease in net position before transfers. Capital contributions from capital projects funds amounted to \$422,677, and other transfers in were \$25,000 for 2021.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,754,376, an increase of \$413,811 in comparison with the prior year. Approximately 44.4 percent of this total amount, \$4,330,003 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remaining fund balance is made up of the following: 1) Nonspendable (\$250,664), 2) Restricted (\$1,182,111), 3) Committed (\$87,159) and 4) Assigned (\$3,904,439).

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$5,648,836. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 97.9 percent of same year fund expenditures and transfers out, whereas, total fund balance represents 102.5 percent.

The fund balance of the City's General fund increased \$325,363 during the year due to revenues in excess of expenditures in 2021. A use of General fund reserves amounting to \$193,482 was planned in the 2021 budget.

The Debt Service fund has a total fund balance of \$327,269, all of which is restricted for the payment of debt service. The increase in fund balance of \$218,007 was in line with the City's debt service financing plan.

The Street Reconstruction fund has a fund balance of \$4,246,680. The fund balance increased by \$107,186 during the current fiscal year mainly due to the timing of bond issuance and future road project expenditures. Additional capital outlays are scheduled for 2022 utilizing the bond funds.

The MSA Construction fund has an outstanding receivable from the State of Minnesota for municipal state aid for \$1,101,344 at the end of the year. The ending fund balance of the fund was \$38,458, which is assigned for future capital.

The TIF #2 Oppidan Senior Housing fund has an ending fund balance deficit of \$1,013,698. The fund was created in 2016 along with the City's tax increment district to account for resources and payments related to a senior housing project. The deficit is expected to be paid with future tax increment revenues.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,030,725. The total increase in net position for the funds was \$389,789. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues were over budget by \$349,227, and expenditures were under budget by \$169,618. The actual amounts were different from the final budget mainly due to the following:

- The largest revenue variance was in the licenses and permits area, which was over budget by \$324,691 due to building permits received in excess of expectations.
- The largest expenditure variance was in public works, which was under budget by \$154,320.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$34,691,532 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads. Major capital asset events during the current fiscal year included the following:

- 2021 Ford F-350
- 2021 Ford F-150
- Completion of the Badger Park tennis courts improvements
- Completion of the Enchanted & Shady Islands Reclamation
- Costs for the Woodside Road/Woodside Lane and Watermain Extension
- Costs for Glen Road, Amlee Road, Manitou Lane
- Costs for 2021 Mill and Overlay improvements
- Costs for Strawberry Lane
- Costs for Birch Bluff Road
- Costs for Freeman Park drainage
- Costs for Sweetwater Curve Watermain
- Costs for Covington Road Watermain
- Costs for Shady Island forcemain
- Costs for Lift Stations 7, 9, 10
- Costs for Mary Lake outlet
- Costs for the Beverly Drive and Cajed Lane Drainage Improvements
- Costs for Catch Basin & Culvert Repairs
- Costs for Grant Street drainage
- Costs for Smithtown Pond improvements

Additional information on the City's capital assets can be found in Note 3B starting on page 69 of this report.

City of Shorewood's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 741,826	\$ 741,826	\$ -	\$ 1,322,989	\$ 1,299,567	\$ 23,422
Construction in Progress	5,259,096	2,278,512	2,980,584	4,778,559	1,448,107	3,330,452
Buildings	2,197,782	2,315,840	(118,058)	-	-	-
Improvements other than Buildings	1,472,571	1,111,908	360,663	-	-	-
Infrastructure	8,066,282	7,887,036	179,246	9,548,717	9,802,664	(253,947)
Machinery and Equipment	926,678	978,511	(51,833)	377,032	449,875	(72,843)
Total	\$ 18,664,235	\$ 15,313,633	\$ 3,350,602	\$ 16,027,297	\$ 13,000,213	\$ 3,027,084

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$14,397,922. While all of the City's bonds have dedicated revenue streams pledged to repayment, the general obligation revenue bonds are all backed by the full faith and credit of the City.

City of Shorewood's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General Obligation Revenue Bonds	\$ -	\$ -	\$ -	\$ 5,790,000	\$ 5,025,000	\$ 765,000
General Obligation Construction Bonds	6,315,000	3,030,000	3,285,000	-	-	-
Lease Revenue Bonds	2,270,000	3,225,000	(955,000)	-	-	-
Unamortized Bond Premiums	22,922	35,483	(12,561)	-	-	-
Total	\$ 8,607,922	\$ 6,290,483	\$ 2,317,439	\$ 5,790,000	\$ 5,025,000	\$ 765,000

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. Additional information on the City's long-term debt can be found in Note 3D starting on page 72 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property valuations within the City increased 6.3% from 2020 to 2021, and increased 4.7% from 2021 to 2022.
- The unemployment rate for Hennepin County was 2.2% in February 2022. This compared favorably to the State of Minnesota's average unemployment rate of 2.6% and the national average unemployment rate of 4.1% (all not seasonally adjusted).

In 2020, the COVID-19 virus surfaced and has caused significant volatility in U.S. and international markets. There is significant uncertainty surrounding COVID-19 and its impact on unemployment and the U.S. and international economies.

All of these factors were considered in preparing the City's budget for the 2022 fiscal year. For 2021, the City budgeted a \$193,482 deficit using fund balance to balance the budget. For 2022, budgeted revenues are equivalent to budgeted expenditures. Total property taxes levied for 2022 increased by 3.3% from property taxes levied for 2021. The City's tax capacity rate decreased from 27.66% for 2021 property taxes to 27.31% for 2022 property taxes.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Shorewood, 5755 Country Club Road, Shorewood, Minnesota 55331.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Shorewood, Minnesota
Statement of Net Position
December 31, 2021

Exhibit 1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 11,390,592	\$ 4,367,008	\$ 15,757,600
Cash with fiscal agent	8,502	280,000	288,502
Receivables			
Accrued interest	30,115	10,477	40,592
Taxes	102,207	-	102,207
Accounts	91,247	649,332	740,579
Special assessments	7,289	374,177	381,466
Lease	1,675,000	161,133	1,836,133
Due from other governments	1,138,104	-	1,138,104
Internal balances	(1,015,044)	1,015,044	-
Prepaid items	250,664	10,720	261,384
Land held for resale	150,068	-	150,068
Capital assets			
Land and construction in progress	6,000,922	6,101,548	12,102,470
Depreciable assets (net of accumulated depreciation)	12,663,313	9,925,749	22,589,062
Total Assets	32,492,979	22,895,188	55,388,167
Deferred Outflows of Resources			
Deferred pension resources	657,207	209,140	866,347
Liabilities			
Accounts and contracts payable	624,406	178,294	802,700
Deposits payable	416,684	-	416,684
Accrued salaries payable	78,993	17,439	96,432
Due to other governments	6,404	19,264	25,668
Accrued interest payable	44,240	30,601	74,841
Unearned revenue	109,862	-	109,862
Noncurrent liabilities			
Due within one year			
Long-term liabilities	1,379,656	350,000	1,729,656
Due in more than one year			
Long-term liabilities	7,535,429	5,440,000	12,975,429
Net pension liability	815,408	260,745	1,076,153
Total Liabilities	11,011,082	6,296,343	17,307,425
Deferred Inflows of Resources			
Deferred pension resources	748,227	238,164	986,391
Net Position			
Net investment in capital assets	12,609,077	12,539,096	25,148,173
Restricted for debt service	260,107	-	260,107
Unrestricted	8,521,693	4,030,725	12,552,418
Total Net Position	\$ 21,390,877	\$ 16,569,821	\$ 37,960,698

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,710,164	\$ 263,652	\$ -	\$ -
Public safety	2,416,020	658,966	4,970	-
Public works	2,048,851	-	97,168	1,102,542
Culture and recreation	586,378	81,487	8,758	91,000
Economic development	246,166	-	-	-
Interest on long-term debt	131,005	-	-	-
Total Governmental Activities	7,138,584	1,004,105	110,896	1,193,542
Business-type Activities				
Water	992,447	776,390	289	177,500
Sewer	1,469,004	1,175,178	249	15,462
Stormwater management utility	253,764	496,293	81	-
Recycling	208,592	174,156	16,546	-
Total Business-type Activities	2,923,807	2,622,017	17,165	192,962
Total	\$ 10,062,391	\$ 3,626,122	\$ 128,061	\$ 1,386,504

General Revenues

Taxes

Property taxes, levied for general purposes

Tax increment

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Transfers of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,446,512)	\$ -	\$ (1,446,512)
(1,752,084)	-	(1,752,084)
(849,141)	-	(849,141)
(405,133)	-	(405,133)
(246,166)	-	(246,166)
(131,005)	-	(131,005)
<u>(4,830,041)</u>	<u>-</u>	<u>(4,830,041)</u>
-	(38,268)	(38,268)
-	(278,115)	(278,115)
-	242,610	242,610
-	(17,890)	(17,890)
<u>-</u>	<u>(91,663)</u>	<u>(91,663)</u>
<u>(4,830,041)</u>	<u>(91,663)</u>	<u>(4,921,704)</u>
5,976,604	-	5,976,604
245,116	-	245,116
319,409	-	319,409
334,555	-	334,555
(1,749)	83,775	82,026
(422,677)	422,677	-
25,000	(25,000)	-
<u>6,476,258</u>	<u>481,452</u>	<u>6,957,710</u>
1,646,217	389,789	2,036,006
<u>19,744,660</u>	<u>16,180,032</u>	<u>35,924,692</u>
<u>\$ 21,390,877</u>	<u>\$ 16,569,821</u>	<u>\$ 37,960,698</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Shorewood, Minnesota

Balance Sheet
Governmental Funds
December 31, 2021

	General	Debt Service	Street Reconstruction
Assets			
Cash and temporary investments	\$ 5,855,081	\$ 320,723	\$ 4,540,651
Cash with fiscal agent	-	8,502	-
Receivables			
Accrued interest	7,439	173	7,320
Taxes	102,207	-	-
Accounts	11,198	-	80,049
Special assessments	7,289	-	-
Lease	-	1,675,000	-
Due from other governments	15,502	-	21,258
Due from other funds	2,129	-	-
Prepaid items	250,664	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,251,509</u>	<u>\$ 2,004,398</u>	<u>\$ 4,649,278</u>
Liabilities			
Accounts and contracts payable	\$ 55,860	\$ -	\$ 402,598
Deposits payable	416,684	-	-
Accrued salaries payable	76,908	-	-
Due to other governments	5,503	-	-
Due to other funds	-	2,129	-
Advances from other funds	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>554,955</u>	<u>2,129</u>	<u>402,598</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	40,479	-	-
Unavailable revenue - assessments	7,239	-	-
Unavailable revenue - lease receivable	-	1,675,000	-
Unavailable revenue - intergovernmental	-	-	-
Total Deferred Inflows of Resources	<u>47,718</u>	<u>1,675,000</u>	<u>-</u>
Fund Balances			
Nonspendable prepaid items	250,664	-	-
Restricted for			
Debt service	-	327,269	-
Capital outlay	-	-	854,842
Committed to community center operations	-	-	-
Assigned to capital outlay	-	-	3,391,838
Unassigned	5,398,172	-	-
Total Fund Balances	<u>5,648,836</u>	<u>327,269</u>	<u>4,246,680</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,251,509</u>	<u>\$ 2,004,398</u>	<u>\$ 4,649,278</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 3

MSA Construction	TIF 2 Oppidan Senior Housing	Other Governmental Funds	Total Governmental Funds
\$ 38,306	\$ 86,183	\$ 549,648	\$ 11,390,592
-	-	-	8,502
152	16	1,058	16,158
-	-	-	102,207
-	-	-	91,247
-	-	-	7,289
-	-	-	1,675,000
1,101,344	-	-	1,138,104
-	-	-	2,129
-	-	-	250,664
-	-	150,068	150,068
<u>\$ 1,139,802</u>	<u>\$ 86,199</u>	<u>\$ 700,774</u>	<u>\$ 14,831,960</u>
\$ -	\$ 83,952	\$ 81,996	\$ 624,406
-	-	-	416,684
-	-	2,085	78,993
-	901	-	6,404
-	-	-	2,129
-	1,015,044	-	1,015,044
-	-	109,862	109,862
-	1,099,897	193,943	2,253,522
-	-	-	40,479
-	-	-	7,239
-	-	-	1,675,000
1,101,344	-	-	1,101,344
1,101,344	-	-	2,824,062
-	-	-	250,664
-	-	-	327,269
-	-	-	854,842
-	-	87,159	87,159
38,458	-	474,143	3,904,439
-	(1,013,698)	(54,471)	4,330,003
38,458	(1,013,698)	506,831	9,754,376
<u>\$ 1,139,802</u>	<u>\$ 86,199</u>	<u>\$ 700,774</u>	<u>\$ 14,831,960</u>

The notes to the financial statements are an integral part of this statement.

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City of Shorewood, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2021

Exhibit 4

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	\$ 9,754,376
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	53,548,779
Less: accumulated depreciation	(34,884,544)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bonds payable	(8,585,000)
Unamortized premium on bonds	(22,922)
Compensated absences payable	(307,163)
Net pension liability	(815,408)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Taxes receivable	40,479
Special assessments receivable	7,239
Leases receivable	1,675,000
Interest on lease receivable	13,957
Intergovernmental	1,101,344
Governmental funds do not report long-term amounts to pensions.	
Deferred outflows of pension resources	657,207
Deferred inflows of pension resources	(748,227)
Governmental funds do not report a liability for accrued interest until due and payable.	
	(44,240)
Total Net Position - Governmental Activities	\$ 21,390,877

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service	Street Reconstruction
Revenues			
Taxes	\$ 4,783,987	\$ 301,276	\$ 693,614
Franchise fees	-	-	319,409
Licenses and permits	556,916	-	-
Intergovernmental	102,822	-	-
Charges for services	67,733	-	-
Fines and forfeitures	56,978	-	-
Special assessments	6,432	-	-
Interest (loss) on investments	1,951	282	(1,356)
Miscellaneous	235,346	934,300	-
Total Revenues	<u>5,812,165</u>	<u>1,235,858</u>	<u>1,011,667</u>
Expenditures			
Current			
General government	1,641,103	-	-
Public safety	1,950,567	-	-
Public works	1,070,309	-	-
Culture and recreation	272,963	-	-
Capital outlay			
Public safety	474,560	-	-
Public works	-	-	4,104,298
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	955,000	-
Interest and service charges	-	111,731	36,303
Total Expenditures	<u>5,409,502</u>	<u>1,066,731</u>	<u>4,140,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>402,663</u>	<u>169,127</u>	<u>(3,128,934)</u>
Other Financing Sources (Uses)			
Transfers in	25,000	-	-
Bonds issued	-	48,880	3,236,120
Transfers out	(102,300)	-	-
Total Other Financing Sources (Uses)	<u>(77,300)</u>	<u>48,880</u>	<u>3,236,120</u>
Net Change in Fund Balances	325,363	218,007	107,186
Fund Balances, January 1	<u>5,323,473</u>	<u>109,262</u>	<u>4,139,494</u>
Fund Balances, December 31	<u>\$ 5,648,836</u>	<u>\$ 327,269</u>	<u>\$ 4,246,680</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 5

<u>MSA Construction</u>	<u>TIF 2 Oppidan Senior Housing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 245,116	\$ 200,000	\$ 6,223,993
-	-	-	319,409
-	-	-	556,916
-	-	331,857	434,679
-	-	127,694	195,427
-	-	-	56,978
-	-	-	6,432
(323)	(7)	(2,296)	(1,749)
-	-	8,740	1,178,386
<u>(323)</u>	<u>245,109</u>	<u>665,995</u>	<u>8,970,471</u>
-	-	-	1,641,103
-	-	-	1,950,567
-	-	2,060	1,072,369
-	-	109,225	382,188
-	-	-	474,560
99,255	-	430,474	4,634,027
-	-	362,646	362,646
-	246,166	-	246,166
-	-	-	955,000
-	-	-	148,034
<u>99,255</u>	<u>246,166</u>	<u>904,405</u>	<u>11,866,660</u>
<u>(99,578)</u>	<u>(1,057)</u>	<u>(238,410)</u>	<u>(2,896,189)</u>
-	-	102,300	127,300
-	-	-	3,285,000
-	-	-	(102,300)
-	-	102,300	3,310,000
(99,578)	(1,057)	(136,110)	413,811
<u>138,036</u>	<u>(1,012,641)</u>	<u>642,941</u>	<u>9,340,565</u>
<u>\$ 38,458</u>	<u>\$ (1,013,698)</u>	<u>\$ 506,831</u>	<u>\$ 9,754,376</u>

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2021

Exhibit 6

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 413,811
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	4,891,164
Depreciation expense	(1,117,885)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Principal repayments	955,000
Bonds issued	(3,285,000)
Amortization of bond premium	12,561
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	4,468
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	31,602
Pension revenue	2,014
<p>Capital assets constructed in capital projects funds but intended for enterprise fund use are transferred in the government-wide financial statements.</p>	
	(422,677)
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Taxes	(2,273)
Special assessments	(1,744)
Leases	(887,334)
Intergovernmental	1,101,344
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(48,834)
	(48,834)
Change in Net Position - Governmental Activities	\$ 1,646,217

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

Exhibit 7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,778,853	\$ 4,778,853	\$ 4,783,987	\$ 5,134
Licenses and permits	232,225	232,225	556,916	324,691
Intergovernmental	133,000	133,000	102,822	(30,178)
Charges for services	50,360	50,360	67,733	17,373
Fines and forfeitures	60,000	60,000	56,978	(3,022)
Special assessments	5,000	5,000	6,432	1,432
Interest on investments	15,000	15,000	1,951	(13,049)
Miscellaneous	188,500	188,500	235,346	46,846
Total Revenues	<u>5,462,938</u>	<u>5,462,938</u>	<u>5,812,165</u>	<u>349,227</u>
Expenditures				
Current				
General government	1,601,821	1,601,821	1,641,103	(39,282)
Public safety	1,953,942	1,953,942	1,950,567	3,375
Public works	1,224,629	1,224,629	1,070,309	154,320
Culture and recreation	324,168	324,168	272,963	51,205
Capital outlay				
Public safety	474,560	474,560	474,560	-
Total Expenditures	<u>5,579,120</u>	<u>5,579,120</u>	<u>5,409,502</u>	<u>169,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(116,182)</u>	<u>(116,182)</u>	<u>402,663</u>	<u>518,845</u>
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(102,300)	(102,300)	(102,300)	-
Total Other Financing Sources (Uses)	<u>(77,300)</u>	<u>(77,300)</u>	<u>(77,300)</u>	<u>-</u>
Net Change in Fund Balances	(193,482)	(193,482)	325,363	518,845
Fund Balances, January 1	<u>5,323,473</u>	<u>5,323,473</u>	<u>5,323,473</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,129,991</u>	<u>\$ 5,129,991</u>	<u>\$ 5,648,836</u>	<u>\$ 518,845</u>

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2021

Exhibit 8

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Assets					
Current Assets					
Cash and temporary investments	\$ 209,320	\$ 1,651,805	\$ 2,193,800	\$ 312,083	\$ 4,367,008
Cash with fiscal agent	280,000	-	-	-	280,000
Receivables					
Accrued interest	685	3,807	5,412	573	10,477
Accounts	139,902	336,362	127,595	45,473	649,332
Special assessments	10,309	29,160	10,120	4,402	53,991
Leases	161,133	-	-	-	161,133
Prepaid Items	2,680	2,680	2,680	2,680	10,720
Due from other funds	-	307,088	-	-	307,088
Total Current Assets	<u>804,029</u>	<u>2,330,902</u>	<u>2,339,607</u>	<u>365,211</u>	<u>5,839,749</u>
Noncurrent Assets					
Special assessments receivable	320,186	-	-	-	320,186
Advances to other funds	1,015,044	-	-	-	1,015,044
Capital assets					
Land	-	-	1,322,989	-	1,322,989
Construction in progress	1,691,768	461,978	2,624,813	-	4,778,559
Machinery and equipment	383,540	471,566	-	-	855,106
Infrastructure	12,409,680	9,456,864	2,869,751	-	24,736,295
Less accumulated depreciation	<u>(6,808,362)</u>	<u>(8,141,969)</u>	<u>(715,321)</u>	<u>-</u>	<u>(15,665,652)</u>
Net Capital Assets	<u>7,676,626</u>	<u>2,248,439</u>	<u>6,102,232</u>	<u>-</u>	<u>16,027,297</u>
Total Noncurrent Assets	<u>9,011,856</u>	<u>2,248,439</u>	<u>6,102,232</u>	<u>-</u>	<u>17,362,527</u>
Total Assets	<u>9,815,885</u>	<u>4,579,341</u>	<u>8,441,839</u>	<u>365,211</u>	<u>23,202,276</u>
Deferred Outflows of Resources					
Deferred pension resources	<u>94,405</u>	<u>81,188</u>	<u>26,556</u>	<u>6,991</u>	<u>209,140</u>
Liabilities					
Current Liabilities					
Accounts and contracts payable	11,640	119,771	32,600	14,283	178,294
Accrued salaries payable	7,812	7,055	2,114	458	17,439
Due to other governments	8,916	10,348	-	-	19,264
Due to other funds	307,088	-	-	-	307,088
Accrued interest payable	9,168	2,060	19,373	-	30,601
Bonds payable - current	291,963	5,614	52,423	-	350,000
Total Current Liabilities	<u>636,587</u>	<u>144,848</u>	<u>106,510</u>	<u>14,741</u>	<u>902,686</u>
Noncurrent Liabilities					
Bonds payable	1,305,812	397,710	3,736,478	-	5,440,000
Net pension liability	117,661	100,929	33,388	8,767	260,745
Total Noncurrent Liabilities	<u>1,423,473</u>	<u>498,639</u>	<u>3,769,866</u>	<u>8,767</u>	<u>5,700,745</u>
Total Liabilities	<u>2,060,060</u>	<u>643,487</u>	<u>3,876,376</u>	<u>23,508</u>	<u>6,603,431</u>
Deferred Inflows of Resources					
Deferred pension resources	<u>107,508</u>	<u>92,445</u>	<u>30,249</u>	<u>7,962</u>	<u>238,164</u>
Net Position					
Net investment in capital assets	6,396,120	2,143,029	3,999,947	-	12,539,096
Unrestricted	<u>1,346,602</u>	<u>1,781,568</u>	<u>561,823</u>	<u>340,732</u>	<u>4,030,725</u>
Total Net Position	<u>\$ 7,742,722</u>	<u>\$ 3,924,597</u>	<u>\$ 4,561,770</u>	<u>\$ 340,732</u>	<u>\$ 16,569,821</u>

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

Exhibit 9

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Operating Revenues					
Charges for services	\$ 766,069	\$ 1,171,092	\$ 447,514	\$ 174,156	\$ 2,558,831
Intergovernmental	-	-	-	16,525	16,525
Total Operating Revenues	<u>766,069</u>	<u>1,171,092</u>	<u>447,514</u>	<u>190,681</u>	<u>2,575,356</u>
Operating Expenses					
Personal services	278,544	243,522	76,568	20,558	619,192
Supplies	9,566	3,616	2,218	1,923	17,323
Repairs and maintenance	39,541	5,697	1,020	-	46,258
Depreciation	348,143	102,474	68,095	-	518,712
Professional services	18,850	36,842	39,770	-	95,462
Contracted services	102,217	48,218	17,439	174,345	342,219
Insurance	-	2,500	-	-	2,500
Water purchases	35,099	-	-	-	35,099
Utilities	84,474	13,731	-	-	98,205
Disposal charges	-	996,747	-	-	996,747
Other	52,581	10,857	3,547	11,766	78,751
Total Operating Expenses	<u>969,015</u>	<u>1,464,204</u>	<u>208,657</u>	<u>208,592</u>	<u>2,850,468</u>
Operating Income (Loss)	<u>(202,946)</u>	<u>(293,112)</u>	<u>238,857</u>	<u>(17,911)</u>	<u>(275,112)</u>
Nonoperating Revenues (Expenses)					
Special assessments	4,824	-	-	-	4,824
Interest (loss) on investments	84,469	(3,124)	2,791	(361)	83,775
Miscellaneous	5,786	4,335	48,860	21	59,002
Interest expense	(19,965)	(4,520)	(42,345)	-	(66,830)
Bond issuance costs	(3,467)	(280)	(2,762)	-	(6,509)
Total Nonoperating Revenues (Expenses)	<u>71,647</u>	<u>(3,589)</u>	<u>6,544</u>	<u>(340)</u>	<u>74,262</u>
Income (Loss) Before Contributions and Transfers	<u>(131,299)</u>	<u>(296,701)</u>	<u>245,401</u>	<u>(18,251)</u>	<u>(200,850)</u>
Capital Contributions	177,500	15,462	-	-	192,962
Capital Contributions From Other Funds	331,857	-	90,820	-	422,677
Transfers Out	(12,500)	(12,500)	-	-	(25,000)
Change in Net Position	365,558	(293,739)	336,221	(18,251)	389,789
Net Position, January 1	<u>7,377,164</u>	<u>4,218,336</u>	<u>4,225,549</u>	<u>358,983</u>	<u>16,180,032</u>
Net Position, December 31	<u>\$ 7,742,722</u>	<u>\$ 3,924,597</u>	<u>\$ 4,561,770</u>	<u>\$ 340,732</u>	<u>\$ 16,569,821</u>

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

Exhibit 10

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 713,531	\$ 1,136,063	\$ 437,848	\$ 189,929	\$ 2,477,371
Other receipts related to operations	10,610	4,335	48,860	21	63,826
Payments to suppliers, contractors and other governments	(371,051)	(1,149,093)	(70,034)	(188,468)	(1,778,646)
Payments to employees	(274,782)	(234,460)	(75,384)	(19,404)	(604,030)
Net Cash Provided (Used) by Operating Activities	<u>78,308</u>	<u>(243,155)</u>	<u>341,290</u>	<u>(17,922)</u>	<u>158,521</u>
Cash Flows from Noncapital Financing Activities					
Transfers out	(12,500)	(12,500)	-	-	(25,000)
Lease receivable received	157,973	-	-	-	157,973
Increase/decrease in due to other funds	307,088	(307,088)	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>452,561</u>	<u>(319,588)</u>	<u>-</u>	<u>-</u>	<u>132,973</u>
Cash Flows from Capital and Related Financing Activities					
Connection fees received	177,500	15,462	-	-	192,962
Acquisition of capital assets	(936,858)	(325,756)	(1,764,185)	-	(3,026,799)
Bond proceeds, net of issuance costs	550,831	44,550	438,556	-	1,033,937
Principal paid on revenue bonds	(275,000)	-	-	-	(275,000)
Interest paid on revenue bonds	(18,369)	(4,013)	(37,469)	-	(59,851)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(501,896)</u>	<u>(269,757)</u>	<u>(1,363,098)</u>	<u>-</u>	<u>(2,134,751)</u>
Cash Flows from Investing Activities					
Interest received on investments	84,291	3,878	5,515	585	94,269
Net Increase (Decrease) in Cash and Cash Equivalents					
	113,264	(828,622)	(1,016,293)	(17,337)	(1,748,988)
Cash and Cash Equivalents, January 1	376,056	2,480,427	3,210,093	329,420	6,395,996
Cash and Cash Equivalents, December 31	<u>\$ 489,320</u>	<u>\$ 1,651,805</u>	<u>\$ 2,193,800</u>	<u>\$ 312,083</u>	<u>\$ 4,647,008</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and temporary investments	\$ 209,320	\$ 1,651,805	\$ 2,193,800	\$ 312,083	\$ 4,367,008
Cash with fiscal agent	280,000	-	-	-	280,000
Total Cash and Cash Equivalents	<u>\$ 489,320</u>	<u>\$ 1,651,805</u>	<u>\$ 2,193,800</u>	<u>\$ 312,083</u>	<u>\$ 4,647,008</u>

The notes to the financial statements are an integral part of this statement.

City of Shorewood, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2021

Exhibit 10

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (202,946)	\$ (293,112)	\$ 238,857	\$ (17,911)	\$ (275,112)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	10,610	4,335	48,860	21	63,826
Depreciation	348,143	102,474	68,095	-	518,712
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(25,134)	(41,811)	(13,859)	(2,674)	(83,478)
Special assessments receivable	(27,404)	6,782	4,193	1,922	(14,507)
Prepaid items	(2,680)	(2,680)	(2,680)	(2,680)	(10,720)
Deferred pension resources	(67,143)	(58,911)	(18,887)	(5,199)	(150,140)
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts and contracts payable	(25,647)	14,341	(3,360)	2,246	(12,420)
Due to other governments	(396)	(42,546)	-	-	(42,942)
Net pension liability	(31,373)	(20,757)	(8,606)	(1,047)	(61,783)
Accrued salaries payable	1,340	1,613	331	(120)	3,164
Deferred pension resources	100,938	87,117	28,346	7,520	223,921
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 78,308</u>	 <u>\$ (243,155)</u>	 <u>\$ 341,290</u>	 <u>\$ (17,922)</u>	 <u>\$ 158,521</u>
 Noncash Capital and Related Financing Activities					
Contribution of assets from other funds	<u>\$ 331,857</u>	<u>\$ -</u>	<u>\$ 90,820</u>	<u>\$ -</u>	<u>\$ 422,677</u>
Capital assets purchased on account	<u>\$ 8,916</u>	<u>\$ 103,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,941</u>

The notes to the financial statements are an integral part of this statement.

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City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Shorewood, Minnesota (the City), operates under the "Optional Plan A" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. The City has the following component unit:

Blended Component Unit

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent within the City in accordance with policies established by the City Council. The EDA Board is comprised of the members of the City Council and has a December 31 year end. Because the EDA's Board is the same as the City Council, and the EDA creates both financial benefits and burdens for the primary government, the EDA is blended and reported in the Debt Service fund. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Street Reconstruction fund* accounts for the resources accumulated and payments made for the periodic reconstruction of City streets and roadways.

The *MSA Construction fund* accounts for the accumulation of Municipal State Aid (MSA) to fund the periodic reconstruction of MSA designated roads.

The *TIF #2 Oppidan Senior Housing fund* accounts for the resources accumulated and payments made for the senior housing project.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the City's water distribution system.

The *Sewer fund* accounts for the activities of the City's sewage collection system.

The *Stormwater Management Utility fund* accounts for the activities of the City's stormwater collection system.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, stormwater management utility, and recycling enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The City's investment policy has further restricted the City's investments to items 1, 2, 3, and 7 above. Earnings on investments are allocated to the individual funds based upon the average cash and investment balances.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 68 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2021:

- US Government Agency Securities of \$1,496,270 are valued using quoted market prices (Level 1 inputs)
- Municipal Bonds of \$879,520 are valued using a matrix pricing model (Level 2 inputs)
- Brokered Certificates of Deposit of \$2,733,186 are valued using a matrix pricing model (Level 2 inputs)

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 60 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, the investment officer shall structure all investments, deposits and repurchase agreements so that the custodial risk is categorized as either insured or registered, or securities held by the City or its agent in the City's name or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. All investments are placed in safekeeping at financial institutions.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of December 31, 2021 the City had no investments of 5.0 percent or more of its total investment portfolio.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy and also detailed in the description of concentration of credit risk, the City manages its exposure to declines in fair values by "laddering" their investment maturities to ensure that a portion of the portfolio is maturing monthly, or as needed to meet projected expenditures. The City also permits no more than 30 percent of total investments to extend beyond five (5) years and does not directly invest in securities maturing more than 15 years from the date of purchase.

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, July and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts has a zero balance at the end of 2021. Unbilled utility enterprise fund receivables are also included for services provided in 2021. The City annually certifies delinquent utility accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established in the enterprise funds.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Lease Receivable

The City has a total of four leases receivable. The leases are related to public safety buildings that the City has leased to the Excelsior Fire District and the South Lake Minnetonka Police Department and to the Excelsior Fire District for the purchase a new fire truck. As of December 31, 2021, the City has \$1,836,133 of leases receivable outstanding.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items of the City are accounted for using the consumption method.

Land Held for Resale

These assets represent land owned by the City with the intent to sell to developers. This land is recorded at the lesser of historical cost or net realizable value.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Assets	Threshold
Land and Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Building Improvements	25,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other Assets	5,000

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

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

Assets	Useful Lives in Years
Land Improvements	15 - 20
Buildings and Improvements	7 - 40
System Improvements/Infrastructure	20 - 50
Machinery and Equipment	5 - 15
Vehicles	5 - 15

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Compensated Absences

It is the City's policy to permit employees to accumulate a portion of earned but unused vacation and sick pay benefits. Accumulated vacation and sick pay are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In the case of an employee leaving, the General fund would be responsible for liquidation of the liability.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. It was determined, in accordance with GASB Statement 75, at December 31, 2021 that the City has a zero liability.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

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

Pensions

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

The total pension expense related to GERP for the year ended December 31, 2021 was \$120,428.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, lease receivables and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items, land held for resale, and amounts due from other funds.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 60 percent of operating expenditures and transfers out for cash-flow timing needs.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. Annual appropriations lapse at fiscal yearend. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30th, the proposed budget is presented to the City Council for review. In early December, the City Council holds public hearings and a final budget is prepared and adopted.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level.

The City's budget was not amended during the year.

B. Deficit Fund Equity

The following funds had a deficit fund balance as of December 31, 2021:

<u>Fund</u>	<u>Amount</u>
Major Capital Project	
TIF 2 Oppidan Senior Housing	\$ 1,013,698
Nonmajor Capital Project	
Park Capital Improvement	54,471

The deficits are expected to be eliminated with future tax increments, revenues related to future tax collections and charges for services.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At year end, the City's carrying amount of deposits was \$2,846,411 and the bank balance was \$2,999,244. The entire bank balance was covered by Federal depository insurance or by collateral held by the City's agent in the City's name.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Investments

At year end, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Minnesota Municipal Money Market fund	N/A	less than 1 year	\$ 8,090,495	\$ -	\$ -
Non-pooled Investments at Fair Value					
U.S. Government Agency Securities	AAA	1 to 3 years	513,653	513,653	-
U.S. Government Agency Securities	AAA	more than 3 years	982,617	982,617	-
Municipal Bonds	AA2	1 to 3 years	879,520	-	879,520
Brokered Certificates of Deposit	N/A	less than 1 year	1,982,555	-	1,982,555
Brokered Certificates of Deposit	N/A	1 to 5 years	750,631	-	750,631
Total Investments			\$ 13,199,471	\$ 1,496,270	\$ 3,612,706

(1) Ratings are provided by various credit ratings agency where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and temporary investments as shown on the financial statements for the City follows:

	<u>Primary Government</u>
Carrying Amount of Deposits	\$ 2,846,411
Investments	13,199,471
Cash on Hand	<u>220</u>
Total	<u>\$ 16,046,102</u>
As Reported on the Financial Statements	
Statement of net position	\$ 15,757,600
Cash with fiscal agent	<u>288,502</u>
Total	<u>\$ 16,046,102</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 741,826	\$ -	\$ -	\$ 741,826
Construction in progress	2,278,512	4,038,288	(1,057,704)	5,259,096
Total Capital Assets not Being Depreciated	<u>3,020,338</u>	<u>4,038,288</u>	<u>(1,057,704)</u>	<u>6,000,922</u>
Capital Assets Being Depreciated				
Buildings	4,031,116	5,340	-	4,036,456
Improvements other than buildings	2,275,649	454,726	-	2,730,375
Infrastructure	36,217,443	919,747	-	37,137,190
Machinery and equipment	3,535,746	108,090	-	3,643,836
Total Capital Assets Being Depreciated	<u>46,059,954</u>	<u>1,487,903</u>	<u>-</u>	<u>47,547,857</u>
Less Accumulated Depreciation for				
Buildings	(1,715,276)	(123,398)	-	(1,838,674)
Improvements other than buildings	(1,163,741)	(94,063)	-	(1,257,804)
Infrastructure	(28,330,407)	(740,501)	-	(29,070,908)
Machinery and equipment	(2,557,235)	(159,923)	-	(2,717,158)
Total Accumulated Depreciation	<u>(33,766,659)</u>	<u>(1,117,885)</u>	<u>-</u>	<u>(34,884,544)</u>
Total Capital Assets Being Depreciated, Net	<u>12,293,295</u>	<u>370,018</u>	<u>-</u>	<u>12,663,313</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,313,633</u>	<u>\$ 4,408,306</u>	<u>\$ (1,057,704)</u>	<u>\$ 18,664,235</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,299,567	\$ 23,422	\$ -	\$ 1,322,989
Construction in progress	1,448,107	3,522,374	(191,922)	4,778,559
Total Capital Assets not Being Depreciated	<u>2,747,674</u>	<u>3,545,796</u>	<u>(191,922)</u>	<u>6,101,548</u>
Capital Assets Being Depreciated				
Infrastructure	24,544,373	191,922	-	24,736,295
Machinery and equipment	855,106	-	-	855,106
Total Capital Assets Being Depreciated	<u>25,399,479</u>	<u>191,922</u>	<u>-</u>	<u>25,591,401</u>
Less Accumulated Depreciation for				
Infrastructure	(14,741,709)	(445,869)	-	(15,187,578)
Machinery and equipment	(405,231)	(72,843)	-	(478,074)
Total Accumulated Depreciation	<u>(15,146,940)</u>	<u>(518,712)</u>	<u>-</u>	<u>(15,665,652)</u>
Total Capital Assets Being Depreciated, Net	<u>10,252,539</u>	<u>(326,790)</u>	<u>-</u>	<u>9,925,749</u>
Business-type Activities Capital Assets, Net	<u>\$ 13,000,213</u>	<u>\$ 3,219,006</u>	<u>\$ (191,922)</u>	<u>\$ 16,027,297</u>

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

Governmental Activities		
General government		\$ 60,979
Public safety		642
Public works		856,371
Culture and recreation		<u>199,893</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,117,885</u>
Business-type Activities		
Water		\$ 348,143
Sewer		102,474
Stormwater management utility		<u>68,095</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 518,712</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Construction and Other Commitments

The City has active construction projects as of December 31, 2021. At year end, the commitments with the contractors for these projects are as follows:

Project	Spent to Date	Remaining Commitment
Woodside Road and Woodside Lane	\$ 819,770	\$ 41,546
Glen, Amlee and Manitou	2,428,718	185,668
Total	<u>\$ 3,248,488</u>	<u>\$ 227,214</u>

C. Interfund Receivables, Payables and Transfers

Interfund Balances

The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Major Governmental	Nonmajor Governmental		
General	2016B Public Safety Building	Cash flow	\$ 2,129
Major Enterprise			
Sewer	Water	Cash flow	307,088
Water	TIF 2 Oppidan Senior Housing	Project funding	<u>1,015,044</u>
Total Internal Balances			<u>\$ 1,324,261</u>

Interfund Transfers

The City made transfers during the fiscal year 2021 as shown and described below:

Fund	Transfers in		
	General	Nonmajor Governmental	Total
Transfers Out			
General	\$ -	\$ 102,300	\$ 102,300
Water	12,500	-	12,500
Sewer	12,500	-	12,500
Total	<u>\$ 25,000</u>	<u>\$ 102,300</u>	<u>\$ 127,300</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

The City annually budgets transfers for specific purposes. Annual transfers are made for administrative costs, part of capital improvement plans, as well as annual budgets. For the year ended December 31, 2021, the City made the following significant one-time transfers:

- The General fund transferred a budgeted \$102,300 to the Shorewood Community and Event Center fund.
- The Water and Sewer funds each transferred a budgeted \$12,500 to the General fund, totaling \$25,000, for administrative costs.

D. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City has the following general obligation debt:

General Obligation Street Reconstruction Bonds

The following bonds will be repaid from future tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Street Reconstruction Bonds of 2020	\$ 3,030,000	1.00 - 1.63 %	08/25/20	02/01/41	\$ 3,030,000
G.O. Street Reconstruction Bonds of 2021	3,285,000	1.00 - 2.00	07/28/21	02/01/34	<u>3,285,000</u>
Total Street Reconstruction Bonds					<u><u>\$ 6,315,000</u></u>

The annual service requirements to maturity for the general obligation street reconstruction bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 190,000	\$ 68,217	\$ 258,217
2023	455,000	64,696	519,696
2024	455,000	60,146	515,146
2025	455,000	55,596	510,596
2026	455,000	51,046	506,046
2027 - 2031	2,360,000	185,115	2,545,115
2032 - 2036	1,500,000	65,968	1,565,968
2037 - 2041	445,000	17,949	462,949
Total	<u><u>\$ 6,315,000</u></u>	<u><u>\$ 568,733</u></u>	<u><u>\$ 6,883,733</u></u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net revenues pledged from the Water, Sewer, and Stormwater funds and are backed by the taxing power of the City. Annual principal and interest payments on the bonds are expected to require less than 38.3 percent of the net revenues from the Water fund. Principal and interest paid for the current year and total customer net revenues for the Water fund were \$293,369 and \$766,069, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds of 2013	\$ 2,260,000	0.25 - 1.45 %	03/01/13	01/01/22	\$ 280,000
G.O. Utility Revenue Bonds of 2020	4,470,000	1.00 - 1.63	08/25/20	02/01/41	4,470,000
G.O. Utility Revenue Bonds of 2021	1,040,000	1.00 - 2.00	07/28/21	02/01/42	<u>1,040,000</u>
Total Revenue Bonds					<u>\$ 5,790,000</u>

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 350,000	\$ 70,125	\$ 420,125
2023	180,000	66,720	246,720
2024	205,000	64,795	269,795
2025	270,000	62,421	332,421
2026	275,000	59,696	334,696
2027 - 2031	1,395,000	256,957	1,651,957
2032 - 2036	1,470,000	180,618	1,650,618
2037 - 2041	1,585,000	71,959	1,656,959
2042	<u>60,000</u>	<u>601</u>	<u>60,601</u>
Total	<u>\$ 5,790,000</u>	<u>\$ 833,892</u>	<u>\$ 6,623,892</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Lease Revenue Bonds

The City also issues bonds through the EDA, where the City pledges income derived from the leasing of the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Safety Fire Facility, Refunding Series 2016A	\$ 2,470,000	2.00 %	01/07/16	02/01/23	\$ 745,000
Public Safety Police Facility, Refunding Series 2016B	2,565,000	2.00	01/07/16	02/01/23	775,000
Public Safety Fire Facility, Refunding Series 2016C	875,000	2.00	01/07/16	02/01/22	155,000
Public Project Lease Revenue Refunding Bonds, Series 2017A	950,000	2.70	05/02/17	12/01/28	<u>595,000</u>
Total Lease Revenue Bonds					<u>\$ 2,270,000</u>

The Public Safety Fire Facility Refunding Series 2016A, 2016B and 2016C were issued for construction of the public safety building, which there is a lease receivable from the South Lake Minnetonka Police and Excelsior Fire District. This debt is excluded from the calculation of net investment in capital assets as the building is reported on the South Lake Minnetonka Police and Excelsior Fire District as a capital asset. Refer to Note 5A and B for further information.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 990,000	\$ 40,466	\$ 1,030,466
2023	845,000	21,556	866,556
2024	85,000	11,746	96,746
2025	85,000	9,450	94,450
2026	85,000	7,156	92,156
2027 - 2028	<u>180,000</u>	<u>7,290</u>	<u>187,290</u>
Total	<u>\$ 2,270,000</u>	<u>\$ 97,664</u>	<u>\$ 2,367,664</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
Lease revenue bonds	\$ 3,225,000	\$ -	\$ (955,000)	\$ 2,270,000	\$ 990,000
Street reconstruction bonds	3,030,000	3,285,000	-	6,315,000	190,000
Unamortized premium on bond	35,483	-	(12,561)	22,922	-
Compensated Absences	258,329	238,116	(189,282)	307,163	199,656
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activity Long-term Liabilities	<u>\$ 6,548,812</u>	<u>\$ 3,523,116</u>	<u>\$ (1,156,843)</u>	<u>\$ 8,915,085</u>	<u>\$ 1,379,656</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	<u>\$ 5,025,000</u>	<u>\$ 1,040,000</u>	<u>\$ (275,000)</u>	<u>\$ 5,790,000</u>	<u>\$ 350,000</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$139,392, \$128,591 and \$118,391, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$1,076,153 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$32,902. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0252 percent which was an increase of 0.0016 from the proportion measured as of June 30, 2020.

City's Proportionate Share of the Net Pension Liability	\$ 1,076,153
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>32,902</u>
Total	<u><u>\$ 1,109,055</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$117,773 for its proportionate share of the General Employees Fund's pension expense. In addition, the City recognized an additional \$2,655 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2021, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 5,641	\$ 32,691
Changes in Actuarial Assumptions	657,077	21,663
Net Difference Between Projected and Actual Earnings on Plan Investments	-	932,037
Changes in Proportion	133,329	-
Contributions Paid to PERA Subsequent to the Measurement Date	70,300	-
Total	\$ 866,347	\$ 986,391

The \$70,300 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 36,178
2023	38,382
2024	(10,700)
2025	(254,204)

E. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	25.0	0.75
International Equity	16.5	5.30
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Pension Liability Sensitivity

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

	<u>1 Percent Decrease (5.50%)</u>	<u>Current (6.50%)</u>	<u>1 Percent Increase (7.50%)</u>
General Employees Fund	\$ 2,194,803	\$ 1,076,153	\$ 158,233

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Joint Ventures

A. South Lake Minnetonka Police Department

The City participates in a joint powers agreement with the cities of Excelsior, Greenwood and Tonka Bay, which establishes the South Lake Minnetonka Police Department (the Department) for the purpose of providing police protection within the four communities. The agreement creates a coordinating committee, comprised of the Mayors of each participating community, as the governing body, which meets quarterly. Each year, the coordinating committee adopts an operating budget, which is approved by all participating cities. The cost of the operating budget is divided between the participating cities based upon a five-year average demand for service in each City.

Any budget shortfall is made up first from department reserves, with any excess shortfall assessed to each participating community according to the formula. The most recent year of audited information is December 31, 2020.

Separate financial statements can be obtained by writing to the South Lake Minnetonka Police Department, 24150 Smithtown Road, Shorewood, Minnesota 55331.

The following is a summary of the Department’s statements of net position as of December 31, 2020 and 2019:

South Lake Minnetonka Police Department
Summary of Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets	\$ 4,417,369	\$ 4,788,210
Deferred Outflows of Resources	891,450	1,370,788
Total Assets and Deferred Outflows of Resources	\$ 5,308,819	\$ 6,158,998
Liabilities	\$ 3,165,932	\$ 3,314,234
Deferred Inflows of Resources	1,208,618	2,006,609
Net Position	934,269	838,155
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,308,819	\$ 6,158,998

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Joint Ventures (Continued)

The following is a summary of the Department's statements of activities for the years ended December 31, 2020 and 2019:

South Lake Minnetonka Police Department
Summary Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenues	\$ 3,240,773	\$ 3,280,972
Expenses	3,167,624	2,987,194
Net Revenues	73,149	293,778
General Revenues	22,965	37,857
Change in Net Position	96,114	331,635
Net Position, January 1	838,155	506,520
Net Position, December 31	\$ 934,269	\$ 838,155

B. Excelsior Fire District

In August of 2000, the cities of Deephaven, Excelsior, Greenwood, Shorewood and Tonka Bay entered a joint powers agreement to provide fire protection and medical response service to their residents and created an entity called the Excelsior Fire District (the District). The Board of Directors is comprised of ten members and five alternate members. Each Member City appoints two representatives on the Board of Directors and one alternate. The City is billed for service based on a formula that determines its share of the total expenditures. The most recent year of audited information is December 31, 2021. Separate financial statements can be obtained by writing to the Excelsior Fire District, 24100 Smithtown Road, Shorewood, Minnesota 55331.

The following is a summary of the District's statements of net position as of December 31, 2021 and 2020:

Excelsior Fire District
Summary of Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Assets	\$ 10,196,552	\$ 9,734,232
Deferred Outflows of Resources	430,414	309,060
Total Assets and Deferred Outflows of Resources	\$ 10,626,966	\$ 10,043,292
Liabilities	\$ 1,276,244	\$ 2,053,776
Deferred Inflows of Resources	1,559,168	941,296
Net Position	7,791,554	7,048,220
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,626,966	\$ 10,043,292

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Joint Ventures (Continued)

The following is a summary of the District's statements of activities for the years ended December 31, 2021 and 2020:

Excelsior Fire District
Summary Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues	\$ 1,939,316	\$ 1,884,061
Expenses	1,223,488	1,368,442
Net Revenues	715,828	515,619
General Revenues	27,506	46,766
Change in Net Position	743,334	562,385
Net Position, January 1	7,048,220	6,485,835
Net Position, December 31	\$ 7,791,554	\$ 7,048,220

According to a formula in the agreement, the City's share of the District's budget is 36.2 percent. Payments to the District in 2021 totaled \$682,409. The District issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Excelsior Fire District, 24100 Smithtown Road, Shorewood, Minnesota 55331.

Note 6: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Legal Debt Margin

The City's statutory debt limit is \$58,240,314 computed as three percent of \$1,941,343,795 which is the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments, tax increments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The City has no debt that is subject to the statutory debt limit.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City’s financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Shorewood, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2021

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0252 %	\$ 1,076,153	\$ 32,902	\$ 1,109,055	\$ 1,752,124	61.4 %	87.0 %
06/30/20	0.0236	1,414,928	43,582	1,458,510	1,619,178	87.4	79.0
06/30/19	0.0215	1,188,687	36,832	1,225,519	1,520,104	78.2	80.2
06/30/18	0.0202	1,120,613	36,648	1,157,261	1,346,370	83.2	79.5
06/30/17	0.0202	1,289,555	16,197	1,305,752	1,299,857	99.2	75.9
06/30/16	0.0203	1,648,259	21,459	1,669,718	1,257,395	131.1	68.9
06/30/15	0.0210	1,088,329	-	1,088,329	1,233,860	88.2	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 139,392	\$ 139,392	\$ -	\$ 1,858,566	7.5 %
12/31/20	128,591	128,591	-	1,714,543	7.5
12/31/19	118,391	118,391	-	1,578,547	7.5
12/31/18	107,641	107,641	-	1,435,208	7.5
12/31/17	97,079	97,079	-	1,294,390	7.5
12/31/16	96,454	96,454	-	1,286,047	7.5
12/31/15	93,614	93,614	-	1,248,182	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Shorewood, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Shorewood, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other earmarked revenue sources. They are usually required by Minnesota statute or local ordinances to finance particular functions or other activities of government.

Shorewood Community and Event Center - This fund was established to account for the resources accumulated from events and activities held at the City's community center, and the payment of expenditures related to operations of the community center. The City has committed charges for services revenues for operations. Property taxes support the community center when fees generated from facility rental are not sufficient to cover revenue.

Local Fiscal Recovery Fund ARPA - This fund was established to account for the resources accumulated from the American Rescue Plan Act and the payment of expenditures.

City of Shorewood, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2021

Exhibit A-1

	Special Revenue			Total Nonmajor Funds
	Shorewood Community and Event Center	Local Fiscal Recovery Fund ARPA	Capital Projects	
Assets				
Cash and temporary investments	\$ 92,055	\$ 125,132	\$ 332,461	\$ 549,648
Accrued interest	219	286	553	1,058
Land held for resale	-	-	150,068	150,068
Total Assets	<u>\$ 92,274</u>	<u>\$ 125,418</u>	<u>\$ 483,082</u>	<u>\$ 700,774</u>
Liabilities				
Accounts and contracts payable	\$ 3,030	\$ 14,979	\$ 63,987	\$ 81,996
Accrued salaries payable	2,085	-	-	2,085
Unearned revenue	-	109,862	-	109,862
Total Liabilities	<u>5,115</u>	<u>124,841</u>	<u>63,987</u>	<u>193,943</u>
Fund Balances				
Committed to community center operations	87,159	-	-	87,159
Assigned to capital outlay	-	577	473,566	474,143
Unassigned	-	-	(54,471)	(54,471)
Total Fund Balances	<u>87,159</u>	<u>577</u>	<u>419,095</u>	<u>506,831</u>
Total Liabilities and Fund Balances	<u>\$ 92,274</u>	<u>\$ 125,418</u>	<u>\$ 483,082</u>	<u>\$ 700,774</u>

City of Shorewood, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2021

Exhibit A-2

	Special Revenue <u>Shorewood Community and Event Center</u>	Special Revenue <u>Local Fiscal Recovery Fund ARPA</u>	Capital Projects	Total Nonmajor Funds
Revenues				
Taxes	\$ -	-	\$ 200,000	\$ 200,000
Intergovernmental	-	331,857	-	331,857
Charges for services	36,694	-	91,000	127,694
Interest (loss) on investments	8	578	(2,882)	(2,296)
Miscellaneous				
Contributions and donations	-	-	8,740	8,740
Total Revenues	<u>36,702</u>	<u>332,435</u>	<u>296,858</u>	<u>665,995</u>
Expenditures				
Current				
Public works	-	-	2,060	2,060
Culture and recreation	109,225	-	-	109,225
Capital outlay				
Public works	-	331,858	98,616	430,474
Culture and recreation	-	-	362,646	362,646
Total Expenditures	<u>109,225</u>	<u>331,858</u>	<u>463,322</u>	<u>904,405</u>
Deficiency of Revenues Under Expenditures	(72,523)	577	(166,464)	(238,410)
Other Financing Sources				
Transfers in	<u>102,300</u>	-	-	<u>102,300</u>
Net Change in Fund Balances	29,777	577	(166,464)	(136,110)
Fund Balances, January 1	<u>57,382</u>	-	585,559	<u>642,941</u>
Fund Balances, December 31	<u>\$ 87,159</u>	<u>\$ 577</u>	<u>\$ 419,095</u>	<u>\$ 506,831</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

Park Capital Improvement - This fund accounts for park land acquisition and other capital improvements in the City parks.

Equipment Replacement - This fund was established for the purpose of funding the replacement of capital equipment.

Trail Construction - This fund was established to accounts for the resources accumulated and payments made for trail improvements and construction.

Community Infrastructure - This fund was established for the purpose of funding future improvements in the City.

City of Shorewood, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2021

Exhibit B-1

	402 Park Capital Improvement	403 Equipment Replacement	406 Trail Construction	450 Community Infrastructure	Total
Assets					
Cash and temporary investments	\$ 8,809	\$ 242,899	\$ 421	\$ 80,332	\$ 332,461
Receivables					
Accrued interest	18	396	1	138	553
Land held for resale	-	-	-	150,068	150,068
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 8,827</u></u>	<u><u>\$ 243,295</u></u>	<u><u>\$ 422</u></u>	<u><u>\$ 230,538</u></u>	<u><u>\$ 483,082</u></u>
Liabilities					
Accounts and contracts payable	<u>\$ 63,298</u>	<u>\$ 689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,987</u>
Fund Balances					
Assigned to capital outlay	-	242,606	422	230,538	473,566
Unassigned	<u>(54,471)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,471)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u><u>(54,471)</u></u>	<u><u>242,606</u></u>	<u><u>422</u></u>	<u><u>230,538</u></u>	<u><u>419,095</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 8,827</u></u>	<u><u>\$ 243,295</u></u>	<u><u>\$ 422</u></u>	<u><u>\$ 230,538</u></u>	<u><u>\$ 483,082</u></u>

City of Shorewood, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2021

Exhibit B-2

	Park Capital Improvement	Equipment Replacement	Trail Construction	Community Infrastructure	Total
Revenues					
Taxes	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 200,000
Charges for services	91,000	-	-	-	91,000
Interest (loss) on investments	(1,440)	(790)	-	(652)	(2,882)
Miscellaneous					
Contributions and donations	6,000	-	-	2,740	8,740
Total Revenues	<u>195,560</u>	<u>99,210</u>	<u>-</u>	<u>2,088</u>	<u>296,858</u>
Expenditures					
Current					
Public works	-	-	-	2,060	2,060
Capital outlay					
Public works	-	98,616	-	-	98,616
Culture and recreation	362,646	-	-	-	362,646
Total Expenditures	<u>362,646</u>	<u>98,616</u>	<u>-</u>	<u>2,060</u>	<u>463,322</u>
Net Change in Fund Balances	(167,086)	594	-	28	(166,464)
Fund Balances, January 1	<u>112,615</u>	<u>242,012</u>	<u>422</u>	<u>230,510</u>	<u>585,559</u>
Fund Balances, December 31	<u>\$ (54,471)</u>	<u>\$ 242,606</u>	<u>\$ 422</u>	<u>\$ 230,538</u>	<u>\$ 419,095</u>

City of Shorewood, Minnesota

Exhibit C-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued on the Following Pages)

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 4,778,853	\$ 4,778,853	\$ 4,610,783	\$ (168,070)	\$ 5,708,868
Fiscal disparities	-	-	173,204	173,204	150,784
Total taxes	<u>4,778,853</u>	<u>4,778,853</u>	<u>4,783,987</u>	<u>5,134</u>	<u>5,859,652</u>
Licenses and permits					
Business	6,825	6,825	8,580	1,755	6,637
Nonbusiness	225,400	225,400	548,336	322,936	528,583
Total licenses and permits	<u>232,225</u>	<u>232,225</u>	<u>556,916</u>	<u>324,691</u>	<u>535,220</u>
Intergovernmental					
Federal					
CARES	-	-	-	-	585,560
State					
Property tax credits	-	-	39	39	51
Other	110,750	110,750	97,168	(13,582)	113,399
Other local governments					
Other	22,250	22,250	5,615	(16,635)	41,706
Total intergovernmental	<u>133,000</u>	<u>133,000</u>	<u>102,822</u>	<u>(30,178)</u>	<u>740,716</u>
Charges for services					
General government	10,260	10,260	21,995	11,735	13,527
Culture and recreation	40,100	40,100	45,738	5,638	32,405
Total charges for services	<u>50,360</u>	<u>50,360</u>	<u>67,733</u>	<u>17,373</u>	<u>45,932</u>
Fines and forfeitures	<u>60,000</u>	<u>60,000</u>	<u>56,978</u>	<u>(3,022)</u>	<u>52,115</u>
Special assessments	<u>5,000</u>	<u>5,000</u>	<u>6,432</u>	<u>1,432</u>	<u>5,395</u>
Interest on investments	<u>15,000</u>	<u>15,000</u>	<u>1,951</u>	<u>(13,049)</u>	<u>36,806</u>
Miscellaneous revenue					
Refunds and reimbursements	15,000	15,000	66,020	51,020	47,866
Contributions and donations	2,500	2,500	4,813	2,313	5,200
Other	171,000	171,000	164,513	(6,487)	186,084
Total miscellaneous revenue	<u>188,500</u>	<u>188,500</u>	<u>235,346</u>	<u>46,846</u>	<u>239,150</u>
Total Revenues	<u>5,462,938</u>	<u>5,462,938</u>	<u>5,812,165</u>	<u>349,227</u>	<u>7,514,986</u>

City of Shorewood, Minnesota

Exhibit C-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued)

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 22,600	\$ 22,600	\$ 21,126	\$ 1,474	\$ 22,176
Supplies	2,000	2,000	6,379	(4,379)	837
Other services and charges	64,000	64,000	55,419	8,581	60,227
Total mayor and city council	<u>88,600</u>	<u>88,600</u>	<u>82,924</u>	<u>5,676</u>	<u>83,240</u>
Administrative					
Personal services	478,233	478,233	468,012	10,221	445,499
Supplies	25,500	25,500	13,891	11,609	19,209
Other services and charges	51,000	51,000	44,217	6,783	35,899
Total administrative	<u>554,733</u>	<u>554,733</u>	<u>526,120</u>	<u>28,613</u>	<u>500,607</u>
Elections					
Personal services	-	-	-	-	20,847
Supplies	550	550	370	180	8,728
Other services and charges	-	-	-	-	7,208
Total elections	<u>550</u>	<u>550</u>	<u>370</u>	<u>180</u>	<u>36,783</u>
Finance					
Personal services	180,542	180,542	181,545	(1,003)	174,280
Supplies	18,700	18,700	26,305	(7,605)	18,245
Other services and charges	11,300	11,300	14,459	(3,159)	11,123
Total finance	<u>210,542</u>	<u>210,542</u>	<u>222,309</u>	<u>(11,767)</u>	<u>203,648</u>
Professional services					
Other services and charges	<u>278,000</u>	<u>278,000</u>	<u>262,120</u>	<u>15,880</u>	<u>238,767</u>
Planning and zoning					
Personal services	246,296	246,296	261,352	(15,056)	210,920
Supplies	700	700	1,006	(306)	1,339
Other services and charges	19,200	19,200	65,573	(46,373)	45,587
Total planning and zoning	<u>266,196</u>	<u>266,196</u>	<u>327,931</u>	<u>(61,735)</u>	<u>257,846</u>
Municipal building					
Supplies	23,000	23,000	16,362	6,638	8,745
Other services and charges	180,200	180,200	202,967	(22,767)	194,583
Total municipal building	<u>203,200</u>	<u>203,200</u>	<u>219,329</u>	<u>(16,129)</u>	<u>203,328</u>
Total general government	<u>1,601,821</u>	<u>1,601,821</u>	<u>1,641,103</u>	<u>(39,282)</u>	<u>1,524,219</u>

City of Shorewood, Minnesota

Exhibit C-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued)

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police protection					
Other services and charges	\$ 1,347,312	\$ 1,347,312	\$ 1,357,294	\$ (9,982)	\$ 1,310,285
Fire protection					
Other services and charges	438,585	438,585	437,645	940	419,945
Protective inspection					
Personal services	141,495	141,495	121,741	19,754	121,739
Supplies	400	400	942	(542)	737
Other services and charges	26,150	26,150	32,945	(6,795)	18,082
Total protective inspection	168,045	168,045	155,628	12,417	140,558
Total public safety	1,953,942	1,953,942	1,950,567	3,375	1,870,788
Public works					
General maintenance					
Personal services	550,796	550,796	576,175	(25,379)	567,282
Supplies	180,900	180,900	100,517	80,383	136,839
Other services and charges	211,600	211,600	147,956	63,644	145,088
Total general maintenance	943,296	943,296	824,648	118,648	849,209
Snow and ice removal					
Personal services	60,133	60,133	63,744	(3,611)	57,469
Supplies	59,200	59,200	59,553	(353)	37,017
Total snow and ice removal	119,333	119,333	123,297	(3,964)	94,486
City engineer					
Other services and charges	162,000	162,000	122,364	39,636	166,908
Total public works	1,224,629	1,224,629	1,070,309	154,320	1,110,603

City of Shorewood, Minnesota

Exhibit C-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued)

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Personal services	\$ 217,768	\$ 217,768	\$ 189,174	\$ 28,594	\$ 181,907
Supplies	34,200	34,200	32,964	1,236	33,391
Other services and charges	72,200	72,200	50,825	21,375	57,304
Total culture and recreation	<u>324,168</u>	<u>324,168</u>	<u>272,963</u>	<u>51,205</u>	<u>272,602</u>
Total current	5,104,560	5,104,560	4,934,942	169,618	4,778,212
Capital outlay					
Public safety	<u>474,560</u>	<u>474,560</u>	<u>474,560</u>	<u>-</u>	<u>485,275</u>
Total Expenditures	<u>5,579,120</u>	<u>5,579,120</u>	<u>5,409,502</u>	<u>169,618</u>	<u>5,263,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(116,182)</u>	<u>(116,182)</u>	<u>402,663</u>	<u>518,845</u>	<u>2,251,499</u>
Other Financing Sources (Uses)					
Transfers in	25,000	25,000	25,000	-	25,000
Transfers out	<u>(102,300)</u>	<u>(102,300)</u>	<u>(102,300)</u>	<u>-</u>	<u>(1,222,415)</u>
Total Other Financing Sources (Uses)	<u>(77,300)</u>	<u>(77,300)</u>	<u>(77,300)</u>	<u>-</u>	<u>(1,197,415)</u>
Net Change in Fund Balances	(193,482)	(193,482)	325,363	518,845	1,054,084
Fund Balances, January 1	<u>5,323,473</u>	<u>5,323,473</u>	<u>5,323,473</u>	<u>-</u>	<u>4,269,389</u>
Fund Balances, December 31	<u>\$ 5,129,991</u>	<u>\$ 5,129,991</u>	<u>\$ 5,648,836</u>	<u>\$ 518,845</u>	<u>\$ 5,323,473</u>

City of Shorewood, Minnesota

Exhibit D-1

Debt Service Funds
Combining Balance Sheet
December 31, 2021

	2016A Public Safety Building	2016B Public Safety Building	2016C Public Safety Building	2017 Lease Revenue Bond
Assets				
Cash and temporary investments	\$ 37,738	\$ -	\$ 13,294	\$ 7,051
Cash with fiscal agent	2,332	1,820	4,350	-
Accrued interest	-	-	-	-
Lease receivable	745,000	775,000	155,000	-
Total Assets	\$ 785,070	\$ 776,820	\$ 172,644	\$ 7,051
Liabilities				
Due to other funds	\$ -	\$ 2,129	\$ -	\$ -
Deferred Inflows of Resources				
Unavailable revenue - lease receivable	745,000	775,000	155,000	-
Fund Balances				
Restricted for debt service	40,070	(309)	17,644	7,051
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 785,070	\$ 776,820	\$ 172,644	\$ 7,051

2020A Street Reconstruction	2021A Street Reconstruction	Total
\$ 213,716	\$ 48,924	\$ 320,723
-	-	8,502
131	42	173
-	-	1,675,000
<u>\$ 213,847</u>	<u>\$ 48,966</u>	<u>\$ 2,004,398</u>
\$ -	\$ -	\$ 2,129
-	-	1,675,000
<u>213,847</u>	<u>48,966</u>	<u>327,269</u>
<u>\$ 213,847</u>	<u>\$ 48,966</u>	<u>\$ 2,004,398</u>

City of Shorewood, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2021

Exhibit D-2

	2016A Public Safety Building	2016B Public Safety Building	2016C Public Safety Building	2017 Lease Revenue Bond	2020A Street Reconstruction	2021A Street Reconstruction	Total
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 93,090	\$ 208,186	\$ -	\$ 301,276
Interest on investments	1	1	1	-	193	86	282
Miscellaneous							
Lease payments	378,500	389,200	154,600	-	-	-	922,300
Other	4,000	4,000	4,000	-	-	-	12,000
Total Revenues	<u>382,501</u>	<u>393,201</u>	<u>158,601</u>	<u>93,090</u>	<u>208,379</u>	<u>86</u>	<u>1,235,858</u>
Expenditures							
Debt service							
Principal	360,000	370,000	150,000	75,000	-	-	955,000
Interest and service charges	24,750	25,450	10,850	18,090	32,591	-	111,731
Total Expenditures	<u>384,750</u>	<u>395,450</u>	<u>160,850</u>	<u>93,090</u>	<u>32,591</u>	<u>-</u>	<u>1,066,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,249)	(2,249)	(2,249)	-	175,788	86	169,127
Other Financing Sources (Uses)							
Bonds issued	-	-	-	-	-	48,880	48,880
Net Change in Fund Balances	(2,249)	(2,249)	(2,249)	-	175,788	48,966	218,007
Fund Balances, January 1	42,319	1,940	19,893	7,051	38,059	-	109,262
Fund Balances, December 31	<u>\$ 40,070</u>	<u>\$ (309)</u>	<u>\$ 17,644</u>	<u>\$ 7,051</u>	<u>\$ 213,847</u>	<u>\$ 48,966</u>	<u>\$ 327,269</u>

City of Shorewood, Minnesota
 Supplementary Information
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2021 and 2020

Exhibit E-1

	Total		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 6,223,993	\$ 6,411,517	(2.92) %
Franchise fees	319,409	-	N/A
Licenses and permits	556,916	535,220	4.05
Intergovernmental	434,679	765,716	(43.23)
Charges for services	195,427	85,422	128.78
Fines and forfeitures	56,978	52,115	9.33
Special assessments	6,432	5,395	19.22
Interest on investments	(1,749)	96,326	(101.82)
Miscellaneous	1,178,386	1,185,960	(0.64)
	<u>\$ 8,970,471</u>	<u>\$ 9,137,671</u>	(1.83) %
Total Revenues	<u>\$ 8,970,471</u>	<u>\$ 9,137,671</u>	(1.83) %
Per Capita	\$ 1,153	\$ 1,152	0.07 %
Expenditures			
Current			
General government	\$ 1,641,103	\$ 1,524,219	7.67 %
Public safety	1,950,567	1,870,788	4.26
Public works	1,072,369	1,120,619	(4.31)
Culture and recreation	382,188	368,957	3.59
Capital outlay			
General government	-	46,612	(100.00)
Public safety	474,560	485,275	(2.21)
Public works	4,634,027	2,199,638	110.67
Culture and recreation	362,646	354,723	2.23
Economic development	246,166	233,354	5.49
Debt service			
Principal	955,000	940,000	1.60
Interest and service charges	148,034	109,498	35.19
	<u>\$ 11,866,660</u>	<u>\$ 9,253,683</u>	28.24 %
Total Expenditures	<u>\$ 11,866,660</u>	<u>\$ 9,253,683</u>	28.24 %
Per Capita	\$ 1,525	\$ 1,166	30.73 %
Total Long-term Indebtedness	<u>\$ 8,585,000</u>	<u>\$ 6,255,000</u>	37.25 %
Per Capita	\$ 1,103	\$ 788	39.91
General Fund Balance - December 31	<u>\$ 5,648,836</u>	<u>\$ 5,323,473</u>	6.11 %
Per Capita	\$ 726	\$ 671	8.17

The purpose of this report is to provide a summary of financial information concerning the City of Shorewood to interested citizens. The complete financial statements may be examined at City Hall, 5755 Country Club Road, Shorewood, Minnesota 55331. Questions about this report should be directed to the City of Shorewood at 952-960-7900.

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STATISTICAL SECTION (UNAUDITED)

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relocates to the services the government provides and the activities it performs.

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 8,487,162	\$ 9,212,415	\$ 9,754,046	\$ 9,394,897
Restricted	-	-	-	-
Unrestricted	<u>7,979,370</u>	<u>7,138,847</u>	<u>7,317,095</u>	<u>6,717,068</u>
Total Governmental Activities Net Position	<u>\$ 16,466,532</u>	<u>\$ 16,351,262</u>	<u>\$ 17,071,141</u>	<u>\$ 16,111,965</u>
Business-type Activities				
Net investment in capital assets	\$ 6,494,076	\$ 6,705,907	\$ 6,718,271	\$ 7,713,545
Unrestricted	<u>8,148,173</u>	<u>7,951,219</u>	<u>7,890,327</u>	<u>6,572,980</u>
Total Business-type Activities Net Position	<u>\$ 14,642,249</u>	<u>\$ 14,657,126</u>	<u>\$ 14,608,598</u>	<u>\$ 14,286,525</u>
Total Primary Government				
Net investment in capital assets	\$ 14,981,238	\$ 15,918,322	\$ 16,472,317	\$ 17,108,442
Restricted	-	-	-	-
Unrestricted	<u>16,127,543</u>	<u>15,090,066</u>	<u>15,207,422</u>	<u>13,290,048</u>
Total Primary Government	<u>\$ 31,108,781</u>	<u>\$ 31,008,388</u>	<u>\$ 31,679,739</u>	<u>\$ 30,398,490</u>

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 11,523,309	\$ 11,985,886	\$ 12,826,709	\$ 13,225,553	\$ 13,518,983	\$ 12,609,077
-	-	4,693	-	25,071	260,107
5,683,683	5,346,350	4,918,411	5,230,287	6,200,606	8,521,693
<u>\$ 17,206,992</u>	<u>\$ 17,332,236</u>	<u>\$ 17,749,813</u>	<u>\$ 18,455,840</u>	<u>\$ 19,744,660</u>	<u>\$ 21,390,877</u>
\$ 7,641,711	\$ 8,101,693	\$ 10,742,410	\$ 11,258,274	\$ 11,173,838	\$ 12,539,096
6,849,858	6,998,091	5,241,328	4,820,296	5,006,194	4,030,725
<u>\$ 14,491,569</u>	<u>\$ 15,099,784</u>	<u>\$ 15,983,738</u>	<u>\$ 16,078,570</u>	<u>\$ 16,180,032</u>	<u>\$ 16,569,821</u>
\$ 19,165,020	\$ 20,087,579	\$ 23,569,119	\$ 24,483,827	\$ 24,692,821	\$ 25,148,173
-	-	4,693	-	25,071	260,107
12,533,541	12,344,441	10,159,739	10,050,583	11,206,800	12,552,418
<u>\$ 31,698,561</u>	<u>\$ 32,432,020</u>	<u>\$ 33,733,551</u>	<u>\$ 34,534,410</u>	<u>\$ 35,924,692</u>	<u>\$ 37,960,698</u>

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
General government	\$ 1,331,286	\$ 1,310,296	\$ 1,277,118	\$ 1,318,558
Public safety	1,947,868	2,010,338	2,036,394	2,080,769
Public works	2,162,123	1,884,986	1,991,852	1,971,483
Culture and recreation	460,879	471,784	397,365	613,494
Economic development	-	-	-	-
Interest on long-term debt	428,887	379,685	355,378	318,357
Total Governmental Activities Expenses	<u>6,331,043</u>	<u>6,057,089</u>	<u>6,058,107</u>	<u>6,302,661</u>
Business-type activities				
Water	689,205	693,193	690,479	721,184
Sewer	1,065,926	847,097	873,711	944,263
Recycling	187,713	181,537	178,457	131,185
Stormwater management utility	273,846	107,935	203,825	99,312
Total Business-type Activities Expenses	<u>2,216,690</u>	<u>1,829,762</u>	<u>1,946,472</u>	<u>1,895,944</u>
Total Expenses	<u>\$ 8,547,733</u>	<u>\$ 7,886,851</u>	<u>\$ 8,004,579</u>	<u>\$ 8,198,605</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 144,883	\$ 187,628	\$ 199,394	\$ 260,440
Public safety	604,400	599,810	642,680	617,557
Public works	4,137	226	1,222	940
Culture and recreation	79,206	120,794	102,985	108,884
Operating grants and contributions	102,959	144,112	48,284	86,370
Capital grants and contributions	-	-	811,522	184,605
Total Governmental Activities Program Revenues	<u>935,585</u>	<u>1,052,570</u>	<u>1,806,087</u>	<u>1,258,796</u>
Business-type activities				
Charges for services				
Water	757,395	537,713	443,467	544,748
Sewer	831,640	834,320	852,254	858,066
Recycling	157,585	165,713	164,666	154,929
Stormwater management utility	193,931	194,950	220,658	227,676
Operating grants and contributions	23,007	25,830	31,279	26,198
Capital grants and contributions	22,400	53,200	115,490	5,706
Total Business-type Activities Program Revenues	<u>1,985,958</u>	<u>1,811,726</u>	<u>1,827,814</u>	<u>1,817,323</u>
Total Program Revenues	<u>\$ 2,921,543</u>	<u>\$ 2,864,296</u>	<u>\$ 3,633,901</u>	<u>\$ 3,076,119</u>

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,504,101	\$ 1,568,635	\$ 1,416,928	\$ 1,457,243	\$ 1,359,466	\$ 1,710,164
2,111,155	2,194,434	2,321,660	2,409,631	2,358,675	2,416,020
1,544,264	1,553,274	2,033,598	2,042,093	2,353,240	2,048,851
476,999	489,690	552,147	542,404	545,469	586,378
682,787	650,944	92,428	201,768	233,354	246,166
361,602	160,832	107,408	88,461	115,468	131,005
<u>6,680,908</u>	<u>6,617,809</u>	<u>6,524,169</u>	<u>6,741,600</u>	<u>6,965,672</u>	<u>7,138,584</u>
775,802	751,143	743,832	800,646	862,039	992,447
989,147	994,611	1,063,771	1,265,449	1,243,533	1,469,004
132,654	137,693	136,740	163,473	164,643	208,592
111,373	117,741	148,975	319,521	244,857	253,764
<u>2,008,976</u>	<u>2,001,188</u>	<u>2,093,318</u>	<u>2,549,089</u>	<u>2,515,072</u>	<u>2,923,807</u>
<u>\$ 8,689,884</u>	<u>\$ 8,618,997</u>	<u>\$ 8,617,487</u>	<u>\$ 9,290,689</u>	<u>\$ 9,480,744</u>	<u>\$ 10,062,391</u>
\$ 256,069	\$ 228,775	\$ 214,354	\$ 237,329	\$ 258,022	\$ 263,652
608,410	546,388	759,963	634,897	654,469	658,966
263	-	-	-	-	-
156,271	96,381	102,856	101,453	52,267	81,487
95,802	90,788	106,059	100,381	698,407	110,896
1,400,957	835,083	930,543	206,544	92,662	1,193,542
<u>2,517,772</u>	<u>1,797,415</u>	<u>2,113,775</u>	<u>1,280,604</u>	<u>1,755,827</u>	<u>2,308,543</u>
421,290	416,938	464,450	464,816	601,465	776,390
878,999	913,115	933,748	995,647	1,057,522	1,175,178
154,180	156,951	156,797	169,929	163,198	174,156
275,171	341,180	381,997	404,877	411,374	496,293
48,724	32,152	23,879	18,169	16,403	17,165
388,077	349,472	117,563	205,149	209,375	192,962
<u>2,166,441</u>	<u>2,209,808</u>	<u>2,078,434</u>	<u>2,258,587</u>	<u>2,459,337</u>	<u>2,832,144</u>
<u>\$ 4,684,213</u>	<u>\$ 4,007,223</u>	<u>\$ 4,192,209</u>	<u>\$ 3,539,191</u>	<u>\$ 4,215,164</u>	<u>\$ 5,140,687</u>

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Net Revenues (Expenses)				
Governmental activities	\$ (5,395,458)	\$ (5,004,519)	\$ (4,252,020)	\$ (5,043,865)
Business-type activities	(230,732)	(18,036)	(118,658)	(78,621)
 Total Primary Government	<u>\$ (5,626,190)</u>	<u>\$ (5,022,555)</u>	<u>\$ (4,370,678)</u>	<u>\$ (5,122,486)</u>
 General Revenues and Other Changes in Net Position				
General Revenues				
Governmental activities				
Taxes				
Property taxes, levied for general purpose	\$ 4,761,213	\$ 4,768,989	\$ 4,854,521	\$ 4,931,075
Tax increment	-	-	-	-
Franchise taxes	-	-	-	-
Grants and contributions not restricted to specific programs	6,019	5,818	5,848	5,840
Unrestricted investment earnings	61,584	37,461	86,530	60,283
Gain on sale of capital assets	-	76,981	-	30,000
Transfers of capital assets	-	-	-	(245,121)
Transfers	-	-	25,000	270,121
 Total Governmental Activities General Revenues	<u>4,828,816</u>	<u>4,889,249</u>	<u>4,971,899</u>	<u>5,052,198</u>
 Business-type activities				
Unrestricted investment earnings	64,135	32,913	95,130	68,119
Gain on sale of capital assets	-	-	-	-
Transfers of capital assets	-	-	-	245,121
Transfers	-	-	(25,000)	(270,121)
 Total Business-type Activities General Revenues	<u>64,135</u>	<u>32,913</u>	<u>70,130</u>	<u>43,119</u>
 Total Primary Government	<u>\$ 4,892,951</u>	<u>\$ 4,922,162</u>	<u>\$ 5,042,029</u>	<u>\$ 5,095,317</u>
 Change in Net Position				
Governmental activities	\$ (566,642)	\$ (115,270)	\$ 719,879	\$ 8,333
Business-type activities	(166,597)	14,877	(48,528)	(35,502)
 Total Primary Government	<u>\$ (733,239)</u>	<u>\$ (100,393)</u>	<u>\$ 671,351</u>	<u>\$ (27,169)</u>

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ (4,163,136)	\$ (4,820,394)	\$ (4,410,394)	\$ (5,460,996)	\$ (5,209,845)	\$ (4,830,041)
157,465	208,620	(14,884)	(290,502)	(55,735)	(91,663)
<u>\$ (4,005,671)</u>	<u>\$ (4,611,774)</u>	<u>\$ (4,425,278)</u>	<u>\$ (5,751,498)</u>	<u>\$ (5,265,580)</u>	<u>\$ (4,921,704)</u>
\$ 5,127,950	\$ 5,189,101	\$ 5,370,570	\$ 5,520,347	\$ 5,855,939	\$ 5,976,604
-	-	-	204,093	236,140	245,116
-	-	154,279	309,822	315,725	319,409
5,844	23,644	6,542	6,542	7,766	334,555
99,369	75,256	87,279	187,417	96,326	(1,749)
-	5,500	19,500	143,802	2,500	-
-	(395,707)	(1,945,177)	(64,730)	(40,731)	(422,677)
25,000	47,844	1,134,978	(140,270)	25,000	25,000
<u>5,258,163</u>	<u>4,945,638</u>	<u>4,827,971</u>	<u>6,167,023</u>	<u>6,498,665</u>	<u>6,476,258</u>
72,579	51,732	88,639	160,334	141,466	83,775
-	-	-	20,000	-	-
-	395,707	1,945,177	64,730	40,731	422,677
(25,000)	(47,844)	(1,134,978)	140,270	(25,000)	(25,000)
<u>47,579</u>	<u>399,595</u>	<u>898,838</u>	<u>385,334</u>	<u>157,197</u>	<u>481,452</u>
<u>\$ 5,305,742</u>	<u>\$ 5,345,233</u>	<u>\$ 5,726,809</u>	<u>\$ 6,552,357</u>	<u>\$ 6,655,862</u>	<u>\$ 6,957,710</u>
\$ 1,095,027	\$ 125,244	\$ 417,577	\$ 706,027	\$ 1,288,820	\$ 1,646,217
205,044	608,215	883,954	94,832	101,462	389,789
<u>\$ 1,300,071</u>	<u>\$ 733,459</u>	<u>\$ 1,301,531</u>	<u>\$ 800,859</u>	<u>\$ 1,390,282</u>	<u>\$ 2,036,006</u>

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 50,000	\$ 33,016	\$ 103,996	\$ 99,216
Unassigned	3,574,468	3,943,342	3,981,475	4,402,951
Total General Fund	<u>\$ 3,624,468</u>	<u>\$ 3,976,358</u>	<u>\$ 4,085,471</u>	<u>\$ 4,502,167</u>
All Other Governmental Funds				
Nonspendable	\$ 150,068	\$ 150,068	\$ -	\$ -
Restricted	17,700	24,450	25,654	31,805
Committed	-	-	-	-
Assigned	4,368,656	3,117,434	3,339,005	3,304,064
Unassigned	<u>(75,325)</u>	<u>(52,437)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 4,461,099</u>	<u>\$ 3,239,515</u>	<u>\$ 3,364,659</u>	<u>\$ 3,335,869</u>

Table 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 6,687	\$ 132,477	\$ 157,914	\$ 226,960	\$ 249,734	\$ 250,664
4,597,896	4,029,572	4,261,500	4,042,429	5,073,739	5,398,172
<u>\$ 4,604,583</u>	<u>\$ 4,162,049</u>	<u>\$ 4,419,414</u>	<u>\$ 4,269,389</u>	<u>\$ 5,323,473</u>	<u>\$ 5,648,836</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,449	61,998	462,758	67,863	2,014,612	1,182,111
-	-	15,163	32,168	57,382	87,159
3,261,170	4,055,571	2,611,279	3,047,701	2,957,739	3,904,439
(972,608)	(1,685,146)	(1,017,869)	(1,015,544)	(1,012,641)	(1,068,169)
<u>\$ 2,307,011</u>	<u>\$ 2,432,423</u>	<u>\$ 2,071,331</u>	<u>\$ 2,132,188</u>	<u>\$ 4,017,092</u>	<u>\$ 4,105,540</u>

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 4,783,939	\$ 4,764,472	\$ 4,864,095	\$ 4,949,126
Licenses and permits	175,087	204,600	270,841	275,567
Intergovernmental	76,102	76,544	891,055	156,771
Charges for services	121,625	92,549	90,825	116,337
Fines and forfeitures	66,230	59,294	64,290	65,234
Special assessments	-	-	-	-
Interest on investments	61,584	37,461	86,530	60,283
Miscellaneous	1,115,836	1,234,312	1,185,219	1,344,340
Total Revenues	<u>6,400,403</u>	<u>6,469,232</u>	<u>7,452,855</u>	<u>6,967,658</u>
Expenditures				
General government	1,288,704	1,249,616	1,198,707	1,247,105
Public safety	1,445,149	1,494,633	1,526,786	1,579,400
Public works	823,234	860,071	743,803	726,905
Culture and recreation	331,524	324,745	310,051	344,793
Capital outlay	1,230,058	2,660,830	2,391,855	1,885,739
Debt service				
Principal	655,000	675,000	705,000	735,000
Interest and service charges	439,429	391,213	367,396	330,931
Total Expenditures	<u>6,213,098</u>	<u>7,656,108</u>	<u>7,243,598</u>	<u>6,849,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>187,305</u>	<u>(1,186,876)</u>	<u>209,257</u>	<u>117,785</u>
Other Financing Sources (Uses)				
Transfers in	1,170,216	2,482,650	1,340,120	1,313,634
Sale of capital assets	-	317,182	-	-
Bonds issued	-	-	-	-
Payment on refunding bonds	-	-	-	-
Bond premium	-	-	-	-
Transfers out	(1,170,216)	(2,482,650)	(1,315,120)	(1,043,513)
Total Other Financing Sources (Uses)	<u>-</u>	<u>317,182</u>	<u>25,000</u>	<u>270,121</u>
Net Change in Fund Balances	<u>\$ 187,305</u>	<u>\$ (869,694)</u>	<u>\$ 234,257</u>	<u>\$ 387,906</u>
Debt Service as a Percentage of Noncapital Expenditures	18.3%	18.5%	18.5%	17.9%

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,129,620	\$ 5,221,374	\$ 5,497,225	\$ 6,035,929	\$ 6,411,517	\$ 6,543,402
340,112	315,574	565,687	514,891	535,220	556,916
97,735	461,633	885,140	270,445	765,716	434,679
169,400	409,244	216,851	141,123	85,422	195,427
48,868	76,056	67,734	65,575	52,115	56,978
-	-	3,846	10,822	5,395	6,432
99,369	75,256	87,279	187,417	96,326	(1,749)
2,432,208	1,365,593	1,581,105	773,601	1,185,960	1,178,386
<u>8,317,312</u>	<u>7,924,730</u>	<u>8,904,867</u>	<u>7,999,803</u>	<u>9,137,671</u>	<u>8,970,471</u>
1,413,329	1,493,020	1,362,881	1,397,824	1,524,219	1,641,103
1,623,749	1,722,628	1,837,273	1,924,204	1,870,788	1,950,567
786,780	751,394	1,018,191	1,066,712	1,120,619	1,072,369
361,128	409,010	373,164	366,977	368,957	382,188
4,177,073	2,892,039	4,544,518	2,303,481	3,319,602	5,717,399
6,480,000	870,000	900,000	925,000	940,000	955,000
434,990	181,605	127,045	108,305	109,498	148,034
<u>15,277,049</u>	<u>8,319,696</u>	<u>10,163,072</u>	<u>8,092,503</u>	<u>9,253,683</u>	<u>11,866,660</u>
<u>(6,959,737)</u>	<u>(394,966)</u>	<u>(1,258,205)</u>	<u>(92,700)</u>	<u>(116,012)</u>	<u>(2,896,189)</u>
1,412,313	1,871,243	2,317,723	1,506,035	1,247,415	127,300
-	-	19,500	143,802	-	-
5,910,000	950,000	-	-	3,030,000	3,285,000
-	(920,000)	-	-	-	-
98,295	-	-	-	-	-
<u>(1,387,313)</u>	<u>(1,823,399)</u>	<u>(1,182,745)</u>	<u>(1,646,305)</u>	<u>(1,222,415)</u>	<u>(102,300)</u>
<u>6,033,295</u>	<u>77,844</u>	<u>1,154,478</u>	<u>3,532</u>	<u>3,055,000</u>	<u>3,310,000</u>
<u>\$ (926,442)</u>	<u>\$ (317,122)</u>	<u>\$ (103,727)</u>	<u>\$ (89,168)</u>	<u>\$ 2,938,988</u>	<u>\$ 413,811</u>
57.2%	16.2%	15.9%	15.6%	15.3%	15.8%

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Tax Capacity, Market Value and Estimated Actual Value of Taxable Property
(Shown by Year of Tax Collectability)

	2012	2013	2014	2015
Taxable Market Value				
Personal property	\$ 5,291,700	\$ 6,006,500	\$ 6,068,600	\$ 6,348,000
Real estate	<u>1,430,712,101</u>	<u>1,367,209,584</u>	<u>1,345,804,540</u>	<u>1,449,497,111</u>
Total Taxable Market Value	<u>\$1,436,003,801</u>	<u>\$1,373,216,084</u>	<u>\$1,351,873,140</u>	<u>\$1,455,845,111</u>
Estimated Actual Value of Taxable Property	<u>\$1,453,867,700</u>	<u>\$1,392,562,700</u>	<u>\$1,371,752,400</u>	<u>\$1,472,996,800</u>
Taxable Market Value as a Percentage of Estimated Actual Value	<u>98.77 %</u>	<u>98.61 %</u>	<u>98.55 %</u>	<u>98.84 %</u>
Tax Capacity				
Personal property	\$ 102,084	\$ 113,130	\$ 114,632	\$ 122,460
Real estate	<u>15,761,142</u>	<u>15,025,751</u>	<u>14,770,327</u>	<u>15,926,414</u>
Total Tax Capacity	15,863,226	15,138,881	14,884,959	16,048,874
Contribution to Fiscal Disparities Pool	(389,965)	(393,282)	(393,620)	(399,759)
Receivable from Fiscal Disparities Pool	435,462	368,528	374,494	377,934
Tax increment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Tax Capacity	<u>\$ 15,908,723</u>	<u>\$ 15,114,127</u>	<u>\$ 14,865,833</u>	<u>\$ 16,027,049</u>
Tax Levies				
General	<u>\$ 4,158,672</u>	<u>\$ 4,763,319</u>	<u>\$ 4,858,585</u>	<u>\$ 4,931,464</u>
Direct Tax Rate				
General	<u>26.141 %</u>	<u>31.516 %</u>	<u>32.683 %</u>	<u>30.723 %</u>

Source: Hennepin County Assessor

Note: Property in the county is reassessed annually. The county assesses property at approximately 90 percent of actual value for all types of real and personal property.

Table 5

2016	2017	2018	2019	2020	2021
\$ 6,514,900	\$ 7,209,300	\$ 8,236,300	\$ 8,263,100	\$ 9,172,300	\$ 9,601,700
<u>1,517,977,665</u>	<u>1,581,429,840</u>	<u>1,677,305,455</u>	<u>1,747,567,847</u>	<u>1,817,805,973</u>	<u>1,931,742,095</u>
<u>\$1,524,492,565</u>	<u>\$1,588,639,140</u>	<u>\$1,685,541,755</u>	<u>\$1,755,830,947</u>	<u>\$1,826,978,273</u>	<u>\$1,941,343,795</u>
<u>\$1,539,170,100</u>	<u>\$1,602,654,100</u>	<u>\$1,697,548,000</u>	<u>\$1,766,719,600</u>	<u>\$1,838,064,900</u>	<u>\$1,951,455,600</u>
<u>99.05 %</u>	<u>99.13 %</u>	<u>99.29 %</u>	<u>99.38 %</u>	<u>99.40 %</u>	<u>99.48 %</u>
\$ 125,798	\$ 139,686	\$ 160,226	\$ 161,512	\$ 179,696	\$ 188,284
<u>16,691,552</u>	<u>17,449,210</u>	<u>18,551,740</u>	<u>19,352,293</u>	<u>20,168,358</u>	<u>21,514,374</u>
16,817,350	17,588,896	18,711,966	19,513,805	20,348,054	21,702,658
(395,610)	(420,193)	(412,101)	(425,312)	(446,375)	(479,578)
376,674	413,438	438,619	489,439	531,568	601,301
<u>-</u>	<u>-</u>	<u>-</u>	<u>(201,352)</u>	<u>(234,715)</u>	<u>(256,177)</u>
<u>\$ 16,798,414</u>	<u>\$ 17,582,141</u>	<u>\$ 18,738,484</u>	<u>\$ 19,376,580</u>	<u>\$ 20,198,532</u>	<u>\$ 21,568,204</u>
<u>\$ 5,079,408</u>	<u>\$ 5,180,996</u>	<u>\$ 5,369,245</u>	<u>\$ 5,530,322</u>	<u>\$ 5,856,611</u>	<u>\$ 5,973,743</u>
<u>30.227 %</u>	<u>29.450 %</u>	<u>28.635 %</u>	<u>28.539 %</u>	<u>29.008 %</u>	<u>27.660 %</u>

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Property Tax Capacity Rates - Direct and Overlapping Governments
(Per \$1,000 of Tax Capacity in 2011 - 2020)

Table 6

Year Taxes Payable	Overlapping Rates								Totals		
	(1)								School District No. 276		School District No. 277
	City	County	School District		Watershed District		Misc.	Watershed District	Watershed District	Watershed District	
			No. 276	No. 277	No. 3	No. 4		No. 3	No. 4	No. 3	
2012	26.141 %	48.231 %	23.015 %	17.262 %	1.705	1.387	9.923 %	109.015 %	108.697 %	103.262 %	
2013	31.516	49.461	24.487	18.119	1.769	1.523	10.089	117.322	117.076	110.954	
2014	32.683	49.959	24.374	19.075	1.806	1.880	10.561	119.383	119.457	114.084	
2015	30.723	46.398	25.093	20.377	1.738	1.855	9.785	113.737	113.854	109.021	
2016	30.227	45.356	22.887	19.991	1.724	1.745	9.530	109.724	109.745	106.828	
2017	29.450	44.087	22.770	20.744	1.738	1.992	9.319	107.364	107.618	105.338	
2018	28.635	42.808	23.133	20.298	1.694	2.269	8.973	105.243	105.818	102.408	
2019	28.539	41.861	21.209	19.873	1.569	2.204	8.550	101.728	102.363	100.392	
2020	29.008	41.084	21.167	19.062	1.493	2.160	8.219	100.971	101.638	98.866	
2021	27.660	38.210	20.923	17.306	1.422	1.992	7.813	96.028	96.598	92.411	

Source: Hennepin County Assessor

(1) Includes vocational school

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

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Principal Taxpayers
 Current Year and Nine Years Ago

Table 7

Taxpayer	2021			2012		
	Tax Capacity	Rank	Percent of Total Tax Capacity	Tax Capacity	Rank	Percent of Total Tax Capacity
KTJ 212 LLC	\$ 269,325	1	1.38 %	\$ -	-	- %
DMA Investments, LLC	218,650	2	1.12	-	-	-
Kraus-Anderson	180,910	3	0.93	-	-	-
Big Box One, LLC	139,370	4	0.71	151,250	1	0.95
Shurgard Storage Centers Inc.	116,790	5	0.60	-	-	-
Shurgard Storage Centers Inc.	104,890	6	0.54	-	-	-
South Lake Office Building LLC	86,750	7	0.44	69,630	5	0.44
Alerus	67,130	8	0.34	56,870	8	0.36
Waterford Center LLP	61,330	9	0.31	43,930	10	0.28
Elaine & Gary Jarrett	59,413	10	0.30	58,388	7	0.37
Shorewood Village Shopping Center, Inc.	-	-	-	123,250	2	0.77
Two S Properties	-	-	-	103,350	3	0.65
R & M Fayfield	-	-	-	72,626	4	0.46
Jack & Gretchen Norqual	-	-	-	69,536	6	0.44
Minnetonka Country Club	-	-	-	49,830	9	0.31
Totals	\$ 1,304,558		6.67 %	\$ 798,660		5.03 %

Source: Hennepin County Assessor

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 8

Fiscal Year	Total Levy	(1) Collection of Current Year's Levy	Percentage of Levy Collected	Collection in Subsequent Years	Total Collections	Percent of Total Collections to Levy
2012	\$ 4,763,319	\$ 4,717,658	99.04 %	\$ 45,661	\$ 4,763,319	100.00 %
2013	4,763,319	4,720,748	99.11	42,805	4,763,553	100.00
2014	4,858,585	4,812,478	99.05	46,107	4,858,585	100.00
2015	4,931,464	4,907,222	99.51	23,096	4,930,318	99.98
2016	5,079,408	5,091,851 *	100.24 *	30,615	5,122,466	100.85 *
2017	5,180,996	5,184,635 *	100.07 *	7,895	5,192,530	100.22 *
2018	5,369,245	5,342,453	99.50	17,559	5,360,012	99.83
2019	5,530,322	5,488,052	99.24	36,561	5,524,613	99.90
2020	5,856,611	5,840,102	99.72	8,508	5,848,610	99.86
2021	5,973,743	5,970,610	99.95	-	5,970,610	99.95

(1) Includes state paid property tax credits.

* Noted collections more than 100 percent of levy due to current year adjustment of market value or other adjustments.

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Ratio of Net Bonded Debt to
 Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities		Capital Leases	Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Lease Revenue Bonds		General Obligation Revenue Bonds			
2012	\$ -	\$ 9,515,000	\$ -	\$ 2,500,000	\$ 12,845,000	2.86 %	\$ 1,615
2013	-	8,840,000	-	3,540,000	12,015,000	2.83	1,664
2014	-	8,135,000	-	2,160,000	12,380,000	2.26	1,368
2015	-	7,400,000	-	1,900,000	10,295,000	1.99	1,253
2016	-	6,915,732	-	1,635,000	9,300,000	1.95	1,129
2017	-	6,063,169	-	1,370,000	8,550,732	1.47	992
2018	-	5,150,606	-	1,100,000	7,433,169	1.20	811
2019	-	4,213,045	-	830,000	6,250,606	0.95	656
2020	3,030,000	3,260,483	-	5,025,000	11,315,483	1.98	1,426
2021	6,315,000	2,292,922	-	5,790,000	14,397,922	2.56	1,850

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

See the Demographic and Economic Statistics table on page 131 for personal income and population data.

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City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Computation of Direct and Overlapping Debt
 December 31, 2021

Table 10

	Gross Bonded Debt Used For Net Debt Calculation	Net Debt	Percentage Applicable to City *	Amount of Net Debt Applicable to City
Direct Debt				
City of Shorewood	\$ 8,620,483	\$ 8,620,483	100.00 %	\$ 8,620,483
Overlapping Debt				
School District #276	182,915,000	113,460,023	22.67 %	25,721,387
School District #277	32,605,000	31,724,401	1.82	577,384
Hennepin County	1,481,535,000	1,037,033,516	1.03	10,681,445
Henn Suburban Park District	58,550,000	45,542,541	1.46	664,921
Henn Regional RR Authority	90,580,000	89,332,530	1.03	920,125
Metropolitan Council	1,897,693,968	73,049,600	0.50	365,248
Total Overlapping Debt	<u>3,743,878,968</u>	<u>1,390,142,611</u>	<u>2.80</u>	<u>38,930,511</u>
Total Direct and Overlapping Debt	<u>\$ 3,752,499,451</u>	<u>\$ 1,398,763,094</u>	<u>3.40 %</u>	<u>\$ 47,550,994</u>

Sources : Hennepin County

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

* The percentage of overlapping debt applicable is estimated using tax capacity. Applicable percentages were estimated by determining the portion of each overlapping government's tax capacity within the City's boundaries and dividing it by that government's total tax capacity.

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 28,720,076	\$ 27,464,322	\$ 27,037,463	\$ 29,116,902
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 28,720,076</u>	<u>\$ 28,720,076</u>	<u>\$ 27,464,322</u>	<u>\$ 27,037,463</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Under state law, the City's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Table 11

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 45,734,777	\$ 47,659,174	\$ 50,566,253	\$ 52,674,928	\$ 54,809,348	\$ 58,240,314
-	-	-	-	-	-
<u>\$ 29,116,902</u>	<u>\$ 45,734,777</u>	<u>\$ 47,659,174</u>	<u>\$ 50,566,253</u>	<u>\$ 52,674,928</u>	<u>\$ 58,240,314</u>
<u>\$ -</u>					

Legal Debt Margin Calculation for Fiscal Year 2020

Taxable Market Value	<u>\$ 1,941,343,795</u>
Debt Limit (3% of Market Value)	58,240,314
Debt Applicable to Limit	
General obligation bonds	6,315,000
Less: amount available in debt service funds	-
Total Net Debt Applicable to Limit	<u>6,315,000</u>
Legal Debt Margin	<u>\$ 51,925,314</u>

City of Shorewood, Minnesota
Statistical Section (Unaudited)
Pledged - Revenue Coverage
Last Ten Fiscal Years

Table 12

General Obligation Revenue Bonds						
Fiscal Year	(1) Gross Revenue	(2) Expenses	Net Revenue Available	Debt Service		Coverage
				Principal	Interest	
2012	\$ 809,746	\$ 313,620	\$ 496,126	\$ 175,000	\$ 100,668	1.80 %
2013	595,599	300,232	295,367	185,000	75,630	1.13
2014	542,606	401,476	141,130	220,000	19,708	0.59
2015	581,484	412,646	168,838	260,000	18,798	0.61
2016	727,126	439,737	287,389	265,000	18,183	1.01
2017	709,647	412,513	297,134	265,000	15,883	1.06
2018	593,249	394,141	199,108	270,000	15,607	0.70
2019	687,690	456,445	231,245	270,000	13,043	0.82
2020	881,528	495,522	386,006	275,000	13,188	1.34
2021	3,148,255 *	2,123,164 *	1,025,091	275,000 *	66,830 *	3.00

(1) Including interest and other income

(2) Excluding depreciation and interest on bonds

* Beginning in 2021, gross revenue, expenses, principal and interest include water, sewer and stormwater management utility funds.

Lease Revenue Bonds				
Fiscal Year	Revenue from Lease Payments	Debt Service		Coverage
		Principal	Interest	
2012	\$ 978,744	\$ 605,000	\$ 372,230	1.00 %
2013	972,513	625,000	335,513	1.01
2014	969,650	650,000	335,513	0.98
2015	958,569	680,000	284,419	0.99
2016	776,980	6,420,000	389,201	0.11
2017	950,216	805,000	119,500	1.03
2018	1,317,700	830,000	103,150	1.41
2019	538,050	855,000	86,300	0.57
2020	924,750	865,000	69,100	0.99
2021	922,300	880,000	61,050	0.98

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Table 13

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	Percent of Population Which Has a Bachelor's or Post Graduate Degree (4)	Unemployment Rate (5)
2012	7,312	\$ 420,264,512	\$ 57,476	44.1	49.8 %	5.2 %
2013	7,438	438,083,324	58,898	43.6	56.4	4.6
2014	7,524	455,961,924	60,601	44.5	61.8	3.8
2015	7,458	466,700,130	61,295	43.7	63.1	3.3
2016	7,496	438,823,336	58,541	45.3	62.8	3.4
2017	7,708	505,143,780	65,535	46.4	65.9	2.6
2018	7,693	522,331,621	67,897	47.1	66.1	2.5
2019	7,934	545,208,612	68,718	46.7	67.3	2.6
2020	7,783	561,963,732	72,204	46.2	69.4	4.4
2021	7,783	561,963,732	72,204	46.2	69.4	2.4

Data Sources:

- (1) Metropolitan Council
- (2) US Census Bureau
- (3) US Census Bureau
- (4) US Census Bureau
- (5) Bureau of Labor Statistics - Hennepin County

Note: 2021 data for personal income and median age are unavailable and estimated. Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Principal Employers
 Current Year and Nine Years Ago

Table 14

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Minnewashta Elementary School	123	1	6.92 %	83	2	5.36 %
Cub Foods	121	2	6.81	94	1	6.07
Xcel Energy	75	3	4.22	35	3	2.26
Alerus	34	4	1.91	35	4	2.26
City of Shorewood	29 *	5	1.63	28	5	1.81
Park Nicollet Clinic	20 *	6	1.13	-	-	-
Minnetonka Country Club	-	-	-	29	6	1.87
Total	402		22.62 %	304		19.64 %
Total City Employment	1,777			1,548		

Source: City of Shorewood

* Includes part-time and temporary seasonal employees.

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Table 15

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	10.0	9.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0
Public Works										
Engineering	1.0	-	-	-	-	-	-	-	-	-
Maintenance	5.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	8.0	8.0
Culture and Recreation										
Parks	3.0	2.3	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water	1.5	1.2	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer	1.5	1.5	1.5	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	22	20	20	20	20	20	20	21	22	22

Source: City of Shorewood

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Operating Indicators by Function
 Last Ten Fiscal Years

Table 16

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Building Permits Issued	585	481	792	684	786	844	1,035	1,014	1,362	1,611
Public Works										
Street sweeping (hours)	1,600	1,400	1,400	1,400	1,450	1,600	1,600	1,600	1,600	1,650
Snowplowing (hours)	616	1,403	833	530	400	500	500	500	500	500
Equipment repair (hours)	1,725	1,716	1,542	1,551	1,705	1,950	1,950	1,950	1,950	1,950
Water										
New connections	3	9	-	4	5	16	43	43	40	40
Water mains breaks	7	3	7	6	4	7	7	7	3	3
Average daily consumption (gallons)	465	465	465	465	339	361	360	360	360	360
Sewer										
Average daily treatment flow (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,200,000	1,200,000	1,200,000	1,200,000

Source: City of Shorewood

Note: Indicators are not available for the general government function.

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Table 17

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Works										
Highways and streets										
Streets (miles)	51	51	51	51	51	51	51	51	51	51
Street lights	194	194	194	194	195	195	195	195	195	195
Traffic signals	5	5	5	5	5	5	5	5	5	5
Culture and Recreation										
Parks division										
Parks	7	7	7	7	7	7	7	7	7	7
Parks acreage	102	102	102	102	102	102	102	102	102	102
Baseball diamonds	5	5	5	5	5	5	5	5	5	5
Basketball courts	1	1	1	1	1	1	1	1	1	1
Bike trails (miles)	2.45	4.00	4.00	5.80	5.80	5.80	5.80	5.80	8.00	8.00
Hockey rinks/outdoor	3	3	3	3	2	2	1	1	1	1
Softball diamonds	3	3	3	3	3	3	3	3	3	3
Swimming areas	1	1	1	1	-	-	-	-	-	-
Tennis courts	5	5	5	5	5	5	5	5	5	5
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Utilities										
Water										
Miles of water main	28	28	28	28	29	30	31	31	32	36
Consumers	1,327	1,336	1,336	1,340	1,398	1,479	1,479	1,479	1,565	1,580
Maximum daily capacity (gallons)	919,000	919,000	919,000	919,000	919,000	919,000	919,000	919,000	919,000	919,000
Sewer										
Miles of sanitary sewer	60	60	60	60	60	60	62	62	63	63
Lift stations	14	14	14	14	14	14	14	14	14	14
Maximum daily treatment capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Storm sewer										
Miles of storm sewer	12	12	12	12	12	13	13	13	13	14

Source: City of Shorewood

Note: No capital asset indicators are available for the general government function.