

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

ANNUAL
COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

MARC NEVINSKI, 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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INTRODUCTORY SECTION
CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Shorewood, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2022

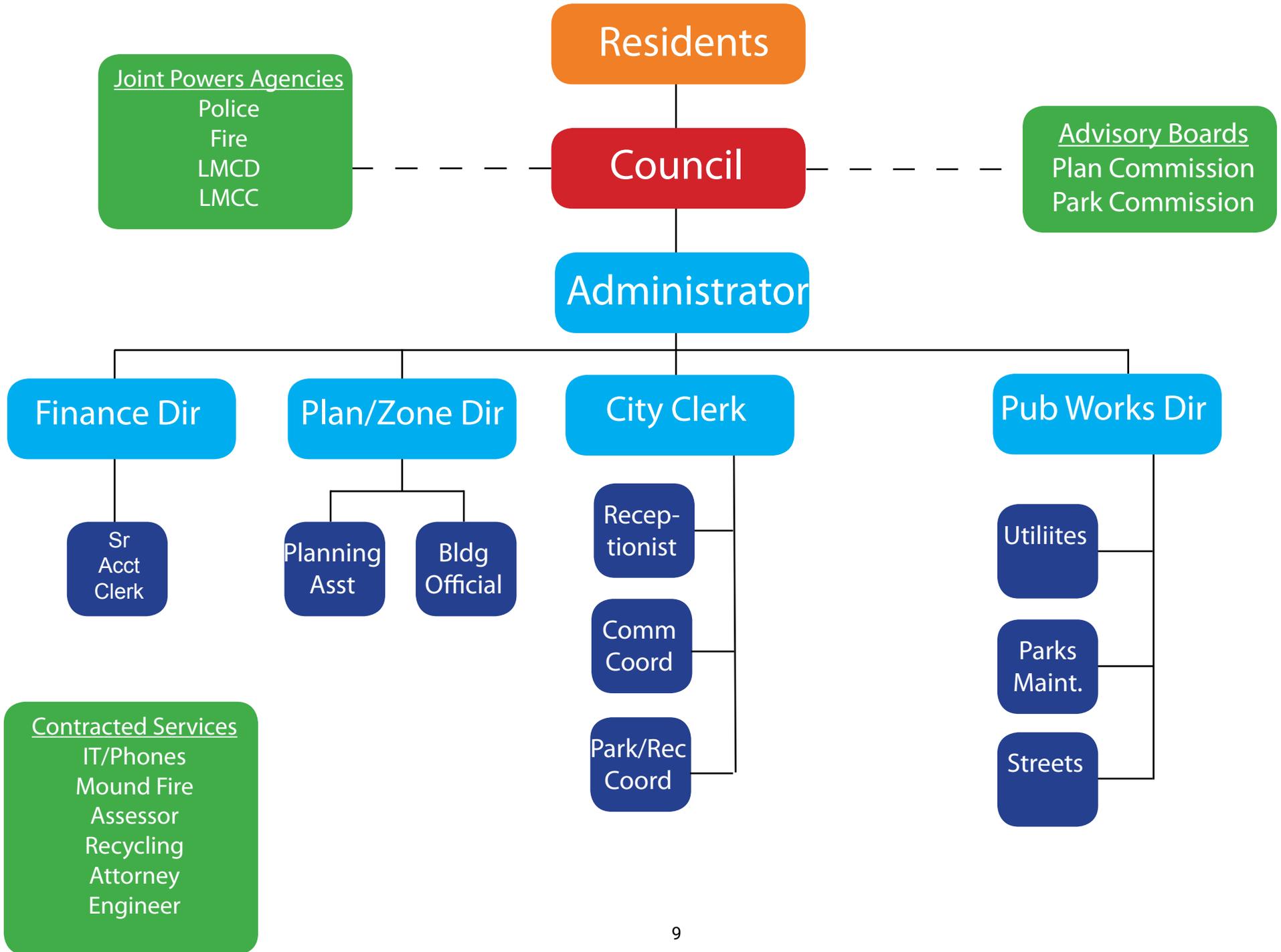
ELECTED

Name	Title	Term Expires
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

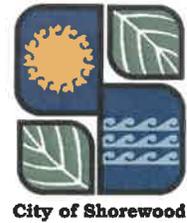
APPOINTED

Name	Title
Marc Nevinski	City Administrator
Joe Rigdon	Finance Director

City of Shorewood Organizational Chart



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April 26, 2023

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, 2022, 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, 2022 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, 2022, 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 7,827 as of 2022. 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 2022, 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, 2022, the City’s debt outstanding totaled \$19,900,000.

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 \$765,000 on December 31, 2022. These bonds will be repaid in full in 2023 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 \$0 on December 31, 2021. These bonds were prepaid with a transfer from the General Fund in 2022.

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.

On December 1, 2022, the City issued \$7,570,000 series 2022A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds to finance various street and utility improvements. Of the total bonds, \$3,535,000 are considered street reconstruction bonds secured by the City's G.O. tax pledge, and \$4,035,000 are utility revenue bonds secured by revenues of the City's water, sewer, and storm water utilities. The series 2022A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds were not rated.

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 were constructed. Major work on Badger Park was completed in 2021, and the overall project was completed in 2022.

The city completed a two-year capital improvement planning effort, and 2022 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 2022. Work planned in 2023 includes the reconstruction of Strawberry Lane and Birch Bluff Road, and the rehabilitation of Sewer Lift Station #1.

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 2023.

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 and \$441,719 was received in 2022. The City Council approved using the funds for utility improvements in the water fund.

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, 2021.

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 26 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,



Marc Nevinski, 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, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION
CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 7 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.



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 84 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.

Supplementary 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Abdo
Minneapolis, Minnesota
April 26, 2023



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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, 2022.

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 \$38,314,177 (net position). Of this amount, \$13,971,970 (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- The City's total net position increased \$353,479, with the majority of the increase resulting from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,609,490, an increase of \$1,855,114 in comparison with the prior year. This is primarily the result of the receipt of bond proceeds during 2022. Approximately 37.1 percent of the total ending fund balance, \$4,302,670, 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 \$5,370,991, or 88.2 percent of total budgeted 2023 expenditures and transfers out. The City has a policy to maintain a General fund working capital balance of 60.0 percent of the next year's budgeted expenditures and transfers out.
- The City's total debt increased \$5,512,438 or 38.3 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

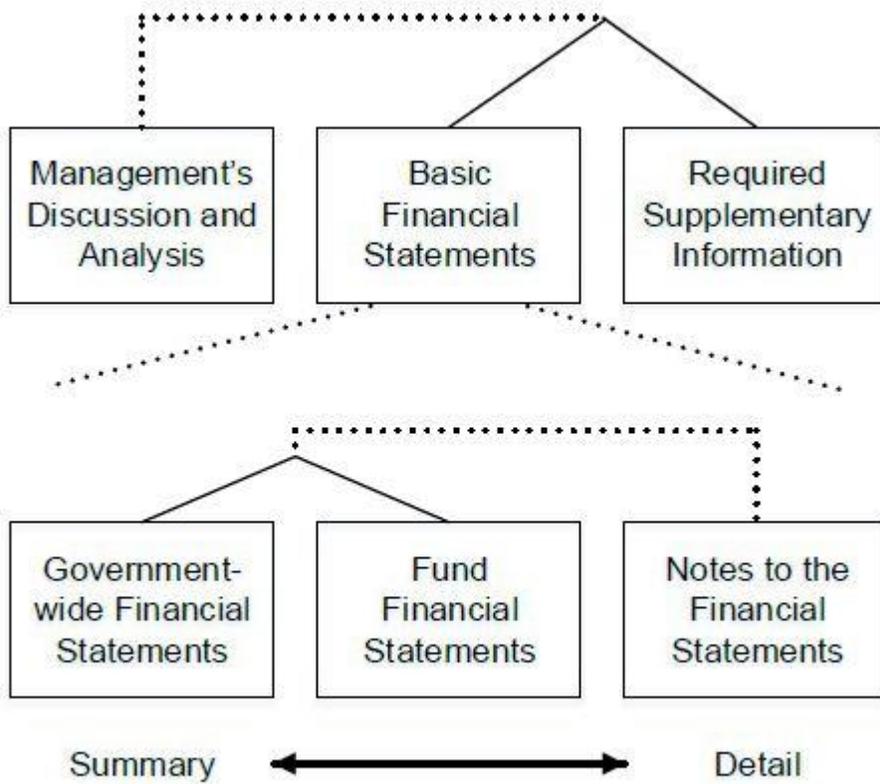


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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 or 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 41 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 numerous 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 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 46 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 54 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 59 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 84 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 90 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 \$38,314,177 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (62.2 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		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Assets						
Cash and temporary investments	\$ 13,263,705	\$ 11,390,592	\$ 1,873,113	\$ 7,383,447	\$ 4,367,008	\$ 3,016,439
Cash with fiscal agent	4,190	8,502	(4,312)	-	280,000	(280,000)
Receivables	5,154,159	3,043,962	2,110,197	1,182,834	1,195,119	(12,285)
Due from other governments	1,436,719	-	1,436,719	-	-	-
Internal balances	(978,866)	(1,015,044)	36,178	978,866	1,015,044	(36,178)
Prepaid items	166,569	250,664	(84,095)	10,196	10,720	(524)
Land held for resale	150,068	150,068	-	-	-	-
Capital assets	19,239,734	18,664,235	575,499	18,109,287	16,027,297	2,081,990
Total Assets	38,436,278	32,492,979	5,943,299	27,664,630	22,895,188	4,769,442
Deferred Outflows of Resources	457,193	657,207	(200,014)	150,809	209,140	(58,331)
Liabilities						
Noncurrent liabilities	12,092,070	9,730,493	2,361,577	9,963,188	6,050,745	3,912,443
Other liabilities	1,237,858	1,280,589	(42,731)	901,383	245,598	655,785
Total Liabilities	13,329,928	11,011,082	2,318,846	10,864,571	6,296,343	4,568,228
Deferred Inflows of Resources	4,190,945	748,227	3,442,718	9,289	238,164	(228,875)
Net Position						
Net investment in capital assets	12,052,201	12,609,077	(556,876)	11,787,231	12,539,096	(751,865)
Restricted	502,775	260,107	242,668	-	-	-
Unrestricted	8,817,622	8,521,693	295,929	5,154,348	4,030,725	1,123,623
Total Net Position	\$ 21,372,598	\$ 21,390,877	\$ (18,279)	\$ 16,941,579	\$ 16,569,821	\$ 371,758

The balance of *unrestricted net position* is \$13,971,970. 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.

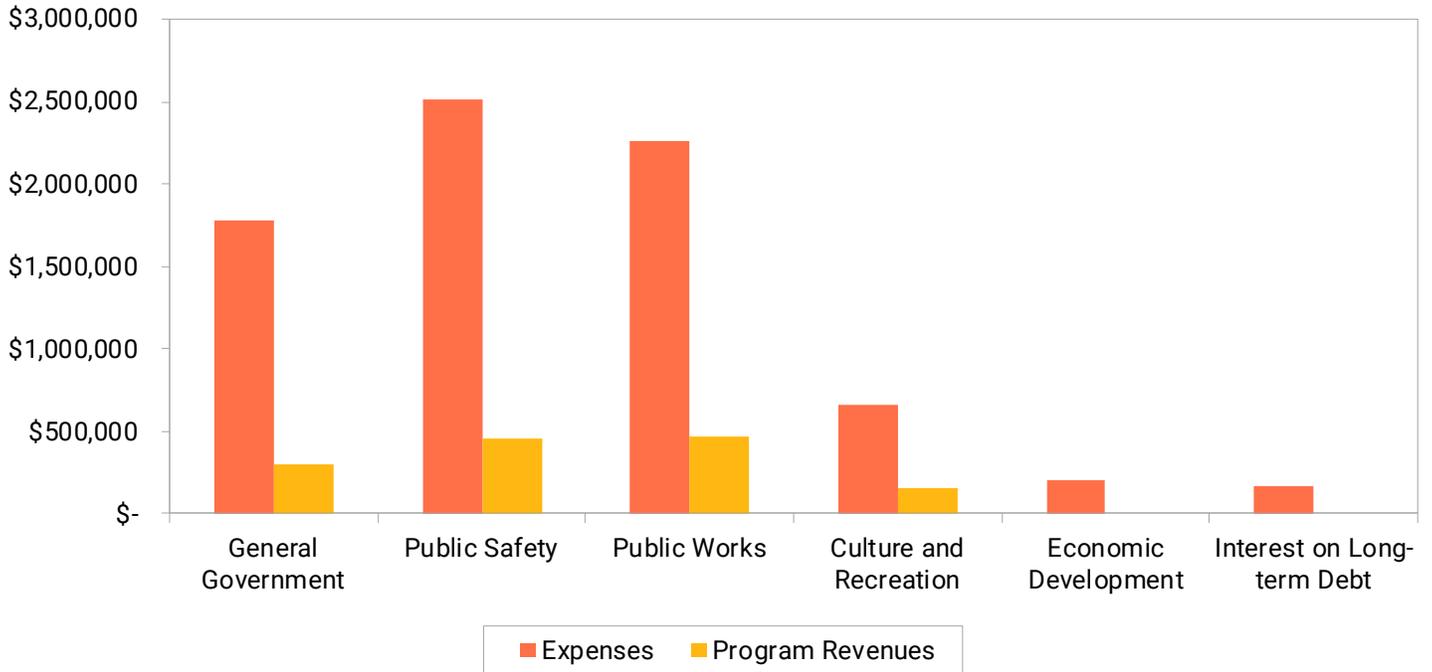
City of Shorewood's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 854,311	\$ 1,004,105	\$ (149,794)	\$ 2,779,664	\$ 2,622,017	\$ 157,647
Operating grants and contributions	127,375	110,896	16,479	22,685	17,165	5,520
Capital grants and contributions	407,678	1,193,542	(785,864)	77,400	192,962	(115,562)
General Revenues						
Taxes						
Property taxes	6,152,956	5,976,604	176,352	-	-	-
Tax increment	245,253	245,116	137	-	-	-
Franchise taxes	-	319,409	(319,409)	322,102	-	322,102
Grants and contributions not restricted to specific programs	67,098	334,555	(267,457)	-	-	-
Unrestricted investment earnings (loss)	60,415	(1,749)	62,164	36,639	83,775	(47,136)
Gain on disposal of capital assets	-	-	-	-	-	-
Total Revenues	<u>7,915,086</u>	<u>9,182,478</u>	<u>(1,267,392)</u>	<u>3,238,490</u>	<u>2,915,919</u>	<u>322,571</u>
Expenses						
General government	1,784,522	1,710,164	74,358	-	-	-
Public safety	2,518,562	2,416,020	102,542	-	-	-
Public works	2,238,620	2,048,851	189,769	-	-	-
Culture and recreation	668,101	586,378	81,723	-	-	-
Economic development	210,209	246,166	(35,957)	-	-	-
Interest on long-term debt	169,095	131,005	38,090	-	-	-
Water	-	-	-	1,111,661	992,447	119,214
Sewer	-	-	-	1,564,635	1,469,004	95,631
Stormwater Management Utility	-	-	-	372,106	253,764	118,342
Recycling	-	-	-	162,586	208,592	(46,006)
Total Expenses	<u>7,589,109</u>	<u>7,138,584</u>	<u>450,525</u>	<u>3,210,988</u>	<u>2,923,807</u>	<u>287,181</u>
Increase (Decrease) in Net Position						
Before Transfers	325,977	2,043,894	(1,717,917)	27,502	(7,888)	35,390
Transfers of Capital Assets	(369,256)	(422,677)	53,421	369,256	422,677	(53,421)
Transfers	25,000	25,000	-	(25,000)	(25,000)	-
Change in Net Position	(18,279)	1,646,217	(1,664,496)	371,758	389,789	(18,031)
Net Position, January 1	<u>21,390,877</u>	<u>19,744,660</u>	<u>1,646,217</u>	<u>16,569,821</u>	<u>16,180,032</u>	<u>389,789</u>
Net Position, December 31	<u>\$ 21,372,598</u>	<u>\$ 21,390,877</u>	<u>\$ (18,279)</u>	<u>\$ 16,941,579</u>	<u>\$ 16,569,821</u>	<u>\$ 371,758</u>

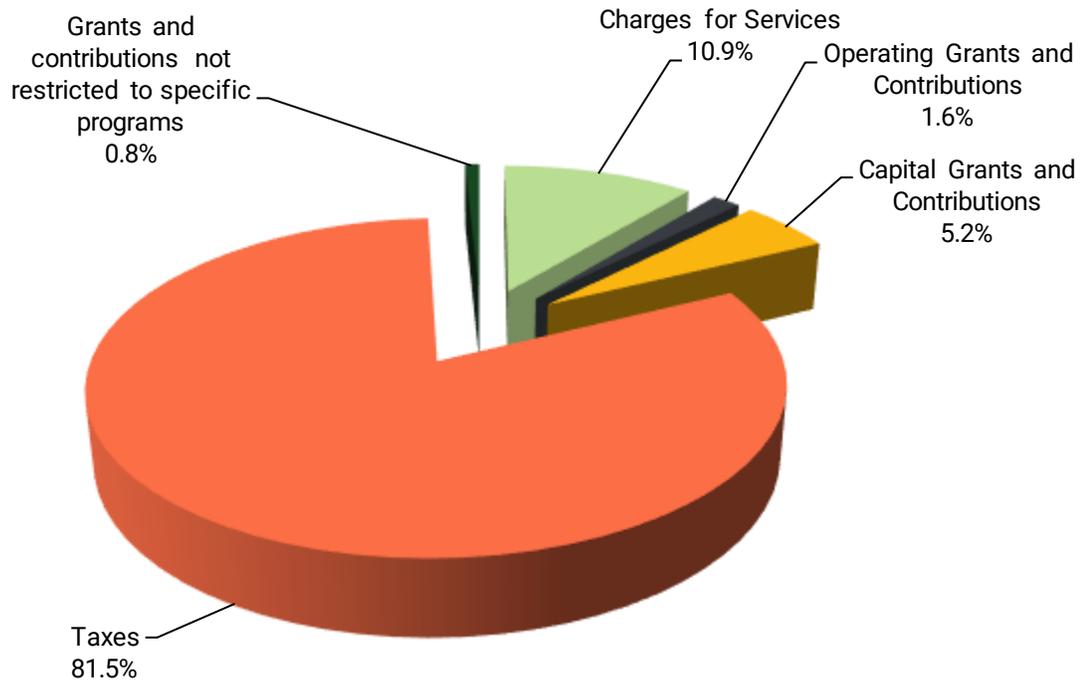
Governmental Activities. Governmental activities decreased the City's net position by \$18,739. Key elements of this activity are as follows:

- Capital grants and contributions decreased \$785,864 due to the recording of Municipal State Aid in 2021.
- Prior to 2022, franchise tax revenues were recorded in governmental activities. Beginning in 2022, franchise tax revenues were recorded in business-type activities.
- Public works expenditures increased due to costs related to road maintenance and construction.

Expenses and Program Revenues - Governmental Activities



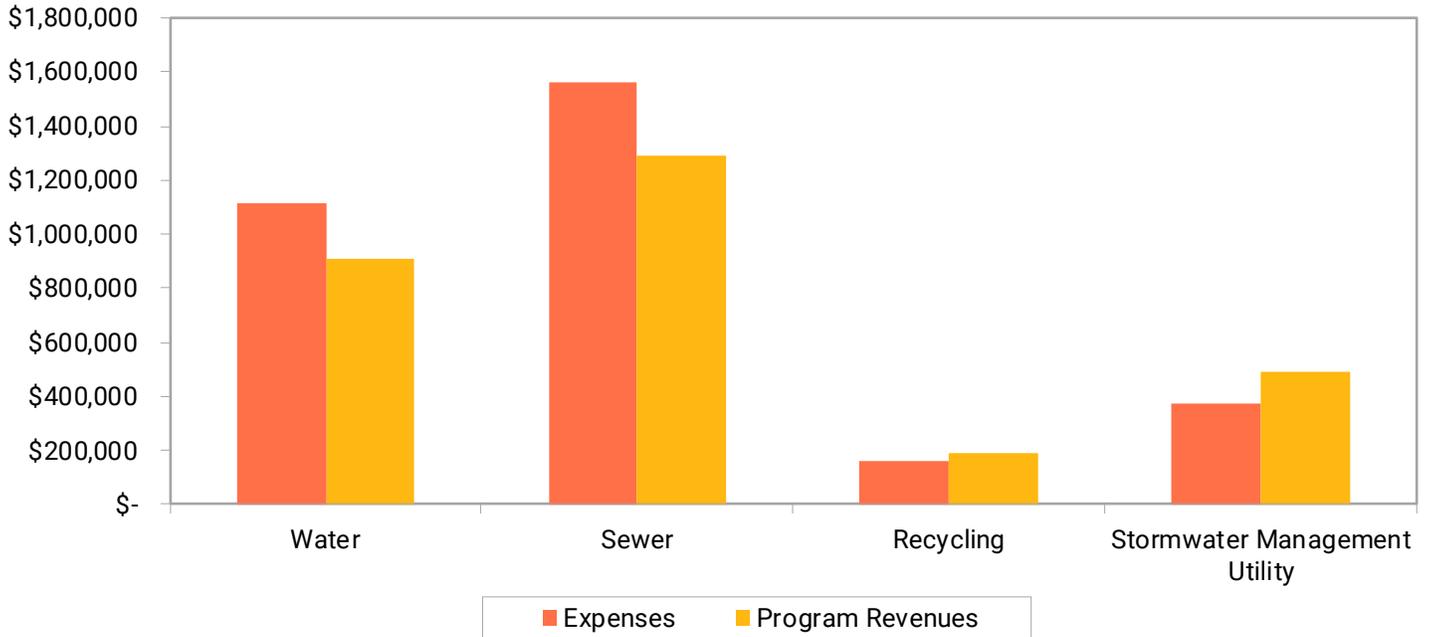
Revenues by Source - Governmental Activities



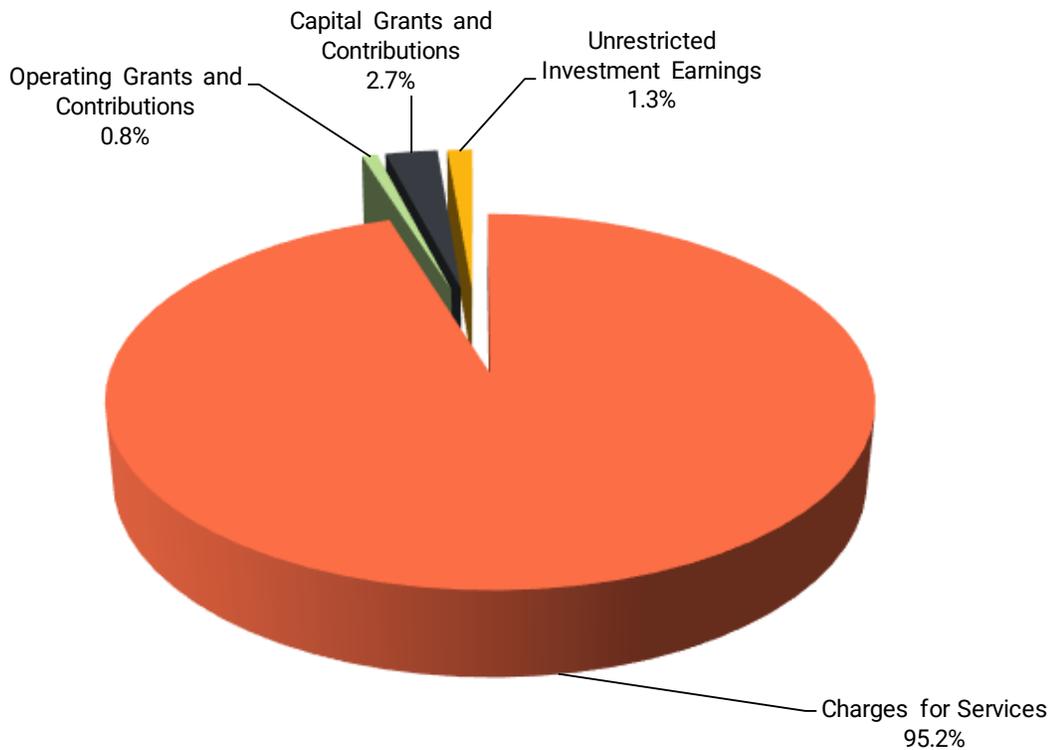
Business-type Activities. Business-type activities increased the City’s net position by \$371,758. Key elements of this increase are as follows:

There was an overall increase of \$322,5716 in revenues, resulting from utility rate increases and additional utility customers, and an overall increase in expenses of \$287,181, 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 \$35,390 increase in net position before transfers. Capital contributions from capital projects funds amounted to \$369,256, and other transfers in were \$25,000 for 2022.

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. The table below outlines the governmental fund balances for the year ending December 31, 2022.

	General	Debt Service	Street Reconstruction	MSA Construction	TIF 2 Oppidan Senior Housing	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable prepaid items	\$ 166,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,569
Restricted for							
Debt service	-	573,200	-	-	-	-	573,200
Capital outlay	-	-	2,472,467	-	-	-	2,472,467
Committed to community center operation	-	-	-	-	-	74,514	74,514
Assigned to capital outlay	-	-	3,458,262	38,332	-	523,476	4,020,070
Unassigned	5,370,991	-	-	-	(978,663)	(89,658)	4,302,670
	<u>\$ 5,537,560</u>	<u>\$ 573,200</u>	<u>\$ 5,930,729</u>	<u>\$ 38,332</u>	<u>\$ (978,663)</u>	<u>\$ 508,332</u>	<u>\$ 11,609,490</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 66 of this report.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 166,569	\$ 250,664	\$ (84,095)
Unassigned	5,370,991	5,398,172	(27,181)
Total	<u>\$ 5,537,560</u>	<u>\$ 5,648,836</u>	<u>\$ (111,276)</u>
General Fund Expenditures	\$ 5,673,979	\$ 5,409,502	
Unassigned as a percent of expenditures	94.7%	99.8%	
Total Fund Balance as a percent of expenditures	97.6%	104.4%	

The fund balance of the City's General fund decreased during the current fiscal year as shown in the table above. The decrease in fund balance was primarily due to the transfer out.

Other major governmental fund analysis is shown below:

	<u>Current Year Ending Balance</u>	<u>Prior Year Ending Balance</u>	<u>Increase/ (Decrease)</u>
Debt Service Fund			
Restricted	\$ 573,200	\$ 327,269	\$ 245,931
<i>The Debt Service fund increased in fund balance during the year due to a transfer in from the General fund</i>			
Street Construction			
Assigned to Capital Outlay and Restricted to Capital Outlay	\$ 5,930,729	\$ 4,246,680	\$ 1,684,049
<i>The Street Construction fund increased in fund balance due to bonds issued during the year</i>			
MSA Construction			
Assigned to Capital Outlay	\$ 38,332	\$ 38,458	\$ (126)
<i>The MSA Construction fund decreased in fund balance during the year due to loss on investments.</i>			
TIF 2 Oppidan Senior Housing			
Unassigned	\$ (978,663)	\$ (1,013,698)	\$ 35,035
<i>The TIF 2 fund balance increased due to tax increments collected during the year</i>			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the enterprise funds at the end of the year increased as follows:

	<u>Ending Net Position 2022</u>	<u>Ending Net Position 2021</u>	<u>Increase/ (Decrease)</u>
Water Utility	\$ 7,578,047	\$ 7,742,722	\$ (164,675)
<i>Decrease primarily due to increase in wage expense</i>			
Sewer Utility	\$ 3,635,589	\$ 3,924,597	\$ (289,008)
<i>Decrease primarily due to increase in wage expense</i>			
Stormwater Management Utility	\$ 5,360,239	\$ 4,561,770	\$ 798,469
<i>Increase primarily due to capital contributions from other funds</i>			

General Fund Budgetary Highlights

	2022			2021
	Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues	\$ 5,907,098	\$ 6,147,952	\$ 240,854	\$ 5,812,165
Expenditures	<u>5,829,798</u>	<u>5,673,979</u>	<u>155,819</u>	<u>5,409,502</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>77,300</u>	<u>473,973</u>	<u>396,673</u>	<u>402,663</u>
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	-	25,000
Transfers out	<u>(102,300)</u>	<u>(610,249)</u>	<u>(507,949)</u>	<u>(102,300)</u>
Total Other Financing Sources (Uses)	<u>(77,300)</u>	<u>(585,249)</u>	<u>(507,949)</u>	<u>(77,300)</u>
Net Change in Fund Balances	-	(111,276)	(111,276)	325,363
Fund Balances, January 1	<u>5,648,836</u>	<u>5,648,836</u>	<u>-</u>	<u>5,323,473</u>
Fund Balances, December 31	<u>\$ 5,648,836</u>	<u>\$ 5,537,560</u>	<u>\$ (111,276)</u>	<u>\$ 5,648,836</u>

The City's General fund budget was not amended during the year. Actual revenues were over the final budget and expenditures were also under the final budget amounts as shown above.

- The largest revenue variance was in the licenses and permits area, which was over budget by \$129,648 due to building permits received in excess of expectations.
- The largest expenditure variance was in culture and recreation, which was under budget by \$70,436.

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, 2022, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to the following:

- Completion of the following projects:
 - Woodside Road and Woodside Lane and Watermain Exit
 - Glen Road, Amlee Road, Manitou Lane
 - 2021 Mill & Overlay
 - Freeman Park Drainage/Baseball Field
 - Mary Lake Outlet
 - Grant Street Drainage
 - Beverly Drive Drainage Improvements
 - 2021 Catch Basin & Culvert Repairs
 - Streetwater Curve Watermain
 - Shady Island Forcemain
 - Covington Road Watermain

- Additions to the following projects:
 - Strawberry Lane
 - 2022 Mill & Overlay
 - Birch Bluff Road
 - Galpin Lake Road/Trail
 - Silverwood Park Improvements
 - Christmas Lake Boat Landing
 - Shorewood Lane Ravine Stabilization
 - Shorewood Oaks Drainage
 - Smithtown Ponds
 - 2022 Catch Basin & Culvert Repairs
 - Lift Station 7 Rehab
 - Lift Station 9 Rehab
 - Lift Station 10 Rehab
 - Lift Station 11 Rehab

Additional information on the City's capital assets can be found in Note 3C starting on page 70 of this report.

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

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 741,826	\$ 741,826	\$ -	\$ 1,322,989	\$ 1,322,989	\$ -
Construction in Progress	2,198,506	5,259,096	(3,060,590)	2,761,153	4,778,559	(2,017,406)
Buildings	2,098,973	2,197,782	(98,809)	-	-	-
Improvements other than Buildings	1,507,382	1,472,571	34,811	-	-	-
Infrastructure	11,879,571	8,066,282	3,813,289	13,708,483	9,548,717	4,159,766
Machinery and Equipment	813,476	926,678	(113,202)	316,662	377,032	(60,370)
Total	\$ 19,239,734	\$ 18,664,235	\$ 575,499	\$ 18,109,287	\$ 16,027,297	\$ 2,081,990

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt and lease revenue bonds as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Shorewood's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Revenue Bonds	\$ -	\$ -	\$ -	\$ 9,475,000	\$ 5,790,000	\$ 3,685,000
General Obligation Construction Bonds	9,660,000	6,315,000	3,345,000	-	-	-
Lease Revenue Bonds	765,000	2,270,000	(1,505,000)	-	-	-
Unamortized Bond Premiums	10,360	22,922	(12,562)	-	-	-
Total	<u>\$ 10,435,360</u>	<u>\$ 8,607,922</u>	<u>\$ 1,827,438</u>	<u>\$ 9,475,000</u>	<u>\$ 5,790,000</u>	<u>\$ 3,685,000</u>

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 3E starting on page 73 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property valuations within the City increased 4.7% from 2021 to 2022 and increased 26.2% from 2022 to 2023.
- The unemployment rate for Hennepin County was 2.8% in February 2023. This compared favorably to the State of Minnesota's average unemployment rate of 3.6% and the national average unemployment rate of 3.9% (all not seasonally adjusted).

All of these factors were considered in preparing the City's General fund budget for the 2023 fiscal year. For both 2022 and 2023, budgeted revenues and other financing sources are equivalent to budgeted expenditures and other financing uses and increased by 2.6%. Total property taxes levied for 2023 increased by 5.5% from total property taxes levied for 2022. The City's tax capacity rate decreased from 27.33% for 2022 property taxes to 22.41% for 2023 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, 2022

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City of Shorewood, Minnesota
Statement of Net Position
December 31, 2022

Exhibit 1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 13,263,705	\$ 7,383,447	\$ 20,647,152
Cash with fiscal agent	4,190	-	4,190
Receivables			
Interest	87,324	6,290	93,614
Taxes	78,144	-	78,144
Accounts	21,090	831,620	852,710
Special assessments	6,044	344,924	350,968
Lease	4,196,557	-	4,196,557
Notes	765,000	-	765,000
Due from other governments	1,436,719	-	1,436,719
Internal balances	(978,866)	978,866	-
Prepaid items	166,569	10,196	176,765
Land held for resale	150,068	-	150,068
Capital assets			
Land and construction in progress	2,940,332	4,084,142	7,024,474
Depreciable assets (net of accumulated depreciation)	16,299,402	14,025,145	30,324,547
Total Assets	38,436,278	27,664,630	66,100,908
Deferred Outflows of Resources			
Deferred pension resources	457,193	150,809	608,002
Liabilities			
Accounts and contracts payable	248,682	827,824	1,076,506
Deposits payable	346,036	-	346,036
Accrued salaries payable	60,164	13,720	73,884
Due to other governments	3,404	17,168	20,572
Accrued interest payable	60,065	42,671	102,736
Unearned revenue	519,507	-	519,507
Noncurrent liabilities			
Due within one year			
Long-term liabilities	1,337,475	180,000	1,517,475
Due in more than one year			
Long-term liabilities	9,278,615	9,295,000	18,573,615
Net pension liability	1,475,980	488,188	1,964,168
Total Liabilities	13,329,928	10,864,571	24,194,499
Deferred Inflows of Resources			
Deferred lease resources	4,162,892	-	4,162,892
Deferred pension resources	28,053	9,289	37,342
Total Deferred Inflow of Resources	4,190,945	9,289	4,200,234
Net Position			
Net investment in capital assets	12,052,201	11,787,231	23,839,432
Restricted for debt service	502,775	-	502,775
Unrestricted	8,817,622	5,154,348	13,971,970
Total Net Position	\$ 21,372,598	\$ 16,941,579	\$ 38,314,177

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,784,522	\$ 301,257	\$ -	\$ -
Public safety	2,518,562	455,728	6,464	-
Public works	2,238,620	-	109,644	359,678
Culture and recreation	668,101	97,326	11,267	48,000
Economic development	210,209	-	-	-
Interest on long-term debt	169,095	-	-	-
Total Governmental Activities	<u>7,589,109</u>	<u>854,311</u>	<u>127,375</u>	<u>407,678</u>
Business-type Activities				
Water	1,111,661	830,440	5,829	75,000
Sewer	1,564,635	1,287,635	834	2,400
Stormwater management utility	372,106	487,463	234	-
Recycling	162,586	174,126	15,788	-
Total Business-type Activities	<u>3,210,988</u>	<u>2,779,664</u>	<u>22,685</u>	<u>77,400</u>
Total	<u>\$ 10,800,097</u>	<u>\$ 3,633,975</u>	<u>\$ 150,060</u>	<u>\$ 485,078</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Tax increments

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
\$ (1,478,635)	\$ -	\$ (1,478,635)
(2,056,370)	-	(2,056,370)
(1,785,972)	-	(1,785,972)
(499,464)	-	(499,464)
(210,209)	-	(210,209)
(169,095)	-	(169,095)
<u>(6,199,745)</u>	<u>-</u>	<u>(6,199,745)</u>
-	(200,392)	(200,392)
-	(273,766)	(273,766)
-	115,591	115,591
-	27,328	27,328
<u>-</u>	<u>(331,239)</u>	<u>(331,239)</u>
<u>(6,199,745)</u>	<u>(331,239)</u>	<u>(6,530,984)</u>
6,152,956	-	6,152,956
245,253	-	245,253
-	322,102	322,102
67,098	-	67,098
60,415	36,639	97,054
(369,256)	369,256	-
25,000	(25,000)	-
<u>6,181,466</u>	<u>702,997</u>	<u>6,884,463</u>
(18,279)	371,758	353,479
<u>21,390,877</u>	<u>16,569,821</u>	<u>37,960,698</u>
<u>\$ 21,372,598</u>	<u>\$ 16,941,579</u>	<u>\$ 38,314,177</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, 2022

City of Shorewood, Minnesota

Balance Sheet
Governmental Funds
December 31, 2022

	General	Debt Service	Street Reconstruction
Assets			
Cash and temporary investments	\$ 5,625,584	\$ 573,839	\$ 5,982,049
Cash with fiscal agent	-	4,190	-
Receivables			
Accrued interest	73,725	249	5,871
Taxes	78,144	-	-
Accounts	21,090	-	-
Special assessments	6,044	-	-
Lease	4,196,557	-	-
Notes	-	765,000	-
Due from other governments	6,444	-	-
Due from other funds	70,964	-	-
Prepaid items	166,569	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,245,121</u>	<u>\$ 1,343,278</u>	<u>\$ 5,987,920</u>
Liabilities			
Accounts and contracts payable	\$ 61,483	\$ 5,000	\$ 57,191
Deposits payable	346,036	-	-
Accrued salaries payable	56,213	-	-
Due to other governments	2,392	-	-
Due to other funds	-	78	-
Advances from other funds	-	-	-
Unearned revenue	33,825	-	-
Total Liabilities	<u>499,949</u>	<u>5,078</u>	<u>57,191</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	38,702	-	-
Unavailable revenue - assessments	6,018	-	-
Unavailable revenue - intergovernmental	-	765,000	-
Deferred lease resources	4,162,892	-	-
Total Deferred Inflows of Resources	<u>4,207,612</u>	<u>765,000</u>	<u>-</u>
Fund Balances			
Nonspendable prepaid items	166,569	-	-
Restricted for			
Debt service	-	573,200	-
Capital outlay	-	-	2,472,467
Committed to community center operations	-	-	-
Assigned to capital outlay	-	-	3,458,262
Unassigned	5,370,991	-	-
Total Fund Balances	<u>5,537,560</u>	<u>573,200</u>	<u>5,930,729</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,245,121</u>	<u>\$ 1,343,278</u>	<u>\$ 5,987,920</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
\$ 38,276	\$ 85,202	\$ 958,755	\$ 13,263,705
-	-	-	4,190
56	12	1,037	80,950
-	-	-	78,144
-	-	-	21,090
-	-	-	6,044
-	-	-	4,196,557
-	-	-	765,000
1,430,275	-	-	1,436,719
-	-	-	70,964
-	-	-	166,569
-	-	150,068	150,068
<u>\$ 1,468,607</u>	<u>\$ 85,214</u>	<u>\$ 1,109,860</u>	<u>\$ 20,240,000</u>
\$ -	\$ 83,999	\$ 41,009	\$ 248,682
-	-	-	346,036
-	-	3,951	60,164
-	1,012	-	3,404
-	-	70,886	70,964
-	978,866	-	978,866
-	-	485,682	519,507
-	<u>1,063,877</u>	<u>601,528</u>	<u>2,227,623</u>
-	-	-	38,702
-	-	-	6,018
1,430,275	-	-	2,195,275
-	-	-	4,162,892
<u>1,430,275</u>	<u>-</u>	<u>-</u>	<u>6,402,887</u>
-	-	-	166,569
-	-	-	573,200
-	-	-	2,472,467
-	-	74,514	74,514
38,332	-	523,476	4,020,070
-	(978,663)	(89,658)	4,302,670
<u>38,332</u>	<u>(978,663)</u>	<u>508,332</u>	<u>11,609,490</u>
<u>\$ 1,468,607</u>	<u>\$ 85,214</u>	<u>\$ 1,109,860</u>	<u>\$ 20,240,000</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, 2022

Exhibit 4

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

Total Fund Balances - Governmental	\$ 11,609,490
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	55,295,149
Less: accumulated depreciation	(36,055,415)
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	(10,425,000)
Unamortized premium on bonds	(10,360)
Compensated absences payable	(180,730)
Net pension liability	(1,475,980)
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	38,702
Special assessments receivable	6,018
Interest on notes receivable	6,374
Intergovernmental	2,195,275
Governmental funds do not report long-term amounts to pensions.	
Deferred outflows of pension resources	457,193
Deferred inflows of pension resources	(28,053)
Governmental funds do not report a liability for accrued interest until due and payable.	
	(60,065)
Total Net Position - Governmental Activities	\$ 21,372,598

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, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Street Reconstruction</u>
Revenues			
Taxes	\$ 5,189,295	\$ 611,438	\$ 118,000
Licenses and permits	361,873	-	-
Intergovernmental	111,304	-	28,903
Charges for services	60,958	-	-
Fines and forfeitures	68,409	-	-
Special assessments	6,675	-	-
Interest (loss) on investments	65,859	(24)	(4,693)
Miscellaneous	283,579	944,400	-
Total Revenues	<u>6,147,952</u>	<u>1,555,814</u>	<u>142,210</u>
Expenditures			
Current			
General government	1,704,766	-	-
Public safety	2,046,942	-	-
Public works	1,182,290	-	-
Culture and recreation	270,276	-	-
Capital outlay			
General government	-	-	-
Public safety	469,705	-	-
Public works	-	-	1,950,161
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	1,695,000	-
Interest and service charges	-	122,832	43,000
Total Expenditures	<u>5,673,979</u>	<u>1,817,832</u>	<u>1,993,161</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>473,973</u>	<u>(262,018)</u>	<u>(1,850,951)</u>
Other Financing Sources (Uses)			
Transfers in	25,000	507,949	-
Bonds issued	-	-	3,535,000
Transfers out	<u>(610,249)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(585,249)</u>	<u>507,949</u>	<u>3,535,000</u>
Net Change in Fund Balances	(111,276)	245,931	1,684,049
Fund Balances, January 1	<u>5,648,836</u>	<u>327,269</u>	<u>4,246,680</u>
Fund Balances, December 31	<u>\$ 5,537,560</u>	<u>\$ 573,200</u>	<u>\$ 5,930,729</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>
\$ -	\$ 245,253	\$ 236,000	\$ 6,399,986
-	-	-	361,873
-	-	100,898	241,105
-	-	60,730	121,688
-	-	-	68,409
-	-	-	6,675
(126)	(9)	(592)	60,415
-	-	12,142	1,240,121
<u>(126)</u>	<u>245,244</u>	<u>409,178</u>	<u>8,500,272</u>
-	-	-	1,704,766
-	-	-	2,046,942
-	-	19,969	1,202,259
-	-	152,060	422,336
-	-	4,630	4,630
-	-	-	469,705
-	-	99,362	2,049,523
-	-	233,956	233,956
-	210,209	-	210,209
-	-	-	1,695,000
-	-	-	165,832
<u>-</u>	<u>210,209</u>	<u>509,977</u>	<u>10,205,158</u>
<u>(126)</u>	<u>35,035</u>	<u>(100,799)</u>	<u>(1,704,886)</u>
-	-	102,300	635,249
-	-	-	3,535,000
-	-	-	(610,249)
<u>-</u>	<u>-</u>	<u>102,300</u>	<u>3,560,000</u>
(126)	35,035	1,501	1,855,114
<u>38,458</u>	<u>(1,013,698)</u>	<u>506,831</u>	<u>9,754,376</u>
<u>\$ 38,332</u>	<u>\$ (978,663)</u>	<u>\$ 508,332</u>	<u>\$ 11,609,490</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, 2022

Exhibit 6

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

Total Net Change in Fund Balances - Governmental Funds	\$ 1,855,114
<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	2,115,626
Depreciation expense	(1,170,871)
<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	1,695,000
Bonds issued	(3,535,000)
Amortization of bond premium	12,562
<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>	
	(15,825)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(146,876)
Pension revenue	6,464
<p>Capital assets constructed in capital projects funds but intended for enterprise fund use are transferred in the government-wide financial statements.</p>	
	(369,256)
<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	(1,777)
Special assessments	(1,221)
Intergovernmental	(588,652)
<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	126,433
Change in Net Position - Governmental Activities	\$ (18,279)

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, 2022

Exhibit 7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,207,853	\$ 5,207,853	\$ 5,189,295	\$ (18,558)
Licenses and permits	232,225	232,225	361,873	129,648
Intergovernmental	129,450	129,450	111,304	(18,146)
Charges for services	52,360	52,360	60,958	8,598
Fines and forfeitures	60,000	60,000	68,409	8,409
Special assessments	5,000	5,000	6,675	1,675
Interest on investments	12,000	12,000	65,859	53,859
Miscellaneous	208,210	208,210	283,579	75,369
Total Revenues	<u>5,907,098</u>	<u>5,907,098</u>	<u>6,147,952</u>	<u>240,854</u>
Expenditures				
Current				
General government	1,706,194	1,706,194	1,704,766	1,428
Public safety	2,071,782	2,071,782	2,046,942	24,840
Public works	1,241,405	1,241,405	1,182,290	59,115
Culture and recreation	340,712	340,712	270,276	70,436
Capital outlay				
Public safety	469,705	469,705	469,705	-
Total Expenditures	<u>5,829,798</u>	<u>5,829,798</u>	<u>5,673,979</u>	<u>155,819</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>77,300</u>	<u>77,300</u>	<u>473,973</u>	<u>396,673</u>
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(102,300)	(102,300)	(610,249)	(507,949)
Total Other Financing Sources (Uses)	<u>(77,300)</u>	<u>(77,300)</u>	<u>(585,249)</u>	<u>(507,949)</u>
Net Change in Fund Balances	-	-	(111,276)	(111,276)
Fund Balances, January 1	<u>5,648,836</u>	<u>5,648,836</u>	<u>5,648,836</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,648,836</u>	<u>\$ 5,648,836</u>	<u>\$ 5,537,560</u>	<u>\$ (111,276)</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, 2022

Exhibit 8

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Assets					
Current Assets					
Cash and temporary investments	\$ 1,238,227	\$ 2,038,113	\$ 3,772,616	\$ 334,491	\$ 7,383,447
Receivables					
Accrued interest	167	2,380	3,261	482	6,290
Accounts	190,450	373,895	220,963	46,312	831,620
Special assessments	7,577	34,229	12,330	4,856	58,992
Prepaid Items	2,549	2,549	2,549	2,549	10,196
Total Current Assets	1,438,970	2,451,166	4,011,719	388,690	8,290,545
Noncurrent Assets					
Special assessments receivable	285,932	-	-	-	285,932
Advances to other funds	978,866	-	-	-	978,866
Capital assets					
Land	-	-	1,322,989	-	1,322,989
Construction in progress	3,591	999,468	1,758,094	-	2,761,153
Machinery and equipment	383,540	484,151	-	-	867,691
Infrastructure	14,178,612	9,759,535	5,440,369	-	29,378,516
Less accumulated depreciation	(7,165,932)	(8,253,250)	(801,880)	-	(16,221,062)
Net Capital Assets	7,399,811	2,989,904	7,719,572	-	18,109,287
Total Noncurrent Assets	8,664,609	2,989,904	7,719,572	-	19,374,085
Total Assets	10,103,579	5,441,070	11,731,291	388,690	27,664,630
Deferred Outflows of Resources					
Deferred pension resources	70,870	59,007	16,627	4,305	150,809
Liabilities					
Current Liabilities					
Accounts and contracts payable	18,718	44,705	753,362	11,039	827,824
Accrued salaries payable	6,554	5,818	1,348	-	13,720
Due to other governments	12,173	4,995	-	-	17,168
Accrued interest payable	10,658	6,380	25,633	-	42,671
Bonds payable - current	47,037	12,767	120,196	-	180,000
Total Current Liabilities	95,140	74,665	900,539	11,039	1,081,383
Noncurrent Liabilities					
Bonds payable	2,267,526	1,595,442	5,432,032	-	9,295,000
Net pension liability	229,384	190,805	54,023	13,976	488,188
Total Noncurrent Liabilities	2,496,910	1,786,247	5,486,055	13,976	9,783,188
Total Liabilities	2,592,050	1,860,912	6,386,594	25,015	10,864,571
Deferred Inflows of Resources					
Deferred pension resources	4,352	3,576	1,085	276	9,289
Net Position					
Net investment in capital assets	6,157,685	1,771,770	3,857,776	-	11,787,231
Unrestricted	1,420,362	1,863,819	1,502,463	367,704	5,154,348
Total Net Position	\$ 7,578,047	\$ 3,635,589	\$ 5,360,239	\$ 367,704	\$ 16,941,579

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, 2022

Exhibit 9

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Operating Revenues					
Charges for services	\$ 821,953	\$ 1,286,435	\$ 487,463	\$ 174,126	\$ 2,769,977
Intergovernmental	4,827	-	-	15,727	20,554
Total Operating Revenues	<u>826,780</u>	<u>1,286,435</u>	<u>487,463</u>	<u>189,853</u>	<u>2,790,531</u>
Operating Expenses					
Personal services	324,866	267,761	71,870	20,633	685,130
Supplies	20,577	3,457	2,730	1,540	28,304
Repairs and maintenance	11,905	5,260	71,248	-	88,413
Depreciation	357,570	111,281	86,559	-	555,410
Professional services	20,000	26,792	59,127	-	105,919
Contracted services	106,707	30,259	1,670	126,270	264,906
Water purchases	48,799	-	-	-	48,799
Utilities	94,105	14,383	-	-	108,488
Disposal charges	-	1,070,850	-	-	1,070,850
Other	95,411	10,685	4,448	14,143	124,687
Total Operating Expenses	<u>1,079,940</u>	<u>1,540,728</u>	<u>297,652</u>	<u>162,586</u>	<u>3,080,906</u>
Operating Income (Loss)	<u>(253,160)</u>	<u>(254,293)</u>	<u>189,811</u>	<u>27,267</u>	<u>(290,375)</u>
Nonoperating Revenues (Expenses)					
Special assessments	6,687	-	-	-	6,687
Interest (loss) on investments	43,689	(2,742)	(3,952)	(356)	36,639
Franchise fees	-	-	322,102	-	322,102
Miscellaneous	2,802	2,034	234	61	5,131
Interest expense	(19,491)	(9,231)	(52,440)	-	(81,162)
Bond issuance costs	(12,230)	(14,676)	(22,014)	-	(48,920)
Total Nonoperating Revenues (Expenses)	<u>21,457</u>	<u>(24,615)</u>	<u>243,930</u>	<u>(295)</u>	<u>240,477</u>
Income (Loss) Before Contributions and Transfers	<u>(231,703)</u>	<u>(278,908)</u>	<u>433,741</u>	<u>26,972</u>	<u>(49,898)</u>
Capital Contributions	75,000	2,400	-	-	77,400
Capital Contributions From Other Funds	4,528	-	364,728	-	369,256
Transfers Out	(12,500)	(12,500)	-	-	(25,000)
Change in Net Position	<u>(164,675)</u>	<u>(289,008)</u>	<u>798,469</u>	<u>26,972</u>	<u>371,758</u>
Net Position, January 1	<u>7,742,722</u>	<u>3,924,597</u>	<u>4,561,770</u>	<u>340,732</u>	<u>16,569,821</u>
Net Position, December 31	<u>\$ 7,578,047</u>	<u>\$ 3,635,589</u>	<u>\$ 5,360,239</u>	<u>\$ 367,704</u>	<u>\$ 16,941,579</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, 2022

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	\$ 765,818	\$ 1,243,833	\$ 472,695	\$ 188,560	\$ 2,670,906
Other receipts related to operations	9,489	2,034	234	61	11,818
Payments to suppliers, contractors and other governments	(379,437)	(1,172,954)	(152,080)	(145,066)	(1,849,537)
Payments to employees	(294,022)	(245,810)	(71,236)	(20,882)	(631,950)
Net Cash Provided (Used) by Operating Activities	<u>101,848</u>	<u>(172,897)</u>	<u>249,613</u>	<u>22,673</u>	<u>201,237</u>
Cash Flows from					
Noncapital Financing Activities					
Transfers out	(12,500)	(12,500)	-	-	(25,000)
Franchise fees	-	-	241,292	-	241,292
Note receivable received	161,133	-	-	-	161,133
Increase in due to other funds	(307,088)	-	-	-	(307,088)
Decrease in due from other funds	36,178	307,088	-	-	343,266
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(122,277)</u>	<u>294,588</u>	<u>241,292</u>	<u>-</u>	<u>413,603</u>
Cash Flows from Capital					
and Related Financing Activities					
Connection fees received	75,000	2,400	-	-	77,400
Special assessments received	47,400	-	-	-	47,400
Acquisition of capital assets	(83,828)	(921,766)	(605,421)	-	(1,611,015)
Bond proceeds, net of issuance costs	996,520	1,195,824	1,793,736	-	3,986,080
Principal paid on revenue bonds	(291,963)	(5,614)	(52,423)	-	(350,000)
Interest paid on revenue bonds	(18,000)	(4,912)	(46,180)	-	(69,092)
Net Cash Provided by Capital and Related Financing Activities	<u>725,129</u>	<u>265,932</u>	<u>1,089,712</u>	<u>-</u>	<u>2,080,773</u>
Cash Flows from Investing Activities					
Interest received (lost) on investments	44,207	(1,315)	(1,801)	(265)	40,826
Net Increase (Decrease) in					
Cash and Cash Equivalents	748,907	386,308	1,578,816	22,408	2,736,439
Cash and Cash Equivalents, January 1	<u>489,320</u>	<u>1,651,805</u>	<u>2,193,800</u>	<u>312,083</u>	<u>4,647,008</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,238,227</u>	<u>\$ 2,038,113</u>	<u>\$ 3,772,616</u>	<u>\$ 334,491</u>	<u>\$ 7,383,447</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, 2022

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)	\$ (253,160)	\$ (254,293)	\$ 189,811	\$ 27,267	\$ (290,375)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	9,489	2,034	234	61	11,818
Depreciation	357,570	111,281	86,559	-	555,410
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(50,548)	(37,533)	(12,558)	(839)	(101,478)
Special assessments receivable	(10,414)	(5,069)	(2,210)	(454)	(18,147)
Prepaid items	131	131	131	131	524
Deferred pension resources	23,535	22,181	9,929	2,686	58,331
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts and contracts payable	14,679	(6,046)	(12,988)	(3,244)	(7,599)
Due to other governments	3,257	(5,353)	-	-	(2,096)
Net pension liability	111,723	89,876	20,635	5,209	227,443
Accrued salaries payable	(1,258)	(1,237)	(766)	(458)	(3,719)
Deferred pension resources	(103,156)	(88,869)	(29,164)	(7,686)	(228,875)
Net Cash Provided (Used) by Operating Activities	<u>\$ 101,848</u>	<u>\$ (172,897)</u>	<u>\$ 249,613</u>	<u>\$ 22,673</u>	<u>\$ 201,237</u>
Noncash Capital and Related Financing Activities					
Contribution of assets from other funds	<u>\$ 4,528</u>	<u>\$ -</u>	<u>\$ 364,728</u>	<u>\$ -</u>	<u>\$ 369,256</u>
Capital assets purchased on account	<u>\$ 1,315</u>	<u>\$ 34,005</u>	<u>\$ 733,750</u>	<u>\$ -</u>	<u>\$ 769,070</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, 2022

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.

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2022:

- US Government Agency Securities of \$3,447,927 are valued using quoted market prices (Level 1 inputs)
- Municipal Bonds of \$838,079 are valued using a matrix pricing model (Level 2 inputs)
- Brokered Certificates of Deposit of \$981,337 are valued using a matrix pricing model (Level 2 inputs)

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, 2022 the City had no investments of 5.0 percent or more of its total investment portfolio.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

- *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.

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 2022. Unbilled utility enterprise fund receivables are also included for services provided in 2022. 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 also has a lease receivable recorded for four cell-tower leases that meet the criteria for GASB 87. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the four leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Notes Receivable

The City has a total of three notes receivable. The notes are related to public safety buildings that the City has for Excelsior Fire District and the South Lake Minnetonka Police Department.

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

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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 assets 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, 2022 that the City has a zero liability.

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2022 was \$340,080.

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 assets 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 three sources: property taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also recognizes a deferred lease receivable, which is reported both in the governmental funds balance sheet and the statement of net position.

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

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, 2022:

Fund	Amount
Major Capital Project	
TIF 2 Oppidan Senior Housing	\$ 978,663
Nonmajor Capital Project	
Park Capital Improvement	89,658

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

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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 \$2,943,416 and the bank balance was \$3,299,538. 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, 2022

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	\$ 12,440,583	\$ -	\$ -
Non-pooled Investments at Fair Value					
U.S. Government Agency Securities	AAA	less than 1 year	595,725	595,725	-
U.S. Government Agency Securities	AAA	1 to 3 years	2,403,530	2,403,530	-
U.S. Government Agency Securities	AAA	more than 3 years	448,672	448,672	-
Municipal Bonds	Aa2	6 to 12 months	494,830	-	494,830
Municipal Bonds	Aa2	1 to 3 years	343,249	-	343,249
Brokered Certificates of Deposit	N/A	less than 1 year	981,337	-	981,337
Total Investments			<u>\$ 17,707,926</u>	<u>\$ 3,447,927</u>	<u>\$ 1,819,416</u>

(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:

	Primary Government
Carrying Amount of Deposits	\$ 2,943,416
Investments	<u>17,707,926</u>
Total	<u>\$ 20,651,342</u>
As Reported on the Financial Statements	
Statement of net position	\$ 20,647,152
Cash with fiscal agent	<u>4,190</u>
Total	<u>\$ 20,651,342</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

B. Lease Receivable

The City has two lease agreements with New Singular Wireless and two lease agreements with T-Mobile. As of December 31, 2022, the City had a lease receivable of \$4,196,557 and a deferred lease inflow of \$4,162,892 related to the four leases.

Description	Total Lease Receivable	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Old Market Road - New Singular Wireless (1) - Water Tower	\$ 518,040	1.21 %	7/1/2002	126 Annual	\$ 55,000	\$ 466,182
Old Market Road - T-Mobile (1) - Water Tower	936,901	1.74	5/24/2004	336 Annual	36,465	899,967
Smithtown Road - New Cingular Wireless (2) - Water Tower	1,256,594	1.70	5/1/2000	300 Annual	33,431	1,223,163
Smithtown Road - T-Mobile (2) - Water Tower	1,643,101	1.70	1/3/2000	336 Annual	35,855	1,607,245
						<u>\$ 4,196,557</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 741,826	\$ -	\$ -	\$ 741,826
Construction in progress	5,259,096	1,556,826	(4,617,416)	2,198,506
Total Capital Assets not Being Depreciated	<u>6,000,922</u>	<u>1,556,826</u>	<u>(4,617,416)</u>	<u>2,940,332</u>
Capital Assets Being Depreciated				
Buildings	4,036,456	25,669	-	4,062,125
Improvements other than buildings	2,730,375	155,770	-	2,886,145
Infrastructure	37,137,190	4,564,884	-	41,702,074
Machinery and equipment	3,643,836	60,637	-	3,704,473
Total Capital Assets Being Depreciated	<u>47,547,857</u>	<u>4,806,960</u>	<u>-</u>	<u>52,354,817</u>
Less Accumulated Depreciation for				
Buildings	(1,838,674)	(124,478)	-	(1,963,152)
Improvements other than buildings	(1,257,804)	(120,959)	-	(1,378,763)
Infrastructure	(29,070,908)	(751,595)	-	(29,822,503)
Machinery and equipment	(2,717,158)	(173,839)	-	(2,890,997)
Total Accumulated Depreciation	<u>(34,884,544)</u>	<u>(1,170,871)</u>	<u>-</u>	<u>(36,055,415)</u>
Total Capital Assets Being Depreciated, Net	<u>12,663,313</u>	<u>3,636,089</u>	<u>-</u>	<u>16,299,402</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,664,235</u>	<u>\$ 5,192,915</u>	<u>\$ (4,617,416)</u>	<u>\$ 19,239,734</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,322,989	\$ -	\$ -	\$ 1,322,989
Construction in progress	4,778,559	2,589,838	(4,607,244)	2,761,153
Total Capital Assets not Being Depreciated	<u>6,101,548</u>	<u>2,589,838</u>	<u>(4,607,244)</u>	<u>4,084,142</u>
Capital Assets Being Depreciated				
Infrastructure	24,736,295	4,642,221	-	29,378,516
Machinery and equipment	855,106	12,585	-	867,691
Total Capital Assets Being Depreciated	<u>25,591,401</u>	<u>4,654,806</u>	<u>-</u>	<u>30,246,207</u>
Less Accumulated Depreciation for				
Infrastructure	(15,187,578)	(482,455)	-	(15,670,033)
Machinery and equipment	(478,074)	(72,955)	-	(551,029)
Total Accumulated Depreciation	<u>(15,665,652)</u>	<u>(555,410)</u>	<u>-</u>	<u>(16,221,062)</u>
Total Capital Assets Being Depreciated, Net	<u>9,925,749</u>	<u>4,099,396</u>	<u>-</u>	<u>14,025,145</u>
Business-type Activities Capital Assets, Net	<u>\$ 16,027,297</u>	<u>\$ 6,689,234</u>	<u>\$ (4,607,244)</u>	<u>\$ 18,109,287</u>

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

Governmental Activities		
General government		\$ 60,333
Public safety		1,090
Public works		880,558
Culture and recreation		<u>228,890</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,170,871</u>
Business-type Activities		
Water		\$ 357,570
Sewer		111,281
Stormwater management utility		<u>86,559</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 555,410</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Construction and Other Commitments

The City has active construction projects as of December 31, 2022. At year end, the commitments with the contractors for these projects are as follows:

Project	Spent to Date	Remaining Commitment
Silverwood Park	\$ 67,694	\$ 1,337
2022 Mill & Overlay	555,428	89,242
Smithtown Pond	815,525	780,292
2022 Catch Basin & Culvert Repairs	66,772	1,290
2022 Lift Stations 7, 9, 10 Rehabilitation	680,101	26,298
Total	<u>\$ 2,185,520</u>	<u>\$ 898,459</u>

D. Interfund Receivables, Payables and Transfers

Interfund Balances

The composition of interfund balances as of December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Major Governmental	Nonmajor Governmental		
General	Park Capital Improvement	Cash flow	\$ 70,886
General	Debt service	Cash flow	78
Major Enterprise			
Water	TIF 2 Oppidan Senior Housing	Project funding	<u>978,866</u>
Total Internal Balances			<u>\$ 1,049,830</u>

Interfund Transfers

The City made transfers during the fiscal year 2022 as shown and described below:

Fund	Transfers in			
	General	Debt Service	Nonmajor Governmental	Total
Transfers Out				
General	\$ -	\$ 507,949	\$ 102,300	\$ 610,249
Water	12,500	-	-	12,500
Sewer	12,500	-	-	12,500
Total	<u>\$ 25,000</u>	<u>\$ 507,949</u>	<u>\$ 102,300</u>	<u>\$ 635,249</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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, 2022, 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 for operations.
- The General fund transferred \$507,949 to the Debt service funds for the early repayment of bonds.
- The Water and Sewer funds each transferred a budgeted \$12,500 to the General fund, totaling \$25,000, for administrative costs.

E. 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	\$ 2,840,000
G.O. Street Reconstruction Bonds of 2021	3,285,000	1.00 - 2.00	07/28/21	02/01/34	3,285,000
G.O. Street Reconstruction Bonds of 2022	4,035,000	4.31	12/01/22	02/01/43	<u>3,535,000</u>
Total Street Reconstruction Bonds					<u>\$ 9,660,000</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
2023	\$ 455,000	\$ 167,218	\$ 622,218
2024	495,000	212,593	707,593
2025	580,000	203,536	783,536
2026	585,000	193,491	778,491
2027	600,000	183,181	783,181
2028 - 2032	3,135,000	750,919	3,885,919
2033 - 2037	2,050,000	456,741	2,506,741
2038 - 2042	1,505,000	193,280	1,698,280
2043	<u>255,000</u>	<u>5,495</u>	<u>260,495</u>
Total	<u>\$ 9,660,000</u>	<u>\$ 2,366,454</u>	<u>\$ 12,026,454</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Bonds of 2020	\$ 4,470,000	1.00 - 1.63 %	08/25/20	02/01/41	\$ 4,400,000
G.O. Utility Revenue Bonds of 2021	1,040,000	1.00 - 2.00	07/28/21	02/01/42	1,040,000
G.O. Utility Revenue Bonds of 2022	4,035,000	4.31	12/01/22	02/01/43	<u>4,035,000</u>
Total Revenue Bonds					<u>\$ 9,475,000</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
2023	\$ 180,000	\$ 182,660	\$ 362,660
2024	375,000	235,039	610,039
2025	410,000	225,985	635,985
2026	420,000	217,119	637,119
2027	425,000	208,011	633,011
2028 - 2032	2,255,000	893,452	3,148,452
2033 - 2037	2,530,000	609,896	3,139,896
2038 - 2042	2,595,000	249,629	2,844,629
2043	<u>285,000</u>	<u>6,142</u>	<u>291,142</u>
Total	<u>\$ 9,475,000</u>	<u>\$ 2,827,933</u>	<u>\$ 12,302,933</u>

Annual revenues from operations, principal and interest payments on the bonds, and percentage of revenues required to cover principal and interest payments are as follows:

	Water	Sewer	Storm
Net Operating Revenues	\$ 765,818	\$ 1,243,833	\$ 391,885
Principal and Interest	309,963	10,526	98,603
Percentage of Revenues	40%	1%	25%

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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	\$ 375,000
Public Safety Police Facility, Refunding Series 2016B	2,565,000	2.00	01/07/16	02/01/23	<u>390,000</u>
Total Lease Revenue Bonds					<u>\$ 765,000</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
2023	<u>\$ 765,000</u>	<u>\$ 7,650</u>	<u>\$ 772,650</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
Lease revenue bonds	\$ 2,270,000	\$ -	\$ (1,505,000)	\$ 765,000	\$ 765,000
Street reconstruction bonds	6,315,000	3,535,000	(190,000)	9,660,000	455,000
Unamortized premium on bond	22,922	-	(12,562)	10,360	-
Compensated Absences	<u>307,163</u>	<u>245,957</u>	<u>(372,390)</u>	<u>180,730</u>	<u>117,475</u>
Governmental Activity Long-term Liabilities	<u>\$ 8,915,085</u>	<u>\$ 3,780,957</u>	<u>\$ (2,079,952)</u>	<u>\$ 10,616,090</u>	<u>\$ 1,337,475</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	<u>\$ 5,790,000</u>	<u>\$ 4,035,000</u>	<u>\$ (350,000)</u>	<u>\$ 9,475,000</u>	<u>\$ 180,000</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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.

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 2022 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, 2022, 2021 and 2020 were \$134,178, \$139,392 and \$128,591, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$1,964,168 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 \$57,522. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0248 percent which was a decrease of 0.004 from the proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 1,964,168
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>57,522</u>
Total	<u><u>\$ 2,021,690</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$331,485 for its proportionate share of the General Employees Fund's pension expense. In addition, the City recognized an additional \$8,595 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.

At December 31, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 16,406	\$ 21,199
Changes in Actuarial Assumptions	451,480	7,602
Net Difference Between Projected and Actual Earnings on Plan Investments	18,195	-
Changes in Proportion	56,552	8,541
Contributions Paid to PERA Subsequent to the Measurement Date	<u>65,369</u>	<u>-</u>
Total	<u><u>\$ 608,002</u></u>	<u><u>\$ 37,342</u></u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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

The \$65,369 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 221,686
2024	172,605
2025	(66,629)
2026	177,629

E. Long-Term Expected Return on Investment

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 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

F. Actuarial Assumptions

The total pension liability in the June 30, 2022 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.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00 percent per year and that increase was used in the valuation.

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 27 years of service.

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.

Actuarial assumptions used in the June 30, 2022 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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.50 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.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 3,102,507	\$ 1,964,168	\$ 1,030,555

I. 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.

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Joint Ventures (Continued)

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, 2021. 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, 2021 and 2020:

South Lake Minnetonka Police Department
Summary of Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Assets	\$ 4,003,732	\$ 4,417,369
Deferred Outflows of Resources	1,990,176	891,450
Total Assets and Deferred Outflows of Resources	\$ 5,993,908	\$ 5,308,819
Liabilities	\$ 2,157,112	\$ 3,165,932
Deferred Inflows of Resources	2,603,098	1,208,618
Net Position	1,233,698	934,269
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,993,908	\$ 5,308,819

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

South Lake Minnetonka Police Department
Summary Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues	\$ 3,371,176	\$ 3,240,773
Expenses	3,100,941	3,167,624
Net Revenues	270,235	73,149
General Revenues	29,194	22,965
Change in Net Position	299,429	96,114
Net Position, January 1	934,269	838,155
Net Position, December 31	\$ 1,233,698	\$ 934,269

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Joint Ventures (Continued)

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, 2022. 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, 2022 and 2021:

Excelsior Fire District
Summary of Statements of Net Position
December 31, 2022 and 2021

	2022	2021
Assets	\$ 10,618,200	\$ 10,206,288
Deferred Outflows of Resources	682,020	430,414
Total Assets and Deferred Outflows of Resources	\$ 11,300,220	\$ 10,636,702
Liabilities	\$ 1,190,499	\$ 1,276,244
Deferred Inflows of Resources	1,333,749	1,559,168
Net Position	8,775,972	7,801,290
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 11,300,220	\$ 10,636,702

The following is a summary of the District's statements of activities for the years ended December 31, 2022 and 2021:

Excelsior Fire District
Summary Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues	\$ 2,115,965	\$ 1,939,316
Expenses	1,159,259	1,213,752
Net Revenues	956,706	725,564
General Revenues	17,976	27,506
Change in Net Position	974,682	753,070
Net Position, January 1	7,801,290	7,048,220
Net Position, December 31	\$ 8,775,972	\$ 7,801,290

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2022

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 \$61,082,963 computed as three percent of \$2,032,707,325 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.

Note 7: Change in Accounting Principles

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. The City's recognition of the beginning balances related to the lease receivable and deferred lease resources were equal balances and had no effect on the beginning net position of the Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Shorewood, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

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
06/30/22	0.0248 %	\$ 1,964,168	\$ 57,522	\$ 2,021,690	\$ 1,854,789	105.9 %	76.7 %
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)
12/31/22	\$ 134,178	\$ 134,174	\$ -	\$ 1,789,036	7.5 %
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, 2022

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from the Scale MP-2020 to Scale MP-2021.

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, 2022

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

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

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, 2022

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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, 2022

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	\$ 84,560	\$ 501,354	\$ 372,841	\$ 958,755
Accrued interest	213	452	372	1,037
Land held for resale	-	-	150,068	150,068
Total Assets	<u>\$ 84,773</u>	<u>\$ 501,806</u>	<u>\$ 523,281</u>	<u>\$ 1,109,860</u>
Liabilities				
Accounts and contracts payable	\$ 6,308	\$ 15,630	\$ 19,071	\$ 41,009
Accrued salaries payable	3,951	-	-	3,951
Due to other funds	-	-	70,886	70,886
Unearned revenue	-	485,682	-	485,682
Total Liabilities	<u>10,259</u>	<u>501,312</u>	<u>89,957</u>	<u>601,528</u>
Fund Balances				
Committed to community center operations	74,514	-	-	74,514
Assigned to capital outlay	-	494	522,982	523,476
Unassigned	-	-	(89,658)	(89,658)
Total Fund Balances	<u>74,514</u>	<u>494</u>	<u>433,324</u>	<u>508,332</u>
Total Liabilities and Fund Balances	<u>\$ 84,773</u>	<u>\$ 501,806</u>	<u>\$ 523,281</u>	<u>\$ 1,109,860</u>

City of Shorewood, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2022

Exhibit A-2

	Special Revenue			Total Nonmajor Funds
	Shorewood Community and Event Center	Local Fiscal Recovery Fund ARPA	Capital Projects	
Revenues				
Taxes	\$ -	\$ -	\$ 236,000	\$ 236,000
Intergovernmental	-	65,898	35,000	100,898
Charges for services	47,730	-	13,000	60,730
Interest (loss) on investments	(123)	(83)	(386)	(592)
Miscellaneous				
Contributions and donations	100	-	1,844	1,944
Refunds and reimbursements	-	-	10,000	10,000
Other	198	-	-	198
Total Revenues	<u>47,905</u>	<u>65,815</u>	<u>295,458</u>	<u>409,178</u>
Expenditures				
Current				
Public works	-	18,125	1,844	19,969
Culture and recreation	152,060	-	-	152,060
Capital outlay				
General government	-	-	4,630	4,630
Public works	-	47,773	51,589	99,362
Culture and recreation	10,790	-	223,166	233,956
Total Expenditures	<u>162,850</u>	<u>65,898</u>	<u>281,229</u>	<u>509,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,945)	(83)	14,229	(100,799)
Other Financing Sources				
Transfers in	<u>102,300</u>	<u>-</u>	<u>-</u>	<u>102,300</u>
Net Change in Fund Balances	(12,645)	(83)	14,229	1,501
Fund Balances, January 1	<u>87,159</u>	<u>577</u>	<u>419,095</u>	<u>506,831</u>
Fund Balances, December 31	<u>\$ 74,514</u>	<u>\$ 494</u>	<u>\$ 433,324</u>	<u>\$ 508,332</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, 2022

Exhibit B-1

	Park Capital Improvement	Equipment Replacement	Trail Construction	Community Infrastructure	Total
Assets					
Cash and temporary investments	\$ -	\$ 292,152	\$ 422	\$ 80,267	\$ 372,841
Accrued interest receivable	(106)	361	-	117	372
Land held for resale	-	-	-	150,068	150,068
Total Assets	\$ (106)	\$ 292,513	\$ 422	\$ 230,452	\$ 523,281
Liabilities					
Accounts and contracts payable	\$ 18,666	\$ 405	\$ -	\$ -	\$ 19,071
Due to other funds	70,886	-	-	-	70,886
Total Liabilities	89,552	405	-	-	89,957
Fund Balances					
Assigned to capital outlay	-	292,108	422	230,452	522,982
Unassigned	(89,658)	-	-	-	(89,658)
Total Fund Balances	(89,658)	292,108	422	230,452	433,324
Total Liabilities and Fund Balances	\$ (106)	\$ 292,513	\$ 422	\$ 230,452	\$ 523,281

City of Shorewood, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2022

Exhibit B-2

	Park Capital Improvement	Equipment Replacement	Trail Construction	Community Infrastructure	Total
Revenues					
Taxes	\$ 118,000	\$ 118,000	\$ -	\$ -	\$ 236,000
Intergovernmental	35,000	-	-	-	35,000
Charges for services	13,000	-	-	-	13,000
Interest (loss) on investments	(65)	(235)	-	(86)	(386)
Miscellaneous					
Contributions and donations	-	-	-	1,844	1,844
Refunds and reimbursements	10,000	-	-	-	10,000
Total Revenues	<u>175,935</u>	<u>117,765</u>	<u>-</u>	<u>1,758</u>	<u>295,458</u>
Expenditures					
Current					
Public works	-	-	-	1,844	1,844
Capital outlay					
General government	-	4,630	-	-	4,630
Public works	-	51,589	-	-	51,589
Culture and recreation	211,122	12,044	-	-	223,166
Total Expenditures	<u>211,122</u>	<u>68,263</u>	<u>-</u>	<u>1,844</u>	<u>281,229</u>
Net Change in Fund Balances	(35,187)	49,502	-	(86)	14,229
Fund Balances, January 1	<u>(54,471)</u>	<u>242,606</u>	<u>422</u>	<u>230,538</u>	<u>419,095</u>
Fund Balances, December 31	<u>\$ (89,658)</u>	<u>\$ 292,108</u>	<u>\$ 422</u>	<u>\$ 230,452</u>	<u>\$ 433,324</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, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 5,207,853	\$ 5,207,853	\$ 5,017,347	\$ (190,506)	\$ 4,610,783
Fiscal disparities	-	-	171,948	171,948	173,204
Total taxes	<u>5,207,853</u>	<u>5,207,853</u>	<u>5,189,295</u>	<u>(18,558)</u>	<u>4,783,987</u>
Licenses and permits					
Business	6,825	6,825	5,700	(1,125)	8,580
Nonbusiness	225,400	225,400	356,173	130,773	548,336
Total licenses and permits	<u>232,225</u>	<u>232,225</u>	<u>361,873</u>	<u>129,648</u>	<u>556,916</u>
Intergovernmental					
State					
Property tax credits	-	-	66	66	39
Other	106,750	106,750	109,644	2,894	97,168
Other local governments					
Other	22,700	22,700	1,594	(21,106)	5,615
Total intergovernmental	<u>129,450</u>	<u>129,450</u>	<u>111,304</u>	<u>(18,146)</u>	<u>102,822</u>
Charges for services					
General government	10,260	10,260	11,393	1,133	21,995
Culture and recreation	42,100	42,100	49,565	7,465	45,738
Total charges for services	<u>52,360</u>	<u>52,360</u>	<u>60,958</u>	<u>8,598</u>	<u>67,733</u>
Fines and forfeitures	60,000	60,000	68,409	8,409	56,978
Special assessments	5,000	5,000	6,675	1,675	6,432
Interest on investments	12,000	12,000	65,859	53,859	1,951
Miscellaneous revenue					
Refunds and reimbursements	20,000	20,000	21,884	1,884	66,020
Contributions and donations	2,210	2,210	4,800	2,590	4,813
Other	186,000	186,000	256,895	70,895	164,513
Total miscellaneous revenue	<u>208,210</u>	<u>208,210</u>	<u>283,579</u>	<u>75,369</u>	<u>235,346</u>
Total Revenues	<u>5,907,098</u>	<u>5,907,098</u>	<u>6,147,952</u>	<u>240,854</u>	<u>5,812,165</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, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	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	\$ 22,176	\$ 424	\$ 21,126
Supplies	2,000	2,000	4,443	(2,443)	6,379
Other services and charges	64,000	64,000	47,899	16,101	55,419
Total mayor and city council	<u>88,600</u>	<u>88,600</u>	<u>74,518</u>	<u>14,082</u>	<u>82,924</u>
Administrative					
Personal services	500,730	500,730	432,352	68,378	468,012
Supplies	17,000	17,000	14,032	2,968	13,891
Other services and charges	51,000	51,000	144,684	(93,684)	44,217
Total administrative	<u>568,730</u>	<u>568,730</u>	<u>591,068</u>	<u>(22,338)</u>	<u>526,120</u>
Elections					
Personal services	17,000	17,000	14,832	2,168	-
Supplies	9,200	9,200	6,915	2,285	370
Other services and charges	3,000	3,000	318	2,682	-
Total elections	<u>29,200</u>	<u>29,200</u>	<u>22,065</u>	<u>7,135</u>	<u>370</u>
Finance					
Personal services	186,274	186,274	186,439	(165)	181,545
Supplies	20,000	20,000	19,115	885	26,305
Other services and charges	12,400	12,400	8,308	4,092	14,459
Total finance	<u>218,674</u>	<u>218,674</u>	<u>213,862</u>	<u>4,812</u>	<u>222,309</u>
Professional services					
Other services and charges	<u>279,000</u>	<u>279,000</u>	<u>277,328</u>	<u>1,672</u>	<u>262,120</u>
Planning and zoning					
Personal services	262,990	262,990	275,159	(12,169)	261,352
Supplies	600	600	402	198	1,006
Other services and charges	9,200	9,200	18,916	(9,716)	65,573
Total planning and zoning	<u>272,790</u>	<u>272,790</u>	<u>294,477</u>	<u>(21,687)</u>	<u>327,931</u>
Municipal building					
Supplies	38,000	38,000	16,884	21,116	16,362
Other services and charges	211,200	211,200	214,564	(3,364)	202,967
Total municipal building	<u>249,200</u>	<u>249,200</u>	<u>231,448</u>	<u>17,752</u>	<u>219,329</u>
Total general government	<u>1,706,194</u>	<u>1,706,194</u>	<u>1,704,766</u>	<u>1,428</u>	<u>1,641,103</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, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police protection					
Other services and charges	\$ 1,407,123	\$ 1,407,123	\$ 1,409,559	\$ (2,436)	\$ 1,357,294
Fire protection					
Other services and charges	484,149	484,149	484,149	-	437,645
Protective inspection					
Personal services	146,760	146,760	126,445	20,315	121,741
Supplies	400	400	1,496	(1,096)	942
Other services and charges	33,350	33,350	25,293	8,057	32,945
Total protective inspection	180,510	180,510	153,234	27,276	155,628
Total public safety	2,071,782	2,071,782	2,046,942	24,840	1,950,567
Public works					
General maintenance					
Personal services	570,187	570,187	582,786	(12,599)	576,175
Supplies	181,900	181,900	173,807	8,093	100,517
Other services and charges	197,100	197,100	145,239	51,861	147,956
Total general maintenance	949,187	949,187	901,832	47,355	824,648
Snow and ice removal					
Personal services	61,018	61,018	87,876	(26,858)	63,744
Supplies	69,200	69,200	82,165	(12,965)	59,553
Total snow and ice removal	130,218	130,218	170,041	(39,823)	123,297
City engineer					
Supplies	-	-	190	(190)	-
Other services and charges	162,000	162,000	110,227	51,773	122,364
Total public works	1,241,405	1,241,405	1,182,290	59,115	1,070,309

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, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Personal services	\$ 223,762	\$ 223,762	\$ 177,956	\$ 45,806	\$ 189,174
Supplies	43,700	43,700	27,274	16,426	32,964
Other services and charges	73,250	73,250	65,046	8,204	50,825
Total culture and recreation	<u>340,712</u>	<u>340,712</u>	<u>270,276</u>	<u>70,436</u>	<u>272,963</u>
Total current	5,360,093	5,360,093	5,204,274	155,819	4,934,942
Capital outlay					
Public safety	<u>469,705</u>	<u>469,705</u>	<u>469,705</u>	-	<u>474,560</u>
Total Expenditures	<u>5,829,798</u>	<u>5,829,798</u>	<u>5,673,979</u>	<u>155,819</u>	<u>5,409,502</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>77,300</u>	<u>77,300</u>	<u>473,973</u>	<u>396,673</u>	<u>402,663</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>(610,249)</u>	<u>(507,949)</u>	<u>(102,300)</u>
Total Other Financing Sources (Uses)	<u>(77,300)</u>	<u>(77,300)</u>	<u>(585,249)</u>	<u>(507,949)</u>	<u>(77,300)</u>
Net Change in Fund Balances	-	-	(111,276)	(111,276)	325,363
Fund Balances, January 1	<u>5,648,836</u>	<u>5,648,836</u>	<u>5,648,836</u>	-	<u>5,323,473</u>
Fund Balances, December 31	<u>\$ 5,648,836</u>	<u>\$ 5,648,836</u>	<u>\$ 5,537,560</u>	<u>\$ (111,276)</u>	<u>\$ 5,648,836</u>

City of Shorewood, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2022

Exhibit D-1

	2016A Public Safety Building	2016B Public Safety Building	2016C Public Safety Building
Assets			
Cash and temporary investments	\$ 39,788	\$ -	\$ 15,394
Cash with fiscal agent	2,354	1,836	-
Accrued interest	-	-	-
Notes receivable	375,000	390,000	-
 Total Assets	 \$ 417,142	 \$ 391,836	 \$ 15,394
Liabilities			
Accounts payable	\$ 1,000	\$ 1,000	\$ 1,000
Due to other funds	-	78	-
Total Liabilities	1,000	1,078	1,000
Deferred Inflows of Resources			
Unavailable revenue - intergovernmental	375,000	390,000	-
Fund Balances			
Restricted for debt service	41,142	758	14,394
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 417,142	 \$ 391,836	 \$ 15,394

2017 Lease Revenue Bond	2020A Street Reconstruction	2021A Street Reconstruction	Total
\$ -	\$ 223,283	\$ 295,374	\$ 573,839
-	-	-	4,190
-	97	152	249
-	-	-	765,000
<u>\$ -</u>	<u>\$ 223,380</u>	<u>\$ 295,526</u>	<u>\$ 1,343,278</u>
\$ -	\$ 1,000	\$ 1,000	\$ 5,000
-	-	-	78
-	1,000	1,000	5,078
-	-	-	765,000
-	222,380	294,526	573,200
<u>\$ -</u>	<u>\$ 223,380</u>	<u>\$ 295,526</u>	<u>\$ 1,343,278</u>

City of Shorewood, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2022

Exhibit D-2

	2016A Public Safety Building	2016B Public Safety Building	2016C Public Safety Building
Revenues			
Taxes	\$ -	\$ -	\$ -
Interest (loss) on investments	22	17	-
Miscellaneous			
Note payments	381,200	396,650	156,550
Other	4,000	4,000	2,000
Total Revenues	<u>385,222</u>	<u>400,667</u>	<u>158,550</u>
Expenditures			
Debt service			
Principal	370,000	385,000	155,000
Interest and service charges	14,150	14,600	6,800
Total Expenditures	<u>384,150</u>	<u>399,600</u>	<u>161,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,072	1,067	(3,250)
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,072	1,067	(3,250)
Fund Balances, January 1	<u>40,070</u>	<u>(309)</u>	<u>17,644</u>
Fund Balances, December 31	<u>\$ 41,142</u>	<u>\$ 758</u>	<u>\$ 14,394</u>

2017 Lease Revenue Bond	2020A Street Reconstruction	2021A Street Reconstruction	Total
\$ 96,065	\$ 232,482	\$ 282,891	\$ 611,438
-	(88)	25	(24)
-	-	-	934,400
-	-	-	10,000
<u>96,065</u>	<u>232,394</u>	<u>282,916</u>	<u>1,555,814</u>
595,000	190,000	-	1,695,000
16,065	33,861	37,356	122,832
<u>611,065</u>	<u>223,861</u>	<u>37,356</u>	<u>1,817,832</u>
(515,000)	8,533	245,560	(262,018)
<u>507,949</u>	<u>-</u>	<u>-</u>	<u>507,949</u>
(7,051)	8,533	245,560	245,931
<u>7,051</u>	<u>213,847</u>	<u>48,966</u>	<u>327,269</u>
<u>\$ -</u>	<u>\$ 222,380</u>	<u>\$ 294,526</u>	<u>\$ 573,200</u>

City of Shorewood, Minnesota
 Supplementary Information
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2022 and 2021

Exhibit E-1

	Total		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 6,399,986	\$ 6,223,993	2.83 %
Franchise fees	-	319,409	(100.00)
Licenses and permits	361,873	556,916	(35.02)
Intergovernmental	241,105	434,679	(44.53)
Charges for services	121,688	195,427	(37.73)
Fines and forfeitures	68,409	56,978	20.06
Special assessments	6,675	6,432	3.78
Interest on investments	60,415	(1,749)	N/A
Miscellaneous	1,240,121	1,178,386	5.24
Total Revenues	\$ 8,500,272	\$ 8,970,471	(5.24) %
Per Capita	\$ 1,086	\$ 1,146	(5.24) %
Expenditures			
Current			
General government	\$ 1,704,766	\$ 1,641,103	3.88 %
Public safety	2,046,942	1,950,567	4.94
Public works	1,202,259	1,072,369	12.11
Culture and recreation	422,336	382,188	10.50
Capital outlay			
General government	4,630	-	100.00
Public safety	469,705	474,560	(1.02)
Public works	2,049,523	4,634,027	(55.77)
Culture and recreation	233,956	362,646	(35.49)
Economic development	210,209	246,166	(14.61)
Debt service			
Principal	1,695,000	955,000	77.49
Interest and service charges	165,832	148,034	12.02
Total Expenditures	\$ 10,205,158	\$ 11,866,660	(14.00) %
Per Capita	\$ 1,304	\$ 1,516	(14.00) %
Total Long-term Indebtedness	\$ 10,425,000	\$ 8,585,000	21.43 %
Per Capita	\$ 1,332	\$ 1,097	21.43
General Fund Balance - December 31	\$ 5,537,560	\$ 5,648,836	(1.97) %
Per Capita	\$ 707	\$ 722	(1.97)

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.

STATISTICAL SECTION (UNAUDITED)

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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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			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 9,212,415	\$ 9,754,046	\$ 9,394,897	\$ 11,523,309
Restricted	-	-	-	-
Unrestricted	<u>7,138,847</u>	<u>7,317,095</u>	<u>6,717,068</u>	<u>5,683,683</u>
Total Governmental Activities Net Position	<u>\$ 16,351,262</u>	<u>\$ 17,071,141</u>	<u>\$ 16,111,965</u>	<u>\$ 17,206,992</u>
Business-type Activities				
Net investment in capital assets	\$ 6,705,907	\$ 6,718,271	\$ 7,713,545	\$ 7,641,711
Unrestricted	<u>7,951,219</u>	<u>7,890,327</u>	<u>6,572,980</u>	<u>6,849,858</u>
Total Business-type Activities Net Position	<u>\$ 14,657,126</u>	<u>\$ 14,608,598</u>	<u>\$ 14,286,525</u>	<u>\$ 14,491,569</u>
Total Primary Government				
Net investment in capital assets	\$ 15,918,322	\$ 16,472,317	\$ 17,108,442	\$ 19,165,020
Restricted	-	-	-	-
Unrestricted	<u>15,090,066</u>	<u>15,207,422</u>	<u>13,290,048</u>	<u>12,533,541</u>
Total Primary Government	<u>\$ 31,008,388</u>	<u>\$ 31,679,739</u>	<u>\$ 30,398,490</u>	<u>\$ 31,698,561</u>

Table 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 11,985,886	\$ 12,826,709	\$ 13,225,553	\$ 13,518,983	\$ 12,609,077	\$ 12,052,201
-	4,693	-	25,071	260,107	502,775
5,346,350	4,918,411	5,230,287	6,200,606	8,521,693	8,817,622
<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>	<u>\$ 21,372,598</u>
\$ 8,101,693	\$ 10,742,410	\$ 11,258,274	\$ 11,173,838	\$ 12,539,096	\$ 11,787,231
6,998,091	5,241,328	4,820,296	5,006,194	4,030,725	5,154,348
<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>	<u>\$ 16,941,579</u>
\$ 20,087,579	\$ 23,569,119	\$ 24,483,827	\$ 24,692,821	\$ 25,148,173	\$ 23,839,432
-	4,693	-	25,071	260,107	502,775
12,344,441	10,159,739	10,050,583	11,206,800	12,552,418	13,971,970
<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>	<u>\$ 38,314,177</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			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,310,296	\$ 1,277,118	\$ 1,318,558	\$ 1,504,101
Public safety	2,010,338	2,036,394	2,080,769	2,111,155
Public works	1,884,986	1,991,852	1,971,483	1,544,264
Culture and recreation	471,784	397,365	613,494	476,999
Economic development	-	-	-	682,787
Interest on long-term debt	379,685	355,378	318,357	361,602
Total Governmental Activities Expenses	<u>6,057,089</u>	<u>6,058,107</u>	<u>6,302,661</u>	<u>6,680,908</u>
Business-type activities				
Water	693,193	690,479	721,184	775,802
Sewer	847,097	873,711	944,263	989,147
Recycling	181,537	178,457	131,185	132,654
Stormwater management utility	107,935	203,825	99,312	111,373
Total Business-type Activities Expenses	<u>1,829,762</u>	<u>1,946,472</u>	<u>1,895,944</u>	<u>2,008,976</u>
Total Expenses	<u>\$ 7,886,851</u>	<u>\$ 8,004,579</u>	<u>\$ 8,198,605</u>	<u>\$ 8,689,884</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 187,628	\$ 199,394	\$ 260,440	\$ 256,069
Public safety	599,810	642,680	617,557	608,410
Public works	226	1,222	940	263
Culture and recreation	120,794	102,985	108,884	156,271
Operating grants and contributions	144,112	48,284	86,370	95,802
Capital grants and contributions	-	811,522	184,605	1,400,957
Total Governmental Activities Program Revenues	<u>1,052,570</u>	<u>1,806,087</u>	<u>1,258,796</u>	<u>2,517,772</u>
Business-type activities				
Charges for services				
Water	537,713	443,467	544,748	421,290
Sewer	834,320	852,254	858,066	878,999
Recycling	165,713	164,666	154,929	154,180
Stormwater management utility	194,950	220,658	227,676	275,171
Operating grants and contributions	25,830	31,279	26,198	48,724
Capital grants and contributions	53,200	115,490	5,706	388,077
Total Business-type Activities Program Revenues	<u>1,811,726</u>	<u>1,827,814</u>	<u>1,817,323</u>	<u>2,166,441</u>
Total Program Revenues	<u>\$ 2,864,296</u>	<u>\$ 3,633,901</u>	<u>\$ 3,076,119</u>	<u>\$ 4,684,213</u>

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,568,635	\$ 1,416,928	\$ 1,457,243	\$ 1,359,466	\$ 1,710,164	\$ 1,779,892
2,194,434	2,321,660	2,409,631	2,358,675	2,416,020	2,518,562
1,553,274	2,033,598	2,042,093	2,353,240	2,048,851	2,255,294
489,690	552,147	542,404	545,469	586,378	656,057
650,944	92,428	201,768	233,354	246,166	210,209
160,832	107,408	88,461	115,468	131,005	169,095
<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>	<u>7,589,109</u>
751,143	743,832	800,646	862,039	992,447	1,111,661
994,611	1,063,771	1,265,449	1,243,533	1,469,004	1,564,635
137,693	136,740	163,473	164,643	208,592	162,586
117,741	148,975	319,521	244,857	253,764	372,106
<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>3,210,988</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>	<u>\$ 10,800,097</u>
\$ 228,775	\$ 214,354	\$ 237,329	\$ 258,022	\$ 263,652	\$ 301,257
546,388	759,963	634,897	654,469	658,966	455,728
-	-	-	-	-	-
96,381	102,856	101,453	52,267	81,487	97,326
90,788	106,059	100,381	698,407	110,896	127,375
835,083	930,543	206,544	92,662	1,193,542	407,678
<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>	<u>1,389,364</u>
416,938	464,450	464,816	601,465	776,390	830,440
913,115	933,748	995,647	1,057,522	1,175,178	1,287,635
156,951	156,797	169,929	163,198	174,156	174,126
341,180	381,997	404,877	411,374	496,293	487,463
32,152	23,879	18,169	16,403	17,165	22,685
349,472	117,563	205,149	209,375	192,962	77,400
<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>2,879,749</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>	<u>\$ 4,269,113</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Net Revenues (Expenses)				
Governmental activities	\$ (5,004,519)	\$ (4,252,020)	\$ (5,043,865)	\$ (4,163,136)
Business-type activities	(18,036)	(118,658)	(78,621)	157,465
Total Primary Government	<u>\$ (5,022,555)</u>	<u>\$ (4,370,678)</u>	<u>\$ (5,122,486)</u>	<u>\$ (4,005,671)</u>
General Revenues and Other Changes in Net Position				
General Revenues				
Governmental activities				
Taxes				
Property taxes, levied for general purpose	\$ 4,768,989	\$ 4,854,521	\$ 4,931,075	\$ 5,127,950
Tax increment	-	-	-	-
Franchise taxes	-	-	-	-
Grants and contributions not restricted to specific programs	5,818	5,848	5,840	5,844
Unrestricted investment earnings	37,461	86,530	60,283	99,369
Gain on sale of capital assets	76,981	-	30,000	-
Transfers of capital assets	-	-	(245,121)	-
Transfers	-	25,000	270,121	25,000
Total Governmental Activities General Revenues	<u>4,889,249</u>	<u>4,971,899</u>	<u>5,052,198</u>	<u>5,258,163</u>
Business-type activities				
Unrestricted investment earnings	32,913	95,130	68,119	72,579
Taxes				
Franchise taxes	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers of capital assets	-	-	245,121	-
Transfers	-	(25,000)	(270,121)	(25,000)
Total Business-type Activities General Revenues	<u>32,913</u>	<u>70,130</u>	<u>43,119</u>	<u>47,579</u>
Total Primary Government	<u>\$ 4,922,162</u>	<u>\$ 5,042,029</u>	<u>\$ 5,095,317</u>	<u>\$ 5,305,742</u>
Change in Net Position				
Governmental activities	\$ (115,270)	\$ 719,879	\$ 8,333	\$ 1,095,027
Business-type activities	14,877	(48,528)	(35,502)	205,044
Total Primary Government	<u>\$ (100,393)</u>	<u>\$ 671,351</u>	<u>\$ (27,169)</u>	<u>\$ 1,300,071</u>

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ (4,820,394)	\$ (4,410,394)	\$ (5,460,996)	\$ (5,209,845)	\$ (4,830,041)	\$ (6,199,745)
208,620	(14,884)	(290,502)	(55,735)	(91,663)	(331,239)
<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>	<u>\$ (6,530,984)</u>
\$ 5,189,101	\$ 5,370,570	\$ 5,520,347	\$ 5,855,939	\$ 5,976,604	\$ 6,152,956
-	-	204,093	236,140	245,116	245,253
-	154,279	309,822	315,725	319,409	-
23,644	6,542	6,542	7,766	334,555	67,098
75,256	87,279	187,417	96,326	(1,749)	60,415
5,500	19,500	143,802	2,500	-	-
(395,707)	(1,945,177)	(64,730)	(40,731)	(422,677)	(369,256)
47,844	1,134,978	(140,270)	25,000	25,000	25,000
<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>	<u>6,181,466</u>
51,732	88,639	160,334	141,466	83,775	36,639
-	-	-	-	-	322,102
-	-	20,000	-	-	-
395,707	1,945,177	64,730	40,731	422,677	369,256
(47,844)	(1,134,978)	140,270	(25,000)	(25,000)	(25,000)
<u>399,595</u>	<u>898,838</u>	<u>385,334</u>	<u>157,197</u>	<u>481,452</u>	<u>702,997</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>	<u>\$ 6,884,463</u>
\$ 125,244	\$ 417,577	\$ 706,027	\$ 1,288,820	\$ 1,646,217	\$ (18,279)
608,215	883,954	94,832	101,462	389,789	371,758
<u>\$ 733,459</u>	<u>\$ 1,301,531</u>	<u>\$ 800,859</u>	<u>\$ 1,390,282</u>	<u>\$ 2,036,006</u>	<u>\$ 353,479</u>

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 33,016	\$ 103,996	\$ 99,216	\$ 6,687
Unassigned	<u>3,943,342</u>	<u>3,981,475</u>	<u>4,402,951</u>	<u>4,597,896</u>
Total General Fund	<u>\$ 3,976,358</u>	<u>\$ 4,085,471</u>	<u>\$ 4,502,167</u>	<u>\$ 4,604,583</u>
All Other Governmental Funds				
Nonspendable	\$ 150,068	\$ -	\$ -	\$ -
Restricted	24,450	25,654	31,805	18,449
Committed	-	-	-	-
Assigned	3,117,434	3,339,005	3,304,064	3,261,170
Unassigned	<u>(52,437)</u>	<u>-</u>	<u>-</u>	<u>(972,608)</u>
Total All Other Governmental Funds	<u>\$ 3,239,515</u>	<u>\$ 3,364,659</u>	<u>\$ 3,335,869</u>	<u>\$ 2,307,011</u>

Table 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 132,477	\$ 157,914	\$ 226,960	\$ 249,734	\$ 250,664	\$ 166,569
<u>4,029,572</u>	<u>4,261,500</u>	<u>4,042,429</u>	<u>5,073,739</u>	<u>5,398,172</u>	<u>5,370,991</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>	<u>\$ 5,537,560</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61,998	462,758	67,863	2,014,612	1,182,111	3,045,667
-	15,163	32,168	57,382	87,159	74,514
4,055,571	2,611,279	3,047,701	2,957,739	3,904,439	4,020,070
<u>(1,685,146)</u>	<u>(1,017,869)</u>	<u>(1,015,544)</u>	<u>(1,012,641)</u>	<u>(1,068,169)</u>	<u>(1,068,321)</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>	<u>\$ 6,071,930</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 4,764,472	\$ 4,864,095	\$ 4,949,126	\$ 5,129,620
Licenses and permits	204,600	270,841	275,567	340,112
Intergovernmental	76,544	891,055	156,771	97,735
Charges for services	92,549	90,825	116,337	169,400
Fines and forfeitures	59,294	64,290	65,234	48,868
Special assessments	-	-	-	-
Interest on investments	37,461	86,530	60,283	99,369
Miscellaneous	1,234,312	1,185,219	1,344,340	2,432,208
Total Revenues	<u>6,469,232</u>	<u>7,452,855</u>	<u>6,967,658</u>	<u>8,317,312</u>
Expenditures				
General government	1,249,616	1,198,707	1,247,105	1,413,329
Public safety	1,494,633	1,526,786	1,579,400	1,623,749
Public works	860,071	743,803	726,905	786,780
Culture and recreation	324,745	310,051	344,793	361,128
Capital outlay	2,660,830	2,391,855	1,885,739	4,177,073
Debt service				
Principal	675,000	705,000	735,000	6,480,000
Interest and service charges	391,213	367,396	330,931	434,990
Total Expenditures	<u>7,656,108</u>	<u>7,243,598</u>	<u>6,849,873</u>	<u>15,277,049</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,186,876)</u>	<u>209,257</u>	<u>117,785</u>	<u>(6,959,737)</u>
Other Financing Sources (Uses)				
Transfers in	2,482,650	1,340,120	1,313,634	1,412,313
Sale of capital assets	317,182	-	-	-
Bonds issued	-	-	-	5,910,000
Payment on refunding bonds	-	-	-	-
Bond premium	-	-	-	98,295
Transfers out	(2,482,650)	(1,315,120)	(1,043,513)	(1,387,313)
Total Other Financing Sources (Uses)	<u>317,182</u>	<u>25,000</u>	<u>270,121</u>	<u>6,033,295</u>
Net Change in Fund Balances	<u>\$ (869,694)</u>	<u>\$ 234,257</u>	<u>\$ 387,906</u>	<u>\$ (926,442)</u>
Debt Service as a Percentage of Noncapital Expenditures	18.5%	18.5%	17.9%	57.2%

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 5,221,374	\$ 5,497,225	\$ 6,035,929	\$ 6,411,517	\$ 6,543,402	\$ 6,399,986
315,574	565,687	514,891	535,220	556,916	361,873
461,633	885,140	270,445	765,716	434,679	241,105
409,244	216,851	141,123	85,422	195,427	121,688
76,056	67,734	65,575	52,115	56,978	68,409
-	3,846	10,822	5,395	6,432	6,675
75,256	87,279	187,417	96,326	(1,749)	60,415
1,365,593	1,581,105	773,601	1,185,960	1,178,386	1,240,121
<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>	<u>8,500,272</u>
1,493,020	1,362,881	1,397,824	1,524,219	1,641,103	1,704,766
1,722,628	1,837,273	1,924,204	1,870,788	1,950,567	2,046,942
751,394	1,018,191	1,066,712	1,120,619	1,072,369	1,202,259
409,010	373,164	366,977	368,957	382,188	422,336
2,892,039	4,544,518	2,303,481	3,319,602	5,717,399	2,968,023
870,000	900,000	925,000	940,000	955,000	1,695,000
181,605	127,045	108,305	109,498	148,034	165,832
<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>10,205,158</u>
<u>(394,966)</u>	<u>(1,258,205)</u>	<u>(92,700)</u>	<u>(116,012)</u>	<u>(2,896,189)</u>	<u>(1,704,886)</u>
1,871,243	2,317,723	1,506,035	1,247,415	127,300	635,249
-	19,500	143,802	-	-	-
950,000	-	-	3,030,000	3,285,000	3,535,000
(920,000)	-	-	-	-	-
-	-	-	-	-	-
<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>(610,249)</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>3,560,000</u>
<u>\$ (317,122)</u>	<u>\$ (103,727)</u>	<u>\$ (89,168)</u>	<u>\$ 2,938,988</u>	<u>\$ 413,811</u>	<u>\$ 1,855,114</u>
16.2%	15.9%	15.6%	15.3%	15.8%	23.0%

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Taxable Market Value				
Personal property	\$ 6,006,500	\$ 6,068,600	\$ 6,348,000	\$ 6,514,900
Real estate	<u>1,367,209,584</u>	<u>1,345,804,540</u>	<u>1,449,497,111</u>	<u>1,517,977,665</u>
Total Taxable Market Value	<u>\$ 1,373,216,084</u>	<u>\$ 1,351,873,140</u>	<u>\$ 1,455,845,111</u>	<u>\$ 1,524,492,565</u>
Estimated Actual Value of Taxable Property	<u>\$ 1,392,562,700</u>	<u>\$ 1,371,752,400</u>	<u>\$ 1,472,996,800</u>	<u>\$ 1,539,170,100</u>
Taxable Market Value as a Percentage of Estimated Actual Value	<u>98.61 %</u>	<u>98.55 %</u>	<u>98.84 %</u>	<u>99.05 %</u>
Tax Capacity				
Personal property	\$ 113,130	\$ 114,632	\$ 122,460	\$ 125,798
Real estate	<u>15,025,751</u>	<u>14,770,327</u>	<u>15,926,414</u>	<u>16,691,552</u>
Total Tax Capacity	15,138,881	14,884,959	16,048,874	16,817,350
Contribution to Fiscal Disparities Pool	(393,282)	(393,620)	(399,759)	(395,610)
Receivable from Fiscal Disparities Pool	368,528	374,494	377,934	376,674
Tax increments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Tax Capacity	<u>\$ 15,114,127</u>	<u>\$ 14,865,833</u>	<u>\$ 16,027,049</u>	<u>\$ 16,798,414</u>
Tax Levies				
General	<u>\$ 4,763,319</u>	<u>\$ 4,858,585</u>	<u>\$ 4,931,464</u>	<u>\$ 5,079,408</u>
Direct Tax Rate				
General	<u>31.516 %</u>	<u>32.683 %</u>	<u>30.723 %</u>	<u>30.227 %</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

2017	2018	2019	2020	2021	2022
\$ 7,209,300	\$ 8,236,300	\$ 8,263,100	\$ 9,172,300	\$ 9,601,700	\$ 6,051,100
<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>2,026,656,225</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>\$ 2,032,707,325</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>\$ 2,042,143,800</u>
<u>99.13 %</u>	<u>99.29 %</u>	<u>99.38 %</u>	<u>99.40 %</u>	<u>99.48 %</u>	<u>99.54 %</u>
\$ 139,686	\$ 160,226	\$ 161,512	\$ 179,696	\$ 188,284	\$ 117,272
<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>	<u>22,605,244</u>
<u>17,588,896</u>	<u>18,711,966</u>	<u>19,513,805</u>	<u>20,348,054</u>	<u>21,702,658</u>	<u>22,722,516</u>
<u>(420,193)</u>	<u>(412,101)</u>	<u>(425,312)</u>	<u>(446,375)</u>	<u>(479,578)</u>	<u>(531,591)</u>
<u>413,438</u>	<u>438,619</u>	<u>489,439</u>	<u>531,568</u>	<u>601,301</u>	<u>647,785</u>
<u>-</u>	<u>-</u>	<u>(201,352)</u>	<u>(234,715)</u>	<u>(256,177)</u>	<u>(256,177)</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>\$ 22,582,533</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>\$ 6,173,291</u>
<u>29.450 %</u>	<u>28.635 %</u>	<u>28.539 %</u>	<u>29.008 %</u>	<u>27.660 %</u>	<u>27.328 %</u>

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Property Tax Capacity Rates - Direct and Overlapping Governments
 (Per \$1,000 of Tax Capacity in 2013 - 2023)

Table 6

Year Taxes Payable	Overlapping Rates								Totals		
	City	County	(1) School District		Watershed District		Misc.	School District No. 276		School District No. 277 Watershed District No. 3	
			No. 276	No. 277	No. 3	No. 4		Watershed District No. 3	Watershed District No. 4		
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	
2022	27.328	38.535	21.002	16.531	1.368	1.968	7.849	96.082	96.682	91.611	

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	2022			2013		
	Tax Capacity	Rank	Percent of Total Tax Capacity	Tax Capacity	Rank	Percent of Total Tax Capacity
PHS Shorewood LLC C/O Presbyterian Homes	\$ 269,325	1	1.19 %	\$ -	-	- %
DMA Investments, LLC	225,863	2	0.99	-	-	-
Kraus-Anderson	163,250	3	0.72	-	-	-
Big Box One, LLC	143,570	4	0.63	142,230	1	0.94
Shurgard Storage Centers Inc.	116,990	5	0.51	-	-	-
Shurgard Storage Centers Inc.	104,890	6	0.46	-	-	-
South Lake Office Building LLC	82,370	7	0.36	82,650	4	0.55
Alerus	67,130	8	0.30	56,870	6	0.38
Jack & Gretchen Norqual	64,838	9	0.29	-	-	-
Waterford Center LLP	58,230	10	0.26	47,410	8	0.31
Elaine & Gary Jarrett	-	-	-	53,900	7	0.36
Shorewood Village Shopping Center, Inc.	-	-	-	139,650	2	0.92
Two S Properties	-	-	-	103,330	3	0.68
W of Shorewood LLC	-	-	-	57,650	5	0.38
Minnetonka Country Club	-	-	-	46,630	9	0.31
Steven R. Litman Trust	-	-	-	45,938	10	0.30
Totals	<u>\$ 1,296,456</u>		<u>5.71 %</u>	<u>\$ 776,258</u>		<u>5.13 %</u>

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
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	24,242	4,931,464	100.00
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	18,499	5,360,952	99.85
2019	5,530,322	5,488,052	99.24	38,367	5,526,419	99.93
2020	5,856,611	5,840,102	99.72	10,512	5,850,614	99.90
2021	5,973,743	5,970,610	99.95	3,298	5,973,908	100.00
2022	6,173,291	6,154,733	99.70	-	6,154,733	99.70 *

(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		Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Lease Revenue Bonds	General Obligation Revenue Bonds			
2013	\$ -	\$ 8,840,000	\$ 3,540,000	\$ 12,015,000	2.74 %	\$ 1,664
2014	-	8,135,000	2,160,000	12,380,000	2.72	1,368
2015	-	7,400,000	1,900,000	10,295,000	2.21	1,253
2016	-	6,915,732	1,635,000	9,300,000	2.12	1,129
2017	-	6,063,169	1,370,000	8,550,732	1.69	992
2018	-	5,150,606	1,100,000	7,433,169	1.42	811
2019	-	4,213,045	830,000	6,250,606	1.15	656
2020	3,030,000	3,260,483	5,025,000	11,315,483	2.01	1,426
2021	6,315,000	2,292,922	5,790,000	14,397,922	2.55	1,850
2022	9,660,000	775,360	9,475,000	19,910,360	3.33	2,544

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 133 for personal income and population data.

City of Shorewood, Minnesota

Table 10

Statistical Section (Unaudited)

Ratios of General Bonded Debt Outstanding and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Total Governmental Bonds	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Value of Taxable Property	Per Capita
2013	\$ 8,840,000	\$ -	\$ 8,840,000	0.63 %	\$ 1,188
2014	8,135,000	-	8,135,000	0.59	1,081
2015	7,400,000	-	7,400,000	0.50	992
2016	6,915,732	-	6,915,732	0.45	923
2017	6,063,169	-	6,063,169	0.38	787
2018	5,150,606	4,693	5,145,913	0.30	669
2019	4,213,045	-	4,213,045	0.24	531
2020	6,290,483	25,071	6,265,412	0.34	805
2021	8,607,922	260,107	8,347,815	0.43	1,067
2022	10,435,360	502,775	9,932,585	0.49	1,269

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

See the Schedule of Demographic and Economic Statistics for population data.

See the Schedule of Tax Capacity, Market Value and Estimated Actual Value of Taxable Property for property value data.

City of Shorewood, Minnesota
 Statistical Section (Unaudited)
 Computation of Direct and Overlapping Debt
 December 31, 2022

Table 11

	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	\$ 10,435,360	\$ 9,932,585	100.00 %	\$ 9,932,585
Overlapping Debt				
School District #276	\$ 178,515,000	\$ 113,278,276	23.66 %	\$ 26,801,640
School District #277	30,120,000	29,325,559	2.04	598,241
Hennepin County	1,439,270,000	1,018,886,023	1.14	11,615,301
Hennepin Suburban Park District	58,975,000	47,650,901	1.59	757,649
Hennepin Regional RR Authority	86,235,000	85,464,798	1.14	974,299
Total Overlapping Debt	<u>3,510,301,171</u>	<u>1,377,664,954</u>	<u>3.00%</u>	<u>41,262,098</u>
Total Direct and Overlapping Debt	<u>\$ 3,520,736,531</u>	<u>\$ 1,387,597,539</u>	<u>3.69%</u>	<u>\$ 51,194,683</u>

Source: 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 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			
	2013	2014	2015	2016
Debt Limit	\$ 27,464,322	\$ 27,037,463	\$ 29,116,902	\$ 30,489,851
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 27,464,322</u>	<u>\$ 27,464,322</u>	<u>\$ 27,037,463</u>	<u>\$ 29,116,902</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 12

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 47,659,174	\$ 50,566,253	\$ 52,674,928	\$ 54,809,348	\$ 58,240,314	\$ 60,981,220
-	-	-	-	-	-
<u>\$ 30,489,851</u>	<u>\$ 47,659,174</u>	<u>\$ 50,566,253</u>	<u>\$ 52,674,928</u>	<u>\$ 54,809,348</u>	<u>\$ 60,981,220</u>
<u>\$ -</u>					

Legal Debt Margin Calculation for Fiscal Year 2020

Taxable Market Value	<u>2,032,707,325</u>
Debt Limit (3% of Market Value)	60,981,220
Debt Applicable to Limit	
General obligation bonds	9,660,000
Less: amount available in debt service funds	-
Total Net Debt Applicable to Limit	<u>9,660,000</u>
Legal Debt Margin	<u>\$ 51,321,220</u>

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

Table 12

Fiscal Year	General Obligation Revenue Bonds						Coverage
	(1)	(2)	Net	Debt Service		Coverage	
	Gross Revenue	Expenses	Revenue Available	Principal	Interest		
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	
2022	3,091,259	2,362,910	728,349	350,000	69,092	1.74	

(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.

Fiscal Year	Lease Revenue Bonds				Coverage
	Revenue from	Debt Service		Coverage	
	Lease Payments	Principal	Interest		
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	
2022	934,400	910,000	35,550	0.99	

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)
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	7,779	561,674,916	72,204	46.2	69.4	4.4
2021	7,827	565,140,708	72,204	46.2	69.4	2.4
2022	7,827	597,747,990	76,370	47.7	71.3	3.2

Data Sources:

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

Note: 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	2022			2013		
	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	6	1.81
Park Nicollet Clinic	20 *	6	1.13	-	-	-
Minnetonka Country Club	-		-	29	5	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	9	9	9	10	10	10	10	10	10	10
Public works										
Maintenance	6	6	6	6	6	6	7	8	8	8
Culture and recreation										
Parks	2	2	2	2	2	2	2	2	2	2
Sewer	2	2	2	1	1	1	1	1	1	1
Total	20	20	20	20	20	20	21	22	22	22

Source: City of Shorewood

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

Table 16

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Building permits issued	481	792	684	786	844	1,035	1,014	1,362	1,611	946
Public works										
Equipment repair (hours)	1,716	1,542	1,551	1,705	1,950	1,950	1,950	1,950	1,950	1,950
Water										
New connections	9	-	4	5	16	43	43	40	40	40
Water mains breaks	3	7	6	4	7	7	7	3	3	3
Average daily consumption (gallons)	465	465	465	339	361	360	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	1,200,000	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public works										
Highways and streets										
Streets (miles)	51	51	51	51	51	51	51	51	51	51
Street lights	194	194	194	195	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)	4.00	4.00	5.80	5.80	5.80	5.80	5.80	8.00	8.00	8.00
Hockey rinks/outdoor	3	3	3	2	2	1	1	1	1	1
Softball diamonds	3	3	3	3	3	3	3	3	3	3
Swimming areas	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	29	30	31	31	32	36	36
Consumers	1,336	1,336	1,340	1,398	1,479	1,479	1,479	1,565	1,580	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

Source: City of Shorewood

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