

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

ANNUAL
COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

MARC NEVINSKI, CITY ADMINISTRATOR

REPORT PREPARED BY
SHOREWOOD'S FINANCE DEPARTMENT
JEANNE SCHMUCK, FINANCE DIRECTOR/TREASURER
MICHELLE NGUYEN, SENIOR ACCOUNTANT

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

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City of Shorewood, Minnesota

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INTRODUCTORY SECTION

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Shorewood, Minnesota
Elected and Appointed Officials
December 31, 2024

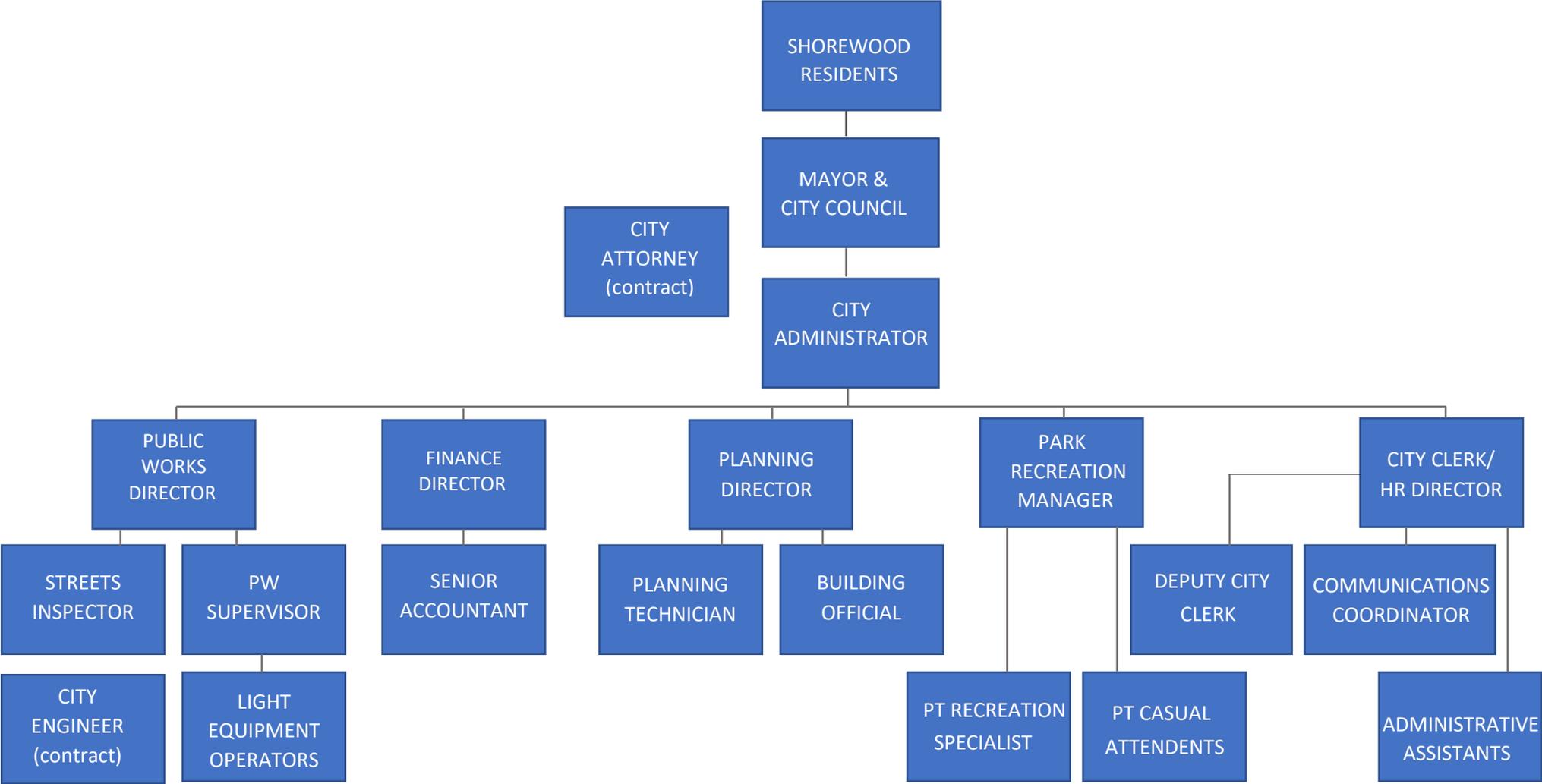
ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jennifer Labadie	Mayor	12/31/24
Paula Callies	Council Member	12/31/24
Dustin Maddy	Council Member	12/31/26
Guy Sanschagrin	Council Member	12/31/26
Scott Zerby	Council Member	12/31/24

APPOINTED

<u>Name</u>	<u>Title</u>
Marc Nevinski	City Administrator
Jeanne Schmuck	Finance Director/Treasurer

CITY OF SHOREWOOD • ORGANIZATIONAL CHART



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May 21, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Shorewood:

Mayor and City Council Members:

The Annual Comprehensive Financial Report of the City of Shorewood, Minnesota, for the fiscal year ended December 31, 2024, 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, 2024 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, 2024, 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 7,958 as of 2024. 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 2024, the City operated four enterprises: water utility, sanitary sewer utility, stormwater 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, 2024, the City's debt outstanding totaled \$23,275,000.

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, sanitary sewer, and stormwater 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, sanitary

sewer, and stormwater 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, sanitary sewer, and stormwater utilities. The series 2022A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds were not rated.

On July 12, 2023, the City issued \$5,645,000 series 2023A General Obligation (G.O.) Street Reconstruction and Utility Revenue bonds to finance various street and utility improvements. Of the total bonds, \$3,380,000 are considered street reconstruction bonds secured by the City's G.O. tax pledge, and \$2,265,000 are utility revenue bonds secured by revenues of the City's water, sanitary sewer, and stormwater utilities. The series 2023A 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 City closed out two large public improvement projects – Smithtown Ponds and Strawberry Lane – which were started in 2023. A third project – Birch Bluff Road – will be closed out in 2025. The City also completed a mill and overlay project of fifteen street segments and made several small drainage improvements. A slightly larger drainage improvement was made to Church Street, connecting storm sewer to the Smithtown Ponds system, utilizing new stormwater infrastructure in western Shorewood.

Finally, the City initiated a filter replacement project at the Southeast Well and passed a resolution dedicating its remaining American Rescue Plan funds to the project. Work will be completed by the end of 2025.

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, 2023.

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 28 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



Jeanne Schmuck
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, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION
CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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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, 2024, 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, 2024, 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 Standards Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. 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 23 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 80 be presented to supplement the basic financial statements. Such information is the responsibility of management and 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
May 21, 2025



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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, 2024.

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. The increase this year was due to an increase in property taxes, capital grants and contributions, and operating grants and contributions in governmental activities. The increase from prior year is due to some one-time grant receipts and overall increase in tax revenue for debt service payments.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to interest earnings and licenses and permits in excess of expectations. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year. The increase is mainly due to licenses and permits revenue and interest revenue in excess of expectation during the year.
- The City's total bonded debt decreased during the fiscal year. The decrease was caused by regularly scheduled debt principal payments.

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

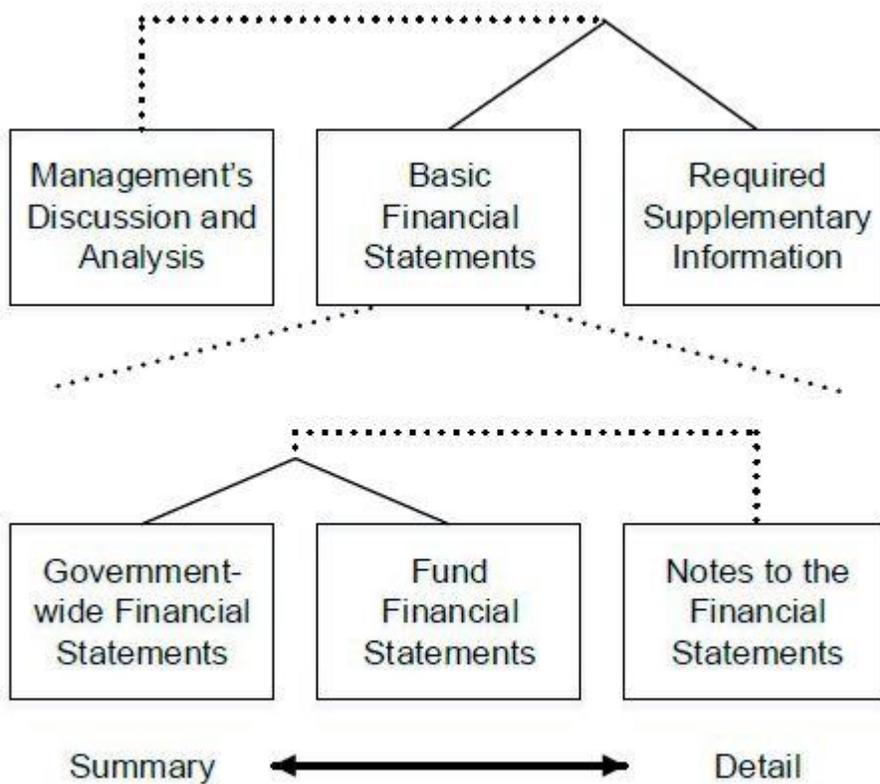


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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 37 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, seven 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, and MSA Construction fund 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 42 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 47 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 51 of this report.

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 80 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 84 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 at the close of the most recent fiscal year.

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

City of Shorewood's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Assets						
Cash and temporary investments	\$ 12,542,564	\$ 13,358,262	\$ (815,698)	\$ 3,140,976	\$ 3,972,352	\$ (831,376)
Receivables	4,149,218	4,296,604	(147,386)	1,134,465	1,139,006	(4,541)
Due from other governments	2,313,994	1,757,192	556,802	-	-	-
Internal balances	(922,587)	(951,136)	28,549	922,587	951,136	(28,549)
Prepaid items	141,633	180,332	(38,699)	11,288	10,724	564
Land held for resale	150,068	150,068	-	-	-	-
Capital assets	23,405,306	23,126,835	278,471	24,066,380	23,643,819	422,561
Total Assets	<u>41,780,196</u>	<u>41,918,157</u>	<u>(137,961)</u>	<u>29,275,696</u>	<u>29,717,037</u>	<u>(441,341)</u>
Deferred Outflows of Resources	<u>176,762</u>	<u>281,064</u>	<u>(104,302)</u>	<u>50,513</u>	<u>71,964</u>	<u>(21,451)</u>
Liabilities						
Noncurrent liabilities	13,154,161	14,024,016	(869,855)	11,534,324	11,905,890	(371,566)
Other liabilities	1,026,705	1,985,619	(958,914)	360,951	354,497	6,454
Total Liabilities	<u>14,180,866</u>	<u>16,009,635</u>	<u>(1,828,769)</u>	<u>11,895,275</u>	<u>12,260,387</u>	<u>(365,112)</u>
Deferred Inflows of Resources	<u>4,270,601</u>	<u>4,349,410</u>	<u>(78,809)</u>	<u>140,462</u>	<u>96,912</u>	<u>43,550</u>
Net Position						
Net investment in capital assets	11,626,663	11,461,228	165,435	13,063,437	14,164,285	(1,100,848)
Restricted	1,252,027	1,075,338	176,689	-	-	-
Unrestricted	10,626,801	9,303,610	1,323,191	4,227,035	3,267,417	959,618
Total Net Position	<u>\$ 23,505,491</u>	<u>\$ 21,840,176</u>	<u>\$ 1,665,315</u>	<u>\$ 17,290,472</u>	<u>\$ 17,431,702</u>	<u>\$ (141,230)</u>
Net Position as a Percent of Total						
Net investment in capital assets	49.5 %	52.5 %		75.6 %	81.3 %	
Restricted	5.3	4.9		-	-	
Unrestricted	45.2	42.6		24.4	18.7	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

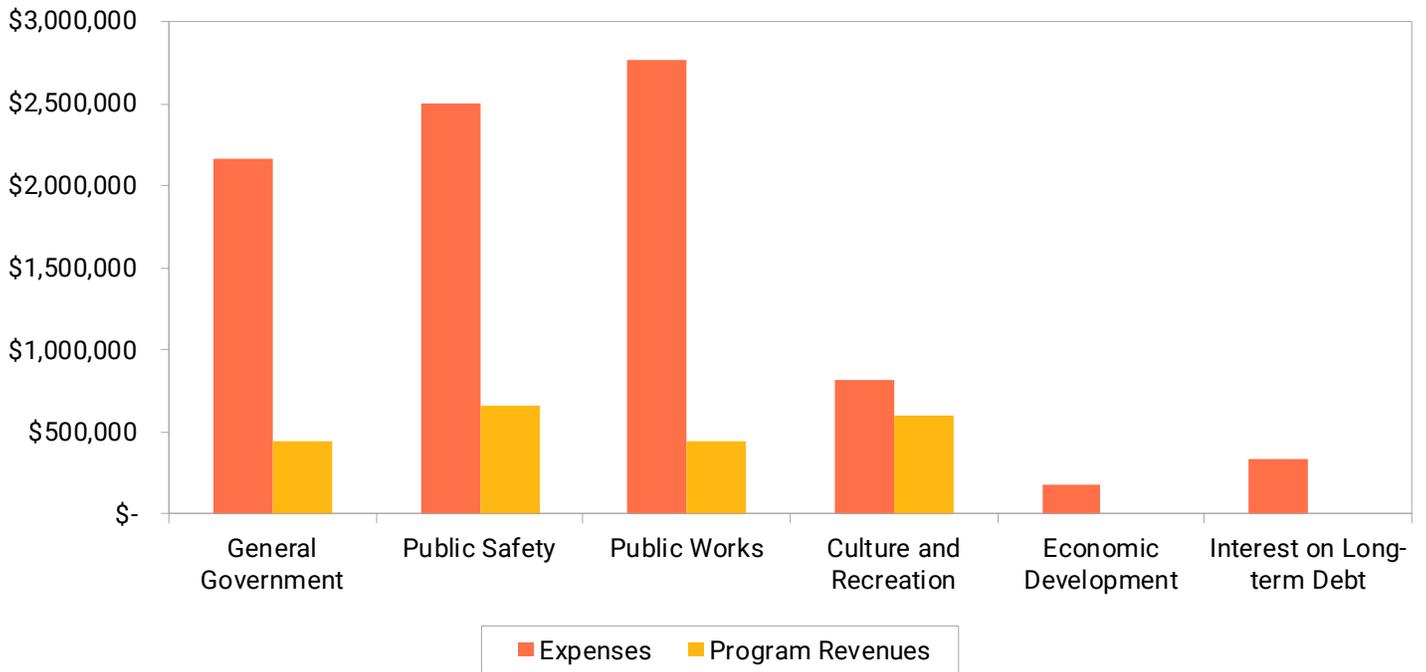
City of Shorewood's Changes in Net Position

Governmental Activities. Governmental activities increased the City's net position as shown below. Key elements of this activity are as follows:

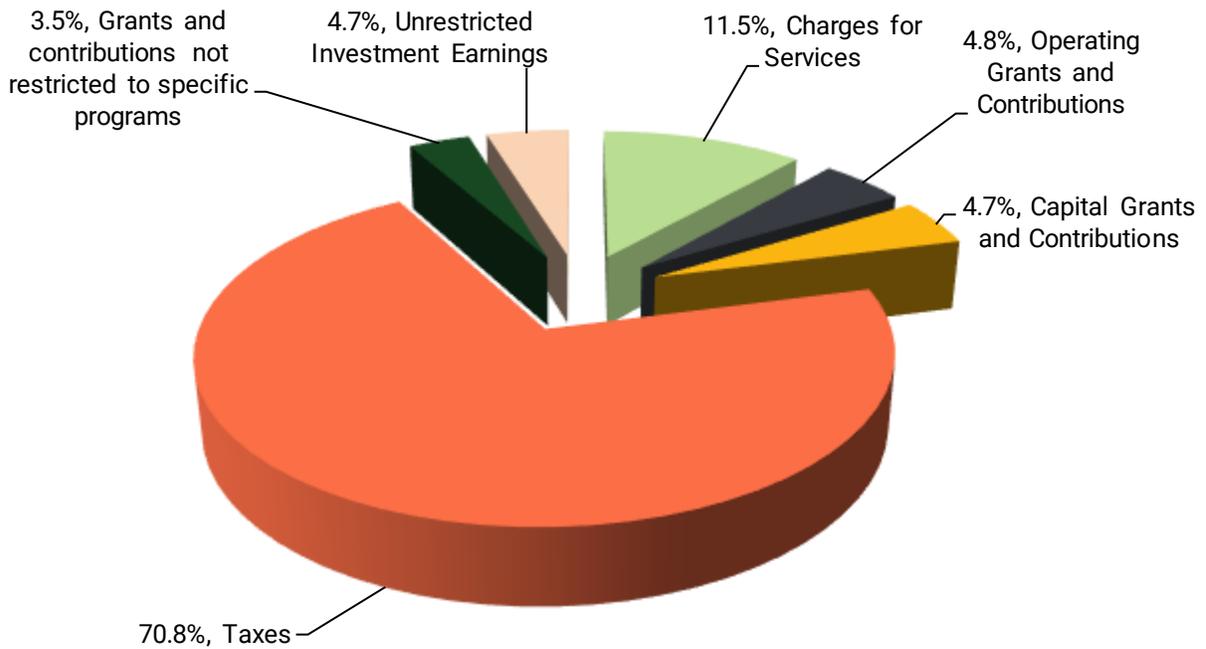
	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,201,551	\$ 842,142	\$ 359,409	\$ 3,021,464	\$ 3,039,386	\$ (17,922)
Operating grants and contributions	490,658	770,050	(279,392)	35,258	55,743	(20,485)
Capital grants and contributions	480,193	78,000	402,193	89,380	150,367	(60,987)
General Revenues						
Taxes						
Property taxes	7,091,478	6,503,371	588,107	-	-	-
Tax increment	211,151	211,460	(309)	-	-	-
Franchise taxes	-	-	-	324,387	322,864	1,523
Grants and contributions not restricted to specific programs	361,371	126,205	235,166	-	-	-
Unrestricted investment earnings	480,936	546,725	(65,789)	186,962	355,270	(168,308)
Gain on disposal of capital assets	-	57,597	(57,597)	-	1,032	(1,032)
Total Revenues	10,317,338	9,135,550	1,181,788	3,657,451	3,924,662	(267,211)
Expenses						
General government	2,162,283	2,055,674	106,609	-	-	-
Public safety	2,506,777	2,428,574	78,203	-	-	-
Public works	2,770,130	2,954,652	(184,522)	-	-	-
Culture and recreation	816,818	752,833	63,985	-	-	-
Economic development	183,504	184,894	(1,390)	-	-	-
Interest on long-term debt	342,511	316,345	26,166	-	-	-
Water	-	-	-	1,192,063	1,098,778	93,285
Sewer	-	-	-	1,739,672	1,691,518	48,154
Stormwater Management Utility	-	-	-	523,079	453,616	69,463
Recycling	-	-	-	213,867	165,627	48,240
Total Expenses	8,782,023	8,692,972	89,051	3,668,681	3,409,539	259,142
Increase (Decrease) in Net Position						
Before Transfers	1,535,315	442,578	1,092,737	(11,230)	515,123	(526,353)
Transfers	130,000	25,000	105,000	(130,000)	(25,000)	(105,000)
Change in Net Position	1,665,315	467,578	1,197,737	(141,230)	490,123	(631,353)
Net Position, January 1	21,840,176	21,372,598	467,578	17,431,702	16,941,579	490,123
Net Position, December 31	\$ 23,505,491	\$ 21,840,176	\$ 1,665,315	\$ 17,290,472	\$ 17,431,702	\$ (141,230)

- Total revenues increased mainly due to increases in property taxes, charges for services grants and other grants not specific to programs.
- Total expenses increased mainly due to the increase in public safety expenses related to police protection services.

Expenses and Program Revenues - Governmental Activities



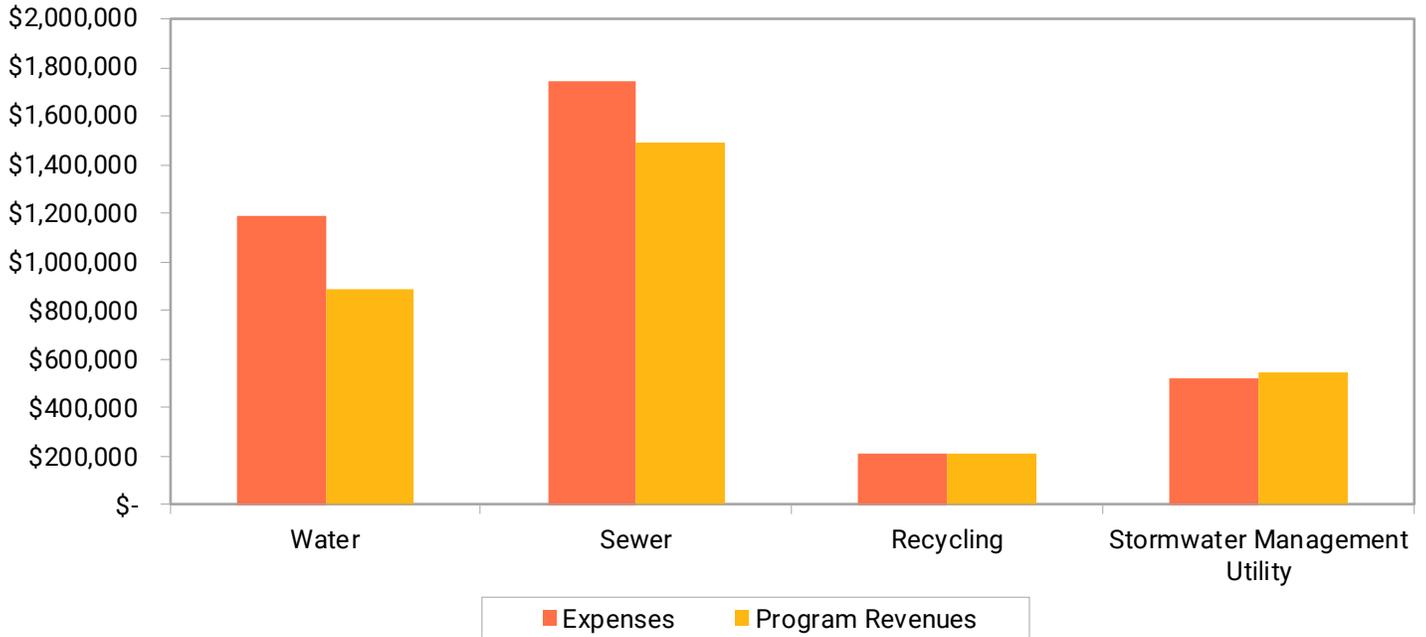
Revenues by Source - Governmental Activities



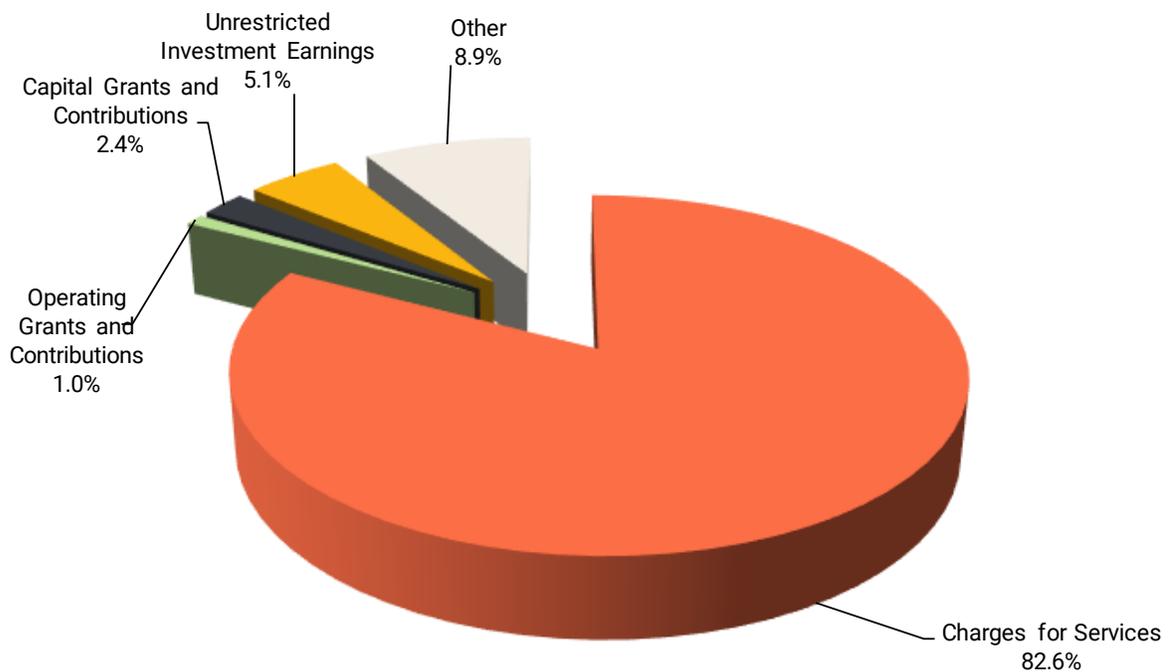
Business-type Activities. Business-type activities decreased the City's net position at the close of the most recent fiscal year. Key elements of this decrease are as follows:

- Operating expenses increased from the preceding year in all utility funds mainly due to increases in personal services.
- Charges for services along with unrestricted investment earnings decreased from the prior year mainly due to the weather and market conditions.

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, 2024.

	General	Debt Service	Street Reconstruction	MSA Construction	Other Governmental Funds	Total Governmental Funds	Prior Year Totals	Total Increase/ (Decrease)
Fund Balances								
Nonspendable prepaid items	\$ 141,633	\$ -	\$ -	\$ -	\$ -	\$ 141,633	\$ 180,332	\$ (38,699)
Restricted for								
Debt service	-	1,157,388	-	-	-	1,157,388	995,077	162,311
Public Safety	342,512	-	-	-	-	342,512	342,512	-
Street reconstruction	-	-	588,489	-	-	588,489	1,029,871	(441,382)
Committed to community center operations	-	-	-	-	74,329	74,329	78,404	(4,075)
Assigned to capital outlay	-	-	3,059,014	41,508	543,840	3,644,362	4,312,642	(668,280)
Unassigned	6,711,208	-	-	-	(961,256)	5,749,952	4,237,651	1,512,301
Total Fund Balances	\$ 7,195,353	\$ 1,157,388	\$ 3,647,503	\$ 41,508	\$ (343,087)	\$ 11,698,665	\$ 11,176,489	\$ 522,176

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 51 of this report.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Balances			
Nonspendable	\$ 141,633	\$ 180,332	\$ (38,699)
Restricted	342,512	342,512	-
Unassigned	6,711,208	5,827,347	883,861
Total General Fund Balances	\$ 7,195,353	\$ 6,350,191	\$ 845,162
General Fund Expenditures	\$ 6,380,904	\$ 5,938,232	
Unassigned as a percent of expenditures	105.2%	98.1%	
Total Fund Balance as a percent of expenditures	112.8%	106.9%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was primarily due to increase intergovernmental and interest revenue in excess of expectation.

Other major governmental fund analysis is shown below:

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
Debt Service Fund			
Restricted	\$ 1,157,388	\$ 995,077	\$ 162,311
<i>The Debt Service fund increased in fund balance during the year due to tax revenues exceeding debt service payments during the year.</i>			
Street Construction			
Assigned to Capital Outlay and Restricted to Capital Outlay	\$ 3,647,503	\$ 4,738,489	\$ (1,090,986)
<i>The Street Construction fund decreased in fund balance due to capital expenditures exceeding bond proceeds and other revenues during the year.</i>			
MSA Construction			
Assigned to Capital Outlay	\$ 41,508	\$ 39,869	\$ 1,639
<i>The MSA Construction fund increased in fund balance during the year due to a gain on investments.</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 ending net position of the enterprise funds at the end of the year was as follows:

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Water Utility	\$ 7,444,728	\$ 7,677,961	\$ (233,233)
<i>Decrease primarily due to operating expenses exceeding revenues.</i>			
Sewer Utility	\$ 3,251,397	\$ 3,455,125	\$ (203,728)
<i>Decrease primarily due to operating expenses exceeding revenues.</i>			
Stormwater Management Utility	\$ 6,150,849	\$ 5,872,097	\$ 278,752
<i>Increase primarily due to an increase in operating revenues from the prior year.</i>			

General Fund Budgetary Highlights

	2024		Variance with Final Budget	2023
	Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues	\$ 6,355,291	\$ 7,201,066	\$ 845,775	\$ 6,828,163
Expenditures	6,380,291	6,380,904	(613)	5,938,232
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	820,162	845,162	889,931
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	-	25,000
Transfers out	(105,000)	-	105,000	(102,300)
Total Other Financing Sources (Uses)	(80,000)	25,000	105,000	(77,300)
Net Change in Fund Balances	(105,000)	845,162	950,162	812,631
Fund Balances, January 1	6,350,191	6,350,191	-	5,537,560
Fund Balances, December 31	<u>\$ 6,245,191</u>	<u>\$ 7,195,353</u>	<u>\$ 950,162</u>	<u>\$ 6,350,191</u>

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

- The largest revenue variance was primarily in licenses and permits for an increase in building permit revenue due to an increased number of projects during the year.
- The largest expenditure variances were mainly in public works for general maintenance and general government professional services.

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, 2024, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is mainly due to the following:

- Completion of the following projects:
 - Shorewood Oaks Drainage
- Additions to the following projects:
 - Strawberry Lane
 - Birch Bluff Road
 - Eureka Road Street and Utility
 - Freeman Trail Park
 - Mill Street Trail
 - Water System Improvement
 - Lift Station 11 Rehab
 - Shorewood Lane Ravine Stabilization
 - Smithtown Ponds
 - 2022 Catch Basin & Culvert Repairs
 - 2023 Drainage and Utility
 - 2024 Mill & Overlay
 - 2025 Mill & Overlay
 - Galpin Lake Road/Trail
 - Southeast Well Improvement

Additional information on the City's capital assets can be found in Note 3C starting on page 63 of this report.

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

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	\$ 741,826	\$ 741,826	\$ -	\$ 1,322,989	\$ 1,322,989	\$ -
Construction in Progress	7,840,972	6,456,137	1,384,835	8,668,555	7,768,798	899,757
Buildings	1,937,462	1,974,139	(36,677)	-	-	-
Improvements other than Buildings	1,397,790	1,533,527	(135,737)	-	-	-
Infrastructure	10,699,758	11,596,263	(896,505)	13,901,972	14,304,518	(402,546)
Machinery and Equipment	787,498	824,943	(37,445)	172,864	247,514	(74,650)
Total	\$ 23,405,306	\$ 23,126,835	\$ 278,471	\$ 24,066,380	\$ 23,643,819	\$ 422,561
Percent Increase/(Decrease)			1.2%			1.8%

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt 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		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
General Obligation Revenue Bonds	\$ -	\$ -	\$ -	\$ 11,185,000	\$ 11,560,000	\$ (375,000)
General Obligation Construction Bonds	12,090,000	12,585,000	(495,000)	-	-	-
Unamortized Bond Premiums	104,663	110,478	(5,815)	69,719	73,592	(3,873)
Total	\$ 12,194,663	\$ 12,695,478	\$ (500,815)	\$ 11,254,719	\$ 11,633,592	\$ (378,873)
Percent Increase/(Decrease)			-3.9%			-3.3%

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 66 of this report.

Economic Factors and Next Year’s Budgets and Rates

- Property valuations within the City increased 9.2% from 2023 to 2024 and 3.0% from 2024 to 2025.
- The unemployment rate for Hennepin County was 3.2% in March 2025. This is consistent with the State of Minnesota’s average unemployment rate of 3.9% and compares favorably to the national average unemployment rate of 4.2%.

All of these factors were considered in preparing the City’s General fund budget for the 2025 fiscal year. For 2025, budgeted revenues and other financing sources are equivalent to budgeted expenditures and other financing uses. Total property taxes levied for 2025 increased by 6.7% from total property taxes levied for 2024. The City’s tax capacity rate increased from 22.359% for 2024 property taxes to 23.072% for 2025 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Shorewood, Minnesota
Statement of Net Position
December 31, 2024

Exhibit 1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 12,542,564	\$ 3,140,976	\$ 15,683,540
Receivables			
Interest	64,676	-	64,676
Taxes	62,709	-	62,709
Accounts	23,864	846,859	870,723
Special assessments	6,183	287,606	293,789
Lease	3,991,786	-	3,991,786
Due from other governments	2,313,994	-	2,313,994
Internal balances	(922,587)	922,587	-
Prepaid items	141,633	11,288	152,921
Land held for resale	150,068	-	150,068
Capital assets			
Land and construction in progress	8,582,798	9,991,544	18,574,342
Depreciable assets (net of accumulated depreciation)	14,822,508	14,074,836	28,897,344
Total Assets	<u>41,780,196</u>	<u>29,275,696</u>	<u>71,055,892</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>176,762</u>	<u>50,513</u>	<u>227,275</u>
Liabilities			
Accounts and contracts payable	495,338	151,211	646,549
Deposits payable	321,998	-	321,998
Accrued salaries payable	6,859	4,940	11,799
Due to other governments	23,763	67,086	90,849
Accrued interest payable	143,210	137,714	280,924
Unearned revenue	35,537	-	35,537
Noncurrent liabilities			
Due within one year			
Long-term liabilities	855,405	535,659	1,391,064
Due in more than one year			
Long-term liabilities	11,570,651	10,789,304	22,359,955
Net pension liability	728,105	209,361	937,466
Total Liabilities	<u>14,180,866</u>	<u>11,895,275</u>	<u>26,076,141</u>
Deferred Inflows of Resources			
Deferred lease resources	3,779,404	-	3,779,404
Deferred pension resources	491,197	140,462	631,659
Total Deferred Inflow of Resources	<u>4,270,601</u>	<u>140,462</u>	<u>4,411,063</u>
Net Position			
Net investment in capital assets	11,626,663	13,063,437	24,690,100
Restricted for			
Debt service	909,515	-	909,515
Public safety	342,512	-	342,512
Unrestricted	<u>10,626,801</u>	<u>4,227,035</u>	<u>14,853,836</u>
Total Net Position	<u>\$ 23,505,491</u>	<u>\$ 17,290,472</u>	<u>\$ 40,795,963</u>

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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,162,283	\$ 449,391	\$ -	\$ -
Public safety	2,506,777	631,997	34,048	-
Public works	2,770,130	-	450,115	-
Culture and recreation	816,818	120,163	6,495	480,193
Economic development	183,504	-	-	-
Interest on long-term debt	342,511	-	-	-
Total Governmental Activities	<u>8,782,023</u>	<u>1,201,551</u>	<u>490,658</u>	<u>480,193</u>
Business-type Activities				
Water	1,192,063	790,502	11,614	88,060
Sewer	1,739,672	1,489,346	3,826	1,320
Stormwater management utility	523,079	545,166	1,086	-
Recycling	213,867	196,450	18,732	-
Total Business-type Activities	<u>3,668,681</u>	<u>3,021,464</u>	<u>35,258</u>	<u>89,380</u>
Total	<u>\$ 12,450,704</u>	<u>\$ 4,223,015</u>	<u>\$ 525,916</u>	<u>\$ 569,573</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

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
\$ (1,712,892)	\$ -	\$ (1,712,892)
(1,840,732)	-	(1,840,732)
(2,320,015)	-	(2,320,015)
(209,967)	-	(209,967)
(183,504)	-	(183,504)
(342,511)	-	(342,511)
<u>(6,609,621)</u>	<u>-</u>	<u>(6,609,621)</u>
-	(301,887)	(301,887)
-	(245,180)	(245,180)
-	23,173	23,173
-	1,315	1,315
-	<u>(522,579)</u>	<u>(522,579)</u>
<u>(6,609,621)</u>	<u>(522,579)</u>	<u>(7,132,200)</u>
6,103,216	-	6,103,216
988,262	-	988,262
211,151	-	211,151
-	324,387	324,387
361,371	-	361,371
480,936	186,962	667,898
130,000	(130,000)	-
<u>8,274,936</u>	<u>381,349</u>	<u>8,656,285</u>
1,665,315	(141,230)	1,524,085
<u>21,840,176</u>	<u>17,431,702</u>	<u>39,271,878</u>
<u>\$ 23,505,491</u>	<u>\$ 17,290,472</u>	<u>\$ 40,795,963</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, 2024

City of Shorewood, Minnesota

Exhibit 3

Balance Sheet
Governmental Funds
December 31, 2024

	General	Debt Service	Street Reconstruction	MSA Construction	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 6,795,503	\$ 1,157,388	\$ 3,815,169	\$ 41,508	\$ 732,996	\$ 12,542,564
Receivables						
Accrued interest	64,676	-	-	-	-	64,676
Taxes	62,709	-	-	-	-	62,709
Accounts	23,864	-	-	-	-	23,864
Special assessments	6,183	-	-	-	-	6,183
Lease	3,991,786	-	-	-	-	3,991,786
Due from other governments	5,363	-	-	1,993,188	315,443	2,313,994
Due from other funds	348,958	-	-	-	-	348,958
Prepaid items	141,633	-	-	-	-	141,633
Land held for resale	-	-	-	-	150,068	150,068
Total Assets	\$ 11,440,675	\$ 1,157,388	\$ 3,815,169	\$ 2,034,696	\$ 1,198,507	\$ 19,646,435
Liabilities						
Accounts and contracts payable	\$ 59,410	\$ -	\$ 167,666	\$ -	\$ 268,262	\$ 495,338
Deposits payable	321,998	-	-	-	-	321,998
Accrued salaries payable	6,044	-	-	-	815	6,859
Due to other governments	22,791	-	-	-	972	23,763
Due to other funds	-	-	-	-	349,161	349,161
Advances from other funds	-	-	-	-	922,384	922,384
Unearned revenue	35,537	-	-	-	-	35,537
Total Liabilities	445,780	-	167,666	-	1,541,594	2,155,040
Deferred Inflows of Resources						
Unavailable revenue - property taxes	13,981	-	-	-	-	13,981
Unavailable revenue - assessments	6,157	-	-	-	-	6,157
Unavailable revenue - intergovernmental	-	-	-	1,993,188	-	1,993,188
Deferred lease resources	3,779,404	-	-	-	-	3,779,404
Total Deferred Inflows of Resources	3,799,542	-	-	1,993,188	-	5,792,730
Fund Balances						
Nonspendable prepaid items	141,633	-	-	-	-	141,633
Restricted for						
Debt service	-	1,157,388	-	-	-	1,157,388
Public safety	342,512	-	-	-	-	342,512
Street reconstruction	-	-	588,489	-	-	588,489
Committed to community center operations	-	-	-	-	74,329	74,329
Assigned to capital outlay	-	-	3,059,014	41,508	543,840	3,644,362
Unassigned	6,711,208	-	-	-	(961,256)	5,749,952
Total Fund Balances	7,195,353	1,157,388	3,647,503	41,508	(343,087)	11,698,665
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,440,675	\$ 1,157,388	\$ 3,815,169	\$ 2,034,696	\$ 1,198,507	\$ 19,646,435

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

City of Shorewood, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2024

Exhibit 4

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

Total Fund Balances - Governmental	\$ 11,698,665
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	62,075,943
Less: accumulated depreciation	(38,670,637)
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	(12,090,000)
Unamortized premium on bonds	(104,663)
Compensated absences payable	(231,393)
Net pension liability	(728,105)
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	13,981
Special assessments receivable	6,157
Intergovernmental	1,993,188
Governmental funds do not report long-term amounts to pensions.	
Deferred outflows of pension resources	176,762
Deferred inflows of pension resources	(491,197)
Governmental funds do not report a liability for accrued interest until due and payable.	
	(143,210)
Total Net Position - Governmental Activities	\$ 23,505,491

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, 2024

Exhibit 5

	General	Debt Service	Street Reconstruction	MSA Construction	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 5,654,784	\$ 988,262	\$ 128,000	\$ -	\$ 572,151	\$ 7,343,197
Licenses and permits	561,581	-	-	-	-	561,581
Intergovernmental	195,836	-	-	-	359,574	555,410
Charges for services	298,791	-	-	-	178,781	477,572
Fines and forfeitures	69,438	-	-	-	-	69,438
Special assessments	4,438	-	-	-	-	4,438
Interest on investments	240,417	25,938	192,499	1,639	20,443	480,936
Miscellaneous	175,781	-	-	-	411,450	587,231
Total Revenues	<u>7,201,066</u>	<u>1,014,200</u>	<u>320,499</u>	<u>1,639</u>	<u>1,542,399</u>	<u>10,079,803</u>
Expenditures						
Current						
General government	2,162,968	-	-	-	-	2,162,968
Public safety	2,401,272	-	-	-	-	2,401,272
Public works	1,163,697	-	-	-	74,043	1,237,740
Culture and recreation	540,686	-	-	-	157,122	697,808
Capital outlay						
General government	-	-	-	-	88,158	88,158
Public safety	112,281	-	-	-	-	112,281
Public works	-	-	1,411,485	-	450,434	1,861,919
Culture and recreation	-	-	-	-	90,088	90,088
Economic development	-	-	-	-	183,504	183,504
Debt service						
Principal	-	495,000	-	-	-	495,000
Interest and service charges	-	356,889	-	-	-	356,889
Total Expenditures	<u>6,380,904</u>	<u>851,889</u>	<u>1,411,485</u>	<u>-</u>	<u>1,043,349</u>	<u>9,687,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>820,162</u>	<u>162,311</u>	<u>(1,090,986)</u>	<u>1,639</u>	<u>499,050</u>	<u>392,176</u>
Other Financing Sources (Uses)						
Transfers in	25,000	-	-	-	105,000	130,000
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>130,000</u>
Net Change in Fund Balances	845,162	162,311	(1,090,986)	1,639	604,050	522,176
Fund Balances, January 1	<u>6,350,191</u>	<u>995,077</u>	<u>4,738,489</u>	<u>39,869</u>	<u>(947,137)</u>	<u>11,176,489</u>
Fund Balances, December 31	<u>\$ 7,195,353</u>	<u>\$ 1,157,388</u>	<u>\$ 3,647,503</u>	<u>\$ 41,508</u>	<u>\$ (343,087)</u>	<u>\$ 11,698,665</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, 2024

Exhibit 6

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

Total Net Change in Fund Balances - Governmental Funds	\$ 522,176
<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	1,600,641
Depreciation expense	(1,322,170)
<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	495,000
Amortization of bond premium	5,815
<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>	
	8,563
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	79,181
Pension revenue	34,048
<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	(40,568)
Special assessments	1,678
Intergovernmental	242,377
<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	38,574
Change in Net Position - Governmental Activities	\$ 1,665,315

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, 2024

Exhibit 7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,638,012	\$ 5,638,012	\$ 5,654,784	\$ 16,772
Licenses and permits	232,225	232,225	561,581	329,356
Intergovernmental	115,450	115,450	195,836	80,386
Charges for services	256,360	256,360	298,791	42,431
Fines and forfeitures	60,000	60,000	69,438	9,438
Special assessments	5,000	5,000	4,438	(562)
Interest on investments	20,000	20,000	240,417	220,417
Miscellaneous	28,244	28,244	175,781	147,537
Total Revenues	<u>6,355,291</u>	<u>6,355,291</u>	<u>7,201,066</u>	<u>845,775</u>
Expenditures				
Current				
General government	2,021,555	2,021,555	2,162,968	(141,413)
Public safety	2,445,937	2,445,937	2,401,272	44,665
Public works	1,322,600	1,322,600	1,163,697	158,903
Culture and recreation	477,918	477,918	540,686	(62,768)
Capital outlay				
Public safety	112,281	112,281	112,281	-
Total Expenditures	<u>6,380,291</u>	<u>6,380,291</u>	<u>6,380,904</u>	<u>(613)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(25,000)</u>	<u>(25,000)</u>	<u>820,162</u>	<u>845,162</u>
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(105,000)	(105,000)	-	105,000
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>25,000</u>	<u>105,000</u>
Net Change in Fund Balances				
	(105,000)	(105,000)	845,162	950,162
Fund Balances, January 1				
	<u>6,350,191</u>	<u>6,350,191</u>	<u>6,350,191</u>	<u>-</u>
Fund Balances, December 31				
	<u>\$ 6,245,191</u>	<u>\$ 6,245,191</u>	<u>\$ 7,195,353</u>	<u>\$ 950,162</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, 2024

Exhibit 8

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Assets					
Current Assets					
Cash and temporary investments	\$ 989,603	\$ 1,343,459	\$ 411,388	\$ 396,526	\$ 3,140,976
Receivables					
Accounts	199,333	378,515	219,833	49,178	846,859
Special assessments	74,955	32,739	15,549	4,051	127,294
Prepaid Items	2,822	2,822	2,822	2,822	11,288
Due from other funds	67	136	-	-	203
Total Current Assets	<u>1,266,780</u>	<u>1,757,671</u>	<u>649,592</u>	<u>452,577</u>	<u>4,126,620</u>
Noncurrent Assets					
Special assessments receivable	154,986	3,610	1,183	533	160,312
Advances to other funds	922,384	-	-	-	922,384
Capital assets					
Land	-	-	1,322,989	-	1,322,989
Construction in progress	1,943,843	1,115,077	5,609,635	-	8,668,555
Machinery and equipment	389,016	469,773	-	-	858,789
Infrastructure	14,182,495	10,873,509	5,806,025	-	30,862,029
Less accumulated depreciation	(8,040,473)	(8,519,467)	(1,086,042)	-	(17,645,982)
Net Capital Assets	<u>8,474,881</u>	<u>3,938,892</u>	<u>11,652,607</u>	<u>-</u>	<u>24,066,380</u>
Total Noncurrent Assets	<u>9,552,251</u>	<u>3,942,502</u>	<u>11,653,790</u>	<u>533</u>	<u>25,149,076</u>
Total Assets	<u>10,819,031</u>	<u>5,700,173</u>	<u>12,303,382</u>	<u>453,110</u>	<u>29,275,696</u>
Deferred Outflows of Resources					
Deferred pension resources	23,696	19,807	5,687	1,323	50,513
Liabilities					
Current Liabilities					
Accounts and contracts payable	35,617	7,541	106,937	1,116	151,211
Accrued salaries payable	2,887	1,504	455	94	4,940
Due to other governments	13,718	53,368	-	-	67,086
Accrued interest payable	40,668	34,843	62,203	-	137,714
Compensated absences - current	21,705	17,885	5,717	352	45,659
Bonds payable - current	131,226	84,999	273,775	-	490,000
Total Current Liabilities	<u>245,821</u>	<u>200,140</u>	<u>449,087</u>	<u>1,562</u>	<u>896,610</u>
Noncurrent Liabilities					
Bonds payable	2,976,380	2,121,740	5,666,599	-	10,764,719
Net pension liability	98,196	81,930	23,719	5,516	209,361
Compensated absences	11,688	9,630	3,078	189	24,585
Total Noncurrent Liabilities	<u>3,086,264</u>	<u>2,213,300</u>	<u>5,693,396</u>	<u>5,705</u>	<u>10,998,665</u>
Total Liabilities	<u>3,332,085</u>	<u>2,413,440</u>	<u>6,142,483</u>	<u>7,267</u>	<u>11,895,275</u>
Deferred Inflows of Resources					
Deferred pension resources	65,914	55,143	15,737	3,668	140,462
Net Position					
Net investment in capital assets	5,485,734	1,860,738	5,716,965	-	13,063,437
Unrestricted	1,958,994	1,390,659	433,884	443,498	4,227,035
Total Net Position	<u>\$ 7,444,728</u>	<u>\$ 3,251,397</u>	<u>\$ 6,150,849</u>	<u>\$ 443,498</u>	<u>\$ 17,290,472</u>

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

City of Shorewood, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

Exhibit 9

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Stormwater Management Utility	Nonmajor Recycling	
Operating Revenues					
Charges for services	\$ 779,848	\$ 1,487,020	\$ 545,045	\$ 196,450	\$ 3,008,363
Intergovernmental	464	-	-	18,479	18,943
Total Operating Revenues	<u>780,312</u>	<u>1,487,020</u>	<u>545,045</u>	<u>214,929</u>	<u>3,027,306</u>
Operating Expenses					
Personal services	361,314	309,285	86,985	21,749	779,333
Supplies	15,968	2,339	2,966	1,580	22,853
Repairs and maintenance	32,004	57,794	53,184	-	142,982
Depreciation	437,331	140,298	145,151	-	722,780
Professional services	13,212	-	83,027	-	96,239
Contracted services	67,334	22,686	2,686	165,652	258,358
Water purchases	46,156	-	-	-	46,156
Utilities	70,148	4,448	-	-	74,596
Disposal charges	-	1,114,624	-	-	1,114,624
Other	53,946	6,748	1,549	24,886	87,129
Total Operating Expenses	<u>1,097,413</u>	<u>1,658,222</u>	<u>375,548</u>	<u>213,867</u>	<u>3,345,050</u>
Operating Income (Loss)	<u>(317,101)</u>	<u>(171,202)</u>	<u>169,497</u>	<u>1,062</u>	<u>(317,744)</u>
Nonoperating Revenues (Expenses)					
Special assessments	6,581	-	-	-	6,581
Interest on investments	81,154	53,952	36,192	15,664	186,962
Franchise taxes	-	-	324,387	-	324,387
Miscellaneous	15,223	6,152	1,207	253	22,835
Interest expense	(96,199)	(82,573)	(148,732)	-	(327,504)
Amortization of bond premiums	1,549	1,123	1,201	-	3,873
Total Nonoperating Revenues (Expenses)	<u>8,308</u>	<u>(21,346)</u>	<u>214,255</u>	<u>15,917</u>	<u>217,134</u>
Income (Loss) Before Contributions and Transfers	<u>(308,793)</u>	<u>(192,548)</u>	<u>383,752</u>	<u>16,979</u>	<u>(100,610)</u>
Capital Contributions	88,060	1,320	-	-	89,380
Transfers Out	<u>(12,500)</u>	<u>(12,500)</u>	<u>(105,000)</u>	<u>-</u>	<u>(130,000)</u>
Change in Net Position	<u>(233,233)</u>	<u>(203,728)</u>	<u>278,752</u>	<u>16,979</u>	<u>(141,230)</u>
Net Position, January 1	<u>7,677,961</u>	<u>3,455,125</u>	<u>5,872,097</u>	<u>426,519</u>	<u>17,431,702</u>
Net Position, December 31	<u>\$ 7,444,728</u>	<u>\$ 3,251,397</u>	<u>\$ 6,150,849</u>	<u>\$ 443,498</u>	<u>\$ 17,290,472</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, 2024

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	\$ 779,875	\$ 1,490,886	\$ 544,051	\$ 212,690	\$ 3,027,502
Other receipts related to operations	21,804	6,152	1,207	253	29,416
Payments to suppliers, contractors and other governments	(301,277)	(1,179,517)	(178,029)	(203,436)	(1,862,259)
Payments to employees	(338,638)	(283,211)	(82,655)	(19,085)	(723,589)
Net Cash Provided (Used) by Operating Activities	<u>161,764</u>	<u>34,310</u>	<u>284,574</u>	<u>(9,578)</u>	<u>471,070</u>
Cash Flows from Noncapital Financing Activities					
Transfers out	(12,500)	(12,500)	(105,000)	-	(130,000)
Franchise fees	-	-	324,387	-	324,387
Decrease in due from other funds	28,685	(136)	-	-	28,549
Net Cash Provided (Used) by Noncapital Financing Activities	<u>16,185</u>	<u>(12,636)</u>	<u>219,387</u>	<u>-</u>	<u>222,936</u>
Cash Flows from Capital and Related Financing Activities					
Connection fees received	88,060	1,320	-	-	89,380
Acquisition of capital assets	(297,704)	(82,665)	(719,287)	-	(1,099,656)
Principal paid on revenue bonds	(93,809)	(65,772)	(215,419)	-	(375,000)
Interest paid on revenue bonds	(97,176)	(83,551)	(150,686)	-	(331,413)
Net Cash Provided by Capital and Related Financing Activities	<u>(400,629)</u>	<u>(230,668)</u>	<u>(1,085,392)</u>	<u>-</u>	<u>(1,716,689)</u>
Cash Flows from Investing Activities					
Interest received on investments	82,241	55,012	37,880	16,174	191,307
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(140,439)</u>	<u>(153,982)</u>	<u>(543,551)</u>	<u>6,596</u>	<u>(831,376)</u>
Cash and Cash Equivalents, January 1	1,130,042	1,497,441	954,939	389,930	3,972,352
Cash and Cash Equivalents, December 31	<u>\$ 989,603</u>	<u>\$ 1,343,459</u>	<u>\$ 411,388</u>	<u>\$ 396,526</u>	<u>\$ 3,140,976</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (317,101)	\$ (171,202)	\$ 169,497	\$ 1,062	\$ (317,744)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	21,804	6,152	1,207	253	29,416
Depreciation	437,331	140,298	145,151	-	722,780
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(49,988)	4,995	3,362	(2,090)	(43,721)
Special assessments receivable	49,551	(1,129)	(4,356)	(149)	43,917
Prepaid items	(141)	(141)	(141)	(141)	(564)
Deferred pension resources	11,184	7,281	3,012	(26)	21,451
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts and contracts payable	(8,473)	(18,710)	(34,476)	(11,177)	(72,836)
Accrued salaries payable and compensated absences	26,299	20,529	6,644	208	53,680
Due to other governments	6,105	47,973	-	-	54,078
Net pension liability	(33,746)	(20,400)	(9,354)	563	(62,937)
Deferred pension resources	18,939	18,664	4,028	1,919	43,550
Net Cash Provided (Used) by Operating Activities	<u>\$ 161,764</u>	<u>\$ 34,310</u>	<u>\$ 284,574</u>	<u>\$ (9,578)</u>	<u>\$ 471,070</u>
Noncash Capital and Related Financing Activities					
Amortization of bond premium	<u>\$ 1,549</u>	<u>\$ 1,123</u>	<u>\$ 1,201</u>	<u>\$ -</u>	<u>\$ 3,873</u>
Capital assets purchased on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,858</u>	<u>\$ -</u>	<u>\$ 93,858</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, 2024

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 Capital Project 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, 2024

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.

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, 2024

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, 2024:

- Municipal Bonds of \$1,606,369 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, 2024 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, 2024

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 2024. Unbilled utility enterprise fund receivables are also included for services provided in 2024. 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, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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 back trending (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, 2024

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	15 - 40
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, 2024 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, 2024

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, 2024 is as follows:

	GERF
City's proportionate share	\$ 104,694
Proportionate share of State's contribution	650
Total pension expense	\$ 105,344

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items listed below reported in the statement of net position and governmental funds balance sheet.

- *Unavailable revenues* are presented in the governmental funds from three sources: property taxes, special assessments and intergovernmental. These arise only under a modified accrual basis of accounting that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- *Deferred pension resources* are reported only in the statements of net position and results from actuarial calculations.
- *Deferred lease resources* are reported in the governmental funds balance sheet and are deferred to the period the amounts become available. This item is also reported in the statement of net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

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

Net Position

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

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

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

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

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. An annual budget was also prepared for the Shorewood Community and Event Center Special revenue fund but was not formally approved for the Local Fiscal Recovery ARPA 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. Excess of Expenditures Over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General Fund	\$ 6,380,291	\$ 6,380,904	\$ 613

These excess expenditures were funded by greater than anticipated revenues.

C. Deficit Fund Balance

The following funds had a deficit fund balance as of December 31, 2024:

Fund	Amount
Nonmajor Capital Project	
TIF 2 Oppidan Senior Housing	\$ 914,068
Park Capital Improvement	47,188

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

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

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 \$3,235,952, and the bank balance was \$3,248,051. 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, 2024

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	Level 3
Pooled Investments at Amortized Costs						
Minnesota Municipal Money Market fund	N/A	less than 1 year	\$ 10,840,999	\$ -	\$ -	\$ -
Non-pooled Investments at Fair Value						
Municipal Bonds	AAA	less than 1 year	1,127,463	-	1,127,463	-
Municipal Bonds	Aaa	more than 3 years	478,906	-	478,906	-
Total Investments			<u>\$ 12,447,368</u>	<u>\$ -</u>	<u>\$ 1,606,369</u>	<u>\$ -</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	\$ 3,235,952
Investments	12,447,368
Cash on Hand	220
Total	<u>\$ 15,683,540</u>

B. Lease Receivable

The City has two lease agreements with New Singular Wireless and two lease agreements with T-Mobile. As of December 31, 2024, the following 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	\$ 366,926
Old Market Road - T-Mobile (1) - Water Tower	936,901	1.74	5/24/2004	336 Annual	36,465	849,489
Smithtown Road - New Cingular Wireless (2) - Water Tower	1,256,594	1.70	5/1/2000	300 Annual	33,431	1,192,872
Smithtown Road - T-Mobile (2) - Water Tower	1,643,101	1.70	1/3/2000	336 Annual	35,855	1,582,499
Totals						<u>\$ 3,991,786</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 741,826	\$ -	\$ -	\$ 741,826
Construction in progress	6,456,137	1,384,835	-	7,840,972
Total Capital Assets not Being Depreciated	<u>7,197,963</u>	<u>1,384,835</u>	<u>-</u>	<u>8,582,798</u>
Capital Assets Being Depreciated				
Buildings	4,062,125	88,158	-	4,150,283
Improvements other than buildings	3,048,505	-	-	3,048,505
Infrastructure	42,410,774	-	-	42,410,774
Machinery and equipment	3,755,935	127,648	-	3,883,583
Total Capital Assets Being Depreciated	<u>53,277,339</u>	<u>215,806</u>	<u>-</u>	<u>53,493,145</u>
Less Accumulated Depreciation for				
Buildings	(2,087,986)	(124,835)	-	(2,212,821)
Improvements other than buildings	(1,514,978)	(135,737)	-	(1,650,715)
Infrastructure	(30,814,511)	(896,505)	-	(31,711,016)
Machinery and equipment	(2,930,992)	(165,093)	-	(3,096,085)
Total Accumulated Depreciation	<u>(37,348,467)</u>	<u>(1,322,170)</u>	<u>-</u>	<u>(38,670,637)</u>
Total Capital Assets Being Depreciated, Net	<u>15,928,872</u>	<u>(1,106,364)</u>	<u>-</u>	<u>14,822,508</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,126,835</u>	<u>\$ 278,471</u>	<u>\$ -</u>	<u>\$ 23,405,306</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,322,989	\$ -	\$ -	\$ 1,322,989
Construction in progress	7,768,798	1,145,341	(245,584)	8,668,555
Total Capital Assets not Being Depreciated	<u>9,091,787</u>	<u>1,145,341</u>	<u>(245,584)</u>	<u>9,991,544</u>
Capital Assets Being Depreciated				
Infrastructure	30,616,445	245,584	-	30,862,029
Machinery and equipment	858,789	-	-	858,789
Total Capital Assets Being Depreciated	<u>31,475,234</u>	<u>245,584</u>	<u>-</u>	<u>31,720,818</u>
Less Accumulated Depreciation for				
Infrastructure	(16,311,927)	(648,130)	-	(16,960,057)
Machinery and equipment	(611,275)	(74,650)	-	(685,925)
Total Accumulated Depreciation	<u>(16,923,202)</u>	<u>(722,780)</u>	<u>-</u>	<u>(17,645,982)</u>
Total Capital Assets Being Depreciated, Net	<u>14,552,032</u>	<u>(477,196)</u>	<u>-</u>	<u>14,074,836</u>
Business-type Activities Capital Assets, Net	<u>\$ 23,643,819</u>	<u>\$ 668,145</u>	<u>\$ (245,584)</u>	<u>\$ 24,066,380</u>

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

Governmental Activities		
General government		\$ 55,159
Public safety		1,090
Public works		1,014,461
Culture and recreation		251,460
Total Depreciation Expense - Governmental Activities		<u>\$ 1,322,170</u>
Business-type Activities		
Water		\$ 437,331
Sewer		140,298
Stormwater management utility		145,151
Total Depreciation Expense - Business-type Activities		<u>\$ 722,780</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Construction and Other Commitments

The City has active construction projects as of December 31, 2024. At year end, the commitments with the contractors for these projects are as follows:

Project	Spent to Date	Remaining Commitment
Birch Bluff Street	\$ 3,862,491	\$ 213,087
2024 Mill and Overlay	933,721	103,697
Shorewood Drainage & Utility	84,723	24,682
Total	<u>\$ 4,880,935</u>	<u>\$ 341,466</u>

D. Interfund Receivables, Payables and Transfers

Interfund Balances

The composition of interfund balances as of December 31, 2024 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Major Governmental	Nonmajor Governmental		
General	Park Capital Improvement	Cash flow	\$ 348,958
Major Enterprise			
Water	TIF 2 Oppidan Senior Housing	Project funding	922,384
Sewer	Shorewood Community and Events	Project funding	203
Interfund Activity Eliminated from Government-wide Statements			<u>(348,958)</u>
Total Internal Balances			<u>\$ 922,587</u>

Interfund Transfers

The City made transfers during the fiscal year 2024 as shown and described below:

Fund	Transfers in		
	General	Nonmajor Governmental	Total
Transfers Out			
Water	\$ 12,500	\$ -	\$ 12,500
Sewer	12,500	-	12,500
Stormwater Management Utility	-	105,000	105,000
Total	<u>\$ 25,000</u>	<u>\$ 105,000</u>	<u>\$ 130,000</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

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, 2024, the City made no unbudgeted one-time transfers.

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. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

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	\$ 2,460,000
G.O. Street Reconstruction Bonds of 2021	3,285,000	1.00 - 2.00	07/28/21	02/01/34	2,755,000
G.O. Street Reconstruction Bonds of 2022	3,535,000	4.31	12/01/22	02/01/43	3,495,000
G.O. Street Reconstruction Bonds of 2023	3,380,000	3.78	07/12/23	02/01/44	<u>3,380,000</u>
Total Street Reconstruction Bonds					<u>\$ 12,090,000</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
2025	\$ 705,000	\$ 336,236	\$ 1,041,236
2026	715,000	321,091	1,036,091
2027	730,000	305,581	1,035,581
2028	740,000	289,705	1,029,705
2029	760,000	273,363	1,033,363
2030 - 2034	3,885,000	1,100,891	4,985,891
2035 - 2039	2,335,000	658,115	2,993,115
2040 - 2044	<u>2,220,000</u>	<u>198,061</u>	<u>2,418,061</u>
Total	<u>\$ 12,090,000</u>	<u>\$ 3,483,043</u>	<u>\$ 15,573,043</u>

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

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	\$ 4,105,000
G.O. Utility Revenue Bonds of 2021	1,040,000	1.00 - 2.00	07/28/21	02/01/42	950,000
G.O. Utility Revenue Bonds of 2022	4,035,000	4.31	12/01/22	02/01/43	3,865,000
G.O. Utility Revenue Bonds of 2023	2,265,000	3.78	07/12/23	02/01/44	<u>2,265,000</u>
 Total Revenue Bonds					 <u><u>\$ 11,185,000</u></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
2025	\$ 490,000	\$ 314,985	\$ 804,985
2026	505,000	302,819	807,819
2027	515,000	290,211	805,211
2028	520,000	277,289	797,289
2029	540,000	263,919	803,919
2030 - 2034	2,850,000	1,104,135	3,954,135
2035 - 2039	3,260,000	682,000	3,942,000
2040 - 2044	<u>2,505,000</u>	<u>182,976</u>	<u>2,687,976</u>
 Total	 <u><u>\$ 11,185,000</u></u>	 <u><u>\$ 3,418,334</u></u>	 <u><u>\$ 14,603,334</u></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	\$ 779,875	\$ 1,490,886	\$ 544,051
Principal and Interest	190,985	149,323	366,105
Percentage of Revenues	24%	10%	67%

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
Street reconstruction bonds	\$ 12,585,000	\$ -	\$ (495,000)	\$ 12,090,000	\$ 705,000
Unamortized premium on bonds	110,478	-	(5,815)	104,663	-
Compensated Absences	<u>269,967</u>	<u>163,478</u>	<u>(202,052)</u>	<u>231,393</u>	<u>150,405</u>
Governmental Activity Long-term Liabilities	<u>\$ 12,965,445</u>	<u>\$ 163,478</u>	<u>\$ (702,867)</u>	<u>\$ 12,426,056</u>	<u>\$ 855,405</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 11,560,000	\$ -	\$ (375,000)	\$ 11,185,000	\$ 490,000
Unamortized premium on bonds	73,592	-	(3,873)	69,719	-
Compensated Absences	<u>-</u>	<u>130,884</u>	<u>(60,640)</u>	<u>70,244</u>	<u>45,659</u>
Business-type Activity Long-term Liabilities	<u>\$ 11,633,592</u>	<u>\$ 130,884</u>	<u>\$ (439,513)</u>	<u>\$ 11,324,963</u>	<u>\$ 535,659</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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. The 2024 annual increase was 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 prorated increase.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

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

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 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, 2024, 2023 and 2022, were \$172,727, \$157,688 and \$134,178, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$937,466 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 \$24,241.

City's Proportionate Share of the Net Pension Liability	\$	937,466
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		24,241
Total	\$	961,707

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0254 percent at the end of the measurement period and 0.0238 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$104,694 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$650 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$43,132 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

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

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 86,574	\$ -
Changes in Actuarial Assumptions	4,476	338,897
Net Difference Between Projected and Actual Investment Earnings	-	272,962
Changes in Proportion	43,559	19,800
Contributions Paid to PERA Subsequent to the Measurement Date	92,666	-
Total	\$ 227,275	\$ 631,659

The \$92,666 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (288,144)
2026	(24,084)
2027	(112,971)
2028	(71,851)

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 Return on Investment
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 %	

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

-The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 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 Plans 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 one percentage point lower or one percentage point higher than the current discount rate:

	<u>1 Percent Decrease (6.0%)</u>	<u>Current (7.0%)</u>	<u>1 Percent Increase (8.0%)</u>
General Employees Fund	\$ 2,047,576	\$ 937,466	\$ 24,299

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.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Joint Ventures

A. South Lake Minnetonka Police Department

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

Any budget shortfall is made up first from department reserves, with any excess shortfall assessed to each participating community according to the formula. The most recent year of audited information is December 31, 2023. 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, 2023 and 2022:

South Lake Minnetonka Police Department
Summary of Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Assets	\$ 3,022,094	\$ 3,741,379
Deferred Outflows of Resources	3,539,796	3,947,932
Total Assets and Deferred Outflows of Resources	\$ 6,561,890	\$ 7,689,311
Liabilities	\$ 2,751,113	\$ 6,414,154
Deferred Inflows of Resources	3,355,007	105,177
Net Position	455,770	1,169,980
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,561,890	\$ 7,689,311

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Joint Ventures (Continued)

The following is a summary of the Department's statements of activities for the years ended December 31, 2023 and 2022:

South Lake Minnetonka Police Department
Summary Statements of Activities
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues	\$ 3,453,099	\$ 3,606,447
Expenses	4,218,221	3,683,765
Net Revenues	(765,122)	(77,318)
General Revenues	50,912	13,600
Change in Net Position	(714,210)	(63,718)
Net Position, January 1	1,169,980	1,233,698
Net Position, December 31	\$ 455,770	\$ 1,169,980

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, 2024. 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, 2024 and 2023:

Excelsior Fire District
Summary of Statements of Net Position
December 31, 2024 and 2023

	2024	2023
Assets	\$ 8,963,194	\$ 8,718,546
Deferred Outflows of Resources	1,365,927	1,420,581
Total Assets and Deferred Outflows of Resources	\$ 10,329,121	\$ 10,139,127
Liabilities	\$ 1,188,240	\$ 1,068,135
Deferred Inflows of Resources	564,096	579,070
Net Position	8,576,785	8,491,922
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,329,121	\$ 10,139,127

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 5: Joint Ventures (Continued)

The following is a summary of the District's statements of activities for the years ended December 31, 2024 and 2023:

Excelsior Fire District
Summary Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024	2023
Revenues	\$ 2,089,127	\$ 2,162,568
Expenses	2,124,542	2,446,618
Net Revenues	(35,415)	(284,050)
General Revenues	120,278	-
Change in Net Position	84,863	(284,050)
Net Position, January 1	8,491,922	8,775,972
Net Position, December 31	\$ 8,576,785	\$ 8,491,922

The District issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Excelsior Fire District, 24100 Smithtown Road, Shorewood, Minnesota 55331.

Note 6: Other Information

A. Risk Management

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

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

B. Legal Debt Margin

The City's statutory debt limit is \$83,972,205 computed as three percent of \$2,799,073,511 which is the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments, tax increments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The City has no debt that is subject to the statutory debt limit.

City of Shorewood, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 7: Change in Accounting Principle

During the fiscal year 2024, the city adopted the provision of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provision of the statement results in significant change to the classifications of the components of the financial statements. There were no adjustments or restatements of beginning balances needed for the adoption of this statement.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHOREWOOD
SHOREWOOD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Shorewood, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2024

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
6/30/2024	0.0254 %	\$ 937,466	\$ 24,241	\$ 961,707	\$ 2,146,180	43.7 %	86.7 %
6/30/2023	0.0238	1,330,869	36,753	1,367,622	1,895,405	70.2	83.1
6/30/2022	0.0248	1,964,168	57,522	2,021,690	1,854,789	105.9	76.7
6/30/2021	0.0252	1,076,153	32,902	1,109,055	1,752,124	61.4	87.0
6/30/2020	0.0236	1,414,928	43,582	1,458,510	1,681,543	84.1	79.0
6/30/2019	0.0215	1,188,687	36,832	1,225,519	1,520,104	78.2	80.2
6/30/2018	0.0202	1,120,613	36,648	1,157,261	1,346,370	83.2	79.5
6/30/2017	0.0202	1,289,555	16,197	1,305,752	1,299,857	99.2	75.9
6/30/2016	0.0203	1,648,259	21,459	1,669,718	1,257,395	131.1	68.9
6/30/2015	0.0210	1,088,329	-	1,088,329	1,339,457	81.3	78.2

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)
12/31/2024	\$ 172,727	\$ 172,727	\$ -	\$ 2,303,031	7.50 %
12/31/2023	157,688	157,688	-	2,102,511	7.50
12/31/2022	134,178	134,178	-	1,789,036	7.50
12/31/2021	139,392	139,392	-	1,858,566	7.50
12/31/2020	128,591	128,591	-	1,714,547	7.50
12/31/2019	118,391	118,391	-	1,578,547	7.50
12/31/2018	107,641	107,641	-	1,435,208	7.50
12/31/2017	97,079	97,079	-	1,294,390	7.50
12/31/2016	96,454	96,454	-	1,286,047	7.50
12/31/2015	93,614	93,614	-	1,248,182	7.50

City of Shorewood, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from 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, 2024

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

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024 was eliminated. A one-time non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 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 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 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, 2024

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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 expenditures.

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, 2024

Exhibit A-1

	Special Revenue			Total Nonmajor Funds
	Shorewood Community and Event Center	Local Fiscal Recovery ARPA	Capital Projects	
Assets				
Cash and temporary investments	\$ 79,081	\$ 178,536	\$ 475,379	\$ 732,996
Due from other governments	-	-	315,443	315,443
Land held for resale	-	-	150,068	150,068
	<u>\$ 79,081</u>	<u>\$ 178,536</u>	<u>\$ 940,890</u>	<u>\$ 1,198,507</u>
Liabilities				
Accounts and contracts payable	\$ 3,734	\$ 178,536	\$ 85,992	\$ 268,262
Accrued salaries payable	815	-	-	815
Due to other governments	-	-	972	972
Advances from other funds	-	-	922,384	922,384
Due to other funds	203	-	348,958	349,161
Total Liabilities	<u>4,752</u>	<u>178,536</u>	<u>1,358,306</u>	<u>1,541,594</u>
Fund Balances				
Committed to community center operations	74,329	-	-	74,329
Assigned to capital outlay	-	-	543,840	543,840
Unassigned	-	-	(961,256)	(961,256)
Total Fund Balances	<u>74,329</u>	<u>-</u>	<u>(417,416)</u>	<u>(343,087)</u>
Total Liabilities and Fund Balances	<u>\$ 79,081</u>	<u>\$ 178,536</u>	<u>\$ 940,890</u>	<u>\$ 1,198,507</u>

City of Shorewood, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2024

Exhibit A-2

	Special Revenue			Total Nonmajor Funds
	Shorewood Community and Event Center	Local Fiscal Recovery ARPA	Capital Projects	
Revenues				
Taxes	\$ 105,000	\$ -	\$ 467,151	\$ 572,151
Intergovernmental	-	359,574	-	359,574
Charges for services	66,281	-	112,500	178,781
Interest on investments	3,046	-	17,397	20,443
Miscellaneous				
Contributions and donations	-	-	8,000	8,000
Refunds and reimbursements	-	-	403,450	403,450
Total Revenues	<u>174,327</u>	<u>359,574</u>	<u>1,008,498</u>	<u>1,542,399</u>
Expenditures				
Current				
Public works	-	74,043	-	74,043
Culture and recreation	157,122	-	-	157,122
Capital outlay				
General government	-	-	88,158	88,158
Public works	-	306,340	144,094	450,434
Culture and recreation	21,280	-	68,808	90,088
Economic development	-	-	183,504	183,504
Total Expenditures	<u>178,402</u>	<u>380,383</u>	<u>484,564</u>	<u>1,043,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,075)	(20,809)	523,934	499,050
Other Financing Sources				
Transfers in	-	-	105,000	105,000
Net Change in Fund Balances	(4,075)	(20,809)	628,934	604,050
Fund Balances, January 1	<u>78,404</u>	<u>20,809</u>	<u>(1,046,350)</u>	<u>(947,137)</u>
Fund Balances, December 31	<u>\$ 74,329</u>	<u>\$ -</u>	<u>\$ (417,416)</u>	<u>\$ (343,087)</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.

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

City of Shorewood, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2024

Exhibit B-1

	Park Capital Improvement	Equipment Replacement	Trail Construction	Community Infrastructure	TIF 2 Oppidan Senior Housing	Total
Assets						
Cash and temporary investments	\$ -	\$ 308,401	\$ 876	\$ 84,495	\$ 81,607	\$ 475,379
Due from other governments	315,443	-	-	-	-	315,443
Land held for resale	-	-	-	150,068	-	150,068
Total Assets	<u>\$ 315,443</u>	<u>\$ 308,401</u>	<u>\$ 876</u>	<u>\$ 234,563</u>	<u>\$ 81,607</u>	<u>\$ 940,890</u>
Liabilities						
Accounts and contracts payable	\$ 13,673	\$ -	\$ -	\$ -	\$ 72,319	\$ 85,992
Due to other governments	-	-	-	-	972	972
Advances from other funds	-	-	-	-	922,384	922,384
Due to other funds	348,958	-	-	-	-	348,958
Total Liabilities	<u>362,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,675</u>	<u>1,358,306</u>
Fund Balances						
Assigned to capital outlay	-	308,401	876	234,563	-	543,840
Unassigned	(47,188)	-	-	-	(914,068)	(961,256)
Total Fund Balances	<u>(47,188)</u>	<u>308,401</u>	<u>876</u>	<u>234,563</u>	<u>(914,068)</u>	<u>(417,416)</u>
Total Liabilities and Fund Balances	<u>\$ 315,443</u>	<u>\$ 308,401</u>	<u>\$ 876</u>	<u>\$ 234,563</u>	<u>\$ 81,607</u>	<u>\$ 940,890</u>

City of Shorewood, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2024

Exhibit B-2

	Park Capital Improvement	Equipment Replacement	Trail Construction	Community Infrastructure	TIF 2 Oppidan Senior Housing	Total
Revenues						
Taxes	\$ 128,000	\$ 128,000	\$ -	\$ -	\$ 211,151	\$ 467,151
Charges for services	112,500	-	-	-	-	112,500
Interest on investments	40	11,815	28	3,391	2,123	17,397
Miscellaneous						
Contributions and donations	8,000	-	-	-	-	8,000
Refunds and reimbursements	313,938	3,854	-	85,658	-	403,450
Total Revenues	<u>562,478</u>	<u>143,669</u>	<u>28</u>	<u>89,049</u>	<u>213,274</u>	<u>1,008,498</u>
Expenditures						
Capital outlay						
General government	-	-	-	88,158	-	88,158
Public works	-	144,094	-	-	-	144,094
Culture and recreation	68,808	-	-	-	-	68,808
Economic development	-	-	-	-	183,504	183,504
Total Expenditures	<u>68,808</u>	<u>144,094</u>	<u>-</u>	<u>88,158</u>	<u>183,504</u>	<u>484,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	493,670	(425)	28	891	29,770	523,934
Other Financing Sources						
Transfers in	105,000	-	-	-	-	105,000
Net Change in Fund Balances	598,670	(425)	28	891	29,770	628,934
Fund Balances, January 1	<u>(645,858)</u>	<u>308,826</u>	<u>848</u>	<u>233,672</u>	<u>(943,838)</u>	<u>(1,046,350)</u>
Fund Balances, December 31	<u>\$ (47,188)</u>	<u>\$ 308,401</u>	<u>\$ 876</u>	<u>\$ 234,563</u>	<u>\$ (914,068)</u>	<u>\$ (417,416)</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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 5,638,012	\$ 5,638,012	\$ 5,517,279	\$ (120,733)	\$ 5,192,383
Fiscal disparities	-	-	137,505	137,505	154,209
Total taxes	<u>5,638,012</u>	<u>5,638,012</u>	<u>5,654,784</u>	<u>16,772</u>	<u>5,346,592</u>
Licenses and permits					
Business	6,825	6,825	9,538	2,713	10,089
Nonbusiness	225,400	225,400	552,043	326,643	315,440
Total licenses and permits	<u>232,225</u>	<u>232,225</u>	<u>561,581</u>	<u>329,356</u>	<u>325,529</u>
Intergovernmental					
State					
Property tax credits	-	-	57	57	42
Other	112,750	112,750	193,982	81,232	449,358
Local					
Other	2,700	2,700	1,797	(903)	55
Total intergovernmental	<u>115,450</u>	<u>115,450</u>	<u>195,836</u>	<u>80,386</u>	<u>449,455</u>
Charges for services					
General government	212,260	212,260	244,909	32,649	236,323
Culture and recreation	44,100	44,100	53,882	9,782	43,677
Total charges for services	<u>256,360</u>	<u>256,360</u>	<u>298,791</u>	<u>42,431</u>	<u>280,000</u>
Fines and forfeitures	<u>60,000</u>	<u>60,000</u>	<u>69,438</u>	<u>9,438</u>	<u>80,525</u>
Special assessments	<u>5,000</u>	<u>5,000</u>	<u>4,438</u>	<u>(562)</u>	<u>13,103</u>
Interest (loss) on investments	<u>20,000</u>	<u>20,000</u>	<u>240,417</u>	<u>220,417</u>	<u>195,621</u>
Miscellaneous revenue					
Refunds and reimbursements	25,000	25,000	48,476	23,476	34,030
Contributions and donations	3,244	3,244	61,356	58,112	35,678
Other	-	-	65,949	65,949	67,630
Total miscellaneous revenue	<u>28,244</u>	<u>28,244</u>	<u>175,781</u>	<u>147,537</u>	<u>137,338</u>
Total Revenues	<u>6,355,291</u>	<u>6,355,291</u>	<u>7,201,066</u>	<u>845,775</u>	<u>6,828,163</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, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personal services	\$ 27,451	\$ 27,451	\$ 27,451	\$ -	\$ 27,020
Supplies	3,000	3,000	2,125	875	2,735
Other services and charges	69,700	69,700	41,498	28,202	52,928
Total mayor and city council	<u>100,151</u>	<u>100,151</u>	<u>71,074</u>	<u>29,077</u>	<u>82,683</u>
Administrative					
Personal services	572,201	572,201	591,335	(19,134)	540,460
Supplies	18,000	18,000	18,425	(425)	21,209
Other services and charges	92,500	92,500	78,497	14,003	71,607
Total administrative	<u>682,701</u>	<u>682,701</u>	<u>688,257</u>	<u>(5,556)</u>	<u>633,276</u>
Elections					
Personal services	22,000	22,000	30,881	(8,881)	-
Supplies	10,200	10,200	9,760	440	1,609
Other services and charges	3,000	3,000	1,317	1,683	25
Total elections	<u>35,200</u>	<u>35,200</u>	<u>41,958</u>	<u>(6,758)</u>	<u>1,634</u>
Finance					
Personal services	204,102	204,102	160,447	43,655	191,857
Supplies	23,000	23,000	22,037	963	20,739
Other services and charges	13,200	13,200	152,765	(139,565)	7,155
Total finance	<u>240,302</u>	<u>240,302</u>	<u>335,249</u>	<u>(94,947)</u>	<u>219,751</u>
Professional services					
Other services and charges	<u>320,000</u>	<u>320,000</u>	<u>361,204</u>	<u>(41,204)</u>	<u>381,617</u>
Planning and zoning					
Personal services	295,701	295,701	317,758	(22,057)	298,238
Supplies	1,500	1,500	2,475	(975)	2,474
Other services and charges	41,500	41,500	19,314	22,186	15,815
Total planning and zoning	<u>338,701</u>	<u>338,701</u>	<u>339,547</u>	<u>(846)</u>	<u>316,527</u>
Municipal building					
Supplies	39,000	39,000	28,614	10,386	29,607
Other services and charges	265,500	265,500	297,065	(31,565)	231,398
Total municipal building	<u>304,500</u>	<u>304,500</u>	<u>325,679</u>	<u>(21,179)</u>	<u>261,005</u>
Total general government	<u>2,021,555</u>	<u>2,021,555</u>	<u>2,162,968</u>	<u>(141,413)</u>	<u>1,896,493</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, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police protection					
Other services and charges	\$ 1,541,043	\$ 1,541,043	\$ 1,545,366	\$ (4,323)	\$ 1,486,703
Fire protection					
Other services and charges	666,726	666,726	666,726	-	570,184
Protective inspection					
Personal services	201,768	201,768	159,663	42,105	138,084
Supplies	2,800	2,800	1,304	1,496	1,403
Other services and charges	33,600	33,600	28,213	5,387	15,338
Total protective inspection	238,168	238,168	189,180	48,988	154,825
Total public safety	2,445,937	2,445,937	2,401,272	44,665	2,211,712
Public works					
General maintenance					
Personal services	630,070	630,070	590,917	39,153	632,350
Supplies	200,900	200,900	145,236	55,664	195,823
Other services and charges	200,800	200,800	177,511	23,289	174,040
Total general maintenance	1,031,770	1,031,770	913,664	118,106	1,002,213
Snow and ice removal					
Personal services	63,830	63,830	60,759	3,071	69,606
Supplies	87,000	87,000	50,915	36,085	46,289
Total snow and ice removal	150,830	150,830	111,674	39,156	115,895
City engineer					
Other services and charges	140,000	140,000	138,359	1,641	139,789
Total	140,000	140,000	138,359	1,641	139,789
Total public works	1,322,600	1,322,600	1,163,697	158,903	1,257,897

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, 2024

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024			Variance with Final Budget	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Personal services	\$ 332,940	\$ 332,940	\$ 356,299	\$ (23,359)	\$ 268,787
Supplies	53,150	53,150	40,343	12,807	33,333
Other services and charges	91,828	91,828	144,044	(52,216)	69,894
Total culture and recreation	<u>477,918</u>	<u>477,918</u>	<u>540,686</u>	<u>(62,768)</u>	<u>372,014</u>
Total current	6,268,010	6,268,010	6,268,623	(613)	5,738,116
Capital outlay					
Public safety	<u>112,281</u>	<u>112,281</u>	<u>112,281</u>	<u>-</u>	<u>200,116</u>
Total Expenditures	<u>6,380,291</u>	<u>6,380,291</u>	<u>6,380,904</u>	<u>(613)</u>	<u>5,938,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>820,162</u>	<u>845,162</u>	<u>889,931</u>
Other Financing Sources (Uses)					
Transfers in	25,000	25,000	25,000	-	25,000
Transfers out	<u>(105,000)</u>	<u>(105,000)</u>	<u>-</u>	<u>105,000</u>	<u>(102,300)</u>
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>25,000</u>	<u>105,000</u>	<u>(77,300)</u>
Net Change in Fund Balances	(105,000)	(105,000)	845,162	950,162	812,631
Fund Balances, January 1	<u>6,350,191</u>	<u>6,350,191</u>	<u>6,350,191</u>	<u>-</u>	<u>5,537,560</u>
Fund Balances, December 31	<u>\$ 6,245,191</u>	<u>\$ 6,245,191</u>	<u>\$ 7,195,353</u>	<u>\$ 950,162</u>	<u>\$ 6,350,191</u>

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City of Shorewood, Minnesota
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Shorewood Community and Event Center
For the Year Ended December 31, 2024

Exhibit C-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 105,000	\$ 105,000	\$ 105,000	\$ -
Charges for services	61,500	61,500	66,281	4,781
Interest on investments	-	-	3,046	3,046
Total Revenues	<u>166,500</u>	<u>166,500</u>	<u>174,327</u>	<u>7,827</u>
Expenditures				
Current				
Culture and recreation	161,257	161,257	157,122	4,135
Capital outlay				
Culture and recreation	29,000	29,000	21,280	7,720
Total Expenditures	<u>190,257</u>	<u>190,257</u>	<u>178,402</u>	<u>11,855</u>
Net Change in Fund Balances	(23,757)	(23,757)	(4,075)	19,682
Fund Balances, January 1	<u>78,404</u>	<u>78,404</u>	<u>78,404</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 54,647</u>	<u>\$ 54,647</u>	<u>\$ 74,329</u>	<u>\$ 19,682</u>

City of Shorewood, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2024

	2016A Public Safety Building	2016B Public Safety Building	2016C Public Safety Building	2020A Street Reconstruction
Assets				
Cash and temporary investments	<u>\$ 41,048</u>	<u>\$ 663</u>	<u>\$ 14,394</u>	<u>\$ 250,254</u>
Fund Balances				
Restricted for debt service	<u>\$ 41,048</u>	<u>\$ 663</u>	<u>\$ 14,394</u>	<u>\$ 250,254</u>

<u>2021A Street Reconstruction</u>	<u>2022A Street Reconstruction</u>	<u>2023A Street Reconstruction</u>	<u>Total</u>
<u>\$ 330,781</u>	<u>\$ 230,318</u>	<u>\$ 289,930</u>	<u>\$ 1,157,388</u>
<u>\$ 330,781</u>	<u>\$ 230,318</u>	<u>\$ 289,930</u>	<u>\$ 1,157,388</u>

City of Shorewood, Minnesota
 Debt Service Funds
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2024

	2016A Public Safety Building	2016B Public Safety Building	2016C Public Safety Building	2020A Street Reconstruction
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 228,492
Interest on investments	-	-	-	5,224
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,716</u>
Expenditures				
Debt service				
Principal	-	-	-	190,000
Interest and other charges	-	-	-	29,384
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,384</u>
Net Change in Fund Balances	-	-	-	14,332
Fund Balances, January 1	<u>41,048</u>	<u>663</u>	<u>14,394</u>	<u>235,922</u>
Fund Balances, December 31	<u>\$ 41,048</u>	<u>\$ 663</u>	<u>\$ 14,394</u>	<u>\$ 250,254</u>

2021A Street Reconstruction	2022A Street Reconstruction	2023A Street Reconstruction	Total
\$ 310,023	\$ 289,416	\$ 160,331	\$ 988,262
6,676	4,471	9,567	25,938
<u>316,699</u>	<u>293,887</u>	<u>169,898</u>	<u>1,014,200</u>
265,000	40,000	-	495,000
32,693	151,497	143,315	356,889
<u>297,693</u>	<u>191,497</u>	<u>143,315</u>	<u>851,889</u>
19,006	102,390	26,583	162,311
311,775	127,928	263,347	995,077
<u>\$ 330,781</u>	<u>\$ 230,318</u>	<u>\$ 289,930</u>	<u>\$ 1,157,388</u>

City of Shorewood, Minnesota
 Supplementary Information
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2024 and 2023

Exhibit E-1

	Total		Percent Increase (Decrease)
	2024	2023	
Revenues			
Taxes	\$ 7,343,197	\$ 6,698,984	9.62 %
Licenses and permits	561,581	325,529	72.51
Intergovernmental	555,410	575,563	(3.50)
Charges for services	477,572	427,406	11.74
Fines and forfeitures	69,438	80,525	(13.77)
Special assessments	4,438	13,103	(66.13)
Interest on investments	480,936	479,095	0.38
Miscellaneous	587,231	914,146	(35.76)
Total Revenues	\$ 10,079,803	\$ 9,514,351	5.94 %
Per Capita	\$ 1,267	\$ 1,211	4.63 %
Expenditures			
Current			
General government	\$ 2,162,968	\$ 1,896,493	14.05 %
Public safety	2,401,272	2,211,712	8.57
Public works	1,237,740	1,257,897	(1.60)
Culture and recreation	697,808	529,207	31.86
Capital outlay			
General government	88,158	-	100.00
Public safety	112,281	200,116	(43.89)
Public works	1,861,919	4,998,586	(62.75)
Culture and recreation	90,088	768,526	(88.28)
Economic development	183,504	184,894	(0.75)
Debt service			
Principal	495,000	1,220,000	(59.43)
Interest and service charges	356,889	240,811	48.20
Total Expenditures	\$ 9,687,627	\$ 13,508,242	(28.28) %
Per Capita	\$ 1,217	\$ 1,719	(29.18) %
Total Long-term Indebtedness	\$ 12,090,000	\$ 12,585,000	(3.93) %
Per Capita	\$ 1,519	\$ 1,601	(5.13)
General Fund Balance - December 31	\$ 7,195,353	\$ 6,350,191	13.31 %
Per Capita	\$ 904	\$ 808	11.90

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, 2024

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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			
	2015	2016	2017	2018
Governmental Activities				
Net investment in capital assets	\$ 9,394,897	\$ 11,523,309	\$ 11,985,886	\$ 12,826,709
Restricted	-	-	-	4,693
Unrestricted	<u>6,717,068</u>	<u>5,683,683</u>	<u>5,346,350</u>	<u>4,918,411</u>
Total Governmental Activities Net Position	<u>\$ 16,111,965</u>	<u>\$ 17,206,992</u>	<u>\$ 17,332,236</u>	<u>\$ 17,749,813</u>
Business-type Activities				
Net investment in capital assets	\$ 7,713,545	\$ 7,641,711	\$ 8,101,693	\$ 10,742,410
Unrestricted	<u>6,572,980</u>	<u>6,849,858</u>	<u>6,998,091</u>	<u>5,241,328</u>
Total Business-type Activities Net Position	<u>\$ 14,286,525</u>	<u>\$ 14,491,569</u>	<u>\$ 15,099,784</u>	<u>\$ 15,983,738</u>
Total Primary Government				
Net investment in capital assets	\$ 17,108,442	\$ 19,165,020	\$ 20,087,579	\$ 23,569,119
Restricted	-	-	-	4,693
Unrestricted	<u>13,290,048</u>	<u>12,533,541</u>	<u>12,344,441</u>	<u>10,159,739</u>
Total Primary Government	<u>\$ 30,398,490</u>	<u>\$ 31,698,561</u>	<u>\$ 32,432,020</u>	<u>\$ 33,733,551</u>

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 13,225,553	\$ 13,518,983	\$ 12,609,077	\$ 12,052,201	\$ 11,461,228	\$ 11,626,663
-	25,071	260,107	502,775	1,075,338	1,252,027
5,230,287	6,200,606	8,521,693	8,817,622	9,303,610	10,626,801
<u>\$ 18,455,840</u>	<u>\$ 19,744,660</u>	<u>\$ 21,390,877</u>	<u>\$ 21,372,598</u>	<u>\$ 21,840,176</u>	<u>\$ 23,505,491</u>
\$ 11,258,274	\$ 11,173,838	\$ 12,539,096	\$ 11,787,231	\$ 14,164,285	\$ 13,063,437
4,820,296	5,006,194	4,030,725	5,154,348	3,267,417	4,227,035
<u>\$ 16,078,570</u>	<u>\$ 16,180,032</u>	<u>\$ 16,569,821</u>	<u>\$ 16,941,579</u>	<u>\$ 17,431,702</u>	<u>\$ 17,290,472</u>
\$ 24,483,827	\$ 24,692,821	\$ 25,148,173	\$ 23,839,432	\$ 25,625,513	\$ 24,690,100
-	25,071	260,107	502,775	1,075,338	1,252,027
10,050,583	11,206,800	12,552,418	13,971,970	12,571,027	14,853,836
<u>\$ 34,534,410</u>	<u>\$ 35,924,692</u>	<u>\$ 37,960,698</u>	<u>\$ 38,314,177</u>	<u>\$ 39,271,878</u>	<u>\$ 40,795,963</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			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	\$ 1,318,558	\$ 1,504,101	\$ 1,568,635	\$ 1,416,928
Public safety	2,080,769	2,111,155	2,194,434	2,321,660
Public works	1,971,483	1,544,264	1,553,274	2,033,598
Culture and recreation	613,494	476,999	489,690	552,147
Economic development	-	682,787	650,944	92,428
Interest on long-term debt	318,357	361,602	160,832	107,408
Total Governmental Activities Expenses	<u>6,302,661</u>	<u>6,680,908</u>	<u>6,617,809</u>	<u>6,524,169</u>
Business-type activities				
Water	721,184	775,802	751,143	743,832
Sewer	944,263	989,147	994,611	1,063,771
Stormwater management utility	99,312	111,373	117,741	148,975
Recycling	131,185	132,654	137,693	136,740
Total Business-type Activities Expenses	<u>1,895,944</u>	<u>2,008,976</u>	<u>2,001,188</u>	<u>2,093,318</u>
Total Expenses	<u>\$ 8,198,605</u>	<u>\$ 8,689,884</u>	<u>\$ 8,618,997</u>	<u>\$ 8,617,487</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 260,440	\$ 256,069	\$ 228,775	\$ 214,354
Public safety	617,557	608,410	546,388	759,963
Public works	940	263	-	-
Culture and recreation	108,884	156,271	96,381	102,856
Operating grants and contributions	86,370	95,802	90,788	106,059
Capital grants and contributions	184,605	1,400,957	835,083	930,543
Total Governmental Activities Program Revenues	<u>1,258,796</u>	<u>2,517,772</u>	<u>1,797,415</u>	<u>2,113,775</u>
Business-type activities				
Charges for services				
Water	544,748	421,290	416,938	464,450
Sewer	858,066	878,999	913,115	933,748
Stormwater management utility	227,676	275,171	341,180	381,997
Recycling	154,929	154,180	156,951	156,797
Operating grants and contributions	26,198	48,724	32,152	23,879
Capital grants and contributions	5,706	388,077	349,472	117,563
Total Business-type Activities Program Revenues	<u>1,817,323</u>	<u>2,166,441</u>	<u>2,209,808</u>	<u>2,078,434</u>
Total Program Revenues	<u>\$ 3,076,119</u>	<u>\$ 4,684,213</u>	<u>\$ 4,007,223</u>	<u>\$ 4,192,209</u>

Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 1,457,243	\$ 1,359,466	\$ 1,710,164	\$ 1,784,522	\$ 2,055,674	\$ 2,162,283
2,409,631	2,358,675	2,416,020	2,518,562	2,428,574	2,506,777
2,042,093	2,353,240	2,048,851	2,238,620	2,954,652	2,770,130
542,404	545,469	586,378	668,101	752,833	816,818
201,768	233,354	246,166	210,209	184,894	183,504
88,461	115,468	131,005	169,095	316,345	342,511
<u>6,741,600</u>	<u>6,965,672</u>	<u>7,138,584</u>	<u>7,589,109</u>	<u>8,692,972</u>	<u>8,782,023</u>
800,646	862,039	992,447	1,111,661	1,098,778	1,192,063
1,265,449	1,243,533	1,469,004	1,564,635	1,691,518	1,739,672
319,521	244,857	253,764	372,106	453,616	523,079
163,473	164,643	208,592	162,586	165,627	213,867
<u>2,549,089</u>	<u>2,515,072</u>	<u>2,923,807</u>	<u>3,210,988</u>	<u>3,409,539</u>	<u>3,668,681</u>
<u>\$ 9,290,689</u>	<u>\$ 9,480,744</u>	<u>\$ 10,062,391</u>	<u>\$ 10,800,097</u>	<u>\$ 12,102,511</u>	<u>\$ 12,450,704</u>
\$ 237,329	\$ 258,022	\$ 263,652	\$ 301,257	\$ 319,260	\$ 449,391
634,897	654,469	658,966	455,728	409,641	631,997
-	-	-	-	-	-
101,453	52,267	81,487	97,326	113,241	120,163
100,381	698,407	110,896	127,375	770,050	490,658
206,544	92,662	1,193,542	407,678	78,000	480,193
<u>1,280,604</u>	<u>1,755,827</u>	<u>2,308,543</u>	<u>1,389,364</u>	<u>1,690,192</u>	<u>2,172,402</u>
464,816	601,465	776,390	830,440	954,653	790,502
995,647	1,057,522	1,175,178	1,287,635	1,391,743	1,489,346
404,877	411,374	496,293	487,463	516,600	545,166
169,929	163,198	174,156	174,126	176,390	196,450
18,169	16,403	17,165	22,685	55,743	35,258
205,149	209,375	192,962	77,400	150,367	89,380
<u>2,258,587</u>	<u>2,459,337</u>	<u>2,832,144</u>	<u>2,879,749</u>	<u>3,245,496</u>	<u>3,146,102</u>
<u>\$ 3,539,191</u>	<u>\$ 4,215,164</u>	<u>\$ 5,140,687</u>	<u>\$ 4,269,113</u>	<u>\$ 4,935,688</u>	<u>\$ 5,318,504</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Net Revenues (Expenses)				
Governmental activities	\$ (5,043,865)	\$ (4,163,136)	\$ (4,820,394)	\$ (4,410,394)
Business-type activities	(78,621)	157,465	208,620	(14,884)
Total Primary Government	<u>\$ (5,122,486)</u>	<u>\$ (4,005,671)</u>	<u>\$ (4,611,774)</u>	<u>\$ (4,425,278)</u>
General Revenues and Other Changes in Net Position				
General Revenues				
Governmental activities				
Taxes				
Property taxes	\$ 4,931,075	\$ 5,127,950	\$ 5,189,101	\$ 5,370,570
Tax increment	-	-	-	-
Franchise taxes	-	-	-	154,279
Grants and contributions not restricted to specific programs	5,840	5,844	23,644	6,542
Unrestricted investment earnings	60,283	99,369	75,256	87,279
Gain on sale of capital assets	30,000	-	5,500	19,500
Transfers of capital assets	(245,121)	-	(395,707)	(1,945,177)
Transfers	270,121	25,000	47,844	1,134,978
Total Governmental Activities General Revenues	<u>5,052,198</u>	<u>5,258,163</u>	<u>4,945,638</u>	<u>4,827,971</u>
Business-type activities				
Unrestricted investment earnings	68,119	72,579	51,732	88,639
Taxes				
Franchise taxes	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers of capital assets	245,121	-	395,707	1,945,177
Transfers	(270,121)	(25,000)	(47,844)	(1,134,978)
Total Business-type Activities General Revenues	<u>43,119</u>	<u>47,579</u>	<u>399,595</u>	<u>898,838</u>
Total Primary Government	<u>\$ 5,095,317</u>	<u>\$ 5,305,742</u>	<u>\$ 5,345,233</u>	<u>\$ 5,726,809</u>
Change in Net Position				
Governmental activities	\$ 8,333	\$ 1,095,027	\$ 125,244	\$ 417,577
Business-type activities	(35,502)	205,044	608,215	883,954
Total Primary Government	<u>\$ (27,169)</u>	<u>\$ 1,300,071</u>	<u>\$ 733,459</u>	<u>\$ 1,301,531</u>

Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (5,460,996)	\$ (5,209,845)	\$ (4,830,041)	\$ (6,199,745)	\$ (7,002,780)	\$ (6,609,621)
(290,502)	(55,735)	(91,663)	(331,239)	(164,043)	(522,579)
<u>\$ (5,751,498)</u>	<u>\$ (5,265,580)</u>	<u>\$ (4,921,704)</u>	<u>\$ (6,530,984)</u>	<u>\$ (7,166,823)</u>	<u>\$ (7,132,200)</u>
\$ 5,520,347	\$ 5,855,939	\$ 5,976,604	\$ 6,152,956	\$ 6,503,371	\$ 7,091,478
204,093	236,140	245,116	245,253	211,460	211,151
309,822	315,725	319,409	-	-	-
6,542	7,766	334,555	67,098	126,205	361,371
187,417	96,326	(1,749)	60,415	546,725	480,936
143,802	2,500	-	-	57,597	-
(64,730)	(40,731)	(422,677)	(369,256)	-	-
(140,270)	25,000	25,000	25,000	25,000	130,000
<u>6,167,023</u>	<u>6,498,665</u>	<u>6,476,258</u>	<u>6,181,466</u>	<u>7,470,358</u>	<u>8,274,936</u>
160,334	141,466	83,775	36,639	355,270	186,962
-	-	-	322,102	322,864	324,387
20,000	-	-	-	1,032	-
64,730	40,731	422,677	369,256	-	-
140,270	(25,000)	(25,000)	(25,000)	(25,000)	(130,000)
<u>385,334</u>	<u>157,197</u>	<u>481,452</u>	<u>702,997</u>	<u>654,166</u>	<u>381,349</u>
<u>\$ 6,552,357</u>	<u>\$ 6,655,862</u>	<u>\$ 6,957,710</u>	<u>\$ 6,884,463</u>	<u>\$ 8,124,524</u>	<u>\$ 8,656,285</u>
\$ 706,027	\$ 1,288,820	\$ 1,646,217	\$ (18,279)	\$ 467,578	\$ 1,665,315
94,832	101,462	389,789	371,758	490,123	(141,230)
<u>\$ 800,859</u>	<u>\$ 1,390,282</u>	<u>\$ 2,036,006</u>	<u>\$ 353,479</u>	<u>\$ 957,701</u>	<u>\$ 1,524,085</u>

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 99,216	\$ 6,687	\$ 132,477	\$ 157,914
Restricted	-	-	-	-
Unassigned	<u>4,402,951</u>	<u>4,597,896</u>	<u>4,029,572</u>	<u>4,261,500</u>
Total General Fund	<u>\$ 4,502,167</u>	<u>\$ 4,604,583</u>	<u>\$ 4,162,049</u>	<u>\$ 4,419,414</u>
All Other Governmental Funds				
Restricted	\$ 31,805	\$ 18,449	\$ 61,998	\$ 462,758
Committed	-	-	-	15,163
Assigned	3,304,064	3,261,170	4,055,571	2,611,279
Unassigned	<u>-</u>	<u>(972,608)</u>	<u>(1,685,146)</u>	<u>(1,017,869)</u>
Total All Other Governmental Funds	<u>\$ 3,335,869</u>	<u>\$ 2,307,011</u>	<u>\$ 2,432,423</u>	<u>\$ 2,071,331</u>

Table 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 226,960	\$ 249,734	\$ 250,664	\$ 166,569	\$ 180,332	\$ 141,633
-	-	-	-	342,512	342,512
4,042,429	5,073,739	5,398,172	5,370,991	5,827,347	6,711,208
<u>\$ 4,269,389</u>	<u>\$ 5,323,473</u>	<u>\$ 5,648,836</u>	<u>\$ 5,537,560</u>	<u>\$ 6,350,191</u>	<u>\$ 7,195,353</u>
\$ 67,863	\$ 2,014,612	\$ 1,182,111	\$ 3,045,667	\$ 2,024,948	\$ 1,745,877
32,168	57,382	87,159	74,514	78,404	74,329
3,047,701	2,957,739	3,904,439	4,020,070	4,312,642	3,644,362
(1,015,544)	(1,012,641)	(1,068,169)	(1,068,321)	(1,589,696)	(961,256)
<u>\$ 2,132,188</u>	<u>\$ 4,017,092</u>	<u>\$ 4,105,540</u>	<u>\$ 6,071,930</u>	<u>\$ 4,826,298</u>	<u>\$ 4,503,312</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 4,949,126	\$ 5,129,620	\$ 5,221,374	\$ 5,497,225
Licenses and permits	275,567	340,112	315,574	565,687
Intergovernmental	156,771	97,735	461,633	885,140
Charges for services	116,337	169,400	409,244	216,851
Fines and forfeitures	65,234	48,868	76,056	67,734
Special assessments	-	-	-	3,846
Interest (loss) on investments	60,283	99,369	75,256	87,279
Miscellaneous	1,344,340	2,432,208	1,365,593	1,581,105
Total Revenues	<u>6,967,658</u>	<u>8,317,312</u>	<u>7,924,730</u>	<u>8,904,867</u>
Expenditures				
General government	1,247,105	1,413,329	1,493,020	1,362,881
Public safety	1,579,400	1,623,749	1,722,628	1,837,273
Public works	726,905	786,780	751,394	1,018,191
Culture and recreation	344,793	361,128	409,010	373,164
Capital outlay	1,885,739	4,177,073	2,892,039	4,544,518
Debt service				
Principal	735,000	6,480,000	870,000	900,000
Interest and service charges	330,931	434,990	181,605	127,045
Total Expenditures	<u>6,849,873</u>	<u>15,277,049</u>	<u>8,319,696</u>	<u>10,163,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>117,785</u>	<u>(6,959,737)</u>	<u>(394,966)</u>	<u>(1,258,205)</u>
Other Financing Sources (Uses)				
Transfers in	1,313,634	1,412,313	1,871,243	2,317,723
Sale of capital assets	-	-	-	19,500
Bonds issued	-	5,910,000	950,000	-
Payment on refunding bonds	-	-	(920,000)	-
Bond premium	-	98,295	-	-
Transfers out	<u>(1,043,513)</u>	<u>(1,387,313)</u>	<u>(1,823,399)</u>	<u>(1,182,745)</u>
Total Other Financing Sources (Uses)	<u>270,121</u>	<u>6,033,295</u>	<u>77,844</u>	<u>1,154,478</u>
Net Change in Fund Balances	<u>\$ 387,906</u>	<u>\$ (926,442)</u>	<u>\$ (317,122)</u>	<u>\$ (103,727)</u>
Debt Service as a Percentage of Noncapital Expenditures	18.5%	17.9%	57.2%	16.2%

Table 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 6,035,929	\$ 6,411,517	\$ 6,543,402	\$ 6,399,986	\$ 6,698,984	\$ 7,343,197
514,891	535,220	556,916	361,873	325,529	561,581
270,445	765,716	434,679	241,105	575,563	555,410
141,123	85,422	195,427	121,688	427,406	477,572
65,575	52,115	56,978	68,409	80,525	69,438
10,822	5,395	6,432	6,675	13,103	4,438
187,417	96,326	(1,749)	60,415	479,095	480,936
773,601	1,185,960	1,178,386	1,240,121	914,146	587,231
<u>7,999,803</u>	<u>9,137,671</u>	<u>8,970,471</u>	<u>8,500,272</u>	<u>9,514,351</u>	<u>10,079,803</u>
1,397,824	1,524,219	1,641,103	1,704,766	1,896,493	2,162,968
1,924,204	1,870,788	1,950,567	2,046,942	2,211,712	2,401,272
1,066,712	1,120,619	1,072,369	1,202,259	1,257,897	1,237,740
366,977	368,957	382,188	422,336	529,207	697,808
2,303,481	3,319,602	5,717,399	2,968,023	6,152,122	2,335,950
925,000	940,000	955,000	1,695,000	1,220,000	495,000
108,305	109,498	148,034	165,832	240,811	356,889
<u>8,092,503</u>	<u>9,253,683</u>	<u>11,866,660</u>	<u>10,205,158</u>	<u>13,508,242</u>	<u>9,687,627</u>
<u>(92,700)</u>	<u>(116,012)</u>	<u>(2,896,189)</u>	<u>(1,704,886)</u>	<u>(3,993,891)</u>	<u>392,176</u>
1,506,035	1,247,415	127,300	635,249	127,300	130,000
143,802	-	-	-	39,597	-
-	3,030,000	3,285,000	3,535,000	3,380,000	-
-	-	-	-	-	-
-	-	-	-	116,293	-
<u>(1,646,305)</u>	<u>(1,222,415)</u>	<u>(102,300)</u>	<u>(610,249)</u>	<u>(102,300)</u>	<u>-</u>
3,532	3,055,000	3,310,000	3,560,000	3,560,890	130,000
<u>\$ (89,168)</u>	<u>\$ 2,938,988</u>	<u>\$ 413,811</u>	<u>\$ 1,855,114</u>	<u>\$ (433,001)</u>	<u>\$ 522,176</u>
15.9%	15.6%	15.3%	15.8%	17.8%	10.5%

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

	2015	2016	2017	2018
Taxable Market Value				
Personal property	\$ 6,348,000	\$ 6,514,900	\$ 7,209,300	\$ 8,236,300
Real estate	1,449,497,111	1,517,977,665	1,581,429,840	1,677,305,455
Total Taxable Market Value	<u>\$ 1,455,845,111</u>	<u>\$ 1,524,492,565</u>	<u>\$ 1,588,639,140</u>	<u>\$ 1,685,541,755</u>
Estimated Actual Value of Taxable Property	<u>\$ 1,472,996,800</u>	<u>\$ 1,539,170,100</u>	<u>\$ 1,602,654,100</u>	<u>\$ 1,697,548,000</u>
Taxable Market Value as a Percentage of Estimated Actual Value	<u>98.84 %</u>	<u>99.05 %</u>	<u>99.13 %</u>	<u>99.29 %</u>
Tax Capacity				
Personal property	\$ 122,460	\$ 125,798	\$ 139,686	\$ 160,226
Real estate	15,926,414	16,691,552	17,449,210	18,551,740
Total Tax Capacity	16,048,874	16,817,350	17,588,896	18,711,966
Contribution to Fiscal Disparities Pool	(399,759)	(395,610)	(420,193)	(412,101)
Receivable from Fiscal Disparities Pool	377,934	376,674	413,438	438,619
Tax increments	-	-	-	-
Net Tax Capacity	<u>\$ 16,027,049</u>	<u>\$ 16,798,414</u>	<u>\$ 17,582,141</u>	<u>\$ 18,738,484</u>
Tax Levies				
General	<u>\$ 4,931,464</u>	<u>\$ 5,079,408</u>	<u>\$ 5,180,996</u>	<u>\$ 5,369,245</u>
Direct Tax Rate				
General	<u>30.723 %</u>	<u>30.227 %</u>	<u>29.450 %</u>	<u>28.635 %</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

2019	2020	2021	2022	2023	2024
\$ 8,263,100 1,747,567,847	\$ 9,172,300 1,817,805,973	\$ 9,601,700 1,931,742,095	\$ 6,051,100 2,026,656,225	\$ 7,663,200 2,556,607,800	\$ 7,253,100 2,791,820,411
<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>\$ 2,564,271,000</u>	<u>\$ 2,799,073,511</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>\$ 2,570,594,200</u>	<u>\$ 2,805,180,300</u>
<u>99.38 %</u>	<u>99.40 %</u>	<u>99.48 %</u>	<u>99.54 %</u>	<u>99.75 %</u>	<u>99.78 %</u>
\$ 161,512 19,352,293	\$ 179,696 20,168,358	\$ 188,284 21,514,374	\$ 117,272 22,605,244	\$ 148,734 28,970,939	\$ 140,532 31,847,435
19,513,805 (425,312) 489,439 (201,352)	20,348,054 (446,375) 531,568 (234,715)	21,702,658 (479,578) 601,301 (256,177)	22,722,516 (531,591) 647,785 (256,177)	29,119,673 (513,801) 571,263 (256,177)	31,987,967 (523,628) (256,177) -
<u>\$ 19,376,580</u>	<u>\$ 20,198,532</u>	<u>\$ 21,568,204</u>	<u>\$ 22,582,533</u>	<u>\$ 28,920,958</u>	<u>\$ 31,208,162</u>
<u>\$ 5,530,322</u>	<u>\$ 5,856,611</u>	<u>\$ 5,973,743</u>	<u>\$ 6,173,291</u>	<u>\$ 6,510,948</u>	<u>\$ 7,115,274</u>
<u>28.539 %</u>	<u>29.008 %</u>	<u>27.660 %</u>	<u>27.328 %</u>	<u>22.417 %</u>	<u>22.360 %</u>

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

Table 6

Year Taxes Payable	Totals										
	Overlapping Rates								School District No. 276		School District No. 277
	City	County	(1) School District		Watershed District		Misc.	Watershed District No. 3	Watershed District No. 4	Watershed District No. 3	
			No. 276	No. 277	No. 3	No. 4		No. 3	No. 4	No. 3	
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	
2023	22.417	34.542	17.720	12.865	1.220	1.757	6.944	82.843	83.380	77.988	
2024	22.360	34.681	17.823	17.448	1.135	1.753	6.723	82.722	83.340	82.347	

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	2024			2015		
	Tax Capacity	Rank	Percent of Total Tax Capacity	Tax Capacity	Rank	Percent of Total Tax Capacity
PHS Shorewood LLC C/O Presbyterian Homes	\$ 271,461	1	0.85 %	\$ -	-	- %
DMA Investments, LLC	269,325	2	0.84	-	-	-
Kraus-Anderson	186,050	3	0.58	-	-	-
Big Box One, LLC	147,890	4	0.46	158,530	2	0.94
Shurgard Storage Centers Inc.	126,950	5	0.40	130,310	3	0.77
Shurgard Storage Centers Inc.	111,640	6	0.35	120,404	4	0.72
South Lake Office Building LLC	93,630	7	0.29	-	-	-
Alerus	85,309	8	0.27	76,210	5	0.45
Jack & Gretchen Norqual	81,109	9	0.25	-	-	-
Waterford Center LLP	75,250	10	0.24	65,876	6	0.39
Shorewood Village Shopping Center, Inc.	-	-	-	180,000	1	1.07
Two S Properties	-	-	-	62,688	7	0.37
W of Shorewood LLC	-	-	-	57,750	8	0.34
Minnetonka Country Club	-	-	-	53,790	9	0.32
Steven R. Litman Trust	-	-	-	55,888	10	0.33
Totals	\$ 1,448,614		4.53 %	\$ 961,446		5.70 %

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
2015	\$ 4,931,464	\$ 4,907,222	99.51 %	\$ 23,096	\$ 4,930,318	99.98 %
2016	5,079,408	5,091,851	100.24 *	30,615	5,122,466	100.85 *
2017	5,180,996	5,184,635	100.07 *	7,895	5,192,530	100.22 *
2018	5,369,245	5,342,453	99.50	18,763	5,361,216	99.85
2019	5,530,322	5,488,052	99.24	46,041	5,534,093	100.07 *
2020	5,856,611	5,840,102	99.72	11,881	5,851,983	99.92
2021	5,973,743	5,970,610	99.95	8,212	5,978,822	100.09 *
2022	6,173,291	6,154,733	99.70	13,534	6,168,267	99.92
2023	6,510,948	6,478,111	99.50	26,184	6,504,295	99.90
2024	7,115,274	7,096,607	99.74	-	7,096,607	99.74

(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			
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
2023	12,695,478	-	11,633,592	24,329,070	3.69	3,108
2024	12,194,663	-	11,255,244	23,449,907	3.36	2,947

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
 Statistical Section (Unaudited)
 Ratios of General Bonded Debt Outstanding and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Table 10

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
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
2023	12,695,478	732,826	11,962,652	0.47	1,528
2024	12,194,663	909,515	11,285,148	0.40	1,436

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, 2024

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	\$ 12,090,000	\$ 11,009,164	100.00 %	\$ 11,009,164
Overlapping Debt				
School District #276	\$ 187,869,998	\$ 185,643,021	23.69 %	\$ 43,978,832
School District #277	67,615,000	66,630,924	1.98	1,319,292
Hennepin County	1,199,355,000	1,192,537,479	1.24	14,787,465
Hennepin Suburban Park District	55,385,000	48,916,041	1.67	816,898
Hennepin Regional RR Authority	76,945,000	76,774,733	1.24	952,007
Metropolitan Council	178,505,000	40,609,929	0.56	227,416
Total Overlapping Debt	<u>1,765,674,998</u>	<u>1,611,112,127</u>	<u>3.85 %</u>	<u>62,081,909</u>
Total Direct and Overlapping Debt	<u>\$ 1,777,764,998</u>	<u>\$ 1,622,121,291</u>	<u>4.51 %</u>	<u>\$ 73,091,073</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			
	2015	2016	2017	2018
Debt Limit	\$ 43,675,353	\$ 45,734,777	\$ 47,659,174	\$ 50,566,253
Total Net Debt Applicable to Limit	7,400,000	6,915,732	6,063,169	5,150,606
Legal Debt Margin	\$ 36,275,353	\$ 38,819,045	\$ 41,596,005	\$ 45,415,647
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.94%	15.12%	12.72%	10.19%

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					
2019	2020	2021	2022	2023	2024
\$ 52,674,928	\$ 54,809,348	\$ 58,240,314	\$ 60,981,220	\$ 76,928,130	\$ 83,972,205
4,213,045	6,290,483	8,607,922	10,435,360	12,695,478	12,585,000
<u>\$ 48,461,883</u>	<u>\$ 48,518,865</u>	<u>\$ 49,632,392</u>	<u>\$ 50,545,860</u>	<u>\$ 64,232,652</u>	<u>\$ 71,387,205</u>
<u>8.00%</u>	<u>11.48%</u>	<u>14.78%</u>	<u>17.11%</u>	<u>16.50%</u>	<u>14.99%</u>

Legal Debt Margin Calculation

Taxable Market Value	<u>\$ 2,799,073,511</u>
Debt Limit (3% of Market Value)	\$ 83,972,205
Debt Applicable to Limit	
General obligation bonds	12,194,663
Less: amount available in debt service funds	<u>(909,515)</u>
Total Net Debt Applicable to Limit	<u>11,285,148</u>
Legal Debt Margin	<u>\$ 72,687,057</u>

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

Table 13

Fiscal Year	General Obligation Revenue Bonds						Coverage
	(1)	(2)	Net	Debt Service			
	Gross Revenue	Expenses	Revenue Available	Principal	Interest		
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	
2023	3,342,612	2,199,326	1,143,286	180,000	182,661	1.74	
2024	3,101,754	2,408,403	693,351	375,000	331,413	0.98	

(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			
	Lease Payments	Principal	Interest		
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	
2023	772,650	765,000	11,950	0.99	
2024	-	-	-	-	

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

Table 14

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)
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
2023	7,859	658,906,419	83,841	48.0	72.0	2.2
2024	7,958	697,303,834	87,623	48.0	72.8	2.3

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 15

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Minnewashta Elementary School	123	1	6.92 %	123	1	9.83 %
Cub Foods	121	2	6.81	121	2	9.67
Xcel Energy	75	3	4.22	75	3	6.00
Alerus	34	4	1.91	-	-	-
Beacon Bank	-	-	-	34	4	2.72
City of Shorewood	29 *	5	1.63	26	5	2.08
Park Nicollet Clinic	20 *	6	1.13	20	6	1.60
Total	402		22.62 %	399		35.46 %
Total City Employment	1,777			1,251		

Source: City of Shorewood

Sources: City of Shorewood, Metropolitan Council

* 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 16

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	9	10	10	10	10	10	10	10	12	12
Public works										
Maintenance	6	6	6	6	7	8	8	8	10	10
Culture and recreation										
Parks	2	2	2	2	2	2	2	2	1	1
Water	1	1	1	1	1	1	1	1	1	1
Sewer	2	1	1	1	1	1	1	1	1	1
Total	20	20	20	20	21	22	22	22	25	25

Source: City of Shorewood

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

Table 17

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Building permits issued	684	786	844	1,035	1,014	1,362	1,611	946	864	933
Public works										
Street sweeping (hours)	1,400	1,450	1,600	1,600	1,600	1,600	1,650	1,650	1,650	700
Snowplowing (hours)	530	400	500	500	500	500	500	500	500	500
Equipment repair (hours)	1,551	1,705	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,600
Water										
New connections	4	5	16	43	43	40	40	40	13	15
Water mains breaks	6	4	7	7	7	3	3	3	3	4
Average daily consumption (thousands of gallons)	465	339	361	360	360	360	360	360	360	400
Sewer										
Average daily treatment flow (thousands of gallons)	762	872	942	844	1,101	1,045	992	852	853	855

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 18

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public works										
Highways and streets										
Streets (miles)	51	51	51	51	51	51	51	51	51	51
Street lights	194	195	195	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)	5.80	5.80	5.80	5.80	5.80	8.00	8.00	8.00	8.00	8.00
Hockey rinks/outdoor	3	2	2	1	1	1	1	1	1	1
Softball diamonds	3	3	3	3	3	3	3	3	3	3
Swimming areas	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	29	30	31	31	32	36	36	36	38
Consumers	1,340	1,398	1,479	1,479	1,479	1,565	1,580	1,580	1,580	1,565
Maximum daily capacity (gallons)	919,000	919,000	919,000	919,000	919,000	919,000	919,000	919,000	919,000	919,000
Sewer										
Miles of sanitary sewer	60	60	60	60	62	62	63	63	63	63
Lift stations	14	14	14	14	14	14	14	14	14	14
Maximum daily treatment capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Storm sewer										
Miles of storm sewer	12	12	12	13	13	13	13	14	14	16

Source: City of Shorewood

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