

**CITY OF SHOREVIEW
AGENDA
REGULAR CITY COUNCIL MEETING
JUNE 2, 2014
7:00 P.M.**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

APPROVAL OF AGENDA

PROCLAMATIONS AND RECOGNITIONS

CITIZENS COMMENTS - *Individuals may address the City Council about any item not included on the regular agenda. Specific procedures that are used for Citizens Comments are available on notecards located in the rack near the entrance to the Council Chambers. Speakers are requested to come to the podium, state their name and address for the clerk's record, and limit their remarks to three minutes. Generally, the City Council will not take official action on items discussed at this time, but may typically refer the matter to staff for a future report or direct that the matter be scheduled on an upcoming agenda.*

COUNCIL COMMENTS

CONSENT AGENDA - *These items are considered routine and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which event the item will be removed from the Consent Agenda and placed elsewhere on the agenda.*

1. May 12, 2014 City Council Workshop Meeting Minutes
2. May 19, 2014 City Council Meeting Minutes
3. May 19, 2014 City Council Workshop Minutes
4. Receipt of Committee/Commission Minutes—
 - Planning Commission, April 22, 2014
 - Human Rights Commission, April 23, 2014
 - Environmental Quality Committee, May 27, 2014
5. Verified Claims
6. Purchases

7. Adopt Sign Management and Retro-Reflectivity Policy
8. Developer Escrow Reduction
9. Amendment for Professional Services Agreement—Owasso St. Realignment, CP 09-12
10. Award Installation Quote for 2014 Street Light Replacements, CP 14-03 and Hanson/Oakridge, CP 14-01
11. 2014 Trail Construction and Reconstruction, CP 14-05
12. Approval of Election Judge Salary Increase

PUBLIC HEARING

GENERAL BUSINESS

13. Accept the Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2013
14. Approval of Liquor License Renewals
15. Authorization to Terminate Membership in the North Suburban Communications Commission

STAFF AND CONSULTANT REPORTS AND RECOMMENDATIONS

SPECIAL ORDER OF BUSINESS

ADJOURNMENT

*** Denotes items that require four votes of the City Council.**

**CITY OF SHOREVIEW
MINUTES
CITY COUNCIL WORKSHOP MEETING
May 12, 2014**

CALL TO ORDER

Mayor Martin called the workshop meeting of the Shoreview City Council to order at 7:00 p.m. on May 12, 2014.

ROLL CALL

The following attended the meeting:

City Council: Mayor Martin; Councilmembers Johnson, Quigley, Wickstrom and Withhart

Staff: Terry Schwerm, City Manager
Mark Maloney, Public Works Director

North Suburban
Cable Commission Coralie A. Wilson, Executive Director
(NSCC)

Legal Counsel
for NSCC Michael Bradley

DISCUSSION REGARDING CABLE FRANCHISE RENEWAL

Ms. Wilson stated that the franchise renewal process is set in federal law. It begins with a letter from the franchise company three years in advance giving notice of renewal of the franchise. The process includes a technical review, needs ascertainment review, a financial review, and a franchise fee review. The current negotiations are under the formal process as requested by NSCC. NSCC, on behalf of its 10-member cities, has been in informal negotiations with Comcast. In her report the differences between the agreement proposed by Comcast and the one proposed by NCSS are outlined. The deadline to accept or deny Comcast's proposal is June 20, 2014. On May 13, 2014, the Franchise Renewal Committee meets to make a recommendation to the NSCC who will meet and vote on the recommendation May 15, 2014. The meeting on May 15th will be televised. Comcast will be invited to give a presentation. Three resolutions have been drafted: 1) to recommend to the cities to accept the proposal; 2) to recommend denial of the proposal; and 3) to recommend preliminary denial of the agreement in order to allow the formal renewal process and to stop the transfer of ownership process to occur. The 10-member cities will then vote on the recommendation from NSCC.

Councilmember Wickstrom clarified that the franchise agreement is between Comcast and the City, not NSCC. Ms. Wilson explained that NSCC administers and manages the franchise on

behalf of the 10 cities. City Manager Schwerm further explained that the City receives revenue from franchise fees, which come to the City and PEG (public education in government) fees that are received by the North Suburban Access Corporation. The PEG revenue is provided for the operation of the public access channels. The City contributes slightly more than \$70,000 per year to the NSCC for franchise administration and oversight.

Mayor Martin stated that some cities may vote one way while others vote differently. Mr. Bradley responded that a City vote to deny is a preliminary vote, not a final vote. If there is a preliminary vote to deny, Comcast would be eligible to request a hearing with an Administrative Law Judge. The judge will send recommended findings to the NSCC. The NSCC will review those findings and make a recommendation to the member cities. The final vote is then made by the cities. Ms. Wilson stated that even if a preliminary vote for denial is taken, Comcast can go back to the informal process of negotiation.

Ms. Wilson stated that it is important to note that NSCC has been trying to negotiate and has presented two offers to Comcast. The most recent was in March, when NSCC proposed to significantly cut funding, number of channels and set up a management services network within three to five years. Comcast's most recent proposal would cut the number of channels significantly and would provide operating funding for two years. Currently, the NSAC is receiving approximately \$1.5 million per year in PEG fee revenue (\$4.15 per month). Comcast's proposal is funding at \$0.40 per subscriber with operating funds of approximately \$800,000 for the first year, half that amount the second year and no operating funds after two years. Comcast also believes the value of their institutional network justifies having cities pay \$1600 per connection instead of the free INET that is available now. Comcast does not talk about the public rights-of-way that they lease in order to provide services, which also has value. Mr. Schwerm explained that Comcast sees the 5% franchise fee as payment for use of public rights-of-ways and the \$4.15/per subscriber/month PEG fee to customers as their support. They have not proposed a reduction in franchise fee but have proposed a significant reduction in PEG fees.

Ms. Wilson stated that the matter is further complicated by the fact that Comcast has decided to acquire Time Warner. That merger has to be approved by the federal government. Comcast will be divesting themselves of a number of their Cable subscribers in the course of this merger. That means that in Minnesota, Charter will pick up a number of those Cable accounts. Comcast is also creating a spinoff company, two-thirds of which will be owned by Comcast shareholders and the other one-third owned by Charter. The cities will have to approve the transfer of ownership to this spinoff company. The problem with this transfer, compared to when it happened in 1998, is that the companies transferred to at that time were established with a track record. The spinoff company proposed does not have a track record.

Councilmember Withhart stated that whether Comcast or a spinoff company, the agreement would be the same. Ms. Wilson explained that the spinoff company has not yet been created. Yet it is her understanding that Comcast will be sending requests to cities in June to approve the transfer.

Councilmember Quigley stated that as any other Cable company, the spinoff company will be guided by federal law. Ms. Wilson explained that the issue is whether the spinoff company will

have the resources to comply with whatever franchise agreement is signed. The NSCC will provide an analysis of the transfer to cities.

Councilmember Withhart asked what percentage of fees goes to cities and what percentage goes to Comcast. Ms. Wilson stated that the city receives 5% of gross cable revenues. Mr. Schwerm stated that the franchise fee brings in approximately \$310,000 per year to the City. Of that amount, approximately \$72,000 goes to NSCC for franchise administration and oversight. The \$4.15 monthly fee pays for Public Access and Government (PEG), cable programming and is given to the NSAC. Mr. Bradley added that there are three components of public access: public access programming, public education and government access.

Ms. Wilson stated that the PEG fees to CTV provide public access, educational access and government access. CTV provides training to volunteers for producing programs; training to schools, such as Bethel and Northwestern for events and sports; school board meetings; graduations. CTV provides 100 hours production assistance services to the 10 member cities with PEG funding. The Shoreview Northern Lights Variety Band is covered every year as are elections. This is done by community people who are trained by NSCC. As examples, Mr. Schwerm stated that PEG fees were used for production and broadcasting of programs such as *Community for All Ages*, *Slice of Shoreview* parade, *Tale of 10 Cities*, and *Disability Viewpoints*. CTV also does webstreaming and runs videos on request, such as the broadcasts of the Environmental Quality Committee (EQC) speaker series programs.

Councilmember Quigley noted the low number of residents who watch CTV as found on the Community Survey, and questioned its value in light of the many repetitive programs and services. Ms. Wilson stated that just because people do not often watch the programs does not mean there is no value. She used the analogy of a library card, which she has even though she does not have time to use it now. Many of the cable channels have repeated programs.

Mayor Martin noted that the PEG fees in various cities are all over the map when comparing rates among cities. Edina receives less than \$1.00. Shoreview is among the highest in PEG fees at \$4.15. She asked how the higher rate is justified. Ms. Wilson stated that NSCC has had a higher PEG fee for a long time. There has never been a complaint about PEG fees from customers. No written comments have been received complaining about PEG fees. As for Edina, that city only provides government access. Edina does not support the schools or community programming. Each community is different. A great example of value is the program, *Disability Viewpoints*, which has been running for 15 years. Without NSAC support, that program would not exist. Mayor Martin asked how the City can justify fees that will almost double. Ms. Wilson stated that negotiations have focused on keeping rates whole for the next 10 years. During those 10 years, NSAC would work on finding other funding sources.

Councilmember Johnson asked what NSAC will be doing in the future to keep up with the rapidly changing industry and youth. Ms. Wilson stated that most programming is already available on the website. Webstreaming is about two weeks away from Council meetings being on INET and phones. The goal with youth is to provide media literacy training.

Mayor Martin stated that NSCC has put the cities in a tough spot because the current Comcast proposal cannot be approved. However, to deny it will potentially mean litigation. She asked what plans exist to avoid a federal lawsuit. Mr. Bradley stated that the plan is to leverage a position to negotiate with Comcast. As counsel for the Cable Commission, he has tried repeatedly to get Comcast to the table but with no response.

Councilmember Quigley stated that the legal fees are out of balance with the programming and services provided. Comcast believes it will prevail. Ms. Wilson stressed that there has been continual effort by the NSCC to get Comcast to the negotiating table. There has been no response.

Mayor Martin stated that she does not want to see NSCC spend huge amounts of legal fees. To vote to deny does not bring the City anything. Ms. Wilson responded that a vote to deny puts pressure on Comcast. NSCC has offered a serious compromise that does cut staff and services, but there has been no response. The NSAC has proposed significant cuts to PEG fees to a little over a million for the 10 years of the contract. The number of channels proposed is six instead of eight. NSCC has offered to go to a managed services program in the INET.

Councilmember Withhart stated that he would want to know exactly what would be lost if the proposal were accepted. Mr. Schwerm stated there are consumer protections in the current agreement that would be lost, which is a troublesome issue. It would be important to know in detail how the proposed agreement compares with the existing agreement. Mr. Schwerm stated that he posed the question of what would happen if the City did not formally accept or deny the proposal before the deadline. The answer is that no action would be interpreted as acceptance of Comcast's formal proposal.

Mr. Schwerm noted that a FCC ruling indicates that cable companies cannot be obligated to provide operating support as part of the franchise renewal. Comcast has taken a hard line in not offering operating support. Ms. Wilson stated that although cable companies have never been required to provide operating costs, they have been willing to do so in recognition of the public property use they receive. Mr. Schwerm stated that under federal law he believes Comcast is on solid ground in not providing operating support. If the decision had to be made today, he would recommend the Council vote for preliminary denial because formal proposal is not in the City's best interest.

Councilmember Wickstrom asked if the June 20, 2014 deadline for acceptance of the agreement could be extended. Mr. Schwerm stated that the date can only be extended if both parties agree.

Mayor Martin stated that no one wants to have services cut, but she believes there is room for negotiation. The services are valuable to the community, but there is a lot of money being spent on legal issues. She thanked Ms. Wilson and Mr. Bradley for their time in meeting with the Council.

Mayor Martin called a five-minute break and reconvened the meeting.

Mayor Martin stated that there was a meeting earlier in the day with other neighboring mayors regarding the proposed Comcast agreement. Mr. Schwerm gave a presentation, and it was clear that some of the other cities did not have a full understanding of what the agreement means.

Mr. Schwerm stated that when the NSCC decided to seek the formal process, deadlines were triggered. Comcast has put a lot of money into preparation of their proposal and with the FCC decision. Comcast has not been willing to change its position on PEG operating support.

Councilmember Withhart asked if City broadcasts will be lost if there is no NSCC.

Councilmember Wickstrom answered, no. Instead of broadcasting through CTV, the City would broadcast meetings directly through Comcast. Mr. Schwerm stated that there will be community push back from those who are producing local programs. However, the City does not have the resources to offer the services to continue public access programming without NSCC.

Councilmember Johnson stated that her big concern is litigation that would put the City at risk.

Mr. Schwerm stated that he believes there are two options: 1) preliminary denial and then withdrawing from the Commission and negotiating with Comcast directly--this could benefit the City financially because the \$72,000 being given to the Commission would be available to the City; and 2) see if the informal negotiation can proceed and move forward. A preliminary denial of Comcast's formal proposal will likely be necessary. However, there will eventually need to be a decision on whether or not to leave the NSCC.

Councilmember Wickstrom stated that Comcast sent forms to the FCC citing the competition in this area. It is likely that there will be no rate regulation on Basic TV, which will mean less for the NSCC to administer. The NSCC would only negotiate the service level agreements. The NSCC Board includes volunteer representatives from some cities but should be city councilmembers because it is the cities that pay the NSCC budget. She would suggest dropping out of NSCC.

Councilmember Withhart stated that if the City wants meetings or events aired, they can be recorded and put on a website and skip Cable TV. If a contract can be negotiated, he would suggest trying to restructure the NSCC.

Mayor Martin stated that more than 50% of Shoreview residents have Comcast and of that number, 1% actually watch CTV. She would consider opting out of NSCC, but she would like to see if a new contract can be negotiated. Mr. Schwerm noted that if a new contract is negotiated, NSCC would still have oversight but would be providing fewer services. If the City were to negotiate on its own, he would recommend hiring an attorney that specializes in telecommunications franchises to assist the City. However, that would be a one-time attorney expenditure for the City for the entire contract rather than ongoing annual support of NSCC. He further noted Comcast's request to meet with the Council. It was the consensus of the Council to meet with Comcast representatives at a special workshop meeting immediately following the City Council meeting on May 19, 2014, if possible.

DISCUSSION REGARDING DRAFT AUAR AND MITIGATION PLAN - TCAPP

Mr. Schwerm explained that an AUAR is similar to an Environmental Impact Statement. Arden Hills is in the process of developing a Master Plan with minimum and maximum development scenario for the TCAAP property. Public comment is requested for the study area and land use. The current study area does not include the property adjacent to County Road I. A possible connection to County Road I could impact Shoreview and needs comment, although the AUAR is somewhat vague about any connection.

Public Works Director Mark Maloney explained that one issue is if there is an attempt to connect a road to align with Rice Creek Parkway, it could change the function of the road. It should not be assumed by the County and Arden Hills that Shoreview's infrastructure will support their development. The City has been consistent in pointing out the need for continued access to 35W and the County Road I interchange. The two concerns for the City are the potential change to Rice Creek Parkway and the critical importance of maintaining access from County Road I off I-35W. The City's response will be for the plan to look at a larger area because of the potential road connections.

Mr. Maloney stated that there are references to a connection road to Schutta or Fairview, but no ownership is shown. Ramsey County Park staff have also discussed trail connections at Schutta, which makes sense if there is a road connection. However, that is not shown specifically on the AUAR.

Councilmember Wickstrom stated that a connection at Schutta or Fairview would allow a safe connection from trails north of County Road I to trails south of County Road I.

OTHER ISSUES

Mr. Schwerm announced that Rebecca Olson has been hired as Assistant to the City Manager. She has been serving in a similar role in Blaine and will be starting in early June.

The meeting adjourned at 9:20 pm.

**CITY OF SHOREVIEW
MINUTES
REGULAR CITY COUNCIL MEETING
May 19, 2014**

CALL TO ORDER

Mayor Martin called the regular meeting of the Shoreview City Council to order at 7:00 p.m. on May 19, 2014.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance.

ROLL CALL

The following members were present: Mayor Martin; Councilmembers Johnson, Quigley, Wickstrom and Withhart.

APPROVAL OF AGENDA

Mayor Martin requested a brief discussion on the June 9th workshop date under the *Special Order of Business* portion of the meeting.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Johnson to approve the May 19, 2014 agenda as amended.

VOTE: Ayes - 5 Nays - 0

PROCLAMATIONS AND RECOGNITIONS

Mayor Martin recognized Jan Sprain, Project Co-Chair and Principal Darren Johnson who have been working on a “Playground for Everyone” at Turtle Lake School.

Mr. Johnson showed the final design of the “Playground for Everyone” that will be put in later this summer. The project has been planned for the last two years. A public campaign was launched last fall which raised \$170,000. The park is for the greater Shoreview community.

The design includes solid surfacing, ramping to the highest point, various sensory stimuli and innovative equipment. The project has had generous donations of time and money from individuals, families, foundations and businesses. A full listing is on the website at <http://turtlelakeplayground.com>. The groundbreaking ceremony is planned for 4:00 p.m. on Friday, June 6, the last day of school. Anyone interested in the “community build” can volunteer for various jobs. He thanked the City and community for the tremendous support.

Mayor Martin commended and congratulated Ms. Sprain and Mr. Johnson and the team for their persistence with this project.

Quiet Zones

Mayor Martin recognized State Representative Jason Isaacson, District 42B who was present.

Representative Isaacson announced that during the legislative session a \$1.75 million in funding for rail quiet zones in Shoreview and Little Canada was appropriated in the bonding bill. The bill has passed and the Governor supports it. His hope is that Shoreview and Little Canada can work together and make one long quiet zone across the two cities.

Mayor Martin stated that she knows of no issue that has so profoundly impacted quality of life in Shoreview. There used to be one or two trains a day; now there is a train several times each day.

Representative Isaacson stated that a second prong of this initiative will be the safety of the crossings. He commended the citizens who have brought this issue to his attention. He plans to bring this issue to the attention of the federal congressional delegation as well.

CITIZEN COMMENTS

Mr. Mark Hughes, 739 Larson Lane, stated that there has been quite a bit of discussion about Comcast. He stated that his position is to cease any litigation between CTV and Comcast. Needed resources are being burned up. This is not about his program but to encourage reaching an agreement.

COUNCIL COMMENTS

Mayor Martin:

Cleanup Day was offered free last Saturday. It was well intentioned and planned to save time paying for materials. However, many more people came to take advantage of the free drop-off. The demand far exceeded what was anticipated, and there were people who had to wait two to three hours. Over 75 tons of refuse was taken in, double what has been taken in the past. At 1:30 p.m., vehicle line had to be cut off because of the limited hours of Allied Waste. There will be an evaluation on how to improve this service at future events.

Councilmember Wickstrom:

Volunteers are needed to survey and inventory trees. Anyone interested can call Karen Zumac at the Tree Trust at 952-767-3886, or email her at karenz@treetrust.org. This information is also available on the City website.

The 2014 Green Community Award applications are due by the end of May. Residents who have initiated green practices on their property for conservation of water and energy are eligible.

Councilmember Withhart:

The Business Exchange will be June 12, at the Hilton Garden Inn, from 5:00 to 7:00 p.m., sponsored by the City Council and Economic Development Commission. The event is free.

Councilmember Johnson:

The Human Rights Commission Caring Youth Award nominations are due Wednesday, May 21, 2014.

Northeast Youth and Family Services is hosting a meeting on regional housing, Wednesday, May 21, from 7:30 to 8:30 a.m.

CONSENT AGENDA

MOTION: by Councilmember Withhart, seconded by Councilmember Quigley to adopt the Consent Agenda for May 19, 2014, and all relevant resolutions for item No. 1 through 9:

1. May 5, 2014 City Council Meeting Minutes
2. Receipt of Committee/Commission Minutes
 - Public Safety Committee, March 20, 2014
3. Monthly Reports:
 - Administration
 - Community Development
 - Finance
 - Public Works
 - Park and Recreation
4. Verified Claims in the Amount of \$916,452.16
5. Purchases
6. License Applications
7. Approval of Application to Conduct Excluded Bingo - *Slice of Shoreview*
8. Agreement with Ramsey County for Water Patrol Services
9. Tree Trust Community Inventory Grant Authorization

VOTE: Ayes - 5 Nays - 0

PUBLIC HEARINGS

There were none.

GENERAL BUSINESS

ESTABLISHMENT OF RAILROAD QUIET ZONE

Presentation by City Planner Kathleen Castle

Quiet zones are currently being considered along the east/west CP Rail corridor crossings. The east/west corridor includes the Lexington Avenue crossing and the Victoria Street crossing. The City is pursuing a 24-hour quiet zone at these crossings at this time.

Plans and specifications have been prepared by SEH for required improvements. The City's Notice of Intent for establishing quiet zones at these two crossings was mailed to appropriate agencies on May 12, 2014. It is anticipated that improvements will be constructed by mid-July, when a Notice of Establishment will be sent to the appropriate agencies at which time there is a 21-day waiting period. It is anticipated that the Quiet Zones will be established in August.

Staff is recommending adoption of the resolution to support establishment of these quiet zones.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to adopt Resolution 14-27 pursuing the implementation of a 24-hour railroad quiet zone for the east-west corridor (Paynesville Subdivision) at the Lexington Avenue and Victoria Street crossings, subject to the rules and regulations of the Federal Rail Administration.

Discussion:

Mayor Martin stated, and Councilmembers agreed, that the 24-hour quiet zone is preferable rather than 12-hour quiet zone.

ROLL CALL: Ayes: Johnson, Quigley, Wickstrom, Withhart, Martin
Nays: None

Mayor Martin noted that Canadian Pacific is making improvements to the switching area north of I-694. A curve in the line has been smoothed, and an automated control system is being installed. The new system should be in operation by mid-summer. These improvements should improve the crossing delays that have been experienced at the North Owasso Boulevard and Jerrold Avenue crossings.

AUTHORIZATION TO APPROVE FITNESS EQUIPMENT REPLACEMENT

Presentation by Fitness Supervisor Drew Wurst

After an evaluation of current fitness equipment, it was determined that the City should replace the strength training machines and free weight benches and racks. Leading vendors of such equipment were selected to submit quotes: 2nd Wind Exercise, LifeFitness and TechnoGym.

Most of the current strength training machines were purchased as part of the 2002-2003 expansion. Technology in the strength industry has advanced significantly in the past 10 years. The current equipment has poor bio-mechanical design, is older and takes up more space than new machines. Also, the fitness center equipment is experiencing more maintenance and repairs. At times, the City can wait up to 10 weeks for parts. Upgrading the equipment will enhance the

draw of the Fitness Center for new members and will improve the experience for existing members.

The proposed strength training equipment from all three companies has been tested by staff. The equipment proposed by 2nd Wind stands out in bio-mechanical design, the reduced space needed and the ease of use for settings and making adjustments.

Staff recommends purchase of the Hoist's ROC-IT and Dual equipment from 2nd Wind. The total cost for this equipment is \$48,466.69, including delivery and tax.

The second part of the project is free weight benches and racks. Again, the equipment is showing signs of wear with loose joints and supports. Quotes were also received from 2nd Wind Exercise, LifeFitness/Hammer Strength and TechnoGym. LifeFitness/Hammer Strength was found to be the best value at the lowest cost. The company offers options to replace equipment that is underused with items of higher demand and also offers the lowest cost of replacement.

Staff recommends purchase of the LifeFitness/Hammer strength free weight equipment at a cost of \$23,412.86, including delivery and sales tax.

The total cost of both projects is \$71,879.55.

Mayor Martin asked if the purchases are item for item and the time of delivery. Mr. Wurst stated that most of the order would be replacement item for item. Some pieces that are not used often will be removed. The new equipment takes up less space and that will hopefully allow the City to create more stretching space. There will be an 8 to 10-week wait period to receive the equipment.

Councilmember Wickstrom stated that the equipment is 12 years old, and it is important to keep the equipment up to date.

Councilmember Johnson added that the fitness industry is ever changing and echoed Councilmember Wickstrom about the importance of keeping equipment up to date.

Councilmember Withhart asked how this project will be funded. City Manager Schwerm stated that \$45,000 will be funded through the Fixed Asset Revolving Fund; the remainder will come from the Community Center fund balance.

MOTION: by Councilmember Quigley, seconded by Councilmember Withhart to approve the quotes for replacement strength training equipment to 2nd Wind Exercise in the amount of \$48,466.69, including delivery and sales tax; and to Life Fitness/Hammer Strength in the amount of \$23,412.86, including delivery and sales tax.

ROLL CALL: Ayes: Quigley, Wickstrom, Withhart, Johnson, Martin
Nays: None

SPECIAL ORDER OF BUSINESS

Mayor Martin requested the June 9th City Council workshop be changed to a different date. It was the consensus of the Council to start the meeting a little later on the 9th, at 7:30 so that Mayor Martin could be on time.

ADJOURNMENT

MOTION: by Councilmember Quigley, seconded by Councilmember Johnson to adjourn the meeting at 7:55 p.m.

VOTE: Ayes - 5 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE ___ DAY OF _____ 2014.

Terry Schwerm
City Manager

**CITY OF SHOREVIEW
MINUTES
CITY COUNCIL SPECIAL WORKSHOP MEETING
May 19, 2014**

CALL TO ORDER

Mayor Martin called the workshop meeting of the Shoreview City Council to order at 8:00 p.m. on May 19, 2014.

ROLL CALL

The following attended the meeting:

City Council: Mayor Martin; Councilmembers Johnson, Quigley, Wickstrom and Withhart

Staff: Terry Schwerm, City Manager

Comcast Carley Werner
Representatives Emmett Coleman

DISCUSSION REGARDING CABLE FRANCHISE RENEWAL

Councilmember Wickstrom reported that the NSCC Board met on Thursday, May 15, 2014. The Board voted 8 to 1 to recommend preliminary denial of Comcast's formal renewal proposal to member cities. The major reason for denial is related to not meeting community needs. Councilmember Wickstrom stated that she was the single no vote.

City Manager Schwerm stated that this meeting is in response to Comcast's request to the Council to meet directly with cities prior to consideration of Comcast's formal renewal proposal. The major issue in the franchise renewal relates to PEG fees for public access (public education and government services). The major issue is funding public access and the operational model to which cities have become accustomed. PEG fees have funded both operational costs as well as capital costs. A ruling by FCC states that operational support cannot be required as a part of a Cable franchise renewal, and Comcast's proposal is unwilling to continue operating funding. This is the biggest issue and there have been some informal negotiations, but no agreements have been reached.

Mayor Martin referred to Comcast's letter sent to NSCC in January. Since that time there has not been significant change in position to work toward agreement.

Mr. Coleman stated that the informal negotiations have been going on for a couple of years, but there has been no movement in either the NSCC or Comcast positions. There is a lot of confusion and misrepresentation about Comcast killing public access. The concept that the Commission or cities can ask and Comcast could give the operational support is true, but federal

law is specific in that passing this cost through to customers could open Comcast to a class action lawsuit. Comcast is unwilling to expose itself to that risk. There is a significant lack of concern for these implications. In comparison with other communities, Comcast customers in the North Suburban Communications Commission pay a much higher PEG fee (\$4.15/month) than in other cities. He noted that the franchise agreement has been set to expire for a very long time. The NSCC has done nothing to secure additional funding to cover operational support.

Councilmember Wickstrom stated that the focus of the Commission has been to put pressure on Comcast, such as initiating additional notices of violation that are trivial. For instance, NSCC found Comcast in violation of the franchise agreement because they are not using the full 6 megahertz for digital channels. Comcast has kept the 8 channels, but that does not require 6 megahertz with the conversion to digital.

Mr. Coleman stated that he covers four states and over 200 communities. These 10 communities in Ramsey County take the most time not only during franchise renewal, but also in ongoing oversight and administration. There is no other Commission like this nationwide. Operating money is put in a pot, and the Commission has used this money to hire legal counsel to put pressure on Comcast for additional money that the Commission needs for operations. Comcast looks at the franchise renewal with two objectives: 1) resolve this cycle of abusive regulatory practices so that a normalized relationship can be established; and 2) to stop having the high fee on bills for operations that continues to be used against Comcast.

Councilmember Withhart asked the rationale for requested growth in the PEG fee. Mr. Schwerm stated that it is for increased costs for capital equipment.

Councilmember Wickstrom noted that many cities have used franchise fees in their General Fund and not updated equipment. Those cities now want to update equipment through PEG fees, not their own budget. Shoreview has upgraded through its budget using franchise fees.

Mr. Coleman suggested that in the last 10 years, Shoreview has not spent over \$300,000 to upgrade equipment. The proposal Comcast was asked to respond to is to allow each city \$475,000 for equipment capital over the next 10 years. The numbers do not make sense. Little Canada has set aside a fund for upgrade expenditures and has a balance of over \$600,000 from the last 10 years. Why would Little Canada need \$475,000? Would Shoreview spend as much as \$475,000? Federal law states that funding has to meet community needs that are real.

Mr. Schwerm suggested that more than likely Shoreview would vote to preliminarily deny the formal proposal from Comcast, which in his opinion, is not in the best interest in the City. As the Council has discussed, there are two options. The first option is to remain part of the NSCC and hope that a franchise agreement can be negotiated through the informal process or through the formal process. One is whether to keep the 10 cities together, which, he believes, may be determined in the next two informal negotiating sessions. A second option would be for Shoreview to withdraw from the NSCC and then negotiate directly with Comcast for a franchise agreement. He would recommend that an attorney be brought in who specializes in telecommunication franchises, which would be a one-time cost. At least initially he does not believe that the City can maintain a public access presence because it would require staff and a

place for production. This issue would have to be researched much further if the Council wants to have public access programming. However, the City would continue to cablecast City and Planning Commission meetings.

Mayor Martin stated that it is important for the Council to understand that there will be community concern regarding potential loss of public access programming.

Councilmember Wickstrom stated that she is not sure that full public access is needed. The Commission is using this to be against the Comcast proposal. The viewership of the current programs being produced is very low. The \$4.15 PEG fee per customer does not cover government programs or schools. It is the 5% franchise fee, approximately \$300,000 to Shoreview that is used by the City for local programming and capital improvement costs, staff costs, *ShoreViews* newsletters and payment of \$72,000 to NSCC to manage the franchise agreement. The PEG fee goes directly to CTV. There used to be regular equipment grants, which are not provided for anymore by NSCC.

Councilmember Johnson asked Comcast what is being done to educate the public on these issues to address the risk to the City with unhappy residents. Mr. Coleman stated that Comcast has a low key approach. The primary goal is to reach elected officials. Councilmember Wickstrom has been in touch with Mark Hughes, who produces *Disability Viewpoint*. Mr. Hughes has no issue. The preference of Comcast would be that community education take place through resolution of this agreement.

Councilmember Quigley stated that *ShoreViews* has been the big communication piece for the City. He questioned the value for the money the City is spending on the NSCC. The Community Survey does not identify community programming as a strong communication piece. Ms. Werner stated that negotiations with NSCC have not reached a conversation on value. Comcast would like to talk about value and is willing to look at what amount of money is being spent for what. This is not the conversation with the NSCC.

Mayor Martin stated that part of the research needed from staff is whether withdrawing from the NSCC would be revenue neutral or revenue positive. That is an unknown.

Councilmember Withhart stated that the amount of PEG money is significant but is not being tracked. If the Commission cannot be changed, then Shoreview may have to negotiate on its own.

Mr. Coleman stated if Shoreview wants to move forward on its own, Comcast would be willing to negotiate directly with the City to reach agreement. Comcast does not see a value in extending the deadline for negotiating with all cities. Further, he would be willing to talk about the informal negotiation points with Shoreview.

Ms. Werner stated that the current franchise agreement expired last October, and Comcast granted an extension of one year.

Schwerm said if the City wishes to negotiate directly with Comcast, the Council would have to authorize withdrawal from NSCC because under the Joint Powers Agreement with NSCC, the City has assigned the power to negotiate to NSCC. He does not anticipate a big expense for the City to negotiate alone because much of the agreement does not have to be rewritten.

Mr. Coleman stated that Comcast would continue to pay approximately \$311,000 in franchise fees to the City. Currently, \$72,000 of that is given to the NSCC for public access and most of which is being used for legal fees. If Comcast did \$1.00 per customer per month PEG fee, that would be another \$70,000 to the City to use for capital equipment and would lower the cost to subscribers.

Councilmember Johnson stated that Comcast is the expert with the speed of technology advances and public access across the country. She wants to hear the expertise Comcast has to provide and the best method for the City to provide public access. It is important as this moves forward that action is being taken for the benefit of Shoreview and not against anyone or any organization.

Mayor Martin responded that public access is not the role of Comcast. That is a decision by the City and paid for with PEG fees. It is important to note that Comcast has to be competitive and its competitors do not have PEG fees as high as those in NSCC cities.

Councilmember Wickstrom stated that a fair share of PEG fees could go to schools. CTV will have less money and priorities will have to be made. The City has been paying for capital needs from the franchise fee, but if Shoreview negotiates alone, capital needs can be taken out of the PEG fee. It should not be assumed that CTV will be able to continue doing what it is doing. She believes their budget is going to be cut significantly. She suggested the possibility of dropping out of NSCC and authorize staff to work out an agreement with Comcast.

Mayor Martin stated that it might put the City in a vulnerable position in negotiating with Comcast. More research needs to be done. Mr. Schwerm explained that the Council needs to vote to preliminarily deny because if the City does not vote by June 20, it means the City has approved Comcast's proposal as it is. A council action should indicate Shoreview's intent to withdraw from NSCC in order to directly negotiate with Comcast.

Ms. Werner stated that Comcast wants to make negotiations work and be productive. She works successfully with many cities in the metro area. Coon Rapids and Woodbury are good examples. Comcast has developed an on-line platform for public access because people are not watching it on TV as much. Cities with on-line public access are getting great feedback.

Mayor Martin thanked Mr. Coleman and Ms. Werner for meeting with the Council.

Council Discussion

Councilmember Withhart stated that the charge to customers is a large fee/tax being collected without a lot of return. There may be more value for the money if the City operated alone. Mr. Schwerm stated that the value would benefit the City, but not necessarily public access.

Mayor Martin stated that research is needed about specific costs. Mr. Schwerm stated that it will take time to answer those questions. Funding will be needed for *ShoreViews*, the communications position and communications activity that is paid for now by the franchise fees. There is not enough money to fund public access programming. He can look into contracting for public access, but that may take some time. Only local government meetings would be broadcast with existing funding.

Councilmember Quigley stated that a business plan model is needed to fit all the pieces together. He asked how the fees would change. Mr. Schwerm stated that the \$4.15 fee would change, but the 5% franchise fee that is coming to the City would continue.

Councilmember Withhart stressed the few people who watch public access. Government access is watched more but only at 16%.

Mr. Schwerm stated that the nature of public access would change by pulling out because the City does not have the financial resources to provide it, particularly at the current level of service.

The consensus of the Council was to further discuss and consider authorizing its intent to withdraw from the NSCC in order to negotiate directly with Comcast at its June 2nd meeting. City Manager Schwerm will consult with the City Attorney regarding whether the action should be by resolution or by letter. The Joint Powers Agreement states that the NSCC must be notified before October 15th of the City's withdrawal.

The meeting adjourned at 9:50 pm.

**SHOREVIEW PLANNING COMMISSION
MEETING MINUTES
April 22, 2014**

CALL TO ORDER

Chair Solomonson called the April 22, 2014 Shoreview Planning Commission meeting to order at 7:00 p.m.

ROLL CALL

The following Commissioners were present: Chair Solomonson, Commissioners, Ferrington, McCool, Peterson, Proud, Schumer and Thompson.

APPROVAL OF AGENDA

MOTION: by Commissioner Schumer, seconded by Commissioner Ferrington to approve the April 22, 2014 Planning Commission meeting agenda as submitted.

VOTE: Ayes - 7 Nays - 0

APPROVAL OF MINUTES

MOTION: by Commissioner Thompson, seconded by Commissioner Peterson to approve the March 25, 2013 Planning Commission meeting minutes, as submitted.

VOTE: Ayes - 5 Nays - 0 Abstain - 2 (Proud, Schumer)

REPORT ON CITY COUNCIL ACTIONS:

Presentation by City Planner Kathleen Castle

The City Council approved the following applications forwarded by the Planning Commission:

- Site and Building Plan Review for City and County Credit Union, 1001 Red Fox Road;
- Site and Building Plan Review/Comprehensive Sign Plan for Cities Edge Architects, LLC and Forstrom & Torgerson, LLP, for the Hampton Inn at 1000 Gramsie Road;
- Text Amendment for the Housing Code; and
- St. Odilia Church Final Plat for the proposed cemetery.

NEW BUSINESS

PUBLIC HEARING –COMPREHENSIVE PLAN AMENDMENT – SURFACE WATER MANAGEMENT

FILE NO: 2524-14-14
APPLICANT: City of Shoreview

LOCATION: City Wide

Presentation by City Planner Kathleen Castle

A Comprehensive Plan Amendment is proposed to Chapter 9, *Community Facilities and Services*, Section D, *Surface and Water Management* and also to Chapter 11, *Natural Resources*. The amendments address changes regarding surface water management that have occurred since the plan was adopted in 2008.

Grass Lake Watershed Management Organization was dissolved. Those responsibilities have been taken over by Ramsey/Washington Metro Watershed District (RWMWD) who is the designated local government unit to administer the Wetland Conservation Act for the Vadnais Lake and Grass Lake watershed. References in the Comprehensive Plan have been updated, and maps 9D1 and 9D5 have been amended to reflect this change.

In 2010, the Federal Emergency Management Agency (FEMA) updated flood insurance and revised the flood insurance rate map. The City amended its flood plain ordinance in 2010 to be in compliance. Map 9D7 was updated. Table 9D1 was updated addressing the City's surface water utility fee.

A public hearing notice was published on April 9, 2014. No responses have been received. Staff is recommending the Planning Commission forward for Council approval the changes and updated language regarding surface water management.

Commissioner Ferrington asked for clarification of Map 9D7, whether properties adjacent to lakes shown as dark blue are included in the FEMA map. Mr. Warwick stated that the lakes in dark blue are part of flood zone AE, which is the designation where a base flood elevation has been established. The City has consistently required that homes be built two feet above the flood plain, so that in practically no instance are homes impacted by the updated flood maps. The City reviewed the old (1981) flood map in 2005, and obtained a Letter of Map Revision (LOMR) from FEMA that addressed the relationship between flood areas and development. This LOMR was incorporated into the 2010 maps, and so there was little change to flood hazard areas near residential development.

Commissioner Peterson asked if there are homes that are required to have flood insurance due to the fact that they were allowed to be built at a lower elevation in the past. Mr. Warwick stated that some homes are required to have flood insurance, depending on the policies set by lenders.

Commissioner Proud stated that he has a number of comments and would like a workshop meeting to look at the totality of the Code regarding surface water management, but he would support the proposed motion. Ms. Castle stated that she would prefer to pass only one amendment and would delay passage rather than pass two amendments after further discussion. There are a number of agencies who must sign off on the amendments. This is a public hearing and all comments should be heard.

Commissioner Proud stated that he would be willing to send his comments to staff and leave it to staff to determine if further changes should be made.

City Attorney Kelly stated that the notice of public hearing is in order. With a public hearing, any comment can be taken. Ms. Castle stated that as long as the discussion is specific to surface water management, the public hearing would not have to be re-noticed, if the matter is delayed.

Chair Solomonson opened the public hearing.

Commissioner Ferrington suggested that on page 93D, under Local Government, to insert the year when the GLWMO dissolved and assumption of RWMWD for historical purposes. Secondly, under 9D6, which is a table of planned improvements, the improvements for Lake Wabasso are not included. Ms. Castle stated that the table comes from the Capital Improvements Program. She agreed there has been discussion about improvements for Lake Wabasso, which perhaps needs to be mentioned as a separate paragraph but not included in the table.

Commissioner McCool stated that if more substantive changes are going to be made as a result of Commissioner Proud's comments, he would like the City Engineer present to weigh in.

City Attorney Kelly stated that if the matter is to be tabled, it should be to a date and time specific, for further comment.

MOTION: by Commissioner Proud, seconded by Commissioner McCool to recommend the public hearing be continued to the May 27, 2014 Planning Commission meeting so that Planning Commissioners and staff can consider additional changes.

VOTE: Ayes - 7 Nays - 0

RESIDENTIAL DESIGN REVIEW / VARIANCE

FILE NO: 2523-14-13
APPLICANT: 5101 Alameda Street
LOCATION: Kevin and Sara Ousdigian

Presentation by Senior Planner Rob Warwick

A single-story house with a walk-out level and attached garage is proposed for a recently subdivided lot. A variance is requested to reduce the minimum 114.4 feet setback from the Ordinary High Water (OHW) of Turtle Lake to 101.8 feet.

The property is a substandard riparian lot on Turtle Lake with a width of 79 feet. The lot area is 27,707 square feet. The minor subdivision that created this lot was approved in September 2013, when the variance for the lot width was approved. The variance for the structure setback was tabled and the review period was extended. A second extension for the review period was approved in January 2014, at the applicant's request.

The property is located in the R1, Detached Residential/Shoreland Overlay District. Lot coverage, building height and foundation area all meet Development Code standards. The range for the street setback is 145 to 165 feet; 145 feet is proposed. The lake ordinary high water setback range is 114 feet to 134 feet; 101 feet is proposed. This is the variance needed. The applicant has chosen architectural mass for mitigation.

The applicant believes there is practical difficulty due to three unique circumstances: 1) there is a dramatic change in street and OHW setbacks for nearby properties to the north and south; 2) An "inlet" on the property at 5091 Alameda, creates an irregular setback line for the property; and 3) there is topographical change on the subject property. The house to the north is 72 feet from the OHW and the house to the south is almost 105 feet. This creates a large range of setbacks north and south of this property.

The second difficulty is an inlet of the lake created by two stone walls because the setback from the inlet is an irregular line on their property. In 1940, the shoreline was regular, wooded, and followed the curve of the lake. The current shoreline has an inlet that was not apparent in 1940 aerial photos submitted by the applicant. The shoreline appears to have been altered.

Notices were sent to property owners within 150 feet. Two responses were received but no concerns were expressed and both support the proposal.

Staff agrees that there is practical difficulty as presented by the applicant. There are unique circumstances with a break in the setback line for the street and OHW caused by the inlet and topography. Staff does not believe that the proposed OHW setback would change the character of the neighborhood due the existing setback pattern, and staff recommends approval of the proposal.

Commissioner Ferrington asked for clarification of how the setback is drawn from the adjacent property. Mr. Warwick explained that the OHW is measured from the nearest point of the shoreline regardless of whether or not it is on the subject property. That is what creates the practical difficulty due to the inlet.

Mr. Kevin Ousdigian, 4419 Harbor Place, expressed appreciation to staff and the Commission for considering their application. Their request is to place the house as close as possible in line with adjacent houses. From the west shore, the setback shifts 30 feet on the north side. The topography shifts dramatically. In the northeast corner of the building pad, the elevation is 917, then 913 in the northwest corner and 903 in the southwest corner. The single-story rambler style works the best, which is what they chose. They talked to neighbors about how best their house could best fit. The key issues identified by neighbors were not to bring the driveway in on the south, and to create a separation of the homes for privacy and lake view. Their goals are to build a home that transitions between the homes close to the lake on the north with the homes closer to the street on the south. The single-story with walkout lower level fits with the natural topography. The driveway will be on the north side. Screening is planned for neighbors on both sides.

Commissioner Thompson asked if all the neighbors support the proposal. **Mr. Ousdigian** stated that no one has opposed

Chair Solomonson commended the planning in this proposal and consultation with neighborhoods. He asked if the house could be built without a variance. **Mr. Ousdigian** responded that it could be buildable without a variance, but it would be more challenging. It would be more difficult to provide screening, and there would be loss of a large oak tree. The house would also be smaller than others in the neighborhood. The house could not be shifted 20 feet without taking out the tree.

Commissioner Peterson noted a substantial drop-off in topography from the north to the south. He asked the function of the rain garden on the north on the higher topography. **Mr. Ousdigian** stated that the neighbor to the north does not have a garage. When the garage is built, the rain garden is an effort to prevent runoff to the south.

Chair Solomonson asked for public comment. There were no comments or questions.

Commissioner Ferrington stated that she believes the placement of the house is a reasonable transition between the two adjacent homes. Because of the inlet, there is practical difficulty. If there were no inlet, a variance would not be needed from the natural shoreline.

Commissioner McCool agreed and stated that the plan is reasonable. Due to the alteration of the shoreline, he believes flexibility should be allowed. This plan is a good transition for the neighborhood and he fully supports it.

Chair Solomonson agreed also and appreciates how thorough and well thought out this plan was presented.

Commissioner Proud particularly expressed his appreciation at how the applicant has worked with the neighbors.

MOTION: by Commissioner Ferrington, seconded by Commissioner Proud to adopt Resolution No. 14-20, approving the variance request to reduce the OHW setback, and to approve the Residential Design Review application submitted by Kevin and Sara Ousdigian for the property located at 5101 Alameda Street. This approval is subject to the following conditions:

1. The project shall be constructed in accordance with the submitted plans. Any significant change to the plan, as determined by the City Planner, shall require review and approval of the Planning Commission.
2. This approval will expire after one year if a building permit has not been issued and construction commenced for the dwelling.
3. The project is subject to the terms of the Development Agreement for the property. The Development Agreement includes provisions for tree replacement and protection
4. The approval is subject to a 5-day appeal period.

This approval is based on the following findings:

1. The proposed improvements are consistent with the Housing and Land Use Chapters of the Comprehensive Plan.
2. The proposed detached single-family residence represents a reasonable use of the property which is located in the R-1 Detached Residential District.
3. The OHW and front setbacks prevalent north and south of the subject property differ by about 100 feet. An alteration of the shoreline located on the adjoining property to the south strongly affects the buildable area on the property. The proposed house is located to utilize changes in the existing grade elevation and minimize site disturbance.
4. The proposed house location will provide a transition between the differing setback patterns in the neighborhood. By approving the variance, the essential character of the neighborhood should not be affected.

VOTE: Ayes - 7 Nays - 0

MISCELLANEOUS

Council Meetings

Commissioners McCool and Ferrington will attend the May 5th and May 19th City Council meetings respectively.

Workshop

Commissioners discussed preferences for a workshop before or after the regular meeting on May 27, 2014.

Chair Solomonson recommended that if there is a big agenda for the regular meeting, the workshop should be before the meeting. If there is a light agenda, the workshop can be after the meeting.

Commissioner McCool requested a discussion on parking at an upcoming workshop, as there have been applications where parking is approved at less than the code requirement.

ADJOURNMENT

MOTION: by Commissioner Schumer, seconded by Commissioner McCool to adjourn the meeting at 8:16 p.m.

VOTE: Ayes - 7 Nays - 0

ATTEST:

Kathleen Castle
City Planner

**HUMAN RIGHTS COMMISSION
MEETING MINUTES
APRIL 23, 2014**

CALL TO ORDER

Co-Chair Springhorn called the meeting to order at 7:03 pm with the following members present: Cory Springhorn, Elaine Carnahan, Julie B. Williams, Lisa Wedell-Ueki, Mary Yee Johnson, Bob Minton, Richard Bokovoy, and Mark Hodkinson.

Commissioners that were not present: Samuel Abdullai, Neha Sethi

Also present was Terry Schwerm, City Manager

APPROVAL OF MINUTES

Williams moved, seconded by Minton, approval of the March 26, 2014 minutes. Motion was adopted unanimously.

DISCUSSION REGARDING COMMUNITY DIALOGUE

Commission members discussed the planned Community Dialogue on the topic of bullying that they would like to hold in the fall. Commission members reported on the following:

- Mark Hodkinson – briefly discussed the anti-bullying legislation that had just been adopted by the legislature and signed by Governor Dayton. The legislation is geared toward schools and has new reporting requirements, which some school districts are nervous about.
- Julie B. Williams – discussed her conversations with Northeast Youth and Family Services Executive Director Jerry Hrmotka on the topic of bullying. Discussed the issues of what motivates people to bully
- Cory Springhorn – he contact ARC of Minnesota, a social service agency that serves persons with disabilities regarding this event.
- Terry Schwerm – reported that he had talked with Mandy Little at the School District about the topic and what the schools were doing.

The Commission discussed the issue of what should be the focus of the event and how it should be organized. They talked about the importance of having a moderator who could introduce the topic and provide transitions between the speakers. Some potential panelists included the schools on how they would implement the new bullying legislation, NYFS discussing what motivates people to bully, ARC potentially using a bullying story, and if possible, a corporate person talking about workplace bullying.

The Commission noted that the next steps in the process selecting a date in late October or early November for the event, and then determining who might speak and holding a planning meeting regarding the Community Dialogue with the participants. Schwerm indicated that he would check available dates at the Community Center for the next meeting.

DISCUSSION REGARDING NEW HRC INITIATIVES

Lisa Wedell-Ueki noted Shoreview's long history with group homes for adults with moderate to severe developmental disabilities. She noted that 2015 will be the 40th anniversary of the establishment of two group homes in Shoreview located near the Snail Lake area. She would like the HRC and the City to recognize this milestone. She also noted that 2015 will also be the 40th anniversary of passing of the Federal Individuals with Disabilities Education Act (IDEA) which governs how states and public agencies provide early intervention, special education and related services to children with disabilities. Schwerm suggested that this recognition be done as part of the concert series next summer since a few group homes typically bring people to the concerts.

Wedell-Ueki also noted that Monday, December 1 is World AIDS Day. The Commission briefly discussed showing the movie "Dallas Buyers Club" and holding a discussion, although most members had not seen the movie. It was mentioned that the movie was rated "R" and had some scenes that were not really appropriate for certain audiences.

Bob Minton also suggested that the HRC look at the issue of immigration. He suggested that the HRC could interview immigrant and refugee members of the community and make recommendations on how the City could be more welcoming. He also noted that it might be a good topic for a future community dialogue. Williams noted that if the HRC moves forward on this initiative, it would make sense to touch base with former HRC member Mark Frey, who is an attorney that works in the immigration area.

OTHER BUSINESS

- Springhorn noted that our essay contest winner was selected as an honorable mention (one of the top 7 essays) and would be recognized on Saturday at a celebration.
- Carnahan indicated that the Cultural Explosion event at Mounds View High School was very well attended on a night with poor weather.
- Williams noted that a subset of the Shoreview Northern Lights Variety Band has taken on a service project called "Joy to Seniors". They go to nursing homes and other senior facilities and play music from the 1940's and 1950's. She indicated that many seniors with memory issues relate very positive to music.
- Schwerm stated that the Caring Youth Award nominations were advertised and were being accepted through the later part of May. Selection of a winner would be done at the next meeting.

ADJOURNMENT

There being no further business before the Commission, Minton moved, seconded by Bokovoy, that the meeting be adjourned at 8:20 pm.

Minutes
ENVIRONMENTAL QUALITY COMMITTEE
May 27th, 2014 7:00 PM

1. CALL TO ORDER

The meeting was called to order at 7:05pm.

2. ROLL CALL

Members present: Tim Pratt, Lisa Shaffer-Schrieber, Susan Rengstorf, Paige Ahlborg, Mike Prouty, John Suzukida

Members absent: Dan Westerman, Lynn Holt

Staff present: Jessica Schaum

3. APPROVAL OF AGENDA

The Green Community Awards judging was added to Business section 5.B.c.

4. APPROVAL OF MEETING MINUTES – April 24th, 2014

The minutes were approved with no changes.

5. BUSINESS

A. Review: Ramsey County Cooperative Weed Management Area MOU.

- a. The Committee reviewed the MOU proposed by RCCWMA for the City to become a partner. With no financial commitment, the members felt it was a worthwhile partnership that can help keep invasives out of Shoreview and could provide training for volunteers. Mike made a motion to recommend the City formally join the partnership, Paige seconded. The motion passed unanimously.

B. Workplan Tasks

- a. Slice of Shoreview Subcommittee – designate roles
 - a. Lisa, Paige, and Lynne will meet to discuss the booth’s theme and operations and present details at our June 23rd meeting. Jessica will send around a signup sheet for booth shifts and coordinate the booth rental from the Slice organizers. Mike will check with the Master Gardeners group to see if they are interested in joining our booth to answer questions about composting.

Friday 25 th 4-9	Saturday 26 th 11-7	Sunday 27 th 11-4
Paige 4-9	Sue 11-3	John 11-2
Lisa 4-9	Tim 3-7	

- b. Composting update – Compostable bags were taken by committee members and Tim shared that when he dropped his bags off at the Yard Waste site – there were plenty of other residents using the service too.
- c. Green Community Award program and judging – We have received 2 applications so far, both for water quality category. Tim has dropped off a few other applications. Jessica will check with the Conservation District and Dawn for other suggestions.

C. Newsletter Topics

- a. September/October issue (due July 10th. Estimated date to mail is Sept. 15th, smaller City Newsletter)
 - a. Carp/invasives – Paige
 - b. Composting experience – Mike

- c. Raking up leaves – Jessica
- d. Announce Green Community Award winners

D. Public Works Update

- a. Clean up day review - Jessica shared the vehicle and tonnage totals for the free spring clean up day. This was the first time we tried it without a fee for each item, as you can see from the numbers below, there was a tremendous turnout of Shoreview residents getting rid of stuff!

Vehicles	Fall 2012	Spring 2013	Fall 2013	Spring 2014
Arden Hills	109	201	173	152
Shoreview	585	473	526	848
Total	694	674	699	1000

category	unit	spring 2013	fall 2013	2013 AVG	spring 2014	percent increase
Trash	tons	44	35	39.5	77	94.9%
Const. Debris	tons	10	8	9	14	55.6%
Scrap Iron	tons	1.3	2.2	1.75	2.7	54.3%
Tires	tons	1.5	1.2	1.35	3	122.2%
E Waste	tons	8	6.3	7.15	25	249.7%
Appliances	ea	143	117	130	264	103.1%

The Committee discussed possible options for future events and included more frequent events, breaking the City into different dates/times, having additional vendors on site to collect items going into the trash that could be recycled – carpets and mattresses for example. Another idea was to follow what White Bear Lake or Little Canada offer with their organized garbage collection – their contract with the hauler includes picking up 2-3 “bulky” items from each address every year from the curb. The hauler handles all of the logistics with the resident for arranging certain days and items accepted.

The official City comments were posted on our website and Facebook page, and were read at the City Council meeting after Cleanup Day: *On Saturday, May 17, the cities of Shoreview and Arden Hills offered a free Spring Cleanup Day for residents to drop off refuse and debris not normally collected by refuse haulers. The City has offered this service in previous years, but there was always a cost associated with dropping off the refuse. The reason for this pilot program and offering the service for free was to encourage residents to clean up their properties and increase participation in the event. The City also felt that eliminating the payment process would allow cars to move through the line more quickly.*

Unfortunately, the demand and volume of materials that were brought in far exceeded what had been anticipated, and wait times increased dramatically, with many people waiting 2 to 3 hours to drop off their refuse. Further, we needed to cut-off access to the event at about 1:30 p.m. so that we could process all of the vehicles and trailers that were already on the site before 4:00 p.m. – well beyond the 3:00 p.m. ending time for the event. For residents impacted by these lengthy wait times, and from having to stop the event earlier than anticipated, we sincerely apologize for the inconvenience.

The City prides itself on providing quality services, and we recognize that this event fell far short of this standard. The City clearly needs to evaluate how this Cleanup Day program operates

and determine how we can operate it more efficiently and effectively. It is apparent that there is a strong demand for this service from our residents. City staff will be reviewing this program and making recommendations to the City Council on how to improve Cleanup Day in the future.

- b. Tree inventory project – Jessica shared the newspaper story about our volunteer search to help with the tree inventory. We need 15-20 people to make it a success, Mike will check with Karen at Tree Trust to see what the interest has been so far.
- c. Emerald Ash Borer updates – We have over 200 trees on our list already for inspections and quotes for the City’s reduced cost Emerald Ash Borer treatment program. Several townhome associations are interested.

E. Other

- a. Next regular meeting – **June 23rd**

F. Adjournment

- a. The Committee adjourned at approximately 8:10pm.

MOTION SHEET

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

To approve the following payment of bills as presented by the finance department.

Date	Description	Amount
05/20/14	Accounts payable	\$74,277.18
05/22/14	Accounts payable	\$90,622.53
05/27/14	Accounts payable	\$43,029.85
05/29/14	Accounts payable	\$138,362.04
06/02/14	Accounts payable	\$115,656.45
	Sub-total Accounts Payable	\$ 461,948.05
05/30/14	Payroll 126760 to 126810 967178 to 967389	\$161,922.04
	Sub-total Payroll	
	TOTAL	\$ 623,870.09

ROLL CALL:	AYES	NAYS
Johnson		
Quigley		
Wickstrom		
Withhart		
Martin		

06/02/14

COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
AMBROSIER, PAUL	SOFTBALL (GRD 3-5)	220	22040					\$52.00	\$52.00
AMSAN BRISSMAN KENNEDY	FLOOR COAT REFILL/FLOOR APPLICATOR	220	43800	2110				\$180.30	
AMSAN BRISSMAN KENNEDY	FLOOR FINISH APPLICATOR REFILL	220	43800	2110				\$78.94	\$78.94
ANCHOR PAPER COMPANY	COPY PAPER/COLORED PAPER	101	40200	2010		001		\$960.35	
BAUER, MARK	REFUND CLOSING OVRPYMT - 2466 DALE ST N	601	36190			003		\$95.01	\$95.01
BRASEL, MARINA	REFUND CLOSING OVRPYMT-635 TAYLOR AVE	601	36190			003		\$22.38	\$22.38
C & E HARDWARE	ZIP TIES - YOUTH SOCCER SUPPLIES	225	43510	2170		007		\$11.99	\$11.99
C & E HARDWARE	FUSE FOR METER	601	45050	2280		001		\$3.39	\$3.39
CHO, HYUNSUK	TENNIS- INTERMEDIATE	220	22040					\$136.00	\$136.00
COCA COLA REFRESHMENTS	WAVE CAFE BEVERAGE FOR RESALE	220	43800	2590		001		\$275.98	\$275.98
COMMISSIONER OF REVENUE- WH TA	WITHHOLDING TAX - PAYDATE 05-16-14	101	21720					\$8,855.97	\$8,855.97
DYNAMEX DELIVERS NOW/ROADRUNNE	DELIVERY TO EAGAN POST OFFICE - 5-3-14	601	45050	3220		001		\$20.79	\$41.58
		602	45550	3220		001		\$20.79	
FOSTER, NICOLE	SOFTBALL (GRD 3-5)	220	22040					\$52.00	\$52.00
GENESIS EMPLOYEE BENEFITS, INC	VEBA CONTRIBUTIONS: 05-16-14	101	20418					\$5,730.00	\$5,730.00
GHOBADI, ABOLFAZL	REFUND CLOSING OVRPYMT-1062 EDGEWATER AV	601	36190			003		\$63.65	
GUERIN, NICOLE	BASEBALL GRADES 2-3	220	22040					\$47.00	\$47.00
HEGGIE'S PIZZA LLC	WAVE CAFE FOOD FOR RESALE	220	43800	2590		001		\$542.60	\$542.60
HILLS, KRISTINE	SOFTBALL (GRD 3-5)	220	22040					\$52.00	\$52.00
ICMA/VANTAGEPOINT TRANSFER-300	EMPLOYEE CONTRIBUTIONS PAYDATE: 05-16-14	101	21750					\$5,693.59	\$5,693.59
IDENTITY STORES, LLC	SHIRT ORDER - YOUTH SPORTS LEAGUES	225	43510	2170		007		\$1,528.63	\$3,057.25
		225	43510	2170		008		\$1,528.62	
KATZKE, DAVID	AQUATICS - PRIVATE	220	22040					\$146.00	\$146.00
LEAGUE OF MN CITIES INS TRUST	INS CLAIM: OLSON SEWER SERVICE	260	47400	4340				\$369.00	\$369.00
MIDWEST SPECIAL SERVICES, INC	CC CLEANING	220	43800	3190		002		\$195.00	\$195.00
MINNESOTA DEPARTMENT OF REV -	ON ROAD DIESEL FUEL TAX: APRIL 2014	701	46500	2120				\$318.63	\$318.63
MINNESOTA DEPARTMENT OF REVENU	SALES USE TAX: APRIL 2014	220	21810					\$11,249.00	\$15,477.00
		701	46500	2120		003		\$87.00	
		601	21810					\$1,496.00	
		101	40500	2010				\$2,666.00	
		101	40500	2010				-\$21.00	
OFFICE DEPOT	TONER RICOH S8446616	101	40550	2010		002		\$152.90	
OTTO, JERRY	REFUND CLOSING OVRPYMT - 205 LION LANE	601	36190			003		\$67.37	\$67.37
PAVANI, PRASANNA	ACTIVITY REFUND	220	22040					\$91.00	\$91.00
PLUMBMASTER, INC	SLOAN SINGLE FLUSH SIDE MOUNT	220	43800	2240		001		\$179.99	\$179.99
PLUMBMASTER, INC	SINGLE HANDLE METERING FAUCET/DECK PLATE	220	43800	2240		001		\$240.71	\$240.71
POSTMASTER	DEPOSIT IN PERMIT IMPRINT #5606 - ZONE 2	602	45550	3220		001		\$500.00	\$1,000.00
		601	45050	3220		001		\$500.00	
RAMSEY COUNTY TREASURER	LIFE INSURANCE: MAY 2014	101	20414					\$2,691.98	
		101	20417					\$195.00	\$2,886.98
RICOH USA INC.	MAINTENANCE: RICOH COPIERS	101	40200	3850		002		\$210.83	
RICOH USA, INC.	LEASE CITYHALL COPIERS 5/21-6/20/2014	101	40200	3930		002		\$1,411.52	\$1,411.52
ST. PAUL, CITY OF	RIVERPRINT: BUSINESS CARDS PARKS ADMIN	225	20200					\$35.00	\$35.00
ST. PAUL, CITY OF	RIVERPRINT: BUSINESS CARDS PARKS ADMIN	225	20200					\$64.00	\$64.00
ST. PAUL, CITY OF	RIVERPRINT: BUSINESS CARDS CITY HALL	101	20200					\$20.00	\$204.00
		101	20200					\$20.00	
		101	20200					\$20.00	
		101	20200					\$144.00	
ST. PAUL, CITY OF	RIVERPRINT: BROCHURES/FORMS	220	20200					\$1,206.85	
ST. PAUL, CITY OF	RIVERPRINT: DAILY MAINTENANCE REPORTS	101	20200					\$58.57	\$175.70
		601	20200					\$58.57	

COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line Amount	Invoice Amt
		602	20200				\$58.56	
ST. PAUL, CITY OF	RIVERPRINT: BUSINESS CARDS/MARSHALL	101	20200				\$67.00	
ST. PAUL, CITY OF	RIVERPRINT: BUSINESS CARDS: SCHALLER	240	44400	2180		001	\$64.00	\$64.00
TDS METROCOM	TELEPHONE SERVICES	101	40200	3210		003	\$1,105.62	\$1,385.70
		101	43710	3210			\$245.82	
		601	45050	3210			\$34.26	
U.S. BANK	2010A PAYING AGENT FEES	701	48130	6200			\$450.00	
U.S. BANK	2007A PAYING AGENT FEES	601	48300	6200			\$223.01	\$450.00
		602	48300	6200			\$68.63	
		603	48300	6200			\$158.36	
WATSON COMPANY	WAVE CAFE FOOD FOR RESALE	220	43800	2590		001	\$550.92	
WATSON COMPANY	WAVE CAFE FOOD FOR RESALE	220	43800	2590		001	\$30.68	\$30.68
WATSON COMPANY	BREAK ROOM SUPPLIES	101	40800	2180			\$255.32	\$286.00
		220	43800	2591		003	\$30.68	
WATSON COMPANY	WAVE CAFE FOOD FOR RESALE	220	43800	2590		001	\$1,273.67	
WIMACTEL INC.	PAYPHONE TELEPHONE	101	40200	3210		001	\$60.00	
WURST, ANDREW	CONFERENCE PARKING REIMBURSEMENT	101	43400	3270			\$4.00	\$4.00
XCEL ENERGY	STORM SEWER LIFT STATION: ELECTRIC	603	45850	4890		003	\$290.84	\$290.84
XCEL ENERGY	SURFACE WATER: ELECTRIC	603	45900	3610			\$112.13	\$112.13
XCEL ENERGY	SIRENS: ELECTRIC	101	41500	3610			\$60.24	\$60.24
XCEL ENERGY	BOOSTER STATION: ELECTRIC	601	45050	3610			\$186.04	\$186.04
XCEL ENERGY	MAINTENANCE CENTER: ELECTRIC/GAS	701	46500	3610			\$1,874.79	\$2,697.46
		701	46500	2140			\$822.67	
XCEL ENERGY	STREET LIGHT: ELECTRIC	604	42600	3610			\$34.02	
XCEL ENERGY	TRAFFIC SIGNAL SHARED W/NORTH OAKS:ELECT	101	42200	3610			\$43.62	\$43.62
XCEL ENERGY	STREET LIGHTS: ELECTRIC	604	42600	3610			\$13,186.17	\$13,186.17
YALE MECHANICAL INC	AUGURED TOILETS IN MEN'S ROOM	220	43800	3810		003	\$345.88	\$345.88
YALE MECHANICAL INC	PERFORMED APRIL CONTRACT MAINT.	220	43800	3810		002	\$2,314.35	\$2,314.35
Total of all invoices:							\$74,277.18	

COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
ADOLPH KIEFER	LANYARDS/TIMER	225	43520	2170		002		\$12.95	\$72.35
		225	43535	2170		002		\$59.40	
AMERICAN LEAK DETECTION	PRESSURE CHECK OF ALL SPA LINES	220	43800	3810		007		\$600.00	\$600.00
AMSAN BRISSMAN KENNEDY	PAPER TOWELS/FOAM SOAP/BAGS	220	43800	2110				\$1,219.82	\$1,219.82
AMSAN BRISSMAN KENNEDY	FLOOR CLEANER/DEODORIZER	220	43800	2110				\$155.10	\$155.10
AMSAN BRISSMAN KENNEDY	BATH TISSUE/CAN LINERS/FOAM SOAP	220	43800	2110				\$496.09	\$496.09
ARC SERVICES INC	REPAIRS TO POOL LOCKER ROOM BENCH	220	43800	3810		007		\$298.61	\$298.61
BEISSWENGER'S HARDWARE	NUTS/BOLTS/6" RECIP SAW BLADE	220	43800	2240		003		\$20.15	\$20.15
BRYNTESEN, MARY	PRESCHOOL SUPPLIES REIMBURSEMENT	225	43555	2170				\$12.44	\$12.44
C & E HARDWARE	CANNED AIR	701	46500	2180		001		\$5.99	\$5.99
CUB FOODS	PRESCHOOL SUPPLIES	225	43555	2170				\$157.19	
CUB FOODS	PRESCHOOL SUPPLIES	225	43555	2170				\$12.47	\$12.47
CUB FOODS	PRESCHOOL SUPPLIES	225	43555	2170				\$46.63	\$46.63
GENESIS EMPLOYEE BENEFITS, INC	FLEX - MED/DEPENDENT CARE 05-23-14	101	20431					\$38.73	\$38.73
GRAINGER, INC.	FUSE/CLOCK/LUBRICANT/FAN	220	43800	2240		001		\$201.21	\$201.21
HEALTH PARTNERS	HEALTH INSURANCE: JUNE 2014	101	20410					\$55,760.16	\$55,760.16
HEALTH PARTNERS	HEALTH INSURANCE: JUNE 2014 RETIREE	101	20411					\$509.88	\$509.88
HEALTH PARTNERS	HEALTH INSURANCE: JUNE 2014 COBRA	101	20411					\$509.88	\$509.88
HILL, NICOLE	MILEAGE REIMBURSEMENT	240	44400	3270				\$30.57	\$30.57
HOFFARD, THERESA	MILEAGE TO RAMSEY COUNTY ELECTIONS	101	40200	4890				\$14.56	\$14.56
JEFF ELLIS & ASSOCIATES, INC	LIFEGUARD RENEWAL LICENSES (2)	220	43800	3190				\$167.00	\$167.00
KALCESSION	REFUND FOR SLICE FOOD VENDOR	270	34900			318		\$375.00	\$375.00
KONA ICE TWIN CITIES	REFUND ON SLICE FOOD VENDOR	270	34900			318		\$375.00	\$375.00
KUSCHEL, JODEE	MILEAGE/PARKING REIMB/PAYROLL CONFERENCE	101	40500	4500		004		\$85.88	\$85.88
MALLOY, MONTAGUE, KARNOWSKI,	2013 AUDIT PROGRESS BILLING THRU 4/30/14	101	40500	3190		001		\$11,083.60	\$25,190.00
		601	45050	3010				\$7,053.20	
		602	45550	3010				\$7,053.20	
MAYER ARTS, INC	WISH UPON A BALLET	225	43580	3170				\$540.00	
MENARDS CASHWAY LUMBER **FRIDL	CONDUIT FOR WELL 5	601	45050	2280		005		\$9.99	\$9.99
ON CALL SERVICES INC	FINAL PAYMENT TODDLER UNIT PLAYGROUND	401	43800	5300				\$500.00	\$500.00
ORIENTAL TRADING COMPANY	PRESCHOOL SUPPLIES	225	43555	2170				\$153.55	\$153.55
PIONEER RIM & WHEEL CO.	HITCH FOR 612	701	46500	2220		001		\$18.78	\$18.78
PIONEER RIM & WHEEL CO.	JACK PIN CATCH BASIN TRAILER	701	46500	2220		002		\$5.28	\$5.28
PLUMBMASTER, INC	CONTROL MODULE/GLOVES	220	43800	2240		001		\$377.42	\$377.42
SAM'S CLUB DIRECT	COFFEE AND JUICE FOR RESALE	220	43800	2590		001		\$323.72	\$562.10
		220	43800	2591		001		\$40.68	
		220	43800	2591		003		\$197.70	
SWALLEN, JOHN	SPRING MINI KICKERS CAMPS	225	43510	3190		012		\$1,494.50	\$1,494.50
THE ZINGHOPPERS GROUP LLC	PRESCHOOL PICNIC ENTERTAINMENT	225	43555	3190				\$281.25	\$281.25
WESOLOWSKI, THOMAS	REIMBURSEMENT: MNAPWA CONFERENCE	101	42050	4500				\$190.45	\$324.95
		101	42050	4330				\$134.50	

Total of all invoices: \$90,622.53
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COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
AARP C/O TOY, BOY	SMART DRIVER COURSE (5/20)	225	43590	3174		003		\$345.00	\$345.00
BRAUN INTERTEC CORPORATION	CONST MATERIALS TESTING/PROJECT MGMT	571	47000	5950				\$416.50	\$416.50
COORDINATED BUSINESS SYSTEMS	MITA LASER MAINTENANCE	101	40550	3860		004		\$162.58	\$162.58
FINANCE & COMMERCE, INC.	AD FOR BID 2014 SEAL COAT PROJ 14-04	404	42200	3190				\$180.86	\$180.86
GOPHER	CONES	225	43510	2170		007		\$71.99	\$71.99
GOPHER	YOUTH SPORTS SUPPLIES: TEES,BALLS,BAGS	225	43510	2170		007		\$521.16	\$2,354.89
		225	43510	2170		008		\$1,833.73	
GRILL, CHARLES	REIMBURSEMENT/CLEAN UP DAY SUPPLIES	210	42750	2180				\$22.22	
IDEAL ADVERTISING, INC.	HAT ORDER	225	43510	2170		008		\$1,360.00	\$1,360.00
IDENTITY STORES, LLC	SHIRT ORDER PART 2 - YOUTH SPORTS LEAGUE	225	43510	2170		007		\$45.00	\$45.00
MATHESON TRI-GAS INC	CO2 DELIVERY	220	43800	2160		002		\$96.44	\$96.44
MINNESOTA METRO NORTH TOURISM	APR 2014 HOTEL/MOTEL TAX	101	22079					\$20,704.02	\$19,668.82
		101	38420					-\$1,035.20	
PLUG'N PAY TECHNOLOGIES INC.	APR/RETAIL/CC FEES	220	43800	4890		002		\$215.46	
		225	43400	4890				\$56.94	
PLUG'N PAY TECHNOLOGIES INC.	APR/ECOMM/CC FEES	220	43800	4890		002		\$1.79	
		225	43400	4890				\$34.88	\$36.67
PRECISION LANDSCAPE & TREE, IN	BLVD TREE REMOVALS W014-2 3 4 5 6	101	43900	3190		002		\$2,448.75	
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-15	101	43900	3190		003		\$1,102.85	\$1,102.85
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-9	101	43900	3190		003		\$869.85	\$869.85
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-11	101	43900	3190		003		\$555.71	\$555.71
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-13	101	43900	3190		003		\$1,036.70	\$1,036.70
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-8	101	43900	3190		003		\$1,019.83	\$1,019.83
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-12	101	43900	3190		003		\$870.39	\$870.39
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-14	101	43900	3190		003		\$539.91	\$539.91
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-17	101	43900	3190		003		\$297.54	\$297.54
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-10	101	43900	3190				\$533.48	\$533.48
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-16	101	43900	3190		003		\$1,301.03	\$1,301.03
PRECISION LANDSCAPE & TREE, IN	PRIVATE TREE REMOVAL W014-7	101	43900	3190		003		\$489.03	\$489.03
SCORE SPORTS-AMERICAN SOCCER C	SOCCER BALLS	225	43510	2170		007		\$1,046.00	\$1,046.00
TARGET COMMERCIAL INVOICE	YOUTH SPORTS SUPPLIES/HELMETS/BATS	225	43510	2170		008		\$115.26	\$115.26
TEKAUTZ, TIMOTHY	SOFTBALL UMPIRE APRIL 22 & MAY 6	225	43510	3190		001		\$96.00	\$96.00
U S BANK/REVTRAK	APR 2014 CREDIT CARD FEES	101	44100	4890		001		\$2.83	\$5,674.15
		101	44300	4890		001		\$475.49	
		220	43800	4890		002		\$3,117.23	
		225	43400	4890				\$1,766.52	
		601	45050	4890		003		\$156.04	
		602	45550	4890		003		\$156.04	

Total of all invoices: \$43,029.85

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COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
ADVANCED ENGINEERING AND	WTP PRELIMINARY DESIGN CP14-02	454	47000	5910				\$16,828.33	\$16,828.33
AMAZON.COM	CASE FOR ROOM MICROPHONES	220	43800	2180		002		\$41.00	\$41.00
AMERICAN LEAK DETECTION	POOL DECK DRAIN CAMERA WORK	220	43800	3810		007		\$350.00	\$350.00
AMERICAN MESSAGING	LOCK BOX PAYMENT 6/1-6/30	101	40210	3190		009		\$3.99	
AMERICAN RED CROSS-HEALTH & SA	CPR/AED: 4 STUDENTS	601	45050	4500				\$25.33	\$76.00
		602	45550	4500				\$25.33	
		101	42200	4500				\$25.34	
AMERICAN RED CROSS-HEALTH & SA	CPR/AED	101	43710	4500				\$38.00	
		101	42200	4500				\$57.00	
		601	45050	4500				\$57.00	\$152.00
AMERICAN RED CROSS-HEALTH & SA	CPR/AED	101	42200	4500				\$50.67	
		601	45050	4500				\$50.67	
		602	45550	4500				\$50.66	\$152.00
ASSOCIATION OF RECYCLING MANAG	ASSOCIATION OF RECYCLING MANAGERS REG	101	42050	4500				\$35.00	\$35.00
BOSTIC, SIERRA	FACILITY REFUND	220	22040					\$25.00	\$25.00
BROWN, ROBERTO	WEKO VBALL (GRD 7-9)	220	22040					\$130.00	\$130.00
C & E HARDWARE	TAP SET	701	46500	2180		001		\$21.99	\$21.99
CHA, CHAU PENG	FACILITY REFUND	220	22040					\$300.00	\$300.00
COMCAST.COM	MODEM 2 INTERNET CHARGES	230	40900	3190		002		\$129.85	
COMMISSIONER OF REVENUE- WH TA	WITHHOLDING TAX - PAYDATE 05-30-14	101	21720					\$9,386.69	\$9,386.69
DEBORAH A. SORENSON, D.C.	STAFF DEVELOPMENT	101	40500	4500		010		\$125.00	\$125.00
DELTA DENTAL	DENTAL COVERAGE: JUNE 2014	101	20415					\$6,644.83	\$6,961.68
		101	20411					\$316.85	
FUNG, MYLY	FACILITY REFUND	220	22040					\$50.00	\$50.00
GAMART, LUBA	FACILITY REFUND	220	22040					\$25.00	\$25.00
GAS PLUS INC.	PREMIUM FUEL	701	46500	2120		001		\$180.00	\$180.00
ICMA/VANTAGEPOINT TRANSFER-300	EMPLOYEE CONTRIBUTIONS PAYDATE: 05-30-14	101	21750					\$5,502.76	\$5,502.76
ICMA/VANTAGEPOINT TRANSFER-705	ROTH CONTRIBUTIONS: 05-30-14	101	20430					\$655.00	\$655.00
IN CORD	POOL NETTING	220	43800	2200		002		\$843.19	\$843.19
KAMAS, BRIDGET	FACILITY REFUND	220	22040					\$25.00	\$25.00
KASTURI, MANJULA	FACILITY REFUND	220	22040					\$25.00	\$25.00
KEEGAN, KARLI	FACILITY REFUND	220	22040					\$25.00	\$25.00
KUHA, LORRIE	FACILITY REFUND	220	22040					\$300.00	\$300.00
LARSON, JENNIFER	FACILITY REFUND	220	22040					\$25.00	\$25.00
LEHMEIER, SARAH	AQUATICS - PRIVATE	220	22040					\$258.00	\$258.00
MALONEY, MARK J.	EXPENSE REIMBURSEMENT JAN 1 - MAY 9,2014	101	42050	3270				\$563.44	
MCCULLOUGH, DANNY	SOFTBALL (GRD 3-5)	220	22040					\$52.00	\$52.00
MIDWAY SEWER SERVICE COMPANY	CLEANING OF POOL DECK DRAINS	220	43800	3810		007		\$235.00	\$235.00
MINNESOTA DEPARTMENT OF AGRICU	FORESTRY INTERN PESTICIDE LICENSE FEES	101	42050	4500				\$30.00	\$30.00
MINNESOTA GFOA.COM	CAFR REVIEW: ESPE/MALONEY	101	40500	4500		003		\$50.00	\$50.00
MINNESOTA PREMIER PUBLICATIONS	PARENT MAGAZINE AD	220	43800	2201		003		\$1,393.00	\$1,493.00
		225	43400	3390				\$100.00	
MODERN PIPING, INC.	PERMIT REFUND 2014-00731	101	32620					\$125.00	\$130.00
		101	20802					\$5.00	
MOORE MEDICAL, LLC	MEDICAL SUPPLIES FOR STAFF	225	43510	2170		010		\$81.84	\$606.36
		225	43535	2170		002		\$408.88	
		101	40210	2180		003		\$50.70	
		220	43800	2200		001		\$64.94	
MY CABLE MART	RETURNED CABLES	101	40550	2010		001		-\$184.94	
MY CABLE MART	COMPUTER MONITOR CABLES	101	40550	2010		001		\$194.50	\$194.50
NCPERS MINNESOTA	PERA LIFE INSURANCE: JUNE 2014	101	20413					\$224.00	\$224.00

COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
NEWEGG.COM	COMPUTER MONITOR CABLES	101	40550	2010		001		\$125.00	\$125.00
NORTHLAND CAPITAL FINANCIAL SE	FITNESS EQUIPMENT LEASE - MAY 2014	220	43800	3960		005		\$1,484.09	\$1,484.09
PANINO'S	EDA MEETING SUPPLIES	240	44400	2180		001		\$196.42	\$196.42
PANKRATZ, VICKI	FACILITY REFUND	220	22040					\$25.00	\$25.00
PATRICK, DANIEL	PASS REFUND	220	22040					\$69.02	\$69.02
PAY PAL.COM	SKYJACK WHEELS FOR PUBLIC WORKS LIFT	701	46500	2220		002		\$782.00	\$782.00
PETERSON, SARAH	FACILITY REFUND	220	22040					\$25.00	\$25.00
PUBLIC EMPLOYEES RETIREMENT AS	EMPL/EMPLOYER CONTRIBUTIONS: 05-30-14	101	21740					\$28,001.42	\$28,001.42
RAMSEY CO. PUBLIC HEALTH	4-10DAY TEMP FOOD LIC/RESTRUCTURE FEE	225	43590	2174		001		\$80.00	\$80.00
RISMOEN, LAYLA	PASS REFUND	220	22040					\$69.01	\$69.01
RYDER, WAYNE	FACILITY REFUND	220	22040					\$25.00	\$25.00
SKUBITZ, JOHN	PASS REFUND	220	22040					\$519.16	\$519.16
STEFFES, DAN	CPR	220	22040					\$96.00	\$96.00
SUBWAY	HRC ESSAY CONTEST SUPPLIES	101	40100	4890		002		\$30.00	\$30.00
SUGAR LAKE LODGE	STEVE NELSON/EDUCATION/10K	101	44300	3270				\$137.34	\$137.34
SWANSON, SARA	FACILITY REFUND	220	22040					\$50.00	\$50.00
TARGET.COM	HRC ESSAY CONTEST SUPPLIES	101	40100	4890		002		\$100.00	\$100.00
TEGDESCH, GREG	REFUND FOR FOOD VENDOR BOOTH	270	34900		318			\$375.00	
TREASURY, DEPARTMENT OF	FEDERAL WITHHOLDING TAX: 05-30-14	101	21710					\$22,566.38	\$57,786.62
		101	21730					\$28,544.48	
		101	21735					\$6,675.76	
TYCO INTEGRATED SECURITY LLC	SECURITY SYSTEM MONITORING	101	40210	3190		008		\$100.70	\$100.70
UNITED STATES POST OFFICE	POSTAGE FOR RESALE AT FRONT DESK	101	40200	3220				\$1.85	\$491.85
		101	11800					\$490.00	
UNITED STATES POST OFFICE	POSTAGE STAMPS FOR RESALE AT FRONT DESK	101	11800					\$98.00	
VERIZON WIRELESS	CELL PHONES - 5/11 - 6/10/14	601	45050	3190				\$78.13	\$146.09
		101	44300	3190				\$10.01	
		101	40200	3210				\$57.95	
VOIPLINK / MTR	IP CONFERENCE TELEPHONE FOR PARKS	220	43800	2180		002		\$1,208.48	\$1,208.48
WILLIAMS, HOPE	FACILITY REFUND	220	22040					\$50.00	\$50.00
WINKE, BRIAN	SOCCER CAMP -AGE 3&4	220	22040					\$183.00	\$183.00
WINKE, BRIAN	TIED IN KNOTS	220	22040					\$82.00	\$82.00
Total of all invoices:								\$138,362.04	

COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
ABM EQUIPMENT & SUPPLY INC	BLADES FOR MV-2	701	46500	2220		002		\$165.93	\$165.93
ALLIANCE BENEFIT GROUP INC	COBRA NOTICES	101	40210	3190		003		\$24.00	\$24.00
AMSAN BRISSMAN KENNEDY	CLEANING SUPPLIES PARKS	101	43710	2110				\$43.65	\$43.65
AMSAN BRISSMAN KENNEDY	ACTION PACKER TOTES HOLIDAY LIGHTS	101	43710	2240				\$557.65	\$557.65
ARAMARK REFRESHMENT SERVICES	COFFEE & SUPPLIES MAINTENANCE CENTER	701	46500	2183				\$222.55	\$222.55
BARSNESS, KIRSTIN	CONSULTING MAY 2014	240	44400	3190				\$1,618.75	\$3,018.75
		307	44100	4890				\$1,400.00	
BDI	BEARING FOR TOOL CAT	701	46500	2220		002		\$98.82	
BEISSWENGERS HARDWARE	PIPE FITTING FOR PARK WASH RACK	701	46500	2180		001		\$6.62	\$6.62
BEISSWENGERS HARDWARE	FLEX COUPLING STORM POND LEX	603	45850	2180		001		\$3.19	\$3.19
BEISSWENGERS HARDWARE	STORM DRAIN REPAIR/LEXINGTON	603	45850	2180		001		\$75.74	\$75.74
BEUNING, MICHELLE	MAILBOX REPAIR REIMBURSEMENT	101	42200	2181		003		\$50.00	\$50.00
BRADLEY & DEIKE, PA	TIF CONSULTING	307	44100	4890				\$204.00	\$204.00
BRADLEY & DEIKE, PA	SOUTHVIEW SENIOR LIVING	101	22020					\$68.00	\$68.00
BRADLEY & DEIKE, PA	MIDLAND PLAZA	101	22020					\$204.00	\$204.00
BRIGHTON SANDBLASTING INC	BLASTING TRAILER	701	46500	5800				\$1,300.00	\$1,300.00
BWBR ARCHITECTS	ARCHITECTS FEES CARPET PROJECT	405	43800	3810				\$1,605.67	\$1,605.67
C & E HARDWARE	NAILS FOR REBUILDING HOME PLATES	101	43710	2240				\$7.98	\$7.98
C & E HARDWARE	IRRIGATION REPAIR SUPPLIES	101	43710	2240				\$2.49	\$2.49
CDW GOVERNMENT, INC	NETWORK MANAGEMENT SOFTWARE	101	40550	2180		002		\$135.10	\$135.10
CE GOBEIL CO INC	BEARING FOR TOOL CAT	701	46500	2220		002		\$139.84	\$139.84
DART PORTABLE STORAGE	STORAGE UNIT MCGUIRE	307	44100	4890				\$180.00	\$180.00
DAVE'S SPORT SHOP	HOME PLATES	101	43710	2240				\$119.94	\$119.94
ELECTRO WATCHMAN INC.	SECURITY ALARM SYSTEM MONITORING	701	46500	3196		002		\$74.85	\$74.85
EMERGENCY AUTOMOTIVE	LED BEACONS FOR 608 609	701	46500	2220		001		\$854.00	\$854.00
EMERGENCY AUTOMOTIVE	LED BEACON 612	701	46500	2220		001		\$438.46	\$438.46
EMERGENCY AUTOMOTIVE	COMPUTER STAND 206	701	46500	2220		001		\$591.67	\$591.67
FEDEX	COPY AND LAMINATE IRRIGATION MAPS	101	43710	2180				\$3.12	\$3.12
GRAINGER, INC.	SAFETY GLASSES	601	45050	2280		001		\$88.34	\$88.34
HAWKINS, INC.	FLUORIDE AND CHLORINE	601	45050	2160		001		\$2,792.37	\$4,997.08
		601	45050	2160		002		\$2,204.71	
HOISINGTON KOEGLER GROUP INC	TIF 1 - APRIL 1-30, 2014	307	44100	4890				\$7,069.46	
HUGO EQUIPMENT COMPANY	SNOWBLOWER PARTS TORO	701	46500	2220		002		\$142.07	\$142.07
JEFF SMITH LLC	SPRING'14 TAEKWONDO SESS.B INSTRCTR FEE	225	43530	3190				\$1,316.90	\$1,316.90
L T G POWER EQUIPMENT	CHAIN ECHO TRIMMER STREETS	701	46500	2220		002		\$27.90	\$27.90
LARKIN HOFFMAN DALY & LINDGREN	TIF EXTENSION CONSULTING	307	44100	4890				\$14,831.50	\$14,831.50
LILLIE SUBURBAN NEWSPAPERS INC	PT NIGHT CUSTODIAN AD 1 WEEK	101	40210	3360		001		\$258.00	\$258.00
MANDSFIELD OIL COMPANY	1000 GALLONS UNLEADED FUEL	701	46500	2120		001		\$3,169.41	\$3,169.41
MANDSFIELD OIL COMPANY	1832 GALLONS OF DIESEL FUEL	701	46500	2120		002		\$5,957.86	\$5,957.86
MARK J. TRAUT WELLS INCORPORAT	ANNUAL WELL INSPECTION AND REPAIRS #2	601	45050	3190		003		\$18,711.00	\$18,711.00
MCF-LINO LAKES	DOC WORK CREW SERVICES ONE DAY OVERTIME	101	43450	3190				\$67.50	\$675.00
		101	43710	3190				\$135.00	
		101	43900	3190				\$67.50	
		601	45050	3190				\$168.75	
		603	45850	3190				\$168.75	
		701	46500	3196				\$67.50	
METERING & TECHNOLOGY SOLUTION	METERS	601	45050	2510		001		\$3,933.29	
NORTHERN ELECTRICAL CONTRACTOR	REPAIRS TO LOWER CC ENTRANCE	220	43800	3810				\$244.30	\$244.30
NORTHERN ELECTRICAL CONTRACTOR	REPAIR LIGHTING AND CHECK SCORE BOARD	101	43710	3190				\$331.37	\$331.37
NYSSE, LYNNE	REFUND/PERSONAL TRAINING	225	34530					\$172.93	\$172.93
OFFICE DEPOT	GENERAL OFFICE SUPPLIES	225	43400	3390				\$73.49	\$73.49

COUNCIL REPORT

Vendor Name	Description	FF	GG	OO	AA	CC	Line	Amount	Invoice Amt
OFFICE DEPOT	PRESCHOOL SUPPLIES	225	43555	2170				\$117.63	\$117.63
REHBEIN'S BLACK DIRT	BLACK DIRT FOR PLOW DAMAGE REPAIRS	101	42200	2181		003		\$132.00	\$132.00
SCHREIBER MULLANEY CONSTRCT CO	REPAIRS TO BANQUET AND MEETING ROOMS	220	43800	3810		003		\$8,416.00	\$8,416.00
SCHREIBER MULLANEY CONSTRCT CO	TV BRACKET INSTALL CITY HALL	220	43800	3810		001		\$565.00	\$565.00
SCHREIBER MULLANEY CONSTRCT CO	REPAIRS TO COUNTER IN BEACHCOMBER	220	43800	3810		003		\$670.00	\$670.00
SHERWIN WILLIAMS INC	PAINT FOR STREET LIGHT CABINETS	604	42600	2180				\$74.24	\$74.24
SOLBREKK	LASERFICHE FORMS MODULE	422	40550	5800		008		\$2,014.00	\$2,014.00
T.A. SCHIFSKY & SONS, INCORPOR	ASPHALT FOR POT HOLE PATCHING	101	42200	2180		002		\$64.50	\$64.50
TERMINAL SUPPLY CO	SHOP SUPPLIES	701	46500	2180		001		\$264.10	\$264.10
TOTAL TOOL SUPPLY INC	CABLE FOR TOOL CAT	701	46500	2220		002		\$28.00	\$28.00
TOTAL TOOL SUPPLY INC	HANDLE FOR MANHOLE TOOL	602	45550	2280		003		\$26.04	\$26.04
UNI FIRST CORPORATION	UNIFORM RENTAL	101	42200	3970		001		\$39.21	\$156.83
		601	45050	3970		001		\$39.21	
		602	45550	3970		001		\$39.21	
		603	45850	3970		001		\$19.60	
		701	46500	3970		001		\$19.60	
UNIFIRST CORPORATION	UNIFORM RENTAL PARKS	101	43710	3970				\$61.00	\$61.00
UNIFIRST CORPORATION	UNIFORM RENTAL CC	220	43800	3970				\$49.46	\$49.46
UNIFIRST CORPORATION	UNIFORM RENTAL PARKS	101	43710	3970				\$61.00	
UNIFIRST CORPORATION	UNIFORM RENTAL CC	220	43800	3970				\$49.46	\$49.46
UNITED GLASS INC	LOWER LEVEL REPLACEMENT DOORS	405	43800	5200				\$25,975.00	\$25,975.00
VAN PAPER COMPANY	TRASH BAGS FOR PARKS	101	43710	2110				\$147.72	
VERUS CORPORATION	CISCO SMARTNET COVERAGE	101	40550	3860		011		\$2,089.00	\$2,089.00
VERUS CORPORATION	ENGINEERING SERVICES FOR FIREWALL	101	40550	3190		001		\$393.75	\$393.75
W.D.LARSON COMPANIES LTD, INC.	FILTERS	701	46500	2220		002		\$27.92	\$27.92
WSB & ASSOCIATES, INC.	DESIGN SERVICES COUNTY ROAD D CP 13-01A	573	47000	5910				\$367.50	\$367.50
YALE MECHANICAL INC	LARSON HOUSE RPZ TESTING	101	43710	3810				\$212.75	\$212.75
YALE MECHANICAL INC	RPZ TESTING FOR IRRIGATION SYSTEM	101	43710	3190				\$441.75	\$441.75
YALE MECHANICAL INC	RPZ TESTING FOR IRRIGATION SYSTEM	101	43710	3190				\$212.75	\$212.75
YALE MECHANICAL INC	RPZ TESTING FOR IRRIGATION SYSTEM	101	43710	3190				\$212.75	\$212.75
ZEP MANUFACTURING COMPANY	CLEANING SUPPLIES	701	46500	2183		001		\$630.38	\$630.38
Total of all invoices:								\$115,656.45	=====

Purchase Voucher

City of Shoreview
 4600 Victoria Street North
 Shoreview MN 55126

Voucher Number	41,887
Vendor number	01276 1 2014
Vendor name	HEALTH PARTNERS
Address	NW 3600 PO BOX 1450 MPLS MN 55485-3600

Date	Comment line on check	Invoice number	Amount
05-08-14	HEALTH INSURANCE: JUNE 2014	47644382	\$55,760.16

THIS IS AN EARLY CHECK, PLACE VOUCHER IN EARLY CHECK FILE

This Purchase Voucher is more than \$25,000.00; was the state's cooperative venture considered before purchasing through another source?

Purchase was made through the state's cooperative purchasing venture.

Purchase was made through another source. The state's cooperative purchasing venture was considered.

Cooperative purchasing venture consideration requirement does not apply.

Return to:	
------------	--

Account Coding	Amount
101 20410	\$55,760.16
101 20411	

Is sales tax included on invoice?	Not Taxable
If no, amount subject to sales use tax	\$

Reviewed by: J. Kuschel
 (signature required) Joëe Kuschel

Approved by: T. Schwerm
 (signature required) Terry Schwerm

Two quotes must be attached to purchase voucher for all purchases between \$10,000 and \$50,000. If no quote is received, explain below:

Quote 1	
Quote 2	
Explanation if no quote received	

Purchase Voucher

City of Shoreview
 4600 Victoria Street North
 Shoreview MN 55126

Voucher Number	41,982
Vendor number	01299 1 2014
Vendor name	UNITED GLASS INC
Address	1480 COUNTY ROAD C WEST ROSEVILLE MN 55113

Date	Comment line on check	Invoice number	Amount
05-21-14	LOWER LEVEL REPLACEMENT DOORS	40728	\$25,975.00

This Purchase Voucher is more than \$25,000.00; was the state's cooperative venture considered before purchasing through another source?

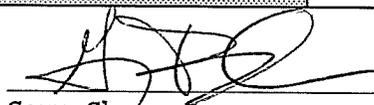
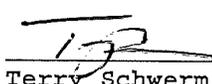
Purchase was made through the state's cooperative purchasing venture.

Purchase was made through another source. The state's cooperative purchasing venture was considered.

Cooperative purchasing venture consideration requirement does not apply.

Account Coding Amount

Account Coding	Amount
405 43800 5200	\$25,975.00

Is sales tax included on invoice?	Not Taxable
If no, amount subject to sales use tax	\$
Reviewed by: (signature required) Gary Chapman	
Approved by: (signature required) Terry Schwerm	

Two quotes must be attached to purchase voucher for all purchases between \$10,000 and \$50,000. If no quote is received, explain below:

Quote 1	UNITED GLASS	\$ 25,975.00
Quote 2	BRIN NORTHWESTERN	\$ 27,660.00
Explanation if no quote received		

PROPOSED MOTION

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

to adopt Resolution No. 14-30 approving Shoreview Sign Management and Retroreflectivity Policy.

ROLL CALL:	AYES	NAYS
JOHNSON	_____	_____
QUIGLEY	_____	_____
WICKSTROM	_____	_____
WITHHART	_____	_____
MARTIN	_____	_____

TO: MAYOR, CITY COUNCIL, CITY MANAGER
FROM: MARK J. MALONEY, PUBLIC WORKS DIRECTOR
DATE: JUNE 2, 2014
SUBJ: ADOPT RESOLUTION NO. 14-30 APPROVING SIGN MANAGEMENT
AND RETROREFLECTIVITY POLICY

INTRODUCTION

Staff is recommending that the City Council adopt resolution #14-30 approving a sign Management and Retroreflectivity Policy. This proposed policy was developed according to the guidance of the League of Minnesota Cities, who recommends each city establish a sign management and retroreflectivity policy to limit liability.

DISCUSSION

To address recent federal and state requirements related to sign retroreflectivity, the League of Minnesota Cities Insurance Trust (LMCIT) recommends that each city establish a sign management and retroreflectivity policy.

Retroreflectivity is a measure of how light is reflected from a surface and returned to its original source. Traffic signs are made with retroreflective sign sheeting material that redirects headlamp illumination back toward the vehicle, thereby making the sign visible at nighttime to the vehicle's driver.

The retroreflective properties of all sign sheeting materials degrade over time making signs progressively less visible at night. To maintain their nighttime effectiveness, signs should be replaced before they reach the end of their useful life. Federal and state requirements now say that cities must have a plan as to how retroreflective signs will be managed or inspected and how or when signs will be replaced. The Minnesota Manual of Uniform Traffic Control Devices (MN MUTCD) requires cities to establish an assessment or management method that is designed to maintain sign retroreflectivity at or above minimum levels specified in the MN MUTCD.

Staff developed the written policy based on LMCIT recommendations and suggested methods of managing and maintaining sign retroreflectivity from the MN MUTCD. The final draft of the policy is attached for reference.

RECOMMENDATION

Staff recommends consideration of the Resolution #14-30 approving a Sign Management and Retroreflectivity Policy.

**EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF SHOREVIEW, MINNESOTA
HELD JUNE 2, 2014**

* * * * *

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Shoreview, Minnesota, was duly called and held at the Shoreview City Hall in said City on June 2, 2014, at 7:00 p.m. The following members were present:

and the following members were absent:

Member introduced the following resolution and moved its adoption.

RESOLUTION NO. 14-30

APPROVING AND ADOPTING
SIGN MANAGEMENT AND RETROREFLECTIVITY POLICY

WHEREAS, the League of Minnesota Cities has recommended that cities adopt a policy specific to the latest Federal and State requirements related to traffic sign retroreflectivity; and

WHEREAS, a Sign Management and Retroreflectivity Policy has been developed and recommended by City staff; and

WHEREAS, approval and adoption of said policy has been determined to be in the best interest of the City of Shoreview.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SHOREVIEW, MINNESOTA, that said Sign Management and Retroreflectivity Policy dated June, 2014 is hereby approved and adopted.

The motion for the adoption of the foregoing resolution was duly seconded by Member and upon vote being taken thereon, the following voted in favor thereof:

;

and the following voted against the same:

City of Shoreview

Sign Management & Retroreflectivity Policy

June, 2014

Introduction:

The purpose of the City of Shoreview's sign management and Retroreflectivity Policy is to establish how the city will implement an assessment or management method, or combination of methods, to meet the minimum sign retroreflectivity requirements as specified in the Minnesota Manual on Uniform Traffic Control Devices (MN MUTCD).

Substantial conformance with the MN MUTCD is achieved by having a method in place to maintain minimum retroreflectivity levels. Conformance does not require or guarantee that every individual sign in the city will meet or exceed the minimum retroreflectivity levels at every point in time.

The goal of this policy is to improve public safety on the city's streets and roads and prioritize the city's limited resources to replace signs.

Applicable Signs:

This policy applies to all regulatory, warning, and guide signs as set forth in the MN MUTCD.

- Regulatory signs include:
 - Stop, yield, speed limit, no passing and one way signs.
- Warning signs include:
 - Divided Highway, hill, narrow bridge, dead end, speed hump and merge signs.
- Guide signs include:
 - Detour, destination, distance and street name signs.
- Signs excluded from the retroreflectivity maintenance guidelines :
 - Parking,
 - Walking/Crossing Signs
 - Acknowledgement Signs, including Memorial signs
 - All signs with blue or brown backgrounds

- Bikeway signs that are intended for exclusive use by bicyclists or pedestrians

Sign Inventory:

To meet the city's goal of maintaining sign retroreflectivity above certain levels, the city will maintain a sign inventory of all new or replacement signs installed after the effective date of this policy. The inventory shall indicate the type of sign, the location of the sign, the date of installation or replacement, the type of sheeting material used on the sign face, the expected life of the sign, and any maintenance performed on the sign.

As to existing signs, the city will perform an inventory of all signs covered by this policy. The city recognizes this process will occur over time subject to the city's monetary and human resources. The city expects to complete its sign inventory by January 1, 2015. The city shall record the above information related to new signs to the extent that such information is known and shall also include a statement on the general condition of the sign.

Removal of Signs:

In recognition of the fact that excess road signs have been shown to reduce the effectiveness of signage, as well as impose an unnecessary financial burden on road authorities, it is the city's policy to remove signs determined to be unnecessary for safety purposes and which are not required to comply with an applicable state or federal statute or regulation. The removal of signs shall be based on an engineering study and the MN MUTCD.

Approved Sign Evaluation Methods:

After reviewing various approved methods for sign management and maintenance the city will use a combination of "Control Signs" and "Expected Sign Life" methods, to meet the minimum sign retroreflectivity requirements in the MN MUTCD.

- **Control Signs.** Replacement of signs in the city is based on the performance of a sample set of signs. The control signs will be a small sample located in the city's maintenance yard or a selection of signs in

the field. The control signs will be monitored to determine the end of retro-reflective life for the associated signs. All signs represented by a specific set of control signs will be replaced before the retroreflectivity levels of the control signs reach the minimum retroreflectivity levels.

- **Expected Sign Life.** The installation date is labeled or recorded when a sign is installed so that the age of any given sign is known. The age of the sign is compared to the expected sign life. The expected sign life is based on the experience of sign retroreflectivity degradation in the city. Signs older than the expected life will be replaced.

The City of Shoreview has already established a sign inventory and sign management software program that records the installation date and expected life of each sign. The expected life is based on the manufacturer's warranty of the sign's sheeting materials.

The city's sign inventory program is split into eight zones. In each zone a "control" sign of each color of sheeting (yellow- warning signs, red-stop signs, white-speed limit signs and white/green street name signs) will be evaluated or tested with a retroreflectometer annually. Based on the age of the signs and the measured readings of the retroreflectivity, each year the city will replace all the specific signs in any zone as needed. As an example;

In a single year zone one's "control" stop sign records minimum standard retro-reflectivity as measured by the retroreflectometer. And the "control" warning sign records minimum standard retroreflectivity as measured by the retroreflectometer.

Zone two's "control" stop sign also records minimum standard retroreflectivity as measured by the retroreflectometer.

In zone three the "control" street name sign records minimum standard retroreflectivity as measured by the retroreflectometer.

In this scenario the order of priority would be replacing all the stop signs in zone one and two. The remaining sign replacement budget would go towards replacing all the warning signs in zone one. The street name signs in zone three would be replaced the following year and the following year's budget would reflect the need for additional sign replacements.

As the different sign types are replaced the sign inventory program will address future replacement needs according to the expected life of each sign type in

each individual zone. The eventual goal will be that the majority of retroreflectivity related sign replacements will be handled through the expected life cycle/sign life process within each individual zone.

Sign Replacements:

As always; damaged, stolen or missing signs will be replaced as needed according to established priorities.

The city hereby establishes the following priority order in which road signs will be replaced:

- First priority shall be given to replacing missing or damaged regulatory signs and warning signs and all signs determined to be of a priority for safety purposes.
- Second priority shall be given to replacing regulatory signs and warning signs and all signs determined to be of a priority for safety purposes, in specific zones, that have reached the end of their expected service life or record the minimum retroreflectivity standard.
- Third priority shall be given to replacing all guide signs that are either missing or damaged.
- Fourth priority shall be given to replacing all guide signs, in specific zones that have reached the end of their expected service life or record the minimum retroreflectivity standard.
- Fifth priority shall be given to all remaining signs that are missing, damaged or have come to the end of their anticipated service life.

In addition, within each category above, further priority shall be given to warning and regulatory signs on roads with higher vehicle usage.

Modification and Deviation from Policy:

The city reserves the right to modify this Sign Retroreflectivity Policy at any time if deemed to be the best interests of the city based on safety, social, political and economic considerations.

The Director of Public Works, or his or her designee, may authorize a deviation from the implementation of this policy in regard to a particular sign when deemed to be in the best interests of the city based on safety, social, political and economic considerations. Such deviation shall be documented including the reason for the deviation and other information supporting the deviation.

Resource Materials:

City staff has reviewed and relied on numerous resources in developing this policy. These resource materials include, but are not limited to the following:

- Methods for Maintaining Traffic Sign Retroreflectivity, Publication No. FHWA-HRT-08-026, U.S. Department of Transportation, Federal Highway Administration (November 2007).
- Sign Retroreflectivity Guidebook, Publication No. FHWA-CFL/TD-09-005, U.S. Department of Transportation, Federal Highway Administration (September 2009).
- Sign Retroreflectivity: A Minnesota Toolkit, Minnesota Department of Transportation, Local Road Research Board (June 2010).
- Traffic Sign Maintenance/Management Handbook, Report No. 2010RIC10, Version 1.1 Minnesota Department of Transportation (October 2010).
- LMCIT Sign Retroreflectivity Memo and Model Policy, League of Minnesota Cities (Final Edition, March 2014).

TO: MAYOR, CITY COUNCIL, CITY MANAGER
FROM: THOMAS L. HAMMITT
SENIOR ENGINEERING TECHNICIAN
DATE: MAY 29, 2014
SUBJECT: DEVELOPER ESCROW REDUCTIONS

INTRODUCTION

The following escrow reductions have been prepared and are presented to the City Council for approval.

BACKGROUND

The property owners/builders listed below have completed all or portions of the erosion control and turf establishment, landscaping or other construction in the right of way as required in the development contracts or building permits.

777 Cottage Pl	Erosion Control completed
316 Lion Lane	Erosion Control completed
600 Emil Ave	Curb and Driveway Entrance complete

RECOMMENDATION

It is recommended that the City Council approve releasing all or portions of the escrows for the following properties in the amounts listed below:

777 Cottage Pl	Frattalone Companies	\$ 1,000.00
316 Lion Ln	Norway Builders	\$ 1,000.00
600 Emil Ave	ACT Asphalt Specialites	\$ 1,500.00

PROPOSED

**EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF SHOREVIEW, MINNESOTA**

HELD JUNE 2, 2014

* * * * *

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Shoreview, Minnesota was duly called and held at the Shoreview City Hall in said City on June 2, 2014 at 7:00 p.m. The following members were present:

and the following members were absent:

Member introduced the following resolution and moved its adoption.

RESOLUTION NO. 14-33

**RESOLUTION ORDERING ESCROW REDUCTIONS
AT VARIOUS LOCATIONS IN THE CITY**

WHEREAS, various builders and developers have submitted cash escrows for erosion control, grading certificates, landscaping and other improvements, and

WHEREAS, City staff have reviewed the sites and developments and is recommending the escrows be returned.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Shoreview, Minnesota, as follows:

The Shoreview Finance Department is authorized to reduce the cash deposit in the amounts listed below:

777 Cottage Pl	Frattalone Companies	\$ 1,000.00
316 Lion Ln	Norway Builders	\$ 1,000.00
600 Emil Ave	ACT Asphalt Specialites	\$ 1,500.00

The motion for the adoption of the foregoing resolution was duly seconded by Member and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted this 2nd day of June, 2014.

PROPOSED MOTION

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

to approve an amendment in the amount of \$35,000 to the professional services agreement with SEH, Inc. for activities relating to the public improvements for the Owasso Street Realignment, City Project 09-12.

ROLL CALL:	AYES	NAYS
JOHNSON	_____	_____
QUIGLEY	_____	_____
WICKSTROM	_____	_____
WITHHART	_____	_____
MARTIN	_____	_____

REGULAR COUNCIL MEETING
JUNE 2, 2014

TEW/

TO: MAYOR, CITY COUNCIL, AND CITY MANAGER
FROM: TOM WESOLOWSKI, CITY ENGINEER
DATE: MAY 29, 2014
SUBJ: AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT
OWASSO STREET REALIGNMENT, CITY PROJECT 09-12

INTRODUCTION

A consultant hired by the City has been providing design and construction management services for the public infrastructure improvements associated with the Owasso Street Realignment, City Project 09-02 since 2010. Various aspects of the project have increased the length of time to complete the construction and additional construction management work will need to be performed. An amendment to the professional services agreement has been prepared. City Council approval of the amendment is recommended at this time.

BACKGROUND

The City hired the consulting engineering firm SEH, Inc. in 2010 to assist in the development of a feasibility report for the potential realignment of Owasso Street at its intersection with Victoria Street. As that redevelopment moved forward in 2011 as the Lakeview Terrace/City of Shoreview partnership, the City negotiated a professional services agreement with SEH, Inc. for final design, right of way acquisition and construction related services for the public infrastructure improvements for the realignment of Owasso Street. That agreement was authorized for a total of \$312,500. In April 2013 the Council approved an amendment to the original agreement in the amount of \$115,000 for additional design services performed by SEH. The additional services were related to construction plan changes and the changing schedule of the redevelopment.

DISCUSSION

As part of the project the railroad crossing on Victoria Street will be reconstructed and the intersections on the north and south side of the railroad tracks will be improved. CP Rail controls the schedule for the reconstruction of the railroad crossing and they scheduled the work to be completed in June of 2014. The improvements to the intersections cannot be completed until the railroad crossing work is completed, so that work is also scheduled to be completed in June of 2014.

It was originally anticipated that the railroad crossing reconstruction and associated intersection improvements would be completed in 2013 and only minor work would need to be completed in 2014. SEH based the original scope for construction services on that

construction schedule. Additional construction services will be required beyond the original scope due to the change in the construction schedule for the railroad crossing and associated intersection improvements.

At this time it is proposed to amend the professional services agreement with SEH, Inc. a total of \$35,000 to account for the changes in project scope that have occurred since 2013. Please refer to the attached letter from Susan Mason from SEH, Inc. detailing the need for the contract amendment.

Following is the current estimated schedule for the public infrastructure improvements associated with the Lakeview Terrace project.

This schedule includes:

Final Completion, Restoration	June, 2014
Assessment Hearing	September, 2014

RECOMMENDATION

It is recommended that the City Council approve the attached motion approving the amendment to the professional services agreement with SEH, Inc. for activities relating to Owasso Street Realignment, City Project 09-12.



Building a Better World
for All of Us®

May 21, 2014

RE: City of Shoreview Project 09-12
County Road E, Victoria Street, and
Owasso Street Construction Services
SEH No. 118739

Tom Wesolowski
City Engineer
City of Shoreview
4600 Victoria St. N.
Shoreview, MN 55126-5817

Dear Tom:

Thank you for the opportunity to provide professional services to the City of Shoreview for City Project Number 09-12 at the intersection of County Road E, Victoria Street, and Owasso Street. This project will provide intersection improvements, allowing the adjacent property owner to complete redevelopment while maintaining safe and efficient operation. The construction project has undergone a number of schedule and content changes as a result of railroad property acquisition, construction delays, and construction scope changes.

BACKGROUND

In 2010, SEH prepared a feasibility report that reviewed the feasibility of realigning Owasso Street at the intersection of County Road E (east and west legs) at Victoria. SEH then completed final design and a bidding documents in early 2013, with an anticipated construction completion date of late 2013. Because of delays in acquiring railroad property and construction delays; we respectfully request an amendment to our construction services contract.

This letter describes the original budgets, generally describes the additional work and associated costs, and establishes a revised construction services estimate, given our understanding of the changes to the project and schedule to date.

CONSTRUCTION SERVICES CHANGES

SEH's approach to construction services – administration, field representation, staking, and record plan preparation will not change from the November 2011 Letter Agreement and April 2013 Amendment except for the anticipated revisions to schedule and time. We had originally assumed that the City's contractor and CP Rail would complete their work during the 2013 construction season, with only minor clean-up work in 2014. Our new estimate takes into account the construction activities remaining and the level of attention required.

AMENDMENT REQUEST

SEH respectfully requests that our original agreement total compensation be amended to reflect the above changes in scope. The total amount requested is \$35,000 to be used for construction services for the remainder of the project. Accounting for this and the April 2013 Amendment, our new estimate for construction services is \$227,000. This will end up just over 10% of the total construction cost.

Engineers | Architects | Planners | Scientists

Short Elliott Hendrickson Inc., 3535 Vadnais Center Drive, St. Paul, MN 55110-5196

SEH is 100% employee-owned | sehinc.com | 651.490.2000 | 800.325.2055 | 888.908.8166 fax

Tom Wesolowski
May 21, 2014
Page 2

Design and Bidding	\$235,000
Construction Services	\$192,500
Construction Services Amendment	\$35,000
TOTAL	\$462,500

This agreement is an understanding of the project to date. If this document satisfactorily sets forth your understanding of our agreement, please sign in the space below and return one copy to our office.

We look forward continuing to work with you, your staff, and the community on this project. Thanks for the opportunity to continue to work with the City of Shoreview.

Sincerely,

SHORT ELLIOTT HENDRICKSON INC.

Susan M. Mason, PE
Principal

City of Shoreview, Minnesota

Approved this _____ day of _____, 2014

By _____

c: Mark Lobermeier, SEH
s:\pt\st\shore\118739\1-gen\10-contracts\seh ammendment 052014.docx

TO: MAYOR, CITY COUNCIL, CITY MANAGER

FROM: THOMAS L HAMMITT
SENIOR ENGINEERING TECHNICIAN

DATE: MAY 29, 2014

SUBJ: ACCEPTING QUOTES FOR THE FOLLOWING PROJECTS
2014 STREET LIGHT REPLACEMENTS PROJECT NO. 14-03 AND
HANSON/OAKRIDGE RECONSTRUCTION, PROJECT 14-01

INTRODUCTION

Our Consultant has solicited quotes on behalf of the City for 2014 Street Light Replacements project and Hanson/Oakridge Reconstruction. Staff has reviewed the quotes and asks the City Council to accept the low quotes.

BACKGROUND

2014 Street Light Replacements

Shoreview's Infrastructure Replacement Plan and Capital Improvement Program include replacing our aging street lights. Many of the City owned lights were installed in the development boom years of the 1970's and 80's are now at the end of their useful life. City staff has entered into a professional service agreement with Signature Lighting to provide expertise in street light improvements, street lighting options, acquiring quotes, assisting with project management and inspections for compliance with contract documents and installation.

This year's project consists of three different areas:

- Area 1 – Bucher/Daniel/Kitkerry
- Area 2 – Pascal/Knoll
- Area 3 – Debra/Maple Pond

The City's contractor will be replacing the old 175 Watt Mercury Vapor lights and wood poles with 40 watt LED Fixtures and Aluminum poles. These fixtures are similar in design to the traditional cobra-head style. The LED fixtures will provide more light down on the road and very little light spilling out into yards or on homes. The fixtures provide a white light similar to the mercury vapor lights that are being replaced. All areas are single family neighborhoods. The project will utilize directional boring to minimize the restoration. Typically, the new lights are replacing the old lights in the same locations. There are a few locations where the lights will be located in a new location because of trees, existing utilities or power requirements. New conduit, wiring and metered disconnect panels will also be installed. Tentative start schedule for installation is late June.

Attached are maps showing the three project areas. All areas will have new bronze aluminum poles with 40 Watt LED bronze fixtures.

The quotes that were received are consistent with the Capital Improvements Program that allocated \$150,000.00 for this project. Poles and fixtures are purchased separately by the City. The funding is from the City's street light utility.

The following quotes were received and reviewed by Signature Lighting and City staff:

<u>Contractor</u>	<u>Bucher</u>	<u>Pascal</u>	<u>Debra</u>	<u>TOTAL</u>
Q3 Contracting	\$27,485.87	\$49,908.72	\$22,071.96	\$ 99,466.55
MP Technologies	\$29,736.00	\$57,804.00	\$26,944.00	\$114,484.00
JT Services	\$31,860.00	\$59,930.00	\$28,515.00	\$120,305.00

INSTALLATION BUDGET \$ 99,500.00

PROJECT COSTS

Contractor Installation Quote	\$ 99,466.55
Material Quote	\$ 47,500.00
Estimated Restoration Cost	<u>\$ 3,000.00</u>
Total 2014 Project Cost	\$149,966.55
Project Budget Allocation	\$150,000.00

Hanson/Oakridge Reconstruction, Project 14-01

The Hanson/Oakridge project will reconstruct Hanson, Oakridge and portions of Robinhood and Nottingham. Currently this neighborhood is served by 8 XCEL overhead lights on power poles. The City's contractor will install 12 new bronze aluminum poles and 40 watt LED fixtures. This will provide more consistent, energy efficient lighting and serve area not currently lit. A map is attached showing the project area.

The quotes that were received are less than the feasibility estimate of \$75,000.00. Poles and fixtures are purchased separately by the City. The funding is from the City's street light utility. The proposed schedule for street light installation is after new curb is installed. That is anticipated to be in August.

2014 Street Light Quotes
Page Three

The following quotes were received and reviewed by Signature Lighting and City staff:

<u>Contractor</u>	<u>Hanson/Oakridge</u>	<u>TOTAL</u>
Q3 Contracting	\$44,418.81	\$ 44,418.81
MP Technologies	\$48,475.00	\$ 48,475.00
JT Services	\$49,635.00	\$ 49,635.00

INSTALLATION BUDGET \$ 51,200.00

PROJECT COSTS

Contractor Installation Quote	\$ 44,418.81
Material Quote	\$ 22,800.00
Estimated Restoration Cost	<u>\$ 1,000.00</u>

Total Hanson/Oakridge Project Cost \$ 68,218.81

Project Budget Allocation \$ 75,000.00

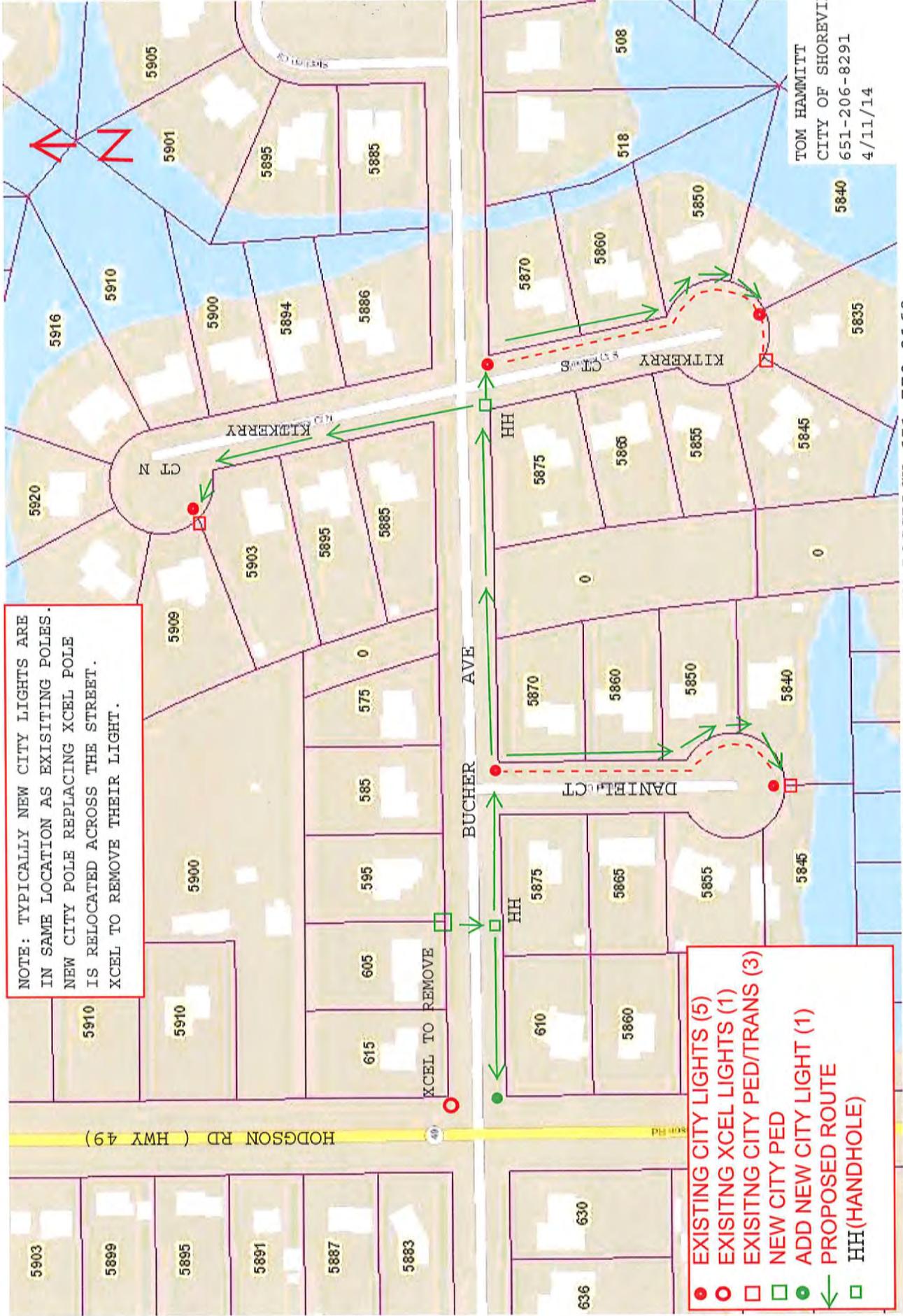
RECOMMENDATION

It is recommended that the City accept the quotes from Q3 for street lighting installation for the above projects.

tlh

#14-03, #14-01

t:/projects/2014/14-03streetlightreplacements/council/acceptinstallationquotes2014
t:/projects/2014/14-01hansonoakridge/council/acceptinstallationquotes2014



NOTE: TYPICALLY NEW CITY LIGHTS ARE IN SAME LOCATION AS EXISTING POLES. NEW CITY POLE REPLACING XCEL POLE IS RELOCATED ACROSS THE STREET. XCEL TO REMOVE THEIR LIGHT.

- EXISTING CITY LIGHTS (5)
- EXISTING XCEL LIGHTS (1)
- EXISTING CITY PED/TRANS (3)
- NEW CITY PED
- ADD NEW CITY LIGHT (1)
- PROPOSED ROUTE
- HH(HANDHOLE)

TOM HAMMITT
CITY OF SHOREVIEW
651-206-8291
4/11/14

XCEL ELECTRIC NEW CONSTRUCTION-STREET LIGHTS -TIM ROSSBACK 651-779-3169
XCEL ELECTRIC-OUTDOOR LIGHTING-ST LIGHT REMOVAL - DAMON ERICKSON 651-229-2480



- EXISTING CITY LIGHTS (13)
- EXISTING CITY PED/TRANS (10)
- NEW CITY PED (2)
- ← PROPOSED ROUTE
- HH (HANDHOLE)

THIS POLE AND UNDERGROUND FEED TO REMAIN

THIS OLD CIRCUIT TO BE CONNECTED IN NEW PED

TOM HAMMITT
CITY OF SHOREVIEW
651-206-8291
4/11/14



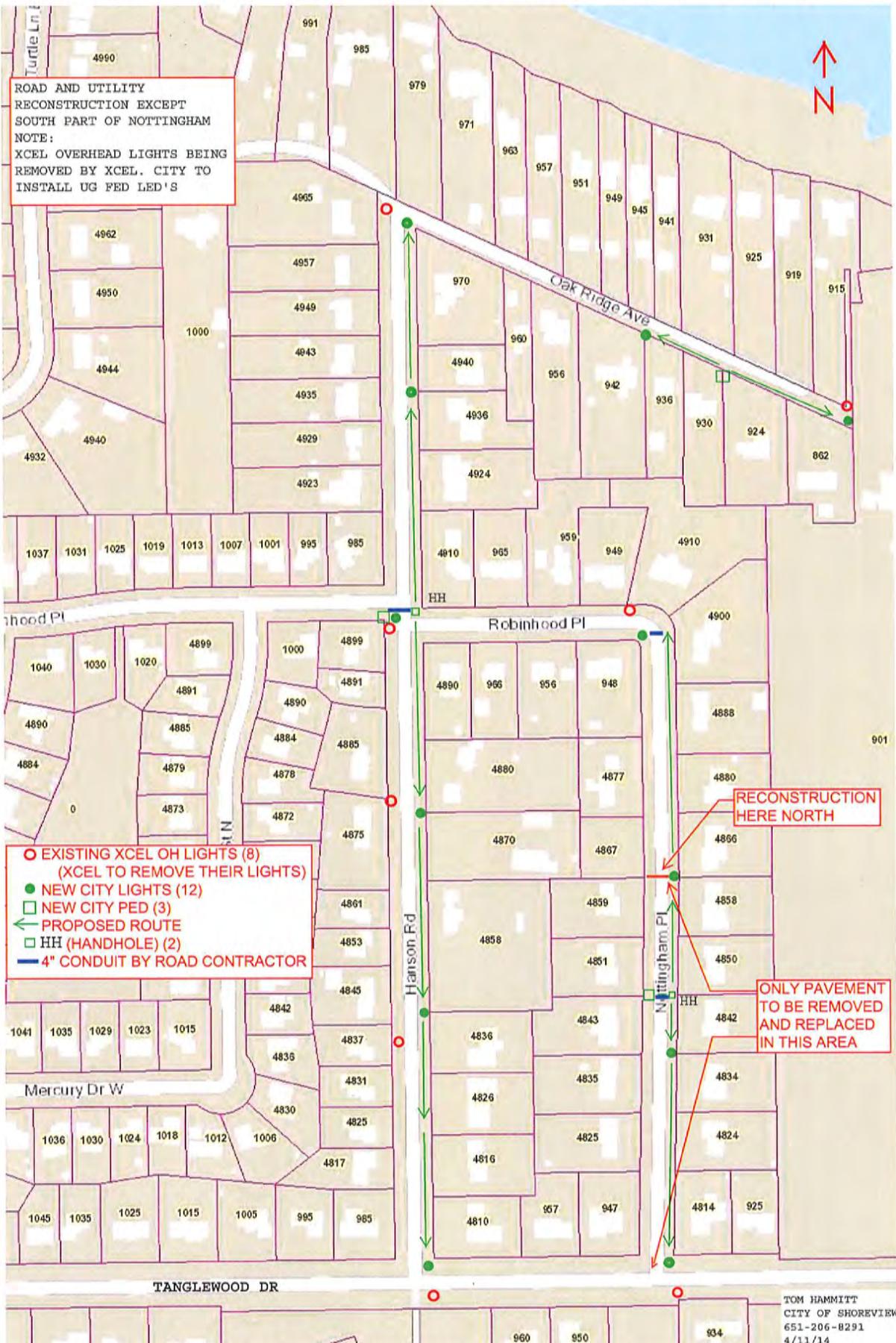
Area 3 - Debra/Maple Pond PROJECT 14-03

NOTE: TYPICALLY NEW CITY LIGHTS ARE IN SAME LOCATION AS EXISTING POLES. NEW CITY POLE REPLACING XCEL POLE IS RELOCATED ACROSS THE STREET. XCEL TO REMOVE THEIR LIGHT.



TOM HAMMITT
CITY OF SHOREVIEW
651-206-8291
4/11/14

XCEL ELECTRIC NEW CONSTRUCTION-STREET LIGHTS -TIM ROSSBACK 651-779-3169
XCEL ELECTRIC-OUTDOOR LIGHTING-ST LIGHT REMOVAL - DAMON ERICKSON 651-229-2480



XCEL AREA ELECTRIC RECONST REP - SCOTT TOMFORD 651-779-3113
 XCEL ELECTRIC NEW CONSTRUCTION-STREET LIGHTS - TIM ROSSBACK 651-779-3169
 XCEL ELECTRIC-OUTDOOR LIGHTING-ST LIGHT REMOVAL - DAMON ERICKSON 651-229-2480

PROPOSED MOTION

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

to adopt Resolution No. 14-32 establishing the project and approving plans and specifications for the 2014 Trail Extension and Rehabilitation, City Project 14-05, and ordering the taking of bids on Tuesday, July 1, 2014 at 10:00 a.m., at the Shoreview City Hall.

ROLL CALL:	AYES	NAYS
JOHNSON	_____	_____
QUIGLEY	_____	_____
WICKSTROM	_____	_____
WITHHART	_____	_____
MARTIN	_____	_____

REGULAR COUNCIL MEETING
JUNE 2, 2014

TO: MAYOR, CITY COUNCIL, CITY MANAGER

FROM: TOM WESOLOWSKI, CITY ENGINEER

DATE: MAY 30, 2014

SUBJECT: ESTABLISH THE 2014 TRAIL EXTENSION AND REHABILITATION,
APPROVE PLANS & SPECIFICATIONS AND AUTHORIZE PUBLIC
BIDDING, CITY PROJECT 14-05

INTRODUCTION

The City's Capital Improvement Plan identifies trail extension and rehabilitation segments for the 2014 construction season. A trail extension along the east side of Lexington Avenue north of Royal Oaks Drive is also proposed. A map showing the trail extension and rehabilitation segments is attached at the end of the report. Plans and specifications are now essentially complete and Council action is required to approve the plans and specifications and to authorize the taking of bids.

DISCUSSION

The project will include the rehabilitation of the existing bituminous trail along the north side of County Road I from Lexington Avenue to Hodgson Road and a portion of the trail through Bobby Theisen Park. The rehabilitation of the trails will consist of reclaiming the existing bituminous surface, grading and compaction of the reclaimed material, and paving a new bituminous surface. The boardwalk portion of the trail along County Road I is in good condition and does not need to be replaced at this time.

A segment of trail is also scheduled to be added in Shamrock Park; this segment will connect the ball fields on the south side of the park to the pavilion and play area on the north side of the park around the west side of the tennis courts.

The project will also include the installation of an eight-foot wide bituminous trail along the east side of Lexington Avenue from Royal Oaks Drive north to Hamline Avenue and from Pondview Drive north to the existing trail at Rice Creek. With the addition of these segments the bituminous trail along the east side of Lexington Avenue will be complete from County Road J to County Road D.

The budget in the Capital Improvement Plan for the improvements totals \$310,000. Funding sources will include the GFA Replacement Fund for the County Road I and Theisen Park trails and the Community Investment Fund for Shamrock Park. The new trail installed along Lexington will be funded primarily by the park dedication fee that was collected for the Autumn Meadows Development.

PROJECT SCHEDULE

The proposed project schedule is as follows:

<u>ITEM</u>	<u>COMPLETION DATE</u>
Council Approves Plans & Specifications	June 2, 2014
Bid Opening	July 1, 2014
Council Award Contract	July 7, 2014
Construction Start	July 2014
Construction Complete	October 2014

RECOMMENDATION

It is recommended that the City Council approve the attached motion establishing the project and approving the plans and specifications for the 2014 Trail Extension and Rehabilitation, City Project 14-05 and ordering the taking of bids.

**EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF SHOREVIEW, MINNESOTA
HELD JUNE 2, 2014**

* * * * *

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Shoreview, Minnesota, was duly called and held at the Shoreview City Hall in said City on June 2, 2014, at 7:00 p.m. The following members were present:

;

and the following members were absent: .

Member introduced the following resolution and moved its adoption.

RESOLUTION NO. 14-32

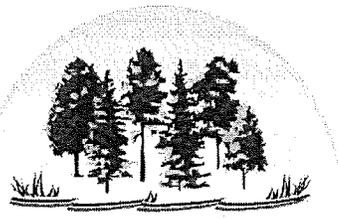
ESTABLISH PROJECT, APPROVING PLANS AND SPECIFICATIONS,
AND ORDERING THE TAKING OF BIDS FOR THE
2014 TRAIL EXTENSION AND REHABILITATION
CITY PROJECT 14-05

WHEREAS, Shoreview's Capital Improvement Program identifies trail extension and rehabilitation improvements for the year 2014; and

WHEREAS, plans and specifications for the 2014 Trail Extension and Rehabilitation, City Project 14-05, have been prepared and presented to the City Council for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SHOREVIEW, MINNESOTA, THAT:

1. Such improvements are hereby ordered and authorization is given to proceed to the construction phase.
2. The plans and specifications for the 2014 Trail Extension and Rehabilitation, City Project 14-05, are hereby approved.
3. The City Manager shall prepare and cause to be inserted in the official newspaper an Advertisement for Bids for the making of such improvement under such approved plans and specifications. The advertisement shall be published at least twice, at least three weeks prior to the bid opening, shall specify the work to be done, that the bids are the responsibility of the bidder and shall state that bids are to be received by the City until 10:00 a.m., local time, on Tuesday, July 1, 2014, at which time they will be publicly opened in the Council Chambers of the City Hall by two or more designated officers of the City.

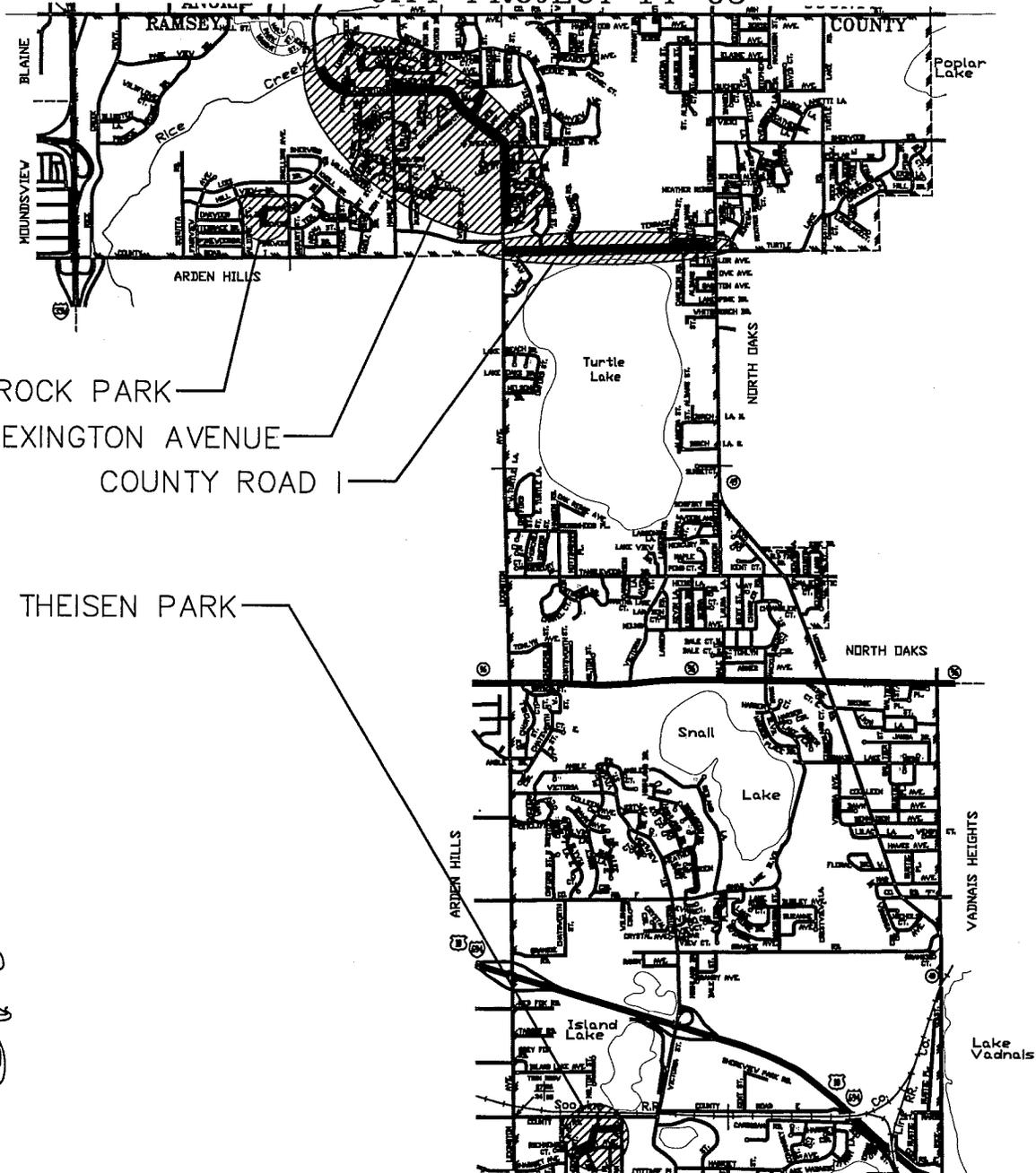


Shoreview

CITY OF SHOREVIEW TRAIL EXTENSION AND REHABILITATION

LEXINGTON AVENUE, COUNTY ROAD I,
THEISEN AND SHAMROCK PARKS

CITY PROJECT 14-05



SHAMROCK PARK
LEXINGTON AVENUE
COUNTY ROAD I

THEISEN PARK

NO SCALE

LOCATION MAP

PROPOSED MOTION

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

to increase the compensation for election judges from \$7.50 per hour to \$9.50 per hour and head judges from \$8.75 per hour to \$11.50 per hour.

ROLL CALL: AYES _____ NAYS _____

JOHNSON _____

QUIGLEY _____

WICKSTROM _____

WITHHART _____

MARTIN _____

Regular Council Meeting
June 2, 2014

TO: MAYOR AND COUNCILMEMBERS

**FROM: TERRI HOFFARD
DEPUTY CLERK**

DATE: MAY 29, 2014

SUBJECT: INCREASE COMPENSATION FOR ELECTION JUDGES

INTRODUCTION

City election judges are currently paid \$7.50 per hour and head judges are paid \$8.75 per hour. Election judge salaries need to be increased in order to keep in line with the State minimum wage increase that was recently approved.

BACKGROUND

The City has not increased the hourly rate for election judges since 2004. Since election judges play a very important role in administering elections, it is recommended that the compensation for election judges be increased from \$7.50 per hour to \$9.50 per hour. Since the head judges are responsible for the overall operations at each precinct, it is recommended that the compensation for head judges be increased from \$8.75 per hour to \$11.50 per hour. This rate will keep us in compliance with new minimum wage laws that will be increasing to \$8.00 beginning August 1, 2014, \$9.00 beginning August 1, 2015, and \$9.50 effective August 1, 2016. With the recommended increase, the City will not need to raise the salary again before the 2016 election.

Attached is a chart depicting what other cities in Ramsey County are currently paying their election judges. As shown in the chart, Shoreview is currently the lowest paying city in Ramsey County. In addition, Ramsey County, who is administering elections for several cities in the County, will pay \$9.50 for an election judge and \$13.50 for a head judge in 2015 and staff believes that Shoreview's pay needs to remain competitive with Ramsey County.

In the most recent election in 2012, approximately \$20,000 was spent on election judge pay during the primary and general elections. In the current budget, an increase was anticipated and \$24,000 was budgeted for election judge salaries. With the proposed increase, it will cost approximately \$6000 more, or about \$2000 more than budget which should not result in any budget issue.

RECOMMENDATION

It is recommended that the City Council raise the election judge salary to \$9.50 for precinct judges and \$11.50 for head judges.

Election judge salaries - 2014

City	Head	Asst Head	Precinct
Blaine	\$ 10.00	\$ 10.00	\$ 9.00
Lauderdale	\$ 9.00		\$ 8.00
Little Canada	\$ 9.50		\$ 9.50
Maplewood	\$ 12.00	\$ 10.50	\$ 9.25
New Brighton	\$ 8.94	\$ 8.38	\$ 7.85
North St Paul	\$ 9.50		\$ 8.50
St Anthony	\$ 10.00		\$ 8.25
Shoreview	\$ 8.75		\$ 7.50
Spring Lake Park			
White Bear Lake	\$ 9.50		\$ 8.00
Hugo (624)	\$ 12.00	\$ 11.50	\$ 11.00
Ramsey County - current	\$ 12.00	\$ 10.00	\$ 8.00
Ramsey County - proposed 2015	\$ 13.50	\$ 11.50	\$ 9.50
Ramsey County - proposed 2016	\$ 14.00	\$ 12.00	\$ 10.00
State minimum wage - current			\$ 7.25
State minimum wage 8-1-14			\$ 8.00
State minimum wage 8-1-15			\$ 9.00
State minimum wage 8-1-16			\$ 9.50
State minimum wage 1-1-18			TBD*

Note: * future changes to the state minimum wage rate will be determined by the Minnesota Department of Labor and Industry

5/13/2014

PROPOSED MOTION

Moved by Council member _____

Seconded by Council member _____

To accept the comprehensive annual financial report for the fiscal year ended December 31, 2013.

ROLL CALL:	AYES	NAYS
Johnson	_____	_____
Quigley	_____	_____
Wickstrom	_____	_____
Withhart	_____	_____
Martin	_____	_____

June 2, 2014
Council Meeting

TO: Terry Schwerm, City Manager
FROM: Fred Espe, Finance Director
DATE: May 29, 2014
RE: Comprehensive Annual Financial Report and Legal Compliance Report

BACKGROUND

This report contains a discussion of the reports listed below, and provides a summary of financial activity for operating funds. The reports present the City's financial activity for the year 2013, the financial position (assets, liabilities, deferred inflows of resources and fund equity) at December 31, 2013, and any audit findings.

1. Legal Compliance Audit and opinion
2. Management Report
3. Comprehensive Annual Financial Report and opinion

This was the ninth year working with the audit firm of Malloy, Montague, Karnowski, Radosevich & Co., P.A. (MMKR), and the third year of the third three-year contract. Staff continues to be pleased with their approach and thoroughness of their audit.

LEGAL COMPLIANCE REPORT

The legal compliance audit requires an examination of seven main areas, including:

1. Contracting and bidding
2. Deposits and investments
3. Conflicts of interest
4. Public indebtedness
5. Claims and disbursements
6. Miscellaneous provisions
7. Tax increment financing

When auditors review these items, they are reviewing the actions, documents, and agreements for all departments involved in these activities. The attached opinion states that for 2013 the auditors found no instances of noncompliance.

MANAGEMENT REPORT

The enclosed management report, prepared by the auditing firm, is intended to communicate information relevant to the City's finances to the City Council. The report includes a variety of topics including trends as well as comparisons to other Minnesota cities.

FINANCIAL REPORT

The financial report is organized into three sections, as follows:

- *Introductory Section* (pages i to xiii) – Contains the letter of transmittal, certificate of achievement from the GFOA, principal City officials and an organizational chart.
- *Financial Section* (pages 1 to 129) – Contains the auditor’s opinion, the management discussion and analysis (MD&A), the basic financial statements (including government-wide statements and notes), budget to actual comparisons, individual fund statements and additional illustrations regarding debt, values, future debt levies and fixed assets.
- *Statistical Section* (pages 131 to 175) – Contains general and historical information about the City, including changes in net position, a ten year history of selected information (revenues, expenditures, fund balances, property values, tax rates, principal taxpayers, property tax and special assessment collection rates, utility rates, outstanding debt, overlapping debt, legal debt margin, demographic information, principal employers, full-time equivalents, operating indicators and capital asset statistics by function).

Operating Funds – The financial statement format prescribed by the Governmental Accounting Standards Board (GASB) has strict reporting guidelines. A consequence of those guidelines is that operating funds don’t appear in one location within the report. To supplement the financial report, a discussion of each operating fund, and a two-year comparison of activity for each fund, is presented on the next few pages.

General fund – The General Fund is the primary operating fund of the City. Fund balances at the end of 2013 are approximately 49% of operating expenditures. Shoreview’s fund balance policy prescribes the formula that establishes the minimum fund balance for cash flow purposes, and the maximum fund balance for all purpose:

- The working capital allocation is equal to 50 percent of the ensuing years General Fund tax levy and levy-based aids, because taxes and state aids (which are the primary revenue sources for the General Fund) are received in June and December of each year.
- The unanticipated expenditure allocation is equal to no more than 10 percent of the ensuing years budgeted expenditures.
- The maximum fund balance is equal to the combined working capital and unanticipated expenditure designations, plus any special designations established for the year.

The total General Fund balance at the end of 2013 is \$4,303,606 (after the final transfer out of surplus fund balance), compared to \$4,136,009 for 2012. The City Council approved the \$417,963 transfer of surplus balances to the City’s Street Renewal Fund to improve fund balance and to assist in funding future street replacement costs.

The table of General Fund activity at the top of the next page provides a two-year comparison as well as a budget to actual comparison for 2013. Total revenue increased 8.4% while expenditures increased 6.4%. An explanation of changes follows the table.

General Fund	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Property taxes	\$ 6,374,969	\$ 6,639,567	\$ 6,623,723	\$ (15,844)	3.9%	\$ 248,754
Licenses and permits	540,755	314,050	648,306	334,256	19.9%	107,551
Intergovernmental	187,149	185,622	395,433	209,811	111.3%	208,284
Charges for services	1,262,088	1,284,970	1,619,489	334,519	28.3%	357,401
Fines and forfeits	67,000	62,500	52,440	(10,060)	-21.7%	(14,560)
Earnings on investments	47,253	45,000	(118,405)	(163,405)	-350.6%	(165,658)
Other	52,529	24,040	31,532	7,492	-40.0%	(20,997)
Total Revenues	8,531,743	8,555,749	9,252,518	696,769	8.4%	720,775
Expenditures:						
Operating and Capital						
General government	2,037,850	2,134,062	2,112,852	(21,210)	3.7%	75,002
Public safety	2,706,424	2,882,693	3,069,177	186,484	13.4%	362,753
Public works	1,389,113	1,475,820	1,437,557	(38,263)	3.5%	48,444
Parks and recreation	1,594,152	1,611,293	1,576,576	(34,717)	-1.1%	(17,576)
Community development	517,777	558,381	577,796	19,415	11.6%	60,019
Total Expenditures	8,245,316	8,662,249	8,773,958	111,709	6.4%	\$ 528,642
Transfers in	481,000	519,000	519,000	-		
Transfers out	(607,830)	(412,500)	(829,963)	(417,463)		
Change in fund balance	159,597	\$ -	167,597	\$ 167,597		
Beginning fund balance	3,976,412		4,136,009			
Ending fund balance	\$ 4,136,009		\$ 4,303,606			

- Property tax collections continue to remain strong with the overall collection rate at 99.8% of the levy.
- License and permit revenue increased due to higher total permit valuation (\$42.4 million in 2013 compared to \$29.9 million in 2012).
- Intergovernmental revenue exceeded 2012 amounts and was over budget as a result of unbudgeted State Fire Aid (\$206,815), this aid was remitted to the Lake Johanna Fire Department.
- Charges for services increased due to higher engineering and plan check fees as well as capital project administrative charges.
- Fines and forfeits decreased due to a reduction of administrative citations by the Sheriff's Department.
- Interest earnings were negative and \$163,405 below budget due to accounting principles that require the City to adjust investments held to market value at year end.
- General government costs increased 3.7% and are \$21,210 below budget (1.0% below) due primarily to lower spending in human resources and information systems.
- Public safety costs increased 13.4% and exceeded budget by \$186,484 due to the payment of State Fire Aid to the Lake Johanna Fire Department (see earlier comment). If the State Fire Aid payment were removed expenditures are \$20,331 below budget, due primarily to the sheriff contract
- Public works increased 3.5% as a result of increased personal costs related to construction of City infrastructure, and ended the year 2.6% below budget.
- Parks and recreation decreased 1.1% due to park maintenance personal and contractual services.
- Community development costs increased 11.6% due to a staff leave of absence during 2012, and higher contracted electrical inspection costs, which were offset by higher permit revenue.

- Transfers in include \$115,000 from the Cable Television Fund in support of communication costs and transfers from utility funds for payments in lieu of property taxes on utility systems (transfers are limited to no more than 1% of asset value and include \$190,000 from Water, \$124,000 from Sewer, \$75,000 from Surface Water and \$15,000 from Street Lighting).
- Transfers out include support for the Community Center Fund (\$232,000), Recreation Programs (\$70,000), Slice of Shoreview (\$10,000), community center debt payments (\$100,000), and the final transfer out of the General Fund to the Street Renewal Fund (\$417,963).

Economic Development Authority activity resulted in a \$4,479 increase in fund balance, which is very close to the planned increase of \$7,453. Revenue was 11.2% below budget and expenditures were 7.1% below budget. The \$194,963 ending fund balance includes \$165,777 dedicated to the business loan program, leaving \$29,186 available for cash flow purposes (covering expenditures prior to the receipt of the first property tax payment from Ramsey County).

EDA	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Property taxes	\$ 54,358	\$ 60,000	\$ 59,653	\$ (347)	9.7%	5,295
Earnings on investments	2,367	-	(6,377)	(6,377)	-369.4%	(8,744)
Total Revenues	56,725	60,000	53,276	(6,724)	-6.1%	(3,449)
Expenditures:						
Personal services	27,697	22,807	25,963	3,156	-6.3%	(1,734)
Supplies	2,583	2,000	2,336	336	-9.6%	(247)
Contractual	21,485	27,740	20,498	(7,242)	-4.6%	(987)
Total Expenditures	51,765	52,547	48,797	(3,750)	-5.7%	\$ (2,968)
Change in fund balances	4,960	\$ 7,453	4,479	\$ (2,974)		
Beginning fund balance	185,524		190,484			
Ending fund balance	\$ 190,484		\$ 194,963			

HRA activity resulted in a \$12,027 increase in fund balance, which is \$6,834 more than the planned increase of \$5,193. Revenue was 3.3% below budget due to tax delinquencies and earnings on investments. Expenditures were 13.3% below budget due to lower contractual costs. Fund balance of \$74,197 is available for cash flow purposes (covering expenditures prior to the receipt of the first property tax payment from Ramsey County).

HRA	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Property taxes	\$ 68,909	\$ 75,000	\$ 74,513	\$ (487)	8.1%	5,604
Earnings on investments	424	-	(1,980)	(1,980)	-567.0%	(2,404)
Total Revenues	69,333	75,000	72,533	(2,467)	4.6%	3,200
Expenditures:						
Personal services	29,344	37,807	47,289	9,482	61.2%	17,945
Contractual	13,519	32,000	13,217	(18,783)	-2.2%	(302)
Total Expenditures	42,863	69,807	60,506	(9,301)	41.2%	\$ 17,643
Change in fund balances	26,470	\$ 5,193	12,027	\$ 6,834		
Beginning fund balance	35,700		62,170			
Ending fund balance	\$ 62,170		\$ 74,197			

Community Center activity resulted in a fund balance increase of \$59,203, which is \$23,828 lower than the planned increase of \$83,031. Total revenue increased .5%, and ended the year .4% below budget. Total expenditures increased 5.1% and ended the year .6% above budget.

Community Center	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Charges for services						
Room rentals	\$ 255,186	\$ 247,965	\$ 303,205	\$ 55,240	18.8%	\$ 48,019
Concession/food sales	206,897	220,910	222,882	1,972	7.7%	15,985
Daily admissions	555,209	610,080	580,832	(29,248)	4.6%	25,623
Memberships	1,137,710	1,096,100	1,104,822	8,722	-2.9%	(32,888)
All other	143,403	148,700	154,497	5,797	7.7%	11,094
Earnings on investments	14,100	9,000	(42,835)	(51,835)	-403.8%	(56,935)
Total Revenues	2,312,505	2,332,755	2,323,403	(9,352)	0.5%	10,898
Expenditures:						
Parks & recreation						
Personal services	1,399,969	1,465,784	1,473,503	7,719	5.3%	73,534
Supplies	446,077	481,115	478,444	(2,671)	7.3%	32,367
Contractual	599,683	614,825	624,253	9,428	4.1%	24,570
Capital outlay	5,727	-	-	-	-100.0%	(5,727)
Total Expenditures	2,451,456	2,561,724	2,576,200	14,476	5.1%	\$ 124,744
Transfers in	300,000	312,000	312,000	-		
Change in fund balance	161,049	<u>\$ 83,031</u>	59,203	<u>\$ (23,828)</u>		
Beginning fund balance	828,287		989,336			
Ending fund balance	<u>\$ 989,336</u>		<u>\$ 1,048,539</u>			

- Room rentals increased 18.8% and ended the year 22.3% above the budget.
- Concessions increased 7.7% and ended the year .9% above budget.
- Daily admissions increased 4.6% and ended the year 4.8% below budget.
- Membership revenue decreased 2.9% and ended the year .8% above budget.
- Total revenue was below budget by \$9,352 (.4%).
- Total expenditures were \$14,476 above budget (.6%).
- Transfers in include \$232,000 from the General Fund to offset free and reduced room rentals for community-oriented rental customers, and \$80,000 for the Recreation Program Funds use of the facility.

Recreation Program activity resulted in an \$113,096 increase in fund balance, which is \$14,492 more than the planned increase of \$98,604. This positive result is primarily due to increased program participation.

Recreation Programs	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Charges for services	\$ 1,340,831	\$ 1,400,926	\$ 1,385,140	\$ (15,786)	3.3%	\$ 44,309
Earnings on investments	8,388	4,800	(26,234)	(31,034)	-412.8%	(34,622)
Other	972	-	121	121	-87.6%	(851)
Total Revenues	1,350,191	1,405,726	1,359,027	(46,699)	0.7%	8,836
Expenditures:						
Parks & recreation						
Personal services	911,597	958,165	922,458	(35,707)	1.2%	10,861
Supplies	80,447	83,071	74,158	(8,913)	-7.8%	(6,289)
Contractual	244,713	255,886	239,315	(16,571)	-2.2%	(5,398)
Total Expenditures	1,236,757	1,297,122	1,235,931	(61,191)	-0.1%	\$ (826)
Transfers in	65,000	70,000	70,000	-		
Transfers out	(75,000)	(80,000)	(80,000)	-		
Change in fund balances	103,434	<u>\$ 98,604</u>	113,096	<u>\$ 14,492</u>		
Beginning fund balance	545,205		648,639			
Ending fund balance	<u>\$ 648,639</u>		<u>\$ 761,735</u>			

- Program fees (charges for services) increased 3.3% and ended the year \$15,786 below budget (1.1%).
- Total revenue increased .7% and ended the year 3.3% below budgeted.
- Total expenditures decreased .1% and ended the year 4.7% below budget.
- Transfers in include \$70,000 from the General Fund in support of community-oriented programs.
- Transfers out include \$80,000 to the Community Center Fund for recreation program use of the building.

Recycling activity resulted in a \$42,801 increase in fund balance, which is \$1,013 less than the planned increase of \$43,814. The increase in fund balance was as planned as part of the City's Five-year Operating Plan to improve cash flow because recycling revenue is received according to the property tax calendar (in June and December of each year).

Recycling	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Intergovernmental	\$ 66,794	\$ 67,000	\$ 68,210	\$ 1,210	2.1%	\$ 1,416
Charges for services	454,552	480,980	475,716	(5,264)	4.7%	\$ 21,164
Earnings on investments	885	-	(3,790)	(3,790)	-528.2%	(4,675)
Total Revenues	522,231	547,980	540,136	(7,844)	3.4%	17,905
Expenditures:						
Public works						
Personal services	24,583	25,546	26,367	821	7.3%	1,784
Supplies	2,804	1,200	681	(519)	-75.7%	(2,123)
Contractual	447,622	477,420	470,287	(7,133)	5.1%	22,665
Total Expenditures	475,009	504,166	497,335	(6,831)	4.7%	\$ 22,326
Change in fund balances	47,222	\$ 43,814	42,801	\$ (1,013)		
Beginning fund balance	114,960		162,182			
Ending fund balance	\$ 162,182		\$ 204,983			

- Intergovernmental revenue increased due to a \$56 decrease in SCORE grant funding and a \$1,472 increase in contributions from Arden Hills (for their share of spring and fall cleanup day events).
- Charges for service increased 4.7% due to a recycling fee increase.
- Total revenue increased 3.4% and was below budget by \$7,844 (1.4%).
- Personal services increased \$1,784 due to salary step increases in 2013.
- Total expenditures were \$6,831 below budget (1.4%) primarily due to lower contractual costs.

Cable Television activity resulted in a fund balance decrease of \$72,445, which is \$93,527 less than the planned \$21,082 increase. This result is primarily due to capital outlay costs associated with the Council chamber audio visual improvements.

Cable Television	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Franchise tax	\$ 301,530	\$ 288,400	\$ 313,361	\$ 24,961	3.9%	\$ 11,831
Earnings on investments	2,056	1,800	(5,218)	(7,018)	-353.8%	(7,274)
Other	1,100	1,200	2,174	974	97.6%	1,074
Total Revenues	304,686	291,400	310,317	18,917	1.8%	5,631
Expenditures:						
General government						
Personal services	31,128	33,688	31,995	(1,693)	2.8%	867
Supplies	1,367	500	-	(500)	-100.0%	(1,367)
Contractual	109,242	119,210	112,904	(6,306)	3.4%	3,662
Capital outlay	-	-	120,922	120,922	100.0%	120,922
Total Expenditures	141,737	153,398	265,821	112,423	87.5%	\$ 124,084
Transfers out	(127,989)	(116,920)	(116,941)	(21)		
Change in fund balances	34,960	\$ 21,082	(72,445)	\$ (93,527)		
Beginning fund balance	215,664		250,624			
Ending fund balance	\$ 250,624		\$ 178,179			

- Franchise revenue exceeded the budget by \$24,961 (8.7%).
- Operating expenditures (excluding capital outlay) increased 2.2%, and ended the year \$8,499 below budget (5.5%).
- Transfers out include \$115,000 to the General Fund in support of communication activities and \$1,941 for computer system costs.

Slice of Shoreview activity resulted in a \$3,707 increase in fund balance, which is more favorable than the planned decrease of \$200. This positive result is due to higher donations (other revenue).

Slice of Shoreview	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Charges for services	\$ 23,720	\$ 23,000	\$ 25,397	\$ 2,397	7.1%	\$ 1,677
Earnings on investments	853	-	(2,537)	(2,537)	-397.4%	(3,390)
Other	38,896	25,000	38,190	13,190	-1.8%	(706)
Total Revenues	63,469	48,000	61,050	13,050	-3.8%	(2,419)
Expenditures:						
General government						
Supplies	2,577	3,000	1,161	(1,839)	-54.9%	(1,416)
Contractual	61,340	55,200	66,182	10,982	7.9%	4,842
Total Expenditures	63,917	58,200	67,343	9,143	5.4%	\$ 3,426
Transfers in	10,000	10,000	10,000	-		
Change in fund balances	9,552	\$ (200)	3,707	\$ 3,907		
Beginning fund balance	52,558		62,110			
Ending fund balance	\$ 62,110		\$ 65,817			

- Charges for service increased 7.1% and ended the year 10.4% above budget.
- Other revenue (donations) decreased 1.8% and exceeded the budget by 52.8% (\$13,190).
- Total revenue decreased 3.8% and exceeded the budget by 27.2% (\$13,050).
- Total expenditures exceeded the budget by \$9,143, due to higher contractual costs.
- Transfers in include \$10,000 from the General Fund in support of the event.
- The fund balance of \$65,817 is available to support event costs in future years.

Debt Service Fund activity resulted in a \$2,333,771 increase in fund balance, which is more favorable than the planned increase of \$50,566. During 2013 the City issued the General Obligation Refunding Bonds, Series 2013B bonds to refund four general obligation bond issues. Three of these bond issues with a par value of \$2,245,000 will be called and refunded in future years, \$2,289,635 of cash and investments has been placed in escrow for the payment of the refunded bond principal. This type of refunding results in the City reporting both the old (refunded) and new (refunding) debt on its financial statements until the call date of the old debt. This in effect results in the double counting of \$2,245,000 of debt. The refunding transaction will result in a debt service savings of \$210,315.

Debt Funds (all combined)	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Revenues:						
Property taxes	\$ 435,278	\$ 501,000	\$ 498,259	\$ (2,741)	14.5%	\$ 62,981
Special assessments	171,872	107,971	115,885	7,914	-32.6%	(55,987)
Intergovernmental	1,330	-	1,256	1,256	-5.6%	(74)
Earnings on investments	22,458	19,050	(66,683)	(85,733)	-396.9%	(89,141)
Other	16,294	-	-	-		(16,294)
Total Revenues	647,232	628,021	548,717	(79,304)	-15.2%	(98,515)
Expenditures:						
Debt service						
Principal	1,335,000	1,395,000	1,395,000	-	4.5%	60,000
Interest and fees	407,823	323,741	456,794	133,053	12.0%	48,971
Total Expenditures	1,742,823	1,718,741	1,851,794	133,053	6.3%	\$108,971
Non-operating activity						
Debt refunding activity (net)	-	-	2,352,571	2,352,571		
Debt proceeds	-	20,000	166,168	146,168		
Transfers in	1,027,114	1,247,286	1,168,109	(79,177)		
Transfers out	(9,114)	(126,000)	(50,000)	76,000		
Change in fund balance	(77,591)	\$ 50,566	2,333,771	\$2,283,205		
Beginning fund balance	2,257,347		2,179,756			
Ending fund balance	\$ 2,179,756		\$ 4,513,527			

- Property tax collections continue to remain strong with the overall collection rate at 99.5% of the levy.
- Special assessment revenue decreased due to fewer prepayments being received (\$44,531).

A two-year comparison of outstanding bonded debt is shown in the table below.

Debt Balances	Balance at		Refunded debt Not yet called	Net Increase (decrease)
	12/31/2012	12/31/2013		
Debt Service Funds				
G.O. Improvement Bonds	\$ 1,065,000	\$ 2,780,000	\$ (100,000)	\$ 1,615,000
G.O. Tax Increment Bonds	1,320,000	690,000		(630,000)
G.O. Capital Improvement Plan Bonds	975,000	1,620,000	(760,000)	(115,000)
G.O. Street Improvement Plan Bonds	1,865,000	5,505,000	(1,385,000)	2,255,000
Certificates of Participation	4,330,000	3,985,000		(345,000)
Total Debt Service Funds	9,555,000	14,580,000	(2,245,000)	2,780,000

Water fund activity resulted in a \$330,263 increase in net position, which is considerably more favorable than the planned increase of \$5,588. This favorable result is due primarily to infrastructure assets that have been contributed to the water fund by governmental funds (\$248,000).

Water Fund	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating revenues:						
Customer billings	\$2,892,069	\$ 2,584,000	\$ 2,662,898	\$ 78,898	-7.9%	\$(229,171)
Water meter sales	11,399	3,000	10,365	7,365	-9.1%	(1,034)
Other	14,554	4,000	21,696	17,696	49.1%	7,142
Total Operating Revenue	2,918,022	2,591,000	2,694,959	103,959	-7.6%	(223,063)
Operating expenses:						
Administrative charges	171,320	204,390	204,390	-	19.3%	33,070
Personal services	633,905	694,297	630,192	(64,105)	-0.6%	(3,713)
Materials and supplies	75,921	99,200	60,232	(38,968)	-20.7%	(15,689)
Water meters	19,815	18,000	19,015	1,015	-4.0%	(800)
Contractual services	367,065	407,830	354,868	(52,962)	-3.3%	(12,197)
Utilities	123,022	130,000	128,007	(1,993)	4.1%	4,985
Insurance	14,211	15,700	7,134	(8,566)	-49.8%	(7,077)
Depreciation	614,991	630,000	622,826	(7,174)	1.3%	7,835
Total Operating Expense	2,020,250	2,199,417	2,026,664	(172,753)	0.3%	6,414
Operating income (loss)	897,772	391,583	668,295	276,712	-25.6%	\$(229,477)
Non-operating activity						
Earnings on investments	35,077	35,000	(121,490)	(156,490)		
Build America Bond credit	13,198	12,940	11,992	(948)		
Gain (loss) on disposal of asset	(1,901)	-	-	-		
Capital contributions	31,823	-	248,000	248,000		
Interest on debt	(183,921)	(171,435)	(213,477)	(42,042)		
Transfers out	(240,000)	(262,500)	(263,057)	(557)		
Change in net position	\$ 552,048	\$ 5,588	\$ 330,263	\$ 324,675		

- Operating income decreased \$229,477 due to a decrease in revenue of \$223,063 and an increase in expenses of \$6,414.
- Customer billings decreased by \$229,171 due fewer gallons sold (10.6%), and a rate increase of 3.0%.
- Operating expense increased .3%, and ended the year \$172,753 below budget (7.9%) due to lower personal services resulting from employee vacancies, contractual services and supply costs.
- Earnings on investments decreased due to lower interest rates and the year-end market adjustment.
- Capital contributions include water improvements supported by assessments, grants and tax increment for the Gaston/Grove/St. Albans and Owasso Street realignment projects.
- Debt service costs are partially offset by a small federal credit for Build America Bonds.
- Transfers out include \$190,000 to the General fund for a payment in lieu of taxes, \$557 to the Capital Acquisition fund for computer related purchases, and \$72,500 to the Central Garage fund for the Water fund share of maintenance center debt service costs.
- Capital costs (not shown in the table) were \$704,334, and will result in higher depreciation expense in the future.

Sewer fund activity resulted in a \$36,774 increase in net position, which is more favorable than the planned increase of \$24,001.

Sewer Fund	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating revenues:						
Customer billings	\$3,557,896	\$ 3,714,200	\$ 3,772,249	\$ 58,049	6.0%	\$ 214,353
Other	10,881	2,500	5,103	2,603	-53.1%	(5,778)
Total Operating Revenue	3,568,777	3,716,700	3,777,352	60,652	5.8%	208,575
Operating expenses:						
Sewage treatment costs	1,699,069	1,737,000	1,736,154	(846)	2.2%	37,085
Administrative charges	318,560	345,970	345,970	-	8.6%	27,410
Personal services	563,491	609,775	549,544	(60,231)	-2.5%	(13,947)
Materials and supplies	22,780	26,000	20,551	(5,449)	-9.8%	(2,229)
Contractual services	275,855	420,330	419,689	(641)	52.1%	143,834
Utilities	7,297	7,400	8,766	1,366	20.1%	1,469
Insurance	6,615	6,150	20,197	14,047	205.3%	13,582
Depreciation	317,853	310,000	326,338	16,338	2.7%	8,485
Total Operating Expense	3,211,520	3,462,625	3,427,209	(35,416)	6.7%	\$ 215,689
Operating income (loss)	357,257	254,075	350,143	96,068	-2.0%	\$ (7,114)
Non-operating activity						
Earnings on investments	24,964	25,000	(68,517)	(93,517)		
Build America Bond credit	10,516	10,310	9,555	(755)		
Capital contributions	25,068	-	20,000	20,000		
Interest on debt	(72,489)	(68,884)	(73,840)	(4,956)		
Transfers out	(188,000)	(196,500)	(200,567)	(4,067)		
Change in net position	\$ 157,316	\$ 24,001	\$ 36,774	\$ 12,773		

- Customer billings increased 6.0% primarily due to a 6% increase in residential rates and 1.2% decrease in winter residential water consumption (used to compute residential sewer bills).
- Sewage treatment costs increased 2.2% and ended the year \$846 below budget.
- Total operating expense increased 6.7% primarily due to a sewer line inventory project (contractual services), and ended the year \$35,416 below budget (1.0%) due to lower personal services resulting from employee vacancies.
- Earnings on investments decreased due to a lower rates and the year-end market adjustment.
- Debt service costs are partially offset by a small federal credit for Build America Bonds.
- Capital contributions include the portion of sewer improvements supported by a grant for the Owasso Street realignment project.
- Transfers out include \$124,000 to the General fund for a payment in lieu of taxes, \$4,067 to the Capital Acquisition fund for computer related purchases, and \$72,500 to the Central Garage fund for the Sewer fund share of maintenance center debt service costs.
- Capital costs (not shown in the table) were \$65,426, and will result in higher depreciation expense in the future.

Surface water fund activity resulted in a \$558,142 increase in net position, which is more favorable than the planned increase of \$83,970. This favorable result is due primarily to infrastructure assets that have been contributed to the surface water fund by governmental funds (\$401,282) and by residents in the form of assessments (\$50,988).

Surface Water Fund	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating revenues:						
Customer billings	\$1,066,274	\$ 1,162,000	\$ 1,175,409	\$ 13,409	10.2%	\$ 109,135
Snail Lk Aug customer billings	43,089	45,140	37,042	(8,098)	-14.0%	\$ (6,047)
Other	38,176	5,000	8,596	3,596	-77.5%	(29,580)
Total Operating Revenue	1,147,539	1,212,140	1,221,047	8,907	6.4%	73,508
Operating expenses:						
Administrative charges	99,050	97,710	97,710	-	-1.4%	(1,340)
Personal services	273,650	291,186	271,653	(19,533)	-0.7%	(1,997)
Materials and supplies	20,862	20,800	9,752	(11,048)	-53.3%	(11,110)
Contractual services	306,931	293,250	236,167	(57,083)	-23.1%	(70,764)
Utilities	5,713	7,000	4,061	(2,939)	-28.9%	(1,652)
Insurance	3,848	4,480	2,617	(1,863)	-32.0%	(1,231)
Depreciation	221,177	223,000	228,865	5,865	3.5%	7,688
Total Operating Expense	931,231	937,426	850,825	(86,601)	-8.6%	(80,406)
Operating income (loss)	216,308	274,714	370,222	95,508	71.2%	\$ 153,914
Non-operating activity						
Earnings on investments	8,476	8,000	(36,414)	(44,414)		
Interest on debt	(84,797)	(75,594)	(104,508)	(28,914)		
Build America Bond credit	3,815	3,750	3,472	(278)		
Capital contributions	92,979	-	452,270	452,270		
Transfers out	(107,000)	(126,900)	(126,900)	-		
Change in net position	\$ 129,781	\$ 83,970	\$ 558,142	\$ 474,172		

- Operating income increased \$153,914 due to an increase in revenue of \$73,508 and a decrease in expenses of \$80,406.
- Customer billings increased \$109,135 due to a 10% rate increase. Snail Lake Improvement District billings decreased due to lower operating costs.
- Total operating expense increased 8.6% and ended the year \$86,601 below budget (9.2%) due to lower personal services, supply and contractual service costs than anticipated.
- Earnings on investments decreased due to a lower rates and the year-end market adjustment.
- Debt service costs are partially offset by a small federal credit for Build America Bonds.
- Capital contributions include the value of surface water assets paid for by outside sources such as MSA funds, grants, tax increments or assessments (Owasso Street realignment, Red Fox Road and County Road D).
- Transfers out include \$75,000 to the General fund for a payment in lieu of taxes, and \$51,900 to the Central Garage fund for the Surface Water fund share of maintenance center debt service costs.
- Capital costs (not shown in the table) were \$788,127, and will result in higher depreciation expense in the future.

Street lighting activity resulted in a \$222,160 increase in net position, as compared to the planned increase of \$141,629. This favorable result is due in part to capital contributions and in part due to operating costs that ended the year below budget.

Street Lighting Fund	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating revenues:						
Customer billings	\$ 456,144	\$ 474,500	\$ 474,664	\$ 164	4.1%	\$ 18,520
Other	140	-	208	208	48.6%	68
Total Operating Revenue	456,284	474,500	474,872	372	4.1%	18,588
Operating expenses:						
Administrative charges	34,750	40,820	40,820	-	17.5%	6,070
Personal services	16,284	16,201	14,939	(1,262)	-8.3%	(1,345)
Materials and supplies	721	2,000	1,088	(912)	50.9%	367
Contractual services	21,496	40,470	23,079	(17,391)	7.4%	1,583
Utilities	161,578	168,000	171,320	3,320	6.0%	9,742
Insurance	923	1,080	456	(624)	-50.6%	(467)
Depreciation	40,041	48,000	44,484	(3,516)	11.1%	4,443
Total Operating Expense	275,793	316,571	296,186	(20,385)	7.4%	20,393
Operating income (loss)	180,491	157,929	178,686	20,757	-1.0%	\$ (1,805)
Non-operating activity						
Earnings on investments	3,114	2,700	(8,726)	(11,426)		
Capital contributions	23,693	-	71,200	71,200		
Transfers out	(15,600)	(19,000)	(19,000)	-		
Change in net position	\$ 191,698	\$ 141,629	\$ 222,160	\$ 80,531		

- Customer billings increased due to a 4% rate increase.
- Street Lighting Fund operating expenses increased 7.4% due to higher administration, utility and depreciation costs, and ended the year \$20,385 below budget (6.4%) as a result of lower contractual service costs.
- Capital contributions include the value of street light assets paid for by outside sources such as MSA funds, tax increments or developer payments (Owasso Street realignment, Red Fox Road and County Road D).
- Transfers out include \$15,000 to the General fund for a payment in lieu of taxes and \$4,000 to the Central Garage fund for the Street Lighting fund share of maintenance center debt service.
- Capital costs (not shown in the table) were \$182,951, and will result in higher depreciation expense in the future.

Short-term Disability net position increased slightly in 2013 due to fees in excess of claims paid during the year.

Short-term Disability Self Insurance	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating revenues: Charges for services	\$ 7,608	\$ 7,500	\$ 7,540	\$ 40	-0.9%	\$ (68)
Operating expenses: Personal services	10,043	8,000	4,416	(3,584)	-56.0%	(5,627)
Operating income (loss)	(2,435)	(500)	3,124	3,624	-228.3%	\$ 5,559
Non-operating activity Earnings on investments	536	600	(1,471)	(2,071)		
Change in net position	\$ (1,899)	\$ 100	\$ 1,653	\$ 1,553		

Liability Claims net position increased for 2013 due to rebates from the League of Minnesota Cities Insurance Trust in excess of claims.

Liability Claims	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating expenses: Contractual services	\$ 34,737	\$ 32,000	\$ 19,874	\$ (12,126)	-42.8%	\$ (14,863)
Operating income (loss)	(34,737)	(32,000)	(19,874)	12,126	-42.8%	\$ 14,863
Non-operating activity Earnings on investments	2,458	2,400	(7,582)	(9,982)		
Other	62,507	30,000	33,053	3,053		
Change in net position	\$ 30,228	\$ 400	\$ 5,597	\$ 5,197		

Central Garage ended 2013 with a \$240,124 increase in net position, which is due primarily to the accumulation of equity for debt service payments and operating expenses below budget.

Central Garage	2012 Actual	2013			Change From 2012	
		Budget	Actual	Variance	Percent	Dollars
Operating revenues:						
Charges for services	\$ 1,143,847	\$ 1,153,020	\$ 1,207,379	\$ 54,359	5.6%	\$ 63,532
Operating expenses:						
Personal services	184,419	195,966	193,852	(2,114)	5.1%	9,433
Materials and supplies	274,635	293,500	272,581	(20,919)	-0.7%	(2,054)
Contractual services	44,278	57,300	53,942	(3,358)	21.8%	9,664
Utilities	24,413	22,000	25,853	3,853	5.9%	1,440
Insurance	22,914	24,800	21,951	(2,849)	-4.2%	(963)
Depreciation	619,921	696,000	641,112	(54,888)	3.4%	21,191
Total Operating Expense	1,170,580	1,289,566	1,209,291	(80,275)	3.3%	38,711
Operating income (loss)	(26,733)	(136,546)	(1,912)	134,634	-92.8%	\$ 24,821
Non-operating activity						
General property taxes	214,382	184,000	183,111	(889)		
Earnings on investments	12,008	10,000	(35,588)	(45,588)		
Gain on sale of asset	26,311	41,000	56,763	15,763		
Loss on sale of asset	(20,841)	-	-	-		
Other sources	1,642	-	6,068	6,068		
Build America Bond credit	86,356	86,530	78,711	(7,819)		
Interest on debt	(247,157)	(243,128)	(243,127)	1		
Capital contributions	27,750	-	-	-		
Transfers in	180,600	200,900	200,900	-		
Transfers out	(3,729)	-	(4,802)	(4,802)		
Change in net position	\$ 250,589	\$ 142,756	\$ 240,124	\$ 97,368		

- Supply costs ended the year 7.1% below budget (\$20,919) due to lower fuel for motor vehicles and natural gas costs.
- Higher electric costs caused utilities to end the year 17.5% above budget (\$3,853).
- Total operating expense was \$80,275 below budget (6.2%) due primarily to lower depreciation expense.
- Capital costs (not shown in the table) were \$691,976, and will result in higher depreciation expense in the future.
- Transfers in include utility fund contributions for debt payments (\$72,500 from Water, \$72,500 from Sewer, \$51,900 from Surface Water and \$4,000 from Street Lighting).
- Transfers out are for computer system costs during 2013.

- Cash and Investments – Cash and investments decreased \$626,324 from 2012 to 2013, after a \$770,211 increase in 2012. The table below shows the change in cash balance by fund type.

Cash & Investments	2012	2013	Percent of Total		Percent Change	Dollar Change
			2012	2013		
Operating Funds						
General	\$ 4,255,300	\$ 4,390,930	17.2%	18.3%	3.2%	\$ 135,630
Special revenue	2,473,849	2,663,134	10.0%	11.1%	7.7%	189,285
Water	3,023,577	3,861,336	12.3%	16.1%	27.7%	837,759
Sewer	2,029,363	2,139,855	8.2%	8.9%	5.4%	110,492
Surface water	367,602	925,041	1.5%	3.8%	151.6%	557,439
Street lights	189,614	190,337	0.8%	0.8%	0.4%	723
Short-term disab	40,176	41,144	0.2%	0.2%	2.4%	968
Liability claims	221,603	228,265	0.9%	0.9%	3.0%	6,662
Central garage	1,122,633	1,164,652	4.5%	4.8%	3.7%	42,019
Sub-total Operating	13,723,717	15,604,694	55.6%	64.9%	13.7%	1,880,977
Non-Operating Funds						
Debt service	2,153,527	2,199,961	8.7%	9.1%	2.2%	46,434
Capital project	8,396,512	5,867,574	34.0%	24.4%	-30.1%	(2,528,938)
Hockey escrow	407,369	382,572	1.7%	1.6%	-6.1%	(24,797)
Total Cash-All Funds	\$24,681,125	\$24,054,801	100.0%	100.0%	-2.5%	\$ (626,324)

- General fund cash increased slightly due to the fund balance policy compliance.
- Special Revenue cash increased due to fund balance gains in most Special Revenue funds.
- Water fund cash increased due to the issuance of debt in 2013 for capital costs that were incurred in 2011 and 2012 (\$547,197).
- Sewer fund cash increased due to cash flow from operating activities, consisting of customer billings less payments to employees and suppliers.
- Surface Water fund cash increased due to cash flow from operating activities and issuance of debt in 2013 for capital costs that were incurred in 2012 (\$376,712).
- Street Light fund cash increased slightly due to favorable operating results that covered the cost of additional capital asset purchases.
- Short-term Disability fund cash increased due to lower claims costs.
- Liability Claims cash increased due to a reduction in claims.
- Central Garage Fund cash balances increased due to favorable operating results and transfers which covered the cost of debt payments and capital acquisitions.
- Debt Service cash balances increased as a result of taxes and bond proceeds received in 2013 on the 2013 Street Reconstruction and Improvement bonds for 2014 debt service payments.
- Capital project cash decreased due to the net impact of increases and decreases in project funds. Street Renewal, Capital Acquisition, and other temporary capital fund cash balances increased, while General Fixed Asset Replacement, MSA, Community Investment and TIF funds cash balances decreased. A significant portion of the decrease in capital project cash balances relates to the Owasso Street realignment project, this cash outflow will be recovered through future TIF collections, grant proceeds and assessments.

Two tables, provided as attachments to this report, present revenue and expense information for all operating funds combined. These final 2013 operating results will be considered as part of potential budget revisions for 2015 and will be presented to the City Council as part of the budget process.

SUMMARY

The proposed motion acknowledges the acceptance of the Comprehensive Annual Financial Report for 2013. No further action is required at this time.

If the City Council desires, the staff and auditors are available to review the City's financial report at a future workshop meeting.

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Operating Revenues By Type and Fund	2012 Actual	2013 Budget	2013 Actual	Change from 2012 to 2013		Variance to Budget Under (Over)	
				Dollars	Percent	Dollars	Percent
Property taxes							
General fund	\$ 6,374,969	\$ 6,639,567	\$ 6,623,723	\$ 248,754	3.9%	\$ 15,844	0.2%
Debt funds	435,278	501,000	498,259	62,981	14.5%	2,741	0.5%
EDA & HRA	123,267	135,000	134,166	10,899	8.8%	834	0.6%
Central garage	214,382	184,000	183,111	(31,271)	-14.6%	889	0.5%
Franchise taxes:							
Cable Television	301,530	288,400	313,361	11,831	3.9%	(24,961)	-8.7%
Spec'l Assess/Debt funds	171,872	107,971	115,885	(55,987)	-32.6%	(7,914)	-7.3%
Licenses & perm/General fund	540,755	314,050	648,306	107,551	19.9%	(334,256)	-106.4%
Intergovernmental							
General fund	187,149	185,622	395,433	208,284	111.3%	(209,811)	-113.0%
Recycling	66,794	67,000	68,210	1,416	2.1%	(1,210)	-1.8%
Debt funds	1,330	-	1,256	(74)	-5.6%	(1,256)	
Charges for services							
General fund	1,262,088	1,284,970	1,619,489	357,401	28.3%	(334,519)	-26.0%
Recycling	454,552	480,980	475,716	21,164	4.7%	5,264	1.1%
Community Center	2,298,345	2,323,755	2,351,488	53,143	2.3%	(27,733)	-1.2%
Recreation Programs	1,340,831	1,400,926	1,385,140	44,309	3.3%	15,786	1.1%
Slice of Shoreview	23,720	23,000	25,397	1,677	7.1%	(2,397)	-10.4%
Short-term disability	7,608	7,500	7,540	(68)	-0.9%	(40)	-0.5%
Fines & forfeits/General fund	67,000	62,500	52,440	(14,560)	-21.7%	10,060	16.1%
Utility charges							
Water	2,918,022	2,591,000	2,694,959	(223,063)	-7.6%	(103,959)	-4.0%
Sewer	3,568,777	3,716,700	3,777,352	208,575	5.8%	(60,652)	-1.6%
Surface water mgmt	1,147,539	1,212,140	1,221,047	73,508	6.4%	(8,907)	-0.7%
Street lights	456,284	474,500	474,872	18,588	4.1%	(372)	-0.1%
Central garage charges	1,143,847	1,153,020	1,207,379	63,532	5.6%	(54,359)	-4.7%
Interest earnings							
General fund	47,253	45,000	(118,405)	(165,658)	-350.6%	163,405	363.1%
Recycling	885	-	(3,790)	(4,675)	-528.2%	3,790	
Community Center	14,100	9,000	(42,835)	(56,935)	-403.8%	51,835	575.9%
Recreation Programs	8,388	4,800	(26,234)	(34,622)	-412.8%	31,034	646.5%
Cable Television	2,056	1,800	(5,218)	(7,274)	-353.8%	7,018	389.9%
Slice of Shoreview	853	-	(2,537)	(3,390)	-397.4%	2,537	
EDA & HRA	2,791	-	(8,357)	(11,148)	-399.4%	8,357	
Debt funds	22,458	19,050	(66,683)	(89,141)	-396.9%	85,733	450.0%
Water	35,077	35,000	(121,490)	(156,567)	-446.4%	156,490	447.1%
Sewer	24,964	25,000	(68,517)	(93,481)	-374.5%	93,517	374.1%
Surface water mgmt	8,476	8,000	(36,414)	(44,890)	-529.6%	44,414	555.2%
Street lights	3,114	2,700	(8,726)	(11,840)	-380.2%	11,426	423.2%
Central garage	12,008	10,000	(35,588)	(47,596)	-396.4%	45,588	455.9%
Short-term disability	536	600	(1,471)	(2,007)	-374.4%	2,071	345.2%
Liability claims	2,458	2,400	(7,582)	(10,040)	-408.5%	9,982	415.9%
Miscellaneous/Other							
General fund	52,529	24,040	31,532	(20,997)	-40.0%	(7,492)	-31.2%
Community Center	60	-	14,750	14,690	24483.3%	(14,750)	
Recreation Programs	972	-	121	(851)	-87.6%	(121)	
Cable Television	1,100	1,200	2,174	1,074	97.6%	(974)	-81.2%
Slice of Shoreview	38,896	25,000	38,190	(706)	-1.8%	(13,190)	-52.8%
Debt funds	16,294	20,000	2,518,739	2,502,445	15358.1%	(2,498,739)	-12493.7%
Liability claims	62,507	30,000	33,053	(29,454)	-47.1%	(3,053)	-10.2%
Cent gar (sale noncap asset)	1,642	-	6,068	4,426	269.5%	(6,068)	
Contributed assets/all funds	315,198	113,530	895,200	580,002	184.0%	(781,670)	-688.5%
Gain on asset/all funds	26,311	41,000	56,763	30,452	115.7%	(15,763)	-38.4%
Total Operating Fund Revenue	\$ 23,806,865	\$ 23,571,721	\$ 27,317,272	\$ 3,510,407	14.7%	\$ (3,745,551)	-15.9%
Transfers in	\$ 2,063,714	\$ 2,359,186	\$ 2,280,009	\$ 216,295	10.5%	\$ 79,177	3.4%
Total Revenue	\$ 25,870,579	\$ 25,930,907	\$ 29,597,281	\$ 3,726,702	14.4%	\$ (3,666,374)	-14.1%

Operating Expenditures By Dept and Fund	2012 Actual	2013 Budget	2013 Actual	Change from 2012 to 2013		Variance to Budget Under (Over)	
				Dollars	Percent	Dollars	Percent
				General government			
General fund	\$ 2,037,850	\$ 2,134,062	\$ 2,112,852	\$ 75,002	3.7%	\$ 21,210	1.0%
Cable Television	141,737	153,398	265,821	124,084	87.5%	(112,423)	-73.3%
Slice of Shoreview	63,917	58,200	67,343	3,426	5.4%	(9,143)	-15.7%
Public safety							
General fund	2,706,424	2,882,693	3,069,177	362,753	13.4%	(186,484)	-6.5%
Public works							
General fund	1,389,113	1,475,820	1,437,557	48,444	3.5%	38,263	2.6%
Recycling	475,009	504,166	497,335	22,326	4.7%	6,831	1.4%
Parks & recreation							
General fund	1,594,152	1,611,293	1,576,576	(17,576)	-1.1%	34,717	2.2%
Community Center	2,451,456	2,561,724	2,576,200	124,744	5.1%	(14,476)	-0.6%
Recreation Programs	1,236,757	1,297,122	1,235,931	(826)	-0.1%	61,191	4.7%
Community development							
General fund	517,777	558,381	577,796	60,019	11.6%	(19,415)	-3.5%
EDA & HRA	94,628	122,354	109,303	14,675	15.5%	13,051	10.7%
Miscellaneous							
Short-term disability	10,043	8,000	4,416	(5,627)	-56.0%	3,584	44.8%
Liability claims	34,737	32,000	19,874	(14,863)	-42.8%	12,126	37.9%
Enterprise operations							
Water	1,405,259	1,569,417	1,403,838	(1,421)	-0.1%	165,579	10.6%
Sewer	2,893,667	3,152,625	3,100,871	207,204	7.2%	51,754	1.6%
Surface water mgmt	710,054	714,426	621,960	(88,094)	-12.4%	92,466	12.9%
Street lights	235,752	268,571	251,702	15,950	6.8%	16,869	6.3%
Central garage	550,659	593,566	568,179	17,520	3.2%	25,387	4.3%
Debt service							
Water	183,921	171,435	213,477	29,556	16.1%	(42,042)	-24.5%
Sewer	72,489	68,884	73,840	1,351	1.9%	(4,956)	-7.2%
Surface water mgmt	84,797	75,594	104,508	19,711	23.2%	(28,914)	-38.2%
Central garage	247,157	243,128	243,127	(4,030)	-1.6%	1	0.0%
Debt funds	1,742,823	1,718,741	1,851,794	108,971	6.3%	(133,053)	-7.7%
Depreciation							
Water	614,991	630,000	622,826	7,835	1.3%	7,174	1.1%
Sewer	317,853	310,000	326,338	8,485	2.7%	(16,338)	-5.3%
Surface water mgmt	221,177	223,000	228,865	7,688	3.5%	(5,865)	-2.6%
Street lights	40,041	48,000	44,484	4,443	11.1%	3,516	7.3%
Central garage	619,921	696,000	641,112	21,191	3.4%	54,888	7.9%
Loss on asset/all funds	22,742			(22,742)	-100.0%	-	
Total Operating Expense	\$ 22,716,903	\$ 23,882,600	\$ 23,847,102	\$ 1,130,199	5.0%	\$ 35,498	0.1%
Transfers out	\$ 1,374,262	\$ 1,340,320	\$ 1,691,230	\$ 316,968	23.1%	\$ (350,910)	-26.2%
Total Expense	\$ 24,091,165	\$ 25,222,920	\$ 25,538,332	\$ 1,447,167	6.0%	\$ (315,412)	-1.3%



City of Shoreview Minnesota

Comprehensive Annual Financial Report



For the
Fiscal Year Ended
December 31, 2013

CITY OF SHOREVIEW, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

DEPARTMENT OF FINANCE

Debbie Maloney, Assistant Finance Director

Fred W. Espe, Finance Director

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CITY OF SHOREVIEW, MINNESOTA

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CITY OF SHOREVIEW, MINNESOTA

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INTRODUCTORY SECTION

I. INTRODUCTORY SECTION

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May 23, 2014

To the Honorable Mayor,
Members of the City Council,
and Citizens of the City of Shoreview, Minnesota

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Shoreview, Minnesota’s (the City) financial statements for the year ended December 31, 2013. The independent auditor’s report is located at the front of the financial section of this report.

The Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City, incorporated in 1957, is a northern suburb of the Minneapolis/St. Paul metropolitan area, situated in Ramsey County. The City occupies 12.2 square miles and serves a population of 25,429. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the State of Minnesota Statutory Plan B (Council – Manager) form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and four other members, all elected on a non-partisan basis. The City Council appoints the government’s manager, who in turn appoints the heads of the various departments. Councilmembers serve four-year terms, with two members elected every two years. The mayor is elected for a two-year term. The mayor and members of the City Council are elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; parks and a multi-purpose community center; water, sewer, surface water, and street light systems; community development, building inspection, and planning; and general government operations, including administration, finance/accounting, information systems, community information (newsletter), and general government buildings.

The City Council is required to adopt a budget by late December. The budget is prepared by fund, department (e.g. public safety), and activity (e.g. police). Department heads may transfer resources within an activity. The city manager may transfer resources within any department; however, transfers between departments or between funds require special approval from the City Council.

The City's capital improvement program (covering 5 years), comprehensive infrastructure replacement plan (covering 50 years), and five-year operating plan along with the annual budget serve as the foundation for the City's financial planning and the annual budget serves as the budget control.

Local Economy

Shoreview is home to numerous businesses that are leaders in their respective industries of banking and business systems, manufacturing, medical and computer technologies. A strong business community led by high profile companies such as Cummins Power Generation, Deluxe Corporation, DJO Global – Empi Inc., Fiserv, Hill-Rom, Land O'Lakes, PaR Systems, Target Corporation, TSI, Wells Fargo, and Westinghouse – PaR Nuclear provide the foundation for a healthy economy, diverse economic tax base and major employment for Shoreview and the surrounding area.

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past 10 years, the unemployment rate has fluctuated from a low of 3.1 percent in 2006 to a high of 6.3 percent in 2009 and 2010; the current rate is 3.9 percent. Unemployment is expected to remain at or below the regional average.

During the past 10 years, general property taxes have increased in amount and as a percentage of total governmental fund revenues, from 37.4 percent in 2004 to 46.4 percent in the current fiscal year (a 10-year increase of 9.0 percent). Intergovernmental revenues have declined from 13.0 percent in 2004 to 9.7 percent of total revenues in the current fiscal year (a 10-year decrease of 3.3 percent).

During the past 10-year period, governmental fund expenditures related to community development have increased in amount and as a percentage of total current governmental fund expenditures from 7.7 percent (\$811,259) in 2004 to 11.7 percent (\$2,206,684) in the current fiscal year (a 10-year increase of 4.0 percent). The increase reflects growth in developer assistance. In addition, charges for services have increased in amount and as a percentage of total revenue from 25.5 percent in 2004 to 28.7 percent in the current fiscal

year (a 10-year increase of 3.2 percent). A significant portion of the increase (72 percent) reflects increased fees for recreation programs, as well as daily admissions and membership fees for the community center.

Long-Term Financial Planning

Total General Fund balance (49.0 percent of total General Fund expenditures) is consistent with policy guidelines set by the City Council for budgetary and planning purposes. The total General Fund balance is made up of a working capital allocation equal to 50 percent of taxes and state aid for 2014 (to accommodate cash flows and the timing for receipt of tax and state aid receipts), and an allocation of 10 percent of 2014 budgeted expenditures for unanticipated events.

The City's 5-year operating plan and capital improvement program along with the comprehensive infrastructure replacement plan (covering 50 years) serve as the foundation for the City's long-term financial planning. To ensure the timely replacement of infrastructure, the City prepares long-term cost projections for the replacement of all city assets. Funding needs for capital replacements are reflected in tax levies for the street renewal and general fixed asset funds, and are reflected in user fees established for water, sewer, surface water, and street light funds. The five-year operating plan covering all operating funds, establishes specific goals for each fund. During 2010 Standard & Poor's raised the City's debt rating one notch from 'AA+' to 'AAA'. This was the first time that a 'AAA' rating had been assigned to the City. On October 31, 2013 Standard & Poor's reaffirmed the 'AAA' rating on the City's GO debt.

The 'AAA' rating reflects Standard & Poor's assessment of the City's:

- Very strong economy, which benefits from participation in the broad and diverse economy of Minneapolis-St. Paul (the Twin Cities);
- Very strong budgetary flexibility, with 2012 audited available reserves at 49% of general fund expenditures;
- Strong budgetary performance, which takes into account the small use of reserves for the total governmental budget in 2012.
- Very strong liquidity, providing very strong cash levels to cover both debt service and expenditures;
- Very strong management with strong financial policies reflective in consistent ability to maintain balanced budgets; and
- Adequate debt and contingent liabilities position, driven mostly by the city's moderate carrying charges and high net direct debt as a percent of total governmental funds revenue.

Projections for the next 20 years indicate that property tax contributions, user fees, and investment income will adequately support scheduled replacements. The impact of replacement costs on the property tax levy over the next 20 years is estimated to be 1 percent per year, and user fees are projected to increase between 3.9 percent and 6.6

percent over the next five years. The use of revolving funds will result in stable property tax and user fee increases despite fluctuating capital expenditures.

Relevant Financial Policies

Trends of the past decade, changes in state tax law, and recent legislation indicate that the City will have a greater reliance on property taxes as a source of financing for City operations in the future and less reliance on intergovernmental revenues (federal and state) and building permit fees. Changes in state tax law over the past few years have resulted in funding changes for both schools and local governments. The elimination of the homestead and agricultural credit aids (HACA) program, and large cuts in both local government aid and the market value homestead credit (MVHC) programs in previous years resulted in revenue losses to the City. In addition, as the City continues toward full development we anticipate future decreases in building permit revenues.

Major Initiatives

During 2013 significant economic development occurred within the City. In late 2012 and 2013 a new retail center opened that included a major retailer, several new restaurant options and a new bank branch. Construction began on an upscale 104 unit apartment project that will create new higher end market rental housing options within the community. PaR Systems completed construction of a new 36,000 square foot expansion of their facilities. TSI Incorporated completed construction of a 58,000 square foot expansion of their facility. The City and Economic Development Authority has worked closely with these companies in meeting their expansion goals. These efforts were recognized in 2013 by the Economic Development Association of Minnesota when they honored the City of Shoreview with the Business Retention Project of the Year Award for the successful expansions of PaR Systems and TSI Incorporated.

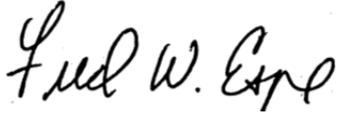
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the twenty-eighth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor, City Council, and city manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Fred W. Espe
Finance Director/Treasurer



Deborah Maloney
Assistant Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Shoreview
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

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CITY OF SHOREVIEW, MINNESOTA

Principal City Officials

December 31, 2013

City Council

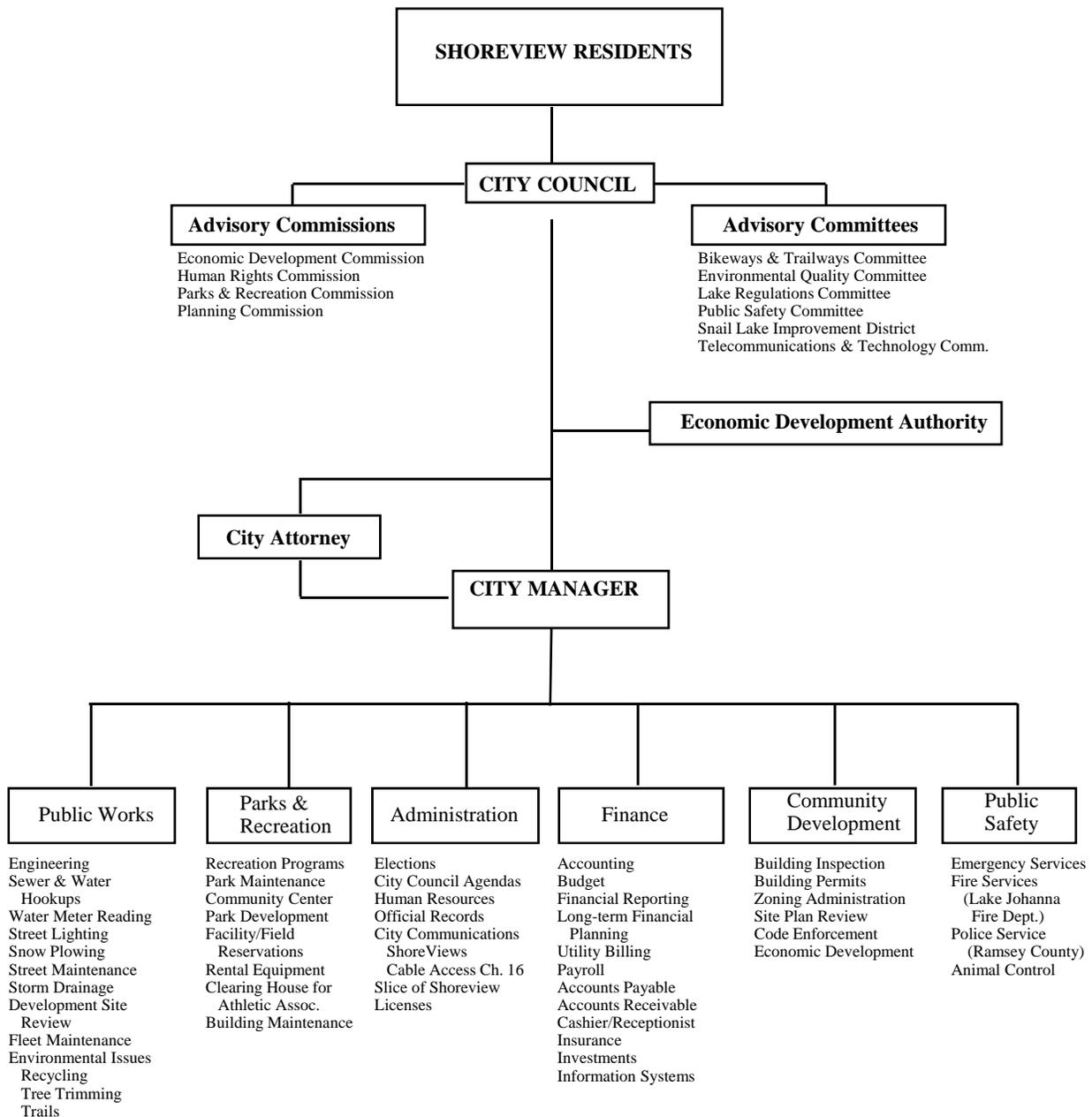
	<u>Term Expires</u>
Mayor Sandy Martin	December 31, 2014
Councilmembers Emy Johnson	December 31, 2016
Terry Quigley	December 31, 2014
Ady Wickstrom	December 31, 2016
Ben Withhart	December 31, 2014

Administrative Staff

	<u>Date of Hire</u>
City Manager Terry Schwerm	June 16, 1993
Assistant City Manager/Community Development Director Thomas C. Simonson	February 19, 1985
Finance Director/Treasurer Jeanne A. Haapala	September 26, 1988
Public Works Director Mark J. Maloney	September 6, 1994

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City Of Shoreview
Organizational Chart
 December 31, 2013



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**FINANCIAL SECTION –
INDEPENDENT AUDITOR’S REPORT AND MD&A**

II. FINANCIAL SECTION

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PRINCIPALS

Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Shoreview, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shoreview, Minnesota (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the respective budgetary comparison information for the General Fund and the major special revenue funds, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund statements and schedules, the supplementary financial information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
May 23, 2014

Management's Discussion and Analysis

As management of the City of Shoreview, 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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii–vii of this report.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$86,783,716 (net position). Of this amount, \$19,195,790 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$287,309 as a result of a \$1,439,725 decrease in net position for governmental activities and a \$1,152,416 increase in net position for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,341,400, a decrease of \$107,691 in comparison with the prior year. Approximately 17.9 percent of this amount (\$2,926,284) is considered unassigned and available for spending at the City's discretion.
- The unassigned fund balance for the General Fund was \$4,220,635 or 48.1 percent of the total general fund expenditures. Fund balance in the General Fund increased \$167,597 during the year.
- The City's total governmental activity bonded and certificate of participation debt increased by \$4,780,000 (excluding premiums) from the prior year. During 2013 the City issued \$4,190,000 of general obligation improvement bonds for the construction of infrastructure assets and \$2,365,000 of general obligation refunding bonds, in order to take advantage of lower interest rates and reduce future interest costs. Due to the structure of the refunding issue the City is required to report both the principal of the new refunding issue and old refunded bonds (\$2,245,000) on its financial statements until the refunded (old) bonds are called in 2014 and 2015. The City has placed \$2,289,635 in escrow for the payment of principal on the refunded (old) bonds on the call date, and debt service on the refunding (new) bonds until the call date.
- During 2013 the City's business-type activity bonded debt increased \$2,130,000 (excluding premiums) from the prior year. The City issued \$2,230,000 of general obligation revenue bonds for the construction of capital assets and \$1,050,000 of general obligation refunding bonds. As of December 31, 2013 \$685,000 of both the old refunded and new refunding debt remains outstanding until the call date on the old debt in 2014. Net revenues of the Water, Sewer and Surface Water utilities are pledged for the debt service of the business type activity. The City has placed \$690,899 in escrow for the payment of principal on the refunded (old) bonds on the call date, and debt service on the refunding (new) bonds until the call date.
- The City's capital assets increased \$3,804,423, or 6.2% for governmental activities, and \$1,222,906 or 4.0% for business type activities.

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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 liabilities, and deferred inflows/outflows (as applicable), with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include water, sewer, surface water management, and street light services.

The government-wide financial statements can be found on pages 21-23 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 City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 City'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 ten individual major governmental 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 Fund, Community Center Operation Fund, Recreation Programs Fund, Municipal State Aid Fund, Street Renewal Fund, General Fixed Asset Replacement Fund, Community Investment Fund, Capital Improvement Fund, Owasso Street Realignment Fund and 2013 Street Rehabilitation Fund which are considered to be major funds.

Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 24-28 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. 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, surface water management, and street light operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, short-term disability insurance, and liability claims functions. Because each of these services predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 the water, sewer, surface water management, and street light operations, which are considered to be major funds of the City. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's only fiduciary fund is an agency fund.

The agency fund Statement of Assets and Liabilities can be found on page 32 of this report.

Notes to basic 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 basic financial statements can be found on pages 33-69 of this report.

Other information. The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with their respective budgets. For the General Fund and major special revenue funds these schedules are presented as required supplementary information following the Notes to Financial Statements, while budgetary schedules for nonmajor special revenue funds are included within the Combining and Individual Nonmajor Funds Statements and Schedules section of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on budgeted comparisons. Combining and individual fund statements and schedules can be found on pages 82-114 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 exceeded liabilities and deferred inflows of resources by \$86,783,716 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (\$62,724,149 or 72 percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, 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 Shoreview's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 20,827,005	\$ 19,874,404	\$ 9,951,672	\$ 7,772,799	\$ 30,778,677	\$ 27,647,203
Capital assets	65,025,062	61,220,639	31,759,677	30,536,771	96,784,739	91,757,410
Total assets	<u>\$ 85,852,067</u>	<u>\$ 81,095,043</u>	<u>\$ 41,711,349</u>	<u>\$ 38,309,570</u>	<u>\$ 127,563,416</u>	<u>\$ 119,404,613</u>
Long-term liabilities outstanding	\$ 23,992,607	\$ 19,662,922	\$ 9,669,699	\$ 8,275,227	\$ 33,662,306	\$ 27,938,149
Other liabilities	4,590,582	2,606,379	1,934,915	1,080,024	6,525,497	3,686,403
Total liabilities	<u>\$ 28,583,189</u>	<u>\$ 22,269,301</u>	<u>\$ 11,604,614</u>	<u>\$ 9,355,251</u>	<u>\$ 40,187,803</u>	<u>\$ 31,624,552</u>
Deferred inflows of resources	\$ 591,897	\$ 709,036	\$ -	\$ -	\$ 591,897	\$ 709,036
Net position						
Net investment in capital assets	\$ 41,391,324	\$ 40,154,929	\$ 21,332,825	\$ 21,585,799	\$ 62,724,149	\$ 61,740,728
Restricted	4,646,335	5,364,477	217,442	183,496	4,863,777	5,547,973
Unrestricted	10,639,322	12,597,300	8,556,468	7,185,024	19,195,790	19,782,324
Total net position	<u>\$ 56,676,981</u>	<u>\$ 58,116,706</u>	<u>\$ 30,106,735</u>	<u>\$ 28,954,319</u>	<u>\$ 86,783,716</u>	<u>\$ 87,071,025</u>

An additional portion of the City's net position (\$4,863,777 or 6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of

unrestricted net position (\$19,195,790 or 22 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

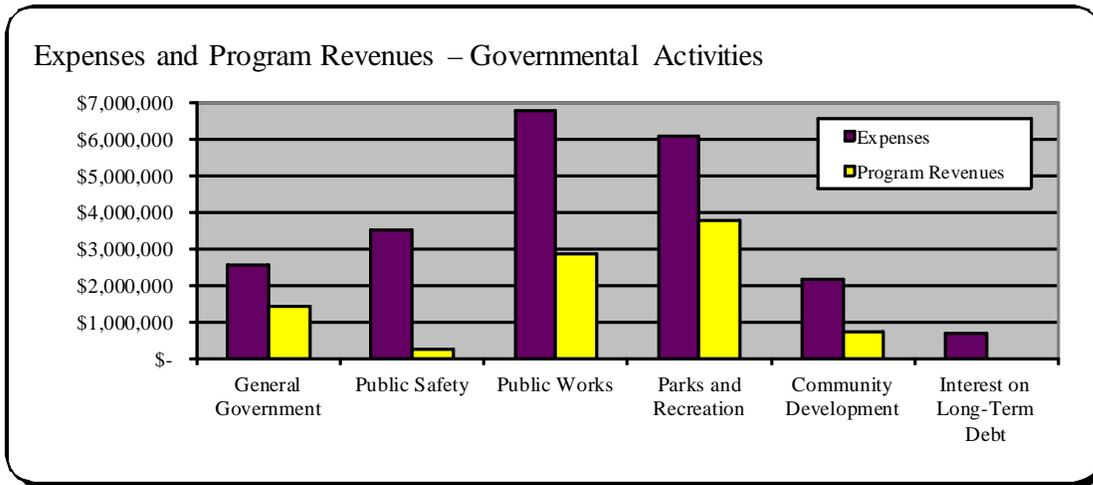
The net position of the City as a whole decreased \$287,309 (.3 percent) from \$87,071,025 at December 31, 2012 to \$86,783,716 at December 31, 2013. Governmental activities decreased \$1,439,725 (2.5 percent) from the prior year while the business-type activities increased \$1,152,416 (4.0 percent) during the same period.

Governmental activities. Governmental activities decreased the City's net position by \$1,439,725. Key elements of this decrease are as follows:

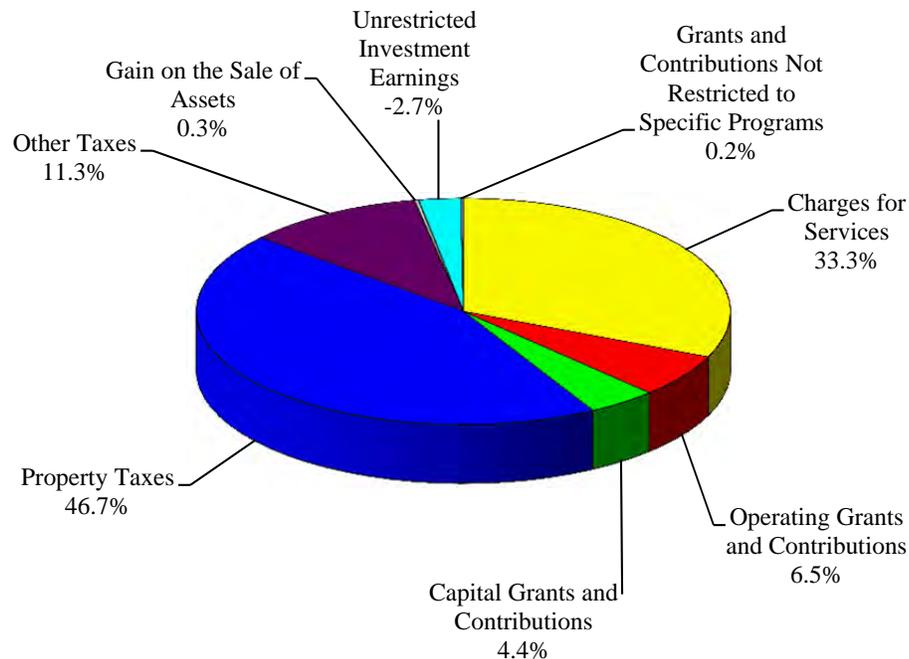
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 6,881,592	\$ 6,410,705	\$ 8,168,230	\$ 8,090,622	\$ 15,049,822	\$ 14,501,327
Operating grants and contributions	1,345,155	320,347	–	–	1,345,155	320,347
Capital grants and contributions	911,375	852,396	76,008	109,985	987,383	962,381
General revenues						
Property taxes	9,666,218	9,243,083	–	–	9,666,218	9,243,083
Tax increment collections	1,882,775	1,980,051	–	–	1,882,775	1,980,051
Franchise tax	456,242	301,530	–	–	456,242	301,530
Grants and contributions not restricted to specific programs	33,500	33,369	–	–	33,500	33,369
Unrestricted investment earnings	(553,422)	231,716	(235,147)	71,631	(788,569)	303,347
Gain on disposal of capital assets	56,763	26,561	–	–	56,763	26,561
Total revenues	<u>20,680,198</u>	<u>19,399,758</u>	<u>8,009,091</u>	<u>8,272,238</u>	<u>28,689,289</u>	<u>27,671,996</u>
Expenses						
General government	2,582,399	2,349,276	–	–	2,582,399	2,349,276
Public safety	3,543,388	3,113,032	–	–	3,543,388	3,113,032
Public works	6,798,886	3,998,390	–	–	6,798,886	3,998,390
Parks and recreation	6,123,840	6,128,769	–	–	6,123,840	6,128,769
Community development	2,210,253	2,904,944	–	–	2,210,253	2,904,944
Interest on long-term debt	730,200	595,009	–	–	730,200	595,009
Water	–	–	2,238,481	2,206,516	2,238,481	2,206,516
Sewer	–	–	3,498,374	3,283,498	3,498,374	3,283,498
Surface water management	–	–	954,828	1,019,008	954,828	1,019,008
Street lights	–	–	295,949	275,412	295,949	275,412
Total expenses	<u>21,988,966</u>	<u>19,089,420</u>	<u>6,987,632</u>	<u>6,784,434</u>	<u>28,976,598</u>	<u>25,873,854</u>
Increase (decrease) in net position before transfers	(1,308,768)	310,338	1,021,459	1,487,804	(287,309)	1,798,142
Transfers	(130,957)	459,493	130,957	(459,493)	–	–
Increase (decrease) in net position	(1,439,725)	769,831	1,152,416	1,028,311	(287,309)	1,798,142
Net position – January 1	<u>58,116,706</u>	<u>57,346,875</u>	<u>28,954,319</u>	<u>27,926,008</u>	<u>87,071,025</u>	<u>85,272,883</u>
Net position – December 31	<u>\$ 56,676,981</u>	<u>\$ 58,116,706</u>	<u>\$ 30,106,735</u>	<u>\$ 28,954,319</u>	<u>\$ 86,783,716</u>	<u>\$ 87,071,025</u>

- Charges for services for governmental activities increased \$470,887 (7.3 percent) during the year. Significant changes from 2012 to 2013 include a \$156,837 (12.6 percent) increase in general government charges and a \$146,534 (24.0 percent) increase in community development charges. The general government increase is due mainly to increases in administrative charges to capital project funds as a result of increased City construction activity (\$180,613), administrative charges to operating funds (\$70,020) and a decrease resulting from the expiration of tall tower fees (\$110,000). Increases in community development charges are a result of increased building permit revenue (\$129,966). Revenues for public safety, public works and parks and recreation are consistent with prior years in both amounts and types of revenue.
- Operating grants and contributions increased \$1,024,808 (319.9%) during the year. Significant changes from 2012 to 2013 included a \$206,815 increase in public safety and an \$853,389 increase in public works. The public safety increase is a result of a state fire aid grant, and the public work increase is the result of an operating grant from another local government for reimbursement of their allocated share of costs of the County Road D Street Reconstruction project.
- Capital grants and contributions remained consistent with prior years in both amounts and types of grants and contributions.
- Property taxes for governmental activities increased by \$423,135 (4.6 percent) during the year, primarily due to net levy increases for the General Fund, Debt Service, Street Renewal, General Fixed Asset Replacement, Capital Improvement and Special Revenue funds.
- Tax increment collections for governmental activities decreased by \$97,276 (4.9 percent). This decrease is primarily due to decreases in value to property located within tax increment districts.
- Investment earnings decreased by \$785,138 (338.8 percent) during the year due to year-end adjustments to fair market value (\$1,084,327).
- Public safety expenses increased by \$430,356 (13.8 percent) during the year. The increase is primarily due to the payment of a state fire aid grant (\$206,815) to the fire department.
- Public works expenses increased by \$2,800,496 (70.0 percent) during the year. The increase is primarily due to construction of infrastructure assets for other governmental entities for the Red Fox Road, County Road D and Owasso Street Realignment projects. Costs associated with these projects will be recovered through operating grants and contributions, assessments and future tax increment payments.
- Community development expenses decreased by \$694,691 (23.9 percent) during the year. A significant portion of the decrease is the result of decreased developer assistance payments. The City makes pay as you go tax increment financing note payments to various properties within the City; note payments decreased \$359,535 in 2013 due to the maturity of notes in TIF Districts #1 and #5 in 2012. All other 2013 developer assistance payments were consistent with 2012.

The following two graphs provide comparisons of the governmental activities revenues and expenses.



Governmental Activities – Revenues



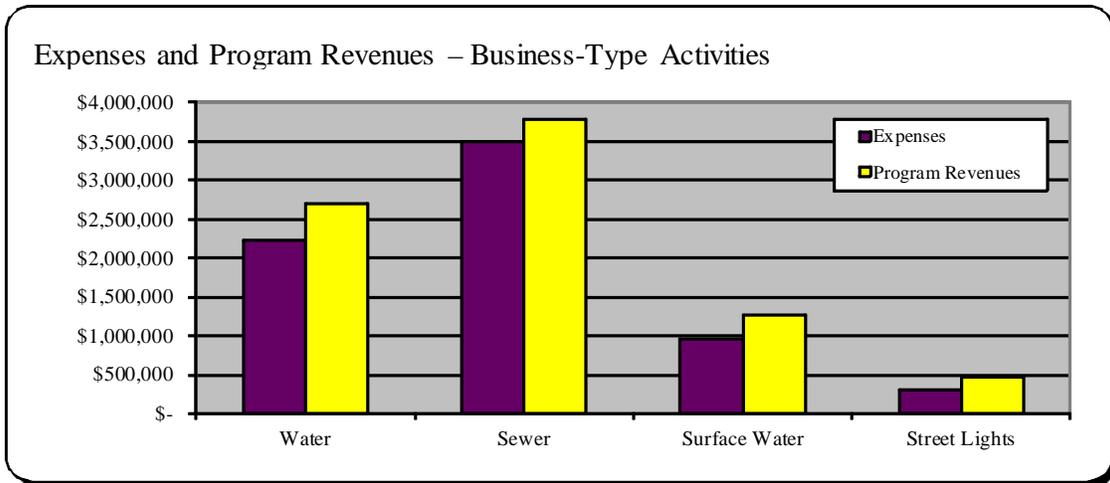
Business-type activities. Business-type activities increased the City’s net position by \$1,152,416. Key elements of this increase are as follows:

- Charges for services for business-type activities increased \$77,608 (1.0 percent). Water operations decreased \$223,063 (7.6 percent), this decrease was due to a water rate increase of 3.0 percent for the average residential customer, and a 10.6 percent decrease in the gallons of water sold during the year. Sewer operations increased \$208,575 (5.8 percent), rates increased 6.0% in 2013 and winter residential water consumption decreased 1.2 percent, which provides the basis for residential sewer charges. Surface Water operations had an

increase of \$73,508 (6.4 percent), due to a 10 percent rate increase, which resulted in a quarterly increase of \$1.76 per residential unit. Street Light operations had an increase of \$18,588 (4.1 percent), due to the impact of a street light rate increase of 4 percent, which resulted in a quarterly increase of \$0.36 per residential unit.

- Capital grants and contributions during the year produced \$76,008 in revenue for business-type activities. This consists of intergovernmental capital grants (\$25,019), and contributions from property owners (\$50,989).
- Expenses for business-type activities increased \$203,198 (3.0 percent). The Sewer fund accounts for \$214,876 of the increase due to an increase in sewage treatment costs, general liability insurance, and contractual fees related to a sewer line inventory project. Interest and paying agent fees account for \$50,618 of the increase.

The following graph provides comparisons of the business-type activities program revenues and expenses.



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, unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$16,341,400, a decrease of \$107,691 in comparison with the prior year. Approximately 18 percent of this amount (\$2,926,284) constitutes unassigned fund balance which is available for spending at the government’s discretion. The remainder of fund balance is classified as non-spendable in the form of prepaid items, restricted, committed or assigned for specific activities and projects. These amounts are not available for new spending because they

are restricted by externally imposed constraints or committed and assigned through internally imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,220,635. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned General Fund balance represents 48.1 percent of total General Fund expenditures, while total fund balance represents 49.0 percent of that same amount.

The City's General Fund balance policy establishes a minimum and maximum unassigned fund balance based on the following key factors:

- The unassigned fund balance for working capital needs is equal to 50 percent of the ensuing years General Fund tax levy and levy-based state aids, because taxes and state aids are received in June and December of each year. The working capital allocation is reduced by the balance of nonspendable items at year-end. Budgeted taxes in 2014 are \$247,587 more than in 2013; consequently, the unassigned General Fund balance for working capital increases \$123,793 at the end of the current period. As of year-end the City has met its minimum unassigned working capital balance.
- The maximum unassigned fund balance for unanticipated expenditures at year-end is equal to 10 percent of budgeted ensuing year's expenditures. Ensuing year budgeted expenditures are \$9,100,294 which results in an unassigned fund balance for unanticipated expenditures of \$910,029. As of year-end the City has met its maximum unassigned unanticipated expenditure fund balance.
- The maximum unassigned fund balance is equal to the combined unassigned working capital and unanticipated expenditure fund balances less any nonspendable items. The total for the current fiscal year is \$4,220,635 as compared to \$4,066,796 for the previous year, an increase of \$153,839.

The Community Center Operation Fund balance increased \$59,203. Revenue and transfers in increased by \$22,898. Daily admissions and annual membership revenue decreased \$7,265. Expenditures increased by \$124,744, as a result of increases in personal services (\$73,536), materials and supplies (\$32,367), contractual services (\$24,568), and a decrease in capital outlay (\$5,727).

The Recreation Programs Fund balance increased \$113,096. Program revenue increased \$44,309; the majority of the increase (\$56,523) was a result of a summer child care program. Expenditures decreased \$826.

Fund balances for the Municipal State Aid, Street Renewal and General Fixed Asset Replacement Funds are designed to fluctuate between years depending on the type of operating repairs and capital costs in any given year. Revenues of the Street Renewal and General Fixed Asset Replacement Funds are designed to change gradually from one year to the next, providing a stable revenue stream to support repair and replacement costs that vary due to type, size, and scope. The fund balance of the Municipal State Aid Fund decreased \$851,688 due to planned transfers out for the Red Fox Road, County Road D, and 2013 Street Rehabilitation street construction costs for the current year. The fund balance of the Street Renewal Fund increased \$227,576. Expenditures in the Street Renewal Fund consisted primarily of public works seal

coating repairs. Transfers out in the Street Renewal Fund represent the fund's share of costs for the Cottage Place, Demar/Floral and Red Fox Road street rehabilitation projects. In accordance with the General Fund, fund balance policy, a transfer was made into the Street Renewal Fund to fund future street replacements. Fund balance decreased \$276,480 in the General Fixed Asset Replacement Fund. Significant expenditures in 2013 included the City's capital contribution in the amount of \$389,181 to the Lake Johanna Fire Department, trail seal coating costs and miscellaneous trail repairs in the amount of \$80,490, various community center and park and recreation repairs and supplies in the amount of \$231,566, general government capital expenditures in the amount of \$42,270, and park improvements in the amount of \$487,516. Transfers out in the General Fixed Asset Replacement Fund represent the fund's share of costs for the 2002 Certificates of Participation, and computer acquisitions. Revenues for the Municipal State Aid, Street Renewal and General Fixed Asset Replacement Funds were consistent with prior years.

The Community Investment Fund was established in 2013 to account for resources dedicated for the acquisition of capital assets which have community wide benefit. Significant revenue sources include utility franchise fees, wireless telecommunication and billboard lease receipts, park dedication fees and all assets of the Capital Improvement Fund as of December 31, 2013.

The Capital Improvement Fund was closed into the Community Investment Fund at December 31, 2013 in accordance with the City's Community Investment Policy. Capital and operating expenditures include community center improvements and various park improvements. Transfers out in the Capital Improvement Fund represent the fund's closing and share of costs for the 2002 Certificates of Participation and computer acquisitions. Revenue for the Capital Improvement Fund was consistent with prior years.

The Owasso Street Realignment and 2013 Street Rehabilitation funds are temporary capital project funds used to account for infrastructure related costs. Both projects are scheduled to be completed in 2014.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the respective proprietary funds include \$4,244,043 for water, \$2,835,093 for sewer, \$1,146,104 for surface water management, and \$267,048 for street lights. Water Fund net position increased \$330,263 primarily due to a rate increase and capital contributions. Sewer Fund net position increased \$36,774; primarily due to a rate increase and increases in contractual services associated with a sewer line inventory project. Surface Water Fund net position increased \$558,142 primarily due to a rate increase and capital contributions. The Street Lights Fund net position increased \$222,160 primarily as a result of a rate increase and capital contributions.

General Fund Budgetary Highlights

Total General Fund revenues were \$696,769 more than estimated in the budget. Property taxes were under budget by \$15,844. Licenses and permits surpassed anticipated levels by \$334,256 primarily due to building permits, intergovernmental revenues exceeded budget due to the receipt of unbudgeted State Fire Aid (\$206,815), charges for services surpassed anticipated levels by \$334,519, primarily as a result of in-house engineering charges, plan check fees and capital project administrative charges.

Total General Fund expenditures were over budget by \$111,709, primarily due to an unbudgeted expenditure to the Lake Johanna Fire Department (Public Safety) associated with the unbudgeted state Fire Aid (\$206,815). Within the general government department information systems current expenditures were under budget by \$51,241, and capital outlay was over budget by \$20,014, due to a reclassification of wages from current to capital outlay for internally developed software, and a vacant position during a portion of the year. Within the public works department, public works administration and engineering current expenditures were over budget due to overtime associated with increased construction activity and contractual costs associated with a railroad quiet zone study. The community development department building inspection current expenditures were over budget as a result of electrical inspection contractual fees. The unbudgeted transfer to the Street Renewal Fund (\$417,963) was made in accordance with the City's fund balance policy regarding excess fund balance in the General Fund.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$96,784,739 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, machinery and equipment, distribution and collection systems, park facilities, roads, trails and sidewalks, and pedestrian tunnels and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 5.5 percent (a 6.2 percent increase for governmental activities and a 4.0 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,724,345	\$ 7,724,345	\$ 304,202	\$ 304,202	\$ 8,028,547	\$ 8,028,547
Buildings and structures	24,852,687	24,700,903	4,993,596	4,961,126	29,846,283	29,662,029
Machinery and equipment	4,082,501	4,028,203	2,069,545	2,170,872	6,152,046	6,199,075
Distribution and collection systems	-	-	22,279,179	22,109,355	22,279,179	22,109,355
Infrastructure	22,731,042	23,707,101	-	-	22,731,042	23,707,101
Construction in progress	5,634,487	1,060,087	2,113,155	991,216	7,747,642	2,051,303
Total	<u>\$ 65,025,062</u>	<u>\$ 61,220,639</u>	<u>\$ 31,759,677</u>	<u>\$ 30,536,771</u>	<u>\$ 96,784,739</u>	<u>\$ 91,757,410</u>

Major capital asset events during the current fiscal year included the following:

- A variety of capital assets for governmental activities were completed at a cumulative cost of \$2,316,063. Construction in progress at year-end for governmental activities is \$5,634,487.
- Various capital assets for business-type activities were completed at a cumulative cost of \$1,323,480. Construction in progress for business-type activities as of the end of the current fiscal year is \$2,113,155.

Additional information on the City's capital assets can be found in Note 5 of the notes to financial statements.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$26,980,000 (excluding unamortized premiums), an increase of \$7,255,000 from 2012. The entire bonded debt amount is backed by the full faith and credit of the City. An additional \$3,985,000 of outstanding certificates of participation financed building improvements and a \$6,000,000 loan payable financed land acquisition. Unamortized premium

on City debt totaled \$403,427. The remaining liability is for compensated absences totaling \$345,651.

City of Shoreview's Outstanding Debt
General Obligation, Revenue Bonds, Long-Term Notes, Loans, and Compensated Absences

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation improvement bonds	\$ 2,857,200	\$ 1,065,000	\$ -	\$ -	\$ 2,857,200	\$ 1,065,000
General obligation tax increment bonds	690,000	1,320,000	-	-	690,000	1,320,000
General obligation bonds	12,584,469	8,355,000	-	-	12,584,469	8,355,000
General obligation revenue bonds	-	-	11,251,758	8,985,000	11,251,758	8,985,000
Certificates of participation	3,985,000	4,330,000	-	-	3,985,000	4,330,000
Loans payable	6,000,000	6,000,000	-	-	6,000,000	6,000,000
Compensated absences	270,837	262,231	74,814	79,061	345,651	341,292
Total	\$ 26,387,506	\$ 21,332,231	\$ 11,326,572	\$ 9,064,061	\$ 37,714,078	\$ 30,396,292

The City maintains a bond rating from Standard & Poor's Financial Services, LLC of AAA for general obligation debt.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$72,148,140. The City's net debt applicable to this limit totals \$13,168,149.

Additional information on the City's long-term debt can be found in Note 6 of the notes to financial statements.

Economic Factors and Next Year's Budgets and Rates

- The annual average unemployment rate (not seasonally adjusted) for the City is currently 3.9 percent, which compares favorably to 5.1 percent unemployment for the state of Minnesota, and 7.4 percent unemployment nationally.
- The current property tax collection rate for the current period is 99.3 percent.
- Building permit activity in the current period resulted in permit valuation equal to \$42.4 million. New residential and commercial construction accounted for 59 percent of building permit values. Reinvestment in homes through improvements to property by homeowners accounted for 23 percent of building permit values, and commercial property accounted for the remaining 18 percent of building permit values.
- The 2014 adopted levy supports the 2014 budget.

All of these factors were considered in preparing the City's budget for the 2014 fiscal year.

Water, sewer, surface water management, and street light rates were increased for the 2014 budget year. The increase for the average customers was 4.2 percent for water, 3.0 percent for sewer, 10.0 percent for surface water management, and 4.0 percent for street lights. The total impact on the average residential customer is estimated to be 4.2 percent. These rate increases were necessary to support operating costs, capital costs, and debt repayment.

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 Office of the Finance Director, 4600 Victoria Street North, Shoreview, Minnesota 55126.

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**FINANCIAL SECTION –
BASIC FINANCIAL STATEMENTS**

BASIC FINANCIAL STATEMENTS

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CITY OF SHOREVIEW, MINNESOTA

Statement of Net Position

December 31, 2013

Statement 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and investments	\$ 16,555,660	\$ 7,116,569	\$ 23,672,229
Restricted cash with escrow agent	2,289,635	690,899	2,980,534
Accrued interest receivable	47,163	19,022	66,185
Accounts receivable	274,032	1,978,138	2,252,170
Loan receivable	148,892	–	148,892
Taxes receivable	322,129	–	322,129
Special assessments receivable	512,746	60,279	573,025
Internal balances	(64,180)	64,180	–
Due from other governmental units	525,853	14,977	540,830
Prepaid items	100,075	7,608	107,683
Property held for resale	115,000	–	115,000
Capital assets			
Nondepreciable	13,358,832	2,417,357	15,776,189
Depreciable (net of accumulated depreciation)	51,666,230	29,342,320	81,008,550
Total assets	<u>85,852,067</u>	<u>41,711,349</u>	<u>127,563,416</u>
Liabilities			
Accounts payable	311,313	59,339	370,652
Salaries payable	130,303	33,979	164,282
Contracts payable	1,067,919	–	1,067,919
Accrued bond interest payable	273,263	161,184	434,447
Deposits payable	308,122	5,824	313,946
Due to other governmental units	26,412	17,716	44,128
Unearned revenue	78,351	–	78,351
Compensated absences payable			
Due within one year	24,899	6,873	31,772
Due in more than one year	245,938	67,941	313,879
Loan payable			
Due in more than one year	6,000,000	–	6,000,000
Certificates of participation payable			
Due within one year	350,000	–	350,000
Due in more than one year	3,635,000	–	3,635,000
Bonds payable			
Due within one year	2,020,000	1,650,000	3,670,000
Due in more than one year	14,111,669	9,601,758	23,713,427
Total liabilities	<u>28,583,189</u>	<u>11,604,614</u>	<u>40,187,803</u>
Deferred inflows of resources			
State Aid received for subsequent years	591,897	–	591,897
Net position			
Net investment in capital assets	41,391,324	21,332,825	62,724,149
Restricted for			
Business loan program	165,777	–	165,777
Cable television	23,485	–	23,485
Debt service	1,595,396	–	1,595,396
Economic development	28,172	–	28,172
Housing and redevelopment	72,227	–	72,227
Recycling	204,137	–	204,137
Trunk facility	–	217,442	217,442
Tax increment purposes	2,557,141	–	2,557,141
Unrestricted	10,639,322	8,556,468	19,195,790
Total net position	<u>\$ 56,676,981</u>	<u>\$ 30,106,735</u>	<u>\$ 86,783,716</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Activities

For The Year Ended December 31, 2013

	<u>Expenses</u>	<u>Charges For Services</u>
Functions/programs		
Primary government		
Governmental activities		
General government	\$ 2,582,399	\$ 1,405,214
Public safety	3,543,388	55,362
Public works	6,798,886	918,543
Parks and recreation	6,123,840	3,744,316
Community development	2,210,253	758,157
Interest on long-term debt	730,200	-
Total governmental activities	<u>21,988,966</u>	<u>6,881,592</u>
Business-type activities		
Water	2,238,481	2,694,959
Sewer	3,498,374	3,777,352
Surface water	954,828	1,221,047
Street lights	295,949	474,872
Total business-type activities	<u>6,987,632</u>	<u>8,168,230</u>
Total primary government	<u>\$ 28,976,598</u>	<u>\$ 15,049,822</u>

The accompanying notes are an integral part of these financial statements.

Statement 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-Type Activities	Total
\$ 41,490	\$ –	\$ (1,135,695)	\$ –	\$ (1,135,695)
206,815	–	(3,281,211)	–	(3,281,211)
1,082,978	871,785	(3,925,580)	–	(3,925,580)
13,872	39,590	(2,326,062)	–	(2,326,062)
–	–	(1,452,096)	–	(1,452,096)
–	–	(730,200)	–	(730,200)
<u>1,345,155</u>	<u>911,375</u>	<u>(12,850,844)</u>	<u>–</u>	<u>(12,850,844)</u>
–	11,992	–	468,470	468,470
–	9,555	–	288,533	288,533
–	54,461	–	320,680	320,680
–	–	–	178,923	178,923
–	76,008	–	1,256,606	1,256,606
<u>\$ 1,345,155</u>	<u>\$ 987,383</u>	<u>(12,850,844)</u>	<u>1,256,606</u>	<u>(11,594,238)</u>
General revenues				
Property taxes		9,666,218	–	9,666,218
Tax increment collections		1,882,775	–	1,882,775
Franchise tax		456,242	–	456,242
Grants and contributions not restricted to specific programs		33,500	–	33,500
Unrestricted investment earnings		(553,422)	(235,147)	(788,569)
Gain on disposal of capital assets		56,763	–	56,763
Transfers		(130,957)	130,957	–
Total general revenues and transfers		<u>11,411,119</u>	<u>(104,190)</u>	<u>11,306,929</u>
Change in net position		<u>(1,439,725)</u>	<u>1,152,416</u>	<u>(287,309)</u>
Net position – beginning		<u>58,116,706</u>	<u>28,954,319</u>	<u>87,071,025</u>
Net position – ending		<u>\$ 56,676,981</u>	<u>\$ 30,106,735</u>	<u>\$ 86,783,716</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Balance Sheet

Governmental Funds

December 31, 2013

	General	Community Center Operation	Recreation Programs	Municipal State Aid
Assets				
Cash and investments	\$ 4,390,930	\$ 1,231,626	\$ 772,537	\$ 859,438
Restricted cash with escrow agent	-	-	-	-
Accrued interest receivable	9,147	3,309	2,027	4,798
Accounts receivable (net of allowance for uncollectibles)	24,205	2,643	288	-
Loan receivable	-	-	-	-
Taxes receivable	194,270	-	-	-
Special assessments receivable	-	-	-	888
Interfund receivable	-	-	-	369,131
Due from other governmental units	27,457	-	572	-
Prepaid items	82,971	5,173	3,812	-
Property held for resale	-	-	-	-
Total assets	\$ 4,728,980	\$ 1,242,751	\$ 779,236	\$ 1,234,255
Liabilities				
Accounts payable	\$ 55,672	\$ 52,059	\$ 4,529	\$ -
Salaries payable	75,117	36,329	11,700	-
Contracts payable	-	-	-	441,553
Deposits payable	222,992	85,130	-	-
Interfund payable	-	-	-	-
Due to other governmental units	1,891	20,694	1,272	-
Unearned revenue	753	-	-	-
Total liabilities	356,425	194,212	17,501	441,553
Deferred inflows of resources				
Unavailable revenue – property taxes	58,888	-	-	-
Unavailable revenue – special assessments	-	-	-	888
State aid received for subsequent years	10,061	-	-	581,836
Total deferred inflows of resources	68,949	-	-	582,724
Fund balances				
Nonspendable	82,971	5,173	3,812	-
Restricted	-	-	-	-
Committed	-	1,043,366	757,923	-
Assigned	-	-	-	209,978
Unassigned	4,220,635	-	-	-
Total fund balances	4,303,606	1,048,539	761,735	209,978
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,728,980	\$ 1,242,751	\$ 779,236	\$ 1,234,255

The accompanying notes are an integral part of these financial statements.

Statement 3

Street Renewal	General Fixed Asset Replacement	Community Investment	Owasso Street Realignment	Other Governmental Funds	Intra- Activity Eliminations	Total Governmental Funds
\$ 2,434,204	\$ 519,046	\$ 512,391	\$ -	\$ 4,401,427	\$ -	\$ 15,121,599
-	-	-	-	2,289,635	-	2,289,635
6,055	1,563	2,017	-	14,799	-	43,715
-	2,091	152,881	-	80,675	-	262,783
-	-	-	-	148,892	-	148,892
24,760	36,499	3,485	-	57,735	-	316,749
90,776	-	-	-	421,082	-	512,746
-	-	-	-	1,147,829	(1,516,960)	-
-	-	-	-	465,027	-	493,056
4,470	-	-	-	1,187	-	97,613
-	-	-	-	115,000	-	115,000
<u>\$ 2,560,265</u>	<u>\$ 559,199</u>	<u>\$ 670,774</u>	<u>\$ -</u>	<u>\$ 9,143,288</u>	<u>\$ (1,516,960)</u>	<u>\$ 19,401,788</u>
\$ -	\$ 747	\$ 34,675	\$ 84	\$ 85,788	\$ -	\$ 233,554
-	-	-	-	2,849	-	125,995
-	65,901	-	146,438	414,027	-	1,067,919
-	-	-	-	-	-	308,122
-	-	-	1,147,829	369,131	(1,516,960)	-
-	-	-	-	16	-	23,873
-	-	77,598	-	-	-	78,351
-	<u>66,648</u>	<u>112,273</u>	<u>1,294,351</u>	<u>871,811</u>	<u>(1,516,960)</u>	<u>1,837,814</u>
7,391	10,986	1,030	-	45,715	-	124,010
90,290	-	-	-	415,489	-	506,667
-	-	-	-	-	-	591,897
<u>97,681</u>	<u>10,986</u>	<u>1,030</u>	<u>-</u>	<u>461,204</u>	<u>-</u>	<u>1,222,574</u>
4,470	-	-	-	1,187	-	97,613
-	-	-	-	6,832,418	-	6,832,418
2,458,114	481,565	557,471	-	219,463	-	5,517,902
-	-	-	-	757,205	-	967,183
-	-	-	(1,294,351)	-	-	2,926,284
<u>2,462,584</u>	<u>481,565</u>	<u>557,471</u>	<u>(1,294,351)</u>	<u>7,810,273</u>	<u>-</u>	<u>16,341,400</u>
<u>\$ 2,560,265</u>	<u>\$ 559,199</u>	<u>\$ 670,774</u>	<u>\$ -</u>	<u>\$ 9,143,288</u>	<u>\$ (1,516,960)</u>	<u>\$ 19,401,788</u>

Fund balance reported above	\$ 16,341,400
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,580,481
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	630,677
Internal service funds are used by management to charge costs to individual funds.	
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	4,408,900
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(21,284,477)
Net position of governmental activities	<u>\$ 56,676,981</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For The Year Ended December 31, 2013

	General	Community Center Operation	Recreation Programs	Municipal State Aid	Street Renewal
Revenues					
Taxes					
General property taxes	\$ 6,623,723	\$ –	\$ –	\$ –	\$ 845,322
Tax increments	–	–	–	–	–
Franchise tax	–	–	–	–	–
Special assessments	–	–	–	932	32,830
Licenses and permits	648,306	–	–	–	–
Intergovernmental	395,433	–	–	667,139	–
Charges for services	1,619,489	2,351,488	1,385,140	–	–
Fines and forfeits	52,440	–	–	–	–
Earnings on investments	(118,405)	(42,835)	(26,234)	(62,102)	(78,378)
Billboard fees	–	–	–	–	–
Antenna fees	–	–	–	–	–
Other	31,532	14,750	121	–	6,720
Total revenues	<u>9,252,518</u>	<u>2,323,403</u>	<u>1,359,027</u>	<u>605,969</u>	<u>806,494</u>
Expenditures					
Current					
General government	2,092,838	–	–	–	–
Public safety	3,069,177	–	–	–	–
Public works	1,437,557	–	–	–	396,799
Parks and recreation	1,576,576	2,576,200	1,235,931	–	–
Community development	577,796	–	–	–	–
Capital outlay					
General government	20,014	–	–	–	–
Public works	–	–	–	–	–
Parks and recreation	–	–	–	–	–
Debt service					
Principal	–	–	–	–	–
Interest	–	–	–	–	–
Fiscal charges	–	–	–	–	–
Total expenditures	<u>8,773,958</u>	<u>2,576,200</u>	<u>1,235,931</u>	<u>–</u>	<u>396,799</u>
Revenues over (under) expenditures	<u>478,560</u>	<u>(252,797)</u>	<u>123,096</u>	<u>605,969</u>	<u>409,695</u>
Other financing sources (uses)					
Issuance of refunding debt	–	–	–	–	–
Bond issuance	–	–	–	–	–
Premium on debt issuance	–	–	–	–	–
Payment to refunded bond escrow agent	–	–	–	–	–
Sale of capital assets	–	–	–	–	–
Transfers in	519,000	312,000	70,000	–	417,963
Transfers out	(829,963)	–	(80,000)	(1,457,657)	(600,082)
Total other financing sources (uses)	<u>(310,963)</u>	<u>312,000</u>	<u>(10,000)</u>	<u>(1,457,657)</u>	<u>(182,119)</u>
Net change in fund balances	167,597	59,203	113,096	(851,688)	227,576
Fund balances – January 1	4,136,009	989,336	648,639	1,061,666	2,235,008
Fund balances – December 31	<u>\$ 4,303,606</u>	<u>\$ 1,048,539</u>	<u>\$ 761,735</u>	<u>\$ 209,978</u>	<u>\$ 2,462,584</u>

The accompanying notes are an integral part of these financial statements.

Statement 4

General Fixed Asset Replacement	Community Investment	Capital Improvement	Owasso Street Realignment	2013 Street Rehabilitation	Other Governmental Funds	Intra- Activity Eliminations	Total Governmental Funds
\$ 1,243,169	\$ -	\$ 119,334	\$ -	\$ -	\$ 632,425	\$ -	\$ 9,463,973
-	-	-	-	-	1,882,775	-	1,882,775
-	142,881	-	-	-	313,361	-	456,242
-	-	-	-	-	115,885	-	149,647
-	-	-	-	-	-	-	648,306
-	-	-	-	-	910,729	-	1,973,301
-	-	-	-	-	501,238	-	5,857,355
-	-	-	-	-	-	-	52,440
(20,230)	-	(26,108)	-	-	(134,489)	-	(508,781)
-	-	51,667	-	-	-	-	51,667
-	-	243,606	-	-	-	-	243,606
297	-	38,415	-	-	55,564	-	147,399
<u>1,223,236</u>	<u>142,881</u>	<u>426,914</u>	<u>-</u>	<u>-</u>	<u>4,277,488</u>	<u>-</u>	<u>20,417,930</u>
-	-	-	-	-	292,617	-	2,385,455
389,181	-	-	-	-	-	-	3,458,358
80,490	-	-	1,693,927	-	1,563,599	-	5,172,372
231,566	-	13,868	-	-	-	-	5,634,141
-	-	-	-	-	1,628,888	-	2,206,684
42,270	-	-	-	-	153,095	-	215,379
-	-	-	780,000	2,987,492	1,926,478	-	5,693,970
487,516	-	542,103	-	-	-	-	1,029,619
-	-	-	-	-	1,395,000	-	1,395,000
-	-	-	-	-	329,902	-	329,902
-	-	-	-	-	126,892	-	126,892
<u>1,231,023</u>	<u>-</u>	<u>555,971</u>	<u>2,473,927</u>	<u>2,987,492</u>	<u>7,416,471</u>	<u>-</u>	<u>27,647,772</u>
<u>(7,787)</u>	<u>142,881</u>	<u>(129,057)</u>	<u>(2,473,927)</u>	<u>(2,987,492)</u>	<u>(3,138,983)</u>	<u>-</u>	<u>(7,229,842)</u>
-	-	-	-	-	2,365,000	-	2,365,000
-	-	-	1,350,909	2,363,067	476,024	-	4,190,000
-	-	-	51,289	92,619	141,527	-	285,435
-	-	-	-	-	(135,000)	-	(135,000)
910	-	-	-	-	2,380	-	3,290
-	414,590	-	-	531,806	2,816,591	(4,668,524)	413,426
(269,603)	-	(591,169)	-	-	(840,050)	4,668,524	-
<u>(268,693)</u>	<u>414,590</u>	<u>(591,169)</u>	<u>1,402,198</u>	<u>2,987,492</u>	<u>4,826,472</u>	<u>-</u>	<u>7,122,151</u>
<u>(276,480)</u>	<u>557,471</u>	<u>(720,226)</u>	<u>(1,071,729)</u>	<u>-</u>	<u>1,687,489</u>	<u>-</u>	<u>(107,691)</u>
758,045	-	720,226	(222,622)	-	6,122,784	-	16,449,091
<u>\$ 481,565</u>	<u>\$ 557,471</u>	<u>\$ -</u>	<u>\$ (1,294,351)</u>	<u>\$ -</u>	<u>\$ 7,810,273</u>	<u>\$ -</u>	<u>\$16,341,400</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended December 31, 2013

Statement 5

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances – total governmental funds.	\$ (107,691)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital additions in the current period.	4,587,394
The Statement of Activities reports gains and losses arising from the trade-in or disposal of existing assets to acquire new capital assets. Conversely, governmental funds simply report proceeds on sale of capital assets.	(51,417)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(21,034)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the 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 material amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(5,291,669)
The transfer out of governmental capital assets contributed to enterprise funds.	(740,481)
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.	(57,124)
Internal service funds are used by management to charge costs to individual funds. This amount is the portion of net revenue attributable to and reported with governmental activities.	<u>242,297</u>
Change in net position of governmental activities.	<u><u>\$ (1,439,725)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Net Position

Proprietary Funds

December 31, 2013

Statement 6

	Business-Type Activities – Enterprise Funds				Totals Current Year	Governmental Activities – Internal Service Funds
	Water	Sewer	Surface Water	Street Lights		
Assets						
Current assets						
Cash and investments	\$ 3,861,336	\$ 2,139,855	\$ 925,041	\$ 190,337	\$ 7,116,569	\$ 1,434,061
Restricted cash with escrow agent	524,420	166,479	–	–	690,899	–
Accrued interest receivable	10,035	5,500	2,813	674	19,022	3,448
Accounts receivable						
Customers	564,338	848,907	287,260	71,791	1,772,296	11,249
Customer accounts certified to county	64,980	103,086	25,797	11,979	205,842	–
Taxes receivable	–	–	–	–	–	5,380
Due from other governmental units	4,996	6,137	3,538	306	14,977	32,797
Prepaid items	2,616	3,340	1,587	65	7,608	2,462
Total current assets	<u>5,032,721</u>	<u>3,273,304</u>	<u>1,246,036</u>	<u>275,152</u>	<u>9,827,213</u>	<u>1,489,397</u>
Noncurrent assets						
Special assessments receivable	28,257	25,993	5,713	316	60,279	–
Capital assets						
Land	27,577	11,459	265,166	–	304,202	36,293
Buildings and structures	6,733,215	1,608,118	–	–	8,341,333	6,929,379
Machinery and equipment	2,474,505	46,746	10,132	723	2,532,106	5,215,132
Distribution and collection systems	16,194,662	11,742,573	10,990,405	1,796,540	40,724,180	–
Construction in progress	674,087	86,000	1,233,696	119,372	2,113,155	–
Total capital assets	<u>26,104,046</u>	<u>13,494,896</u>	<u>12,499,399</u>	<u>1,916,635</u>	<u>54,014,976</u>	<u>12,180,804</u>
Less accumulated depreciation	<u>(11,636,521)</u>	<u>(7,236,655)</u>	<u>(2,362,236)</u>	<u>(1,019,887)</u>	<u>(22,255,299)</u>	<u>(3,736,223)</u>
Total capital assets (net of accumulated depreciation)	<u>14,467,525</u>	<u>6,258,241</u>	<u>10,137,163</u>	<u>896,748</u>	<u>31,759,677</u>	<u>8,444,581</u>
Total noncurrent assets	<u>14,495,782</u>	<u>6,284,234</u>	<u>10,142,876</u>	<u>897,064</u>	<u>31,819,956</u>	<u>8,444,581</u>
Total assets	<u>19,528,503</u>	<u>9,557,538</u>	<u>11,388,912</u>	<u>1,172,216</u>	<u>41,647,169</u>	<u>9,933,978</u>
Liabilities						
Current liabilities						
Accounts payable	38,135	3,381	10,528	7,295	59,339	77,759
Salaries payable	15,454	12,225	5,976	324	33,979	4,308
Accrued bond interest payable	86,519	28,731	45,934	–	161,184	100,977
Customer deposits payable	5,824	–	–	–	5,824	–
Due to other governmental units	16,306	61	1,349	–	17,716	2,539
Compensated absences payable	3,079	2,723	998	73	6,873	489
Revenue bonds payable	965,000	325,000	360,000	–	1,650,000	245,000
Total current liabilities	<u>1,130,317</u>	<u>372,121</u>	<u>424,785</u>	<u>7,692</u>	<u>1,934,915</u>	<u>431,072</u>
Noncurrent liabilities						
Compensated absences payable (net of current portion)	30,490	26,883	9,840	728	67,941	4,826
Revenue bonds payable (net of current portion)	5,039,831	1,680,335	2,881,592	–	9,601,758	5,025,000
Total noncurrent liabilities	<u>5,070,321</u>	<u>1,707,218</u>	<u>2,891,432</u>	<u>728</u>	<u>9,669,699</u>	<u>5,029,826</u>
Total liabilities	<u>6,200,638</u>	<u>2,079,339</u>	<u>3,316,217</u>	<u>8,420</u>	<u>11,604,614</u>	<u>5,460,898</u>
Net position						
Net investment in capital assets	9,083,822	4,425,664	6,926,591	896,748	21,332,825	3,174,581
Restricted for trunk facility	–	217,442	–	–	217,442	–
Unrestricted	4,244,043	2,835,093	1,146,104	267,048	8,492,288	1,298,499
Total net position	<u>\$13,327,865</u>	<u>\$ 7,478,199</u>	<u>\$ 8,072,695</u>	<u>\$ 1,163,796</u>	<u>30,042,555</u>	<u>\$ 4,473,080</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					64,180	
Net position of business-type activities					<u>\$ 30,106,735</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For The Year Ended December 31, 2013

Statement 7

	Business-Type Activities – Enterprise Funds				Totals Current Year	Governmental
	Water	Sewer	Surface Water	Street Lights		Activities – Internal Service Funds
Operating revenues						
Customer billings	\$ 2,662,898	\$ 3,772,249	\$ 1,212,451	\$ 474,664	\$ 8,122,262	\$ 1,214,919
Water meter sales	10,365	–	–	–	10,365	–
Other	21,696	5,103	8,596	208	35,603	–
Total operating revenues	<u>2,694,959</u>	<u>3,777,352</u>	<u>1,221,047</u>	<u>474,872</u>	<u>8,168,230</u>	<u>1,214,919</u>
Operating expenses						
MCES sewer service charges	–	1,736,154	–	–	1,736,154	–
Administrative charges	204,390	345,970	97,710	40,820	688,890	–
Personal services	630,192	549,544	271,653	14,939	1,466,328	198,268
Materials and supplies	60,232	20,551	9,752	1,088	91,623	272,581
Water meters	19,015	–	–	–	19,015	–
Contractual services	354,868	419,689	236,167	23,079	1,033,803	73,816
Utilities	128,007	8,766	4,061	171,320	312,154	25,853
Insurance	7,134	20,197	2,617	456	30,404	21,951
Depreciation	622,826	326,338	228,865	44,484	1,222,513	641,112
Total operating expenses	<u>2,026,664</u>	<u>3,427,209</u>	<u>850,825</u>	<u>296,186</u>	<u>6,600,884</u>	<u>1,233,581</u>
Operating income (loss)	<u>668,295</u>	<u>350,143</u>	<u>370,222</u>	<u>178,686</u>	<u>1,567,346</u>	<u>(18,662)</u>
Nonoperating revenues (expenses)						
General property taxes	–	–	–	–	–	183,111
Earnings on investments	(121,490)	(68,517)	(36,414)	(8,726)	(235,147)	(44,641)
Gain on sale of capital assets	–	–	–	–	–	56,763
Other	–	–	–	–	–	39,121
Interest	(183,026)	(67,690)	(84,608)	–	(335,324)	(242,702)
Fiscal Charges	(30,451)	(6,150)	(19,900)	–	(56,501)	(425)
Total nonoperating revenues (expenses)	<u>(334,967)</u>	<u>(142,357)</u>	<u>(140,922)</u>	<u>(8,726)</u>	<u>(626,972)</u>	<u>(8,773)</u>
Income (loss) before contributions and transfers	<u>333,328</u>	<u>207,786</u>	<u>229,300</u>	<u>169,960</u>	<u>940,374</u>	<u>(27,435)</u>
Capital contributions	<u>259,992</u>	<u>29,555</u>	<u>455,742</u>	<u>71,200</u>	<u>816,489</u>	<u>78,711</u>
Transfers						
Transfers in	–	–	–	–	–	200,900
Transfers out	(263,057)	(200,567)	(126,900)	(19,000)	(609,524)	(4,802)
Total transfers	<u>(263,057)</u>	<u>(200,567)</u>	<u>(126,900)</u>	<u>(19,000)</u>	<u>(609,524)</u>	<u>196,098</u>
Change in net position	<u>330,263</u>	<u>36,774</u>	<u>558,142</u>	<u>222,160</u>	<u>1,147,339</u>	<u>247,374</u>
Net position – January 1	<u>12,997,602</u>	<u>7,441,425</u>	<u>7,514,553</u>	<u>941,636</u>	<u>28,895,216</u>	<u>4,225,706</u>
Net position – December 31	<u>\$ 13,327,865</u>	<u>\$ 7,478,199</u>	<u>\$ 8,072,695</u>	<u>\$ 1,163,796</u>	<u>\$ 30,042,555</u>	<u>\$ 4,473,080</u>
Net changes in net position reported above					\$ 1,147,339	
Amounts reported for business-type activities in the Statement of Activities are different because:						
Transfer in of capital assets from governmental activities.					740,481	
Governmental activities contribution revenue reported above					(740,481)	
Internal service funds are used by management to charge the cost of equipment maintenance and insurance to individual funds. This amount is the portion of net revenue attributable to and reported with business-type activities.					<u>5,077</u>	
Change in net position of business-type activities					<u>\$ 1,152,416</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Cash Flows

Proprietary Funds

For The Year Ended December 31, 2013

Statement 8

	Business-Type Activities – Enterprise Funds				Totals Current Year	Governmental
	Water	Sewer	Surface Water	Street Lights		Activities – Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 2,730,019	\$ 3,758,867	\$ 1,227,884	\$ 471,576	\$ 8,188,346	\$ –
Receipts from interfund services provided	–	–	–	–	–	1,214,919
Payments to suppliers	(562,986)	(2,209,262)	(251,728)	(204,643)	(3,228,619)	(339,955)
Payments to employees	(627,112)	(548,865)	(272,544)	(14,899)	(1,463,420)	(197,247)
Payments for interfund services used	(204,390)	(345,970)	(97,710)	(40,820)	(688,890)	–
Miscellaneous revenue	–	–	–	–	–	39,121
Net cash flows from operating activities	<u>1,335,531</u>	<u>654,770</u>	<u>605,902</u>	<u>211,214</u>	<u>2,807,417</u>	<u>716,838</u>
Cash flows from noncapital financing activities						
Transfer to other funds	(263,057)	(200,567)	(126,900)	(19,000)	(609,524)	(4,802)
Cash flows from capital and related financing activities						
Proceeds from sales of capital assets	–	–	–	–	–	98,700
Proceeds from the sale of bonds	1,770,845	297,166	1,361,260	–	3,429,271	–
Acquisition and construction of capital assets	(704,334)	(65,426)	(788,127)	(182,951)	(1,740,838)	(691,976)
Receipts from taxpayers	–	–	–	–	–	182,178
Transfers from other funds	–	–	–	–	–	200,900
Capital contributions	12,489	9,952	54,603	–	77,044	81,881
Principal paid on capital debt	(460,000)	(275,000)	(415,000)	–	(1,150,000)	(245,000)
Interest and paying agent fees on capital debt	(207,446)	(76,792)	(97,409)	–	(381,647)	(244,914)
Net cash flows from capital and related financing activities	<u>411,554</u>	<u>(110,100)</u>	<u>115,327</u>	<u>(182,951)</u>	<u>233,830</u>	<u>(618,231)</u>
Cash flows from investing activities						
Earnings on investments	(121,849)	(67,132)	(36,890)	(8,540)	(234,411)	(44,156)
Net change in cash and cash equivalents	1,362,179	276,971	557,439	723	2,197,312	49,649
Cash and cash equivalents – January 1	3,023,577	2,029,363	367,602	189,614	5,610,156	1,384,412
Cash and cash equivalents – December 31	<u>\$ 4,385,756</u>	<u>\$ 2,306,334</u>	<u>\$ 925,041</u>	<u>\$ 190,337</u>	<u>\$ 7,807,468</u>	<u>\$ 1,434,061</u>
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	\$ 668,295	\$ 350,143	\$ 370,222	\$ 178,686	\$ 1,567,346	\$ (18,662)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Miscellaneous revenue	–	–	–	–	–	39,121
Depreciation	622,826	326,338	228,865	44,484	1,222,513	641,112
Decrease (increase) in receivables	35,060	(18,485)	6,837	(3,296)	20,116	(10,649)
Decrease (increase) in prepaid items	1,456	(485)	611	46	1,628	182
Increase (decrease) in payables	7,894	(2,741)	(633)	(8,706)	(4,186)	65,734
Total adjustments	<u>667,236</u>	<u>304,627</u>	<u>235,680</u>	<u>32,528</u>	<u>1,240,071</u>	<u>735,500</u>
Net cash flows from operating activities	<u>\$ 1,335,531</u>	<u>\$ 654,770</u>	<u>\$ 605,902</u>	<u>\$ 211,214</u>	<u>\$ 2,807,417</u>	<u>\$ 716,838</u>
Noncash investing, capital, and financing activities						
Contributions of capital assets –						
Governmental funds	\$ 248,000	\$ 20,000	\$ 401,281	\$ 71,200	\$ 740,481	\$ –
Capital asset purchase on account –						
Accounts payable	–	–	(10,300)	–	(10,300)	–
Contracts payable	(25,600)	–	–	–	(25,600)	–
Due from other governmental units –						
Capital contribution	(497)	(397)	(142)	–	(1,036)	(3,170)
Taxes receivable	–	–	–	–	–	933

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW, MINNESOTA

Statement of Assets and Liabilities

Agency Fund

December 31, 2013

Statement 9

Assets	
Cash and investments	\$ 382,572
Accrued interest receivable	<u>41</u>
Total assets	<u><u>\$ 382,613</u></u>
Liabilities	
Deposits payable	<u><u>\$ 382,613</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREVIEW

Notes to Financial Statements

December 31, 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Shoreview, Minnesota (the City) was incorporated in 1957 and operates under the state of Minnesota Statutory Plan B (Council – Manager) form of government. The City provides the following municipal services: public safety (police, fire, civil defense, and animal control), highways and streets, sanitation and health, parks and recreation, public improvements, community development, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the American Institute of Certified Public Accountants (AICPA) and the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include the primary government and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of their operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of service performed or provided by the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Also, the City has operational responsibility of the EDA. It is this criterion that results in the EDA being reported as a blended component unit.

Blended Component Unit

Shoreview Economic Development Authority (EDA) - The EDA was created to carry out the housing and economic development activities within the City. The governing body consists of five members, three of which are City Council members. All EDA Commissioners are appointed by the Mayor with approval by the City Council. A member may be removed by the City Council for inefficiency, neglect of duty, or misconduct in office pursuant to procedures in Minnesota Statutes 469.095. All sales of bonds or other obligations of the EDA must be approved by the City Council. The EDA is required to follow the budget process for City departments in accordance with City policy, ordinances and resolutions. All EDA budgets are approved by the City Council. Development and redevelopment actions of the EDA must be in conformance with the City Comprehensive Plan and official controls implementing the Comprehensive Plan. The EDA must submit its plan for development and redevelopment to the City Council for approval in accordance with City planning procedures and law. The administrative structure and management practices and policies of the EDA must be approved by the City Council. The EDA's activity is reported as the Economic Development Authority and Housing and Redevelopment Authority Special Revenue Funds. The EDA does not issue a separate set of financial statements.

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 primary government and its component units. *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 business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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. The City's only fiduciary fund is an agency fund. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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.

CITY OF SHOREVIEW

Notes to Financial Statements

December 31, 2013

Property taxes, special assessments, intergovernmental revenues, charges for services, 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 government.

The government reports the following major governmental funds:

The *General Fund* is the government'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 *Community Center Operation Fund* (Special Revenue Fund type) accounts for all operations of the community center, including maintenance of the facility and services offered for a fee basis. The fund's primary revenue sources are memberships, daily user fees, room rentals and concessions.

The *Recreation Programs Fund* (Special Revenue Fund type) accounts for recreational and social programs offered on a fee basis. Revenues are user fees of various programs and activities which fund administrative and direct program expenditures.

The *Municipal State Aid Fund* (Capital Project Fund type) accounts for the City's allocation of the state collected highway use tax. The allocation is based on population and need for construction of designated state aid streets.

The *Street Renewal Fund* (Capital Project Fund type) provides financing for the replacement and/or rehabilitation of the City's street system. This fund has a minimum required fund balance of \$2 million per city policy.

The *General Fixed Asset Replacement Fund* (Capital Project Fund type) provides financing for the replacement of all general capital assets.

The *Community Investment Fund* (Capital Project Fund type) provides financing for improvements having a community-wide benefit.

The *Capital Improvement Fund* (Capital Project Fund type) provides financing for improvements to the City's parks and trail system.

The *Owasso Street Realignment Fund* (Capital Project Fund type) accounts for the financing and construction costs relating to the Owasso Street realignment project.

The *2013 Street Rehabilitation Fund* (Capital Project Fund type) accounts for the financing and construction costs relating to the 2013 Street rehabilitation project.

The government reports the following major proprietary funds:

The *Water Fund* accounts for the water service charges which are used to finance the water system operations.

The *Sewer Fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operations.

The *Surface Water Fund* accounts for the surface water charges which are used to finance the surface water system operations.

The *Street Lights Fund* accounts for the street light charges which are used to finance the street light system operations.

Additionally, the government reports the following fund types:

Internal service funds account for the activities of the City's *short-term disability self-insurance, liability claims, and central garage funds*. These services are provided to other departments of the City on a cost reimbursement basis.

Agency funds account for the assets of the *Hockey Association* held by the City in a custodial capacity as an agent.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures, or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, which are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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, Surface Water, and Street Lights Funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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. BUDGETS

Budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund and all special revenue funds. Budgeted expenditure appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis (general government, public safety, public works, parks and recreation, community development, and miscellaneous) which is the legal level of control, and can be expended by each department based upon detailed budget estimates for individual expenditure accounts.
4. The city manager is authorized to transfer appropriations within any department budget. Adjustments to appropriations between departments or between funds, and budget additions and deletions must be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the debt service funds. Supplementary budgets are adopted for the proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operations and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the capital project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.

CITY OF SHOREVIEW
Notes to Financial Statements
December 31, 2013

The following is a listing of nonmajor special revenue funds whose expenditures exceeded budget appropriations:

	Original and Final Budget	Actual	Over Budget
Nonmajor funds			
Special revenue fund			
Cable TV	\$ 153,398	\$ 265,821	\$ 112,423
Slice of Shoreview Event – General Government	58,200	67,343	9,143

The overexpenditures were funded by available fund balance and revenues in excess of budget.

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from investments are allocated to individual funds on the basis of the fund’s equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types are considered to be cash equivalents.

Cash with escrow agent includes balances held in segregated accounts that are established for specific purposes. The cash with escrow agent represents escrow accounts established for cash and investments held for debt service related to refunding bond issues. Interest earned on these investments is allocated directly to the escrow accounts.

G. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as “interfund receivables/payables.” All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as “interfund loan receivable/payable.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Internal balances on the Statement of Net Position also consist of prior and current year internal service fund costs in excess of charges to business-type activities.

Property taxes and special assessment receivables have been reported net of estimated uncollectible accounts (See Note 1 H and I). Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

H. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the county in December (levy/assessment date) of each year for collection in the following year. The county is responsible for billing and collecting all property taxes for itself, the City, the local school district, and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the county and remitted to the City on or before July 15 and December 15 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The county possesses this authority.

GOVERNMENT-WIDE AND PROPRIETARY FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City in July, December, and January are recognized as revenue for the current year. Taxes collected by the county by December 31 (remitted to the City the following January) and taxes not received at year-end are classified as delinquent and due from county taxes receivable. The portion of governmental fund delinquent taxes not collected by the City in January is fully offset by a deferred inflow of resources because they are not available to finance current expenditures.

The City's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per Minnesota Statute § 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971. Property taxes paid to the City through this formula for 2013 totaled \$840,672. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

I. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

CITY OF SHOREVIEW

Notes to Financial Statements
December 31, 2013

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded or is agricultural or seasonal recreational land, in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the county by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred, and special deferred assessments receivable in governmental funds are completely offset by a deferred inflow of resources.

J. INVENTORIES

The original cost of materials and supplies has been recorded as expenditures at the time of purchase for both the governmental and proprietary funds. These funds do not maintain material amounts of materials and supplies.

K. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

L. PROPERTY HELD FOR RESALE

Property is acquired by the City for redevelopment purposes. Property held for resale is reported as an asset at the lesser of cost or net realizable value in the government-wide and fund financial statements. Any costs incurred that are above the properties' net realizable value are reported as expenditures of the period.

M. 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 initial, individual cost of more than \$5,000 (amount not rounded) and 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 the estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities) the City chose to include all such items regardless of their acquisition date. These assets are reported at historical cost.

The City estimated historical cost for the initial reporting of these assets through back trending (estimating the current replacement cost and utilizing an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional infrastructure assets each period, they will be capitalized and reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2013, no interest was capitalized in connection with construction in progress.

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

<u>Assets</u>	
Building and structures	20–75 years
Machinery and equipment	5–20 years
Distribution and collection systems	50 years
Streets	35 years
Street lights	25 years
Trails and sidewalks	25–30 years
Pedestrian tunnels and bridges	35 years

N. COMPENSATED ABSENCES

It is the City’s policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. Annual leave is payable when used or upon termination of employment. 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.

O. LONG-TERM OBLIGATIONS

In the government-wide financial statements, 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.

P. FUND BALANCE CLASSIFICATIONS/FLOW ASSUMPTIONS

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which those fund balances can be spent. These classifications are as follows:

Nonspendable – consists of amounts that are not in spendable form, such as prepaid items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to City Council Resolution, the City Manager or Finance Director is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

Q. NET POSITION CLASSIFICATIONS/FLOW ASSUMPTIONS

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities and deferred inflows/outflows (as applicable). Net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

Restricted Net Position – Consists of net position that is restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

R. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

S. USE OF ESTIMATES

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

T. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which arise under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the item *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item, imposed nonexchange revenue transactions, *state aid received for subsequent years*, is deferred and recognized as an inflow of resources in the period that the resources are required to be used. This item is reported both in the governmental fund balance sheet and the government-wide statement of net position as a deferred inflow of resources.

U. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, “Items Previously Reported as Assets and Liabilities”. The objective of this

statement is to properly classify items previously reported as assets and liabilities as deferred outflows and inflows of resources. The implementation of this standard didn't require a retroactive restatement of the City's financial statements.

Note 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund Balance Sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$21,284,477) difference are as follows:

Long-term debt payable	\$ (20,580,000)
Issuance premium	(266,669)
Accrued interest payable	(172,286)
Compensated absences	<u>(265,522)</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ (21,284,477)</u>

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of fleet management, short-term disability insurance, and liability claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.” The details of this \$4,408,900 difference are as follows:

Net position of the internal service funds	\$ 4,473,080
Add: Internal payable representing charges in excess of costs to business-type activities – prior years	(59,103)
Add: Internal payable representing charges in excess of costs to business-type activities – current year	<u>(5,077)</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ 4,408,900</u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,587,394 difference are as follows:

Capital outlay	\$ 6,938,968
Depreciation expense	<u>(2,351,574)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,587,394</u>

Another element of that reconciliation states that “revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$21,034) difference are as follows:

General property taxes deferred inflow of resources	
At December 31, 2012	\$ (104,876)
At December 31, 2013	124,010
Special assessments deferred inflow of resources	
At December 31, 2012	(546,835)
At December 31, 2013	<u>506,667</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (21,034)</u>

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Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds and leases) provides current financial resources to governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. The details of this (\$5,291,669) difference are as follows:

Debt issued or incurred	
General obligation street improvement bonds of 2013	\$ (2,415,000)
General obligation refunding bonds of 2013	(2,365,000)
General obligation improvement bonds of 2013	(1,775,000)
Principal repayments	
General obligation improvement bonds	295,000
General obligation tax increment bonds	630,000
General obligation capital improvement plan bonds	105,000
General obligation street reconstruction bonds	155,000
Certificates of participation	345,000
Premium/discount on debt issuance	<u>(266,669)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (5,291,669)</u>

Another element of that reconciliation states that “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.” The details of this (\$57,124) difference are as follows:

Compensated absences	\$ (8,079)
Accrued interest	<u>(49,045)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (57,124)</u>

Note 3 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a failure, the City’s deposits may be lost.

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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.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the city treasurer or in a restricted account at the 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. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, and treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) 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;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) 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
- f) Time deposits that are fully insured by any federal agency.

The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City's deposits was (\$10,308) and the bank balance was \$170,363. The entire bank balance was covered by federal depository insurance.

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B. INVESTMENTS

As of December 31, 2013, the City had the following cash and investments:

Investment Type	Concentration	Interest Risk – Maturity Duration in Years					Carrying Amount at Fair Value
	Risk	Less than	1 to 5	6 to 10	More than 10		
	Over 5% of Portfolio	1 Year	Years	Years	Years		
Federal National Mortgage Association	18.1%	\$ –	\$ –	\$ –	\$4,892,906	\$ 4,892,906	
Federal Home Loan Bank	23.4%	–	1,883,808	4,001,329	429,755	6,314,892	
Federal Home Loan Mortgage Corporation	3.3%	–	899,913	–	–	899,913	
Municipal bonds	**	–	2,064,659	1,010,294	–	3,074,953	
US Treasury Notes	N/A	1,581,440	–	–	–	1,581,440	
Marketable certificates of deposit	N/A	249,000	2,224,515	708,883	477,695	3,660,093	
Money market funds							
Minnesota Municipal Money Market	N/A	6,493,924	–	–	–	6,493,924	
Western Asset Institutional Govt. Reserves Institutional Shares	N/A	106,151	–	–	–	106,151	
Wells Fargo Advantage Government Money Market Fund	N/A	8,441	–	–	–	8,441	
Total investments		\$ 8,438,956	\$ 7,072,895	\$ 5,720,506	\$ 5,800,356	27,032,713	
Deposits						(10,308)	
Petty cash						12,930	
Totals						\$ 27,035,335	
Government-Wide Statement of Net Position							
Cash and investments						\$ 23,672,229	
Restricted cash with escrow agent						2,980,534	
Statement of Assets and Liabilities - Agency Fund							
Cash and investments						382,572	
Totals						\$ 27,035,335	

** – Individual bonds less than 5%

N/A – Not Applicable

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 same regulatory rules of the SEC under rule 2a7. The City's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. The fund is not rated by a nationally recognized rating agency.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by only purchasing insured or registered investments, or by the control of who holds the securities.

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Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a national bond rating service, and all of the investments have a final maturity of 13 months or less, and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of any state or local municipality as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated “A” or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated “A” or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two national rating agencies, and maturing in 270 days or less.
- f) Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories by a national bond rating agency.
- g) Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the governmental entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers; or a bank qualified as a depository.
- h) General obligation temporary bonds of the same governmental entity issued under § 429.091, Subdivision 7; § 469.178, Subdivision 5; or § 475.61, Subdivision 6.

The City’s investment policy does not further address credit risk. As of December 31, 2013, the City’s investment in obligations of U.S. government agencies that are only implicitly guaranteed by the U.S. government (e.g., securities issued by the Federal National Mortgage Association, the Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation), the Western Asset Institutional Government Reserves Institutional shares, and Wells Fargo Advantage Government Money Market Fund received Aaa credit ratings from Moody’s Investors Service, Inc. and AA+ from Standard & Poor’s Corporation. The City’s investments in Municipal bonds were rated Aaa, Aa1, Aa2 and A2 by Moody’s Investors Service, Inc. and AA- by Standard & Poor’s Ratings Services in the amount of \$557,663, \$470,355, \$238,032, \$700,828 and \$1,108,075, respectively.

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Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies do not limit the concentration of investments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City does not have an investment policy limiting the duration of investments.

Note 4 RECEIVABLES/UNEARNED REVENUE/DEFERRED INFLOWS OF RESOURCES

Significant receivable balances not expected to be collected within one year of December 31, 2013 are as follows:

	Accounts Receivable	Certified Utility Accounts Receivable	Utility Customer Accounts Receivable	Delinquent Property Taxes	Special Assessment Receivable	Total
Major funds						
General	\$ 2,084	\$ –	\$ –	\$ 32,271	\$ –	\$ 34,355
Municipal State Aid	–	–	–	–	17	17
Street Renewal	–	–	–	4,050	80,175	84,225
General Fixed Asset Replacement	–	–	–	6,020	–	6,020
Community Investment	–	–	–	564	–	564
Water	–	13,465	49,934	–	24,325	87,724
Sewer	–	21,362	73,151	–	21,406	115,919
Surface Water	–	5,346	24,519	–	4,699	34,564
Street Lights	–	2,482	9,512	–	–	11,994
Nonmajor governmental funds	–	–	–	3,874	363,188	367,062
	<u>\$ 2,084</u>	<u>\$ 42,655</u>	<u>\$ 157,116</u>	<u>\$ 46,779</u>	<u>\$ 493,810</u>	<u>\$ 742,444</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows and unearned revenue reported in the governmental funds were as follows:

	Major Funds						Total
	General Fund	Municipal State Aid	Street Renewal	General Fixed Asset Replacement	Community Investment	Nonmajor Funds	
Unearned							
Grant revenue received, but not yet earned	\$ 753	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 753
Antenna rental fees received, but not yet earned	–	–	–	–	74,265	–	74,265
Billboard rental fees received, but not yet earned	–	–	–	–	3,333	–	3,333
Total unearned revenue	<u>\$ 753</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 77,598</u>	<u>\$ –</u>	<u>\$ 78,351</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	\$ 58,888	\$ –	\$ 7,391	\$ 10,986	\$ 1,030	\$ 45,715	\$ 124,010
Unavailable revenue - assessments	–	888	90,290	–	–	415,489	506,667
State Aid received for subsequent years	10,061	581,836	–	–	–	–	591,897
Total deferred inflows of resources	<u>\$ 68,949</u>	<u>\$ 582,724</u>	<u>\$ 97,681</u>	<u>\$ 10,986</u>	<u>\$ 1,030</u>	<u>\$ 461,204</u>	<u>\$ 1,222,574</u>

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Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Primary government					
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 7,724,345	\$ –	\$ –	\$ –	\$ 7,724,345
Construction in progress	1,060,087	5,925,631	–	(1,351,231)	5,634,487
Total capital assets, not being depreciated	8,784,432	5,925,631	–	(1,351,231)	13,358,832
Capital assets, being depreciated					
Building and structures	34,015,074	384,007	107,482	637,816	34,929,415
Machinery and equipment	7,755,195	580,825	294,718	61,092	8,102,394
Infrastructure	57,948,873	–	57,556	652,323	58,543,640
Total capital assets, being depreciated	99,719,142	964,832	459,756	1,351,231	101,575,449
Less accumulated depreciation for					
Building and structures	9,314,171	818,622	56,065	–	10,076,728
Machinery and equipment	3,726,992	545,682	252,781	–	4,019,893
Infrastructure	34,241,772	1,628,382	57,556	–	35,812,598
Total accumulated depreciation	47,282,935	2,992,686	366,402	–	49,909,219
Total capital assets being depreciated – net	52,436,207	(2,027,854)	93,354	1,351,231	51,666,230
Governmental activities capital assets – net	\$ 61,220,639	\$ 3,897,777	\$ 93,354	\$ –	\$ 65,025,062
Primary government					
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 304,202	\$ –	\$ –	\$ –	\$ 304,202
Construction in progress	991,216	2,445,419	–	(1,323,480)	2,113,155
Total capital assets, not being depreciated	1,295,418	2,445,419	–	(1,323,480)	2,417,357
Capital assets, being depreciated					
Building and structures	8,060,683	–	–	280,650	8,341,333
Machinery and equipment	2,532,106	–	–	–	2,532,106
Distribution and collection system	39,705,273	–	23,923	1,042,830	40,724,180
Total capital assets, being depreciated	50,298,062	–	23,923	1,323,480	51,597,619
Less accumulated depreciation for					
Building and structures	3,099,557	248,180	–	–	3,347,737
Machinery and equipment	361,234	101,327	–	–	462,561
Distribution and collection system	17,595,918	873,006	23,923	–	18,445,001
Total accumulated depreciation	21,056,709	1,222,513	23,923	–	22,255,299
Total capital assets being depreciated – net	29,241,353	(1,222,513)	–	1,323,480	29,342,320
Business-type activities capital assets – net	\$ 30,536,771	\$ 1,222,906	\$ –	\$ –	\$ 31,759,677

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

Governmental activities	
General government	\$ 160,231
Public safety	85,034
Public works	1,627,221
Parks and recreation	479,088
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>641,112</u>
Total depreciation expense – governmental activities	<u>\$ 2,992,686</u>
Business-type activities	
Water	\$ 622,826
Sewer	326,338
Surface water	228,865
Street lights	<u>44,484</u>
Total depreciation expense – business-type activities	<u>\$ 1,222,513</u>

COMMITMENTS

At December 31, 2013, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project</u>	<u>Amount</u>
Owasso Street Realignment	\$ 191,865
County Road D Reconstruction	50,305
Cottage Place Reconstruction	22,437
2013 Street Rehabilitation	<u>21,861</u>
Total construction commitments	<u>\$ 286,468</u>

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Note 6 LONG-TERM DEBT

The City issues general obligation bonds and certificates of participation to provide funds for the acquisition and construction of major capital facilities. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of December 31, 2013, the governmental activities long-term debt of the City consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Authorized and Issued	Outstanding 12/31/2013
G.O. improvement bonds					
2002 Improvement Bonds	11/01/2002	02/01/2014	2.50-3.65	\$ 430,000	\$ 50,000
2006 Improvement Bonds	03/01/2006	02/01/2022	3.25-4.00	205,000	115,000
2008 Improvement Bonds	11/15/2008	02/01/2025	3.50-4.375	330,000	280,000
2009 Improvement Bonds	11/15/2009	02/01/2021	3.00-4.00	235,000	195,000
2010 Improvement Bonds	12/16/2010	02/01/2022	1.00-4.00	140,000	130,000
2013 Refunding Improvement Bonds	03/06/2013	02/01/2022	2.00	235,000	235,000
2013 Improvement Bonds	12/05/2013	02/01/2035	3.00-4.00	1,775,000	1,775,000
Total G.O. improvement bonds				<u>3,350,000</u>	<u>2,780,000</u>
G.O. tax increment bonds					
G.O. Tax Increment Refunding of 2007	11/01/2007	12/01/2015	4.00	1,090,000	690,000
Other G.O. improvement bonds					
G.O. Capital Improvement Plan Bonds of 2004	10/01/2004	02/01/2020	2.00-4.10	1,600,000	870,000
G.O. Street Reconstruction Bonds of 2006	06/01/2006	02/01/2022	4.00-4.20	2,500,000	1,710,000
G.O. Capital Improvement Plan Bonds of 2010	03/10/2010	02/01/2030	1.20-5.85	5,615,000	5,270,000
G.O. Refunding Capital Improvement Plan Bonds of 2013	03/06/2013	02/01/2020	2.00	750,000	750,000
G.O. Refunding Street Reconstruction Bonds of 2013	03/06/2013	02/01/2022	2.00	1,380,000	1,380,000
G.O. Street Reconstruction Bonds of 2013	03/06/2013	02/01/2028	2.00-2.375	2,415,000	2,415,000
Total other G.O. improvement bonds				<u>14,260,000</u>	<u>12,395,000</u>
Unamortized premium	N/A	N/A	N/A	N/A	266,669
Loan payable					
Metropolitan Right-of-Way Acquisition Loan Fund	09/26/2006	N/A	-	6,000,000	6,000,000
Certificates of participation					
Refunding Certificates of Participation 2011	04/01/2011	08/01/2023	2.00-3.75	4,620,000	3,985,000
Compensated absences					
	N/A	N/A	N/A	N/A	270,837
Total city indebtedness – governmental activities				<u>\$ 29,320,000</u>	<u>\$ 26,387,506</u>

N/A – Not Applicable

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BUSINESS-TYPE ACTIVITIES

As of December 31, 2013, the business-type activities long-term debt of the City consisted of the following:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding 12/31/2013</u>
G.O. revenue bonds					
Water Revenue Bonds of 2002	11/01/2002	02/01/2014	2.50–3.65	\$ 295,000	\$ 30,000
Surface Water Revenue Bonds of 2002	11/01/2002	02/01/2014	2.50–3.65	475,000	50,000
Water Revenue Bonds of 2006	03/01/2006	02/01/2022	3.25–4.00	860,000	575,000
Sewer Revenue Bonds of 2006	03/01/2006	02/01/2022	3.25–4.00	270,000	180,000
Water Revenue Bonds of 2007	11/01/2007	02/01/2023	3.50–4.15	845,000	620,000
Sewer Revenue Bonds of 2007	11/01/2007	02/01/2023	3.50–4.15	260,000	190,000
Surface Water Revenue Bonds of 2007	11/01/2007	02/01/2023	3.50–4.15	600,000	440,000
Water Revenue Bonds of 2008	11/15/2008	02/01/2025	3.5–4.375	2,365,000	1,920,000
Sewer Revenue Bonds of 2008	11/15/2008	02/01/2025	3.5–4.375	580,000	470,000
Surface Water Revenue Bonds of 2008	11/15/2008	02/01/2025	3.5–4.375	230,000	190,000
Surface Water Revenue Bonds of 2009	11/15/2009	02/01/2021	3.00–4.00	1,180,000	890,000
Water Revenue Bonds of 2010	12/16/2010	02/01/2026	0.75–4.60	1,240,000	1,095,000
Sewer Revenue Bonds of 2010	12/16/2010	02/01/2026	0.75–4.60	985,000	870,000
Surface Water Revenue Bonds of 2010	12/16/2010	02/01/2026	0.75–4.60	355,000	315,000
Water Refunding Revenue Bonds of 2013	03/06/2013	02/01/2022	2.00	610,000	610,000
Water Revenue Bonds of 2013A	03/06/2013	02/01/2023	2.00	775,000	775,000
Water Revenue Bonds of 2013C	12/05/2013	02/01/2024	3.00	305,000	305,000
Sewer Refunding Revenue Bonds of 2013	03/06/2013	02/01/2022	2.00	285,000	285,000
Surface Water Refunding Revenue Bonds of 2013	03/06/2013	02/01/2016	2.00	155,000	155,000
Surface Water Revenue Bonds of 2013A	03/06/2013	02/01/2023	2.00	960,000	960,000
Surface Water Revenue Bonds of 2013C	12/05/2013	02/01/2024	3.00	190,000	190,000
Total G.O. revenue bonds				<u>13,820,000</u>	<u>11,115,000</u>
Unamortized premium	N/A	N/A	N/A	<u>N/A</u>	<u>136,758</u>
Compensated absences payable	N/A	N/A	N/A	<u>N/A</u>	<u>74,814</u>
Total city indebtedness – business-type activities				<u>\$ 13,820,000</u>	<u>\$ 11,326,572</u>

N/A – Not Applicable

CITY OF SHOREVIEW
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December 31, 2013

GOVERNMENTAL ACTIVITIES

Annual debt service requirements to maturity for the governmental activities long-term debt are as follows:

Year Ending December 31,	G.O. Improvement Bonds		G.O. Tax Increment Bonds		Other G.O. Improvement Bonds		Certificates of Participation	
	Governmental Activities		Governmental Activities		Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 260,000	\$ 67,447	\$ 340,000	\$ 27,600	\$ 1,420,000	\$ 435,622	\$ 350,000	\$ 117,315
2015	130,000	81,974	350,000	14,000	2,060,000	353,534	360,000	110,315
2016	200,000	77,619	-	-	720,000	307,444	365,000	102,935
2017	165,000	72,394	-	-	725,000	289,864	375,000	94,540
2018	155,000	67,488	-	-	740,000	270,929	390,000	84,978
2019	150,000	62,643	-	-	760,000	250,419	400,000	74,058
2020	160,000	57,575	-	-	765,000	228,740	415,000	62,057
2021	165,000	52,160	-	-	655,000	207,356	430,000	48,155
2022	145,000	47,054	-	-	680,000	186,054	440,000	33,750
2023	120,000	42,741	-	-	480,000	165,927	460,000	17,250
2024	125,000	38,704	-	-	495,000	146,841	-	-
2025	135,000	34,391	-	-	510,000	126,622	-	-
2026	80,000	30,880	-	-	520,000	105,168	-	-
2027	80,000	28,320	-	-	535,000	82,156	-	-
2028	85,000	25,680	-	-	555,000	57,607	-	-
2029	85,000	22,960	-	-	380,000	34,033	-	-
2030	90,000	19,800	-	-	395,000	11,554	-	-
2031	85,000	16,300	-	-	-	-	-	-
2032	85,000	12,900	-	-	-	-	-	-
2033	90,000	9,400	-	-	-	-	-	-
2034	95,000	5,700	-	-	-	-	-	-
2035	95,000	1,900	-	-	-	-	-	-
Total	\$ 2,780,000	\$ 876,030	\$ 690,000	\$ 41,600	\$ 12,395,000	\$ 3,259,868	\$ 3,985,000	\$ 745,353

It is not practical to determine the specific year for payment of long-term accrued compensated absences.

The Metropolitan Right-of-Way Acquisition Loan Fund loan payable repayment is subject to conveyance of the property purchased with the loan to the Minnesota Department of Transportation and the timing of highway improvements is currently not known; therefore, it is not practical to determine the annual requirements to amortize this non-interest bearing note.

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Notes to Financial Statements
December 31, 2013

BUSINESS-TYPE ACTIVITIES

Annual debt service requirements to maturity for the business-type long-term debt are as follows:

Year Ending December 31,	G.O. Revenue Bonds	
	Business-Type Activities	
	Principal	Interest
2014	\$ 1,650,000	\$ 348,448
2015	965,000	300,327
2016	960,000	274,264
2017	880,000	247,891
2018	905,000	220,681
2019	930,000	191,804
2020	955,000	161,000
2021	985,000	128,211
2022	885,000	96,418
2023	825,000	66,396
2024	505,000	40,699
2025	470,000	19,604
2026	200,000	4,600
Total	<u>\$ 11,115,000</u>	<u>\$ 2,100,343</u>

It is not practical to determine the specific year for payment of long-term accrued compensated absences.

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CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. improvement bonds	\$ 1,065,000	\$ 2,010,000	\$ 295,000	\$ 2,780,000	\$ 260,000
G.O. tax increment bonds	1,320,000	-	630,000	690,000	340,000
Other G.O. improvement bonds	8,355,000	4,545,000	505,000	12,395,000	1,420,000
Premium	-	285,435	18,766	266,669	-
Total bonds payable	<u>10,740,000</u>	<u>6,840,435</u>	<u>1,448,766</u>	<u>16,131,669</u>	<u>2,020,000</u>
Loans payable	6,000,000	-	-	6,000,000	-
Certificates of participation	4,330,000	-	345,000	3,985,000	350,000
Compensated absences	262,231	355,954	347,348	270,837	24,899
Total governmental activity long-term liabilities	<u>\$ 21,332,231</u>	<u>\$ 7,196,389</u>	<u>\$ 2,141,114</u>	<u>\$ 26,387,506</u>	<u>\$ 2,394,899</u>
Business-type activities					
G.O. revenue bonds					
G.O. revenue bonds	\$ 8,985,000	\$ 3,280,000	\$ 1,150,000	\$ 11,115,000	\$ 1,650,000
Premium	-	149,270	12,512	136,758	-
Total bonds payable	<u>8,985,000</u>	<u>3,429,270</u>	<u>1,162,512</u>	<u>11,251,758</u>	<u>1,650,000</u>
Compensated absences	79,061	91,622	95,869	74,814	6,873
Total business-type activity long-term liabilities	<u>\$ 9,064,061</u>	<u>\$ 3,520,892</u>	<u>\$ 1,258,381</u>	<u>\$ 11,326,572</u>	<u>\$ 1,656,873</u>

The governmental activities loans payable and compensated absences are generally liquidated by the General Fund, special revenue funds, and capital project funds.

Financing of the certificates of participation will be provided from the General Fund, General Fixed Asset Replacement Fund, and Capital Improvement Fund.

All general obligation indebtedness outstanding at December 31, 2013 is backed by the full faith and credit of the City, including improvement, tax increment, other improvement, and revenue bonds. Delinquent assessments receivable at December 31, 2013 totaled \$3,855.

In 2010, the City issued taxable "Build America Bonds," and will receive direct payment from the federal government of an amount equal to 35 percent of the amount of interest payable on each interest payment date.

BOND REFUNDING

On March 6, 2013 the City issued the \$505,000 General Obligation Refunding Bonds, Series 2013B, with an average interest rate of 2%, and refunded \$135,000 of the 2004 General Obligation Improvement Bonds with an average interest rate of 3.67%, \$95,000 of the 2004 General Obligation Water Revenue Bonds with an average interest rate of 3.64%, \$120,000 of the 2004 General Obligation Sewer Revenue Bonds with an average interest rate

CITY OF SHOREVIEW

Notes to Financial Statements
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of 3.68%, and \$155,000 of the 2004 General Obligation Surface Water Revenue Bonds with an average interest rate of 3.68%. The refunding resulted in a gross debt service savings of \$4,687, \$2,892, \$4,253, \$5,789 over the next three years and an economic gain of \$4,631, \$2,861, \$4,202, \$5,622 for the General Obligation Improvement, General Obligation Water Revenue, General Obligation Sewer Revenue and General Obligation Surface Water Revenue Bonds, respectively.

On March 6, 2013 the City issued the \$2,910,000 General Obligation Refunding Bonds, Series 2013B, with an average interest rate of 2%, and refunded \$760,000 of the 2004 General Obligation Capital Improvement Plan Bonds with an average interest rate of 3.17%, \$100,000 of the 2006 General Obligation Improvement Bonds with an average interest rate of 3.86%, \$520,000 of the 2006 General Obligation Water Revenue Bonds with an average interest rate of 3.89%, \$165,000 of the 2006 General Obligation Sewer Revenue Bonds with an average interest rate of 3.89% and \$1,380,000 of the 2006 General Obligation Street Reconstruction Bonds with an average interest rate of 2.84%. The refunding resulted in a gross debt service savings of \$65,598, \$7,995, \$53,835, \$14,400, \$132,035 over the next nine years and an economic gain of \$62,985, \$7,521, \$50,899, \$13,850, \$124,482 for the 2004 General Obligation Capital Improvement Plan, 2006 General Obligation Improvement, 2006 General Obligation Water Revenue, 2006 General Obligation Sewer Revenue, and 2006 General Obligation Street Reconstruction Bonds, respectively. The 2004 General Obligation Capital Improvement Plan, 2006 General Obligation Improvement, 2006 General Obligation Water Revenue, and 2006 General Obligation Sewer Revenue Bonds will be called for redemption on February 1, 2014. The 2006 General Obligation Street Reconstruction Bonds will be called for redemption on February 1, 2015. Both the refunding and refunded debt will be reported in the City's financial statements until the call date of the refunded debt.

Note 7 PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) – DEFINED BENEFIT

PLAN DESCRIPTION

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statutes, and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and

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1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERS members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERS. That report may be obtained on the web at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

FUNDING POLICY

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in 2013. In 2013, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members. The City's contributions for the years 2013, 2012, and 2011 were \$395,304, \$387,654 and \$383,811, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statutes.

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) – DEFINED CONTRIBUTION

Four councilmembers and the mayor of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. The plan provisions are established and administered in accordance with Minnesota Statutes, Chapter 353D.03, which may be amended by the State Legislature and specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the

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elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2013 were:

	<u>Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	
PEDCP	<u>\$ 1,477</u>	<u>\$ 1,477</u>	5.00%	5.00%	5.00%

Note 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund receivable and payable balances at December 31, 2013 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major funds		
Municipal State Aid	\$ 369,131	\$ -
Owasso Street Realignment	-	1,147,829
Nonmajor governmental funds	<u>1,147,829</u>	<u>369,131</u>
Total	<u>\$ 1,516,960</u>	<u>\$ 1,516,960</u>

Interfund receivables/payables are used for temporary cash deficits. These balances will be eliminated by future tax receipts, intergovernmental revenue and grants.

CITY OF SHOREVIEW
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December 31, 2013

Interfund transfers:

Transfers out	Transfer In								Total
	General Fund	Community Center Operation Fund	Recreation Programs Fund	Street Renewal Fund	Community Investment Fund	2013 Street Rehabilitation Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 232,000	\$ 70,000	\$ 417,963	\$ -	\$ -	\$ 110,000	\$ -	\$ 829,963
Recreation Programs Fund	-	80,000	-	-	-	-	-	-	80,000
Municipal State Aid Fund	-	-	-	-	-	531,806	925,851	-	1,457,657
Street Renewal Fund	-	-	-	-	-	-	600,082	-	600,082
General Fixed Asset Replacement Fund	-	-	-	-	-	-	269,603	-	269,603
Capital Improvement Fund	-	-	-	-	414,590	-	176,579	-	591,169
Nonmajor governmental funds	115,000	-	-	-	-	-	725,050	-	840,050
Water Fund	190,000	-	-	-	-	-	557	72,500	263,057
Sewer Fund	124,000	-	-	-	-	-	4,067	72,500	200,567
Surface Water Fund	75,000	-	-	-	-	-	-	51,900	126,900
Street Lights Fund	15,000	-	-	-	-	-	-	4,000	19,000
Internal Service Funds	-	-	-	-	-	-	4,802	-	4,802
Total transfers out	\$ 519,000	\$ 312,000	\$ 70,000	\$ 417,963	\$ 414,590	\$ 531,806	\$ 2,816,591	\$ 200,900	\$ 5,282,850

Interfund transfers allow the City to allocate financial resources to the funds that receive benefits from services provided by another fund. All of the City's interfund transfers fall under that category. All of the 2013 transfers are considered routine and consistent with previous practices.

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Note 9 CAPITAL LEASE

In 2011, the City issued refunding certificates of participation for the lease of the community center expansion area. The lease is paid in semi-annual installments, and final payment is due August 1, 2023. Depreciation in the amount of \$75,598 has been recorded as depreciation expense during 2013.

The net book value of assets under capital lease at December 31, 2013 is as follows:

	December 31, 2013
	<u> </u>
Building and structures	\$ 5,359,094
Accumulated depreciation	<u>793,776</u>
Net	<u><u>\$ 4,565,318</u></u>

The following is a schedule of future minimum lease payments under the capital lease:

	Year	Community Center Expansion
	<u> </u>	<u> </u>
	2014	\$ 467,315
	2015	470,315
	2016	467,935
	2017	469,540
	2018	474,978
	2019	474,058
	2020	477,057
	2021	478,155
	2022	473,750
	2023	<u>477,250</u>
	Total	4,730,353
Less amount representing interest		<u>(745,353)</u>
Present value of minimum lease payments		<u><u>\$ 3,985,000</u></u>

Note 10 OPERATING LEASE PAYABLE

During 2013 the City leased seven copier machines under three separate lease agreements. Two leases expired in January 2013 and August 2013, with the other expiring in August 2018; and call for monthly lease payments of \$78, \$2,054, and \$1,947, respectively. During 2013 the City leased thirteen treadmills, fifteen elliptical machines, and six adaptive motion trainers under five separate lease agreements for the community center. Two leases expired in September and October 2013, one in February of 2015 and two in September of 2016; and call for monthly lease payments of \$1,445, \$1,066, \$1,089, \$1,484 and \$1,320, respectively. Lease expenditures for the year ended December 31, 2013 amounted to \$69,568.

Future minimum annual lease payments at December 31, 2013 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Copiers</u>	<u>Exercise</u> <u>Equipment</u>	<u>Total</u>
2014	\$ 23,364	\$ 46,717	\$ 70,081
2015	23,364	34,738	58,102
2016	23,364	26,557	49,921
2017	23,364	-	23,364
2018	<u>15,576</u>	<u>-</u>	<u>15,576</u>
Total	<u>\$ 109,032</u>	<u>\$ 108,012</u>	<u>\$ 217,044</u>

Note 11 COMMITMENTS AND CONTINGENCIES

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.

Workers' compensation coverage for City employees and councilmembers is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers' Compensation Reinsurance Association (WCRA) as required by law. For workers' compensation, the City is not subject to a deductible. The City's workers' compensation coverage prior to December 1, 2004 is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Other insurance coverage is provided through a pooled self-insurance program through LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for deductible portions. These deductibles are considered immaterial to the financial statements.

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The City continues to carry commercial insurance for other risks of loss, including disability insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The City established the Short-Term Disability Self Insurance Fund to account for the receipt of monthly premiums paid by employees and costs incurred in providing short-term disability insurance to employees on a self-insured basis. Under this program, the Short-Term Disability Self Insurance Fund provides coverage for losses up to two-thirds of any employees' gross wages. Benefits begin on the sixteenth working day and cover up to three calendar months. The City purchases commercial insurance for long-term disability for claims which exceed three months.

The City established the Liability Claims Fund to account for losses in the City's general package insurance. Under this program, the Liability Claims Fund provides coverage for losses up to \$25,000 for each claim (annual aggregate is \$75,000).

All funds of the City participate in these two programs and make payments to these funds based on historical cost information. GASB Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As of the date of the report, liabilities that have occurred are immaterial.

B. LITIGATION

The City attorney has indicated that existing and pending lawsuits, claims, and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2013.

D. TAX INCREMENT DISTRICTS

The City's tax increment districts are subject to review by the state of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

Note 12 DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

General obligation bond issues sold by the City are financed by ad valorem tax levies. General obligation improvement bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the county

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auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest. These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2013. Future scheduled tax levies for all bonds outstanding at December 31, 2013 totaled \$12,439,194.

Note 13 FUND BALANCES

A. CLASSIFICATIONS

At December 31, 2013, a summary of the governmental fund balance classifications are as follows:

	General Fund	Major Special Revenue Funds		Major Capital Project Funds	Other Funds	Total
		Community Center Operations	Recreation Programs			
Nonspendable						
Prepaid items	\$ 82,971	\$ 5,173	\$ 3,812	\$ 4,470	\$ 1,187	\$ 97,613
Restricted for						
Business loan program	–	–	–	–	165,777	165,777
Cable Television	–	–	–	–	23,485	23,485
Debt service	–	–	–	–	3,818,055	3,818,055
Economic development	–	–	–	–	29,161	29,161
Housing and redevelopment	–	–	–	–	74,158	74,158
Recycling	–	–	–	–	204,908	204,908
Tax increment purposes	–	–	–	–	2,516,874	2,516,874
Total restricted	–	–	–	–	6,832,418	6,832,418
Committed to						
Community Center operations	–	1,043,366	–	–	–	1,043,366
Recreation programs	–	–	757,923	–	–	757,923
Street improvements	–	–	–	2,458,114	–	2,458,114
Fixed asset replacements	–	–	–	481,565	–	481,565
Community Projects	–	–	–	557,471	–	557,471
Cable TV	–	–	–	–	153,646	153,646
Slice of Shoreview event	–	–	–	–	65,817	65,817
Total committed	–	1,043,366	757,923	3,497,150	219,463	5,517,902
Assigned to						
Debt service	–	–	–	–	695,472	695,472
Street improvements	–	–	–	209,978	18,466	228,444
Computer systems	–	–	–	–	43,267	43,267
Total assigned	–	–	–	209,978	757,205	967,183
Unassigned	4,220,635	–	–	(1,294,351)	–	2,926,284
Total	\$ 4,303,606	\$ 1,048,539	\$ 761,735	\$ 2,417,247	\$ 7,810,273	\$ 16,341,400

B. MINIMUM UNASSIGNED FUND BALANCE POLICY

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. The policy also addresses the potential for unanticipated events.

The policy establishes a year-end targeted unassigned fund balance for working capital needs at fifty percent of the ensuing years’ General Fund tax levy, and levy-based state aids. The working capital allocation shall be reduced by the balance of any prepaid items at year-end. The unassigned unanticipated event fund balance is established at ten percent of the ensuing years’ budgeted General Fund expenditures. At December 31, 2013, the unassigned working capital fund balance was fifty percent of the ensuing years’ General Fund tax levy, and levy based aids. The unassigned unanticipated event fund balance was ten percent of the ensuing years’ budgeted General Fund Expenditures.

C. DEFICIT FUND BALANCES

The City had deficit fund balances at December 31, 2013 as follows:

	<u>Amount</u>
Major Funds	
Capital Project	
Owasso Street Realignment	\$ 1,294,351

The Owasso Street Realignment deficit will be eliminated through future grants, intergovernmental revenue and tax increment revenue.

Note 14 HOME ENERGY IMPROVEMENT LOAN RECEIVABLE

In 2010, the Economic Development Authority (EDA) started a home energy improvement loan program. As of December 31, 2013 the EDA issued ten loans with interest rates of 5.25%. The terms range from 96 to 120 months and call for monthly payments.

Future minimum loan receipts at December 31, 2013 are as follows:

<u>Year</u>	<u>Home Energy Improvement Loan Program</u>
2014	\$ 25,529
2015	25,529
2016	25,529
2017	25,529
2018	25,430
2019	24,367
2020	23,972
2021	16,149
2022	10,202
2023	<u>5,729</u>
Total	207,965
Less amount representing interest	<u>(59,073)</u>
Total loan receivable	<u>\$ 148,892</u>

Note 15 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Not the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2013, there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$10,404,097.

Note 16 CONTINGENT NOTE PAYABLE

The City has issued several tax increment pay-as-you-go revenue notes. These notes are not a general obligation of the City and are payable solely from available tax increments. Accordingly, these notes are not reflected in the financial statements of the City. Details of the pay-as-you-go revenue notes are as follows:

CITY OF SHOREVIEW

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TIF District #4

Within TIF District #4, there is a pay-as-you-go agreement. As of December 31, 2013, future tax increment flow will be used to pay Tax Increment Agreement (Series 1996) up to a maximum amount of \$834,637.

TIF District #6

Within TIF District #6, there are two pay-as-you-go agreements. As of December 31, 2013, future tax increment flow will be used to pay Tax Increment Agreement #1 (Series 2001) up to a maximum amount of \$1,367,216, and to pay Tax Increment Agreement #2 (Series 2001) up to a maximum amount of \$527,000.

Note 17 PLEDGED REVENUE

The City has issued Certificates of Participation, Tax Increment, Capital Improvement, and Utility Improvement bonds for community development expenditures, and the construction of buildings, public works infrastructure, and park and recreation facilities. Specific revenues are pledged for the payments of interest and future retirement of the obligations. As of December 31, 2013 the following pledges were in place:

G.O. Refunding Tax Increment Bonds of 2007

The City pledged \$298,000 of tax increment collections to meet the debt service commitment on the bonds. The debt was originally issued in 2007 to refund the 1999C Tax Increment Bonds, which financed park and recreation building and structures and public works infrastructure and it has a final maturity date of December 1, 2015. The pledged revenues represent 100 percent of the revenue stream, and \$731,600 of the pledge commitment remains outstanding.

G.O. Capital Improvement Plan Bonds of 2010

The City pledged \$1,066,334 of Central Garage charges, property tax collections, earnings on investments, Federal Build America Bond credit, capital contributions and transfers from utility funds to meet the debt service commitment on the bonds. The debt was originally issued in 2010 to finance the Central Garage building renovation and it has a final maturity date of February 1, 2030. The pledged revenues represent 65 percent of the revenue stream, and \$7,767,113 of the pledge commitment remains outstanding.

G.O. Water Revenue Bonds

The City pledged \$1,181,623 of operating revenue, earnings on investments and Federal Build America Bond credits to meet the debt service commitment on the bonds. The debt was originally issued in years 2002 - 2013 to finance water system infrastructure improvements and it has a final maturity date of years 2014 - 2026. The pledged revenues represent 46 percent of the revenue stream, and \$7,091,057 of the pledge commitment remains outstanding.

G.O. Sewer Revenue Bonds

The City pledged \$617,519 of operating revenue, earnings on investments and Federal Build America Bond credits to meet the debt service commitment on the bonds. The debt was originally issued in years 2006 - 2013 to finance sewer system infrastructure improvements and it has a final maturity date of years 2016 - 2026. The pledged revenues represent 16 percent of the revenue stream, and \$2,423,556 of the pledge commitment remains outstanding.

CITY OF SHOREVIEW
Notes to Financial Statements
December 31, 2013

G.O. Surface Water Revenue Bonds

The City pledged \$617,134 of operating revenue, earnings on investments, capital contributions and Federal Build America Bond credits to meet the debt service commitment on the bonds. The debt was originally issued in years 2002 - 2013 to finance surface water system infrastructure improvements and it has a final maturity date of years 2014 - 2026. The pledged revenues represent 50 percent of the revenue stream, and \$3,000,730 of the pledge commitment remains outstanding.

Refunding Certificates of Participation of 2011

The City pledged \$422,056 of earnings on investments, other revenue and transfers from other funds to meet the debt service commitment on the certificates. The certificates were issued in 2011 to refund the Certificates of Participation of 2002 which financed the community center expansion and it has a final maturity date of August 1, 2023. The pledged revenues represent 100 percent of the revenue stream, and \$4,730,353 of the pledge commitment remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

Bond Issue	Gross Revenue	Direct Operating Expenses	Available Net Revenue	Debt Service Requirements		
				Principal	Interest and Paying Agent Fees	Total
G.O. Refunding Tax Increment Bonds of 2007	\$ 298,000	\$ -	\$ 298,000	\$ 260,000	\$ 38,375	\$ 298,375
G.O. Capital Improvement Plan Bonds of 2010	1,634,513	568,179 *	1,066,334	245,000	243,127	488,127
G.O. Water Revenue Bonds	2,585,461	1,403,838 *	1,181,623	460,000	213,477	673,477
G.O. Sewer Revenue Bonds	3,718,390	3,100,871 *	617,519	275,000	73,840	348,840
G.O. Surface Water Revenue Bonds	1,239,094	621,960 *	617,134	415,000	104,508	519,508
Refunding Certificates of Participation of 2011	422,056	-	422,056	345,000	126,215	471,215
	<u>\$ 9,897,514</u>	<u>\$ 5,694,848</u>	<u>\$ 4,202,666</u>	<u>\$ 2,000,000</u>	<u>\$ 799,542</u>	<u>\$ 2,799,542</u>

* Direct Operating expenses exclude Depreciation expense

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**FINANCIAL SECTION –
REQUIRED SUPPLEMENTARY FINANCIAL
INFORMATION OTHER THAN MD&A**

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHOREVIEW, MINNESOTA

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
 For The Year Ended December 31, 2013

Statement 10
Page 1 of 2

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
General property taxes			
Current	\$ 6,639,567	\$ 6,618,100	\$ (21,467)
Other	–	5,623	5,623
Total general property taxes	<u>6,639,567</u>	<u>6,623,723</u>	<u>(15,844)</u>
Licenses and permits			
Business	38,350	45,275	6,925
Non-business	275,700	603,031	327,331
Total licenses and permits	<u>314,050</u>	<u>648,306</u>	<u>334,256</u>
Intergovernmental			
State			
Road maintenance	165,000	166,785	1,785
Market value homestead credit	–	307	307
PERA aid	20,122	20,122	–
State Fire aid	–	206,815	206,815
Local			
Aggregate gravel tax	500	1,404	904
Total intergovernmental	<u>185,622</u>	<u>395,433</u>	<u>209,811</u>
Charges for services			
General government	600	1,213	613
Public works	353,000	441,578	88,578
Parks and recreation	7,000	8,060	1,060
Community development	60,000	157,819	97,819
Administrative charges			
Special revenue funds	90,480	90,480	–
Capital project funds	85,000	231,449	146,449
Enterprise funds	688,890	688,890	–
Total charges for services	<u>1,284,970</u>	<u>1,619,489</u>	<u>334,519</u>
Fines and forfeits	62,500	52,440	(10,060)
Earnings on investments	45,000	(118,405)	(163,405)
Other	24,040	31,532	7,492
Total revenues	<u>8,555,749</u>	<u>9,252,518</u>	<u>696,769</u>
Expenditures			
General government			
Current			
Council and Commissions	146,343	142,275	4,068
Administration	549,989	561,449	(11,460)
Human resources	258,301	242,232	16,069
Elections	3,300	2,983	317
Communications	195,504	209,168	(13,664)
Finance and accounting	558,561	546,380	12,181
Information systems	327,064	275,823	51,241
Legal	95,000	112,528	(17,528)
Capital outlay			
Information systems	–	20,014	(20,014)
Total general government	<u>2,134,062</u>	<u>2,112,852</u>	<u>21,210</u>

CITY OF SHOREVIEW, MINNESOTA

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
 For The Year Ended December 31, 2013

Statement 10
Page 2 of 2

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)			
Public safety			
Current			
Police	1,927,465	1,910,592	16,873
Fire	947,610	1,154,160	(206,550)
Emergency services	7,618	4,425	3,193
Total public safety	<u>2,882,693</u>	<u>3,069,177</u>	<u>(186,484)</u>
Public works			
Current			
Public works administration and engineering	453,274	473,786	(20,512)
Streets	791,653	763,770	27,883
Trail management	115,797	110,429	5,368
Forestry	115,096	89,572	25,524
Total public works	<u>1,475,820</u>	<u>1,437,557</u>	<u>38,263</u>
Parks and recreation			
Current			
Parks and recreation administration	341,562	346,539	(4,977)
Municipal buildings	130,035	126,385	3,650
Park and sports area maintenance	1,139,696	1,103,652	36,044
Total parks and recreation	<u>1,611,293</u>	<u>1,576,576</u>	<u>34,717</u>
Community development			
Current			
Planning and zoning administration	402,507	400,461	2,046
Building inspection	155,874	177,335	(21,461)
Total community development	<u>558,381</u>	<u>577,796</u>	<u>(19,415)</u>
Total expenditures	<u>8,662,249</u>	<u>8,773,958</u>	<u>(111,709)</u>
Revenues over (under) expenditures	<u>(106,500)</u>	<u>478,560</u>	<u>585,060</u>
Other financing sources (uses)			
Transfers in	519,000	519,000	–
Transfers out	(412,500)	(829,963)	(417,463)
Total other financing sources (uses)	<u>106,500</u>	<u>(310,963)</u>	<u>(417,463)</u>
Net change in fund balance	<u>\$ –</u>	<u>167,597</u>	<u>\$ 167,597</u>
Fund balance – January 1		4,136,009	
Fund balance – December 31		<u>\$ 4,303,606</u>	

CITY OF SHOREVIEW, MINNESOTA

Required Supplementary Information

Statement 11

Budgetary Comparison Schedule – Community Center Operations Fund

For The Year Ended December 31, 2013

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Charges for services	\$ 2,323,755	\$ 2,351,488	\$ 27,733
Earnings on investments	9,000	(42,835)	(51,835)
Other	–	14,750	14,750
Total revenues	<u>2,332,755</u>	<u>2,323,403</u>	<u>(9,352)</u>
Expenditures			
Parks and recreation			
Current			
Personal services	1,465,784	1,473,503	(7,719)
Materials and supplies	481,115	478,444	2,671
Contractual services	614,825	624,253	(9,428)
Total expenditures	<u>2,561,724</u>	<u>2,576,200</u>	<u>(14,476)</u>
Revenues over (under) expenditures	<u>(228,969)</u>	<u>(252,797)</u>	<u>(23,828)</u>
Other financing sources (uses)			
Transfers in	312,000	312,000	–
Net change in fund balance	<u>\$ 83,031</u>	<u>59,203</u>	<u>\$ (23,828)</u>
Fund balance – January 1		989,336	
Fund balance – December 31		<u>\$ 1,048,539</u>	

CITY OF SHOREVIEW, MINNESOTA

Required Supplementary Information

Statement 12

Budgetary Comparison Schedule – Recreation Programs Fund

For The Year Ended December 31, 2013

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Charges for services	\$ 1,400,926	\$ 1,385,140	\$ (15,786)
Earnings on investments	4,800	(26,234)	(31,034)
Other	–	121	121
Total revenues	<u>1,405,726</u>	<u>1,359,027</u>	<u>(46,699)</u>
Expenditures			
Parks and recreation			
Current			
Personal services	958,165	922,458	35,707
Materials and supplies	83,071	74,158	8,913
Contractual services	255,886	239,315	16,571
Total expenditures	<u>1,297,122</u>	<u>1,235,931</u>	<u>61,191</u>
Revenues over (under) expenditures	<u>108,604</u>	<u>123,096</u>	<u>14,492</u>
Other financing sources (uses)			
Transfers in	70,000	70,000	–
Transfers out	(80,000)	(80,000)	–
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>–</u>
Net change in fund balance	<u>\$ 98,604</u>	<u>113,096</u>	<u>\$ 14,492</u>
Fund balance – January 1		<u>648,639</u>	
Fund balance – December 31		<u>\$ 761,735</u>	

CITY OF SHOREVIEW, MINNESOTA
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 December 31, 2013

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund, Community Center Operations Fund, and Recreation Programs Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level (general government, public safety, public works, parks and recreation, community development, and miscellaneous) for all funds. For the year ended December 31, 2013, the following is a list of funds whose departments exceeded budgeted appropriations:

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Major funds			
General Fund			
Public Safety	\$ 2,882,693	\$ 3,069,177	\$ 186,484
Community Development	558,381	577,796	19,415
Community Center Operations Fund	2,561,724	2,576,200	14,476

The General Fund over expenditures were funded by greater than anticipated revenues. The Community Center Operations Fund over expenditures were funded by available fund balance.

**FINANCIAL SECTION –
COMBINING AND INDIVIDUAL NONMAJOR FUND
STATEMENTS AND SCHEDULES**

**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND
SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report the accumulation of restricted, committed, or assigned resources for the payment of, interest, principal, and related costs on long-term debt.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CITY OF SHOREVIEW, MINNESOTA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

Statement 13

	Special Revenue	Debt Service	Capital Project	Totals Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 658,971	\$ 2,199,961	\$ 1,542,495	\$ 4,401,427
Cash with escrow agent	-	2,289,635	-	2,289,635
Accrued interest receivable	1,538	8,486	4,775	14,799
Accounts receivable	80,675	-	-	80,675
Loan receivable	-	-	148,892	148,892
Taxes receivable	3,779	14,664	39,292	57,735
Special assessments receivable	-	421,082	-	421,082
Interfund receivable	-	-	1,147,829	1,147,829
Due from other governmental units	7,226	-	457,801	465,027
Prepaid items	1,187	-	-	1,187
Property held for resale	-	-	115,000	115,000
Total assets	\$ 753,376	\$ 4,933,828	\$ 3,456,084	\$ 9,143,288
Liabilities				
Accounts payable	\$ 31,361	\$ 375	\$ 54,052	\$ 85,788
Salaries payable	2,849	-	-	2,849
Contracts payable	-	-	414,027	414,027
Interfund payable	-	-	369,131	369,131
Due to other governmental units	16	-	-	16
Total liabilities	34,226	375	837,210	871,811
Deferred inflows of resources				
Unavailable revenue – property taxes	1,011	4,437	40,267	45,715
Unavailable revenue – special assessments	-	415,489	-	415,489
Total deferred inflows of resources	1,011	419,926	40,267	461,204
Fund balances				
Nonspendable	1,187	-	-	1,187
Restricted	497,489	3,818,055	2,516,874	6,832,418
Committed	219,463	-	-	219,463
Assigned	-	695,472	61,733	757,205
Total fund balances	718,139	4,513,527	2,578,607	7,810,273
Total liabilities, deferred inflows of resources, and fund balances	\$ 753,376	\$ 4,933,828	\$ 3,456,084	\$ 9,143,288

CITY OF SHOREVIEW, MINNESOTA

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For The Year Ended December 31, 2013

Statement 14

	Special Revenue	Debt Service	Capital Project	Totals Nonmajor Governmental Funds
Revenues				
Taxes				
General property taxes	\$ 134,166	\$ 498,259	\$ -	\$ 632,425
Tax increments	-	-	1,882,775	1,882,775
Franchise tax	313,361	-	-	313,361
Special assessments	-	115,885	-	115,885
Intergovernmental	68,210	1,256	841,263	910,729
Charges for services	501,113	-	125	501,238
Earnings on investments	(19,902)	(66,683)	(47,904)	(134,489)
Other	40,364	-	15,200	55,564
Total revenues	<u>1,037,312</u>	<u>548,717</u>	<u>2,691,459</u>	<u>4,277,488</u>
Expenditures				
Current				
General government	212,242	-	80,375	292,617
Public works	497,335	-	1,066,264	1,563,599
Community development	109,303	-	1,519,585	1,628,888
Capital outlay				
General government	120,922	-	32,173	153,095
Public works	-	-	1,926,478	1,926,478
Debt service				
Principal	-	1,395,000	-	1,395,000
Interest	-	329,902	-	329,902
Fiscal charges	-	126,892	-	126,892
Total expenditures	<u>939,802</u>	<u>1,851,794</u>	<u>4,624,875</u>	<u>7,416,471</u>
Revenues over (under) expenditures	<u>97,510</u>	<u>(1,303,077)</u>	<u>(1,933,416)</u>	<u>(3,138,983)</u>
Other financing sources (uses)				
Issuance of refunding debt	-	2,365,000	-	2,365,000
Bond issuance	-	166,168	309,856	476,024
Premium on debt issuance	-	122,571	18,956	141,527
Payment to refunded bond escrow agent	-	(135,000)	-	(135,000)
Sale of capital assets	-	-	2,380	2,380
Transfers in	10,000	1,168,109	1,638,482	2,816,591
Transfers out	(116,941)	(50,000)	(673,109)	(840,050)
Total other financing sources (uses)	<u>(106,941)</u>	<u>3,636,848</u>	<u>1,296,565</u>	<u>4,826,472</u>
Net change in fund balances	<u>(9,431)</u>	<u>2,333,771</u>	<u>(636,851)</u>	<u>1,687,489</u>
Fund balances – January 1	<u>727,570</u>	<u>2,179,756</u>	<u>3,215,458</u>	<u>6,122,784</u>
Fund balances – December 31	<u>\$ 718,139</u>	<u>\$ 4,513,527</u>	<u>\$ 2,578,607</u>	<u>\$ 7,810,273</u>

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NONMAJOR SPECIAL REVENUE FUNDS

The City had the following special revenue funds during the year:

Recycling Fund – This fund was established to account for the City’s recycling program. Revenues are received through a joint powers agreement with Ramsey County and a user charge is assessed on property tax statements to all residential property. The City maintains a contract with a private hauler for the curbside collection of all recyclable materials.

Cable TV Fund – This fund was established to account for transactions associated with cable television in the City. Franchise fee revenue is restricted for cable television programs. Expenditures include the operation of the North Suburban Cable Commission and other costs relating to cable television activity.

Slice of Shoreview Event Fund – This fund was established to account for all costs, donations, sponsorships, and entrance fees associated with the Slice of Shoreview event.

Economic Development Authority – This fund was established to account for economic development programs and activities within the City of Shoreview. Minnesota Statutes restrict the use of revenues for economic development purposes.

Housing and Redevelopment Authority – This fund was established to account for housing and redevelopment programs and activities within the City of Shoreview. Minnesota Statutes restrict the use of revenues for housing and redevelopment purposes.

CITY OF SHOREVIEW, MINNESOTA

Subcombining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2013

Statement 15

	<u>Recycling</u>	<u>Cable TV</u>	<u>Slice of Shoreview Event</u>	<u>Economic Development Authority</u>	<u>Housing & Redevelopment Authority</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets						
Cash and investments	\$ 227,720	\$ 97,152	\$ 65,622	\$ 194,768	\$ 73,709	\$ 658,971
Accrued interest receivable	293	403	196	493	153	1,538
Accounts receivable	–	80,675	–	–	–	80,675
Taxes receivable	–	–	–	1,718	2,061	3,779
Due from other governmental units	7,226	–	–	–	–	7,226
Prepaid items	75	1,048	–	25	39	1,187
Total assets	<u>\$ 235,314</u>	<u>\$ 179,278</u>	<u>\$ 65,818</u>	<u>\$ 197,004</u>	<u>\$ 75,962</u>	<u>\$ 753,376</u>
Liabilities						
Accounts payable	\$ 29,858	\$ 460	\$ 1	\$ 1,042	\$ –	\$ 31,361
Salaries payable	457	639	–	517	1,236	2,849
Due to other governmental units	16	–	–	–	–	16
Total liabilities	<u>30,331</u>	<u>1,099</u>	<u>1</u>	<u>1,559</u>	<u>1,236</u>	<u>34,226</u>
Deferred inflows of resources						
Unavailable revenue – property taxes	–	–	–	482	529	1,011
Fund balances						
Nonspendable	75	1,048	–	25	39	1,187
Restricted	204,908	23,485	–	194,938	74,158	497,489
Committed	–	153,646	65,817	–	–	219,463
Total fund balances	<u>204,983</u>	<u>178,179</u>	<u>65,817</u>	<u>194,963</u>	<u>74,197</u>	<u>718,139</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 235,314</u>	<u>\$ 179,278</u>	<u>\$ 65,818</u>	<u>\$ 197,004</u>	<u>\$ 75,962</u>	<u>\$ 753,376</u>

CITY OF SHOREVIEW, MINNESOTA

Subcombining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For The Year Ended December 31, 2013

Statement 16

	<u>Recycling</u>	<u>Cable TV</u>	<u>Slice of Shoreview Event</u>	<u>Economic Development Authority</u>	<u>Housing & Redevelopment Authority</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues						
Taxes						
General property taxes	\$ -	\$ -	\$ -	\$ 59,653	\$ 74,513	\$ 134,166
Franchise tax	-	313,361	-	-	-	313,361
Intergovernmental	68,210	-	-	-	-	68,210
Charges for services	475,716	-	25,397	-	-	501,113
Earnings on investments	(3,790)	(5,218)	(2,537)	(6,377)	(1,980)	(19,902)
Other	-	2,174	38,190	-	-	40,364
Total revenues	<u>540,136</u>	<u>310,317</u>	<u>61,050</u>	<u>53,276</u>	<u>72,533</u>	<u>1,037,312</u>
Expenditures						
Current						
General government	-	144,899	67,343	-	-	212,242
Public works	497,335	-	-	-	-	497,335
Community development	-	-	-	48,797	60,506	109,303
Capital outlay						
General government	-	120,922	-	-	-	120,922
Total expenditures	<u>497,335</u>	<u>265,821</u>	<u>67,343</u>	<u>48,797</u>	<u>60,506</u>	<u>939,802</u>
Revenues over (under) expenditures	<u>42,801</u>	<u>44,496</u>	<u>(6,293)</u>	<u>4,479</u>	<u>12,027</u>	<u>97,510</u>
Other financing sources (uses)						
Transfers in	-	-	10,000	-	-	10,000
Transfers out	-	(116,941)	-	-	-	(116,941)
Total other financing sources (uses)	<u>-</u>	<u>(116,941)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(106,941)</u>
Net change in fund balances	42,801	(72,445)	3,707	4,479	12,027	(9,431)
Fund balances – January 1	162,182	250,624	62,110	190,484	62,170	727,570
Fund balances – December 31	<u>\$ 204,983</u>	<u>\$ 178,179</u>	<u>\$ 65,817</u>	<u>\$ 194,963</u>	<u>\$ 74,197</u>	<u>\$ 718,139</u>

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NONMAJOR DEBT SERVICE FUNDS

The City had the following debt service funds during the year:

Refunding Certificates of Participation of 2011 – This fund was established to provide financing for the 2011 refunding lease.

G.O. Capital Improvement Plan Bonds of 2004 – This fund was established to provide financing for the 2004 Capital Improvement Plan Bonds. Revenue sources are from property tax collections.

G.O. Street Reconstruction Bonds of 2006 – This fund was established to provide financing for the 2006 Street Reconstruction Bonds. Revenue sources are from property tax collections.

G.O. Street Reconstruction Bonds of 2013 – This fund was established to provide financing for the 2013 Street Reconstruction Bonds. Revenue sources are from property tax collections.

G.O. Tax Increment Refunding Bonds of 2007 – This fund was established to provide financing for the 2007 Tax Increment Refunding Financing Bonds. Financing of this debt service will be from tax increments.

G.O. Tax Increment Refunding Bonds of 2004 – This fund was established to provide financing for the 2004 Tax Increment Refunding Financing Bonds. Financing of this debt service will be from tax increments.

G.O. Improvement Bonds of 2002 – This fund was established to provide financing for the 2002 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2004 – This fund was established to provide financing for the 2004 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2006 – This fund was established to provide financing for the 2006 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2008 – This fund was established to provide financing for the 2008 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2009 – This fund was established to provide financing for the 2009 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2010 – This fund was established to provide financing for the 2010 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

G.O. Improvement Bonds of 2013 – This fund was established to provide financing for the 2013 Improvement Bonds. Revenue sources are from special assessments and property tax collections.

Closed Bonds – This fund is used to account for previous special assessment bond issues refunded with existing funds. Outstanding special assessment balances are used for related debt service expenditures (fiscal and paying agent fees) and temporary and permanent financing of various capital improvements.

CITY OF SHOREVIEW, MINNESOTA

Subcombining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2013

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	Refunding Certificates of Participation of 2011	G.O. Capital Improvement Plan Bonds of 2004	G.O. Street Reconstruction Bonds of 2006	G.O. Street Reconstruction Bonds of 2013
Assets				
Cash and investments	\$ 490,445	\$ 134,804	\$ 203,491	\$ 194,374
Restricted cash with escrow agent	-	766,710	1,422,027	-
Accrued interest receivable	2,373	1,012	1,824	161
Taxes receivable				
Delinquent	-	1,300	2,103	696
Due from county	-	2,911	4,724	2,677
Special assessments receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Special deferred	-	-	-	-
Due from county	-	-	-	-
Total assets	<u>\$ 492,818</u>	<u>\$ 906,737</u>	<u>\$ 1,634,169</u>	<u>\$ 197,908</u>
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources				
Unavailable revenue – property taxes	-	1,300	2,103	696
Unavailable revenue – special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>1,300</u>	<u>2,103</u>	<u>696</u>
Fund balances				
Restricted	492,818	905,437	1,632,066	197,212
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>492,818</u>	<u>905,437</u>	<u>1,632,066</u>	<u>197,212</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 492,818</u>	<u>\$ 906,737</u>	<u>\$ 1,634,169</u>	<u>\$ 197,908</u>

CITY OF SHOREVIEW, MINNESOTA

Subcombining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2013

	G.O. Tax Increment Refunding Bonds of 2007	G.O. Improvement Bonds of 2002	G.O. Improvement Bonds of 2004	G.O. Improvement Bonds of 2006
Assets				
Cash and investments	\$ 4,416	\$ 33,707	\$ 106,807	\$ 7,337
Restricted cash with escrow agent	-	-	-	100,898
Accrued interest receivable	-	-	311	114
Taxes receivable				
Delinquent	-	172	-	32
Due from county	-	(43)	-	(8)
Special assessments receivable				
Delinquent	-	-	-	241
Deferred	-	-	35,645	23,378
Special deferred	-	-	-	1,381
Due from county	-	388	-	-
Total assets	<u>\$ 4,416</u>	<u>\$ 34,224</u>	<u>\$ 142,763</u>	<u>\$ 133,373</u>
Liabilities				
Accounts payable	<u>\$ 375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources				
Unavailable revenue – property taxes	-	172	-	32
Unavailable revenue – special assessments	-	-	35,645	25,000
Total deferred inflows of resources	<u>-</u>	<u>172</u>	<u>35,645</u>	<u>25,032</u>
Fund balances				
Restricted	4,041	34,052	107,118	108,341
Assigned	-	-	-	-
Total fund balances	<u>4,041</u>	<u>34,052</u>	<u>107,118</u>	<u>108,341</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,416</u>	<u>\$ 34,224</u>	<u>\$ 142,763</u>	<u>\$ 133,373</u>

G.O. Improvement Bonds of 2008	G.O. Improvement Bonds of 2009	G.O. Improvement Bonds of 2010	G.O. Improvement Bonds of 2013	Closed Bonds	Total Nonmajor Debt Service Funds
\$ 131,670	\$ 77,260	\$ 56,838	\$ 67,757	\$ 691,055	\$ 2,199,961
-	-	-	-	-	2,289,635
334	182	140	-	2,035	8,486
-	-	-	-	134	4,437
-	-	-	-	(34)	10,227
-	561	236	-	1,253	2,291
125,975	116,623	70,962	-	31,478	404,061
7,756	-	-	-	-	9,137
475	695	1,619	-	2,416	5,593
<u>\$ 266,210</u>	<u>\$ 195,321</u>	<u>\$ 129,795</u>	<u>\$ 67,757</u>	<u>\$ 728,337</u>	<u>\$ 4,933,828</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375</u>
-	-	-	-	134	4,437
133,731	117,184	71,198	-	32,731	415,489
<u>133,731</u>	<u>117,184</u>	<u>71,198</u>	<u>-</u>	<u>32,865</u>	<u>419,926</u>
132,479	78,137	58,597	67,757	-	3,818,055
-	-	-	-	695,472	695,472
<u>132,479</u>	<u>78,137</u>	<u>58,597</u>	<u>67,757</u>	<u>695,472</u>	<u>4,513,527</u>
<u>\$ 266,210</u>	<u>\$ 195,321</u>	<u>\$ 129,795</u>	<u>\$ 67,757</u>	<u>\$ 728,337</u>	<u>\$ 4,933,828</u>

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CITY OF SHOREVIEW, MINNESOTA

Subcombining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Debt Service Funds
 For The Year Ended December 31, 2013

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	Refunding Certificates of Participation of 2011	G.O. Capital Improvement Plan Bonds of 2004	G.O. Street Reconstruction Bonds of 2006	G.O. Street Reconstruction Bonds of 2013
Revenues				
General property taxes	\$ -	\$ 142,231	\$ 230,751	\$ 125,139
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Earnings on investments	(22,944)	(814)	(808)	(2,077)
Total revenues	<u>(22,944)</u>	<u>141,417</u>	<u>229,943</u>	<u>123,062</u>
Expenditures				
Debt service				
Principal	345,000	105,000	155,000	-
Interest	124,215	41,322	83,897	-
Fiscal Charges	2,000	15,113	27,446	27,783
Total expenditures	<u>471,215</u>	<u>161,435</u>	<u>266,343</u>	<u>27,783</u>
Revenues over (under) expenditures	<u>(494,159)</u>	<u>(20,018)</u>	<u>(36,400)</u>	<u>95,279</u>
Other financing sources (uses)				
Issuance of refunding debt	-	750,000	1,380,000	-
Bond issuance	-	-	-	51,933
Premium on debt issuance	-	38,220	75,462	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	445,000	-	-	50,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>445,000</u>	<u>788,220</u>	<u>1,455,462</u>	<u>101,933</u>
Net change in fund balances	<u>(49,159)</u>	<u>768,202</u>	<u>1,419,062</u>	<u>197,212</u>
Fund balances – January 1	<u>541,977</u>	<u>137,235</u>	<u>213,004</u>	<u>-</u>
Fund balances – December 31	<u>\$ 492,818</u>	<u>\$ 905,437</u>	<u>\$ 1,632,066</u>	<u>\$ 197,212</u>

CITY OF SHOREVIEW, MINNESOTA

Subcombining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Debt Service Funds
 For The Year Ended December 31, 2013

	G.O. Tax Increment Refunding Bonds of 2007	G.O. Tax Increment Refunding Bonds of 2004	G.O. Improvement Bonds of 2002	G.O. Improvement Bonds of 2004
Revenues				
General property taxes	\$ -	\$ -	\$ 70	\$ -
Special assessments	-	-	16,868	13,003
Intergovernmental	-	-	-	-
Earnings on investments	(13)	-	(946)	(4,023)
Total revenues	<u>(13)</u>	<u>-</u>	<u>15,992</u>	<u>8,980</u>
Expenditures				
Debt service				
Principal	260,000	370,000	50,000	45,000
Interest	38,000	6,290	2,700	5,332
Fiscal Charges	375	-	155	2,750
Total expenditures	<u>298,375</u>	<u>376,290</u>	<u>52,855</u>	<u>53,082</u>
Revenues over (under) expenditures	<u>(298,388)</u>	<u>(376,290)</u>	<u>(36,863)</u>	<u>(44,102)</u>
Other financing sources (uses)				
Issuance of refunding debt	-	-	-	135,000
Bond issuance	-	-	-	-
Premium on debt issuance	-	-	-	3,999
Payment to refunded bond escrow agent	-	-	-	(135,000)
Transfers in	298,000	375,109	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>298,000</u>	<u>375,109</u>	<u>-</u>	<u>3,999</u>
Net change in fund balances	<u>(388)</u>	<u>(1,181)</u>	<u>(36,863)</u>	<u>(40,103)</u>
Fund balances – January 1	<u>4,429</u>	<u>1,181</u>	<u>70,915</u>	<u>147,221</u>
Fund balances – December 31	<u>\$ 4,041</u>	<u>\$ -</u>	<u>\$ 34,052</u>	<u>\$ 107,118</u>

G.O. Improvement Bonds of 2006	G.O. Improvement Bonds of 2008	G.O. Improvement Bonds of 2009	G.O. Improvement Bonds of 2010	G.O. Improvement Bonds of 2013	Closed Bonds	Total Nonmajor Debt Service Funds
\$ 13	\$ -	\$ -	\$ -	\$ -	\$ 55	\$ 498,259
6,431	23,792	23,281	13,883	-	18,627	115,885
-	-	-	1,256	-	-	1,256
(31)	(4,326)	(2,354)	(1,814)	(192)	(26,341)	(66,683)
<u>6,413</u>	<u>19,466</u>	<u>20,927</u>	<u>13,325</u>	<u>(192)</u>	<u>(7,659)</u>	<u>548,717</u>
15,000	20,000	20,000	10,000	-	-	1,395,000
5,435	12,000	6,962	3,749	-	-	329,902
2,101	40	71	22	46,286	2,750	126,892
<u>22,536</u>	<u>32,040</u>	<u>27,033</u>	<u>13,771</u>	<u>46,286</u>	<u>2,750</u>	<u>1,851,794</u>
<u>(16,123)</u>	<u>(12,574)</u>	<u>(6,106)</u>	<u>(446)</u>	<u>(46,478)</u>	<u>(10,409)</u>	<u>(1,303,077)</u>
100,000	-	-	-	-	-	2,365,000
-	-	-	-	114,235	-	166,168
4,890	-	-	-	-	-	122,571
-	-	-	-	-	-	(135,000)
-	-	-	-	-	-	1,168,109
-	-	-	-	-	(50,000)	(50,000)
<u>104,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,235</u>	<u>(50,000)</u>	<u>3,636,848</u>
88,767	(12,574)	(6,106)	(446)	67,757	(60,409)	2,333,771
19,574	145,053	84,243	59,043	-	755,881	2,179,756
<u>\$ 108,341</u>	<u>\$ 132,479</u>	<u>\$ 78,137</u>	<u>\$ 58,597</u>	<u>\$ 67,757</u>	<u>\$ 695,472</u>	<u>\$ 4,513,527</u>

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NONMAJOR CAPITAL PROJECT FUNDS

The City had the following capital project funds during the year:

Tax Increment Financing District #1 Deluxe – This fund accounts for the receipt and use of tax increment collections in development district number two.

Tax Increment Financing District #2 City Center – This fund accounts for the receipt and use of tax increment collections in development district number two.

Tax Increment Financing District #4 Scandia Shores – This fund is used to account for the receipt and use of tax increment collections in tax increment district number four within development district number two.

Tax Increment Financing District #5 Shoreview Mall and Summer House Senior Housing – This fund is used to account for the receipt and use of tax increment collections in tax increment district number five within development district number two.

Tax Increment Financing District #6 Gateway – This fund is used to account for the receipt and use of tax increment collections in tax increment district number six within development district number two.

The following city improvement project funds are temporary capital project funds which are setup to account for construction costs and capital purchases indicated by the title of each fund.

- Capital Acquisition
- Gaston/Grove St. Albans Water Main Extension
- Demar Floral Rehabilitation
- Red Fox Road Reconstruction
- County Road D Reconstruction
- Cottage Place Reconstruction

CITY OF SHOREVIEW, MINNESOTA

Subcombining Balance Sheet
 Nonmajor Capital Project Funds
 December 31, 2013

	Tax Increment Financing				
	District #1 Deluxe	District #2 City Center	District #4 Scandia Shores	District #5 Shoreview Mall and Summer House Senior Housing	District #6 Gateway
Assets					
Cash and investments	\$ 576,299	\$ 146,103	\$ 780	\$ 377,118	\$ 12,540
Accrued interest receivable	3,899	202	-	674	-
Loan receivable	148,892	-	-	-	-
Taxes receivable					
Delinquent	40,267	-	-	-	-
Due from county	(975)	-	-	-	-
Interfund receivable	1,147,829	-	-	-	-
Due from other governmental units	-	-	-	-	-
Property held for resale	115,000	-	-	-	-
Total assets	<u>\$ 2,031,211</u>	<u>\$ 146,305</u>	<u>\$ 780</u>	<u>\$ 377,792</u>	<u>\$ 12,540</u>
Liabilities					
Accounts payable	\$ 11,487	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Total liabilities	<u>11,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	40,267	-	-	-	-
Fund balances					
Restricted	1,979,457	146,305	780	377,792	12,540
Assigned	-	-	-	-	-
Total fund balances	<u>1,979,457</u>	<u>146,305</u>	<u>780</u>	<u>377,792</u>	<u>12,540</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,031,211</u>	<u>\$ 146,305</u>	<u>\$ 780</u>	<u>\$ 377,792</u>	<u>\$ 12,540</u>

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Capital Acquisition	Gaston/Grove St. Albans Water Main Extension	Red Fox Road Reconstruction	County Road D Reconstruction	Cottage Place Reconstruction	Total Nonmajor Capital Project Funds
\$ 59,724	\$ 9,685	\$ 334,001	\$ -	\$ 26,245	\$ 1,542,495
-	-	-	-	-	4,775
-	-	-	-	-	148,892
-	-	-	-	-	40,267
-	-	-	-	-	(975)
-	-	-	-	-	1,147,829
-	-	-	457,801	-	457,801
-	-	-	-	-	115,000
<u>\$ 59,724</u>	<u>\$ 9,685</u>	<u>\$ 334,001</u>	<u>\$ 457,801</u>	<u>\$ 26,245</u>	<u>\$ 3,456,084</u>
\$ 16,457	\$ -	\$ 17,844	\$ 8,264	\$ -	\$ 54,052
-	5,362	306,663	80,406	21,596	414,027
-	-	-	369,131	-	369,131
<u>16,457</u>	<u>5,362</u>	<u>324,507</u>	<u>457,801</u>	<u>21,596</u>	<u>837,210</u>
-	-	-	-	-	40,267
-	-	-	-	-	2,516,874
43,267	4,323	9,494	-	4,649	61,733
<u>43,267</u>	<u>4,323</u>	<u>9,494</u>	<u>-</u>	<u>4,649</u>	<u>2,578,607</u>
<u>\$ 59,724</u>	<u>\$ 9,685</u>	<u>\$ 334,001</u>	<u>\$ 457,801</u>	<u>\$ 26,245</u>	<u>\$ 3,456,084</u>

CITY OF SHOREVIEW, MINNESOTA
Subcombining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Project Funds
For The Year Ended December 31, 2013

	Tax Increment Financing				
	District #1 Deluxe	District #2 City Center	District #4 Scandia Shores	District #5 Shoreview Mall and Summer House Senior Housing	District #6 Gateway
Revenues					
Taxes					
Tax increments	\$ 959,377	\$ 534,760	\$ 105,210	\$ 183,842	\$ 99,586
Intergovernmental	-	-	-	-	-
Charges for services	125	-	-	-	-
Earnings on investments	(35,928)	(2,612)	(28)	(8,722)	(453)
Other	-	-	-	-	-
Total revenues	923,574	532,148	105,182	175,120	99,133
Expenditures					
Current					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Community development	1,310,842	2,939	105,210	1,008	99,586
Capital outlay					
General government	-	-	-	-	-
Public works	300,000	-	-	-	-
Total expenditures	1,610,842	2,939	105,210	1,008	99,586
Revenues over (under) expenditures	(687,268)	529,209	(28)	174,112	(453)
Other financing sources (uses)					
Bond issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(673,109)	-	-	-
Total other financing sources (uses)	-	(673,109)	-	-	-
Net change in fund balances	(687,268)	(143,900)	(28)	174,112	(453)
Fund balances – January 1	2,666,725	290,205	808	203,680	12,993
Fund balances – December 31	\$ 1,979,457	\$ 146,305	\$ 780	\$ 377,792	\$ 12,540

Statement 20

Capital Acquisition	Gaston/Grove St. Albans Water Main Extension	Demar Floral Rehabilitation	Red Fox Road Reconstruction	County Road D Reconstruction	Cottage Place Reconstruction	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,882,775
-	-	-	-	841,263	-	841,263
-	-	-	-	-	-	125
(161)	-	-	-	-	-	(47,904)
-	-	-	15,200	-	-	15,200
<u>(161)</u>	<u>-</u>	<u>-</u>	<u>15,200</u>	<u>841,263</u>	<u>-</u>	<u>2,691,459</u>
80,375	-	-	-	-	-	80,375
-	-	-	225,000	841,264	-	1,066,264
-	-	-	-	-	-	1,519,585
32,173	-	-	-	-	-	32,173
-	98,000	38,824	537,453	752,943	199,258	1,926,478
<u>112,548</u>	<u>98,000</u>	<u>38,824</u>	<u>762,453</u>	<u>1,594,207</u>	<u>199,258</u>	<u>4,624,875</u>
<u>(112,709)</u>	<u>(98,000)</u>	<u>(38,824)</u>	<u>(747,253)</u>	<u>(752,944)</u>	<u>(199,258)</u>	<u>(1,933,416)</u>
-	98,448	-	141,643	48,624	21,141	309,856
-	3,875	-	10,104	3,469	1,508	18,956
2,380	-	-	-	-	-	2,380
112,549	-	38,824	605,000	700,851	181,258	1,638,482
-	-	-	-	-	-	(673,109)
<u>114,929</u>	<u>102,323</u>	<u>38,824</u>	<u>756,747</u>	<u>752,944</u>	<u>203,907</u>	<u>1,296,565</u>
2,220	4,323	-	9,494	-	4,649	(636,851)
41,047	-	-	-	-	-	3,215,458
<u>\$ 43,267</u>	<u>\$ 4,323</u>	<u>\$ -</u>	<u>\$ 9,494</u>	<u>\$ -</u>	<u>\$ 4,649</u>	<u>\$ 2,578,607</u>

CITY OF SHOREVIEW, MINNESOTA

Nonmajor Special Revenue Fund – Recycling
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 For The Year Ended December 31, 2013

Statement 21

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 67,000	\$ 68,210	\$ 1,210
Charges for services			
Recycling fees	480,980	475,716	(5,264)
Earnings on investments	–	(3,790)	(3,790)
Total revenues	<u>547,980</u>	<u>540,136</u>	<u>(7,844)</u>
Expenditures			
Public works			
Current			
Personal services	25,546	26,367	(821)
Materials and supplies	1,200	681	519
Contractual services	477,420	470,287	7,133
Total expenditures	<u>504,166</u>	<u>497,335</u>	<u>6,831</u>
Net change in fund balances	<u>\$ 43,814</u>	<u>42,801</u>	<u>\$ (1,013)</u>
Fund balances – January 1		162,182	
Fund balances – December 31		<u>\$ 204,983</u>	

CITY OF SHOREVIEW, MINNESOTA

Nonmajor Special Revenue Fund – Cable TV
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 For The Year Ended December 31, 2013

Statement 22

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Franchise tax	\$ 288,400	\$ 313,361	\$ 24,961
Earnings on investments	1,800	(5,218)	(7,018)
Other	1,200	2,174	974
Total revenues	<u>291,400</u>	<u>310,317</u>	<u>18,917</u>
Expenditures			
General government			
Current			
Personal services	33,688	31,995	1,693
Materials and supplies	500	–	500
Contractual services	119,210	112,904	6,306
Capital outlay	–	120,922	(120,922)
Total expenditures	<u>153,398</u>	<u>265,821</u>	<u>(112,423)</u>
Revenues over (under) expenditures	<u>138,002</u>	<u>44,496</u>	<u>(93,506)</u>
Other financing sources (uses)			
Transfers out	(116,920)	(116,941)	(21)
Net change in fund balances	<u>\$ 21,082</u>	<u>(72,445)</u>	<u>\$ (93,527)</u>
Fund balances – January 1		<u>250,624</u>	
Fund balances – December 31		<u>\$ 178,179</u>	

CITY OF SHOREVIEW, MINNESOTA

Nonmajor Special Revenue Fund – Slice of Shoreview Event
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 For The Year Ended December 31, 2013

Statement 23

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Charges for services	\$ 23,000	\$ 25,397	\$ 2,397
Earnings on investments	–	(2,537)	(2,537)
Contributions	25,000	38,190	13,190
Total revenues	<u>48,000</u>	<u>61,050</u>	<u>13,050</u>
Expenditures			
General government			
Current			
Materials and supplies	3,000	1,161	1,839
Contractual services	55,200	66,182	(10,982)
Total expenditures	<u>58,200</u>	<u>67,343</u>	<u>(9,143)</u>
Revenues over (under) expenditures	<u>(10,200)</u>	<u>(6,293)</u>	<u>3,907</u>
Other financing sources (uses)			
Transfer in	10,000	10,000	–
Net change in fund balances	<u>\$ (200)</u>	<u>3,707</u>	<u>\$ 3,907</u>
Fund balances – January 1		<u>62,110</u>	
Fund balances – December 31		<u>\$ 65,817</u>	

CITY OF SHOREVIEW, MINNESOTA

Nonmajor Special Revenue Fund – Economic Development Authority
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 For The Year Ended December 31, 2013

Statement 24

	Original and Final Budget	Actual Amounts	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues			
General property taxes			
Current	\$ 60,000	\$ 59,606	\$ (394)
Other	–	47	47
Total general property taxes	<u>60,000</u>	<u>59,653</u>	<u>(347)</u>
Earnings on investments	<u>–</u>	<u>(6,377)</u>	<u>(6,377)</u>
Total revenues	<u>60,000</u>	<u>53,276</u>	<u>(6,724)</u>
Expenditures			
Community development			
Current			
Personal services	22,807	25,963	(3,156)
Supplies	2,000	2,336	(336)
Contractual services	<u>27,740</u>	<u>20,498</u>	<u>7,242</u>
Total expenditures	<u>52,547</u>	<u>48,797</u>	<u>3,750</u>
Net change in fund balance	<u>\$ 7,453</u>	<u>4,479</u>	<u>\$ (2,974)</u>
Fund balances – January 1		<u>190,484</u>	
Fund balances – December 31		<u>\$ 194,963</u>	

CITY OF SHOREVIEW, MINNESOTA

Nonmajor Special Revenue Fund – Housing and Redevelopment Authority
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 For The Year Ended December 31, 2013

Statement 25

	Original and Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
General property taxes			
Current	\$ 75,000	\$ 74,458	\$ (542)
Other	–	55	55
Total general property taxes	<u>75,000</u>	<u>74,513</u>	<u>(487)</u>
Earnings on investments	–	(1,980)	(1,980)
Total revenues	<u>75,000</u>	<u>72,533</u>	<u>(2,467)</u>
Expenditures			
Community development			
Current			
Personal services	37,807	47,289	(9,482)
Contractual services	32,000	13,217	18,783
Total expenditures	<u>69,807</u>	<u>60,506</u>	<u>9,301</u>
Net change in fund balance	<u>\$ 5,193</u>	<u>12,027</u>	<u>\$ 6,834</u>
Fund balances – January 1		<u>62,170</u>	
Fund balances – December 31		<u>\$ 74,197</u>	

INTERNAL SERVICE FUNDS

The internal service funds were established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. Records are maintained on the accrual basis of accounting.

Short-Term Disability Self-Insurance Fund – This fund accounts for the receipt of monthly premiums paid by employees and costs incurred in providing short-term disability insurance to employees on a self-insured basis.

Liability Claims Fund – This fund was established to account for losses in the City's general package insurance under the deductible amount of \$25,000 per loss/\$75,000 annual limit.

Central Garage Fund – This fund accounts for the operation of the Service Center and vehicle maintenance and replacement. Rental rates and user fees are charged to various departments for the use of the facility and equipment.

CITY OF SHOREVIEW, MINNESOTA

Combining Statement of Net Position

Internal Service Funds

December 31, 2013

Statement 26

	Short-Term Disability Self-Insurance	Liability Claims	Central Garage	Total
Assets				
Current assets				
Cash and investments	\$ 41,144	\$ 228,265	\$ 1,164,652	\$ 1,434,061
Accrued interest receivable	113	586	2,749	3,448
Accounts receivable	-	-	11,249	11,249
Taxes receivable	-	-	5,380	5,380
Due from other governmental units	-	-	32,797	32,797
Prepaid items	-	-	2,462	2,462
Total current assets	41,257	228,851	1,219,289	1,489,397
Noncurrent assets				
Capital assets				
Land	-	-	36,293	36,293
Buildings and structures	-	-	6,929,379	6,929,379
Machinery and equipment	-	-	5,215,132	5,215,132
Total capital assets	-	-	12,180,804	12,180,804
Less accumulated depreciation	-	-	(3,736,223)	(3,736,223)
Total capital assets (net of accumulated depreciation)	-	-	8,444,581	8,444,581
Total assets	41,257	228,851	9,663,870	9,933,978
Liabilities				
Current liabilities				
Accounts payable	-	972	76,787	77,759
Salaries payable	-	-	4,308	4,308
Accrued bond interest payable	-	-	100,977	100,977
Due to other governmental units	-	-	2,539	2,539
Compensated absences payable	-	-	489	489
General obligation bonds payable	-	-	245,000	245,000
Total current liabilities	-	972	430,100	431,072
Noncurrent liabilities				
Compensated absences payable (net of current portion)	-	-	4,826	4,826
General obligation bonds payable (net of current portion)	-	-	5,025,000	5,025,000
Total noncurrent liabilities	-	-	5,029,826	5,029,826
Total liabilities	-	972	5,459,926	5,460,898
Net position				
Net investment in capital assets	-	-	3,174,581	3,174,581
Unrestricted	41,257	227,879	1,029,363	1,298,499
Total net position	\$ 41,257	\$ 227,879	\$ 4,203,944	\$ 4,473,080

CITY OF SHOREVIEW, MINNESOTA

Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For The Year Ended December 31, 2013

Statement 27

	Short-Term Disability Self-Insurance	Liability Claims	Central Garage	Total
Operating revenues				
Customer billings	\$ 7,540	\$ –	\$ 1,207,379	\$ 1,214,919
Operating expenses				
Personal services	4,416	–	193,852	198,268
Materials and supplies	–	–	272,581	272,581
Contractual services	–	19,874	53,942	73,816
Utilities	–	–	25,853	25,853
Insurance	–	–	21,951	21,951
Depreciation	–	–	641,112	641,112
Total operating expenses	4,416	19,874	1,209,291	1,233,581
Operating income (loss)	3,124	(19,874)	(1,912)	(18,662)
Nonoperating revenues (expenses)				
General property taxes	–	–	183,111	183,111
Earnings on investments	(1,471)	(7,582)	(35,588)	(44,641)
Gain on sale of capital assets	–	–	56,763	56,763
Other	–	33,053	6,068	39,121
Interest	–	–	(242,702)	(242,702)
Fiscal charges	–	–	(425)	(425)
Total nonoperating revenues (expenses)	(1,471)	25,471	(32,773)	(8,773)
Income (loss) before contributions and transfers	1,653	5,597	(34,685)	(27,435)
Capital contributions	–	–	78,711	78,711
Transfers				
Transfer in	–	–	200,900	200,900
Transfer out	–	–	(4,802)	(4,802)
Total transfers	–	–	196,098	196,098
Change in net position	1,653	5,597	240,124	247,374
Net position – January 1	39,604	222,282	3,963,820	4,225,706
Net position – December 31	\$ 41,257	\$ 227,879	\$ 4,203,944	\$ 4,473,080

CITY OF SHOREVIEW, MINNESOTA

Combining Statement of Cash Flows

Internal Service Funds

For The Year Ended December 31, 2013

Statement 28

	Short-Term Disability Self-Insurance	Liability Claims	Central Garage	Total
Cash flows from operating activities				
Receipts from interfund services provided	\$ 7,540	\$ -	\$ 1,207,379	\$ 1,214,919
Payments to suppliers	-	(18,902)	(321,053)	(339,955)
Payments to employees	(4,988)	-	(192,259)	(197,247)
Miscellaneous revenue	-	33,053	6,068	39,121
Net cash flows from operating activities	<u>2,552</u>	<u>14,151</u>	<u>700,135</u>	<u>716,838</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	-	(4,802)	(4,802)
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	-	-	98,700	98,700
Acquisition and construction of capital assets	-	-	(691,976)	(691,976)
Receipts from taxpayers	-	-	182,178	182,178
Transfers from other funds	-	-	200,900	200,900
Capital contributions	-	-	81,881	81,881
Principal paid on capital debt	-	-	(245,000)	(245,000)
Interest and paying agent fees on capital debt	-	-	(244,914)	(244,914)
Net cashflows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(618,231)</u>	<u>(618,231)</u>
Cash flows from investing activities				
Earnings on investments	(1,584)	(7,489)	(35,083)	(44,156)
Net change in cash and cash equivalents	968	6,662	42,019	49,649
Cash and cash equivalents – January 1	40,176	221,603	1,122,633	1,384,412
Cash and cash equivalents – December 31	<u>\$ 41,144</u>	<u>\$ 228,265</u>	<u>\$ 1,164,652</u>	<u>\$ 1,434,061</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 3,124	\$ (19,874)	\$ (1,912)	\$ (18,662)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Miscellaneous revenue	-	33,053	6,068	39,121
Depreciation	-	-	641,112	641,112
Decrease (increase) in receivables	-	-	(10,649)	(10,649)
Decrease (increase) in prepaid items	-	-	182	182
Increase (decrease) in payables	(572)	972	65,334	65,734
Total adjustments	<u>(572)</u>	<u>34,025</u>	<u>702,047</u>	<u>735,500</u>
Net cash flows from operating activities	<u>\$ 2,552</u>	<u>\$ 14,151</u>	<u>\$ 700,135</u>	<u>\$ 716,838</u>
Noncash investing, capital, and financing activities				
Due from other governmental units –				
Capital contribution	\$ -	\$ -	\$ (3,170)	\$ (3,170)
Taxes receivable	-	-	933	933

FIDUCIARY FUNDS

Agency funds account for assets held by a governmental unit in a custodial capacity as an agent for individuals, private organizations, other governmental units, and other funds. The City has the following agency fund:

Hockey Association – This fund accounts for the temporary investment of assets retained by the City pursuant to agreements between the communities of Shoreview, Arden Hills, Mounds View, and New Brighton, and the state of Minnesota Amateur Sports Commission regarding the purchase of ice time at the National Sports Center Ice Arena located in the City of Blaine.

CITY OF SHOREVIEW, MINNESOTA

Statement of Changes in Assets and Liabilities

Agency Fund

For The Year Ended December 31, 2013

Statement 29

	Agency			
	Balance – January 1, 2013	Additions	Deletions	Balance – December 31, 2013
Hockey Association				
Assets				
Cash and investments	\$ 407,369	\$ 5,031	\$ 29,828	\$ 382,572
Accrued interest receivable	42	41	42	41
Total assets	<u>\$ 407,411</u>	<u>\$ 5,072</u>	<u>\$ 29,870</u>	<u>\$ 382,613</u>
Liabilities				
Deposits payable	<u>\$ 407,411</u>	<u>\$ 5,072</u>	<u>\$ 29,870</u>	<u>\$ 382,613</u>

**FINANCIAL SECTION –
SUPPLEMENTARY FINANCIAL INFORMATION**

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF SHOREVIEW, MINNESOTA
Combining Schedule of Indebtedness
December 31, 2013

	Interest Rate	Issue Date	Maturity Date
Bonded indebtedness			
G.O. improvement bonds			
2002 Improvement Bonds	2.50–3.65%	11/01/2002	02/01/2014
2004 Improvement Bonds	1.25–3.75%	02/01/2004	02/01/2016
2006 Improvement Bonds	3.25–4.00%	03/01/2006	02/01/2022
2008 Improvement Bonds	3.50–4.375%	11/15/2008	02/01/2025
2009 Improvement Bonds	3.00–4.00%	11/15/2009	02/01/2021
2010 Improvement Bonds	1.00–4.00%	12/16/2010	02/01/2022
2013 Refunding Improvement Bonds	2.00%	03/06/2013	02/01/2022
2013 Improvement Bonds	3.00–4.00%	12/05/2013	02/01/2035
Total G.O. improvement bonds			
G.O. tax increment bonds			
G.O. Refunding Tax Increment Bonds of 2004	1.50–3.40%	02/01/2004	02/01/2013
G.O. Refunding Tax Increment Bonds of 2007	4.00%	11/01/2007	12/01/2015
Total G.O. tax increment bonds			
Other G.O. improvement bonds			
G.O. Capital Improvement Plan Bonds of 2004	2.00–4.10%	10/01/2004	02/01/2020
G.O. Street Reconstruction Bonds of 2006	4.00–4.20%	06/01/2006	02/01/2022
G.O. Capital Improvement Plan Bonds of 2010	1.20–5.85%	03/10/2010	02/01/2030
G.O. Refunding Capital Improvement Plan Bonds of 2013	2.00%	03/06/2013	02/01/2020
G.O. Refunding Street Reconstruction Bonds of 2013	2.00%	03/06/2013	02/01/2022
G.O. Street Reconstruction Bonds of 2013	2.00–2.375%	03/06/2013	02/01/2028
Total other G.O. improvement bonds			
G.O. revenue bonds			
G.O. Water Revenue Bonds of 2002	2.50–3.65%	11/01/2002	02/01/2014
G.O. Water Revenue Bonds of 2004	1.25–3.75%	02/01/2004	02/01/2016
G.O. Water Revenue Bonds of 2006	3.25–4.00%	03/01/2006	02/01/2022
G.O. Water Revenue Bonds of 2007	3.50–4.15%	11/01/2007	02/01/2023
G.O. Water Revenue Bonds of 2008	3.50–4.375%	11/15/2008	02/01/2025
G.O. Water Revenue Bonds of 2010	0.75–4.60%	12/16/2010	02/01/2026
G.O. Water Refunding Revenue Bonds of 2013	2.00%	03/06/2013	02/01/2022
G.O. Water Revenue Bonds of 2013A	2.00%	03/06/2013	02/01/2023
G.O. Water Revenue Bonds of 2013C	3.00%	12/05/2013	02/01/2024
G.O. Sewer Revenue Bonds of 2004	1.25–3.75%	02/01/2004	02/01/2016
G.O. Sewer Revenue Bonds of 2006	3.25–4.00%	03/01/2006	02/01/2022
G.O. Sewer Revenue Bonds of 2007	3.50–4.15%	11/01/2007	02/01/2023
G.O. Sewer Revenue Bonds of 2008	3.50–4.375%	11/15/2008	02/01/2025
G.O. Sewer Revenue Bonds of 2010	0.75–4.60%	12/16/2010	02/01/2026
G.O. Sewer Refunding Revenue Bonds of 2013	2.00%	03/06/2013	02/01/2022
G.O. Surface Water Revenue Bonds of 2002	2.50–3.65%	11/01/2002	02/01/2014
G.O. Surface Water Revenue Bonds of 2004	1.25–3.75%	02/01/2004	02/01/2016
G.O. Surface Water Revenue Bonds of 2007	3.50–4.15%	11/01/2007	02/01/2023
G.O. Surface Water Revenue Bonds of 2008	3.50–4.375%	11/15/2008	02/01/2025
G.O. Surface Water Revenue Bonds of 2009	3.00–4.00%	11/15/2009	02/01/2021
G.O. Surface Water Revenue Bonds of 2010	0.75–4.60%	12/16/2010	02/01/2026
G.O. Surface Water Refunding Revenue Bonds of 2013	2.00%	03/06/2013	02/01/2016
G.O. Surface Water Revenue Bonds of 2013A	2.00%	03/06/2013	02/01/2023
G.O. Surface Water Revenue Bonds of 2013C	3.00%	12/05/2013	02/01/2024
Total G.O. revenue bonds			
Total bonded indebtedness			
Unamortized premium	N/A	N/A	N/A
Refunding Certificates of Participation of 2011	2.00–3.75%	04/01/2011	08/01/2023
Loan payable	–	09/26/2006	N/A
Compensated absences	N/A	N/A	N/A
Total city indebtedness			

N/A – Not Applicable

Exhibit 1

Prior Years		2013			Principal Due in 2014	Interest Due in 2014	
Authorized and Issued	Payments	Outstanding 12/31/2012	Issued	Payments	Outstanding 12/31/2013		
\$ 430,000	\$ 330,000	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 912
455,000	275,000	180,000	-	180,000	-	-	-
205,000	75,000	130,000	-	15,000	115,000	115,000	2,180
330,000	30,000	300,000	-	20,000	280,000	20,000	11,225
235,000	20,000	215,000	-	20,000	195,000	20,000	6,363
140,000	-	140,000	-	10,000	130,000	10,000	3,636
-	-	-	235,000	-	235,000	45,000	4,250
-	-	-	1,775,000	-	1,775,000	-	38,881
1,795,000	730,000	1,065,000	2,010,000	295,000	2,780,000	260,000	67,447
2,625,000	2,255,000	370,000	-	370,000	-	-	-
1,090,000	140,000	950,000	-	260,000	690,000	340,000	27,600
3,715,000	2,395,000	1,320,000	-	630,000	690,000	340,000	27,600
1,600,000	625,000	975,000	-	105,000	870,000	870,000	16,721
2,500,000	635,000	1,865,000	-	155,000	1,710,000	160,000	66,480
5,615,000	100,000	5,515,000	-	245,000	5,270,000	245,000	239,773
-	-	-	750,000	-	750,000	-	15,000
-	-	-	1,380,000	-	1,380,000	-	27,600
-	-	-	2,415,000	-	2,415,000	145,000	70,048
9,715,000	1,360,000	8,355,000	4,545,000	505,000	12,395,000	1,420,000	435,622
295,000	235,000	60,000	-	30,000	30,000	30,000	548
445,000	310,000	135,000	-	135,000	-	-	-
860,000	235,000	625,000	-	50,000	575,000	575,000	10,993
845,000	175,000	670,000	-	50,000	620,000	50,000	23,415
2,365,000	325,000	2,040,000	-	120,000	1,920,000	125,000	77,195
1,240,000	70,000	1,170,000	-	75,000	1,095,000	75,000	36,445
-	-	-	610,000	-	610,000	40,000	11,800
-	-	-	775,000	-	775,000	70,000	21,043
-	-	-	305,000	-	305,000	-	5,998
395,000	240,000	155,000	-	155,000	-	-	-
270,000	75,000	195,000	-	15,000	180,000	180,000	3,440
260,000	55,000	205,000	-	15,000	190,000	15,000	7,186
580,000	80,000	500,000	-	30,000	470,000	30,000	18,902
985,000	55,000	930,000	-	60,000	870,000	60,000	29,037
-	-	-	285,000	-	285,000	40,000	5,300
475,000	375,000	100,000	-	50,000	50,000	50,000	911
535,000	335,000	200,000	-	200,000	-	-	-
600,000	125,000	475,000	-	35,000	440,000	35,000	16,619
230,000	30,000	200,000	-	10,000	190,000	10,000	7,683
1,180,000	190,000	990,000	-	100,000	890,000	100,000	29,050
355,000	20,000	335,000	-	20,000	315,000	20,000	10,563
-	-	-	155,000	-	155,000	55,000	2,550
-	-	-	960,000	-	960,000	90,000	26,033
-	-	-	190,000	-	190,000	-	3,737
11,915,000	2,930,000	8,985,000	3,280,000	1,150,000	11,115,000	1,650,000	348,448
27,140,000	7,415,000	19,725,000	9,835,000	2,580,000	26,980,000	3,670,000	879,117
N/A	N/A	N/A	N/A	N/A	403,427	N/A	N/A
4,620,000	290,000	4,330,000	-	345,000	3,985,000	350,000	117,315
6,000,000	-	6,000,000	-	-	6,000,000	-	-
-	-	341,292	447,576	443,217	345,651	31,772	-
\$ 37,760,000	\$ 7,705,000	\$ 30,396,292	\$ 10,282,576	\$ 3,368,217	\$ 37,714,078	\$ 4,051,772	\$ 996,432

CITY OF SHOREVIEW, MINNESOTA
 Taxable Valuations, Tax Levies, and Tax Rates

Exhibit 2

	<u>Tax Capacity Values 2011/2012</u>		<u>Tax Capacity Values 2012/2013</u>	
Taxable valuations				
Real estate	\$ 29,471,145		\$ 27,546,240	
Personal property	296,285		311,101	
Fiscal disparities net	(67,883)		(242,396)	
Less captured tax increment value	<u>(1,549,078)</u>		<u>(1,379,783)</u>	
Totals	<u>\$ 28,150,469</u>		<u>\$ 26,235,162</u>	
Tax levies				
Year of extension	2011		2012	
Year of collection	2012		2013	
	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>
Taxes levied				
General Fund	\$ 6,467,060	23.148%	\$ 6,639,567	25.557%
Shoreview EDA	55,000	0.197%	60,000	0.231%
Capital project funds	2,110,000	7.552%	2,220,000	8.545%
Debt service funds	442,026	1.582%	501,000	1.929%
Central Garage Fund	<u>216,000</u>	<u>0.773%</u>	<u>184,000</u>	<u>0.708%</u>
Totals	<u>\$ 9,290,086</u>	<u>33.252%</u>	<u>\$ 9,604,567</u>	<u>36.970%</u>
Shoreview HRA	<u>\$ 70,000</u>	<u>0.254%</u>	<u>\$ 75,000</u>	<u>0.289%</u>

CITY OF SHOREVIEW, MINNESOTA

Schedule of Deferred Tax Levies

Other General Obligation Bonds

December 31, 2013

Exhibit 3

Year of Tax Levy/Collection	G.O. Refunding Capital Improvement Plan Bonds of 2013	G.O. Capital Improvement Plan Bonds 2010	G.O. Refunding Street Improvement Bonds of 2006	G.O. Street Improvement Bonds of 2013	Total
2013/2014	\$ 132,000	\$ 184,000	\$ 214,000	\$ 194,000	\$ 724,000
2014/2015	139,230	429,065	238,980	199,782	1,007,057
2015/2016	136,710	434,210	224,280	201,987	997,187
2016/2017	144,690	433,153	220,290	198,837	996,970
2017/2018	141,960	436,471	221,550	200,937	1,000,918
2018/2019	139,230	433,489	217,455	197,682	987,856
2019/2020	-	435,311	218,610	199,677	853,598
2020/2021	-	436,312	224,910	201,567	862,789
2021/2022	-	436,777	-	198,102	634,879
2022/2023	-	436,693	-	199,887	636,580
2023/2024	-	436,046	-	201,121	637,167
2024/2025	-	434,821	-	196,987	631,808
2025/2026	-	432,521	-	198,102	630,623
2026/2027	-	434,604	-	198,863	633,467
2027/2028	-	430,470	-	-	430,470
2028/2029	-	430,925	-	-	430,925
Totals	<u>\$ 833,820</u>	<u>\$ 6,694,868</u>	<u>\$ 1,780,075</u>	<u>\$ 2,787,531</u>	<u>\$ 12,096,294</u>

CITY OF SHOREVIEW, MINNESOTA

Schedule of Deferred Tax Levies
 General Obligation Improvement Bonds
 December 31, 2013

Exhibit 4

Year of Tax Levy/ Collection	G.O. Improvement Bonds				
	2009	2010	Refunding 2013	2013	Total
2013/2014	\$ -	\$ -	\$ 8,000	\$ -	\$ 8,000
2014/2015	6,182	2,839	45,588	17,428	72,037
2015/2016	5,395	2,509	15,963	14,750	38,617
2016/2017	4,542	2,115	9,403	12,073	28,133
2017/2018	3,623	1,642	3,943	9,395	18,603
2018/2019	2,704	1,130	9,088	6,718	19,640
2019/2020	1,654	563	8,878	9,290	20,385
2020/2021	-	-	8,668	11,705	20,373
2021/2022	-	-	-	8,713	8,713
2022/2023	-	-	-	5,720	5,720
2023/2024	-	-	-	13,228	13,228
2024/2025	-	-	-	10,764	10,764
2025/2026	-	-	-	8,076	8,076
2026/2027	-	-	-	10,638	10,638
2027/2028	-	-	-	7,782	7,782
2028/2029	-	-	-	10,176	10,176
2029/2030	-	-	-	10,461	10,461
2030/2031	-	-	-	6,891	6,891
2031/2032	-	-	-	8,571	8,571
2032/2033	-	-	-	10,041	10,041
2033/2034	-	-	-	6,051	6,051
Total	\$ 24,100	\$ 10,798	\$ 109,531	\$ 198,471	\$ 342,900

CITY OF SHOREVIEW, MINNESOTA

Debt Service Payments to Maturity

Revenue Bonds

December 31, 2013

Exhibit 5

Page 1 of 2

Water Revenue Bonds								
	2002	2006	2007	2008	2010	Refunding 2013	2013A	2013C
Bonds payable	\$ 30,000	\$ 575,000	\$ 620,000	\$ 1,920,000	\$ 1,095,000	\$ 610,000	\$ 775,000	\$ 305,000
Future interest payable	548	10,993	132,699	530,303	292,998	54,500	86,593	52,423
Totals	<u>\$ 30,548</u>	<u>\$ 585,993</u>	<u>\$ 752,699</u>	<u>\$ 2,450,303</u>	<u>\$ 1,387,998</u>	<u>\$ 664,500</u>	<u>\$ 861,593</u>	<u>\$ 357,423</u>
Payments to maturity								
2014	\$ 30,548	\$ 585,993	\$ 73,415	\$ 202,195	\$ 111,445	\$ 51,800	\$ 91,043	\$ 5,998
2015	-	-	76,471	202,095	110,367	115,350	83,400	38,700
2016	-	-	74,409	201,795	113,918	88,500	86,950	37,800
2017	-	-	77,238	201,295	112,077	62,150	85,450	36,900
2018	-	-	74,943	200,595	109,878	70,950	83,950	36,000
2019	-	-	72,603	204,595	107,377	69,650	87,400	35,100
2020	-	-	75,117	203,175	109,548	68,350	85,800	34,200
2021	-	-	77,400	206,328	106,424	67,050	84,200	33,300
2022	-	-	74,547	204,081	103,130	70,700	87,550	32,400
2023	-	-	76,556	206,431	104,517	-	85,850	31,500
2024	-	-	-	208,234	100,625	-	-	35,525
2025	-	-	-	209,484	101,507	-	-	-
2026	-	-	-	-	97,185	-	-	-
	<u>\$ 30,548</u>	<u>\$ 585,993</u>	<u>\$ 752,699</u>	<u>\$ 2,450,303</u>	<u>\$ 1,387,998</u>	<u>\$ 664,500</u>	<u>\$ 861,593</u>	<u>\$ 357,423</u>

CITY OF SHOREVIEW, MINNESOTA

Debt Service Payments to Maturity

Revenue Bonds

December 31, 2013

	Sewer Revenue Bonds					
	2006	2007	2008	2010	Refunding 2013	2002
Bonds payable	\$ 180,000	\$ 190,000	\$ 470,000	\$ 870,000	\$ 285,000	\$ 50,000
Future interest payable	3,440	41,095	129,392	234,179	20,450	911
Totals	<u>\$ 183,440</u>	<u>\$ 231,095</u>	<u>\$ 599,392</u>	<u>\$ 1,104,179</u>	<u>\$ 305,450</u>	<u>\$ 50,911</u>
Payments to maturity						
2014	\$ 183,440	\$ 22,186	\$ 48,902	\$ 89,037	\$ 45,300	\$ 50,911
2015	-	21,631	47,701	88,175	64,300	-
2016	-	21,069	51,401	87,058	63,100	-
2017	-	25,407	50,001	85,677	22,300	-
2018	-	24,642	48,601	88,953	21,900	-
2019	-	23,862	52,101	86,922	21,500	-
2020	-	23,068	50,471	84,695	21,100	-
2021	-	22,263	48,811	87,212	20,700	-
2022	-	21,448	52,025	84,500	25,250	-
2023	-	25,519	50,112	81,612	-	-
2024	-	-	48,172	83,475	-	-
2025	-	-	51,094	80,138	-	-
2026	-	-	-	76,725	-	-
	<u>\$ 183,440</u>	<u>\$ 231,095</u>	<u>\$ 599,392</u>	<u>\$ 1,104,179</u>	<u>\$ 305,450</u>	<u>\$ 50,911</u>

Surface Water Revenue Bonds

2007	2008	2009	2010	Refunding 2013	2013A	2013C	Total
\$ 440,000	\$ 190,000	\$ 890,000	\$ 315,000	\$ 155,000	\$ 960,000	\$ 190,000	\$ 11,115,000
93,558	52,159	134,775	84,907	4,550	106,433	33,437	2,100,343
<u>\$ 533,558</u>	<u>\$ 242,159</u>	<u>\$ 1,024,775</u>	<u>\$ 399,907</u>	<u>\$ 159,550</u>	<u>\$ 1,066,433</u>	<u>\$ 223,437</u>	<u>\$ 13,215,343</u>
\$ 51,619	\$ 17,683	\$ 129,050	\$ 30,563	\$ 57,550	\$ 116,033	\$ 3,737	\$ 1,998,448
55,230	22,182	130,975	30,275	51,500	106,500	20,475	1,265,327
53,730	21,582	127,825	29,902	50,500	104,700	20,025	1,234,264
52,220	20,983	129,463	34,380	-	107,850	24,500	1,127,891
55,594	20,382	125,750	33,693	-	105,950	23,900	1,125,681
53,839	19,782	126,812	32,911	-	104,050	23,300	1,121,804
52,050	19,171	127,400	32,055	-	107,100	22,700	1,116,000
55,138	18,549	127,500	31,136	-	105,100	22,100	1,113,211
53,100	17,919	-	30,168	-	103,100	21,500	981,418
51,038	22,175	-	29,136	-	106,050	20,900	891,396
-	21,313	-	28,055	-	-	20,300	545,699
-	20,438	-	26,943	-	-	-	489,604
-	-	-	30,690	-	-	-	204,600
<u>\$ 533,558</u>	<u>\$ 242,159</u>	<u>\$ 1,024,775</u>	<u>\$ 399,907</u>	<u>\$ 159,550</u>	<u>\$ 1,066,433</u>	<u>\$ 223,437</u>	<u>\$ 13,215,343</u>

CITY OF SHOREVIEW, MINNESOTA

Debt Service Payments to Maturity
 General Obligation Improvement Bonds
 December 31, 2013

Exhibit 6

		G.O. Improvement Bonds							
		2002	2006	2008	2009	2010	Refunding 2013	2013C	Total
Bonds payable		\$ 50,000	\$ 115,000	\$ 280,000	\$ 195,000	\$ 130,000	\$ 235,000	\$ 1,775,000	\$ 2,780,000
Future interest payable		912	2,180	76,926	28,893	20,063	12,650	734,406	876,030
Total		\$ 50,912	\$ 117,180	\$ 356,926	\$ 223,893	\$ 150,063	\$ 247,650	\$ 2,509,406	\$ 3,656,030
Payments to maturity									
2014	\$ 50,912	\$ 117,180	\$ 31,225	\$ 26,363	\$ 13,636	\$ 49,250	\$ 38,881	\$ 327,447	
2015	-	-	30,425	30,687	18,452	73,100	59,310	211,974	
2016	-	-	29,625	29,937	18,172	56,850	143,035	277,619	
2017	-	-	28,825	29,156	17,828	21,100	140,485	237,394	
2018	-	-	28,025	28,313	17,415	10,800	137,935	222,488	
2019	-	-	27,225	27,437	16,946	5,650	135,385	212,643	
2020	-	-	31,307	26,500	16,433	10,500	132,835	217,575	
2021	-	-	30,269	25,500	15,881	10,300	135,210	217,160	
2022	-	-	29,219	-	15,300	10,100	137,435	192,054	
2023	-	-	28,156	-	-	-	134,585	162,741	
2024	-	-	31,969	-	-	-	131,735	163,704	
2025	-	-	30,656	-	-	-	138,735	169,391	
2026	-	-	-	-	-	-	110,880	110,880	
2027	-	-	-	-	-	-	108,320	108,320	
2028	-	-	-	-	-	-	110,680	110,680	
2029	-	-	-	-	-	-	107,960	107,960	
2030	-	-	-	-	-	-	109,800	109,800	
2031	-	-	-	-	-	-	101,300	101,300	
2032	-	-	-	-	-	-	97,900	97,900	
2033	-	-	-	-	-	-	99,400	99,400	
2034	-	-	-	-	-	-	100,700	100,700	
2035	-	-	-	-	-	-	96,900	96,900	
		\$ 50,912	\$ 117,180	\$ 356,926	\$ 223,893	\$ 150,063	\$ 247,650	\$ 2,509,406	\$ 3,656,030

CITY OF SHOREVIEW, MINNESOTA

Debt Service Payments to Maturity

G.O. Tax Increment and Other General Obligation Bonds

December 31, 2013

Exhibit 7

	TIF	Other G.O. Bonds						Total
	Refunding	Capital	Street	Capital	Capital Plan	Street	Street	
	Bonds	Plan	2006	Plan	Refunding	Refunding	2013	
	2007	2004		2010	2013	2013		
Bonds payable	\$ 690,000	\$ 870,000	\$ 1,710,000	\$ 5,270,000	\$ 750,000	\$ 1,380,000	\$ 2,415,000	\$ 13,085,000
Future interest payable	41,600	16,721	98,120	2,497,113	60,900	152,900	434,114	3,301,468
Total	\$ 731,600	\$ 886,721	\$ 1,808,120	\$ 7,767,113	\$ 810,900	\$ 1,532,900	\$ 2,849,114	\$ 16,386,468
Payments to maturity								
2014	\$ 367,600	\$ 886,721	\$ 226,480	\$ 484,773	\$ 15,000	\$ 27,600	\$ 215,048	\$ 2,223,222
2015	364,000	-	1,581,640	483,825	133,800	27,600	186,669	2,777,534
2016	-	-	-	481,625	131,400	225,600	188,819	1,027,444
2017	-	-	-	483,295	129,000	211,700	190,869	1,014,864
2018	-	-	-	478,660	136,500	207,900	187,869	1,010,929
2019	-	-	-	477,650	133,900	209,050	189,819	1,010,419
2020	-	-	-	470,571	131,300	205,150	186,719	993,740
2021	-	-	-	467,587	-	206,200	188,569	862,356
2022	-	-	-	463,635	-	212,100	190,319	866,054
2023	-	-	-	458,908	-	-	187,019	645,927
2024	-	-	-	453,385	-	-	188,456	641,841
2025	-	-	-	447,047	-	-	189,575	636,622
2026	-	-	-	439,530	-	-	185,638	625,168
2027	-	-	-	430,625	-	-	186,531	617,156
2028	-	-	-	425,410	-	-	187,197	612,607
2029	-	-	-	414,033	-	-	-	414,033
2030	-	-	-	406,554	-	-	-	406,554
	\$ 731,600	\$ 886,721	\$ 1,808,120	\$ 7,767,113	\$ 810,900	\$ 1,532,900	\$ 2,849,114	\$ 16,386,468

CITY OF SHOREVIEW, MINNESOTA

Debt Service Payments to Maturity

Certificates of Participation

December 31, 2013

Exhibit 8

	Refunding Certificates of Participation 2011
Bonds payable	\$ 3,985,000
Future interest payable	745,353
Total	<u>\$ 4,730,353</u>
Payments to maturity	
2014	\$ 467,315
2015	470,315
2016	467,935
2017	469,540
2018	474,978
2019	474,058
2020	477,057
2021	478,155
2022	473,750
2023	477,250
	<u>\$ 4,730,353</u>

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CITY OF SHOREVIEW, MINNESOTA

Combining Schedule of Property and Equipment

For The Year Ended December 31, 2013

	Capital Assets				Balance – December 31, 2013
	Balance – January 1, 2013	Additions	Deletions	Reclassification	
Governmental activities					
Governmental activities (excluding internal service funds)					
Land	\$ 7,688,052	\$ –	\$ –	\$ –	\$ 7,688,052
Buildings and structures	27,229,019	240,683	107,482	637,816	28,000,036
Machinery and equipment	2,793,997	32,173	–	61,092	2,887,262
Infrastructure	57,948,873	–	57,556	652,323	58,543,640
Construction in progress	1,060,087	5,925,631	–	(1,351,231)	5,634,487
Total	<u>96,720,028</u>	<u>6,198,487</u>	<u>165,038</u>	<u>–</u>	<u>102,753,477</u>
Internal service fund					
Central garage					
Land	36,293	–	–	–	36,293
Buildings and structures	6,786,055	143,324	–	–	6,929,379
Machinery and equipment	4,961,198	548,652	294,718	–	5,215,132
Total central garage	<u>11,783,546</u>	<u>691,976</u>	<u>294,718</u>	<u>–</u>	<u>12,180,804</u>
Total governmental activities	<u>108,503,574</u>	<u>6,890,463</u>	<u>459,756</u>	<u>–</u>	<u>114,934,281</u>
Business-type activities					
Water utility					
Land	27,577	–	–	–	27,577
Buildings and structures	6,452,565	–	–	280,650	6,733,215
Machinery and equipment	2,474,505	–	–	–	2,474,505
Distribution system	15,825,468	–	–	369,194	16,194,662
Construction in progress	397,197	926,734	–	(649,844)	674,087
Total water utility	<u>25,177,312</u>	<u>926,734</u>	<u>–</u>	<u>–</u>	<u>26,104,046</u>
Sewer utility					
Land	11,459	–	–	–	11,459
Buildings and structures	1,608,118	–	–	–	1,608,118
Machinery and equipment	46,746	–	–	–	46,746
Collection system	11,642,147	–	–	100,426	11,742,573
Construction in progress	101,000	85,426	–	(100,426)	86,000
Total sewer utility	<u>13,409,470</u>	<u>85,426</u>	<u>–</u>	<u>–</u>	<u>13,494,896</u>
Surface water management utility					
Land	265,166	–	–	–	265,166
Machinery and equipment	10,132	–	–	–	10,132
Collection system	10,600,867	–	–	389,538	10,990,405
Construction in progress	444,126	1,179,108	–	(389,538)	1,233,696
Total surface water management utility	<u>11,320,291</u>	<u>1,179,108</u>	<u>–</u>	<u>–</u>	<u>12,499,399</u>
Street light utility					
Machinery and equipment	723	–	–	–	723
Distribution system	1,636,791	–	23,923	183,672	1,796,540
Construction in progress	48,893	254,151	–	(183,672)	119,372
Total street light utility	<u>1,686,407</u>	<u>254,151</u>	<u>23,923</u>	<u>–</u>	<u>1,916,635</u>
Total business-type activities	<u>51,593,480</u>	<u>2,445,419</u>	<u>23,923</u>	<u>–</u>	<u>54,014,976</u>
Total government	<u>\$ 160,097,054</u>	<u>\$ 9,335,882</u>	<u>\$ 483,679</u>	<u>\$ –</u>	<u>\$ 168,949,257</u>

Exhibit 9

Accumulated Depreciation				Net Capital Assets		
Balance – January 1, 2013	Additions	Deletions	Reclassification	Balance – December 31, 2013	Balance – January 1, 2013	Balance – December 31, 2013
\$ –	\$ –	\$ –	\$ –	\$ –	\$ 7,688,052	\$ 7,688,052
8,088,650	567,478	56,065	–	8,600,063	19,140,369	19,399,973
1,604,621	155,714	–	–	1,760,335	1,189,376	1,126,927
34,241,772	1,628,382	57,556	–	35,812,598	23,707,101	22,731,042
–	–	–	–	–	1,060,087	5,634,487
<u>43,935,043</u>	<u>2,351,574</u>	<u>113,621</u>	<u>–</u>	<u>46,172,996</u>	<u>52,784,985</u>	<u>56,580,481</u>
–	–	–	–	–	36,293	36,293
1,225,521	251,144	–	–	1,476,665	5,560,534	5,452,714
2,122,371	389,968	252,781	–	2,259,558	2,838,827	2,955,574
<u>3,347,892</u>	<u>641,112</u>	<u>252,781</u>	<u>–</u>	<u>3,736,223</u>	<u>8,435,654</u>	<u>8,444,581</u>
<u>47,282,935</u>	<u>2,992,686</u>	<u>366,402</u>	<u>–</u>	<u>49,909,219</u>	<u>61,220,639</u>	<u>65,025,062</u>
–	–	–	–	–	27,577	27,577
2,606,236	182,750	–	–	2,788,986	3,846,329	3,944,229
323,043	98,092	–	–	421,135	2,151,462	2,053,370
8,084,416	341,984	–	–	8,426,400	7,741,052	7,768,262
–	–	–	–	–	397,197	674,087
<u>11,013,695</u>	<u>622,826</u>	<u>–</u>	<u>–</u>	<u>11,636,521</u>	<u>14,163,617</u>	<u>14,467,525</u>
–	–	–	–	–	11,459	11,459
493,321	65,430	–	–	558,751	1,114,797	1,049,367
29,193	2,988	–	–	32,181	17,553	14,565
6,387,803	257,920	–	–	6,645,723	5,254,344	5,096,850
–	–	–	–	–	101,000	86,000
<u>6,910,317</u>	<u>326,338</u>	<u>–</u>	<u>–</u>	<u>7,236,655</u>	<u>6,499,153</u>	<u>6,258,241</u>
–	–	–	–	–	265,166	265,166
8,818	175	–	–	8,993	1,314	1,139
2,124,553	228,690	–	–	2,353,243	8,476,314	8,637,162
–	–	–	–	–	444,126	1,233,696
<u>2,133,371</u>	<u>228,865</u>	<u>–</u>	<u>–</u>	<u>2,362,236</u>	<u>9,186,920</u>	<u>10,137,163</u>
180	72	–	–	252	543	471
999,146	44,412	23,923	–	1,019,635	637,645	776,905
–	–	–	–	–	48,893	119,372
<u>999,326</u>	<u>44,484</u>	<u>23,923</u>	<u>–</u>	<u>1,019,887</u>	<u>687,081</u>	<u>896,748</u>
<u>21,056,709</u>	<u>1,222,513</u>	<u>23,923</u>	<u>–</u>	<u>22,255,299</u>	<u>30,536,771</u>	<u>31,759,677</u>
<u>\$ 68,339,644</u>	<u>\$ 4,215,199</u>	<u>\$ 390,325</u>	<u>\$ –</u>	<u>\$ 72,164,518</u>	<u>\$ 91,757,410</u>	<u>\$ 96,784,739</u>

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STATISTICAL SECTION

III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Shoreview, Minnesota’s (the City) comprehensive annual 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 City’s overall financial health.

Contents:	Table No.
Financial Trends	1–5
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	6–12
These schedules contain information to help the reader assess the City’s most significant revenue source, including the property tax and utility revenue.	
Debt Capacity	13–17
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	18–19
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Indicators	20–22
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides, and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF SHOREVIEW
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 32,176,753	\$ 36,726,916	\$ 37,146,161	\$ 37,992,925
Restricted	6,416,990	3,672,378	3,944,143	4,570,921
Unrestricted	10,178,375	8,626,192	9,746,983	10,283,862
Total governmental activities net position	\$ 48,772,118	\$ 49,025,486	\$ 50,837,287	\$ 52,847,708
Business-type activities				
Net investment in capital assets	\$ 19,651,509	\$ 20,884,710	\$ 19,844,055	\$ 19,677,375
Restricted	751,051	761,313	550,207	437,425
Unrestricted	6,032,800	4,537,985	5,625,299	6,259,855
Total business-type activities net position	\$ 26,435,360	\$ 26,184,008	\$ 26,019,561	\$ 26,374,655
Primary government				
Net investment in capital assets	\$ 51,828,262	\$ 57,611,626	\$ 56,990,216	\$ 57,670,300
Restricted	7,168,041	4,433,691	4,494,350	5,008,346
Unrestricted	16,211,175	13,164,177	15,372,282	16,543,717
Total primary government net position	\$ 75,207,478	\$ 75,209,494	\$ 76,856,848	\$ 79,222,363

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 38,182,484	\$ 39,316,149	\$ 39,050,369	\$ 40,029,233	\$ 40,154,929	\$41,391,324
3,453,661	4,507,834	5,329,637	6,325,795	5,364,477	4,646,335
9,760,917	8,899,115	10,475,310	10,991,847	12,597,300	10,639,322
<u>\$ 51,397,062</u>	<u>\$ 52,723,098</u>	<u>\$ 54,855,316</u>	<u>\$ 57,346,875</u>	<u>\$ 58,116,706</u>	<u>\$56,676,981</u>
\$ 19,623,905	\$ 20,721,589	\$ 20,512,610	\$ 20,704,816	\$ 21,585,799	\$21,332,825
441,550	432,375	408,379	246,811	183,496	217,442
6,621,360	6,904,000	7,090,656	6,974,381	7,185,024	8,556,468
<u>\$ 26,686,815</u>	<u>\$ 28,057,964</u>	<u>\$ 28,011,645</u>	<u>\$ 27,926,008</u>	<u>\$ 28,954,319</u>	<u>\$30,106,735</u>
\$ 57,806,389	\$ 60,037,738	\$ 59,562,979	\$ 60,734,049	\$ 61,740,728	\$62,724,149
3,895,211	4,940,209	5,738,016	6,572,606	5,547,973	4,863,777
16,382,277	15,803,115	17,565,966	17,966,228	19,782,324	19,195,790
<u>\$ 78,083,877</u>	<u>\$ 80,781,062</u>	<u>\$ 82,866,961</u>	<u>\$ 85,272,883</u>	<u>\$ 87,071,025</u>	<u>\$86,783,716</u>

CITY OF SHOREVIEW
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities			
General government	\$ 1,898,145	\$ 1,957,641	\$ 2,012,555
Public safety	2,016,911	2,120,855	2,280,770
Public works	3,230,781	4,134,959	3,249,104
Parks and recreation	4,645,904	4,969,529	5,030,570
Community development	817,033	907,790	979,173
Interest on long-term debt	791,421	670,144	576,390
Total governmental activities expenses	<u>13,400,195</u>	<u>14,760,918</u>	<u>14,128,562</u>
Business-type activities			
Water	1,542,071	1,679,459	1,776,555
Sewer	2,525,698	2,653,292	2,704,443
Surface water	584,250	583,521	659,539
Street lights	234,792	226,177	257,344
Total business-type activities expenses	<u>4,886,811</u>	<u>5,142,449</u>	<u>5,397,881</u>
Total primary government expenses	<u>\$ 18,287,006</u>	<u>\$ 19,903,367</u>	<u>\$ 19,526,443</u>
Program revenues			
Government activities			
Charges for services			
General government	\$ 966,793	\$ 1,048,227	\$ 1,007,442
Public safety	67,128	61,284	61,161
Public works	638,369	640,760	541,602
Parks and recreation	2,733,549	2,844,391	2,791,453
Community development	939,906	559,333	610,697
Operating grants and contributions	258,545	342,822	277,233
Capital grants and contributions	2,939,081	1,024,129	1,029,830
Total governmental activities program revenues	<u>8,543,371</u>	<u>6,520,946</u>	<u>6,319,418</u>
Business-type activities			
Charges for services			
Water	1,471,639	1,360,134	1,649,154
Sewer	2,348,124	2,462,406	2,616,043
Surface water	596,565	599,376	632,155
Street lights	197,552	197,108	218,101
Operating grants and contributions	11,942	-	-
Capital grants and contributions	397,692	50,730	32,290
Total business-type activities program revenues	<u>5,023,514</u>	<u>4,669,754</u>	<u>5,147,743</u>
Total primary government program revenues	<u>\$ 13,566,885</u>	<u>\$ 11,190,700</u>	<u>\$ 11,467,161</u>

Table 2
Page 1 of 2

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 2,128,804	\$ 2,225,081	\$ 2,199,814	\$ 2,192,010	\$ 2,227,952	\$ 2,349,276	\$ 2,582,399
2,283,009	2,659,654	2,612,926	2,642,094	2,783,332	3,113,032	3,543,388
3,520,883	3,860,277	3,737,382	3,512,821	3,909,642	3,998,390	6,798,886
4,980,839	5,862,962	5,931,822	5,737,675	6,169,365	6,128,769	6,123,840
886,415	2,555,177	1,357,296	1,472,700	1,398,228	2,904,944	2,210,253
675,827	572,356	524,858	697,523	911,854	595,009	730,200
<u>14,475,777</u>	<u>17,735,507</u>	<u>16,364,098</u>	<u>16,254,823</u>	<u>17,400,373</u>	<u>19,089,420</u>	<u>21,988,966</u>
1,792,092	1,927,324	1,912,770	2,051,213	2,281,299	2,206,516	2,238,481
2,683,832	2,883,638	3,320,551	3,173,831	3,315,044	3,283,498	3,498,374
700,644	753,179	755,520	906,527	966,638	1,019,008	954,828
255,020	258,168	255,038	282,638	318,063	275,412	295,949
<u>5,431,588</u>	<u>5,822,309</u>	<u>6,243,879</u>	<u>6,414,209</u>	<u>6,881,044</u>	<u>6,784,434</u>	<u>6,987,632</u>
<u>\$ 19,907,365</u>	<u>\$ 23,557,816</u>	<u>\$ 22,607,977</u>	<u>\$ 22,669,032</u>	<u>\$ 24,281,417</u>	<u>\$ 25,873,854</u>	<u>\$ 28,976,598</u>
\$ 1,073,599	\$ 1,053,965	\$ 1,103,341	\$ 1,210,068	\$ 1,309,819	\$ 1,248,377	\$ 1,405,214
53,697	59,091	61,578	36,315	64,225	70,304	55,362
675,276	702,876	815,048	692,040	741,563	828,857	918,543
2,748,584	2,877,161	3,144,695	3,385,971	3,620,548	3,651,544	3,744,316
709,768	575,989	388,087	579,792	479,074	611,623	758,157
241,590	118,437	236,381	250,264	311,246	320,347	1,345,155
78,181	131,876	920,597	881,392	1,145,697	852,396	911,375
<u>5,580,695</u>	<u>5,519,395</u>	<u>6,669,727</u>	<u>7,035,842</u>	<u>7,672,172</u>	<u>7,583,448</u>	<u>9,138,122</u>
1,847,847	1,920,360	2,225,830	2,009,301	2,186,139	2,918,022	2,694,959
2,695,914	2,849,000	3,151,607	3,254,199	3,548,325	3,568,777	3,777,352
684,387	749,967	809,111	926,154	1,008,151	1,147,539	1,221,047
232,419	303,697	334,047	348,778	365,475	456,284	474,872
-	-	-	-	-	-	-
220,512	87,063	1,088,613	37,176	27,878	109,985	76,008
<u>5,681,079</u>	<u>5,910,087</u>	<u>7,609,208</u>	<u>6,575,608</u>	<u>7,135,968</u>	<u>8,200,607</u>	<u>8,244,238</u>
<u>\$ 11,261,774</u>	<u>\$ 11,429,482</u>	<u>\$ 14,278,935</u>	<u>\$ 13,611,450</u>	<u>\$ 14,808,140</u>	<u>\$ 15,784,055</u>	<u>\$ 17,382,360</u>

CITY OF SHOREVIEW
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
Net (expense) revenue			
Governmental activities	\$ (4,856,824)	\$ (8,239,972)	\$ (7,809,144)
Business-type activities	136,703	(472,695)	(250,138)
Total primary government net expense	<u>\$ (4,720,121)</u>	<u>\$ (8,712,667)</u>	<u>\$ (8,059,282)</u>
General revenues and other changes in net position			
Governmental activities			
Taxes			
Property taxes	\$ 6,250,274	\$ 6,452,818	\$ 6,966,696
Tax increments	1,514,784	1,556,678	1,638,599
Franchise tax	202,110	222,715	239,281
Unrestricted grants and contributions	36,582	37,547	36,342
Investment earnings	261,132	282,518	565,522
Gain on disposal of capital assets	17,807	36,241	32,762
	5,644	620	–
Transfers	123,186	(95,797)	141,743
Total governmental activities	<u>8,411,519</u>	<u>8,493,340</u>	<u>9,620,945</u>
Business-type activities			
Investment earnings	127,820	125,546	227,434
Transfers	(123,186)	95,797	(141,743)
Total business-type activities	<u>4,634</u>	<u>221,343</u>	<u>85,691</u>
Total primary government	<u>\$ 8,416,153</u>	<u>\$ 8,714,683</u>	<u>\$ 9,706,636</u>
Change in net position			
Governmental activities	\$ 3,554,695	\$ 253,368	\$ 1,811,801
Business-type activities	141,337	(251,352)	(164,447)
Total primary government	<u>\$ 3,696,032</u>	<u>\$ 2,016</u>	<u>\$ 1,647,354</u>

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ (8,895,082)	\$ (12,216,112)	\$ (9,694,371)	\$ (9,218,981)	\$ (9,728,201)	\$ (11,505,972)	\$ (12,850,844)
249,491	87,778	1,365,329	161,399	254,924	1,416,173	1,256,606
<u>\$ (8,645,591)</u>	<u>\$ (12,128,334)</u>	<u>\$ (8,329,042)</u>	<u>\$ (9,057,582)</u>	<u>\$ (9,473,277)</u>	<u>\$ (10,089,799)</u>	<u>\$ (11,594,238)</u>
\$ 7,584,996	\$ 7,919,725	\$ 8,328,002	\$ 8,620,022	\$ 8,911,670	\$ 9,243,083	\$ 9,666,218
1,785,481	1,840,640	2,007,418	1,935,523	2,035,627	1,980,051	1,882,775
259,107	279,644	280,687	283,344	287,206	301,530	456,242
311,849	187,030	44,876	40,762	41,851	33,369	33,500
776,753	503,337	192,083	168,822	374,378	231,716	(553,422)
7,317	31,090	60,749	29,473	64,709	26,561	56,763
-	-	-	-	-	-	-
180,000	4,000	106,592	273,253	504,319	459,493	(130,957)
<u>10,905,503</u>	<u>10,765,466</u>	<u>11,020,407</u>	<u>11,351,199</u>	<u>12,219,760</u>	<u>12,275,803</u>	<u>11,411,119</u>
285,603	228,382	112,412	65,535	163,758	71,631	(235,147)
(180,000)	(4,000)	(106,592)	(273,253)	(504,319)	(459,493)	130,957
<u>105,603</u>	<u>224,382</u>	<u>5,820</u>	<u>(207,718)</u>	<u>(340,561)</u>	<u>(387,862)</u>	<u>(104,190)</u>
<u>\$ 11,011,106</u>	<u>\$ 10,989,848</u>	<u>\$ 11,026,227</u>	<u>\$ 11,143,481</u>	<u>\$ 11,879,199</u>	<u>\$ 11,887,941</u>	<u>\$ 11,306,929</u>
\$ 2,010,421	\$ (1,450,646)	\$ 1,326,036	\$ 2,132,218	\$ 2,491,559	\$ 769,831	\$ (1,439,725)
355,094	312,160	1,371,149	(46,319)	(85,637)	1,028,311	1,152,416
<u>\$ 2,365,515</u>	<u>\$ (1,138,486)</u>	<u>\$ 2,697,185</u>	<u>\$ 2,085,899</u>	<u>\$ 2,405,922</u>	<u>\$ 1,798,142</u>	<u>\$ (287,309)</u>

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CITY OF SHOREVIEW

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 3

<u>Fiscal Year</u>	<u>General Property Tax</u>	<u>Tax Increments</u>	<u>Franchise Tax</u>	<u>Total</u>
2004	\$ 6,250,274	\$ 1,514,784	\$ 202,110	\$ 7,967,168
2005	6,452,818	1,556,678	222,715	8,232,211
2006	6,966,696	1,638,599	239,281	8,844,576
2007	7,584,996	1,785,481	259,107	9,629,584
2008	7,919,725	1,840,640	279,644	10,040,009
2009	8,328,002	2,007,418	280,687	10,616,107
2010	8,620,022	1,935,523	283,344	10,838,889
2011	8,911,670	2,035,627	287,206	11,234,503
2012	9,243,083	1,980,051	301,530	11,524,664
2013	9,666,218	1,882,775	456,242	12,005,235

CITY OF SHOREVIEW

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved	12,293	11,763	41,139	46,887
Unreserved	<u>2,719,514</u>	<u>2,822,064</u>	<u>3,010,210</u>	<u>3,394,008</u>
Total General Fund	<u>\$ 2,731,807</u>	<u>\$ 2,833,827</u>	<u>\$ 3,051,349</u>	<u>\$ 3,440,895</u>
All other governmental funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	5,333,751	3,213,286	3,572,300	5,402,601
Unreserved, reported in				
Special revenue funds	1,037,895	927,985	930,430	922,183
Capital projects funds	<u>6,049,143</u>	<u>4,008,834</u>	<u>6,300,458</u>	<u>5,366,600</u>
Total all other governmental funds	<u>\$ 12,420,789</u>	<u>\$ 8,150,105</u>	<u>\$ 10,803,188</u>	<u>\$ 11,691,384</u>

(1) The implementation of Governmental Accounting Standards Board Statement No. 54 in 2011 resulted in a significant change in the City's fund balance classifications. Prior years information has not been restated.

Table 4

Fiscal Year					
2008	2009	2010	2011 (1)	2012	2013
\$ -	\$ -	\$ -	\$ 17,954	\$ 69,213	\$ 82,971
-	-	-	3,958,458	4,066,796	4,220,635
47,363	48,559	6,463	-	-	-
3,555,239	3,814,089	3,914,672	-	-	-
<u>\$ 3,602,602</u>	<u>\$ 3,862,648</u>	<u>\$ 3,921,135</u>	<u>\$ 3,976,412</u>	<u>\$ 4,136,009</u>	<u>\$ 4,303,606</u>
\$ -	\$ -	\$ -	\$ 9,924	\$ 8,680	\$ 14,642
-	-	-	5,955,357	5,105,880	6,832,418
-	-	-	5,030,274	5,562,550	5,517,902
-	-	-	1,200,724	1,858,594	967,183
-	-	-	(46,333)	(222,622)	(1,294,351)
3,299,496	4,204,725	5,336,946	-	-	-
952,644	1,083,914	1,338,648	-	-	-
4,441,511	3,499,574	3,884,575	-	-	-
<u>\$ 8,693,651</u>	<u>\$ 8,788,213</u>	<u>\$ 10,560,169</u>	<u>\$ 12,149,946</u>	<u>\$ 12,313,082</u>	<u>\$ 12,037,794</u>

CITY OF SHOREVIEW

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes				
General property taxes	\$ 6,256,254	\$ 6,443,342	\$ 6,964,113	\$ 7,578,220
Tax increments	1,514,784	1,556,678	1,638,599	1,785,481
Franchise tax	202,110	222,715	239,281	259,107
Special assessments	377,363	223,774	217,849	152,745
Licenses and permits	771,993	479,418	519,666	653,392
Intergovernmental	2,180,799	964,114	950,468	409,907
Charges for services	4,264,281	4,364,782	4,157,841	4,282,726
Fines and forfeits	61,173	55,782	52,605	49,462
Earnings on investments	240,566	264,449	527,272	727,810
Payments in lieu of taxes	110,000	110,000	110,000	110,000
Billboard fees	-	-	-	-
Antenna rental fees	116,564	147,194	142,183	147,056
Loan payments	144,500	14,500	14,500	14,500
Miscellaneous	480,067	396,400	238,796	198,053
Total revenues	<u>16,720,454</u>	<u>15,243,148</u>	<u>15,773,173</u>	<u>16,368,459</u>
Expenditures				
Current				
General government	1,723,973	1,797,619	1,837,668	1,929,640
Public safety	1,943,598	2,045,987	2,188,814	2,175,694
Public works	1,773,393	2,701,593	1,776,118	1,986,180
Parks and recreation	4,237,102	4,580,040	4,638,698	4,579,140
Community development	811,259	898,564	971,118	894,001
Miscellaneous	104,937	94,460	100,375	110,135
Capital outlay	2,416,176	2,667,448	8,078,575	2,472,723
Debt service				
Principal	1,409,351	1,626,674	1,670,000	1,550,000
Interest and paying agent fees	752,364	704,913	580,492	684,749
Payment to refunded bond escrow agent	-	-	-	-
Total expenditures	<u>15,172,153</u>	<u>17,117,298</u>	<u>21,841,858</u>	<u>16,382,262</u>
Revenues over (under) expenditures	<u>1,548,301</u>	<u>(1,874,150)</u>	<u>(6,068,685)</u>	<u>(13,803)</u>
Other financing sources (uses)				
Issuance of refunding debt	2,625,000	-	-	1,090,000
Loan issued	-	-	6,000,000	-
Bonds issued	2,055,000	-	2,705,000	-
Premium on bonds issued	1,255	-	-	17,027
Discount on debt issuance	(16,972)	-	(10,869)	-
Payments to refunded bond escrow agent	-	(2,550,000)	-	-
Sale of capital assets	-	9,106	5,159	-
Transfers in	382,860	246,380	240,000	244,518
Transfers out	-	-	-	(60,000)
Total other financing sources (uses)	<u>5,047,143</u>	<u>(2,294,514)</u>	<u>8,939,290</u>	<u>1,291,545</u>
Net change in fund balances	<u>\$ 6,595,444</u>	<u>\$ (4,168,664)</u>	<u>\$ 2,870,605</u>	<u>\$ 1,277,742</u>
Debt service as a percentage of noncapital expenditures	<u>16.9%</u>	<u>16.1%</u>	<u>16.4%</u>	<u>16.1%</u>

Table 5

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 7,897,145	\$ 8,274,948	\$ 8,649,002	\$ 8,843,965	\$ 9,011,334	\$ 9,463,973
1,840,640	2,007,418	1,935,523	2,035,627	1,980,051	1,882,775
279,644	280,687	283,344	287,206	301,530	456,242
159,197	260,209	208,473	193,372	181,035	149,647
531,895	368,878	501,198	441,243	540,755	648,306
280,361	404,823	449,736	1,180,975	913,123	1,973,301
4,403,209	4,773,333	5,012,643	5,272,954	5,380,786	5,857,355
55,814	55,582	32,813	62,135	67,000	52,440
477,652	179,965	133,828	352,042	216,714	(508,781)
110,000	110,000	110,000	110,000	110,000	–
–	–	–	–	43,557	51,667
156,934	178,643	228,607	319,150	246,611	243,606
21,750	21,750	21,750	21,750	–	–
81,209	68,358	88,001	87,816	154,427	147,399
<u>16,295,450</u>	<u>16,984,594</u>	<u>17,654,918</u>	<u>19,208,235</u>	<u>19,146,923</u>	<u>20,417,930</u>
2,009,234	1,982,564	2,086,403	2,062,470	2,205,967	2,385,455
2,550,216	2,515,416	2,557,182	2,697,842	3,027,782	3,458,358
2,215,994	2,135,743	1,913,770	2,235,780	2,335,935	5,172,372
5,322,799	5,442,013	5,213,371	5,746,983	5,620,067	5,634,141
2,558,932	1,347,855	1,468,725	1,392,619	2,903,360	2,206,684
117,609	145,689	120,007	–	–	–
1,520,192	1,932,761	1,295,891	2,191,037	1,362,235	6,938,968
1,705,000	1,115,000	1,120,000	1,125,000	1,335,000	1,395,000
615,224	535,526	512,080	367,213	407,823	456,794
–	–	–	85,989	–	–
<u>18,615,200</u>	<u>17,152,567</u>	<u>16,287,429</u>	<u>17,904,933</u>	<u>19,198,169</u>	<u>27,647,772</u>
<u>(2,319,750)</u>	<u>(167,973)</u>	<u>1,367,489</u>	<u>1,303,302</u>	<u>(51,246)</u>	<u>(7,229,842)</u>
–	–	–	4,620,000	–	2,365,000
–	–	–	–	–	–
330,000	235,000	140,000	–	–	4,190,000
–	6,150	–	–	–	285,435
(1,676)	–	(1,120)	(44,759)	–	–
(1,085,000)	–	–	(4,575,241)	–	(135,000)
400	8,431	–	752	250	3,290
240,000	273,000	324,074	341,000	373,729	413,426
–	–	–	–	–	–
<u>(516,276)</u>	<u>522,581</u>	<u>462,954</u>	<u>341,752</u>	<u>373,979</u>	<u>7,122,151</u>
<u>\$ (2,836,026)</u>	<u>\$ 354,608</u>	<u>\$ 1,830,443</u>	<u>\$ 1,645,054</u>	<u>\$ 322,733</u>	<u>\$ (107,691)</u>
<u>13.6%</u>	<u>10.8%</u>	<u>10.9%</u>	<u>9.5%</u>	<u>9.8%</u>	<u>8.9%</u>

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CITY OF SHOREVIEW

Taxable Net Tax Capacity Value and Estimated Market Value of Taxable Property
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property		Personal Property	Agricultural and Miscellaneous	Less Captured Tax Increment Value	Total Taxable Net Tax Capacity Value	Total Direct Tax Rate	Total Market Value	Net Tax Capacity as a Percentage of Market Value
	Residential Property	Commercial Property							
2004	\$ 19,838,893	\$5,718,678	\$ 267,246	\$ 20,633	\$ 1,426,915	\$ 24,418,535	27.067%	\$2,254,552,400	1.1%
2005	22,604,377	5,831,835	273,152	29,250	1,601,414	27,137,200	25.445%	2,544,617,800	1.1%
2006	25,308,639	6,526,392	280,671	24,285	1,665,131	30,474,856	23.974%	2,844,890,400	1.1%
2007	27,747,993	7,310,552	287,179	29,364	1,830,461	33,544,627	23.299%	3,124,914,300	1.1%
2008	28,781,938	8,444,482	278,268	23,059	2,129,346	35,398,401	23.532%	3,276,232,000	1.1%
2009	28,005,715	8,329,045	272,674	25,617	2,033,697	34,599,354	25.129%	3,198,277,000	1.1%
2010	26,372,797	8,238,244	269,727	8,996	1,933,124	32,956,640	27.569%	3,015,578,000	1.1%
2011	24,749,422	7,524,515	276,239	23,332	1,784,852	30,788,656	30.671%	2,838,577,100	1.1%
2012	22,153,383	7,228,211	296,285	21,668	1,549,078	28,150,469	33.252%	2,568,566,800	1.1%
2013	20,538,954	6,704,036	311,101	60,854	1,379,783	26,235,162	36.970%	2,404,938,000	1.1%

Percentage of Total Net Tax Capacity Value

2003	82.2%	22.4%	1.3%	0.1%	6.0%	100.0%
2004	81.2%	23.4%	1.1%	0.1%	5.8%	100.0%
2005	83.3%	21.5%	1.0%	0.1%	5.9%	100.0%
2006	83.0%	21.4%	0.9%	0.1%	5.5%	100.0%
2007	82.7%	21.8%	0.9%	0.1%	5.5%	100.0%
2008	81.3%	23.9%	0.8%	0.1%	6.0%	100.0%
2009	80.9%	24.1%	0.8%	0.1%	5.9%	100.0%
2010	80.0%	25.0%	0.8%	0.1%	6.0%	100.0%
2011	80.4%	24.4%	0.9%	0.1%	5.8%	100.0%
2012	78.7%	25.7%	1.1%	0.1%	5.5%	100.0%
2013	78.3%	25.6%	1.2%	0.2%	5.3%	100.0%

Tax exempt property values are not included in total net capacity value.

Source: Ramsey County Assessor's Office

CITY OF SHOREVIEW

Property Tax Rates

Direct and Overlapping (1) Governments

Last Ten Fiscal Years

City of Shoreview	2004	2005	2006
Tax Capacity Rates:			
City of Shoreview			
General Fund	21.287%	19.352%	18.244%
Special Revenue	-	-	-
Capital Project	4.680%	4.865%	4.632%
Debt Service	1.100%	1.228%	1.098%
Internal Service	-	-	-
Total City Tax Rate	27.067%	25.445%	23.974%
Shoreview HRA	-	-	-
Overlapping Rates			
Ramsey County	49.439%	45.848%	43.554%
Ramsey County Library	3.696%	3.362%	3.069%
Total County Tax Rate	53.135%	49.210%	46.623%
Rice Creek Watershed	1.206%	1.606%	1.794%
Metro Watershed	-	-	-
School Districts			
District #621	21.843%	22.112%	23.419%
District #623	15.431%	16.713%	16.664%
District #916	0.083%	0.075%	0.066%
Other			
Regional rail	0.522%	0.833%	2.453%
Regional transit	-	-	-
Metropolitan Council	3.115%	2.755%	2.491%
Mosquito Control	0.606%	0.588%	0.523%
Total Direct and Overlapping Tax Capacity Rates:			
Grass Lake, #621 & #916	106.371%	101.018%	99.549%
Rice Creek, #621 & #916	107.577%	102.624%	101.343%
Metro Watershed, #621 & #916	-	-	-
Grass Lake, #623 & #916	99.959%	95.619%	92.794%
Rice Creek, #623 & #916	101.165%	97.225%	94.588%
Metro Watershed, #623 & #916	-	-	-
State-Wide Tax Capacity Rates:			
Commercial, industrial, and non-electric public utilities	54.109%	51.121%	50.827%
Cabins	54.109%	51.121%	28.385%
Market Value Tax Rates:			
Overlapping Rates			
School Districts			
District #621	0.15947%	0.12131%	0.12803%
District #623	0.19583%	0.16244%	0.15115%

Source: Ramsey County Assessor's office

(1) Overlapping rates are those of local, county, regional, and state 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 portion of the government's property owners whose property is located within the geographic boundaries of the special district).

Table 7

2007	2008	2009	2010	2011	2012	2013
17.164%	16.972%	18.346%	20.053%	21.634%	23.148%	25.557%
–	–	–	–	0.085%	0.197%	0.231%
4.403%	4.863%	5.175%	5.786%	6.821%	7.552%	8.545%
1.732%	1.697%	1.608%	1.730%	1.797%	1.582%	1.929%
–	–	–	–	0.334%	0.773%	0.708%
23.299%	23.532%	25.129%	27.569%	30.671%	33.252%	36.970%
–	–	–	0.169%	0.198%	0.254%	0.289%
41.967%	41.158%	43.171%	46.598%	50.801%	56.945%	60.638%
2.976%	2.865%	3.375%	3.650%	3.877%	4.372%	4.602%
44.943%	44.023%	46.546%	50.248%	54.678%	61.317%	65.240%
1.315%	1.608%	1.545%	1.511%	1.618%	2.348%	2.322%
–	–	–	–	–	3.043%	3.643%
23.264%	20.380%	22.937%	24.560%	25.573%	29.044%	29.444%
12.372%	10.175%	10.624%	13.065%	14.566%	17.065%	15.464%
–	–	–	–	–	–	–
3.956%	3.454%	3.521%	3.700%	3.921%	4.330%	4.528%
–	–	–	–	–	–	–
2.174%	2.051%	2.084%	2.261%	2.313%	2.706%	2.776%
0.501%	0.479%	0.487%	0.480%	0.503%	0.571%	0.573%
98.137%	93.919%	100.704%	108.987%	117.857%	131.474%	139.820%
99.452%	95.527%	102.249%	110.498%	119.475%	133.822%	142.142%
–	–	–	–	–	134.517%	143.463%
87.245%	83.714%	88.391%	97.492%	106.850%	119.495%	125.840%
88.560%	85.322%	89.936%	99.003%	108.468%	121.843%	128.162%
–	–	–	–	–	122.538%	129.483%
48.032%	45.949%	45.535%	45.881%	49.043%	51.100%	52.523%
24.225%	20.385%	18.214%	17.755%	19.145%	20.750%	22.327%
0.18163%	0.18924%	0.18685%	0.18882%	0.19536%	0.21242%	0.22834%
0.16932%	0.18134%	0.20390%	0.20374%	0.19715%	0.19591%	0.24553%

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CITY OF SHOREVIEW
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

Taxpayer	2013				2004			
	Market Value	Taxable Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value	Market Value	Taxable Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value
JPMCC 2006-LDP7 Gramsie Rd LLC	\$ 40,561,500	\$ 810,480	1	3.09%	\$ -	\$ -	-	-
Wells Fargo	36,898,500	737,220	2	2.81%	36,100,000	721,250	2	2.95%
Deluxe Corporation	21,900,000	437,250	3	1.67%	29,000,000	579,250	3	2.37%
Medtronic	14,870,000	296,650	4	1.13%	13,500,000	269,250	5	1.10%
Dayton Hudson Corporation	14,598,700	290,474	5	1.11%	13,500,000	269,250	4	1.10%
Terrace Apartments Company	22,366,500	279,581	6	1.07%	21,473,500	268,419	6	1.10%
Carroll Ventures Company	16,621,300	207,766	7	0.79%	-	-	-	-
Fox UTV Holdings Inc & Delaware Corp	10,243,200	202,456	8	0.77%	-	-	-	-
Northern States Power Co.	9,296,500	180,170	9	0.69%	12,773,000	255,373	7	1.05%
TSI Inc.	8,972,900	178,708	10	0.68%	6,812,300	135,496	9	0.55%
Shoreview Owner, LLC	-	-	-	-	41,250,000	824,250	1	3.38%
Rice Creek, LLC	-	-	-	-	6,164,000	122,530	10	0.50%
George J. Reiling	-	-	-	-	8,144,400	160,638	8	0.66%
Total	\$ 196,329,100	\$ 3,620,755		13.81%	\$ 188,717,200	\$ 3,605,706		14.76%

Rank is based on Taxable Net Tax Capacity Value

Source: Ramsey County Board of Equalization and Assessment

CITY OF SHOREVIEW

Property Tax Levies and Collections:
Last Ten Fiscal Years

Levy Year	Total Tax Levy for Fiscal Year (1)	Collections (Refunds) within the Fiscal Year						
		2004	2005	2006	2007	2008	2009	2010
Property Taxes:								
2004	\$ 6,216,971	\$ 6,150,425	\$ (11,970)	\$ 1,868	\$ -	\$ 845	\$ -	\$ 40
2005	6,567,362	-	6,444,720	42,719	(1,415)	3,164	942	135
2006	7,028,114	-	-	6,907,441	74,370	(20,580)	1,585	981
2007	7,557,202	-	-	-	7,498,003	2,782	3,568	5,152
2008	8,045,252	-	-	-	-	7,906,905	38,347	767
2009	8,350,663	-	-	-	-	-	8,224,205	23,468
2010	8,731,773	-	-	-	-	-	-	8,608,884
2011	9,051,713	-	-	-	-	-	-	-
2012	9,360,028	-	-	-	-	-	-	-
2013	9,679,510	-	-	-	-	-	-	-
Non-levy collections (2)		11,997	10,961	8,498	7,162	2,805	6,261	9,575
Total collections within fiscal year		<u>\$6,256,254</u>	<u>\$ 6,443,342</u>	<u>\$ 6,964,113</u>	<u>\$ 7,578,220</u>	<u>\$ 7,897,145</u>	<u>\$ 8,274,948</u>	<u>\$ 8,649,002</u>
Tax Increments:								
2004	\$ 1,512,562	\$ 1,508,828	\$ -	\$ (19,903)	\$ -	\$ -	\$ -	\$ -
2005	1,612,519	-	1,556,678	15,546	-	-	-	-
2006	1,651,885	-	-	1,642,956	-	-	-	-
2007	1,785,481	-	-	-	1,785,481	-	-	-
2008	1,990,510	-	-	-	-	1,840,640	-	-
2009	2,037,210	-	-	-	-	-	2,007,418	-
2010	2,096,947	-	-	-	-	-	-	1,935,523
2011	2,094,246	-	-	-	-	-	-	-
2012	2,013,059	-	-	-	-	-	-	-
2013	1,917,808	-	-	-	-	-	-	-
Non-levy collections (2)		-	-	-	-	-	-	-
Total collections within fiscal year		<u>\$1,514,785</u>	<u>\$ 1,556,678</u>	<u>\$ 1,638,599</u>	<u>\$ 1,785,481</u>	<u>\$ 1,840,640</u>	<u>\$ 2,007,418</u>	<u>\$ 1,935,523</u>

(1) Net of county rounding adjustment

(2) Non-levy collections include interest and other collections that do not reduce uncollected taxes

Table 9

Collections (Refunds) within the Fiscal Year			Percentage Collected Within the Fiscal Year of the Levy	Total Collections to Date		Abatements and Adjustments	Total Uncollected	
2011	2012	2013		Amount	Percentage of Levy		Amount	Percentage of Levy
\$ -	\$ -	\$ -	98.9%	\$ 6,141,208	98.8%	\$ (75,763)	\$ -	0.00%
205	-	-	98.1%	6,490,470	98.8%	(76,892)	-	0.00%
(6,484)	127	-	98.3%	6,957,440	99.0%	(70,674)	-	0.00%
(10,043)	369	1,183	99.2%	7,501,014	99.3%	(54,920)	1,268	0.02%
(16,093)	908	785	98.3%	7,931,619	98.6%	(110,332)	3,301	0.04%
(27,916)	(4,727)	962	98.5%	8,215,992	98.4%	(130,676)	3,995	0.05%
29,965	(69,854)	(5,977)	98.6%	8,563,018	98.1%	(172,888)	(4,133)	(0.05)%
8,980,471	(7,542)	(11,727)	99.2%	8,961,202	99.0%	(81,546)	8,965	0.10%
-	9,262,995	28,098	99.0%	9,291,093	99.3%	(50,401)	18,534	0.20%
-	-	9,607,386	99.3%	9,607,386	99.3%	(18,690)	53,434	0.55%
(8,254)	43,440	26,253						
<u>\$ 8,941,851</u>	<u>\$ 9,225,716</u>	<u>\$ 9,646,963</u>					<u>\$ 85,364</u>	
\$ -	\$ -	\$ -	99.8%	\$ 1,488,925	98.4%	\$ (23,637)	\$ -	0.00%
-	-	-	96.5%	1,572,224	97.5%	(40,295)	-	0.00%
-	-	-	99.5%	1,642,956	99.5%	(8,929)	-	0.00%
-	-	-	100.0%	1,785,481	100.0%	-	-	0.00%
-	-	-	92.5%	1,840,640	92.5%	(149,870)	-	0.00%
-	-	-	98.5%	2,007,418	98.5%	(29,792)	-	0.00%
9,302	-	-	92.3%	1,944,825	92.7%	(152,122)	-	0.00%
2,026,325	9,864	-	96.8%	2,036,189	97.2%	(58,057)	-	0.00%
-	1,939,529	(8,553)	96.3%	1,930,976	95.9%	(67,319)	14,764	0.73%
-	-	1,891,327	98.6%	1,891,327	98.6%	(978)	25,503	1.33%
-	30,658	-						
<u>\$ 2,035,627</u>	<u>\$ 1,980,051</u>	<u>\$ 1,882,774</u>					<u>\$ 40,267</u>	

CITY OF SHOREVIEW

Water Sold by Type of Customer

Last Ten Fiscal Years

(in millions of gallons)

Fiscal Year	Residential				Total Residential
	Tier 1 – First 15,000 Gallons	Tier 2 – Second 15,000 Gallons	Tier 3 – Remaining Gallons		
2004	390.3	268.6	128.2		787.1
2005	388.4	243.5	110.9		742.8
2006	389.0	266.7	160.0		815.7
2007	387.0	260.4	190.6		838.0
2008	381.5	254.2	141.8		777.5
2009	389.9	280.8	171.5		842.2
Fiscal Year	(1) Residential				Total Residential
	Tier 1 – First 10,000 Gallons	Tier 2 – Second 20,000 Gallons	Tier 3 – Remaining Gallons		
2010	362.0	230.8	94.8		687.6
2011	360.5	221.7	94.7		676.9
Fiscal Year	(3) Residential				Total Residential
	Tier 1 – First 5,000 Gallons	Tier 2 – Second 5,000 Gallons	Tier 3 – Third 20,000 Gallons	Tier 4 – Remaining Gallons	
2012	199.7	165.0	250.7	148.8	764.2
2013	201.1	161.8	219.1	107.5	689.5
2004	40.1%		27.6%	13.2%	80.9%
2005	41.8%		26.2%	11.9%	79.9%
2006	38.9%		26.7%	16.0%	81.6%
2007	37.1%		24.9%	18.2%	80.2%
2008	38.9%		25.9%	14.4%	79.2%
2009	36.4%		26.2%	16.0%	78.6%
2010	39.8%		25.3%	10.4%	75.5%
2011	40.6%		24.9%	10.6%	76.1%
2012	19.5%	16.2%	24.6%	14.6%	74.9%
2013	22.1%	17.8%	24.0%	11.8%	75.7%

- (1) In 2010 the City adjusted its tiers for residential accounts, and established tiers for Commercial/Industrial etc. accounts.
- (2) The City does not bill the various departments for water use, this consumption is for tracking purposes only. The City started tracking internal water consumption in 2007.
- (3) In 2012 the City adjusted its tiers for residential accounts by splitting the first tier into two tiers.

Source: City of Shoreview utility billing department

Table 10

Commercial/Industrial/Hotel/Motel/Public Institutions Religious/Charitable/Residential irrigation only accounts					
Tier 1 – First 50,000 Gallons	Tier 2 – Second 1,150,000 Gallons	Tier 3 – Remaining Water Consumed	Total Commercial/ Industrial Etc.	Shoreview City Accounts (2)	Total Water Sold
–	185.9	–	185.9	–	973.0
–	187.3	–	187.3	–	930.1
–	183.7	–	183.7	–	999.4
–	189.1	–	189.1	17.7	1,044.8
–	186.5	–	186.5	18.0	982.0
–	205.4	–	205.4	24.1	1,071.7

(1) Commercial/Industrial/Hotel/Motel/Public Institutions
Religious/Charitable/Residential irrigation only accounts

Tier 1 – First 50,000 Gallons	Tier 2 – Second 1,150,000 Gallons	Tier 3 – Remaining Water Consumed	Total Commercial/ Industrial Etc.	Shoreview City Accounts (2)	Total Water Sold
27.0	141.3	32.3	200.6	22.6	910.8
26.1	126.7	41.7	194.5	19.0	890.4

Commercial/Industrial/Hotel/Motel/Public Institutions
Religious/Charitable/Residential irrigation only accounts

Tier 1 – First 50,000 Gallons	Tier 2 – Second 1,150,000 Gallons	Tier 3 – Remaining Water Consumed	Total Commercial/ Industrial Etc.	Shoreview City Accounts (2)	Total Water Sold
28.2	151.5	49.5	229.2	26.0	1,019.4
27.0	135.3	39.1	201.4	20.2	911.1

Percentage of Total Water Sold

0.0%	19.1%	0.0%	19.1%	0.0%	100.0%
0.0%	20.1%	0.0%	20.1%	0.0%	100.0%
0.0%	18.4%	0.0%	18.4%	0.0%	100.0%
0.0%	18.1%	0.0%	18.1%	1.7%	100.0%
0.0%	19.0%	0.0%	19.0%	1.8%	100.0%
0.0%	19.2%	0.0%	19.2%	2.2%	100.0%
3.0%	15.5%	3.5%	22.0%	2.5%	100.0%
2.9%	14.2%	4.7%	21.8%	2.1%	100.0%
2.8%	14.8%	4.9%	22.5%	2.6%	100.0%
3.0%	14.8%	4.3%	22.1%	2.2%	100.0%

CITY OF SHOREVIEW

Residential Utility Rates per Quarter
Last Ten Fiscal Years

Fiscal Year	Water				Surface Water Management			
	Base Rate Per Unit	Rate per 1,000 Gallons			Per Unit		Per Acre	
		Tier 1 First 15,000 Gallons	Tier 2 Second 15,000 Gallons	Tier 3 Remaining Gallons	Single-Family	Town Home	Condos	Apartments and Mobile Homes
2004	\$ 7.98	\$ 0.677	\$ 1.194	\$ 1.734	\$ 9.72	\$ 10.30	\$ 67.06	\$ 81.33
2005	8.25	0.700	1.235	1.793	9.96	10.56	68.74	83.36
2006	9.08	0.770	1.359	1.972	10.28	10.90	70.97	86.07
2007	10.90	0.770	1.468	2.268	10.90	11.55	75.23	91.23
2008	12.54	0.816	1.644	2.608	12.00	12.71	82.75	100.35
2009	13.17	0.857	1.726	2.738	13.20	13.98	91.03	110.40

	(1) Water				Surface Water Management			
	Base Rate Per Unit	Rate per 1,000 Gallons			Per Unit		Per Acre	
		Tier 1 First 10,000 Gallons	Tier 2 Second 20,000 Gallons	Tier 3 Remaining Gallons	Single-Family	Town Home	Condos	Apartments and Mobile Homes
2010	\$ 10.00	\$ 0.920	\$ 1.860	\$ 2.950	\$ 14.52	\$ 15.38	\$ 121.44	\$ 121.44
2011	11.00	1.010	2.050	3.250	15.97	16.92	133.58	133.58

	(2) Water					Surface Water Management			
	Base Rate Per Unit	Rate per 1,000 Gallons				Per Unit		Per Acre	
		Tier 1 First 5,000 Gallons	Tier 2 Second 5,000 Gallons	Tier 2 Third 20,000 Gallons	Tier 3 Remaining Gallons	Single-Family	Town Home	Condos	Apartments and Mobile Homes
2012	\$ 13.00	\$ 1.04	\$ 1.69	\$ 2.34	\$ 3.84	\$ 17.57	\$ 18.61	\$ 146.94	\$ 146.94
2013	13.40	1.080	1.740	2.410	3.960	19.33	20.47	161.63	161.63

Source: City of Shoreview utility billing department

Note: Rates through 2009 are based on 5/8" meter which is the standard household meter size. The authority charged an excess base rate for meter sizes larger than a 5/8" meter.

- (1) Conservation rates restructured in 2010.
- (2) Conservation rates restructured in 2012 to split the first residential tier into two tiers.

Table 11

Sewer						Street Lighting	
Base Rate	Use Rate (Based on Winter Water Use)					Per Unit	
	Tier 1 Less Than 5,000 Gallons	Tier 2 Between 5,000 and 10,000 Gallons	Tier 3 Between 10,001 and 20,000 Gallons	Tier 4 Between 20,001 and 30,000 Gallons	Tier 5 Greater Than 30,000 Gallons	Single and Multi-Family	Condos Apartments and Mobile Homes
\$ 28.94	\$ 9.15	\$ 13.93	\$ 18.69	\$ 23.47	\$ 28.24	\$ 4.00	\$ 3.00
30.27	9.57	14.57	19.55	24.55	29.54	4.00	3.00
31.93	10.10	15.37	20.63	25.90	31.16	4.40	3.30
28.74	11.11	18.44	26.82	34.97	43.62	4.66	3.50
27.88	11.78	20.28	31.11	42.31	54.96	6.06	4.55
30.67	12.96	22.31	34.22	46.54	60.46	6.67	5.00

Sewer						Street Lighting	
Base Rate Per Unit	Use Rate per unit (Based on Winter Water Use)					Per Unit	
	Tier 1 Less Than 5,000 Gallons	Tier 2 Between 5,000 and 10,000 Gallons	Tier 3 Between 10,001 and 20,000 Gallons	Tier 4 Between 20,001 and 30,000 Gallons	Tier 5 Greater Than 30,000 Gallons	Single and Multi-Family	Condos Apartments and Mobile Homes
\$ 32.51	\$ 13.74	\$ 23.65	\$ 36.27	\$ 49.33	\$ 64.09	\$ 6.94	\$ 5.20
35.76	15.11	26.02	39.90	54.26	70.50	7.29	5.46

Sewer						Street Lighting	
Base Rate Per Unit	Use Rate per unit (Based on Winter Water Use)					Per Unit	
	Tier 1 Less Than 5,000 Gallons	Tier 2 Between 5,000 and 10,000 Gallons	Tier 3 Between 10,001 and 20,000 Gallons	Tier 4 Between 20,001 and 30,000 Gallons	Tier 5 Greater Than 30,000 Gallons	Single and Multi-Family	Condos Apartments and Mobile Homes
\$ 35.76	\$ 15.11	\$ 26.02	\$ 39.90	\$ 54.26	\$ 70.50	\$ 9.11	\$ 6.83
37.91	16.02	27.58	42.29	57.52	74.73	9.47	7.10

CITY OF SHOREVIEW

Commercial Utility Rates per Quarter
Last Ten Fiscal Years

Fiscal Year	Water	
	Base Rate – First 15,000 Gallons	Rate per 1,000 Gallons
	(1)	
2004	\$ 17.91	\$ 1.19
2005	18.53	1.235
2006	20.39	1.359
2007	22.02	1.468
2008	24.66	1.644
2009	25.89	1.726

Fiscal Year	Base Rate Per Account	Rate per 1,000 gallons		
		First 50,000	Next 1,150,000	All Remaining
2010	\$ 10.00	\$ 1.40	\$ 1.86	\$ 2.95
2011	11.00	1.54	2.05	3.25
2012	13.00	1.69	2.34	3.84
2013	13.40	1.74	2.41	3.96

Source:

City of Shoreview utility billing department

- (1) Rates through 2009 are based on 5/8" meter. The City charged higher minimum water rates for meter sizes larger than a 5/8" meter through 2009.
- (2) Conservation based rate structure implemented in 2010 for commercial accounts.

Table 12

Sewer		Surface Water Management	Street Lights
Base Rate – First 15,000 Gallons	Rate per 1,000 Gallons	Rate Per Acre	Rate Per Acre
\$ 47.63	\$ 2.39	\$ 81.33	\$ 12.00
49.82	2.502	83.36	12.00
52.56	2.640	86.07	13.20
55.56	2.798	91.23	14.00
58.99	2.970	100.35	18.20
64.89	3.270	110.40	20.02

Sewer		Surface Water Management	Street Lights
Sewer Availability Charge Per Account	Rate per 1000 Gallons	Rate Per Acre	Rate Per Acre
\$ 32.51	\$ 3.47	\$ 121.44	\$ 20.82
35.76	3.82	133.58	21.86
35.76	3.82	146.94	27.33
37.91	4.05	161.63	28.42

CITY OF SHOREVIEW

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business- Type Activities
	General Obligation Improvement Bonds	Other General Obligation Bonds	General Obligation Tax Increment Bonds	Certificates of Participation	Loan Payable	Water Bonds
2004	\$ 2,800,000	\$ 1,600,000	\$ 9,050,000	\$ 6,275,000	\$ -	\$ 2,050,000
2005	2,300,000	1,600,000	5,700,000	5,950,000	-	1,850,000
2006	2,120,000	4,035,000	4,770,000	5,660,000	6,000,000	2,495,000
2007	1,820,000	3,950,000	4,925,000	5,430,000	6,000,000	3,120,000
2008	1,835,000	3,795,000	2,845,000	5,190,000	6,000,000	5,210,000
2009	1,765,000	3,570,000	2,510,000	4,940,000	6,000,000	4,895,000
2010	1,610,000	8,950,000	2,180,000	4,680,000	6,000,000	5,710,000
2011	1,350,000	8,705,000	1,830,000	4,620,000	6,000,000	5,250,000
2012	1,065,000	8,355,000	1,320,000	4,330,000	6,000,000	4,700,000
2013	2,780,000	12,395,000	690,000	3,985,000	6,000,000	5,930,000

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

- (1) See Table 6 – Taxable Net Tax Capacity Value and Estimated Market Value of Taxable Property for the estimated actual market value.
- (2) See Table 18 – Demographic and Economic Statistics schedule for estimated personal income and population data.

Table 13

<u>Business-Type Activities</u>					Percentage of	Percentage of	
<u>Sewer</u>	<u>Surface</u>	<u>Unamortized</u>	<u>Total Primary</u>		<u>Estimated</u>	<u>Estimated actual</u>	
<u>Bonds</u>	<u>Water</u>	<u>Premium</u>	<u>Government</u>		<u>Personal</u>	<u>Market Value of</u>	<u>Per Capita (2)</u>
	<u>Bonds</u>				<u>Income (2)</u>	<u>Property (1)</u>	
\$ 395,000	\$ 975,000	\$ -	\$ 23,145,000		2.22%	1.03%	\$ 874
365,000	895,000	-	18,660,000		1.73%	0.73%	707
605,000	815,000	-	26,500,000		2.63%	0.93%	1,021
835,000	1,335,000	-	27,415,000		2.56%	0.88%	1,051
1,370,000	1,485,000	-	27,730,000		2.48%	0.85%	1,060
1,315,000	2,555,000	-	27,550,000		2.55%	0.86%	1,058
2,220,000	2,780,000	-	34,130,000		3.08%	1.13%	1,319
2,130,000	2,555,000	-	32,440,000		2.90%	1.14%	1,295
1,985,000	2,300,000	-	30,055,000		2.64%	1.17%	1,197
1,995,000	3,190,000	403,427	37,368,427		3.07%	1.55%	1,470

CITY OF SHOREVIEW

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Improvement Bonds	Other General Obligation Bonds	General Obligation Tax Increment Bonds	Water Bonds	Sewer Bonds	Surface Water Bonds
2004	\$2,800,000	\$1,600,000	\$ 9,050,000	\$ 2,050,000	\$ 395,000	\$ 975,000
2005	2,300,000	1,600,000	5,700,000	1,850,000	365,000	895,000
2006	2,120,000	4,035,000	4,770,000	2,495,000	605,000	815,000
2007	1,820,000	3,950,000	4,925,000	3,120,000	835,000	1,335,000
2008	1,835,000	3,795,000	2,845,000	5,210,000	1,370,000	1,485,000
2009	1,765,000	3,570,000	2,510,000	4,895,000	1,315,000	2,555,000
2010	1,610,000	8,950,000	2,180,000	5,710,000	2,220,000	2,780,000
2011	1,350,000	8,705,000	1,830,000	5,250,000	2,130,000	2,555,000
2012	1,065,000	8,355,000	1,320,000	4,700,000	1,985,000	2,300,000
2013	2,780,000	12,395,000	690,000	5,930,000	1,995,000	3,190,000

- Note: Details regarding the City’s outstanding debt can be found in the notes to financial statements.
- (1) See Table 6 – Taxable Net Tax Capacity Value and Estimated Market Value of Taxable Property for the estimated actual market value.
 - (2) See Table 18 – Demographic and Economic Statistics schedule.

Table 14

<u>Unamortized Premium</u>	<u>Total</u>	<u>Resources Restricted for Repayment</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Estimated Actual Market Value of Property (1)</u>	<u>Per Capita (2)</u>
\$ –	\$16,870,000	\$ 1,244,319	\$15,625,681	0.69%	\$ 590
–	12,710,000	1,126,169	11,583,831	0.46%	439
–	14,840,000	1,138,503	13,701,497	0.48%	528
–	15,985,000	2,352,925	13,632,075	0.44%	522
–	16,540,000	1,415,305	15,124,695	0.46%	578
–	16,610,000	611,096	15,998,904	0.50%	614
–	23,450,000	1,480,563	21,969,437	0.73%	849
–	21,820,000	1,520,502	20,299,498	0.72%	811
–	19,725,000	1,423,875	18,301,125	0.71%	729
403,427	27,383,427	3,818,055	23,565,372	0.98%	927

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CITY OF SHOREVIEW

Direct and Overlapping Governmental Activities Debt
as of December 31, 2013

Table 15

Governmental Unit	Gross Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Overlapping debt			
Ramsey County	\$ 209,772,000	6.417%	\$ 13,460,997
Independent School District #621 (Mounds View)	157,788,495	31.077%	49,035,428
Independent School District #623 (Roseville)	50,865,000	3.594%	1,828,149
Special Independent School District #916 (Vo-Tech)	3,950,000	5.815%	229,696
Metropolitan Council	1,396,829,257	0.885%	12,359,998
Metro Airport Commission	6,075,000	0.885%	53,765
Total overlapping debt			76,968,033
City of Shoreview direct debt excluding premiums (1)			25,850,000
Total direct and overlapping debt			\$ 102,818,033

Debt Ratios

Ratio of debt per capita (25,429 population, Table 18)	\$ 4,043
Ratio of debt to net tax capacity valuations (after fiscal disparities) (\$26,235,162, Table 6)	391.91%
Ratio of debt to estimated actual market value of property (\$2,404,938,000, Table 6)	4.28%

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the 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 recognizes 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.

- (1) Gross bonded and direct debt outstanding includes all general obligation, certificate of participation debt and loans.
- (2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

CITY OF SHOREVIEW
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Debt limit	\$ 45,091,048	\$ 50,892,356	\$ 56,897,808	\$ 62,498,286
Total net debt applicable to limit	<u>7,209,069</u>	<u>6,920,862</u>	<u>9,055,007</u>	<u>8,614,289</u>
Legal debt margin	<u>\$ 37,881,979</u>	<u>\$ 43,971,494</u>	<u>\$ 47,842,801</u>	<u>\$ 53,883,997</u>
Total net debt applicable to the limit as a percentage of debt limit	15.99%	13.60%	15.91%	13.78%

Note: Under state statutes, prior to June 30, 2008 the City's outstanding general obligation debt and certificates of participation can not exceed 2 percent of total market property value, after that date the limit increases to 3 percent. By law, the debt subject to the limitation may be offset by amounts set aside for repaving the debt.

Table 16

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 98,286,960	\$ 95,948,310	\$ 90,467,340	\$ 85,157,333	\$ 77,057,004	\$ 72,148,140
8,075,009	7,611,185	12,747,163	12,442,328	11,798,714	13,168,149
<u>\$ 90,211,951</u>	<u>\$ 88,337,125</u>	<u>\$ 77,720,177</u>	<u>\$ 72,715,005</u>	<u>\$ 65,258,290</u>	<u>\$ 58,979,991</u>
8.22%	7.93%	14.09%	14.61%	15.31%	18.25%

Legal Debt Margin Calculation for Fiscal Year 2013

Market value (payable 2013 value, Table 6)	\$2,404,938,000
Debt limit (3% of market value)	72,148,140
Debt applicable to limit	
Other general obligation bonds	12,395,000
Certificates of participation	3,985,000
Less cash set aside for repayment of general obligation debt	<u>(3,211,851)</u>
Total net debt applicable to limit	<u>13,168,149</u>
Legal debt margin	<u>\$ 58,979,991</u>

CITY OF SHOREVIEW
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 17

Fiscal Year	Utility Revenues	Less Operating Expenses (1)	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
Water Revenue Bonds						
2004	\$ 1,530,258	\$ 1,042,626	\$ 487,632	\$ 475,000	\$ 96,561	0.85
2005	1,415,773	1,185,849	229,924	200,000	73,273	0.84
2006	1,749,143	1,243,722	505,421	215,000	101,273	1.60
2007	1,981,574	1,239,931	741,643	220,000	103,071	2.30
2008	2,033,018	1,329,619	703,399	275,000	126,890	1.75
2009	2,282,465	1,245,066	1,037,399	315,000	197,535	2.02
2010	2,042,580	1,339,306	703,274	425,000	192,894	1.14
2011	2,279,802	1,368,874	910,928	460,000	202,063	1.38
2012	2,966,297	1,405,259	1,561,038	550,000	183,921	2.13
2013	2,585,461	1,403,838	1,181,623	460,000	183,026	1.84
Sewer Revenue Bonds						
2004	\$ 2,398,155	\$ 2,291,031	\$ 107,124	\$ –	\$ 11,231	9.54
2005	2,513,120	2,421,374	91,746	30,000	10,923	2.24
2006	2,704,890	2,455,406	249,484	30,000	21,362	4.86
2007	2,799,893	2,416,145	383,748	30,000	23,635	7.15
2008	2,923,581	2,590,220	333,361	45,000	34,913	4.17
2009	3,187,514	3,013,766	173,748	55,000	50,951	1.64
2010	3,274,000	2,869,607	404,393	80,000	57,495	2.94
2011	3,617,492	2,953,041	664,451	90,000	76,061	4.00
2012	3,604,257	2,893,667	710,590	145,000	72,489	3.27
2013	3,718,390	3,100,871	617,519	275,000	67,690	1.80
Surface Water Management Revenue Bonds						
2004	\$ 614,555	\$ 427,300	\$ 187,255	\$ 35,000	\$ 29,451	2.91
2005	618,569	421,645	196,924	80,000	27,538	1.83
2006	670,491	491,989	178,502	80,000	26,492	1.68
2007	751,760	516,526	235,234	80,000	32,303	2.09
2008	837,128	545,757	291,371	80,000	48,344	2.27
2009	826,536	565,250	261,286	110,000	26,179	1.92
2010	937,550	656,073	281,477	130,000	90,408	1.28
2011	1,032,620	669,298	363,322	225,000	91,277	1.15
2012	1,159,830	710,054	449,776	255,000	84,797	1.32
2013	1,188,105	621,960	566,145	415,000	84,608	1.13

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements. Utility revenues include operating revenue, earnings on investments and the Federal credit associated with Build America Bonds.

(1) Operating expenses do not include depreciation.

CITY OF SHOREVIEW

Demographic and Economic Statistics
Last Ten Fiscal Years

Table 18

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Personal Income (Amounts Expressed in Whole Dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment District #621 (4)</u>	<u>School Enrollment District #623 (4)</u>	<u>Unemployment Rate (5)</u>
2004	26,475	\$ 1,042,294,275	\$ 39,369	10,606	6,301	3.7 %
2005	26,381	1,078,534,423	40,883	10,513	6,269	3.2 %
2006	25,964	1,008,935,076	38,859	10,234	6,296	3.1 %
2007	26,093	1,070,700,162	41,034	10,116	6,373	3.5 %
2008	26,159	1,118,872,748	42,772	9,914	6,391	4.4 %
2009	26,036	1,081,847,872	41,552	9,901	6,481	6.3 %
2010	25,882	1,108,862,526	42,843	9,849	6,489	6.3 %
*2011	25,043	1,118,720,896	44,672	9,914	6,593	5.4 %
2012	25,118	1,139,478,070	45,365	10,006	6,765	4.6 %
2013	25,429	1,216,930,224	47,856	10,233	6,902	3.9 %

Notes/Sources:

- (1) Population figures other than Census year are estimates provided by the Metropolitan Council. The last census was taken in 2010. Figures are as of December 31 of the prior year.
- (2) This estimated personal income number is calculated by taking the per capita personal income and multiplying it by the City’s population. Also see note (3) regarding the per capita personal income figures.
- (3) Per capital personal income data is provided by the Bureau of Economic Analysis. The 2004–2005 data is for Ramsey County, in which the City resides, the smallest region applicable to the City that this information is available for. The 2006–2011 and 2013 figures are estimates for the state of Minnesota as there were no other relevant estimates available at the time of this report. 2012 information is for Ramsey County.
- (4) The City is served by two independent school districts. District #621 covers approximately 90% of the City, while District #623 covers approximately 10% of the City. Accordingly, not all students enrolled in District #621 or District #623 live in the City.
- (5) Annual average unemployment provided by the Minnesota Department of Employment & Economic Development.

* 2010 Federal Census data

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CITY OF SHOREVIEW

Principal Employers
Current Year and Nine Years Ago

Table 19

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wells Fargo	1,200	1	10.80%	1,200	1	9.74%
Deluxe Corporation	1,150	2	10.35%	1,044	2	8.48%
Land O'Lakes	800	3	7.20%	–	–	–
Cummins Power Generation	600	4	5.40%	–	–	–
Target Corporation	500	5	4.50%	400	4	3.25%
TSI, Inc.	440	6	3.96%	350	5	2.84%
DJO Global – Empi Inc.	430	7	3.87%	311	6	2.52%
Westinghouse (PaR Nuclear)	300	8	2.70%	–	–	–
Fiserv	200	9	1.80%	–	–	–
PaR Systems	200	10	1.80%	200	8	1.62%
Fair Isaac	–	–	–	250	7	2.03%
Curtis 1000	–	–	–	175	9	1.42%
Medtronic	–	–	–	900	3	7.31%
AGS Publishing	–	–	–	150	10	1.22%
Total	5,820		52.37%	4,980		40.43%

Source: Telephone survey of individual employers January 2004, City of Shoreview Community Development Department – 2013

Total City employment provided by the Minnesota Department of Employment & Economic Development

CITY OF SHOREVIEW

Budgeted Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Budgeted Full-Time Equivalent Employees as of December 31,			
	2004	2005	2006	2007
General government	13.26	12.16	13.36	12.16
Public safety				
Emergency services	0.20	0.20	0.20	0.16
Public works				
Engineering	4.40	4.39	4.39	4.39
Maintenance	6.88	6.93	6.93	6.99
Parks and recreation				
Administration	6.30	6.30	6.31	6.27
Maintenance	9.03	9.04	9.04	9.40
Community center	40.73	42.63	45.81	43.72
Recreation programs	22.76	21.91	23.06	22.12
Community development	5.60	5.60	5.60	5.75
Water	7.80	7.80	7.82	8.11
Sewer	6.53	6.53	6.56	6.83
Surface water	2.86	2.87	2.87	2.88
Street lights	0.10	0.10	0.10	0.10
Central garage	2.40	2.40	2.40	2.40
Total	128.85	128.86	134.45	131.28
Full-time	76.00	75.00	77.00	76.00
Part-time	0.75	0.75	-	-
Associate	52.10	53.11	57.45	55.28
Total	128.85	128.86	134.45	131.28

Source: City Finance Department

Table 20

Budgeted Full-Time Equivalent Employees as of December 31,

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
13.61	12.25	14.05	12.66	14.69	13.46
0.16	0.16	0.08	0.08	0.07	0.08
4.05	4.05	4.05	4.05	4.03	4.03
7.36	7.35	6.83	6.83	6.84	7.12
6.26	6.15	6.00	5.00	4.00	4.00
9.87	9.45	9.51	9.71	9.95	9.95
39.51	37.29	36.03	36.68	36.44	36.61
25.42	26.41	26.08	28.54	29.13	29.74
5.75	5.77	5.82	5.82	5.84	6.56
8.36	8.43	8.33	8.35	8.40	8.39
7.08	7.22	7.34	7.35	7.41	7.41
3.33	3.37	3.52	3.52	3.55	3.55
0.20	0.20	0.20	0.20	0.20	0.20
2.40	2.40	2.40	2.40	2.40	2.40
<u>133.36</u>	<u>130.50</u>	<u>130.24</u>	<u>131.19</u>	<u>132.95</u>	<u>133.50</u>
77.25	78.68	79.75	79.00	79.00	79.00
0.75	0.75	0.75	0.75	1.55	1.55
<u>55.36</u>	<u>51.07</u>	<u>49.74</u>	<u>51.44</u>	<u>52.40</u>	<u>52.95</u>
<u>133.36</u>	<u>130.50</u>	<u>130.24</u>	<u>131.19</u>	<u>132.95</u>	<u>133.50</u>

CITY OF SHOREVIEW

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year		
	2004	2005	2006
Police (contracted with Ramsey County Sheriff's Department)			
Calls for service	7,249	7,115	6,508
Fire (contractual service with Lake Johanna Fire Department)			
Calls for service	283	302	274
Public works			
Salt (tons)	280	260	715
Sand (tons)	790	940	–
Crack sealant (pounds)	26,000	22,000	18,000
Asphalt repairs (tons of asphalt)	450	668	684
Recyclables collected (tons)	3,006	3,412	3,942
Trails resurfaced (miles)	–	–	4.50
Parks and recreation			
Recreation program users (registered participants)	13,994	14,931	15,228
Community program attendance (non-fee programs)	–	–	–
Community center users	397,008	406,783	423,314
Community development			
Permits issued	1,116	1,013	1,146
Permit valuation (millions)	\$ 64.4	\$ 32.0	\$ 40.3
Water			
Water main breaks	9	16	5
Meters replaced	99	301	524
Curb box repairs (water valves)	–	85	225
Hydrants repaired	N/A	18	22
Average annual residential water use per household	85,367	80,802	88,068
Average daily consumption (millions of gallons)	3.08	3.14	3.28
Maximum daily gallons pumped (millions)	8.37	8.90	9.77
Sewer			
Sewage flow (millions of gallons)	1,014	950	886
Miles jettied	55	60	58
Miles rodded	9	8	8
Miles inspected	10	40	40
Surface water management			
Material dredged from ponds (yards)	425	425	425
Sweepings collected (tons of material)	1,100	1,200	450
Miles of street swept	270	360	450
Street sweeping rounds per year	3	4	5
Lake augmentation, gallons pumped (millions)	90.0	32.3	10.4
Central garage			
Gallons of gas	19,000	22,000	20,000
Gallons of diesel	18,500	23,000	17,500
Oil changes	90	99	101
Tires replaced	59	27	81

Sources: Various city departments

Note: Indicators are not available for the general government city functions.

N/A Indicators are not available for these years

*Community program attendance (non-fee programs) represent data not quantified prior to 2011

Table 21

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
6,526	6,719	6,441	6,298	6,443	6,661	7,057
302	307	306	806	988	1,060	1,275
705	938	350	525	438	373	500
–	–	–	–	–	–	–
18,000	10,000	11,250	9,000	13,500	9,000	12,000
595	795	578	579	775	505	380
3,723	3,385	3,204	3,342	2,985	3,165	3,242
5.75	5.00	5.50	4.50	5.00	9.90	5.00
14,828	16,369	17,997	20,679	26,317	28,601	25,726
–	–	–	–	57,055	49,542	47,964
415,886	449,811	507,951	627,822	699,025	692,616	698,892
3,057	2,350	1,352	1,044	922	867	1,312
\$ 32.3	\$ 26.6	\$ 18.3	\$ 42.1	\$ 21.9	\$ 29.9	\$ 42.4
7	21	9	14	3	3	10
128	372	8,100	61	25	16	23
180	485	1,130	458	385	225	75
32	192	39	42	75	18	25
91,881	82,600	89,050	82,742	81,368	91,605	82,554
3.50	3.24	3.30	2.91	2.69	3.01	2.69
10.10	8.33	8.17	9.46	5.91	6.97	7.68
920	926	874	865	914	791	872
60	68	65	72	82	82	62
9	28	25	38	32	35	32
40	49	48	40	60	40	40
425	500	432	795	–	–	–
200	300	200	250	200	250	350
450	360	270	405	353	405	794
5	4	3	5	4	5	9
135.9	–	32.5	221.2	–	110.7	8.7
17,500	18,512	15,409	17,500	14,676	14,980	17,333
20,000	18,901	22,265	20,000	20,002	23,183	24,727
115	108	97	164	116	114	78
34	51	29	42	17	54	53

CITY OF SHOREVIEW

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2004	2005	2006	2007
Public safety				
Police (contractual service with Ramsey County Sheriff's Department)				
Patrol units (24-hour)	2	2	2	2
Fire (contractual service with Lake Johanna Fire Department)				
Fire stations in service	4	4	4	4
Number of volunteers	65	65	65	65
Public works				
Streets (miles)	87.6	87.6	87.6	87.6
Culture and recreation				
Parks acreage	268	268	268	268
Parks	10	10	10	10
Park buildings	8	8	8	8
Picnic shelters	5	5	5	5
Community center (square footage)	111,000	111,000	111,000	111,000
Water				
Water mains (miles)	102.8	102.8	102.8	102.8
Fire hydrants	1,310	1,310	1,312	1,312
Wells	6	6	6	6
Maximum storage capacity (millions of gallons)	4	4	4	4
Sewer				
Sanitary sewers (miles)	107.9	107.9	107.9	107.9
Lift stations	17	17	17	17
Surface water management				
Storm water lift stations	2	3	3	4
Storm ponds	197	198	200	200
Street lights	645	645	659	659

Sources: Various city departments

Note: No capital asset indicators are available for the general government and community development functions.

Table 22

Fiscal Year						
2008	2009	2010	2011	2012	2013	
2	2	2	2	2	2	2
4	4	4	4	4	4	4
66	61	60	60	60	60	60
87.6	87.6	88.2	89.0	89.0	89.0	89.0
268	268	268	268	268	268	268
10	10	10	10	10	10	10
8	8	8	8	8	8	8
5	6	6	6	6	6	7
111,000	111,000	111,000	111,000	111,000	111,000	111,000
102.8	102.8	102.8	103.0	103.0	103.0	103.0
1,318	1,318	1,318	1,325	1,327	1,327	1,328
6	6	6	6	6	6	6
4	4	4	4	4	4	4
107.9	107.9	107.9	108.2	108.2	108.2	108.2
17	17	17	17	17	17	17
4	5	5	4	4	4	4
200	200	200	200	200	200	201
659	681	692	692	701	701	717

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PRINCIPALS

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Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of Shoreview, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shoreview, Minnesota (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
May 23, 2014

Management Report

for

City of Shoreview
Ramsey County, Minnesota

December 31, 2013

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To the City Council and Management
City of Shoreview, Minnesota

We have prepared this management report in conjunction with our audit of the City of Shoreview, Minnesota's (the City) financial statements for the year ended December 31, 2013. The purpose of this report is to provide comments resulting from our audit process and to communicate information relevant to city finances in Minnesota. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Legislative Updates
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

This report is intended solely for the information and use of those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process and is not intended to be, and should not be, used by anyone other than these specified parties.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
May 23, 2014

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2013, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2013:

- We have issued an unmodified opinion on the City's basic financial statements.
- We have reported no findings based on our testing of the City's compliance Minnesota laws and regulations.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. For the fiscal year ended December 31, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which identifies specific items previously presented as assets that will now be presented as either deferred outflows of resources or outflows (expenses/expenditures), and items previously reported as liabilities that will now be presented as deferred inflows of resources or inflows (revenues). No other new accounting policies were adopted, and the application of remaining policies was not changed during the year.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management, when applicable, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.
- **Compensated Absences** – Management's estimate is based on current rates of pay, annual leave, and sick leave balances.

Management expects any differences between estimates and actual amounts of these estimates to be insignificant. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated May 23, 2014.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

With respect to the combining and individual nonmajor fund statements and schedules accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the combining and individual nonmajor fund statements and schedules to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

With respect to the introductory section, supplementary financial information, and statistical section accompanying the basic financial statements, our procedures were limited to reading this other information, and in doing so we did not identify any material inconsistencies with the audited financial statements.

GOVERNMENTAL FUNDS OVERVIEW

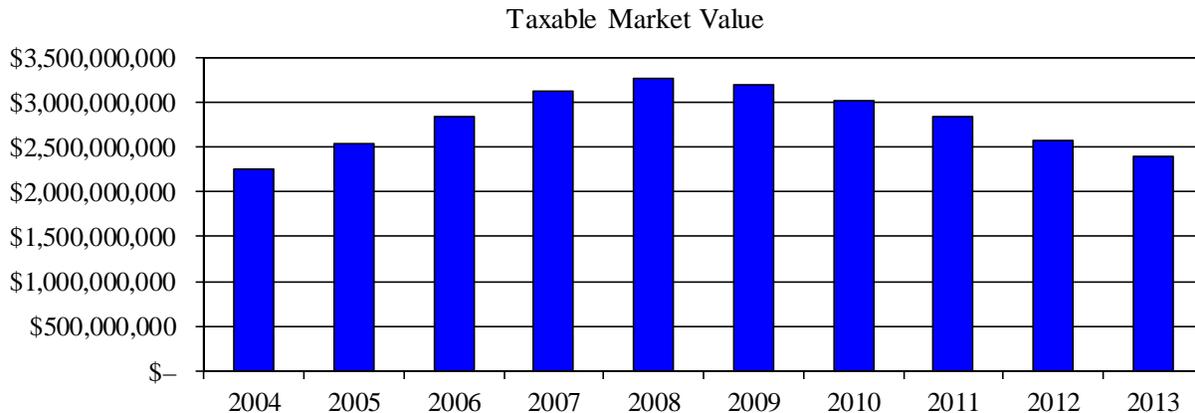
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General Fund, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City's financial statements focuses on budgetary compliance, and the sufficiency of each governmental fund's current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. In recent years this dependence has been heightened, as economic conditions have resulted in reductions to other revenue sources such as state aids and fees generated from property development or redevelopment. Despite these conditions, property taxes levied by Minnesota cities increased a record low 0.9 percent state-wide for 2012, and 2.27 percent for 2013. Almost one-third of Minnesota cities kept their 2013 levy at the same level as the previous year, while another 13 percent reduced their levies for 2013.

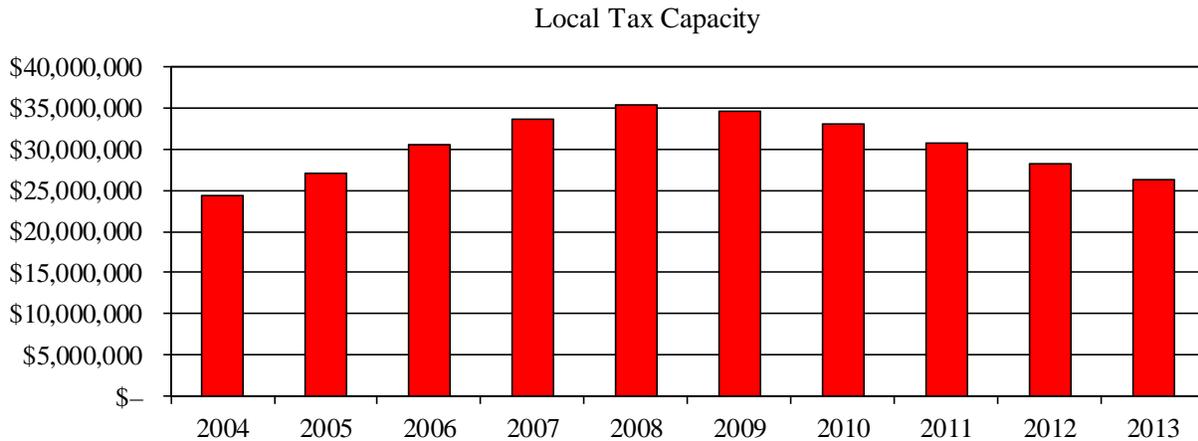
Economic conditions have also had a profound effect on the tax base of Minnesota cities with state-wide taxable market values declining each of the last four levy years, including average decreases of 8.8 percent and 4.5 percent for taxes payable in 2012 and 2013, respectively. There is optimism that this trend is reversing, as the market value decline for the 2013 levy year was the smallest of the past four years. However, since the assessed valuation used for levying property taxes is based on values from the previous fiscal year (e.g. the market value for taxes payable in 2013 is based on estimated values as of January 1, 2012), taxable market value improvement has lagged behind recent upturns in the housing market and the economy in general.

The City's taxable market value decreased 9.5 percent for taxes payable in 2012 and 6.4 percent for taxes payable in 2013, decreasing more than the state-wide average in both years. The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of the City's tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity decreased 8.6 percent in 2012, and 6.8 percent for 2013.

The following graph shows the City's change in tax capacities over the past 10 years:



The following table presents the average tax rates applied to city residents for each of the last two levy years, along with comparative state-wide and metro area rates. The general increase in rates reflects both the increased reliance of local governments on property taxes and the recent decline in tax capacities.

Rates expressed as a percentage of net tax capacity						
	All Cities State-Wide		Seven-County Metro Area		City of Shoreview	
	2012	2013	2012	2013	2012	2013
Average tax rate						
City	46.3	48.8	43.4	46.1	33.3	37.0
County	46.8	48.5	45.0	47.1	61.3	65.2
School	27.3	28.5	28.5	30.3	28.2	28.4
Special taxing	<u>6.8</u>	<u>7.2</u>	<u>8.7</u>	<u>9.4</u>	<u>9.3</u>	<u>11.0</u>
Total	<u><u>127.2</u></u>	<u><u>133.0</u></u>	<u><u>125.6</u></u>	<u><u>132.9</u></u>	<u><u>132.1</u></u>	<u><u>141.6</u></u>

The City's portion of the total property tax capacity rates for its residents have historically been below the state-wide and metro area averages. This is due in part to the valuation of existing residential property, as well as new commercial and industrial development. Expenditure efficiencies, especially in the area of public safety, also contribute to the City's lower than average tax rate. As presented in the table above, the increase over the prior year was spread across all taxing authorities when compared to the prior year. The decline in property values also contributed to the average tax rate increases presented above.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2013, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance			
	Fund Balance as of December 31,		Increase (Decrease)
	<u>2013</u>	<u>2012</u>	
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 97,613	\$ 77,893	\$ 19,720
Restricted	6,832,418	5,105,880	1,726,538
Committed	5,517,902	5,562,550	(44,648)
Assigned	967,183	1,858,594	(891,411)
Unassigned	<u>2,926,284</u>	<u>3,844,174</u>	<u>(917,890)</u>
 Total – governmental funds	 <u><u>\$ 16,341,400</u></u>	 <u><u>\$ 16,449,091</u></u>	 <u><u>\$ (107,691)</u></u>
Total by fund			
General	\$ 4,303,606	\$ 4,136,009	\$ 167,597
Community Center Operation	1,048,539	989,336	59,203
Recreation Programs	761,735	648,639	113,096
Municipal State Aid	209,978	1,061,666	(851,688)
Street Renewal	2,462,584	2,235,008	227,576
General Fixed Asset Replacement	481,565	758,045	(276,480)
Community Investment	557,471	–	557,471
Capital Improvement	–	720,226	(720,226)
Owasso Street Realignment	(1,294,351)	(222,622)	(1,071,729)
2013 Street Rehabilitation	–	–	–
Nonmajor funds	<u>7,810,273</u>	<u>6,122,784</u>	<u>1,687,489</u>
 Total – governmental funds	 <u><u>\$ 16,341,400</u></u>	 <u><u>\$ 16,449,091</u></u>	 <u><u>\$ (107,691)</u></u>

In total, the fund balances of the City's governmental funds decreased by \$107,691 during the year ended December 31, 2013. The City's use of available fund balance to finance several capital projects in the current year contributed to the decreases in assigned and unassigned fund balance. The increase in restricted fund balance represents advance refunding bond proceeds held in escrow to refund outstanding bonds in subsequent years.

GOVERNMENTAL FUNDS REVENUES

The following table presents the per capita revenue of the City's governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the Office of the State Auditor to provide a benchmark for interpreting the City's data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as the City's stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year due to the effect of inflation and changes in the City's operation. Also, certain data on these tables may be classified differently than how they appear on the City's financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of your city. We intend for this type of comparative and trend information to complement, rather than duplicate, information in the Management's Discussion and Analysis. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

Governmental Funds Revenue per Capita								
With State-Wide Averages by Population Class								
Year	State-Wide			City of Shoreview				
	December 31, 2012			2011	2012	2013		
Population	2,500–10,000	10,000–20,000	20,000–100,000	25,043	25,118	25,429		
Property taxes	\$ 414	\$ 382	\$ 416	\$ 353	\$ 359	\$ 372		
Tax increments	32	44	46	81	79	74		
Franchise fees and other taxes	29	36	30	11	12	18		
Special assessments	60	54	62	8	7	6		
Licenses and permits	24	24	35	18	22	25		
Intergovernmental revenues	278	279	138	47	36	78		
Charges for services	104	81	83	211	214	230		
Other	66	58	50	38	33	(1)		
Total revenue	<u>\$ 1,007</u>	<u>\$ 958</u>	<u>\$ 860</u>	<u>\$ 767</u>	<u>\$ 762</u>	<u>\$ 802</u>		

The City's governmental funds have typically generated less revenue per capita in total than other Minnesota cities in its population class. The City receives considerably less intergovernmental revenue than average. The limited use of special assessments as a financing option causes this source to generate less per capita revenue than the average Minnesota city. The City's charges for services revenue source exceeds the average city due to the active community center and recreation program operations.

In total, the City's governmental fund revenues for 2013 were \$20,417,930, an increase of \$1,271,007 (6.6 percent) from the prior year. On a per capita basis, the City's governmental funds revenue for 2013 increased by \$40 (5.2 percent) from the prior year. Property taxes increased as determined through the annual levy process, while intergovernmental revenues increased for resources from other local governments to finance shared project costs. The decrease in the "other" category was caused by the unrealized loss on marking investments to market at year-end in accordance with GASB standards.

GOVERNMENTAL FUNDS EXPENDITURES

The expenditures of governmental funds will also vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis, and are primarily funded by general sources such as taxes and intergovernmental revenues.
- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented, which are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.
- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The City's expenditures per capita of its governmental funds for the past three years, together with state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita							
With State-Wide Averages by Population Class							
Year	State-Wide			City of Shoreview			
	December 31, 2012			2011	2012	2013	
Population	2,500–10,000	10,000–20,000	20,000–100,000	25,043	25,118	25,429	
Current							
General government	\$ 127	\$ 101	\$ 84	\$ 82	\$ 88	\$ 94	
Public safety	234	229	241	108	121	136	
Street maintenance	114	105	92	89	93	203	
Parks and recreation	82	95	86	229	224	222	
All other	73	75	92	56	116	87	
	<u>\$ 630</u>	<u>\$ 605</u>	<u>\$ 595</u>	<u>\$ 564</u>	<u>\$ 642</u>	<u>\$ 742</u>	
Capital outlay and construction	<u>\$ 315</u>	<u>\$ 313</u>	<u>\$ 221</u>	<u>\$ 87</u>	<u>\$ 54</u>	<u>\$ 273</u>	
Debt service							
Principal	\$ 187	\$ 135	\$ 103	\$ 45	\$ 53	\$ 55	
Interest and fiscal	58	46	39	18	16	18	
	<u>\$ 245</u>	<u>\$ 181</u>	<u>\$ 142</u>	<u>\$ 63</u>	<u>\$ 69</u>	<u>\$ 73</u>	

The City's per capita governmental funds current expenditures for 2013 were \$100 higher than the prior year, or a 15.6 percent increase. The City's total current expenditures increased \$2,763,899, or 17.2 percent, when compared to the prior year. The largest change occurred in street maintenance expenditures. This increase was primarily a result of expenditures allocated to other local governments for their portion on joint projects. A decrease in one-time developer assistance payments for community development within the "all other" category above contributed to this reduction from the prior year. Like revenues, changes in the estimated population will impact expenditures on a per capita basis.

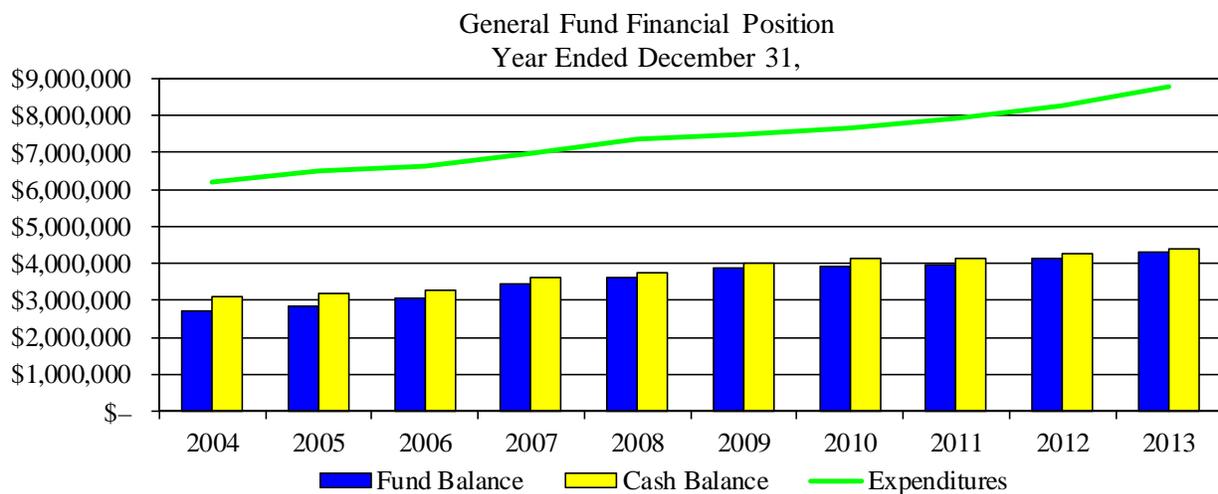
The City's capital outlay increased significantly in the current year. Capital outlay will fluctuate from year-to-year based on approved projects scheduled for completion. Some of the City's larger projects in 2013 included the Owasso Street realignment, 2013 street rehabilitation, Red Fox Road reconstruction, and County Road D reconstruction projects.

Debt service costs per capita remained well below the state-wide average due to the status of the City's infrastructure and stage of development. The City's preparation of a comprehensive infrastructure replacement plan and a five-year capital improvement program has allowed management to plan the long-term financing of future projects using a combined strategy of available financial resources and debt issuance. This, in turn, has reduced the amount of debt related financing, also limiting the level of per capita debt service expenditures.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of general government, public safety, public works, parks and recreation, and community development.

The following graph displays the City's General Fund trends of financial position and changes in the volume of financial activity. Fund balance and cash balance are typically used as indicators of financial health or equity, while annual expenditures are often used to measure the size of the operation.

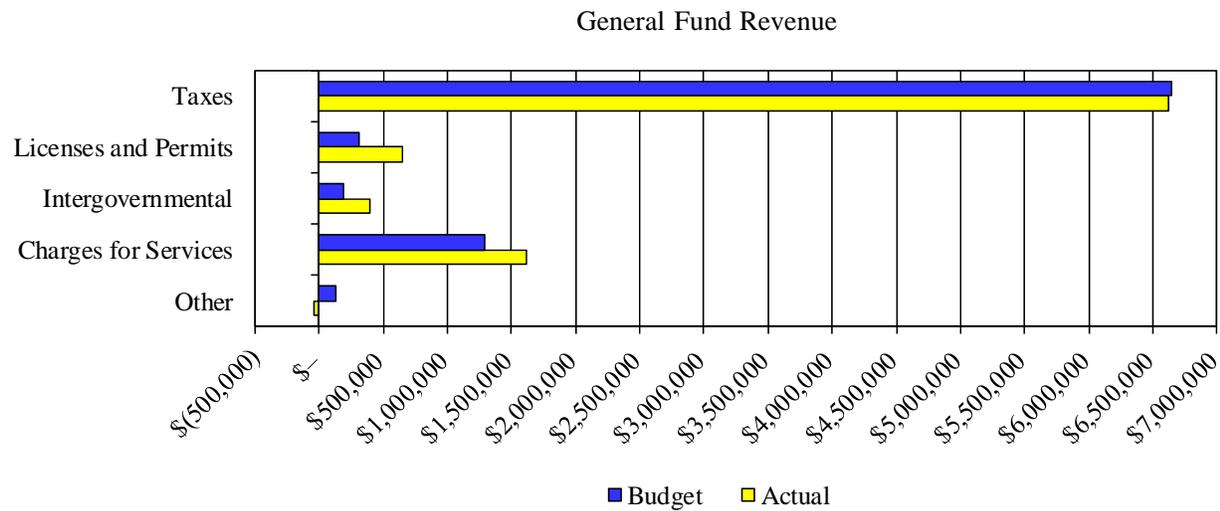


The City's General Fund cash and investments balance at December 31, 2013 was \$4,390,930, an increase of \$135,630 from the previous year. Total fund balance at December 31, 2013 was \$4,303,606, an increase of \$167,597 from the prior year. The City continued to meet its minimum fund balance policy for nonspendable items, working capital needs, and unanticipated expenditures.

Over the last few years, the City has been able to maintain or increase cash and fund balance levels, despite legislative cuts to state aid. This is an important factor because a government, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and can be a factor in determining the City's bond rating and resulting interest costs. Maintaining an adequate fund balance has become increasingly important given the fluctuations in state funding for cities in recent years.

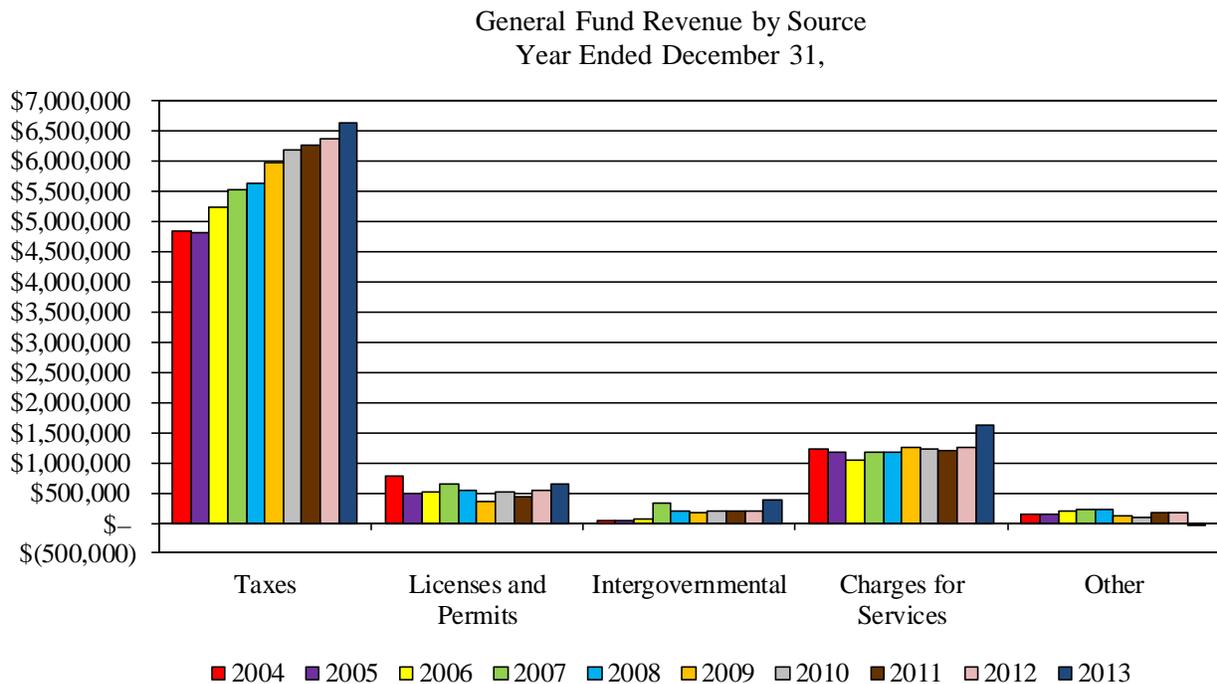
A trend that is typical to Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are made fairly evenly during the year other than the impact of seasonal services such as snowplowing, street maintenance, and park activities. Cash receipts of the General Fund are quite a different story. Property taxes comprise approximately 72 percent of the fund's total annual revenue. Approximately half of these revenues are received by the City in July and the rest in December. Consequently, the City needs to have adequate cash reserves to finance its everyday operations between these payments.

The following graph reflects the City's General Fund revenues, budget and actual, for 2013:



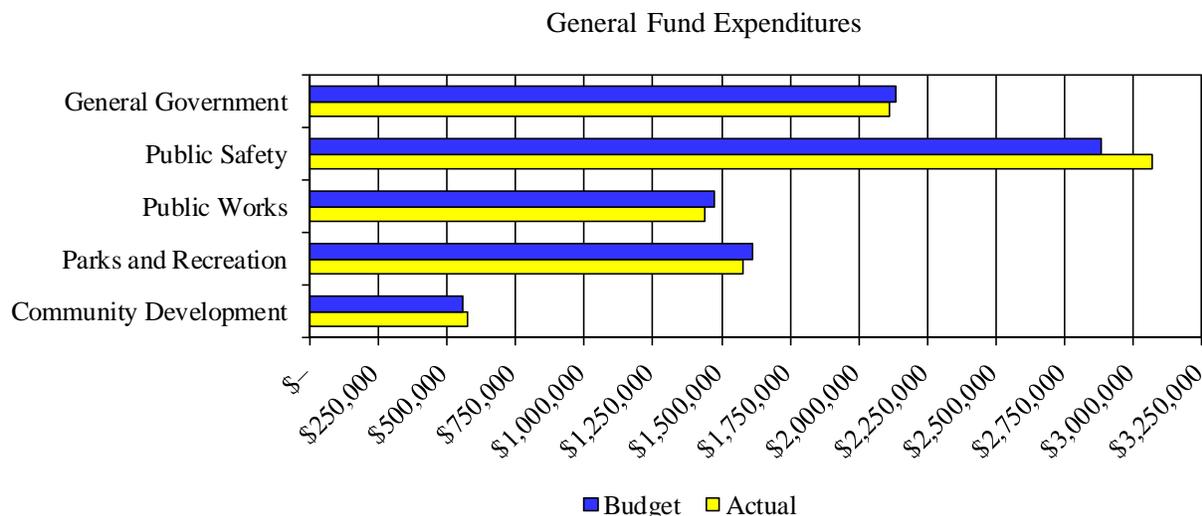
Total General Fund revenues for 2013 were \$9,252,518, which was \$696,769 (8.1 percent) over the final budget. This favorable variance was largely in licenses and permits, intergovernmental, and charges for services, which surpassed budget expectations by \$334,256, \$209,811, and \$334,519, respectively. A portion of this revenue variance was offset by tax sources and other sources that ended the year below projected amounts by \$15,844 and 165,973, respectively.

The following graph presents the City's General Fund revenue sources for the last 10 years:



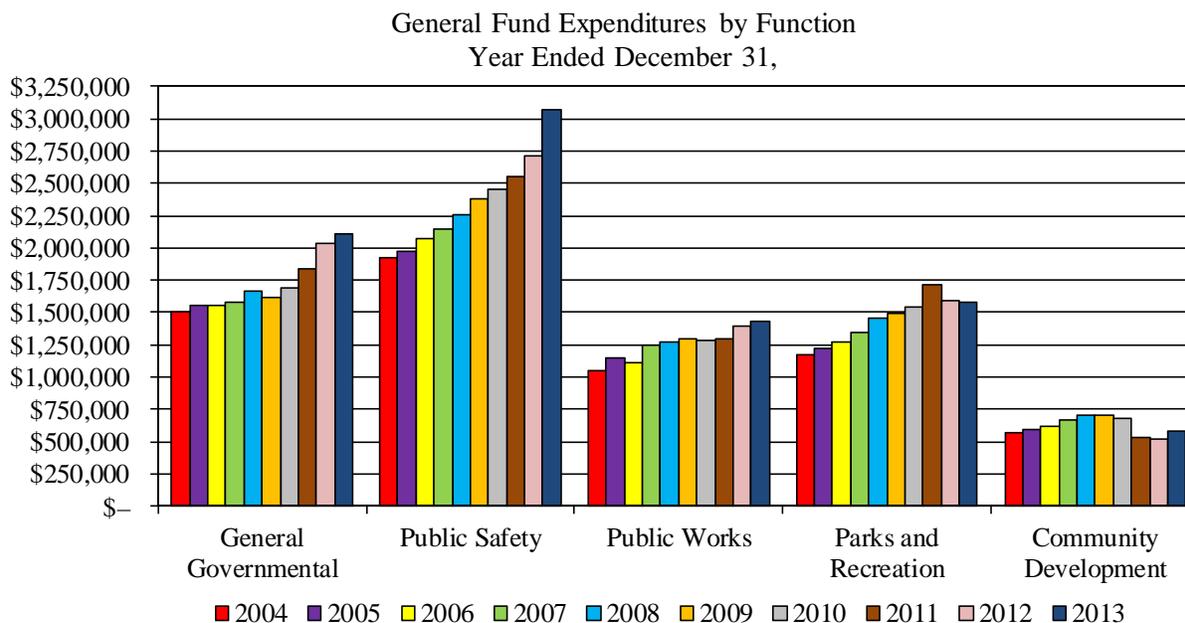
Overall, General Fund revenues increased \$720,775 (8.4 percent) from the previous year. Taxes were \$248,754 more than the prior year as established through the annual levy process. An increase of \$107,551 in licenses and permits, \$208,284 in intergovernmental, and \$357,401 in charges for services also contributed to the increase over prior year. Other sources decreased by \$201,215 largely due to the negative market value adjustment on investments. As discussed earlier, property taxes comprise approximately 72 percent of General Fund revenues in 2013. This concentration of taxes in relation to other revenue sources is reflected in the graph above.

The following graph reflects the City's General Fund expenditures, budget and actual, for 2013:



Total General Fund expenditures for 2013 were \$8,773,958, which was \$111,709 (1.3 percent) over the final budget. Efforts by departments to operate within approved appropriations along with effective budgetary controls resulted in favorable variances in several functions. The receipt and pass-through of state fire aid was not included in the final budget causing the variance in public safety expenditures. Community development expenditures for building inspection surpassed budget expectations, consistent with the favorable revenue variance in licenses and permits discussed on the previous page.

The following graph presents the City's General Fund expenditures by function for the last 10 years:



Overall, General Fund expenditures increased \$528,642 (6.7 percent) over the prior year. These increases were primarily the result of normal inflationary growth. In 2013, the City began reporting state fire aid pass-through expenditures (approximately \$200,000) in the General Fund, also contributing to the current year increase.

After considering the variances in both revenues and expenditures, the net change to fund balance before transfers was \$585,060 better than planned in the budget. Transfers out included an unbudgeted transfer to the Street Renewal Fund of \$417,963, in accordance with the City's fund balance policy. After considering transfers, the ending fund balance of the General Fund was \$167,597 more than planned in the budget per review of the net change in fund balance.

The following tables summarize the operating results for the City's Community Center Operation Fund and the Recreation Programs Fund:

COMMUNITY CENTER OPERATION FUND

	Year Ended December 31,				
	2009	2010	2011	2012	2013
Revenues	\$ 1,980,560	\$ 2,115,474	\$ 2,332,501	\$ 2,312,505	\$ 2,323,403
Expenditures	(2,186,995)	(2,269,673)	(2,401,866)	(2,451,456)	(2,576,200)
Net transfers in (out)	310,000	310,000	297,000	300,000	312,000
Net change in fund balances	<u>\$ 103,565</u>	<u>\$ 155,801</u>	<u>\$ 227,635</u>	<u>\$ 161,049</u>	<u>\$ 59,203</u>

The increase in fund balance of the City's Community Center Operation Fund as presented above was \$23,828 less than the increase projected in the budget. Revenues were \$9,352 less than projected while expenditures were \$14,476 above the amount planned in the budget.

RECREATION PROGRAMS FUND

	Year Ended December 31,				
	2009	2010	2011	2012	2013
Revenues	\$ 1,164,627	\$ 1,272,041	\$ 1,315,465	\$ 1,350,191	\$ 1,359,027
Expenditures	(1,086,548)	(1,142,130)	(1,173,158)	(1,236,757)	(1,235,931)
Net transfers in (out)	(18,000)	(20,000)	(5,000)	(10,000)	(10,000)
Net change in fund balances	<u>\$ 60,079</u>	<u>\$ 109,911</u>	<u>\$ 137,307</u>	<u>\$ 103,434</u>	<u>\$ 113,096</u>

The increase in fund balance of the City's Recreation Programs Fund as presented above was \$14,492 above the increase projected in the budget. Revenues were \$46,699 less than projected while expenditures were \$61,191 below the amount planned in the budget.

ENTERPRISE FUNDS OVERVIEW

The City maintains enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which includes the Water, Sewer, Surface Water, and Street Lights Funds.

The utility funds comprise a considerable portion of the City's activities. These funds significantly help to defray overhead and administrative costs and provide additional support to general government operations by way of annual transfers. We understand that the City is proactive in reviewing these activities on an ongoing basis and we want to reiterate the importance of continually monitoring these operations. Over the years, we have emphasized to our city clients the importance of these utility operations being self-sustaining, preventing additional burdens on general government funds. This would include the accumulation of net position for future capital improvements and to provide a cushion in the event of a negative trend in operations.

ENTERPRISE FUNDS FINANCIAL POSITION

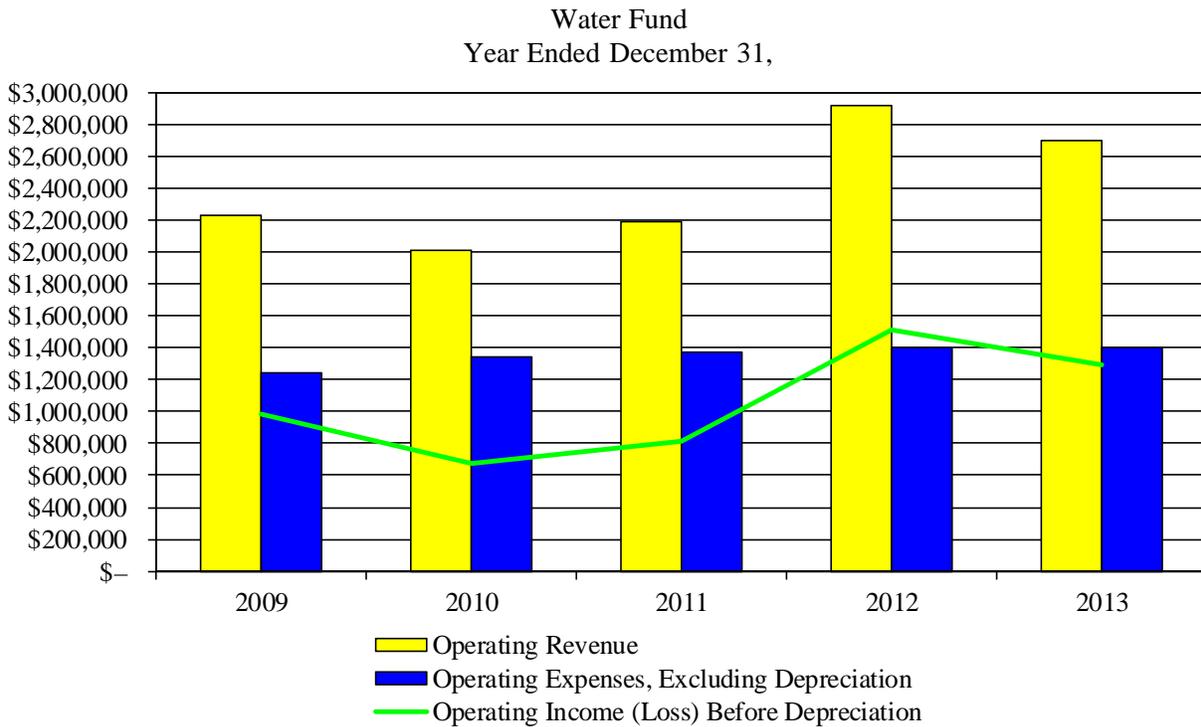
The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2013, presented both by classification and by fund:

Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		Increase (Decrease)
	<u>2013</u>	<u>2012</u>	
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 21,332,825	\$ 21,585,799	\$ (252,974)
Restricted for trunk facility	217,442	183,496	33,946
Unrestricted	<u>8,492,288</u>	<u>7,125,921</u>	<u>1,366,367</u>
Total – enterprise funds	<u>\$ 30,042,555</u>	<u>\$ 28,895,216</u>	<u>\$ 1,147,339</u>
Total by fund			
Water	\$ 13,327,865	\$ 12,997,602	\$ 330,263
Sewer	7,478,199	7,441,425	36,774
Surface Water	8,072,695	7,514,553	558,142
Street Lights	<u>1,163,796</u>	<u>941,636</u>	<u>222,160</u>
Total – enterprise funds	<u>\$ 30,042,555</u>	<u>\$ 28,895,216</u>	<u>\$ 1,147,339</u>

In total, the net position of the City's enterprise funds increased by \$1,147,339 during the year ended December 31, 2013. Individual enterprise fund improvements are discussed on the following pages.

WATER FUND

The following graph presents five years of operating results for the Water Fund:

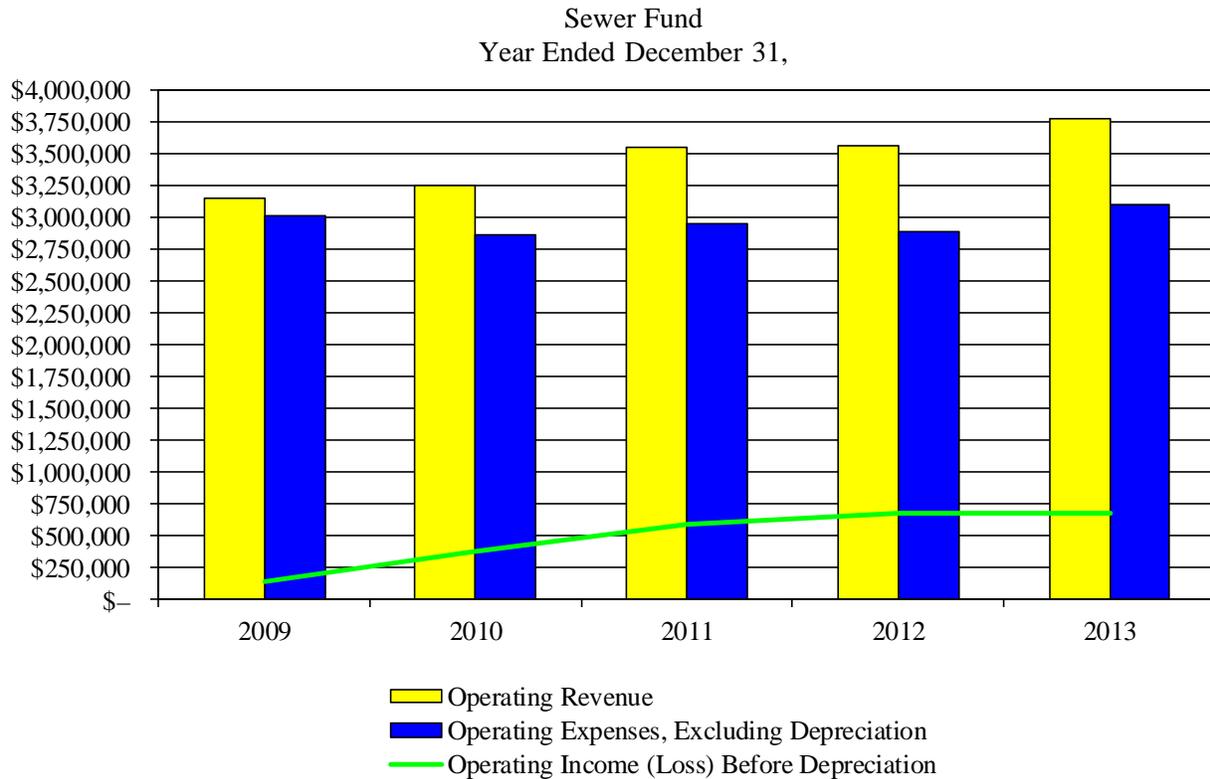


The Water Fund ended 2013 with a net position of \$13,327,865, an increase of \$330,263 from the prior year. Of this, \$9,083,822 represents the net investment in capital assets, leaving \$4,244,043 of unrestricted net position.

Water Fund operating revenues for 2013 were \$2,694,959, a \$223,063 decrease. This drop in water usage was largely a result of the cooler spring season and an unusually high volume watering season in 2012. The City approved a 3.1 percent average water rate increase partially offsetting the decrease in consumption. Operating expenses for 2013 (including depreciation of \$622,826) were \$2,026,664, an increase of \$6,414, or 0.3 percent, from the prior year.

SEWER FUND

The following graph presents five years of operating results for the Sewer Fund:

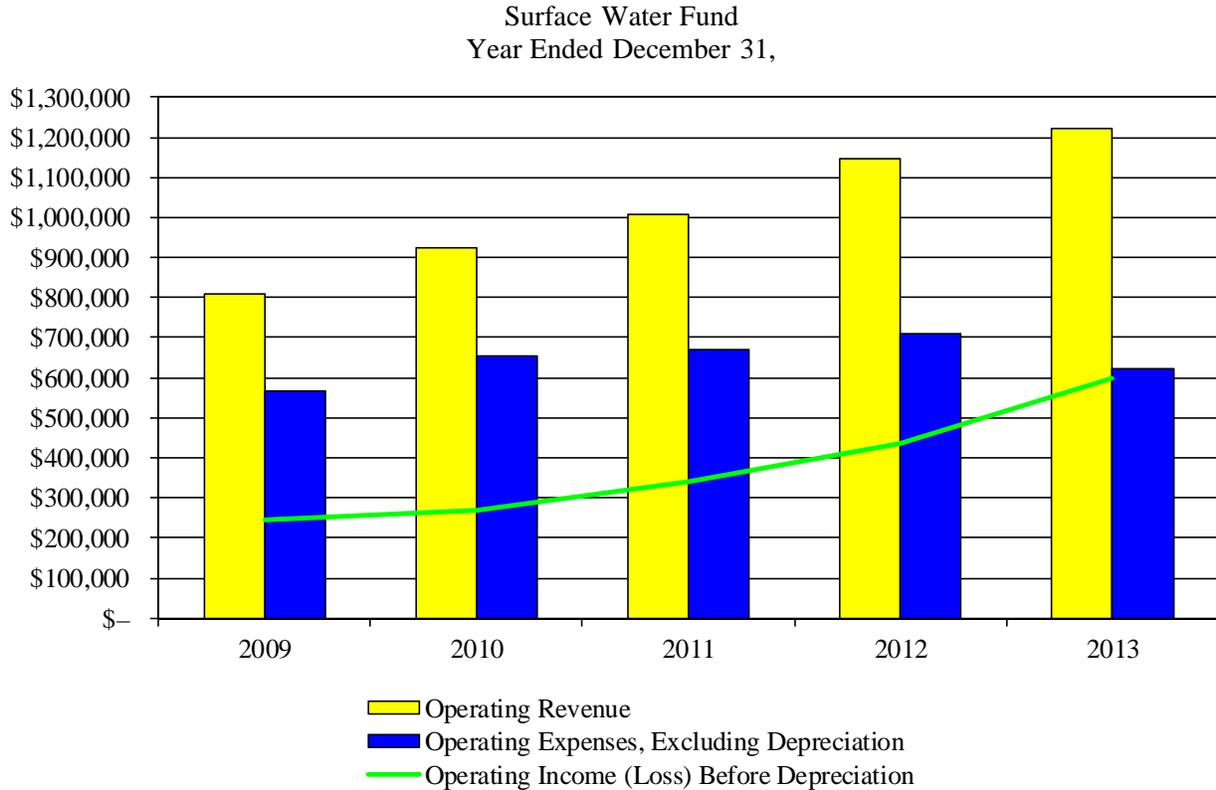


The Sewer Fund ended 2013 with a net position of \$7,478,199, an increase of \$36,774 from the prior year. Of this, \$4,425,664 represents the net investment in capital assets, while \$217,442 is restricted for trunk facility, leaving \$2,835,093 of unrestricted net position.

Sewer Fund operating revenues for 2013 were \$3,777,352, an increase of \$208,575 (5.9 percent) from last year. This increase was largely due to a 6 percent rate increase approved in fiscal 2013. Operating expenses for 2013 (including depreciation of \$326,338) were \$3,427,209, an increase of \$215,689, or 6.7 percent, from the prior year. This increase was primarily found in an increase in Metropolitan Council Environmental Services (MCES) sewer service charges and contractual services.

SURFACE WATER FUND

The following graph presents five years of operating results for the Surface Water Fund:

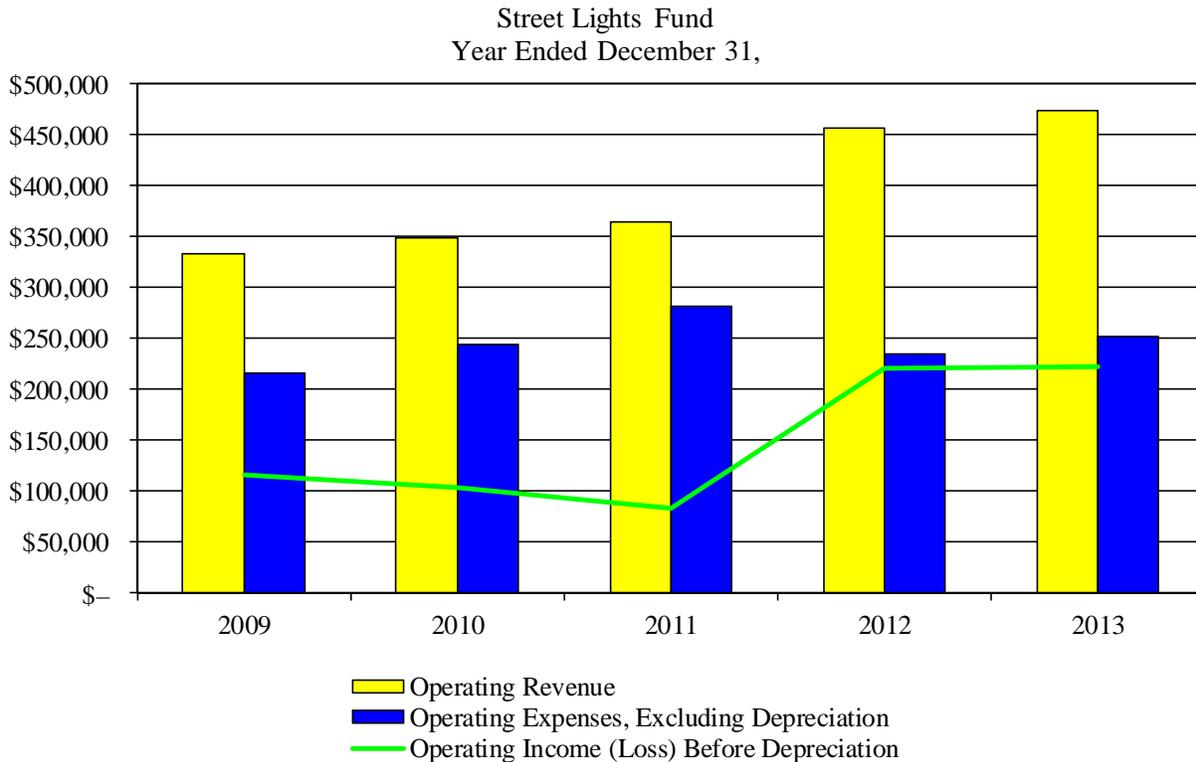


The Surface Water Fund ended 2013 with a net position of \$8,072,695, an increase of \$558,142 from the prior year. Of this, \$6,926,591 represents the net investment in capital assets, leaving \$1,146,104 of unrestricted net position.

Surface Water Fund operating revenues for 2013 were \$1,221,047, an increase of \$73,508 from last year. This increase was largely due to the increase in surface water rates applied in fiscal 2013. Operating expenses for 2013 (including depreciation of \$228,865) were \$850,825, down \$80,406, or 8.6 percent, from the prior year. This decrease was primarily found in reduced contractual service charges.

STREET LIGHTS FUND

The following graph presents five years of operating results for the Street Lights Fund:



The Street Lights Fund ended 2013 with a net position of \$1,163,796, an increase of \$222,160 from the prior year. Of this, \$896,748 represents the net investment in capital assets, leaving \$267,048 of unrestricted net position.

Street Lights Fund operating revenues for 2013 were \$474,872, an increase of \$18,588 from last year. This increase was largely due to the increase in street light rates applied in fiscal 2013. Operating expenses for 2013 (including depreciation of \$44,484) were \$296,186, increasing \$20,393 over the prior year. This increase was primarily found in contractual services and utilities costs incurred.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what your city owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

The following table presents the components of the City's net position as of December 31, 2013 and 2012 for governmental activities and business-type activities (utility fund operations):

	As of December 31,		Increase (Decrease)
	2013	2012	
Net position			
Governmental activities			
Net investment in capital assets	\$ 41,391,324	\$ 40,154,929	\$ 1,236,395
Restricted	4,646,335	5,364,477	(718,142)
Unrestricted	<u>10,639,322</u>	<u>12,597,300</u>	<u>(1,957,978)</u>
Total governmental activities	56,676,981	58,116,706	(1,439,725)
Business-type activities			
Net investment in capital assets	21,332,825	21,585,799	(252,974)
Restricted	217,442	183,496	33,946
Unrestricted	<u>8,556,468</u>	<u>7,185,024</u>	<u>1,371,444</u>
Total business-type activities	<u>30,106,735</u>	<u>28,954,319</u>	<u>1,152,416</u>
Total net position	<u>\$ 86,783,716</u>	<u>\$ 87,071,025</u>	<u>\$ (287,309)</u>

The change in components of governmental activity net position reflects the City's continued investment in street reconstruction in the current year. The increase in business-type activities net position reflects the positive operating results of the utility operations and a transfer from governmental activities into the business-type activities. At the end of the current fiscal year, the City is able to present positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

STATEMENT OF ACTIVITIES

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net positions. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in the net position of the City for the years ended December 31, 2013 and 2012:

	2013		2012	
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 2,582,399	\$ 1,446,704	\$ (1,135,695)	\$ (1,031,921)
Public safety	3,543,388	262,177	(3,281,211)	(3,042,728)
Public works	6,798,886	2,873,306	(3,925,580)	(2,121,848)
Parks and recreation	6,123,840	3,797,778	(2,326,062)	(2,421,145)
Community development	2,210,253	758,157	(1,452,096)	(2,293,321)
Interest on long-term debt	730,200	–	(730,200)	(595,009)
Business-type activities				
Water	2,238,481	2,706,951	468,470	756,527
Sewer	3,498,374	3,786,907	288,533	320,863
Surface water	954,828	1,275,508	320,680	157,911
Street lights	295,949	474,872	178,923	180,872
Total net (expense) revenue	<u>\$ 28,976,598</u>	<u>\$ 17,382,360</u>	(11,594,238)	(10,089,799)
General revenues				
Property taxes, tax increment collections, and franchise tax			12,005,235	11,524,664
Grants and contributions not restricted to specific programs			33,500	33,369
Unrestricted investment earnings			(788,569)	303,347
Gain on disposal of capital assets			56,763	26,561
Total general revenues			<u>11,306,929</u>	<u>11,887,941</u>
Change in net position			<u>\$ (287,309)</u>	<u>\$ 1,798,142</u>

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The City's governmental operations tend to rely more heavily on general revenues, such as property taxes and unrestricted grants. In contrast, the City's business-type activities tend to rely more heavily on program revenues like charges for services (sales) and program specific grants to cover expenses. This is critical given the current external downward pressures on general revenue sources such as taxes and state aids.

LEGISLATIVE UPDATES

Despite an improving economy, the 2013 Legislature faced the familiar prospect of having to address a significant projected deficit in order to adopt a balanced budget for the next biennium. The November 2012 financial forecast projected a deficit of \$1.1 billion in the state General Fund for the 2014–2015 biennium, which was revised down to a \$627 million deficit in the February 2013 forecast. Even with this challenge, there was an expectation that with one political party holding the Governor’s office and majorities in both the House and Senate, this biennial budget agreement would be reached more quickly and easily than the previous one, which featured numerous vetoes, a special session, and the longest shutdown of non-essential state government services in Minnesota history. While in the end there was no special session or government shutdown, the 2013 session still stretched until the final day allowable under the state constitution, with the last bill passed at midnight.

The following is a summary of recent legislative activity affecting the finances of Minnesota cities in 2013 and into the future:

Local Government Aid (LGA) – The state-wide LGA appropriation for fiscal 2013 was set to increase about 2.8 percent to \$426.4 million. However, the 2012 Legislature froze 2013 LGA payments at 2012 levels for cities with a population of 5,000 or more. For cities with populations below 5,000, 2013 LGA was the greater of their 2012 aid or the amount they would have received for 2013 under existing law.

The 2013 Legislature completely overhauled the LGA formula for fiscal year 2014 and thereafter, creating a three-tiered formula that includes separate “need factor” calculations for cities with populations under 2,500, between 2,500 and 10,000, or over 10,000. The new formula simplifies the LGA calculation, and is designed to reduce the volatility of the LGA distribution by limiting the amount it may decline in a given year. Under the new formula, each city’s LGA distribution for 2014 will be no less than their 2013 LGA. Beginning in 2015, any reduction to a city’s LGA distribution will be limited to the lesser of \$10 per capita, or 5 percent of their previous year net tax levy. For cities that gain under the new formula, the increases will be distributed proportionate to their unmet need, as determined by the new “need factor” calculations. The state-wide LGA appropriation is \$507.6 million for fiscal 2014, \$509.1 million for 2015, and \$511.6 million for fiscal 2016 and thereafter.

Levy Limits – A levy limit for city property tax levies payable in 2014 was established for all cities with populations exceeding 2,500. The levy limit base is the certified levy (excluding special levies) plus the certified LGA for taxes payable in fiscal 2012 or 2013, whichever is greater, increased by 3 percent. The levy limit is equal to the base, less the city’s certified LGA for fiscal 2014. Levies for special purposes such as debt service, abatements, or voter-approved purposes, are not subject to this limitation.

Market Value Definitions – A number of levy, tax, spending, debt, and similar limits that had previously been computed based on “market value” or “taxable market value” must now be computed based on “estimated market value.” This change was enacted to eliminate the effects of the homestead market value exclusion established in 2011.

Levy Authority for Watershed Management Plan – Cities are granted the authority to levy taxes to provide funding for the implementation of a comprehensive watershed management plan.

Tax Status of Leased Tax-Exempt Property – Tax-exempt property owned by a political subdivision and held under a lease for a term of at least one year, or under a contract for the purchase thereof, is considered to be the property of the person holding it for all purposes of taxation. This change makes the tax treatment of leased property owned by local governments consistent with leased property owned by the federal government.

Tax Increment Financing (TIF) – A number of changes and clarifications were made to rules governing the use of TIF, including:

- The prohibition on using tax increments for improvements or equipment primarily of a decorative or aesthetic nature, or with costs twice as high due to the selection of materials or designs compared to more commonly used improvements or equipment, is eliminated.
- The four-year rule originally applying to TIF Districts certified between January 1, 2005 and April 20, 2009 is extended through December 31, 2016.
- Development authorities may elect to reduce the original net tax capacity of qualifying TIF districts for the effects of the homestead market value exclusion that replaced the homestead tax credit program.
- Taxes paid by captured tax capacity of TIF districts that are attributable to the new general education levy authorized by the 2013 Legislature, will be paid to the school district that imposes the levy.

Park Dedication Fees – A clarification was made to define the basis on which a city calculates a park dedication fee charged to a developer in lieu of dedicating land for park usage. The fee must be calculated on the fair market value of the land as annually determined by the city based on tax valuation or other relevant data. The new law also provides a method for resolving valuation disputes through negotiation or the use of independent appraisals of land in the same land use category.

Host Community Economic Development Grants – A new program was created that will provide grants for the acquisition and improvement of publicly owned capital assets for metro-area cities that host waste disposal facilities. No local matching funds are required.

Change to Small Cities Development Block Grants – The Minnesota Department of Employment and Economic Development is now allowed to provide a forgivable loan through the Small Cities Development Block Grant Program directly to a private enterprise. The city in which the private enterprise is located is no longer required to submit an application, only a resolution of support.

Wastewater and Stormwater Funding – Several changes were made to wastewater and stormwater grant and loan programs administered by the Public Facilities Authority. The changes include expanded eligibility for some programs, and increased grant or loan ceilings for others.

Sales Tax Exemption – Cities are exempted from paying sales tax on qualifying purchases, effective for purchases made on or after January 1, 2014. This exemption does not include purchases of goods or services to be used as inputs to goods or services cities provide to the public that are generally provided by a private business, such as liquor stores, golf courses, marinas, or fitness centers.

Cities with a population over 500 will be required to include a property tax savings report along with its proposed 2013 payable 2014 property tax levy certification, with the amount of sales or use taxes paid or estimated to have been paid in fiscal 2012. Cities must also discuss the savings resulting from the sales tax exemption at their fall truth-in-taxation public hearings.

Organized Solid Waste Collection – The process for imposing the city-organized collection of solid waste was streamlined and better defined. The previous 180-day process for cities to adopt organized collection of solid waste was eliminated. The process now begins with a 60-day period in which cities may negotiate with collectors currently operating in the city, thereby giving them the first opportunity to develop a proposal for organized collection. If the 60-day negotiation period ends without an agreement, a city may continue the process by passing a resolution to form a committee to study the methods of organizing collection and make recommendations. A city must provide public notice and hold at least one public hearing before deciding to implement organized collection.

Pensions – An omnibus pension bill was passed that made a number of changes to both state-wide pension plans and single employer relief associations, including:

- Changes to the Public Employees Retirement Association (PERA) General Plan:
 - The “average salary” for determining surviving spouse and dependent benefits was redefined.
 - A number of clarifications were made to what constitutes “salary” for plan purposes.
 - Changes were made to the level of annual post-retirement adjustments, which will vary based on the funding level of the plan.
- Changes to the PERA Police and Fire Plan:
 - Increases employee contribution rate from 9.6 percent of salary to 10.2 percent for fiscal 2014, and 10.8 percent for fiscal 2015 and thereafter.
 - Increases employer contribution rate from 14.4 percent of salary to 15.3 percent for fiscal 2014, and 16.2 percent for fiscal 2015 and thereafter.
 - A 20-year proportional vesting period was established for new hires beginning in 2014, under which the member becomes 50 percent vested after 10 years, and vests an additional 5 percent annually until fully vested at 20 years.
 - The retirement annuity formula calculation was changed to incorporate the effect of the new 20-year vesting period, and a new cap of 33 years on allowable service time included in the annuity calculation.
 - The early retirement reduction factor was increased from the current 2.4 percent per year to 5 percent, phased in over a 5-year period beginning July 1, 2014.
 - Changes were made to the level of annual post-retirement adjustments, which will vary based on the funding level of the plan.
- Changes to single employer relief associations:
 - The threshold of assets at which police relief associations and salaried or volunteer fire relief associations must prepare financial statements and have them audited by an independent auditor was raised from \$200,000 to \$500,000.
 - Volunteer firefighter relief associations are now required to pay a supplemental survivor benefit whenever it pays a survivor benefit, regardless of whether it is authorized in the association bylaws.
 - Any change to the interest rate paid during the deferral period of lump-sum service pensions must be approved by the governing body of the city or independent firefighting corporation to which the association is related.

In addition, a new supplemental state aid was created to provide funding for pension plans. An annual allotment of \$15.5 million will be distributed among the PERA Police and Fire Plan (\$9 million), municipal volunteer firefighter associations (\$5.5 million allocated based on proportionate share of fire state aid), and the Minnesota State Retirement System State Patrol Plan (\$1 million).

Expansion of Debt Authority – Several changes were made to expand the allowable uses of certain types of debt, including:

- Home rule charter city or statutory city capital notes are allowed to be used for the purchase of application development services and training related to the use of computer hardware and software.
- Capital improvement program (CIP) bonds are allowed to be used for expenditures incurred before the adoption of the CIP, if the expenditures are included in the plan.
- Street reconstruction bonds are allowed to be used for bituminous overlay projects, which previously had not been included in the definition of reconstruction.

Authorized Investments – The list of authorized investments for cities was expanded to include: revenue obligations issued by local governments without levy authority that are rated AA or better; short-term (13 month maturity or less) obligation issued by a school district that is either rated in the highest credit rating category or covered by the State of Minnesota Credit Enhancement Program; and short-term (18 month maturity or less) guaranteed investment contracts when the issuer’s or guarantor’s short-term debt is rated in the highest rating category, even if their long-term debt is rated below the top two rating categories.

Elections – The Legislature passed an omnibus elections policy bill that made a number of changes and clarifications to election requirements, including:

- Establishing “no excuse” absentee balloting;
- Increasing the time for counting absentee ballots from 4 days prior to the election to 7;
- Reducing the number of people a voter may vouch for in a polling place from 15 to 8;
- Eliminating the requirement to have at least one telecommunications device for deaf voter registration in every city of the first, second, or third class;
- Requiring that the municipal clerk designated to administer absentee ballots also be responsible for the administration of a “ballot board”;
- Reducing the number of election judges required in a precinct for elections other than a general election from 4 to 3, for precincts with more than 500 voters; and allowing the minimum number of three election judges for all elections including general elections for precincts with less than 500 registered voters;
- Modifying the vote differentials requiring publically funded recounts to 0.25 percent in elections where more than 50,000 votes are cast, and 0.5 percent for elections in which between 400 and 50,000 votes are cast;
- Amending the time period in which cities are prohibited from holding a special election from the first 40 days following a general election to the first 56 days;
- Increasing the number of days’ notice a city clerk must provide to a county auditor before holding a municipal election from 67 to 74 days; and
- Establishing a pilot program and task force for the use of electronic rosters of voters.

Alternative Bid Publication for Projects Funded by Special Assessments – A technical change was made to eliminate duplicative publication requirements for projects funded with special assessments. The definition of “recognized industry trade journal” was broadened to include websites or electronic publications, thereby eliminating circumstances that were forcing cities utilizing an alternative electronic publication method to also publish written notice for certain projects.

Met Council Allocated Costs – A change was made to allow cities that are allocated costs by the Met Council to request the cost be deferred, or to be paid over time on a payment schedule with interest as agreed to by the Met Council.

Liquor Licensing – An omnibus liquor bill was passed that made several changes to liquor licensing and distribution. Among the changes are: authorizing cities with municipal liquor operations to issue brewer taproom licenses that allow consumption on the premises or adjacent to malt liquor breweries; authorizing cities to issue brewers a license for off-sale of malt liquor packaged by the brewer; providing for the sale of malt-liquor educator licenses that will allow malt liquor tastings and education to be conducted similar to wine tastings; and allowing micro-distilleries to provide product samples on site.

Tax-Exempt Holding Period for Development Property – The tax exempt holding period for city-owned land held for development is increased from 9 to 15 years for property acquired between January 1, 2000 and December 31, 2010, or for property located in a city outside of the metro area with a population under 20,000.

Citizen Contact Information Classified as Private Data – Citizen contact information submitted to cities in order to receive certain notifications or to subscribe to the city’s electronic publications, such as phone numbers or email addresses, is now classified as private data. The names of people on such lists remain public information.

Criminal History and Background Checks – Cities are authorized to perform criminal history checks on applicants for: city employment, volunteer positions, or a license that does not otherwise subject the applicant to a criminal history check. Such criminal history checks may not be substituted for statutorily mandated background checks.

Background checks are now required for all fire department applicants, and are allowed for current fire department employees. The fire chief is also required to perform criminal history record checks of applicants.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 67 – FINANCIAL REPORTING FOR PENSION PLANS – AN AMENDMENT OF GASB STATEMENT NOS. 25 AND 50

The primary objective of this statement is to improve financial reporting by state and local government pension plans. GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 for pension plans that are administered through trusts or equivalent arrangements that meet the following criteria: contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable; pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms; and pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. The requirements of GASB Statement Nos. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide post-employment benefits other than pensions. The statement makes a number of changes in the financial statement presentation, measurement, and required disclosures relating to the reporting of these types of pension plans. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

GASB STATEMENT NO. 68 – ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS – AN AMENDMENT OF GASB STATEMENT NOS. 27 AND 50

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of GASB Statement Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria (as described earlier for GASB Statement No. 67). The requirements of GASB Statement Nos. 27 and 50 remain applicable for pensions that are not covered by the scope of this statement.

This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

Included in this statement are major changes in how employers that participate in cost-sharing pension plans, such as the Teachers' Retirement Association (TRA) and PERA, account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability of all employers with benefits provided through the pension plan. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all active and inactive employees that are provided with pensions through the pension plan.

GASB STATEMENT NO. 69 – GOVERNMENT COMBINATIONS AND DISPOSALS OF GOVERNMENT OPERATIONS

This statement provides accounting and financial reporting guidance, including disclosure requirements, for government combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. Included within the scope of this statement are combinations of governmental entities, or combinations of governmental entities with nongovernmental entities (such as a nonprofit entity), as long as the new or continuing organization is a government. This statement does not apply to combinations in which a government acquires an organization that continues to exist as a separate entity, or acquires an equity interest in an organization that remains legally separate from the acquiring government. A disposal of operations occurs when a government either transfers or sells specific operations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013. Earlier application is encouraged.

CHANGES TO REQUIREMENTS FOR FEDERAL GRANTS

In December 2013, the U.S. Office of Management and Budget (OMB) issued “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits,” which supersedes all or parts of eight OMB circulars; consolidating federal cost principles, administrative principles, and audit requirements in one document. The “Super Circular” includes a number of significant changes to the federal Single Audit process, including an increase in dollar threshold for requiring a Single Audit, changes to the thresholds and process used for determining major programs, a reduction in the percentage of expenditures required to be covered by a Single Audit, revised criteria for determining low-risk auditees, and an increase in the threshold for reporting questioned costs. The draft version of this guidance also included proposed reductions in the number of compliance requirements to be tested in a Single Audit, but final guidance on those changes will not be available until an updated compliance supplement is issued in 2014.

PROPOSED MOTION

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

to approve the following liquor license renewals for the license term of July 1, 2014 to June 30, 2015:

<u>Establishment</u>	<u>Type of License</u>
Green Mill Restaurant	On Sale Intoxicating and Sunday
Meister's Bar and Grill	On Sale Intoxicating and Sunday
Hilton Garden Inn	On Sale Intoxicating and Sunday
Red Robin Gourmet Burger and Spirits	On Sale Intoxicating and Sunday
Bacchus Wine and Spirits	Off Sale Intoxicating
Back Yard Liquor	Off Sale Intoxicating
Rice Creek Liquor	Off Sale Intoxicating
Trader Joe's	Off Sale Intoxicating
JJ's Wine and Spirits	Off Sale Intoxicating
Target	Off Sale 3.2 Malt Beverage
Rainbow Foods	Off Sale 3.2 Malt Beverage
Island Lake Golf Course	On Sale 3.2 Malt Beverage
Mansetti's Pizza and Pasta	On Sale 3.2 Malt Beverage and Wine
Wok Cuisine	On Sale 3.2 Malt Beverage and Wine
Red Ginger China Bistro	On Sale 3.2 Malt Beverage and Wine
Chipotle Mexican Grill	On Sale 3.2 Malt Beverage and Wine

ROLL CALL: AYES _____ NAYS _____

JOHNSON	_____	_____
QUIGLEY	_____	_____
WICKSTROM	_____	_____
WITHHART	_____	_____
MARTIN	_____	_____

Regular Council Meeting
June 2, 2014

TO: MAYOR AND COUNCILMEMBERS

**FROM: TERRI HOFFARD
DEPUTY CLERK**

DATE: MAY 27, 2014

SUBJECT: LIQUOR LICENSE RENEWALS

INTRODUCTION

The City Council must approve all liquor license renewals. All liquor license terms run from July 1st to June 30th of each year.

LICENSE RENEWALS

The following applications have been received for liquor license renewals:

<u>Establishment</u>	<u>License Type</u>
Green Mill Restaurant	On Sale Intoxicating & Sunday
Hilton Garden Inn	On Sale Intoxicating & Sunday
Meister's Bar and Grill	On Sale Intoxicating & Sunday
Red Robin Gourmet Burger and Spirits	On Sale Intoxicating & Sunday
Bacchus Wine and Spirits	Off Sale Intoxicating
Back Yard Liquor	Off Sale Intoxicating
Rice Creek Liquors	Off Sale Intoxicating
Trader Joe's	Off Sale Intoxicating
JJ's Wine and Spirits	Off Sale Intoxicating
Target	Off Sale 3.2 Malt Beverage
Rainbow Foods	Off Sale 3.2 Malt Beverage
Island Lake Golf Course	On Sale 3.2 Malt Beverage
Mansetti's Pizza and Pasta	On Sale 3.2 Malt Beverage & Wine
Wok Cuisine	On Sale 3.2 Malt Beverage & Wine
Red Ginger China Bistro	On Sale 3.2 Malt Beverage & Wine
Chipotle Mexican Grill	On Sale 3.2 Malt Beverage & Wine

STAFF COMMENTS

City liquor regulations require that criminal background checks be conducted, and all taxes and utility bills be paid in full prior to the issuance or renewal of a liquor license.

Background checks were conducted by the Ramsey County Sheriff's Department on the managers and owners and no significant violations were found. Staff also reviewed a list of police calls made to each establishment and found no significant issues that would cause concern. All property taxes are current and all utility accounts are up to date for each of the properties. All license fees have been paid and necessary insurance information received.

Bacchus Wine and Spirits, located at 1077 Highway 96 in the Shoreview Mall, opened in 2001 under the ownership of Diane Low. In 2007, ownership was transferred to her son, Steven Low, who has been managing the liquor store since that time. For this renewal year, Diane Low has applied to transfer the liquor license back in her name. All of the necessary paperwork has been completed transferring ownership of the liquor store back to her.

RECOMMENDATION

It is recommended that the City Council approve the liquor license renewals as listed on the proposed motion.

PROPOSED MOTION

MOVED BY COUNCILMEMBER _____

SECONDED BY COUNCILMEMBER _____

To authorize the Mayor to send a letter to the North Suburban Communications Commission indicating Shoreview's intent to withdraw from the Commission at the end of 2014.

ROLL CALL:	AYES _____	NAYS _____
Johnson	_____	_____
Quigley	_____	_____
Wickstrom	_____	_____
Withhart	_____	_____
Martin	_____	_____

Regular Council Meeting
June 2, 2014

TO: MAYOR AND COUNCILMEMBERS

**FROM: TERRY SCHWERM
CITY MANAGER**

DATE: MAY 29, 2014

**SUBJECT: AUTHORIZATION TO TERMINATE MEMBERSHIP IN THE NORTH SUBURBAN
COMMUNICATIONS COMMISSION**

INTRODUCTION

The City of Shoreview, along with nine other communities that are part of the North Suburban Communications Commission (NSCC), is currently involved in the cable television franchise renewal process with Comcast. The City Council recently met in workshop meeting on May 12 with the Executive Director and Attorney from the NSCC and at a workshop on May 19 with representatives from Comcast to discuss the status of the franchise renewal. Following these meetings, the Council discussed the City's cable franchise and requested that an item be scheduled on an upcoming agenda that would authorize the City to withdraw from the NSCC.

BACKGROUND

The City has belonged to the NSCC (formerly the North Suburban Cable Commission) since its inception in 1982. The NSCC is a joint powers organization (agreement attached) of ten cities whose purpose is to monitor the operations and activities of the cable system; provide coordination and administration of the franchise; and administer and develop community cable television programming. The development and coordination of community television programming is done through the NSCC's sister organization – the North Suburban Access Corporation (NSAC), which receives nearly \$1.5 million per year in Public Education and Government (PEG) fees that are collected from cable television subscribers.

The current NSCC budget is about \$350,000 per year and is funded primarily through contributions from the 10 member cities. The City of Shoreview contributes slightly more than \$70,000 per year to the NSCC (about 20% of the budget) for cable administration and oversight. Shoreview's contribution is derived from the 5% cable franchise fee that the City currently collects from Comcast and represents more than the 20% of the \$300,000 in franchise fees collected each year. Shoreview also uses franchise fees to pay for the City's communication efforts including the City's Communications Coordinator position and contractual costs for the ShoreViews newsletter.

As noted earlier, the NSAC has a total budget of about \$1.5 million, which is funded primarily through the receipt of a \$4.15 per month/subscriber PEG fee that is paid directly to the NSAC. This PEG fee is part of the current franchise agreement that was negotiated with MediaOne in 1998. However, the NSCC and Comcast agreed to extend the franchise until November, 2014 to allow additional time to negotiate a new agreement.

The franchise renewal process has actively been going on for a few years. Some of the elements of the process included a technical review of Comcast's performance as well as the development of a needs assessment. These were done prior to beginning any type of major negotiations with Comcast. The NSCC and Comcast began negotiations in an informal renewal process, which involves direct negotiation between the two groups. However, due to significant differences in positions and a general lack of progress during these informal negotiations, the NSCC voted to move into a formal process which included the submission of formal proposals by both parties. Attached to this report are various reports from both the NSCC and from Comcast regarding the franchise renewal proposals and negotiations.

The formal process includes established timelines for different steps in the process. Based on these timelines, the City currently has to either accept Comcast's franchise proposal or preliminarily deny the proposal before June 20, 2014. The NSCC has recommended that cities preliminarily deny the proposal, although it should be noted that Shoreview's representative to the NSCC, Councilmember Wickstrom, did vote against this recommendation. If the proposal is preliminarily denied, the next step in the process is an administrative hearing. The results of the hearing can be appealed to either State or Federal court.

During this formal process, informal negotiations have continued sporadically. While there has been some progress during the informal negotiations, the progress has been slow and the sides do not appear close to an agreement.

The three major issues that have been the primary focus of the negotiations include:

1. PEG Funding – due to a Federal Communications Commission (FCC) ruling, Comcast no longer is required to provide operational support for public access as part of a franchise renewal. They only are required to provide reasonable capital support for public, education and government access. Operational support for PEG programming is more typically provided by contributions of franchise fees by cities. However, the public access model at the NSAC is that significant operational support is provided through the PEG fee which has allowed our cities to have a significant public access programming and presence. This issue has been the major difference between the two parties.
2. Number of PEG Channels – Comcast currently dedicates eight channels to our cities for public education and government access. Comcast has offered the use of four channels, three in standard definition and one in high definition, with an opportunity to add a fifth channel based on usage of the remaining four.

3. Institutional Network – the franchise holder has constructed an institutional network (I-net) that connects all of the cities in the franchise. The I-net provides for dedicated use of a small part of Comcast's network by the 10 cities. This network is used to transmit government programs to the NSAC for broadcast as well as to transmit data. Roseville provides IT services to several cities both inside and outside the franchise area in part through the use of the I-net. Again, federal regulations do not require Comcast to provide free use of this network beyond PEG access use.

At a recent Commission meeting held in Shoreview, a public hearing was held to allow Comcast to present its franchise renewal proposal to the Commission. The public was also allowed to speak at the public hearing. Most of the public comments related to the public access television. Replays of this hearing, including a presentation of Comcast's proposal, is available on the ctv15.org website.

TERMINATION ISSUES

If Shoreview decides to withdraw from the NSCC, the City would be responsible for negotiating its own cable franchise with Comcast. Staff would suggest that the City have an attorney specializing in telecommunications franchising to assist City staff in this effort. There are several consequences of withdrawing from the Commission that the City Council should be aware of as they make this decision. Listed below are some of the issues staff has identified with potential withdrawal from the Commission:

- Loss of public access studio for residents that produce public access programs.
- Loss of public access programming on Channels 14 and 15 (City programming and school programming would continue).
- Need to purchase equipment for scheduling City programming and web streaming of City Council and Planning Commission meetings (now provided by the NSAC).
- Loss of 100 hours of government programming support from the NSAC.
- Loss of technical assistance for equipment purchases and technical broadcast issues.
- Reduced oversight/administration of cable franchise
- Reduced bargaining power with Comcast (5500 subscribers vs. 29,000 subscribers).
- City would retain all of the franchise fee, increasing City revenue by more than \$70,000 per year.

- City would retain negotiated PEG fees for capital expenditures related to governmental and possibly educational programming.

Although this is not meant to be a comprehensive list of items associated with the City withdrawing from the NSCC, it does represent some of the primary issues the Council should be aware of if the City withdraws from the NSCC. According to the Joint Powers Agreement (JPA) that established the NSCC, the City needs to indicate its intent to withdraw prior to October 15 of this year to not be liable for future year's expenses. The withdrawal would be effective at the end of the year and the City would retain the right to rescind the withdrawal prior to the end of the year. The City has paid its full contribution to the NSCC for 2014 and any PEG fees will continue to be paid to the NSAC until the end of the year. By withdrawing from the Commission before dissolution, the City would forfeit its rights to have any claims against the assets of the Commission.

RECOMMENDATION

At the May 19th workshop meeting, the City Council asked that staff prepare a report for the June 2nd Council meeting further outlining the issues associated with a potential withdrawal from the NSCC; and to provide a motion authorizing the City to withdraw from the NSCC. The attached motion authorizes the Mayor to send a letter to the NSCC indicating Shoreview's intent to withdraw from the NSCC effective at the end of 2014. Negotiating a new franchise agreement with Comcast would then become the responsibility of the City, rather than the NSCC. The City Council will also have to act on whether to either accept or preliminarily deny Comcast's formal proposal at its June 16th meeting, unless an extension is received from Comcast.

RESOLUTION NO. 82-159

AUTHORIZING THE
JOINT AND COOPERATIVE AGREEMENT
FOR THE ADMINISTRATION OF A CABLE COMMUNICATIONS
SYSTEM

WHEREAS, the City of Shoreview (hereinafter "City")
has granted a cable communications franchise ordinance to Group W Cable of the
North Suburbs, Inc., a subsidiary of Westinghouse Broadcasting and Cable, Inc.;

WHEREAS, on November 12, 1982, City was issued a Regular Certificate
of Confirmation by the Minnesota Cable Communications Board relative to the
Group W Cable franchise;

WHEREAS, City believes it to be in its best interest and the most
efficient utilization of resources for City to participate in a Joint and
Cooperative Agreement for the Administration of the Cable Communications System;
and

WHEREAS, said joint and cooperative effort is authorized by Minn.
Stat. §471.59, as amended;

THEREFORE, BE IT RESOLVED, that the City Council of the City of
Shoreview shall participate in the North Suburban Cable
Commission for the administration of the a cable communications system,

BE IT FURTHER RESOLVED, that the appropriate officers of City shall
execute the final Joint and Cooperative Agreement of the North Suburban Cable

Commission and file it appropriately with the manager of the City of Roseville,
Minnesota;

FURTHER, City authorizes its proportional share of the assets of the
dissolved North Suburban Cable Communications Commission as City's initial
contribution to the North Suburban Cable Commission;

FURTHER, that City's director shall be Robert Weyandt,
residing at 701 Brigadoon Circle, Shoreview, whose phone number is
484-3209; and Mn. 55112

FURTHER, the City's alternate shall be Richard Sundberg,
residing at 325 Bridge St., Shoreview, Mn., whose phone number is
483-2386. 55112

The above listed resolution was moved by Council member Weyandt
, and duly seconded by Council member Wegleitner.

The following Council members voted in the affirmative:
All members present.

The following Council members voted in the negative:
None

The above resolution was duly adopted December 20, 1982.

ATTEST:

Ray G. Dickson

FINAL
NORTH SUBURBAN CABLE COMMISSION
JOINT AND COOPERATIVE AGREEMENT
FOR THE ADMINISTRATION OF A CABLE COMMUNICATIONS SYSTEM

I. PARTIES

The parties to this agreement are governmental units of the State of Minnesota. This agreement is made pursuant to Minnesota Statutes Section 471.59, as amended.

II. GENERAL PURPOSE

The general purpose of this agreement is to establish an organization to monitor the operation and activities of cable communications, and in particular, the Cable Communication System (System) of the parties; to provide coordination of administration and enforcement of the franchises of parties for their respective System; to promote the development of locally produced cable television programming; and to conduct such other activities authorized herein as may be necessary to insure equitable and reasonable rates and service levels for the citizens of the members of the organization.

III. NAME

The name of the organization is the North Suburban Cable Commission (NSCC).

IV. DEFINITION OF TERMS

Section 1. For the purposes of this agreement, the terms defined in this Article shall have the meanings given them.

Section 2. "Commission" means the Board of Directors created pursuant to this agreement.

Section 3. "Council" means the governing body of a member.

Section 4. "Franchise" means that cable communications franchise granted by all cities listed in Article V, Section 1.

Section 5. "Grantee" means the person or entity to whom a franchise has been granted by a member.

Section 6. "Member" means a municipality which enters into this agreement.

V. MEMBERSHIP

Section 1. The municipalities of Arden Hills, Falcon Heights, Little Canada, Lauderdale, Moundsview, New Brighton, North Oaks, Roseville, St. Anthony, and Shoreview are eligible to be the original members of the Commission. Any municipality geographically contiguous to any of these named municipalities, and served by a cable communications system through the same Grantee, may become a member pursuant to the terms of this agreement.

Section 2. Any municipality desiring to become a member shall execute a copy of this agreement and conform to all requirements herein.

Section 3. The initial members shall be those members who become members within ninety (90) days of the issuance by the Minnesota Cable Communications Board (MCCB) of a Certificate of Confirmation for a Cable communications system serving the cities named in this article. Should the MCCB cease to exist or cease issuance of certificates of confirmation the deadline for initial membership shall be ninety (90) days following the effective date of the franchise.

Section 4. Municipalities desiring to become members after the date specified in Article V, Section 3 may be admitted by an affirmative vote of two-thirds (2/3) of the votes of the members of the Commission. The Commission may by resolution impose conditions upon the admission of additional members.

VI. DIRECTORS; VOTING

Section 1. Each member shall be entitled to one (1) director to represent it on the Commission. Each director is entitled to one vote for each 5,000 of population or fraction thereof of that municipality represented by the

director; provided, however, that each director shall have at least one vote. For the purposes of this section, population of a governmental unit shall be that population determined pursuant to the provisions of Minnesota Statutes Section 275.53. Prior to December 31 of each year, the Secretary of the Commission shall determine the population of each member in accordance with this section and certify the results to the Chairman. Three years after the inception of the Commission, or after the second annual report of the number of subscribers to the cable system, whichever is sooner, the voting structure of the Commission may be reconstituted to represent one vote per director based upon the number of subscribers or a fraction thereof of the municipality represented by the director, said number to be determined by amendment to this agreement; provided, however, that each director shall have at least one vote.

Section 2. A director shall be appointed by resolution of the Council of each member. A director shall serve until a successor is appointed and qualifies. Directors shall serve without compensation from the Commission.

Section 3. Each member shall appoint at least one alternate director. The Commission, in its By-laws, may prescribe the extent of an alternate's powers and duties.

Section 4. A vacancy in the office of director will exist for any of the reasons set forth in Minnesota Statutes Section 351.02, or upon a revocation of a director's appointment duly filed by a member with the Commission. Vacancies shall be filled by appointment for the unexpired portion of the term of director by the council of the member whose position on the Board is vacant.

Section 5. There shall be no voting by proxy, but all votes must be cast by the director or the duly authorized alternate at a Commission meeting.

Section 6. The presence of five directors representing a majority of the total authorized votes of all directors shall constitute a quorum, but a smaller number may adjourn from time to time.

Section 7. A director shall not be eligible to vote on behalf of the director's municipality during the time said municipality is in default on any contribution or payment to the Commission. During the existence of such default, the vote or votes of such member shall not be counted for the purposes of this agreement.

Section 8. All official actions of the Commission must receive two-thirds (2/3) of all authorized votes cast on that issue at a duly constituted meeting of the Commission and the affirmative vote of five directors.

VII. EFFECTIVE DATE; MEETINGS; ELECTION OF OFFICERS

Section 1. A municipality may enter into this agreement by resolution of its council and the duly authorized execution of a copy of this agreement by its proper officers. Thereupon, the clerk or other appropriate officer of the municipality shall file a duly executed copy of this agreement, together with a certified copy of the authorizing resolution, with the City Manager of the City of Roseville, Minnesota. The resolution authorizing the execution of the agreement shall also designate the director and the alternate for the municipality on the Commission, along with said director's and alternate's address and phone number.

Section 2. This agreement is effective on the date when executed agreements and authorizing resolutions of five of the municipalities named in Article V, Section 1 have been filed as provided in this Article.

Section 3. Within thirty (30) days after the effective date of this agreement, the Mayor of the members having the largest population shall call the first meeting of the Commission which shall be held no later than fifteen (15) days after such call.

Section 4. The first meeting of the Commission shall be its organizational meeting.

Section 5. At the organizational meeting, or as soon thereafter as it

may reasonably be done, the Commission shall select from among the directors a Chair, Vice-Chair, Secretary and Treasurer, adopt By-Laws governing its procedures including the time, place, notice for and frequency of its regular meetings, adopt a procedure for calling special meetings, and such other matters as are required by this agreement.

Section 6. Officers of the Commission shall be elected annually for one year terms. Officers shall be limited to two consecutive terms in a given office.

VIII. POWERS AND DUTIES OF THE COMMISSION

Section 1. The powers and duties of the Commission shall include the powers set forth in this Article.

Section 2. The Commission may make such contracts, grants, and take such other action as it deems necessary and appropriate to accomplish the general purposes of the organization. The Commission may not contract for the purchase of real estate without the prior authorization of the member municipalities. Any purchases or contracts made shall conform to the requirements applicable to Minnesota statutory cities.

Section 3. The Commission shall assume all authority and undertake all tasks necessary to coordinate, administer, and enforce the Franchise of each member except for that authority and those tasks specifically retained by a member.

Section 4. The Commission shall continually review the operation and performance of the cable communications system of the members and prepare annual reports as required by the Minnesota Cable Communications Board and the FCC.

Section 5. The Commission shall undertake all procedures necessary to maintain uniform rates and to handle applications for changes in rates for the services provided by the Grantee.

Section 6. The Commission may provide for the prosecution, defense,

or other participation in actions or proceedings at law in which it may have an interest, and may employ counsel for that purpose. It may employ such other persons as it deems necessary to accomplish its powers and duties. Such employees may be on a full-time, part-time or consulting basis, as the Commission determines, and the Commission may make any required employer contributions which local governmental units are authorized or required to make by law.

Section 7. The Commission may conduct such research and investigation and take such action as it deems necessary, including participation and appearance in proceedings of State and Federal regulatory, legislative or administrative bodies, on any matter related to or affecting cable communication rates, franchises, or levels of service.

Section 8. The Commission may obtain from Grantee and from any other source, such information relating to rates, costs and service levels as any member is entitled to obtain from Grantee or others.

Section 9. The Commission may accept gifts, apply for and use grants, enter into agreements required in connection therewith and hold, use and dispose of money or property received as a gift or grant in accordance with the terms thereof.

Section 10. The Commission shall make an annual, independent audit of the books of the Commission to be made and shall make an annual financial accounting and report in writing to the members. Its books and records shall be available for examination by the members at all reasonable times.

Section 11. The Commission may delegate authority to its executive committee. Such delegation of authority shall be by resolution of the Commission and may be conditioned in such a manner as the Commission may determine.

Section 12. The Commission shall adopt By-Laws which may be amended

from time to time.

Section 13. The Commission may exercise any other power necessary and incidental to the implementation of its powers and duties.

IX. OFFICERS

Section 1. The officers of the Commission shall consist of a chair a vice-chair, a secretary and a treasurer.

Section 2. A vacancy in the office of chair, vice-chair, secretary or treasurer shall occur for any of the reasons for which a vacancy in the office of a director shall occur. Vacancies in these offices shall be filled by the Commission for the unexpired portion of the term.

Section 3. The four officers shall all be members of the executive committee.

Section 4. The chair shall preside at all meetings of the Commission and the executive committee. The vice-chair shall act as chair in the absence of the chair.

Section 5. The secretary shall be responsible for keeping a record of all of the proceedings of the Commission and executive committee.

Section 6. The treasurer shall be responsible for custody of all funds, for the keeping of all financial records of the Commission and for such other matters as shall be delegated by the Commission. The Commission may require that the treasurer post a fidelity bond or other insurance against loss of Commission funds in an amount approved by the Commission, at the expense of the Commission. Said fidelity bond or other insurance may cover all persons authorized to handle funds of the Commission.

Section 7. The Commission may appoint such other officers as it deems necessary. All such officers shall be appointed from the membership of the Commission.

X. FINANCIAL MATTERS

Section 1. The fiscal year of the Commission shall be the calendar

year.

Section 2. Commission funds may be expended by the Commission in accordance with the procedures established by law for the expenditure of funds by Minnesota Statutory Cities. Orders, checks and drafts must be signed by any two of the officers. Other legal instruments shall be executed with authority of the Commission, by the chair and treasurer. Contracts shall be let and purchases made in accordance with the procedures established by law for Minnesota Statutory Cities.

Section 3. The financial contributions of the members in support of the Commission shall be in the same proportion as the members' votes on the Commission in accordance with the annual budget of the Commission. The annual budget shall establish the contribution of each member for the ensuing year and a timetable for the payment of said contribution. At such time as the first annual franchise fee is paid to the member cities, the Commission may reevaluate the proportion of the contributions to the Commission. The remainder of any franchise fee paid to the member by Grantee shall be used for cable-related expenses. Prior to the collection of franchise fees adequate to cover expenses, the Grantee, as a prepayment of the initial franchise fee shall reimburse members and the Commission for all cable-related expenditures.

Section 4. A proposed budget for the ensuing calendar year shall be formulated by the Commission and submitted to the members on or before August 1. Such budget shall be deemed approved by a member unless, prior to October 15 preceding the effective date of the proposed budget, the member gives notice in writing to the Commission that it is withdrawing from the Commission. Final action adopting a budget for the ensuing calendar year shall be taken by the Commission on or before November 1 of each year.

Section 5. Any member may inspect and copy the Commission books and records at any and all reasonable times. All books and records shall be kept in

accordance with normal and accepted accounting procedures and principles used by Minnesota Statutory Cities.

XI. DURATION

Section 1. The Commission shall continue for an indefinite term unless the number of members shall become less than five. The Commission may also be terminated by mutual agreement of all of the members at any time.

Section 2. In order to prevent obligation for its financial contribution to the Commission for the ensuing year, a member shall withdraw from the Commission by filing a written notice with the secretary by October 15 of any year giving notice of withdrawal effective at the end of that calendar year; and membership shall continue until the effective date of the withdrawal. Prior to the effective date of withdrawal a notice of withdrawal may be rescinded at any time by a member. If a member withdraws before dissolution of the Commission, the member shall have no claim against the assets of the Commission. A member withdrawing after October 15 shall be obligated to pay its entire contribution for the ensuing year as outlined in the budget of the Commission for the ensuing year.

Section 3. In the event of dissolution, the Commission shall determine the measures necessary to affect the dissolution and shall provide for the taking of such measures as promptly as circumstances permit, subject to the provisions of this agreement. Upon dissolution of the Commission all remaining assets of the Commission, after payment of obligations, shall be distributed among the then existing members in proportion to the most recent member by member breakdown of the franchise fee as reported by the Grantee. The Commission shall continue to exist after dissolution for such period, no longer than six months, as is necessary to wind up its affairs but for no other purpose.

IN WITNESS WHEREOF, the undersigned municipality has caused this agreement to be signed on its behalf this 20th day of December, 1982

WITNESSED BY:

_____ of _____

By: Richard A. Wedell
Its Mayor

By: Henry T. Deakin
Its City, 1982

Filed in the office of the Manager of the City of Roseville this _____ day of _____, 19__.

PREPARED BY:

Thomas D. Creighton, for
STERN, LEVINE, SCHWARTZ,
LIFSON & CREIGHTON, P.A.
5005 South Cedar Lake Road
Minneapolis, MN 55416
Telephone: (612) 377-8620
DATED: December 2, 1982

EXHIBIT A

Revised June, 1990

AMENDED

NORTH SUBURBAN CABLE COMMISSION JOINT AND COOPERATIVE AGREEMENT FOR THE ADMINISTRATION OF A CABLE COMMUNICATIONS SYSTEM

I. PARTIES

The parties to this Agreement are governmental units of the State of Minnesota. This Agreement is made pursuant to Minnesota Statutes Section 471.59, as amended.

II. GENERAL PURPOSE

The general purpose of this Agreement is to establish an organization to monitor the operation and activities of cable communications, and in particular, the Cable Communication System (System) of the parties; to provide coordination of administration and enforcement of the franchises of parties for their respective System; to promote, coordinate, administer and develop community cable television programming; and to conduct such other activities authorized herein as may be necessary to insure equitable and reasonable rates and service levels for the citizens of the members of the organization.

III. NAME

The name of the organization is the North Suburban Cable Commission (NSCC).

IV. DEFINITION OF TERMS

Section 1. For the purposes of this Agreement, the terms defined in this Article shall have the meanings given to them.

Section 2. "Commission" means the Board of Directors created pursuant to this Agreement.

Section 3. "Council" means the governing body of a member.

Section 4. "Franchise" means that cable communications franchise granted by all cities listed in Article V, Section 1.

Section 5. "Grantee" means the person or entity to whom a franchise has been granted by a member.

Section 6. "Member" means a municipality which enters into this Agreement.

Section 7. "System" means that cable communications system more specifically defined in the Franchise Ordinance of the Member.

V. MEMBERSHIP

Section 1. The municipalities of Arden Hills, Falcon Heights, Little Canada, Lauderdale, Moundsvew, New Brighton, North Oaks, Roseville, St. Anthony, and Shoreview are eligible to be the Members of the Commission. Any municipality geographically contiguous to any of these named municipalities, and served by a cable communications system through the same Grantee, may become a Member pursuant to the terms of this Agreement.

Section 2. Any municipality desiring to become a Member shall execute a copy of this Agreement and conform to all requirements herein.

Section 3. The initial Members shall be those municipalities listed in Section 1 of this Article V.

Section 4. Municipalities desiring to become Members after the date specified in Article V, Section 3 may be admitted by an affirmative vote of two-thirds (2/3) of the votes of the Members of the Commission. The Commission may, by resolution, impose conditions upon the admission of additional members.

VI. DIRECTORS; VOTING

Section 1. Each Member shall be entitled to one (1) director to represent it on the Commission. Each director is entitled to vote in direct proportion to the percent of annual revenues attributable to the municipality represented by the director to the total annual revenues of the system for the prior year rounded to the nearest whole number; provided, however, that each director shall have at least one vote. For the purposes of this section, the annual revenues for each Member and the total annual system revenues as of December 31 of each year shall be determined by the records of the cable operator filed with the Commission with the annual franchise fee. Prior to the first Commission meeting in March of each year, the Secretary of the Commission shall determine the number of votes for each Member in accordance with this section and certify the results to the Chairs.

Section 2. A director shall be appointed by resolution of the Council of each Member. A director shall serve until a successor is appointed and qualifies. Directors shall serve without compensation from the Commission.

Section 3. Each Member shall appoint at least one alternate director. The Commission, in its By-Laws, may prescribe the extent of an alternate's powers and duties.

Section 4. A vacancy in the office of director will exist for any of the reasons set forth in Minnesota Statutes Section 351.02, or upon a revocation of a director's appointment duly

filed by a Member with the Commission. Vacancies shall be filled by appointment for the unexpired portion of the term of director by the council of the Member whose position on the Board is vacant.

Section 5. There shall be no voting by proxy, but all votes must be cast by the director or the duly authorized alternate at a Commission meeting.

Section 6. The presence of five directors representing a majority of the total authorized votes of all directors shall constitute a quorum, but a smaller number may adjourn from time to time.

Section 7. A director shall not be eligible to vote on behalf of the director's municipality during the time said municipality is in default on any contribution or payment to the Commission. During the existence of such default, the vote or votes of such Member shall not be counted for the purposes of this Agreement.

Section 8. All official actions of the Commission must receive two-thirds (2/3) of all authorized votes cast on that issue at a duly constituted meeting of the Commission and the affirmative vote of five directors. Abstentions shall not be considered authorized votes cast.

VII. EFFECTIVE DATE; MEETINGS; ELECTION OF OFFICERS

Section 1. A municipality may enter into this Agreement by resolution of its council and the duly authorized execution of a copy of this Agreement by its proper officers. Thereupon, the

clerk or other appropriate officer of the municipality shall file a duly executed copy of this Agreement, together with a certified copy of the authorizing resolution, with the Office of the NSCC. The resolution authorizing the execution of the Agreement shall also designate the director and the alternate for the municipality on the Commission, along with said director's and alternate's address, and home and work phone numbers.

Section 2. This Agreement and any amendments thereto are effective on the date when executed agreements and authorizing resolutions of five of the municipalities named in Article V, Section 1 have been filed as provided in this Article.

Section 3. Officers of the Commission shall be elected annually for one year terms. Officers shall be limited to two consecutive terms in a given office.

VIII. POWERS AND DUTIES OF THE COMMISSION

Section 1. The powers and duties of the Commission shall include the powers set forth in this Article.

Section 2. The Commission may make such contracts, grants, and take such other action as it deems necessary and appropriate to accomplish the general purposes of the organization. The Commission may not contract for the purchase of real estate without the prior authorization of the member municipalities. Any purchases or contracts made shall conform to the requirements applicable to Minnesota statutory cities.

Section 3. The Commission shall assume all authority and undertake all tasks necessary to coordinate, administer, and

enforce the Franchise of each Member except for that authority and those tasks specifically retained by a Member.

Section 4. The Commission shall continually review the operation and performance of the cable communications system of the Members and prepare and submit annual reports to the Members.

Section 5. The Commission shall undertake all procedures necessary to maintain uniform rates and to handle applications for changes in rates for the services provided by the Grantee.

Section 6. The Commission may provide for the prosecution, defense, or other participation in actions or proceedings at law in which it may have an interest, and may employ counsel for that purpose. It may employ such other persons as it deems necessary to accomplish its powers and duties. Such employees may be on a full-time, part-time or consulting basis, as the Commission determines, and the Commission may make any required employer contributions which local governmental units are authorized or required to make by law.

Section 7. The Commission may conduct such research and investigation and take such action as it deems necessary, including participation and appearance in proceedings of State and Federal regulatory, legislative or administrative bodies, on any matter related to or affecting cable communication rates, franchises, or levels of service.

Section 8. The Commission may obtain from Grantee and from any other source, such information relating to rates, costs and

service levels as any member is entitled to obtain from Grantee or others.

Section 9. The Commission may accept gifts, apply for and use grants, enter into agreements required in connection therewith and hold, use and dispose of money or property received as a gift or grant in accordance with the terms thereof.

Section 10. The Commission shall make an annual, independent audit of the books of the Commission to be made and shall make an annual financial accounting and report in writing to the Members. Its books and records shall be available for examination by the Members at all reasonable times.

Section 11. The Commission may delegate authority to its executive committee. Such delegation of authority shall be by resolution of the Commission and may be conditioned in such a manner as the Commission may determine.

Section 12. The Commission shall adopt By-Laws which may be amended from time to time.

Section 13. The Commission shall assume all responsibility for community cable television programming within or for the geographic area of the Member cities of the Commission as more specifically delegated to the Commission from each Member pursuant to the terms and conditions of "A Resolution Transferring Community Television Programming Responsibilities from Group W Cable of the North Suburbs, Inc., d/b/a Cable T.V. North Central." Should any Member withdraw from the Commission as of the date of any renewal of the Cable Television Franchise

Ordinance, or in any year thereafter, the withdrawing Member shall assume all responsibility for community cable television programming within or for the geographic boundaries of the withdrawing municipality, as more specifically delineated in Article XI, Sections 2 or 3 of this Agreement.

Section 14. The Commission may designate an entity or entities to perform any functions the Commission deems necessary relative to the Commission's responsibility for community programming. The Commission may provide funds, support services, and the use of equipment and property to the designated entity, provided that title to all equipment and property shall not pass to the designated entity without the prior approval of all directors.

IX. OFFICERS

Section 1. The officers of the Commission shall consist of a chair, a vice-chair, a secretary and a treasurer.

Section 2. A vacancy in the office of chair, vice-chair, secretary or treasurer shall occur for any of the reasons for which a vacancy in the office of a director shall occur. Vacancies in these offices shall be filled by the Commission for the unexpired portion of the term.

Section 3. The four officers shall all be members of the executive committee.

Section 4. The chair shall preside at all meetings of the Commission and the executive committee. The vice-chair shall act as chair in the absence of the chair.

Section 5. The secretary shall be responsible for keeping a record of all of the proceedings of the Commission and executive committee.

Section 6. The treasurer shall be responsible for custody of all funds, for the keeping of all financial records of the Commission and for such other matters as shall be delegated by the Commission. The Commission may require that the treasurer post a fidelity bond or other insurance against loss of Commission funds in an amount approved by the Commission, at the expense of the Commission. Said fidelity bond or other insurance may cover all persons authorized to handle funds of the Commission.

Section 7. The Commission may appoint such other offices as it deems necessary. All such officers shall be appointed from the membership of the Commission.

X. FINANCIAL MATTERS

Section 1. The fiscal year of the Commission shall be the calendar year.

Section 2. Commission funds may be expended by the Commission in accordance with the procedures established by law for the expenditure of funds by Minnesota Statutory Cities. Orders, checks and drafts must be signed by any two of the officers. Other legal instruments shall be executed with authority of the Commission, by the chair and treasurer. Contracts shall be let and purchases made in accordance with the procedures established by law for Minnesota Statutory Cities.

Section 3. The financial contributions of the Members in support of the Commission shall be in direct proportion to the percent of annual revenues of each Member to the total revenues of the System for the prior year multiplied by the Commission's annual budget. The annual budget shall establish the contribution of each Member for the ensuing year and a timetable for the payment of said contribution. The remainder of any franchise fee paid to the Member by Grantee shall be used for cable-related expenses.

Section 4. A proposed budget for the ensuing calendar year shall be formulated by the Commission and submitted to the Members on or before August 1. Such budget shall be deemed approved by a Member unless, prior to October 15, preceding the effective date of the proposed budget, the Member gives notice in writing to the Commission that it is withdrawing from the Commission. Final action adopting a budget for the ensuing calendar year shall be taken by the Commission on or before November 1 of each year.

Section 5. Any Member may inspect and copy the Commission books and records at any and all reasonable times. All books and records shall be kept in accordance with normal and accepted accounting procedures and principles used by Minnesota Statutory Cities.

XI. DURATION

Section 1. The Commission shall continue for an indefinite term unless the number of Members shall become less than five.

The Commission may also be terminated by mutual agreement of all of the Members at any time.

Section 2. In order to prevent obligation for its financial contribution to the Commission for the ensuing year, a Member shall withdraw from the Commission by filing a written notice with the secretary by October 15 of any year giving notice of withdrawal effective at the end of that calendar year; and membership shall continue until the effective date of the withdrawal. Prior to the effective date of withdrawal a notice of withdrawal may be rescinded at any time by a Member. If a Member withdraws before dissolution of the Commission, the Member shall have no claim against the assets of the Commission. A Member withdrawing after October 15 shall be obligated to pay its entire contribution for the ensuing year as outlined in the budget of the Commission for the ensuing year.

Section 3. Should any Member withdraw from the Commission as of the date of any renewal of the Cable Television Franchise Ordinance, or in any year thereafter, the withdrawing member shall assume the responsibilities for community programming within and for the geographic boundaries of the withdrawing municipality as described in Article VIII, Section 13 herein. For the years following withdrawal pursuant to this section and so long as the "Resolution Transferring Community Television Programming Responsibilities" is effective, the withdrawing municipality shall receive from the Commission at the time of receipt by the Commission of the quarterly programming monies

from the cable company an amount of money equal to the withdrawing municipality's pro rata share of the quarterly programming monies. Pro rata shall mean that percentage which the municipality would have had of the total votes of the Commission, had all ten municipalities remained members of the Commission. Additionally, the withdrawing municipality shall receive a pro rata share of any portion of the \$650,000 payment made to the Commission which the Commission has not specifically designated for the repair or replacement of equipment or facilities.

Section 4. In the event of dissolution, the Commission shall determine the measures necessary to affect the dissolution and shall provide for the taking of such measures as promptly as circumstances permit, subject to the provisions of this Agreement. Upon dissolution of the Commission all remaining assets of the Commission, after payment of obligations, shall be distributed among the then existing Members in proportion to the most recent Member-by-Member breakdown of the franchise fee as reported by the Grantee. The Commission shall continue to exist after dissolution for such period, no longer than six months, as is necessary to wind up its affairs but for no other purpose. After dissolution, all initial Members of the Commission shall receive their pro rata share of any quarterly annual and lump sum payments made by the cable company pursuant to "A Resolution Transferring Community Television Programming Responsibilities."

IN WITNESS WHEREOF, the undersigned municipality has caused this Agreement to be signed on its behalf this ____ day of _____, 19__.

WITNESSED BY:

_____ of _____

_____ by: _____
Its _____

_____ by: _____
Its _____

Filed in the office of the NSCC this ____ day of _____, 1990.

PREPARED BY:

Thomas D. Creighton, for
BERNICK AND LIFSON, P.A.
Parkdale 1, Suite 200
5401 Gamble Drive
Minneapolis, Minnesota 55416
Telephone: (612) 546-1200
Facsimile: (612) 546-1003

From: Mike Bradley [mailto:mike@bradleylawmn.com]
Sent: Tuesday, May 27, 2014 4:17 PM
To: Coralie Wilson
Subject: Response to May 23 Letter from Comcast

The following briefly outlines our responses to some of the issues raised by Comcast in the May 23, 2014 Letter from Randy Tietjen. This is certainly not intended to be an exhaustive rebuttal.

Demand for Operating Support - Misleading

The NSCC is not demanding any operating support. This was confirmed by letter from the NSCC's attorney to Comcast's attorney. The Request for Renewal Proposals (RFRP) has no demand for operational support. The Staff Report identified a need for operational support, but again did not require operational support. This has been made clear to Comcast.

PEG Funding Levels

The NSCC PEG funding levels are not the highest even in the Twin Cities. They are also not the lowest. The fact is the PEG funding levels meet the needs of these communities. Importantly, the PEG funding levels are paid solely by Comcast subscribers - not Comcast, as Comcast passes through these fees. There have been no complaints and Comcast's subscription levels in this area is consistent with other areas in the Twin Cities.

Conflict of Interest between NSCC and NSAC - No Basis

This is a new argument that Comcast has started using. There is no conflict of interest between the two entities. The member cities have appointees on both boards. The basis of Comcast's complaints seem to manifest in the fact that there were valid community needs ascertainment studies that showed a real need for PEG TV in the community, a need that Comcast does not want to fully meet.

Misleading Statements on the Law by Comcast

Comcast continues to misstate the law. For example, Comcast sites to a franchise revocation case in support of its position on franchise renewal, despite differences in the law on those two separate processes.

Comcast's Due Process Rights - Pre-Hearing

Comcast implies at times and at other times states outright that the NSCC is not being transparent in its decision making. That is untrue. The NSCC provided Comcast a full public hearing to allow Comcast the opportunity to present its formal cable franchise renewal proposal to the NSCC and the Public. Comcast made questionable use of that opportunity, but it nevertheless was given the opportunity to make that presentation. It was also allowed to present additional information in writing to the Commission. As for deliberations relating to the preliminary assessment to deny cable franchise renewal, nearly every single Commissioner of the NSCC spoke out about the reasons why they were voting in support or opposition of the resolution. That was in addition to the consultants and executive director's reports. To say the NSCC acted "after virtually no deliberation," is patently false. It is also important to understand that this is a preliminary decision not to renew. Not a final decision. Comcast has received the appropriate due process.

Substantial Non-Compliance

Comcast makes contradictory statements related to its compliance with its franchises in the member cities. First, Comcast claims there was no substantial non-compliance, but then indicates that they have been put on notice of *only* two different compliance issues. The latter is true and is indicative of substantial non-compliance. The Staff Report (released in July, 2013) identified multiple compliance issues. For Comcast to feign knowledge of those identified compliance issues is disingenuous.

Public Hearing Process

The public hearing process attached to the NSCC resolution provides Comcast the due process that it is entitled to under the federal cable act. The NSCC and Comcast agreed that an ALJ would preside over the public hearing. That is in the public hearing process. At the last NSCC meeting Comcast complained that it would not be able to call council members and NSCC commissioners as witnesses under the process. That is not a valid basis to complain about the process. Council members and NSCC commissioners would provide no relevant testimony as to whether Comcast's proposal should be accepted or denied under the terms of the federal cable act.

Comcast Misleading Statements about Informal Negotiations

Comcast indicates in some correspondence and in individual interactions with council members and NSCC commissioners that it would like to resolve the franchise informally. We asked Comcast if they would be willing to toll the formal process pending the outcome of informal discussions. Comcast declined (in writing) to toll the formal process. That means, the member cities must act by June 20 or accept the Comcast proposed franchise, which the NSCC has determined should, on a preliminary basis, not be renewed.

That is not to say there are no discussions happening. We will be meeting with Comcast tomorrow afternoon. The NSCC had been requesting a meeting (through its attorney) for about the last 6 weeks. An informal agreement could be reached at any time, provided both parties are serious about resolution.

Mike

Michael R. Bradley
Bradley Hagen & Gullikson

May 23, 2014

Via E-mail to

pkelly@kellyandlemmons.com

Patrick J. Kelly
Kelly & Lemmons, P. A.
223 Little Canada Road, Suite 200
Little Canada, MN 55117

Re: Formal renewal of Comcast's cable-television franchises

Dear Mr. Kelly:

The City of Shoreview, as you likely know, is a member of the ten-member North Suburban Communications Commission (NSCC). The NSCC recently passed a resolution recommending that each of its ten member cities preliminarily deny a formal proposal of Comcast of Minnesota, Inc., to renew Comcast's cable-television franchises with the member cities. Each member city now has until June 20, 2014, to accept or preliminarily deny Comcast's proposal. I represent Comcast in this matter. As city attorney for Shoreview, you might be asked to help the city as it considers the NSCC's resolution recommending preliminary denial of Comcast's proposal. If you are, I am including with this letter a memorandum regarding Comcast's formal renewal proposal that gives you some background on this fairly complicated subject. I am also filing a copy of this memorandum with the city administrator or manager for each of the ten member cities of the NSCC, along with a copy of Comcast's formal renewal proposal. If you have any questions about this matter, please feel free to get in touch with me.

Sincerely,

s/Randall Tietjen

Randall Tietjen

Enclosure

cc: Shoreview City Manager (via US Mail; with enclosure)
Michael Bradley (via e-mail; with enclosure)

To: Attorneys and City Administrators or Managers for the Cities of Arden Hills, Falcon Heights, Lauderdale, Little Canada, Mounds View, New Brighton, North Oaks, Roseville, St. Anthony, and Shoreview

From: Randall Tietjen

Date: May 23, 2014

Re: Formal renewal of Comcast's cable-television franchises

Introduction and Summary

On May 15, 2014, the Northern Suburban Communications Commission (NSCC) passed a resolution recommending that its ten member cities (listed above) preliminarily deny the formal proposal of Comcast of Minnesota, Inc., to renew Comcast's cable-television franchises with the member cities. Each of the member cities now has until June 20, 2014, to accept or preliminarily deny Comcast's proposal. The member cities should all accept Comcast's formal proposal. Federal law, in the end—after an administrative hearing—allows only four limited grounds for denying Comcast's formal proposal, and none of those grounds exist here.

By continuing to put Comcast and the member cities through a formal franchise-renewal process, the NSCC is leading its member cities on what might be called an expensive “fool's errand”—with an unlawful goal that the NSCC is not going to achieve. Comcast's formal renewal proposal provides generously for all of the *capital* needs associated with the public, educational, and government-access channels (PEG channels) operated by the North Suburban Access Corporation (NSAC), the non-profit affiliate of the NSCC that operates the member cities' “CTV” PEG channels. But for a long time, the NSCC has been singularly focused on getting Comcast to charge its customers ever higher PEG fees during the upcoming franchise terms to cover the *operating* expenses of the NSCC and NSAC.

Under a settlement agreement in 1994 (“the 1994 Agreement”) that will soon expire, between the NSCC and a predecessor cable operator, Comcast currently collects PEG fees from its customers in the member cities to fund operating expenses of the NSCC/NSAC. But since the date of that settlement, federal law regarding cable franchising has made clear that the

NSCC is prohibited from demanding financial support for its PEG operational expenses. Yet demanding PEG operating support is *precisely* what the NSCC's request for renewal proposal (RFRP) to Comcast does: "Current levels of capital and operations funding, and in-kind support, *must* be maintained and enhanced as described herein and in the *Staff Report*." (RFRP at p.38) (Elsewhere in the RFRP, the NSCC sometimes state its demand with the phrase that Comcast "shall voluntarily pay" the amount demanded." RFRP at p.65)

In most cities around the country, the PEG operations of a local franchising authority (LFA) are funded through the franchise fees that federal law allows an LFA to collect from a cable operator's customers. The member cities of the NSCC already collect the full franchise fee allowed by federal law (5%), but they apparently do not use all of that money for cable-related expenses or in support of PEG operations (despite their agreement to do so in their Joint Powers Agreement forming the NSCC). What the NSCC should have done—years ago, as the expiration of the 1994 Agreement approached—was establish a lawful and reliable alternative source for its operational expenses, without expecting Comcast's customers to continue to provide the funding, and then prepare an RFRP for Comcast that was built on that foundation. This would have been the prudent course. But instead, the NSCC wants to put federal law aside and build the foundation of its formal renewal case on an unlawful demand for PEG operating support.

Why would the NSCC go to such lengths over the issue of whether Comcast should continue to pay the NSCC for PEG operating support? The answer to that question gets to a fundamental problem with the renewal process of the NSCC, on which we elaborate more below. The essence of the problem is that the NSCC and the NSAC have an inherent conflict of interest between them—a conflict that causes the NSCC to systemically favor the PEG interests of the NSAC over the interests of those whom the NSCC is supposed to protect: Comcast customers. This inherent conflict of interest has manifested itself in the franchise-renewal process with open-meeting violations, for example, and a pervasive bias in the NSCC's assessment of community needs that favors the NSAC's interests at the expense of Comcast customers.

The rest of this memorandum aims to provide more detail and context behind all this before the upcoming vote of the member cities on Comcast's formal renewal proposal—and to give you a picture of some of the serious issues affecting the NSCC's process and decision-making. This memo is not an

exhaustive description of events. The record of the NSCC contains a long history of missteps. Comcast has lodged its objections along the way, whenever it can discern what the NSCC is up to. Each of the member cities should ask to see the full record of communications between the NSCC and Comcast, including Comcast's formal and informal proposals. (Comcast is submitting a copy of the public version of its formal proposal under separate cover to each member city's administrator or manager.) If any member city or its attorney has any questions before the councils of the member cities decide whether to follow the recommendation of the NSCC, Comcast would be happy to try to answer those questions. Comcast has already requested an opportunity to speak before the city councils vote on this issue.

I. Background

A. Cable-television franchise renewal under the Cable Act

A number of laws and regulations govern the renewal of cable-television franchises, but the primary framework for the renewal process is established by Section 626 of Title VI of the Federal Communications Act of 1934, as amended. (See 47 U.S.C. § 546).

The informal process. Nearly all franchise renewals are handled informally between the cable operator and the local franchise authority (LFA). In an informal process, the cable operator and LFA simply negotiate a franchise agreement without the burdensome litigation procedures and deadlines that characterize the formal process. Comcast's efforts to negotiate franchise renewal informally with the NSCC have so far been unsuccessful, due primarily to the fact that Comcast will not accede to the NSCC's demand to pay the NSCC for PEG operating support for the entire term of the renewed franchise. In informal negotiations, Comcast has proposed PEG operating support for a transitional period to allow the NSCC/NSAC to find other sources of funds to support its operating expenses.

The formal process. The formal process is quite different—and that's what the NSCC has chosen to focus an inordinate amount of time and money on. (The NSCC has sometimes tried to say that Comcast began the formal proceedings, but Comcast merely sent a letter years ago notifying the member cities that it intended to renew the franchises, as it was required to do, and the NSCC's own many resolutions repeatedly acknowledge that "the Commission [itself] adopted Resolution No. 2011-02 *commencing* formal franchise renewal proceedings.") The federal statutes governing the formal-renewal method are designed—as the United States House of Representatives explained in its

report on amendments to the Cable Act—“to establish a process which protects the cable operator against an unfair denial of renewal” and “encourage investment by the cable operator at the time of the initial franchise.”¹ The Cable Act, according to the House, “ensure[s] such investment will not be jeopardized at franchise expiration without actions on the part of the operator justifying such a loss of business.”² Here, none of the actions of Comcast, as explained below, justify a loss of its business.

Section 626 of the Cable Act (47 U.S.C. § 546) divides the formal-renewal process into multiple stages. The process begins with the LFA’s “ascertainment” of community needs and a review of the cable operator’s performance, both of which are conducted through what is supposed to be a public process. Following ascertainment, an LFA issues a request for renewal proposal (RFRP) based on that review. The operator responds with a proposal for renewal, and then the LFA makes a preliminary decision on that proposal. If it preliminarily denies renewal, the LFA must hold an administrative hearing where evidence is gathered and presented, at the end of which the LFA must deny or accept the renewal proposal based on four limited factors, summarized as follows:

- (a) whether the operator substantially complied with the existing franchise,
- (b) the quality of the operator’s service,
- (c) the operator’s financial, legal and technical ability, and
- (d) whether the operator’s proposal reasonably meets future cable-related needs and interests, taking costs into account.

If the LFA denies renewal following this procedure, the Act provides for review of the record and decision by a federal court. That court will determine whether the denial is supported by a “preponderance of the evidence” and otherwise accords with applicable law.³ Formally renewing a franchise is a “quasi-judicial” function.⁴ Thus the City must also comply with

¹ H.R. Rep No. 98-934, at 72 reprinted in 1984 U.S.C.C.A.N. 4711.

² *Id.*

³ 47 U.S.C. § 546.

⁴ *In re Dakota Telecommunications Group*, 590 N.W.2d 644 (Minn. App. 1994).

due-process standards or statutory requirements established under state and federal law.

B. Comcast's cable-television franchises in the NSCC member cities

The current NSCC cable franchise combined with the 1994 Settlement Agreement has been very lucrative for the NSCC and NSAC. The existing franchise, adopted in 1998, among other benefits for the NSCC/NSAC has provided:

- Franchise-fee payments of \$1.5 million per year (as of 2013) to the NSCC and member cities;
- \$1.6 million per year in PEG support;
- 8 television channels dedicated for PEG programming;
- Free cable services to 87 government buildings; and
- Free use of a 322-mile fiber optic institutional network valued at \$7.4 million.

The franchise-fee payments mentioned above are collected from Comcast's customers as required by the member cities under the current franchises. The franchise fee equals 5% of Comcast's gross revenue from cable services, which is the statutory maximum for such a fee. Franchise fees have been described by courts as "rent" for use of rights of way (though other rights-of-way users such as telephone companies are only required to pay for a portion of the costs of managing and maintaining rights-of-way). In addition, the PEG funding requirements under the existing franchise and 1994 settlement amount to \$4.15 per customer per month, which is one of the highest PEG fees in the country. With respect to the eight PEG channels under the current franchises, Comcast submitted evidence and expert reports documenting how the NSAC struggles to fill these channels with relevant programming, loading them up with reruns and public-service announcements that air dozens, if sometimes not hundreds, of times. (The NSAC says the eight channels *should* replay the same shows over and over again because it serves as a video archive for PEG programs.) All of these franchise terms—the PEG fees and the number of channels devoted to the NSAC—will expire later this year (which includes a one-year, good-faith extension of all the terms by Comcast, allowing the NSCC time to resolve this matter informally).

C. The NSCC's Renewal

In fall 2010, Comcast notified the NSCC's member cities of its desire to renew the NSCC-area franchises. At that time, Comcast hoped it could informally negotiate a renewal agreement with the NSCC, as it does in nearly every other community across the country. But the NSCC commenced formal proceedings in April 2011 and formally delegated authority over the process to the NSCC's staff, unidentified "designees," and a renewal committee comprised of three commissioners and another member-city representative. Comcast believes that the NSCC staff pushed for the formal process on the mistaken belief that the formal process would compel Comcast to pay for PEG-operational funding or face losing its cable franchises (despite that conditioning a franchise on an operator paying PEG operations is unlawful.) In the following months, NSCC staff and its "designees" conducted an ascertainment process ostensibly to assess the NSCC communities' cable-related needs. Unfortunately, the needs ascertainment process conducted by the NSCC was results oriented and was not designed to objectively assess true community needs but rather to support the desires of the NSCC's alter ego, the NSAC, its staff, volunteers, and beneficiaries, at the expense of Comcast and its customers.

In April 2013, the full NSCC voted to approve the NSCC's staff's resolution to retain consultants for the formal process. In furtherance of its results-oriented approach, the NSCC hired perhaps the most prominent PEG advocate in the country—rather than an expert in statistics and survey research—to conduct a survey and prepare its main ascertainment report. The April 2013 resolution also formally delegated "the entire formal Franchise renewal process" to the Renewal Committee, the Executive Committee, the Executive Director, NSCC staff, the Bradley & Guzetta law firm, retained consultants, and more unknown "designees." None of these individuals or entities ever held public meetings to discuss and deliberate over the ascertainment results, the NSCC cities' community needs, or the review of Comcast's performance. Their meetings were held without public notice and were they not public meetings, as required by Minnesota's Open Meeting Law.

Based on whatever deliberations or decisions were made in closed meetings of the various individuals and entities charged with conducting the formal renewal process, on July 29, 2013, NSCC staff issued a report and request for renewal proposal (RFRP). Among other things, the RFRP demanded:

- franchise fees charged at the maximum rate resulting in continued franchise fee payments of approximately \$1.5 million per year to the NSCC;
- \$27.7 million over 10 years in support for PEG access—a demand that would result in PEG fees increasing to \$7.57 per customer per month (\$13.5 million of that \$27.7 million is to pay for operations, which the NSCC now apparently agrees it could not require under federal law);
- that Comcast provide the NSCC with and maintain a \$7.4 million data and telecommunications network (“the I-Net”) for free—an in-kind demand that is also unlawful;
- eight standard-definition PEG channels and an additional four channels in high-definition format from Comcast’s network, and an unspecified quantity of video-on-demand capacity (all without a showing that those channels are necessary or capable of use by the NSAC).

In its staff report, the NSCC found no instance in which Comcast was in substantial breach of a material provision of the existing franchises. The staff report also found overall that Comcast’s customer service was good or very good and the staff made no finding that Comcast did not possess the legal, technical, or financial qualifications to meet the demands of the NSCC’s proposal.

On August 1, 2013—after the NSCC’s staff or Franchise Renewal Committee issued the NSCC’s RFRP to Comcast—the full NSCC summarily adopted the staff report, consultant reports, and RFRP. Presumably at the advice of the NSCC’s counsel, the Chairman of the NSCC suggested that the commissioners not make any statements or discussions about these documents or anything related to the adopted community needs assessment and Comcast review; all such discussions, to the extent there were to be any, were conducted privately, presumably.

D. Comcast’s Proposal

In response to the NSCC’s RFRP, Comcast submitted its franchise renewal proposal on December 20, 2013, offering the following, among other things:

- the maximum franchise fee equaling 5% of total revenues of the system, or approximately \$15.5 million over 10 years;
- PEG capital funding of approximately \$4.8 million over 10 years;
- complimentary service to public schools, libraries, and municipal buildings valuing over \$128,000 over 10 years;
- three standard-definition channels and one high-definition channel on Comcast's network allocated for PEG programming, with an opportunity for an additional channel based on usage;
- use of the current I-Net but in compliance with federal law—that is, at no cost but only to the extent used for transmission of PEG-programming; non-PEG users of the I-Net would be charged discounted market rates.

Comcast's proposal included valid surveys conducted by an expert in survey research that showed high satisfaction rates with Comcast's overall services, including channel lineup, picture quality, and customer service. The survey also showed relatively low interest in current PEG channels and zero interest by subscribers in paying for PEG programming. Another report analyzed serious flaws and bias in the ascertainment conducted by the NSCC's consultant. Other reports included:

- analysis by a mass-communications expert on how PEG programming can actually be more effective by consolidating programming onto fewer channels and how the NSCC's PEG demands underscore the NSCC's obsolete thinking with respect to current trends and technologies relating to how local news and information is consumed;
- analysis by a telecommunications engineering expert on the true and significant value and cost of the I-Net demanded by the NSCC; and
- analysis by a financial expert on the NSCC's use of its PEG fees, which included large amounts for professional and legal fees and a remarkable \$2.1 million of unspent reserves held by the NSCC and NSAC.

Comcast's full public proposal is being submitted to each city administrator or manager, and can be viewed online at the following URL:
http://www.ctv15.org/comcast/COMCAST_FINAL_PROPOSAL_FOR_RENEWALpublic-Redacted.pdf

E. The NSCC's review and the meeting on April 17

After Comcast submitted its proposal, the NSCC still would not publicly discuss or deliberate the substantial public interest issues raised by the differences in the NSCC's RFRP and Comcast's formal renewal proposal. Comcast complained about the NSCC's process to the NSCC's counsel in February 2014. After disputing that there had been any problem with the Open Meeting Law, the NSCC's counsel (Bradley & Guzzetta) apparently consulted attorneys for the League of Minnesota Cities and the NSCC de-designated the various decision-makers (like its lawyers, staff, and consultants) that it had earlier declared to be decision makers (who would be subject to the Open Meeting Law). The NSCC started noticing renewal-committee meetings and stopped noticing closed meetings of the full NSCC. (Comcast still reserves its rights with respect to challenging what it believes are the NSCC's earlier Open Meeting Law violations.)

On April 17, the NSCC held a meeting to permit Comcast to present its proposal to the NSCC. But instead of simply hearing and deliberating on a presentation of Comcast's formal proposal, the NSCC's staff used the event to mobilize PEG programmers and other PEG advocates against Comcast. As further described below, the NSCC staff created materials for its website and distributed those materials warning (falsely) PEG programmers specifically and the public generally that Comcast's proposal would mean the end of CTV by not providing the demanded PEG operational funding. The materials and other statements by the NSCC's executive director rallied opposition to Comcast's proposal on this basis.

During the meeting on April 17, Comcast summarized its proposal to the commissioners and tried to inform the commissioners of the lack of factual record supporting their renewal demands, the legal problems with the Staff Report and RFRP, and the reasonableness of Comcast's proposal under the Cable Act. PEG programmers and other interested individuals then proceeded to the podium to urge denial because they (mis)understood Comcast's proposal to be designed to "kill" PEG and CTV. Nothing could be further from the truth. Comcast's proposal, itself, shows that this is not the case.

F. Belated Notices of Franchise Violation

During the meeting on April 17, Comcast informed the NSCC that it could not recommend denial based on past performance because, among other reasons, the NSCC's Staff Report and RFRP did not identify a single

instance where Comcast was in substantial noncompliance with a material provision of the franchise agreement. In what Comcast believes is a belated effort to create noncompliance issues on which the NSCC now (mistakenly) believes it can use as a basis for denying Comcast's formal renewal proposal, the NSCC issued a new notice of violation on May 1, 2014. Regardless of the merits of any belated alleged franchise violations, the allegations do not represent substantial noncompliance with a material term of the franchise and, thus, provide no basis for the NSCC's recommendation to deny Comcast's formal franchise renewal proposal.

G. The NSCC's Recommendation

On May 9, on the eve of the NSCC's vote to recommend that the cities preliminarily deny Comcast's renewal proposal, the NSCC staff issued "supplemental reports" recommending denial. The reports are similar to previous reports in their adversarial tone against Comcast. Aside from a lot of rhetoric, the supplemental reports mainly rehashed arguments in the initial Staff Report and RFRP, and do not refute Comcast's complaints about the legal and record deficiencies in the staff's demands, as explained in the sections below.

The Supplemental Staff Report recommended denial because it said that Comcast's proposal did not meet community needs and interests. But the Report also says that "compliance issues also serve as a basis for preliminary denial."⁵ The Supplemental Staff Report is unclear whether it is asserting other bases for denial because it also incorporates by resolution the consultants' supplemental reports. The consultants indicate in various places that Comcast's proposal does "not comply" with the consultants' technical and system demands, "fail[s] to comply with many of the PEG access and public service obligations contained in the RFRP," and does not provide enough financial information to allow the consultant "to ascertain the level of profitability that Comcast generates in the franchise area." None of the unsupported assertions and rhetoric in the supplemental reports provides any basis for denying Comcast's formal renewal proposal.

On May 15, after virtually no deliberation or discussion of the merits of Comcast's formal proposal by the commissioners—although there were complaints from commissioners that Comcast had not been willing to settle informally on the NSCC's terms and concerns in general about the informal

⁵ Supp. Staff Report at 8-9.

process being unproductive—the NSCC, with one dissenting vote from the commissioner representing Shoreview, voted to recommended that the cities preliminarily deny Comcast’s formal renewal proposal.

II. Analysis of Cable Act requirements

The NSCC cannot establish a basis for denial based on the four limited criteria under the Cable Act. All surveys agree that NSCC-area customers are satisfied with Comcast’s service, and Comcast will continue offering those services in addition to several benefits to the NSCC and member cities including substantial PEG capital funding and four channels on its network for PEG usage. Comcast believes that, for these reasons, the NSCC’s recommendation to deny Comcast’s formal proposal is unreasonable. Each of the four criteria will be addressed in turn.

A. Substantial compliance with material franchise terms

The first criterion on which denial of renewal can be based is whether “the cable operator has substantially complied with the material terms of the existing franchise and with applicable law.” The NSCC’s May 15 resolution did not base a denial on this reason and this cannot be a ground for denial for many reasons—including because the Cable Act requires that the NSCC first provide formal notice and an opportunity to cure for any purported noncompliance. Here, over the entire twelve years of Comcast’s operation of the franchise, the *only* outstanding notices of any alleged franchise violation on record is one issued January 10 and one on May 5, both of *this year*. These notices were untimely and pretextual attempts to justify a renewal denial. Nothing that the NSCC has raised as a potential franchise violation represents an alleged substantial non-compliance with a material term of the franchise. A “material” breach must, at minimum, be a departure from the franchise that “pervaded the whole of the [franchise agreement] or have been so essential as substantially to defeat the object that the parties intended to accomplish.”⁶

B. Comcast’s service quality

The second criterion is the “quality of the operator’s service.” Any evaluation under this criterion must consider service under the entire life of Comcast’s operation of the franchise. Again, the NSCC did not apparently

⁶ *Cablevision Sys. Corp. v. Town of E. Hampton*, 862 F. Supp. 875, 885 (E.D.N.Y. 1994)

base a denial on this ground in its May 15 resolution. In any event, there would be no basis for it to do so. Like with the criterion above, the Cable Act requires proper notice and an opportunity to cure any material service-quality issues to justify denial. The NSCC has not provided any such notice, and in fact its consultant agreed: “Generally, cable subscribers in the NSCC service area indicate that they are satisfied with the Comcast cable TV service. In addition, very high percentages of them gave positive ratings to two of the quality and service measures tested, and solid majorities gave positive ratings to several others.” The survey commissioned by Comcast also found high ratings in all aspects of customer satisfaction. Though the Staff Report points to complaints in 2013 resulting from the digital conversion and change in a customer-service center supporting the NSCC area, the complaints are not quantified and the NSCC fails to mention that Comcast has addressed or resolved many of them. In short, the NSCC has failed to provide any basis on which the member cities could deny Comcast’s formal renewal proposal based on Comcast’s service quality.

C. Financial, legal, and technical ability

The third criterion is whether the “operator has the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the operator’s proposal.” Again, the NSCC’s resolution did not cite this criterion in recommending denial. This is because there is no serious question that Comcast—the nation’s largest cable provider and leader in telecommunications technology and services—does not have the financial, legal, and technical capability to provide the cable service set forth in its formal renewal proposal.

D. Reasonable to meet community needs, in light of costs

The fourth criterion is whether “the operator’s proposal is reasonable to meet future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.” This is the criterion on which the NSCC appeared to base its decision. The resolution does not specify the “community need and interest” that was not met by Comcast’s proposal, but the NSCC’s Staff Report flags disagreements with Comcast that could never justify denial.

The NSCC’s main issue is funding for PEG programming. This issue is the heart of the dispute between the NSCC and Comcast, so it is important for the cities to understand the law. In 2007, the FCC issued an important order—known within the industry as the “621 Order” (named after the

section of federal law at issue in the rulemaking). Leading up to the 621 Order, many cable operators had expressed their concerns about unreasonable demands that LFAs around the country were making of cable operators as a condition for obtaining a franchise. And in the 621 Order, the FCC set clear limits, grounded in section 621 of the federal Cable Act, on LFA demands. The FCC ruled that payments required of a cable operator by an LFA to support “reasonably adequate” PEG capital expenses do not count toward the 5% franchise fee cap set forth under federal law. But payments required of cable operators by LFAs to support PEG operating expenses do count toward the 5% franchise fee cap. Thus, if an LFA is already charging a cable company a 5% franchise fee (which the NSCC member cities do), then the LFA cannot demand any PEG operating support as a condition for obtaining a franchise. The NSCC’s RFRP explicitly asks Comcast subscribers to pay for *all* of the NSAC’s *significant* capital and operational funding demands in addition to paying the maximum-permitted franchise fees. This is problematic and unlawful on several levels:

First, the NSCC’s capital demands call for funding levels far above what is necessary for reasonably “adequate” facilities—which is all the law allows. The NSCC demanded a *ten-fold* increase from current capital-funding levels (from \$.27 per customer per month to \$2.36), plus an additional funding for the cities (or \$1.57 per customer per month). Comcast, meanwhile, has offered PEG fees amounting to \$.44 per customer per month, or \$1.6 million in PEG capital support to the NSAC—which nearly doubles current capital funding levels and is based on the NSAC’s last three years of capital spending. Comcast also will provide \$3.2 million in capital funding to the cities, which pays for nearly all of the RFRP’s significant demands for capital grants to individual member cities. Comcast calls for the NSCC/NSAC to fund a small portion of its capital funding demand with a portion of the NSCC/NSAC’s \$2.1 million reserve that it has accumulated from an apparent surplus of past PEG fees paid by Comcast and its customers. (The NSCC disputes that it has this much in reserve, but it has not said just how much the NSCC *and* NSAC *do* have in reserve.) Comcast’s proposal also allocates cities’ PEG funding pro rata based on each member city’s number of subscribers within the NSCC franchise area—a principle embodied in the cities’ own JPA. And while Comcast has taken the NSCC’s capital needs at face value for its proposal purposes, during a judicial process these alleged needs will be held up to a microscope. Comcast expects that a detailed, unbiased review of facilities and equipment will show that staff’s demands exceed any reasonably adequate community need documented by the NSCC. Thus Comcast’s offer through this formal process is especially favorable.

The NSCC demanded operational funding in the amount of \$14 million, or \$3.71 per customer per month. Today, the NSCC seems to acknowledge that it cannot lawfully demand this. Yet the NSCC recommends preliminarily denying the franchise because Comcast won't provide that funding. The NSCC's actions violate the Cable Act, and the member cities are going to potentially be subject to further time-consuming legal proceedings if they follow the NSCC's recommendation. The reasonableness of Comcast's position is further underscored by the fact that the member cities could fund PEG operational expenses with franchise fees. In fact, Article X, § 3 of the JPA *requires* the cities to use franchise fees for "cable-related expenses" like PEG operations. But the cities do not appear to be following that requirement of their agreement.

Again, combining maximum franchise fees, significant and unjustifiably high PEG capital fees, and unlawfully demanded PEG operational fees, the NSCC wants Comcast's subscribers to pay \$7.57 per month—or \$90.84 per year in PEG fees alone, on top of the 5% franchise fee that they already pay. Comcast supports PEG programming in these communities—it is offering millions and allocating channels to support it. But there must be balance. Eighty percent of subscribers do not want to pay any amount for PEG programming, and between 78% and 94% seldom or never watch the eight channels. The NSCC's funding demands for PEG are improper, and motivated to satisfy the NSAC's interests above those of subscribers.

The number of PEG channels that the NSCC should have available is another issue mentioned in the Supplemental Staff Report. Comcast's proposal of three SD channels and an additional HD channel is more than reasonable to meet the future PEG needs—given the level of demonstrated interest in PEG programming by all subscribers. The NSAC cannot fill the current channels it has—replaying meetings, games, and shows dozens and dozens of times. One city council meeting was apparently played 129 times. One sporting event was apparently played 177 times. Public service announcements are played over and over again to fill time. In addition, the role of PEG as a source of local information has diminished greatly. As opposed to 1998, when the franchise began, PEG now competes with a vastly expanded and diversified number of sources for receiving local information—blogs, Twitter, internet streaming, Facebook, YouTube, etc.—all of which reduce the need for PEG channels. Review the report of Professor Sanders on this topic, which is attached as Exhibit 6 to Comcast's formal proposal, and see the analysis for yourself. The NSCC has had no response to Professor Sanders's report.

The I-Net is another issue mentioned in the Supplemental Staff Report. The NSCC's original report and the RFRP do not provide information showing current usage, expected needs, or community interest in an I-Net—it just demands it and asks for capital funding for the network paid by Comcast subscribers. Federal law, meanwhile, treats demands for in-kind goods and services as franchise fees that count toward the 5%-franchise-fee limitation.

Comcast proposed to provide an I-Net comparable to that under the current franchise, and offers the portion of the network used for PEG-purposes for no charge to the NSCC. But if the NSCC wants to use the I-Net for more than that—for example, for internet and data services, for telephone—and if the City of Roseville leverages (as it does) the I-Net into data services that it provides to nongovernmental entities for a charge, then Comcast should be able to seek fair-market value for that portion. If the cities refuse to pay fair-market value, then the law provides that Comcast can offset that in-kind value against franchise-fees.

The NSCC's attorney and consultants like to say that because Comcast "recouped" the cost of building the I-Net, it cannot charge for the fair-market value to use the I-Net. But the I-Net is Comcast's property and this is a bizarre economic argument, in any context: The NSCC's argument is premised on the belief that when a private business has recouped the cost of building something, the government can use that property any way it wants, for free, even for its own commercial gain. It would be interesting to hear if the member cities agree with this economic principle if it were to be applied to other business operations in their cities. This flawed argument should not be adopted by the cities.

For the reasons stated above, and as explained in Comcast's proposal, a denial of Comcast's cable franchise would be unwarranted and unreasonable.

III. The NSCC's process against Comcast

The NSCC has not handled these proceedings as a neutral decision-maker in a proper quasi-judicial process. Since the beginning of these proceedings, the NSCC's executive director has (1) acted with the apparent purpose of maximizing PEG-related demands benefiting the NSAC and (2) taken an antagonistic posture toward Comcast. The executive director appears to take the view that the threat of franchise denial through the formal process can be used as leverage to compel Comcast to provide PEG operational funding. The executive director, in Comcast's view, has provided skewed facts to the Commission, always in a negative light against Comcast.

But these actions are conceivable when one considers the structure of the NSCC and its relationship with the NSAC. The NSAC is a 501(c)(3) organization with the purpose of promoting and managing PEG channels in the NSCC cities, and is almost entirely funded through grants imposed on Comcast subscribers under the franchise. The NSAC has a significant interest in this renewal process. Yet the NSAC staff *is* the NSCC staff. The NSAC's board of directors *is* the NSCC commissioners. The executive director of the NSAC *is* also the NSCC's executive director handling regulation of Comcast. One law firm represents both entities; in fact, understanding when the firm represents one versus the other is often difficult. Worst of all, these individuals—the NSAC's staff, its law firm, and executive director—were *delegated complete authority* over conducting the ascertainment and review of Comcast's performance, and they have apparently done all the work behind the recommendation to deny. For the ascertainment process, the NSCC retained the Buske Group, who not coincidentally is perhaps the most prominent PEG advocate in the country, to conduct privately the study of the community's needs. And of course the NSCC and NSAC share the same website and make no distinction about what are the NSAC's statements and what are the NSCC's.

The influence of these various entities and individuals had been largely kept from Comcast (and the public in general) because there were never open meetings of the executive director, staff, or its legal counsel in discussing or creating the Staff Report and RFRP—in other words the demands that the NSCC ended up making for purposes of formal renewal. These individuals (who were delegated full decision-making power) and the Renewal Committee held several non-public meetings in violation (in Comcast's view) of the Open Meeting Law. Comcast made objections to the RFRP and Staff Report that came out of this process, explaining that they were unlawful and lacked record support, for example, in its demands for PEG funding. But the issues were never corrected and NSAC staff continued essentially to run the formal process. The Renewal Committee of the NSCC started opening its meetings this year when Comcast complained of the OML violations. But still, there had been *no public debate or decision-making* at all by the commissioners about the demands in the RFRP until the very limited discussion that occurred shortly before the NSCC adopted its recommendation to deny renewal. The NSCC's chairman apparently instructed commissioners to not discuss issues publicly at meetings, presumably on the advice of NSCC staff and legal counsel.

The conflict of interest between the NSCC and NSAC became apparent when Comcast saw the contents of the NSCC's website before the April 17

hearing. Announcements on the website were also directed through other avenues to PEG programmers, which included the following:

- The NSCC website announced the hearing with a graphic of raised fists and a message to “speak up for community media and the North Suburbs.” A similar message was sent to “local volunteers, producers, and viewers” of PEG programming. The messages said that if Comcast’s proposal were accepted, “CTV will lose its operating grant, which supports [all PEG programming.]” (As noted above, the NSCC cannot condition renewal on PEG operational funding from Comcast subscribers.)
- Another message stated that Comcast’s proposal to eliminate operational funding is “alarming [in] the fact that [Comcast] is generating approximately \$14 million in operating income” from the North Suburbs, tells viewers how the NSAC’s capital needs won’t be met by Comcast’s proposal, and asks “how will we maintain our sense of local community without this access programming?” It says that LFAs have always won franchising litigation, and closes by telling readers “we need you to help us make the case for PEG access/community media . . . No less than the future of CTV North Suburbs is at stake.”
- The NSCC’s executive director went on a radio show titled “Cable Under Siege” to get listeners to oppose Comcast’s proposal. She said “[I]t’s frustrating when a company like Comcast comes in and says [PEG is] not valuable, we don’t want to support it anymore.” (Comcast has never said this and that it is not Comcast’s view or position.) She said “[Comcast has] been very candid in saying that they don’t value community television.” When the host said that Comcast is so big that it can “control . . . whatever their agenda is,” the NSCC’s executive director responded “exactly.” She said that any PEG reduction will just “go back to Philadelphia, to their coffers.” This show was posted and endorsed on CTV’s Facebook site.
- The NSCC Staff released “Talking Points” that told people how to oppose Comcast’s positions in the renewal.

These efforts by the Commission to mobilize opposition to Comcast during what was supposed to be a quasi-judicial process now appear to be manifestations of a deeper bias that Comcast believes has destroyed any semblance of a fair process.

If the member cities approve the NSCC's recommendation to deny Comcast's formal renewal proposal the cities face serious due-process challenges and other legal issues when this renewal proceeds to a judicial process.

IV. Other issues affecting the NSCC's recommendation

While it was not required to do so, Comcast made several objections to substantive and procedural aspects of the RFRP process when it submitted its proposal. Those objections included problems with the record, violations of the Cable Act and FCC requirements, unlawful requirements over Comcast's chosen technology, and other evidentiary issues with the Staff Report and consultants' reports. Notably, the United States Supreme Court has stated clearly that cable operators are First Amendment speakers, and Comcast explained important objections as to the NSCC's lack of any attempt to justify franchise renewal conditions under First Amendment standards. To view these objections, which the NSCC has done nothing to address, Comcast's refers the cities to its proposal and its "Legal Objections" section beginning on page 14. Comcast has made other objections to the NSCC's counsel during the process, and refers to those communications as well.

While this document is not designed, and should not be required, to state all additional objections to this process, Comcast will address a few recent disputes that should further affect the cities' consideration of the NSCC's recommendation:

A. Disputes over the role of operational funding

Probably sensing the legal difficulty with its actions, the NSCC has lately seemed to act as though a preliminary denial is not about Comcast's refusal to acquiesce to demands for operational funding. Of course, operational funding was the focus of NSCC staff's statements to the public, the focus of the NSCC's public-relations campaign in April (i.e., that Comcast's proposal would stop funding operations and therefore "end" CTV), and the focus of the Staff Report, RFRP, and Supplemental Staff Reports that were incorporated into the NSCC's recommendation—all of which make clear that Comcast would be required to provide PEG operating support to obtain a renewed franchise. Despite the NSCC's recent effort to recharacterize those actions, and the NSCC's past doublespeak that Comcast "shall voluntarily pay" operational costs, there is no question that the RFRP requires Comcast to pay for PEG operations. Indeed, the RFRP states the NSCC's unlawful demand in unambiguous terms: "Current levels of capital and operations funding, and in-

kind support, must be maintained and enhanced as described herein and in the *Staff Reports*.” (RFRP at p.38) The RFRP was built on this unlawful premise, and the NSCC has tried to use the formal process to put pressure on Comcast to acquiesce to that unlawful demand. It was a gamble—a misguided gamble that the cities will have to live with if they accept the NSCC’s recommendation.

B. Untimely supplemental staff reports

The NSCC staff, again behind closed doors, put together supplemental staff and consultant reports that purportedly set forth further review of Comcast’s performance and community needs. The NSCC’s staff had Comcast’s proposal in hand for five months and yet waited until less than one week before it voted on a resolution to make its supplemental reports public and give copies to Comcast. Comcast objected to the use by the NSCC of these untimely reports as part of its ascertainment or review of Comcast’s past performance.

Comcast has also objected to the way the Supplemental Staff Reports were purportedly “incorporated” into the resolution recommending denial, and to the resolution’s lack of specificity as to the basis for denial. The resolution should have precisely stated the ground(s) on which denial is based. Comcast is entitled to know those grounds and the cities, one would hope, would be interested in the same thing. A better-drafted resolution would make the administrative process more cost-effective for all concerned because it would help focus evidence-gathering. Comcast requested actual findings stating the NSCC’s reasons at the May 15 hearing, but the commissioners declined to elaborate.

In addition, the Reports and previous staff comments are tinged with antagonistic rhetoric and improper motivations, including:

- an argument that Comcast cannot charge the fair value for the I-Net because it would “serve to enrich Comcast’s profits” (Supp. R. at 3);
- a rationalization of the NSCC’s demand for the I-Net based on merely saving the government from having paying for services unrelated to cable; (Supp. R. at 2)
- an argument that Comcast should fund NSAC vocational training for videographers through NSCC franchising conditions, (Supp. R. at 6);

- repeated arguments by staff that reducing PEG fees will only result in money “going to Philadelphia, into [Comcast’s] coffers,” a false statement because cable rates are generally standardized in the area.

The above statements are just a few examples showing improper bias and considerations throughout this process—whether against Comcast because it is a private company, against Comcast because its corporate headquarters is out-of-state, or against Comcast because it won’t provide millions of dollars of cash, goods, and services to the NSAC as a condition of doing business.

C. Misstatements about informal negotiations

Though the content of any informal negotiations has no place necessarily in this formal process, the informal process remains the best route to resolving this and Comcast must correct statements by the NSCC’s attorney claiming that Comcast has not engaged in informal discussions. The NSCC’s attorney gave an offer in March that was a far distance from Comcast’s previous offers and, in Comcast’s view, unreasonable. Comcast and NSCC counsel then agreed that the two sides should exchange priorities to see if the gap could be bridged. A few days after the meeting on April 17, where Comcast presented its formal proposal, the NSCC legal counsel and Comcast’s in-house counsel spoke by phone. Comcast’s counsel conveyed Comcast’s priorities and some areas where Comcast may have flexibility. NSCC’s counsel never reciprocated. Instead, he told the NSCC that Comcast had been out of contact with him.

Comcast still desires that the franchise be renewed through an informal process because the process is more efficient, cost effective, and flexible for both sides. But if the cities (acting on the NSCC’s initiative) continue to act on its threat to deny renewal under this formal process, informal negotiations will be jeopardized. Comcast will not allow the formal process to serve as a threat in its informal negotiations with the NSCC.

V. Steps following acceptance of the NSCC’s denial

If the cities follow the NSCC’s recommendation, the law requires an administrative discovery process and hearing, potentially followed by further judicial review. An administrative law judge (ALJ) who is independent and without improper bias is to preside over that hearing and make findings of fact and conclusions of law. The Cable Act, due process, and the Minnesota Administrative Procedures Act (MAPA) require that the hearing follow established processes and rules to ensure the reliability of information that the ALJ considers. The NSCC agreed with Comcast early in this process that they

would jointly decide the process for appointment of an administrative law judge. In what is an apparent attempt to maintain undue control over the process and prevent a fair hearing, the NSCC's counsel has said that the NSCC might "go another route" than an ALJ. The NSCC's counsel also recently attempted to put in place, by resolution from the NSCC, limited and improper "rules" designed to greatly restrict Comcast's ability to gather and present evidence at an administrative hearing. The NSCC adopted these rules over Comcast's objection on May 15. The rules that should apply are those outlined in the established rules governing administrative proceedings before an ALJ—which is what the NSCC agreed to do. Comcast will take all necessary measures to enforce its agreement and its procedural rights going forward.

VI. Conclusion

It bears repeating that according to the Cable Act's key legislative report, the purpose of the protections in the renewal section is to "ensure [an operator's initial] investment will not be jeopardized at franchise expiration *without actions on the part of the operator justifying such a loss of business.*" (Emphasis added.) There is nothing remotely close to any action by Comcast that could justify losing its cable business in these communities and the billions it has invested in infrastructure and good will in this area. No court of law can find a denial justified, nor can it permit the procedural bias and Open Meeting Law violations that have ensued since this process began. For these reasons, Comcast urges the cities to accept Comcast's renewal proposal.

SUPPLEMENTAL STAFF REPORT ON THE COMCAST FORMAL PROPOSAL FOR RENEWED FRANCHISES WITH THE NSCC MEMBER CITIES

Introduction and Overview

The purpose of this supplemental staff report is to provide the staff's analysis of the formal franchise renewal proposal and exhibits submitted by Comcast on December 20, 2013; and the extent to which the proposal meets the needs identified in the Staff Report and Request for Renewal Proposal (RFRP), which was issued by the North Suburban Communications Commission (NSCC) on July 29, 2013. Specifically, the supplemental staff report will address the top four issues for renewed franchises with the ten member cities: 1) the continued offering of the fiber-based Institutional Network (I-Net) which connects local government institutions within the ten member cities, including municipal facilities, Ramsey County facilities, and several schools (both K-12 and post-secondary) at no charge to the users; 2) funding for Public, Educational and Government (PEG) communications in the ten member cities, and channel capacity for transmission of the eight PEG channels in both SD and HD; 3) Comcast's past customer service performance and 4) two of the issues from the report prepared by Mr. Andrew Elson of E-Consulting Group (Exhibit 2 of the Comcast proposal). This Supplemental Staff Report should be considered with the other consultant's reports (CGB Communications, Front Range Consulting and The Buske Group). Attached as Exhibit 1 to this report is an initial comparison of the franchise agreement terms included in the RFRP to Comcast's Proposal.

EXECUTIVE SUMMARY

I-Net Issues

Since Comcast notified the NSCC member cities in October and November 2010 of its desire to renew the cable television franchises, the NSCC and its staff have been engaging in the renewal processes set out in federal law. The NSCC undertook an extensive assessment of our community's cable-related communications needs and interests (both from a subscriber and community user standpoint) and evaluated the company's performance under the current franchise. The Staff Report summarized these needs and identified key issues to be addressed in the renewed franchises. Those key issues – retention of the fiber and HFC based Institutional Network (I-Net) linking local government facilities and the community media center, CTV North Suburbs; retention of both operational and capital funding for community media; and retention

of the eight PEG access channels currently programmed and simulcast of several of those channels in HD – were identified as community needs and are included in the RFRP.

The NSCC RFRP on the I-Net recognized that Comcast has already been compensated for the six strands of fiber provided in the 1998 franchise for local government and community media use. Comcast passed through to subscribers in the PEG fee itemized on their bills the cost attributed by the company (approximately \$567,000) primarily for those six fibers which are embedded in the company's network. The users of the I-Net (the cities, schools, libraries and NSCC/NSAC) have provided their own equipment to connect to and manage the network, and city and NSCC/CTV staff oversees and maintains the network. As a result, the cost to Comcast to maintain the I-Net is very small. However, the benefits to the NSCC/CTV and the member cities, such as substantial cost savings, are significant. Comcast's proposal to impose new charges for these already paid for networks do not meet the NSCC's needs or the RFRP. Staff also believes that Comcast is incorrect that the Cable Act only allows the I-Net to be used for PEG transport services. The current I-Net is used for both the PEG transport services and a dedicated private communications network for the governmental facilities, and the RFRP requested a continuation of that practice at essentially no cost to the NSCC or its member cities.

These I-Net benefits include, of course, the upstream and downstream transmission of video programming for the seven public and educational channels and the 10 discrete city channels. In addition to programming the four public channels, the I-Net enables CTV North Suburbs to provide programming and channel management, as well as webstreaming, services for nine of the ten cities and two of the three school districts, saving the cities and the school districts money that would otherwise need to be spent on staff time and the purchase of playback and webstreaming equipment and software.

In addition, the cities, schools and Ramsey County use the I-Net non-video data applications and services, including a telephone system and Internet access shared among eight of the ten cities and CTV North Suburbs and administrative services, such as financial systems and GIS applications. The Ramsey County Library uses the I-Net to connect its four branch libraries in Shoreview, Roseville, Mounds View and New Brighton, allowing for the technology consolidation to support their daily operations, as well as high speed and reliable access to collections, applications, programming and the Internet. The collaboration among all of these public institutions not only saves taxpayer dollars, but provides for more efficient and effective local government and community institution operations. The Cable Act has recognized the value to the local community of these private communications networks and has allowed these I-Nets to be part of the franchise agreement for a cable operator to use the public rights-of-way. It should be pointed out again that the local government users of the I-Net, including NSCC/NSAC, have paid for nearly all of the equipment and software to "light up" the fibers that they use and for the staff that manage and maintain that equipment and software. Comcast's

proposal would significantly increase the non-PEG I-Net costs which will significantly burden the non-PEG users unfairly and would serve to enrich Comcast's profits on a fully paid for network.

However, despite the fact that Comcast has already been compensated for the I-Net and the fact that its maintenance costs are minimal, Comcast now wants to charge for its use. For the use of the I-Net to transmit video programming, Comcast proposes to charge subscribers another \$645,000 over the 10-year franchise by passing through \$0.18 per month per subscriber. For the non-video uses, Comcast would charge \$1,675.80 per month per location for network interconnectivity and \$750 per month per rack/cabinet for collocation. For this charge, "...Comcast will agree to continue to provide institutional-network services comparable to that provided today" to recover what the company believes is the "fair-market value" of that portion of the I-Net. Based on the language in the proposal, it is frankly unclear whether Comcast is proposing to provide managed services for the I-Net or whether the company is intending for the local governmental users and NSCC/NSAC to pay more while they continue to buy and maintain their own equipment as they do now. Comcast's proposal on the I-Net does not meet the needs and interests identified in the Staff Report and RFRP.

PEG Funding

The current level of operational and capital funding for the community media facility operated by the North Suburban Access Corporation, dba CTV North Suburbs, in 2014 amounts to a little over \$1.5 million. In addition, the NSCC receives a Scholarship Grant that provides educational scholarships to post-secondary students pursuing degrees in communications and paid internships at CTV North Suburbs. These student interns work with the cities, as well as with public and educational access producers and volunteers.

In order to assess our future needs and interests, the NSCC commissioned The Buske Group to determine the future needs and interests. As summarized in the Staff Report and RFRP, the capital needs were approximately \$14,000,000 over the ten-year proposed franchise term. Additionally, the NSCC proposed that Comcast essentially continue to voluntarily support the operational needs of the NSCC/NSAC.

Incorrectly asserting that federal law prohibits the payment of operational funding, Comcast's formal proposal would provide only \$0.44 per subscriber per month for PEG capital needs only. Depending on the number of subscribers, that would range from approximately \$153,000 per year to approximately \$158,000 per year, compared to the nearly \$100,000 in annual capital grants in years 1 through 15 of the current franchise. This proposed level of capital funding is drastically below the identified needs and interest from the Buske Report and should serve as a basis for a preliminary denial of the Comcast proposal. Comcast has provided limited explanation in its proposal as to how the dramatically reduced capital funding could meet the capital needs of the NSCC/NSAC over the next ten years. Although this is an increase

in capital funding for CTV North Suburbs, Comcast has agreed historically that the NSCC/NSAC could use the currently operational and capital funding at its own discretion and the proposed lack of voluntary operational funding threatens the organization's continued existence.

In fact, failure to provide sufficient voluntary operational funding throughout the duration of the 10-year franchise would likely mean that CTV North Suburbs would have to shut its doors unless funding is provided by the member cities whereby essentially all of the franchise fees are used for PEG operational funding. That would mean that Comcast essentially pays no rent to the member cities for using the public rights-of-way, which seems unfair at best. Not only would that affect public and community access video production and programming, both for individual producers as well as community organizations, but it would affect local government and educational access video production and programming services as well. Those include covering city parades and festivals; school sports, concerts and graduations; local election coverage; programs about city services and activities; and coverage of special events, such as multiple hearings over the years on the TCAAP property and a series of hearings held by the Mounds View School District to discuss school closings. Further, it is because of the program playback infrastructure available at CTV North Suburbs community media center that the organization can offer low cost channel programming and webstreaming services to the cities and schools. That is all at risk with Comcast's proposal and would suggest that the local community needs and interest will not be met.

Comcast asserts in part that its refusal to continue voluntarily paying operational support, which the franchisee has been paying since 1991, is because the amount of the PEG fee collected in the NSCC cities makes it uncompetitive with other multi-channel video programming providers, such as DirecTV and Dish Network. However, the amount of the PEG fee has increased much more slowly than that of Comcast's own fees for its cable services. In addition, despite the company's claim that subscribers are unwilling to pay the PEG fee, no subscribers came forward at the April 17 public hearing on Comcast's formal proposal to complain about the PEG fee, nor has the NSCC received any written comments in conjunction with the public hearing complaining about the PEG fee or its amount. The bottom line is that the PEG grants – capital, operational and scholarship – cost Comcast nothing. They are a pass-through on subscriber's bills, and since 1991 staff has received no complaints about the PEG fee, nor did staff receive any comments in conjunction with the public hearing.

Channel Capacity

The member cities' current franchise agreements specify that 12 channels of 6 MHz each will be reserved for public, educational and government access use. Four of those channels were "loaned" back to the company, although without any expectation that they would be returned to community programming. Of the remaining eight channels, three are used for public/community; three are used for educational programming by the three public

school districts serving the member cities; one is used for government access, with each of the cities' programming distributed discretely within their own municipal boundaries; and one is used for programming distributed by NASA via satellite. Because a number of cable subscribers were interested in the service, NSAC/CTV North Suburbs agreed to put the NASA programming on one of the community channels when a previous franchisee no longer wanted to carry it.

Comcast's formal proposal would cut the number of Standard Definition (SD) channels from eight to three and add one High Definition channel, with the possibility of adding one additional SD channel in the future. (Comcast proposal p. 74) The criteria for getting the HD channel is "not less than 5 hours per day, 5 days per week of locally produced, non-character generated, first-run programming (emphasis added)," a standard that does not appear to apply to any commercial channel on Comcast's system. In fact, some cable programming services do not cablecast ANY first-run programming. Further, Comcast's emphasis on first-run programming devalues the PEG channels role as a video archive of the community. There is no requirement in federal law that puts a "first-run" restriction on PEG programming and would infringe on the NSAC's freedom of speech protections. Whether it is a live broadcast, i.e., first-run, or a replay of a previous broadcast does not increase or decrease its value to the community. As such, the NSCC cannot recommend adoption of the Comcast proposal on either the number of SD and HD channels offered by Comcast nor the hurdles imposed in gaining new HD programming.

In addition, failure to transition PEG programming to HD will marginalize this programming and ensure that it will NOT be watched. The reality is that cable subscribers with HD television sets tend to watch only HD channels/programming services, and the trend is that most, if not all, programming services will be provided in HD or its successor technology (likely 4K). CTV North Suburbs has already invested in HD and HD-capable equipment, and a substantial amount of the programming produced at CTV North Suburbs, as well as that turned in for cablecast, is already in the HD format. At some point in the future, it will be difficult to purchase SD production equipment.

But it is the content of these channels and what they represent that is most important. The community channels provide a variety of programming for local audiences that are not available elsewhere on the cable system, and they give a voice to people and groups who are often not heard or seen. In 2013, community producers and volunteers contributed almost 17,000 hours to produce 558 programs for the PEG channels, and CTV staff produced another 206 programs. These include city parades and festivals, school sports and concerts (both from K-12 and post-secondary schools); election coverage; high school robotics competitions; talk shows about community people, organizations and activities, such as "Tale of Ten Cities;" community band and orchestra concerts (The Shoreview Northern Lights Variety Band, the Roseville Community Band, the Roseville Strings); and a program by and about people with

disabilities, "Disability Viewpoints," that has been produced at CTV North Suburbs for 15 years. Losing five SD channels will severely impact how many of these locally produced programs will be cablecast in prime time. Difficult choices will have to be made as to whether, for example, "Disability Viewpoints" will be shown over the "Tale of Ten Cities." It will also impact the availability of discrete educational channels for the three school districts as they are forced to all share one channel. With all of the PEG channels being moved into a digitally compressed technology, there is no question that Comcast cannot claim bandwidth scarcity. Rather, it is the company's desire to reduce the availability of PEG programming in order to allow it to add more commercial programming services for which it can charge subscribers.

But community media and CTV North Suburbs is more than programming.

The Youth Media Program at CTV North Suburbs had 161 participants in 2013. These high school students produced 64 programs and contributed 350 volunteer hours to cover the "Night to Light MN" at the Guidant John Rose Oval tree lighting ceremony in Roseville, the Mounds View Community Theatre production of "Les Miserables," the North Oaks Vintage Baseball Association baseball game, and the Roseville Area High School dance recital. The goal of the Youth Media Program is not to create professional videographers, although some may pursue that career, but to give them opportunities to use their academic studies in real life situations and to develop life skills such as team work.

In a similar effort, two years ago CTV North Suburbs partnered with the Roseville Adult Learners Program at the Fairview Community Center to provide video production training for their students, all of whom are immigrants learning English as a second language. There were 12 students the first year, and this past year we had 34. As with the Youth Media Program, the goal is not to train professional videographers, but to support their English language training and to give them the tools to tell their own stories.

The Youth Media Program and the classes for the Roseville Adult Learners Program are also important for helping those who sometimes perceive themselves as outsiders, whether in the high school culture or in the American culture at large, to find a way to fit in and learn to express themselves.

The Staff Report and RFRP laid out a well-reasoned needs assessment for the number and type of PEG channels. The only additional requirement in the RFRP regarding PEG was a move to simulcasting the current SD channels in HD. Considering digital compression technology, the NSCC believed that the Staff Report and RFRP would have essentially not required additional bandwidth but rather used less than the analog bandwidth used by the NSCC/NSAC a year or so ago. Comcast's proposal would use less than 6 MHz of capacity, far less than the 48 MHz of capacity in the current franchise agreement, according to CBG Communications, Inc.

Past Performance - Customer Service Issues

The performance review conducted by The Buske Group was done in the Fall of 2011. Had it been done in 2013, it would have told a very different story about Comcast's customer service. Historically, the NSCC office would receive two or three customer complaints per month, but in January 2013 the complaint calls spiked. The staff quickly discerned two primary causes. First, beginning with the January bills and with ineffective notice to subscribers, Comcast began charging \$1.99 for the digital transport adaptors (DTA's) that the company had been providing at no charge since it began its transition to a digital cable system in 2010. Second, Comcast's Western Division had implemented a restructuring of its call centers, going from regional call centers that handled the full range of customer issues to call centers that specialized in specific issues, such as billing, installation, retention, Internet service, etc., and the transition did not go well. The result was long wait times to talk to a customer representative, with many calls routed to off-shore contract call centers unprepared for the influx of customer referrals and many of whose staff did not have adequate English language skills.

Although the call center transition should have been resolved by now, the NSCC office still hears from customers, in addition to their primary complaint, about long wait times and the English language skills of the customer service representatives. Generally, by the time customers call the NSCC office, they are extremely angry and frustrated with a customer service system that provides different information everytime they call, that seems more intent on blaming the problem on the customer than accepting responsibility and fixing it, and whose pricing is less than transparent, from DTA fees that include both equipment and "service" to annual service rates that seem to go in \$3 to \$5 increments. In contrast, the PEG fee about which Comcast complains has gone from \$3.75 in the early 2000's to \$4.15 in 2014, an increase of only \$0.40.

In determining the needs and interests outlined in the Staff Report and the RFRP, the NSCC strongly considered the lack of any subscriber complaints about the PEG fee and the constant rate increases for cable services to substantiate the inclusion of a request for Comcast to voluntarily continue operational support payments that would allow the NSCC to continue to meet the historical and future needs and interests of the communities. The NSCC cannot recommend the adoption of Comcast's proposal regarding its PEG commitments.

NSCC/NSAC Financial Operations

Comcast consultant Andrew Elson of E-Consulting Group has questioned the allocation of the Executive Director's time as reported on the NSAC's IRS Form 990 in 2011 and 2012. The report is prepared by the NSCC/NSAC contract accountants and auditors, Harrington Langer & Associates, and reviewed by staff, who simply missed this error. While an error, it has no place

as part of the formal renewal process. The financial statements sent to the IRS reflecting the NSAC as a non-profit organization is not relevant to the financial qualifications of Comcast to hold a franchise in the member cities.

Comcast's proposal also relies on an assertion by Mr. Elson on page 22 of his report that the NSCC and NSAC held \$2.1 million in cash and cash equivalents in reserves and demands that half of this "reserve fund" be distributed to the member cities and counted toward the capital grants to the cities proposed by Comcast. Mr. Elson and Comcast apparently fail to recognize that the various NSCC and NSAC checking and money market accounts are not static. While there may have been \$2.1 million collectively at one point in time in these accounts, that is not the case at this point in time. Two of the accounts, one for NSCC and one for NSAC, were checking accounts used for daily operations. They will ebb and flow as funds go in and funds are expended. One of the money market accounts is a \$250,000 letter of credit required by our lease because of the uncertainties of the franchise renewal process. Another account included in the "reserves" is a deferred revenue account that holds the PEG funds to be used in the next calendar quarter.

In addition, Comcast and Mr. Elson fail to consider the value of having reserves available to cover large capital expenses that are not annual, such as the over \$500,000 in capital improvements required when CTV North Suburbs had to move out of its former location and lease space in a new office building, or when it has to replace 10 cameras in two mobile production trucks and five cameras in the studio, or purchase new servers for video and office storage. In short, having financial reserves to cover extraordinary or unexpected expenses is, in fact, a good thing, and it is inappropriate for Comcast to suggest how much those reserves should be and how the funds should be distributed. Those are NSCC and NSAC board decisions. The proposal is for future cable related needs and interests. The use of the current PEG obligations is under the current franchise agreement, and they are not required to be used to offset any future cable related needs and interests. This is a practice that is entirely reasonable and under the control of the Board of Directors.

Recommendation

The NSCC/NSAC recommends that the NSCC Renewal Committee and the NSCC Board recommend to the Member Cities that the Member Cities make a preliminary assessment that the Comcast Franchises should not be renewed based on this supplemental staff report including the additional consultant's reports, because the Comcast proposal does not meet the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests. Further, staff is very concerned that, by adopting the Comcast Proposal, the NSCC and the member cities will be under franchise terms that will unfairly benefit Comcast. Many of the Comcast proposed franchise terms will limit enforcement by the NSCC and the member cities or will reduce the financial penalties for Comcast's failure to

comply with the franchise agreements. It is clear to the staff that the proposed I-Net and PEG funding and channels will cause the current operations and the anticipated future cable related needs and interests to be severely hampered by the Comcast proposal. Furthermore, the NSCC currently has issued two Notices of Violation to Comcast on: 1) Rate Order Compliance and the 2) 6 MHz PEG channel capacity. The NSCC will potentially consider additional notices of violation regarding Comcast's compliance with the March 2012 Memorandum of Understanding with regards to the bundled package allocations and adherence to the current franchise provision regarding the cost basis for Comcast's late fees. These compliance issues also serve as a basis for a preliminary assessment that the Comcast Franchises should not be renewed.

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COMPARISON OF PROPOSED FRANCHISE AGREEMENTS¹

NSCC Current	NSCC Proposed	COMCAST
Use of ROW (Rights of Way)		
<p>Section 2 (2) Right and privilege to use Right-of-Way subject to permitting</p> <p>Section 2 (3) Lease or assignment prohibited</p>	<p>Section 2 (A) (B)—Does not provide open authority to erect, install, construct, etc.: expresses Grantee shall make use of existing poles, underground and aerial facilities. Does not exempt Grantee from obligation to pay compensation for real or personal property other than ROW.</p> <p>(C) Lease or assignment of Grantee’s system prohibited.</p>	<p>2.1, 2.4—Grant of Authority to the use of ROW lists equipment that can be erected, installed, constructed, etc., to include poles, wires, cables, conductors, ducts, conduits, vaults, manholes, pedestals, amplifiers, appliances, attachments, and other related property or equipment as may be necessary or appurtenant to the Cable System.</p> <p>Prohibition on Lease or assignment of Grantee’s system not included</p>
Franchise Term		
<p>Defined Franchise Term of 15 years</p>	<p>Section 2 (D)—Period of 10 years.</p>	<p>2.2—Period of 10 years</p>

¹ This initial comparison excludes a review of the “gross revenues” definition, PEG provisions and I-Net provisions. The last two provisions are covered in other reports and the “gross revenues” definition has already been agreed to.

Previous Franchise Unfulfilled Obligations and Commitments

<p>Section 10(5) – Retains City’s authority over transfer of ownership</p>	<p>Section 2 (E)—Retains City’s authority to enforce the terms of several transfers, Memorandum of Understanding, Settlements, etc., from the previous franchise</p>	<p>No such provision.</p>
<p>No Waiver</p>		
<p>Section 13(5) Retains right of the City or Commission to enforce compliance or performance even when they have not exercised that right.</p>	<p>Section 2 (F) (1) (2)—Retains right of the City or Commission to enforce compliance or performance even when they have not exercised that right. Prevents nullification of other provisions if there is a waiver of any other breach.</p>	<p>No such provision.</p>
<p>No Recourse, Construction of Franchise Agreement, Amendment of Franchise Agreement</p>		
<p>Section 9(3) – Exempts the City or the Commission from claims, actions, liability, etc., arising from action or inactions by Grantee.</p>	<p>Section 2—(G) (H) (I)—Exempts the City or the Commission from claims, actions, liability, etc., arising from actions or inactions by the Grantee. Provides the Franchise be liberally construed in favor of the City or the Commission. Allows the City to liberally amend the</p>	<p>No such provisions.</p>

	<p>franchise to accommodate new technology in order for Grantee to better serve its customers; however, retains police powers.</p>	
<p>Compliance With Applicable Laws, Resolutions and Ordinances</p>		
<p>Section 1 (6) ... Grantee shall at all times during the term of this Franchise be subject to all lawful exercise of police powers, ... Section 13(3) – re: police powers</p>	<p>Section 2 (J) (1)(2)(3)(4)(5)—Requires Grantee to comply with all laws, resolutions and ordinances (even if not in the Franchise); retains police powers of the Grantor. Provides even treatment of all ROW users. Establishes procedure for notifications.</p>	<p>No such provision.</p>
<p>Rules of Grantee</p>		
<p>Section 2 (7) Allows Grantee to establish how it governs the conduct of its business as long as it is not in conflict with laws</p>	<p>Section 2 (K)—Allows Grantee to establish how it governs the conduct of its business as long as it is not in conflict with laws.</p>	<p>No such provision.</p>
<p>Territorial Area Involved</p>		
<p>Section 2 (8) Requires extension in new areas with a minimum of 50 homes per mile underground and 35 homes per mile overhead</p>	<p>Section 2 (L)—Requires Grantee to extend service to newly defined corporate boundaries of the city, giving a 12 month deadline for extension.</p>	<p>2.5—Defines Grantee will not extend to newly incorporated areas unless there is a minimum of 50 homes per cable mile (underground) and 35 homes per cable mile</p>

<p>Twelve month deadline to complete</p>	<p>Line extension requirements to be included.</p>	<p>(overhead), within 500 ft. of the cable system, giving a 24 month limit on completion. Allows charges to customers for drops greater than 150 feet.</p>
<p>Written Notice</p>		
<p>Section 2 (9) Provides timeline to hand delivered and mail notice Grantee and Grantor</p>	<p>Section 2 (M)—Provides requirement for written notices, timeline and person to receive notices.</p>	<p>No such provision.</p>
<p>Network Drops, Equipment and Cable Service to Designated Buildings</p>		
<p>Section 2 (10) Provides listed of required building drops in Attachment B</p>	<p>Section 2 (N)—Refers to the RFRP</p>	<p>Includes list as attachment</p>
<p>Registration, Permits, Construction Codes</p>		
<p>Section 3 (1) Grantee must comply with all building codes and permits. Noncompliance may be grounds for revocation of franchise</p>	<p>Section 3 (A) (1) (2)—Requires compliance with all laws; consideration of aesthetics and private property; supervision by City. Provides remedy for non-compliance.</p>	<p>No such provision.</p>

Repair of Rights of Way and Property		
<p>Section 3 (2) Grantee must fully restore Rights-of-Way and public or private property. If Grantee fails to comply, City will repair and will require reimbursement from Grantee</p>	<p>Section 3 (B)—Lists what rights of way and facilities must be repaired, restored, replaced, reconstructed in event of damage; timeline for commencement of repairs of damage no more than three (3) days (provides for extension by City); reimbursement to City.</p>	<p>Section 3.1—Provides for repair of damage; does not define timeline for commencement of repair; provides for reimbursement to the City.</p>
Conditions on Right of Way Use		
<p>Section 3 (3) Sets forth the rights of the City and Grantee regarding the condition of the Right-of-Way</p> <p>Normal and reasonable obstruction and minimal interference with private property</p>	<p>Section 3 (C) (1) (2)—Establishes right of City to control, construct, relocate, maintain, etc., all of the Right of Way.</p> <p>Requires that Grantee not obstruct or interfere with use of Right of Way, cause minimum interference with rights of property owners and no interference with public utilities.</p>	<p>No such provision.</p> <p>No such provision.</p>
Grantee to Move Lines at Request of City		
<p>Section 3 (3)(c) Grantee at its own expense move or relocate facilities at the request of the City</p>	<p>Section 3 (C) (3)—Grantee, at its expense, to move, disconnect, relocate, etc., when requested by the City in order for the City to conduct necessary work. If Grantee fails, the City secures the right to move, disconnect,</p>	<p>Section 3.2—Grantee will protect, alter, relocate, etc. lines on thirty (30) days written notice from City. If public funds are available to any other user of the ROW, City will notify Grantee of funds and make them</p>

	<p>relocate, etc., at the Grantee's expense. The City will not be liable if it conducts the work.</p>	<p>available to the Grantee.</p>
<p>Interference with Existing Utilities</p>		
<p>Section 3 (3)(d) Grantee shall not interfere other existing utilities and will comply with lawful City requirements</p>	<p>Section 3 (C) (4)—Grantee shall not place anything above or below ground that will interfere with existing utilities in the ROW and will comply with all lawful requirements of the City.</p>	<p>No such provision.</p>
<p>Relocation Due to Third Party</p>		
<p>Section 3 (3)(e) Grantee shall be given not less than 10 days to move facilities to permit moving of a building. Cost of moving to be paid by person moving a building</p>	<p>Section 3 (C) (5)(8)—On ten (10) days notice, Grantee shall move its wires or fixtures to permit the moving of a building. Person requesting must be permitted and subject to reimburse Grantee for the expense.</p> <p>Grantee will be given thirty (30) days written notice of Person authorized to use ROW and movement of its facilities to accommodate. Grantee will be paid in advance by such Person. Disputes between parties will be resolved by the City, if not covered by contract between the parties.</p>	<p>Section 3.3—Grantee will relocate facilities on reasonable prior written request, not less than thirty (30) days. Grantee will be paid in advance by such Person.</p>

Tree and Vegetation Trimming	
<p>Section 3 (3)(f) Grantee allowed to trim trees to prevent contact with wires and cables</p>	<p>Section 3 (C) (6)—Grantee shall follow City Code when removing, cutting, trimming, etc., of trees and vegetation. Grantee agrees not to injure trees, and all costs associated will be paid by Grantee, not the City or private property owner.</p>
Notification of Property Owners	
<p>Section 3 (3)(g) Best efforts to give reasonable prior notice to adjacent private property owners</p>	<p>No such provision.</p>
Undergrounding	
<p>Section 3 (4) All new construction must be placed underground except for amplifier and pedestal mounted terminal boxes</p>	<p>Section 3 (D) (1) (2)—City may require Grantee to use existing poles, conduits, etc. City may require Grantee to place its facilities underground. Grantee may not place facilities where they will interfere with existing utility facilities. Consistent with City Code, Grantee may use overhead facilities, but in no way use overhead facilities where other utilities are underground. City may require overhead facilities to be placed underground.</p>
<p>Section 3.4—Grantee shall participate in planning projects of undergrounding all utilities. Grantee's relocation costs will be included in project funding, and Grantee will be entitled to reimbursement from public or private funds.</p>	

Installation of Facilities	
<p>Section 2 (5) No poles, conduits, amplifier boxed, pedestal mounted terminal boxes, similar structures, or other wire holding structures shall be erected or installed by the Grantee without required permit of the City</p>	<p>Section 3 (E) (1) (2)—Grantee must obtain required permits or authorization from the City before placing any facilities or equipment, etc.</p> <p>Placement of facilities does not constitute a vested fee interest in ROW or City property. Facilities must be located and installed to cause minimal interference for private property owners.</p>
Safety Requirements	
<p>Section 3 (6) Grantee must follow City codes, NESC, FCC and all applicable codes</p>	<p>Section 3 (F) (1)—Grantee must follow safety practices of code, law and regulation. Grantee must maintain safety in preventing failure or accidents to the public or property.</p>
Non-Interference	
<p>No such provision</p>	<p>Section 3 (F) (2)—Grantee must not interfere with City's communications technology related to health, safety and welfare of residents.</p>
<p>No such provision.</p>	

Warning Devices	
No such provision	Section 3 (F) (3)—Grantee must install and maintain devices that warn Persons or government entities of work in the ROW. No such provision.
Grantee Must be Member of One Call Notification	
No such provision	Section 3 (F) (4)—Grantee must be member of One Call Notification System and mark locations of underground facilities and identify same for City free of charge. No such provision.
City Use of Facilities	
No such provision	Section 3 (G)—City has the right to use Grantee’s poles, conduits, ducts, etc., free of charge provided it does not interfere with needs or operations of Grantee. Any costs associated will not be offset against franchise fees or other payments to City, NSAC or the Commission. No such provision.
Removal of Facilities at Expiration	

<p>Section 10 (4) If Grantee has failed to commence removal of the System, ... declare all right, title, and interest to the System to be in the City ...</p>	<p>Section 3 (H)—The City shall have the right at expiration of the Franchise to require the Grantee, at its expense, to remove all facilities and restore affected sites to original condition. Failure to do so results in facilities becoming property of the City. The City will not be liable to the Grantee for damage, loss or costs associated.</p>	<p>No such provision.</p>
<p>System Capacity and Technical Design</p>		
<p>Section 4 (1) Specifies a 750 MHz system, hybrid fiber coaxial capable of high speed data and other competitive services</p>	<p>Section 4 (A) (1) (a)—Requirements for characteristics, TBD per RFRP.</p>	<p>Section 3.5—Compliance with FCC standards. Upon receipt of customer complaints, City may inquire as to Grantee's compliance. Also see Section 5.3, restrictions on reporting requirements.</p>
<p>No such provision</p>	<p>Section 4 (1) (b)—Requires TDD/TYY equipment at Grantee's office and published phone numbers for same.</p>	<p>No such provision</p>
<p>N/A</p>	<p>Section 4 (A) (2)—Required features to be inserted as per RFRP.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 4 (A) (3)—No channel mapping of PEG channels without prior approval of the City. Requires Grantee to agree to channel map as few non-PEG channels as possible in the attempt to</p>	<p>No such provision</p>

	deliver high quality signals or comply with law.	
No such provision	Section 4 (A) (4)—Conduit is to be sized to accommodate future upgrades in attempt to obviate need for reopening of ROW.	No such provision.
	Section 4 (A) (5)—Grantee will not raise a claim that the system design and performance standards are unenforceable.	No such provision.
Integration of Advanced Technology		
No such provision	Section 4 (B) (1)—Grantee is responsible for periodic upgrades to meet the needs and interests of the community.	No such provision
Section 8(6) – May Require evaluations sessions at any time on 15 day written notice	Section 4 (B) (2)—Requires Grantee to report no more than every two (2) years to Commission and Member Cities on developments in technology and intent to incorporate those technologies. Report must include effect on use of PEG, I-Net, consumer equipment. Report must report how other cable companies have incorporated such technology and timetable for Grantee to do so.	No such provision.
System Construction and Line Extension		

<p>Section 4 (2) Upgrade to be completed by November 2000</p>	<p>Section 4 (C) (1)—To be inserted per the RFRP</p>
<p>Section 4 (4) The technical standards used in the operation of the System shall comply, at a minimum, with the technical standards promulgated by the FCC Also, Section 3(1) & (6)</p>	<p>Section 4 (C) (2)—System construction and maintenance in accordance with laws, codes, standards, etc.</p>
<p>No such provision</p>	<p>Section 4 (C) (3)—Grantee must notify City of any maintenance or construction that causes service disruption or physical construction. (example list included).</p>
<p>No such provision</p>	<p>Section 4 (C) (4)—Grantee shall provide, on request, detailed description of construction and design maps of facilities.</p>
<p>Section 8 (5) (c) If required by the City, Grantee shall furnish to and file with the City Administrator the maps, plats, and permanent record location and character of all facilities constructed ...</p>	<p>Section 4 (C) (5)—Grantee shall maintain comprehensive as-built drawings (as they are updated) and provide copies to the City and Commission on request. Drawings must include both ROW and private property for investigation of complaints. Grantee will maintain routing diagrams and provide these to the City.</p>
<p>No such provision</p>	<p>Section 4 (C) (6)—Grantee, on request, shall meet with the City or Commission to provide updates on progress of construction. Throughout</p>

	<p>process Grantee shall inform the public/Subscribers on progress, location of crews and expected interruptions of service.</p>	
<p>Section 4 (D) (E) (F)—System Maintenance, Technical Standards, Tests and Inspections to be inserted per the RFRP</p>		
<p>FCC Reports</p>		
<p>Section 4 (7) FCC reports shall be filed with the City upon request</p>	<p>Section 4 (G)—Grantee will file the FCC reports of results of testing with City or Commission within ten (10) days of request.</p>	<p>No such provision.</p>
<p>Non-voice Return Capability</p>		
<p>Section 4 (9) Grantee is required to have nonvoice return communications</p>	<p>Section 4 (H)—Grantee is required to have technical capability for non-voice return communication.</p>	<p>No such provision.</p>
<p>Lockout Device</p>		
<p>Section 4 (10) Grantee shall make available lockout devices at no charge to subscriber</p>	<p>Section 4 (I)—Grantee is required, at request of subscriber, to provide a lockout device at no charge.</p>	<p>No such provision.</p>

Types of Service	
<p>Section 4(1)(e) – Grantee required to provide 30 days notice to subscribers and City of any channel changes</p>	<p>Section 4 (J)—Grantee required in changes in selection of programs or service to provide 30 days written notice to subscribers, Commission and City and comply with all applicable laws and franchise agreement.</p>
Uses of System	
<p>No such provision</p>	<p>Section 4 (K)—Grantee, on request, shall advise Commission and City of uses of System. City/Commission shall have right to conduct unannounced audits of use.</p>
Additional Capacity	
<p>No such provision</p>	<p>Section 4 (L)—Grantee shall notify City/Commission in writing in advance of additional fiber capacity, so capacity can be added for government and institutional use. City/Commission will notify Grantee within fifteen (15) days. Costs incurred by Grantee will not be deducted or offset against franchise fees or PEG support.</p>

Home Wiring

<p>No such provision</p>	<p>Section 4 (M) (1)—Grantee will not restrict Subscriber’s ability to change wiring located in Subscriber’s dwelling as long as those changes do not interfere with FCC standards or ability of Grantee to provide services and collect payment from that Subscriber or others.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 4 (M) (2)—Grantee must provide Subscribers notice of their rights regarding home wiring. Notice must include changing home wiring, the right to select a third party contractor, request that Grantee can provide service at hourly rate plus materials.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 4 (M) (3)—Notice must inform Subscribers of its responsibility in changing wiring. Grantee may offer materials to Subscribers at cost plus reasonable rate of return.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 4 (M) (4)—Grantee will cooperate with competitive providers and provide access to home run wiring in multiple dwelling units at pro rata cost. Exclusive contracts for provision of service will be null and void.</p>	<p>No such provision.</p>

Customer Service Monitoring		
No such provision	Section 4 (N)—Grantee shall retain records to enable City/Commission to determine compliance with phone answering standards.	Section 5.3—Other Information Requests (see page 32 below)
Customer Service Standards		
No such provision	Section 5 (A)—Grantee shall comply with FCC customer service standards and additional or stricter standards contained in franchise or by ordinance or law adopted by state, City/Commission.	Section 4.1—Requires City to adopt FCC customer service standards.
Local Office and Office Hours		
Section 5 (8) Grantee shall maintain a location in the City or the Franchise territory encompassing any joint regulatory body of which City is a member for receiving Subscriber inquiries and bill payment.	Section 5 (B) (1)—Grantee will provide customer service center in franchise area with determined hours so that customers may: pay bills, return equipment, cancel service, etc. Grantee will provide a drop box at determined hours. Payments will be posted within 48 hours. Sixty (60) days notice on change of service center location to Subscribers. Grantee will, at request, pick up or retrieve equipment.	No such provision.

Closure of Service Centers	
<p>No such provision</p>	<p>No such provision.</p>
<p>Section 5 (B) (2) (a) (b) (c)—In the event of closure of service center office in franchise area, Grantee will pick up and drop off equipment, etc., free of charge. Provide Subscribers with a pre-paid mailer. Enable payment over the phone free of charge.</p>	<p>No such provision.</p>
Video Programming	
<p>Section 4 (1) (e) Programming is the discretion of Grantee, provided Grantee provides thirty (30) day notice of change to City and Subscribers.</p>	<p>No such provision.</p>
<p>Section 5 (C)—Programming is the discretion of Grantee, provided Grantee provides thirty (30) day notice of change to City/Commission/Subscribers.</p>	<p>No such provision.</p>
Regulation of Service Rates	
<p>Section 5 (1) City may regulate rates to the extent permitted by federal law</p>	<p>No such provision.</p>
<p>Section 5 (D) (1)—Provides Commission authority over equipment/service rates as allowed by law.</p>	<p>No such provision.</p>
<p>Section 5 (1) Grantee shall give City and Subscribers at least one billing cycle notice of a rate change</p>	<p>No such provision.</p>
<p>Section 5 (D) (2)—Grantee to provide one billing cycle notice to Subscribers, City and Commission of changes in rates. Bills must be clear and understandable. Online bill payers</p>	<p>No such provision.</p>

	must receive email of changes.	
No such provision	Section 5 (D) (3)—Grantee will respond to written requests for data by the City/Commission during petition for relief under effective competition.	No such provision.
Sales Procedures		
Section 5 (3) Grantee shall not exercise deceptive sales procedures	Section 5 (E)—Grantee will not engage in deceptive sales practices and inform non-Subscriber of all services. Commission must be notified of package changes.	No such provision.
Subscriber Inquiry and Complaints		
Section 5 (4) Grantee to have publically listed toll free number, twenty four (24) hours per day, seven (7) days per week.	Section 5 (F) (1)—Grantee to have publically listed toll free number, twenty four (24) hours per day, seven (7) days per week.	No such provision.
Section 5 (4) Establishes guidelines for answering the phone, telephone lines, personnel, and busy signal guidelines.	Section 5 (F) (2)—Establishes guidelines for answering the phone, telephone lines, personnel, and busy signal guidelines. Requires reporting of compliance.	No such provision.

<p>Section 5 (4) Grantee will respond to written requests within thirty (30) days and provide City or its designee with copy of response.</p>	<p>Section 5 (F) (2)—Grantee will respond to written requests within thirty (30) days and provide Commission with copy of response.</p>	<p>No such provision.</p>
<p>Section 5 (4) Grantee will prepare, maintain written records of complaints and provide them to Commission on request.</p>	<p>Section 5 (F) (4)—Grantee will prepare, maintain written records of complaints and provide them to Commission on request.</p>	<p>Section 5.3 (ii)—No information provided unless there is reasonable basis for inquiry. Section 5.3 (iii)—City shall contact Grantee prior to information request to allow cure. Section 5.3 (iv)—Grantee will be given draft of results to review before publication. Section 5.3 (v)—Grantee shall be given advance notice of meetings that discuss review.</p>
<p>Section 5 (4) Grantee will commence working on service problems thirty six (36) hours on service interruptions.</p>	<p>Section 5 (F) (5)—Grantee will commence working on service problems twenty four (24) hours on service interruptions.</p>	<p>No such provision.</p>
<p>Section 5 (4) Establishes parameters and time windows for appointments for service calls</p>	<p>Section 5 (F) (6)—Establishes parameters and time windows for appointments for service calls.</p>	<p>No such provision.</p>
<p>Section 5 (4) (b) Grantee shall respond to written complaints with a copy to City or its designee within 30 days</p>	<p>Section 5 (F) (7)—Grantee will respond to City/Commission complaints in a timely manner.</p>	<p>No such provision.</p>

Subscriber Contracts		
<p>Section 5 (5) Grantee must file with the Commission any standard contract with subscribers, to include length and terms and must make same available at their offices.</p>	<p>Section 5 (G)—Grantee must file with the Commission any standard contract with subscribers, to include length and terms and must make same available at their offices and NSCC.</p>	<p>No such provision.</p>
<p>Section 5 (6) Grantee will prorate the monthly rate to subscribers on establishment or termination of service.</p>	<p>Section 5 (H) (1)—Grantee will prorate the monthly rate to subscribers on establishment or termination of service.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 5 (I)—Grantee shall ensure that persons or entities not receiving Cable service not be assessed franchise fees, unless permitted by law.</p>	<p>No such provision.</p>
<p>Section 5 (6) ... Grantee shall prorate the monthly bill on the basis of the number of days in the period ...</p>	<p>Section 5 (J) (1) (2)—Refunds will be issued promptly not later than: a. next billing cycle; b. return of equipment. Credits issued on Subscriber's next bill.</p>	<p>No such provision.</p>
<p>Section 5 (7) Grantee not to issue late fees unless service has been provided and notification of Subscriber. Late fees will not exceed actual cost.</p>	<p>Section 5 (K)—Grantee not to issue late fees unless service has been provided and notification of Subscriber. Late fees will not exceed actual cost and amounts must be filed</p>	<p>No such provision.</p>

	with the Commission.	
No such provision	<p>Section 5 (L) (1) (a)—Grantee will provide at installation and every twelve months: instructions on use; billing and complaint procedures; schedule and rates; channel positions; prices and options; policies and rights of Subscribers.</p> <p>Section 5 (L) (2)—Copies of previous subsection provisions to be filed with City and Commission.</p>	<p>No such provision.</p> <p>No such provision.</p>
No such provision	Section 5 (L) (3)—All Grantee promotional materials must be clear and accurately reflect rates after the end of promotions.	No such provision.
Exclusive Contracts and Anticompetitive Acts Prohibited		
No such provision	Section 5 (M) (1)—Grantee may not require an exclusive contract of Subscribers.	No such provision.
No such provisions	Section 5 (M) (2)—Grantee shall not engage in anti-competitive acts against subscribers and multiple dwelling units.	No such provision.
Operations and Administration Provisions		

<p>Section 8 (1) The City Administrator or designee will have jurisdiction over the System and Grantee’s operations.</p>	<p>Section 8 (A)—The City Manager or designee will have jurisdiction over the System and Grantee’s operations.</p>	<p>No such provision.</p>
<p>Section 8 (2) The Commission will have the authority to administer and support the franchise. The Grantee shall cooperate with such delegate of the City.</p>	<p>Section 8 (B)—The Commission will have the authority to administer and support the franchise. The Grantee shall cooperate with the Commission.</p>	<p>No such provision.</p>
<p>Periodic Evaluations</p>		
<p>Section 8 (6) City can require evaluations on fifteen (15) days notice.</p>	<p>Section 8 (F) (1)—City or Commission can require evaluations on fifteen (15) days notice.</p>	<p>Section 5.3—Reports and meetings. See page 32 below.</p>
<p>Section 8 (6) Evaluation sessions may address various aspects of the franchise, court and FCC rulings, changes in law, etc., or any topic the City or Commission deems relevant.</p>	<p>Section 8 (F) (2)—Evaluation sessions may address various aspects of the franchise, court and FCC rulings, changes in law, etc., or any topic the City or Commission deems relevant.</p>	<p>Section 5.3 (ii)—No information provided unless there is reasonable basis for inquiry. Section 5.3 (iii)—City shall contact Grantee prior to information request to allow cure. Section 5.3 (iv)—Grantee will be given draft of results to review before publication. Section 5.3 (v)—Grantee shall be given</p>

<p>Section 8 (6) After evaluation, Grantee will meet with City to discuss changes to the franchise that are feasible.</p>	<p>Section 8 (F) (3)---After evaluation, Grantee will meet with City or Commission to discuss changes to the franchise that are feasible.</p>	<p>advance notice of meetings that discuss review. No such provision.</p>
<p>Finance and Insurance</p>		
<p>Section 9 (1) Performance bond of \$500,000 Section 9 (1) Sets forth time to correct violations Section 9 (1) If franchise is revoked, City may collect for damages from the Performance Bond. Section 9 (1) Provides for the return of the Performance Bond to the Grantee Section 9 (1) The Performance Bond will not interfere with other rights reserved by the City</p>	<p>Section 9 (A) (1)--Performance Bond of \$3,000,000. Section 9 (A) (2)—Provides ability to extend time by the Commission. Section 9 (A) (3)—If franchise is revoked, City or Commission may collect for damages from the Performance Bond. Section 9 (A) (4)—Provides for the return of the Performance Bond to the Grantee. Section 9 (A) (5)—The Performance Bond will not interfere with other rights reserved by the City and the Commission.</p>	<p>Section 8.5—Performance Bond of \$500,000. City not allowed to draw on it if in dispute process.</p>

Letter of Credit and Liquidated Damages

Section 9 (2) Provides for a letter of credit in the amount of \$25,000	Section 9 (B) (1 (2))—Letter of Credit for \$25,000.	No such provision.
Section 9 (2) Collection from Letter of Credit for acts/omissions by Grantee to City or any Person.	Section 9 (B) (3)—Collection from Letter of Credit for acts/omissions by Grantee to City, Commission or any Person.	Section 8.4—Liquidated Damages to the City (solely).
Section 9 (2) Failure to timely construct system in timely manner \$500 per day.	Section 9 (B) (3) (a)—Failure to timely construct system or I-Net in timely manner \$1,000 per day.	Section 8.4 (v) (1)—Failure to construct as provided in franchise, \$50 per day.
Section 9 (2) Failure to provide data, reports, etc., \$250 per day.	Section 9 (B) (3) (b)—Failure to provide data, reports, etc., \$500 per day.	Section 8.4 (v) (3)—Failure to provide data, reports, etc., \$50 per day.
Section 9 (2) after fifteen day notice, failure to comply with construction, operation or maintenance standards, \$500 per day.	Section 9 (B) (3) (c)—after fifteen day notice, failure to comply with system requirements, \$1,000 per day.	No such provision.
Section 9 (2) Failure in PEG provisions, \$500 per day.	Section 9 (B) (3) (d)—Failure in PEG provisions, \$1,000 per day.	Section 8.4 (v) (5)—Failure in PEG provisions \$50 per day.
Section 9 (2) Breach of contract or agreement \$500 per day.	Section 9 (B) (3) (e)—Breach of contract or agreement \$1,000 per day.	Section 8.4 (v) (4)—Violation of transfer provision \$250 per day.

<p>Section 9 (2) Failure to comply with any provision for which a penalty is not included, \$250 per day.</p>	<p>Section 9 (B) (3) (f)—Failure to comply with any provision for which a penalty is not included, \$500 per day.</p>	<p>No such provision.</p>
<p>Section 9 (2) Each violation shall be considered separately.</p>	<p>Section 9 (B) (4)—Each violation shall be considered separately.</p>	<p>No such provision.</p>
<p>Section 9 (2) Conditions for drawing on Letter of Credit.</p>	<p>Section 9 (B) (5) (6)—Conditions for drawing on Letter of Credit.</p>	<p>No such provision.</p>
<p>Section 9 (2) Periodic replacement and replenishment of the Letter of Credit.</p>	<p>Section 9 (B) (7) (8) (9)—Periodic replacement and replenishment of the Letter of Credit.</p>	<p>No such provision.</p>
<p>Section 9 (2) Draw on the Letter of Credit will not affect any other right or remedy of the franchise agreement.</p>	<p>Section 9 (B) (10)—Draw on the Letter of Credit will not affect any other right or remedy of the franchise agreement.</p>	<p>No such provision.</p>
<p>Indemnification of the City and Commission</p>		
<p>Section 9 (3) Broad description of those indemnified and activities defined.</p>	<p>Section 9 (C) (1) (2) (3)—Broad description of those indemnified and activities defined.</p>	<p>Section 8.6—Narrow definition of those indemnified and activities defined.</p>

Insurance

<p>Section 9 (4) Broad definition of requirements for liability insurance.</p>	<p>Section 9 (D) (1)—Broad definition of requirements for liability insurance.</p>	<p>Section 8.6—Narrow definition of requirements for liability insured.</p>
<p>Section 9 (4) \$500,000—property damage to a person. \$2,000,000—property damage to property \$1,000,000—personal injury to one person. \$2,000,000—personal injury for two or more during any one incident.</p>	<p>Section 9 (D) (2) (a to g)— \$2,000,000—property damage to a person. \$2,000,000—property damage to property \$2,000,000—personal injury. \$2,000,000—personal injury during any one incident. \$2,000,000— for all other liability. \$2,000,000—auto liability: separate for bodily injury and death per occurrence; bodily injury and death to any one person; property damage per occurrence.</p>	<p>Section 8.7— \$1,000,000—personal injury or death to one person. \$2,000,000—personal injury or death of two or more persons. \$500,000— for property damage to any one person. \$2,000,000—property damage for one act or occurrence.</p>
<p>Section 9 (4) Insurance policies are to be maintained for the term of the franchise.</p>	<p>Section 9 (D) (3 to 6)—Insurance policies are to be maintained; insurers qualified to do business in the State; insurance policies must be available for review by the City and Commission; failure to comply with insurance requirements as material breach.</p>	<p>No such provisions.</p>

Revocation

<p>Section 10 (1) City reserves the right to revoke in case of: a. Grantee violates material provisions; b. Grantee has attempted to evade terms of franchise; c. Grantee has practiced fraud or deceit. City may revoke without hearing if Grantee is adjudged bankrupt.</p>	<p>Section 10 (A) (1)—City reserves the right to revoke in case of: a. Grantee violates material provisions; b. Grantee has attempted to evade terms of franchise; c. Grantee has practiced fraud or deceit. City may revoke without hearing if Grantee is adjudged bankrupt.</p>	<p>8.1—If Grantee has not complied with material provisions, City will notify Grantee.</p>
<p>Section 10 (2) City will provide written notice to cure. Grantee will have thirty (30) days to correct.</p>	<p>Section 10 (B)²(1)—City will provide written notice to cure. Grantee will have thirty (30) days to correct.</p>	<p>8.2—Grantee will have thirty (30) days to: respond by contesting; cure the default; or initiate reasonable steps to begin to cure.</p>
<p>Section 10 (2) Grantee will be provided public hearing by the City Council; the City will provide Grantee written notice of its decision.</p>	<p>Section 10 (B) (2)—Grantee will be provided public hearing by the City Council; the City will provide Grantee written notice of its decision.</p>	<p>8.3—If Grantee fails to respond or default is not remedied in thirty (30) days, the City will provide a public hearing not less than ten (10) days after initial thirty (30) day period.</p>
<p>Section 10 (2) After public hearing and on written notice of revocation, termination or shortening length of franchise, Grantee may appeal in state, federal court.</p>	<p>Section 10 (B) (3)—After public hearing and on written notice of revocation, termination or shortening length of franchise, Grantee may appeal in state, federal court.</p>	<p>No such provision.</p>

² Wrongly designated as Section 10 (13).

<p>Section 10 (3) Grantee shall not abandon the system without three (3) months' notice, must compensate City for abandonment.</p>	<p>Section 10 (C)---Grantee shall not abandon the system without three (3) months' notice, must compensate City for abandonment.</p>	<p>No such provision.</p>
<p>Section 10 (4) City has right to require Grantee to remove its system on termination, forfeiture or abandonment of franchise. If Grantee fails, City can collect on Letter of Credit or Performance Bond and the City owns the system.</p>	<p>Section 10 (D) (1) (2)---City has right to require Grantee to remove its system on termination, forfeiture or abandonment of franchise. If Grantee fails, City can collect on Letter of Credit or Performance Bond and the City owns the system.</p>	<p>No such provision.</p>
<p>Sale or Transfer of Franchise</p>		
<p>Section 10 (5) No sale or transfer of franchise or transfer of stock without approval of the Commission. Including intra-company transfers or sales, except for indebtedness.</p>	<p>Section 10 (E) (1)---No sale or transfer of franchise or transfer of stock without approval of the Commission. Including intra-company transfers or sales, except for indebtedness.</p>	<p>Section 6.1---Grantee needs consent of City for transfer, defined as 51% owner interest. No consent needed for intra-company transfers, including to secure indebtedness.</p>
<p>Section 10 (5) Defines controlling interest as working control, to include fifteen percent (15%) or more by one person and acquisition by one person of five percent (5%) or more.</p>	<p>Section 10 (E) (2)---Defines controlling interest as working control, to include fifteen percent (15%) or more by one person and acquisition by one person of five percent (5%) or more.</p>	<p>No such provision.</p>
<p>Section 10 (5) Grantee shall file all documents (defined in this section) and</p>	<p>Section 10 (E) (3) (a) (b) (c)---Grantee shall file all documents (defined in this section)</p>	<p>No such provision.</p>

other documents as City may require.	and other documents as Commission may require.	
Section 10 (5) Commission will have time defined by federal law to review the transfer request.	Section 10 (E) (4)---Commission will have time defined by federal law to review the transfer request.	No such provision.
Section 10 (5) City and Commission cost associated with the transfer request will be reimbursed by the Grantee. Grantee may recover those expenses but not itemize them.	Section 10 (E) (5)---City and Commission cost associated with the transfer request will be reimbursed by the Grantee. Grantee may recover those expenses but not itemize them.	No such provision.
Section 10 (5) Transferee becomes signatory to the Franchise.	Section 10 (E) (6)---Transferee becomes signatory to the Franchise.	No such provision.
Section 10 (5) City will have the right to purchase the system.	Section 10 (E) (7)---City and/or Commission will have the right to purchase the system.	No such provision.
Section 10 (5) City must indicate in writing within sixty (60) days its intent to purchase. City cannot exercise this right if it has approved an assignment or sale.	Section 10 (E) (8) (a) (b)---City and Commission must indicate in writing within sixty (60) days its intent to purchase. City and Commission cannot exercise this right if it has approved an assignment or sale.	No such provision.
Section 10 (5) No sale or transfer in	Section 10 (E) (9)---No sale or transfer in	No such provision.

<p>event of Grantee noncompliance, City retain right to enforce compliance even if noncompliance issues arise after approval.</p>	<p>event of Grantee noncompliance, City and Commission retain right to enforce compliance even if noncompliance issues arise after approval.</p>	
<p>No such provision</p>	<p>Section 10 (E) (10)---Transfer or sale without City or Commission consent is considered impairment of performance.</p>	<p>No such provision.</p>
<p>Protection of Individual Rights</p>		
<p>Section 11 (1) Discriminatory practices prohibited.</p>	<p>Section 11 (A)---Discriminatory practices prohibited.</p>	<p>No such provision.</p>
<p>Section 11 (2) No monitoring of individual viewing patterns without the Subscriber's permission. No data on viewing patterns can be sold or made available to third party, without Subscriber's permission. No permission needed for system wide or individual electronic sweeps to verify system integrity and for billing purposes.</p>	<p>Section 11 (B) (1) (2) (3)---Grantee will provide the City and Commission with all documents, but not violate subscriber privacy. City and Commission reserve the right to question redactions. No monitoring of individual viewing patterns without the Subscriber's permission. No data on viewing patterns can be sold or made available to third party, without Subscriber's permission. No permission needed for system wide or individual electronic sweeps to verify system integrity and for billing purposes.</p>	<p>No such provision.</p>

Unauthorized Connections or Modifications

<p>Section 12 No unauthorized connections or modifications are allowed by any person, group, government body, etc., without Grantee authorization. It is unlawful to remove or destroy any part of the system. Provides penalties for violation of this section.</p>	<p>Section 12 (A) (B) (C)---No unauthorized connections or modifications are allowed by any person, group, government body, etc., without Grantee authorization. It is unlawful to remove or destroy any part of the system. Provides penalties for violation of this section.</p>	<p>No such provision.</p>
<p style="text-align: center;">Miscellaneous Provisions</p>		
<p>Section 13 (1) Renewal will be performed in accordance with all laws for a term limited to fifteen (15) years.</p>	<p>Section 13 (A)---Renewal will be performed in accordance with all laws for a term limited to fifteen (15) years.</p>	<p>Section 2.2 and 2.3---Franchise term of ten (10) years, all applicable laws apply.</p>
<p>Section 13 (2) Work performed by third parties must comply with franchise, Grantee must provide notice of such third parties to City and Commission.</p>	<p>Section 13 (B)---Work performed by third parties must comply with franchise, Grantee must provide notice of such third parties to City and Commission.</p>	<p>No such provision.</p>
<p>Section 13 (3) Amendment of franchise by written agreement between Grantee and City. Retention of rights of City to amend as provided by law.</p>	<p>Section 13 (C)---Amendment of franchise by written agreement between Grantee and City. Retention of rights of City to amend as provided by law.</p>	<p>Section 10.5---Modification by written agreement between City and Grantee.</p>

<p>Section 13 (4) Compliance with all laws, any such laws affecting a certain section will not invalidate entire franchise, parties will negotiate to reconstitute any parts of the franchise to comply with all laws.</p>	<p>Section 13 (D) (1) (2) (3)---Compliance with all laws, any such laws affecting a certain section will not invalidate entire franchise, parties will negotiate to reconstitute any parts of the franchise to comply with all laws.</p>	<p>Section 10.4---Provides for severability of parts of the franchise in attempt to comply with law.</p>
<p>Section 13 (5) Grantee shall not be relieved due to non-enforcement of any part of the franchise. City and Commission retain all rights available and do not waive rights for failure to exercise any rights.</p>	<p>Section 13 (E) (F)---Grantee shall not be relieved due to non-enforcement of any part of the franchise. City and Commission retain all rights available and do not waive rights for failure to exercise any rights.</p>	<p>Section 10.7---Grantee does not waive rights under the franchise.</p>
<p>Section 13 (6) Grantee acknowledges it has reviewed terms and conditions and their validity and the power of the City to set terms and conditions.</p>	<p>Section 13 (G)---Grantee acknowledges it has reviewed terms and conditions and their validity and the power of the City to set terms and conditions.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 13 (H)---Franchise is governed by the laws of Minnesota, disputes will be venued in Ramsey County District Court.</p>	<p>No such provision.</p>
<p>No such provision</p>	<p>Section 13 (I)---Force Majeure.</p>	<p>Section 10.1---Force Majeure (includes work delays due to other utilities).</p>
<p>No such provision</p>	<p>Section 13 (J)---The Commission and NSAC are deemed third party beneficiaries to the</p>	<p>Section 10.6---No rights to third parties.</p>

	franchise.	
No such provision	Section 13 (K) (L)---Captions do not affect the meaning of the franchise. This franchise constitutes the entire agreement except for those enumerated in Section 2 (E).	Section 10.3---The franchise supersedes all previous documents.
Section 14 Terms of acceptance.	Section 14---Terms for acceptance of the franchise and deliverables, such as Performance Bond, Letter of Credit, PEG Access Support Agreement with NSAC.	No such provision.

In the Comcast Franchise Only

Section 3.2—Grantee will protect, alter, relocate, etc., lines on thirty (30) days written notice from City. If public funds are available to any other user of the ROW, City will notify Grantee of funds and make them available to the Grantee.

Section 5.3 (ii)-- No such information request shall be initiated unless there is a reasonable basis for inquiring as to compliance, such as customer complaints about the subject matter of the inquiry, the failure to provide reports on the subject matter as required by other sections of this Franchise Agreement, or marketing or other communications from the Grantee indicating noncompliance.

Section 5.3 (iii)— In the interests of cost savings and efficiency, prior to serving an information request upon the Grantee, the City shall contact Grantee's local representative to discuss the subject matter of concern to determine whether a prompt and informal solution is available (i.e., Grantee is able to satisfactorily explain why there is no violation or is willing to cure the alleged noncompliance).

Section 5.3 (iv)— To expedite the review process and to avoid prolonged disputes, prior to distributing or publishing the results of an the review, the City shall afford Grantee a minimum of 15 business days to review the draft results and to respond to the findings therein so that the reviewer may take into consideration any additional information Grantee provides.

Section 5.3 (v)— Grantee shall be provided with advance written notice of any meeting at which the results of the audit or review will be presented and shall be afforded an opportunity to respond to the results in writing and in person at any such meeting.

Section 5.4-- Procedures Required to Initiate Audit/Review or Information Request.

Because audits/reviews and information requests can be time consuming and expensive for the City and Grantee, prior to commencing a franchise fee or PEG fee audit or review or an information request as set forth in the subsections above:

- (i) The City staff or designee wanting to initiate the audit/review or information

request shall present the proposed audit/review or information request to the City for approval. The proposal shall include the proposed inquiry document, the estimated costs of performing the audit or review, an explanation of the basis for the inquiry, and a representation that an attempt to resolve the inquiry informally with Grantee was made.

(ii) Grantee shall have advance written notice of the meeting at which the above proposal will be presented and shall have the opportunity to address the proposal with the City prior to approval of the audit/review or information request.

Section 5.5-- Resolution of Disputes in Audits or Information Requests. In the event of a dispute between the City and Grantee regarding the Grantee's production of responsive information or regarding the result of an audit/review or information request, the parties agree to first attempt to resolve the dispute in a direct discussion. Upon the failure of direct discussions, the parties shall mediate the dispute in nonbinding mediation before a jointly-selected mediator whose fee shall be split between the parties. If mediation is unsuccessful, the parties may thereafter pursue such other remedies and processes as may be available.

Section 6.1---Grantee needs consent of City for transfer, defined as 51% owner interest. No consent needed for intra-company transfers, including to secure indebtedness.

Section 9---"Competitive Equity provision" which requires the same terms of the franchise be applied to the new entrant.

Section 10.7---Grantee does not waive rights under the franchise.

Section 10.3---The franchise supersedes all previous documents.

Section 10.6---No rights to third parties.

Note: The Comcast agreement also includes a “Competitive Equity provision” which requires the same terms of the franchise be applied to the new entrant.

Definitions (included in each document)		
<p>Section 1</p> <p>Basic Cable Service</p> <p>Cable Service</p> <p>Cable System</p> <p>City</p> <p>City Council</p> <p>Class IV Cable Channel</p> <p>Commercial Need</p> <p>Converter</p> <p>Drop</p> <p>FCC</p> <p>Franchise</p>	<p>Section 1</p> <p>Actual cost.</p> <p>Affiliate.</p> <p>Basic Cable Service.</p> <p>Broadcast Channels.</p> <p>Cable Service.</p> <p>Cable System.</p> <p>Channel.</p> <p>City.</p> <p>City Code.</p> <p>City Council.</p> <p>Class IV Cable Channel.</p> <p>Commission.</p> <p>Converter.</p> <p>Drop.</p> <p>Educational Access Channel.</p> <p>FCC.</p> <p>Franchise.</p>	<p>Section 1</p> <p>Affiliate to not include certain entities.</p> <p>Commission.</p> <p>Effective Date.</p>

**In 2013, (through Nov. 15) NSCC/CTV North Suburbs producers
Created 649 (594) hours of new programming, including
20 city parades and festivals
137 (126) school concerts and sporting events
42 Minnesota John Rose Oval events
24.5 (38) hours of election programming.**

**CTV North Suburbs' two production trucks were used to produce
166 events (22 canceled events). (188)**

CTV-NS programs won

8 (7) awards, including:

4 ACM Hometown Awards:

1. *Disability Viewpoints: ADA Celebration*
2. *The Ghosts of CTV*
3. *2012 RAHS Spring Jazz Showcase*
4. *Lemonade*

1 NATOA Award:

3rd place - *SPUT: Saint Paul Urban Tennis*

1 MAGC Award:

Award of Merit - *What Public Work Crew Do For You*

2 Wisconsin Community Media Awards:

1. Award of Achievement: *MVCT Pirates of Penzance Featurette*
2. Award of Excellence: *North Oaks VBBA 2012 Quicksteps vs. All-Stars*

**CTV-NS Youth Program trained over
120 youth to produce
59 individual videos and
volunteered in**

15 community events including:

Night to Light MN. John Rose Oval
Mounds View Les Miserables behind the scenes video
North Oaks Vintage Baseball Association
Roseville Area High School Dance Recital
**totaling more than
600 hours of volunteer time.**

**CTV-NS staff spent
732 (549) hours to produce
61 (45) municipal programs and
provided
82 (109.5) hours of technical assistance.**

**CTV-NS staff produced
31 productions for
14 other government agencies and non-profits, including:**

Roseville Visitors Association
Ramsey County Sherriff
Ramsey County Attorney workshop
Ramsey County Homeless workshop
Ramsey County Human Rights
MACTA Conference
Minnesota State Council on Disability
MN John Rose Oval Organizations
Rural Health Care Initiative
Minnesota: Family, Career and Community Leaders of America

NYFS
TCAAP
MN NATIONAL GUARD
BOYS and GIRLS SCOUTS

**CTV-NS staff provided
95 (79) production classes
And trained
486 (307) students, including
34 (12) from the ESL program at Fairview Community Center
1 from Mounds View Schools Career and Life Transition program
and
20 Students from Bethel and Northwestern Colleges**