

# Annual COMPREHENSIVE FINANCIAL REPORT

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For the fiscal year ended December 31, 2023



"Roaring Waterfall" by Shelley Weeks, Show Off Shakopee photo contest grand prize winner.



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**CITY OF SHAKOPEE, MINNESOTA**

**Scott County**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Year Ended  
December 31, 2023

Department of Finance

Nathan Reinhardt, Finance Director  
Melissa Schlingman, Accounting Manager

485 Gorman Street  
Shakopee, MN 55379

**CITY OF SHAKOPEE**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**CITY OF SHAKOPEE**  
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## **CITY OF SHAKOPEE**

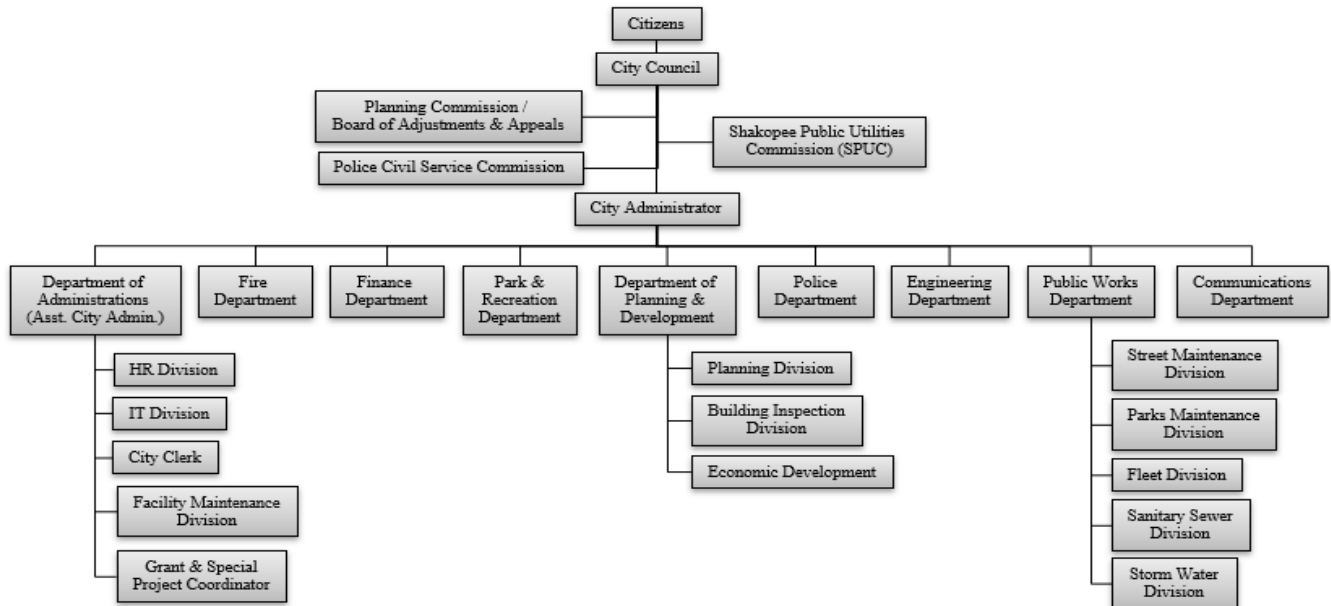
### **ELECTED OFFICIALS AND ADMINISTRATION DECEMBER 31, 2023**

| <u>Elected Officials</u> | <u>Position</u> | <u>Term Expires</u> |
|--------------------------|-----------------|---------------------|
| Matthew Lehman           | Mayor           | December 31, 2026   |
| Angelica Contreras       | Council Member  | December 31, 2026   |
| Jim DuLaney              | Council Member  | December 31, 2026   |
| Jesse Lara               | Council Member  | December 31, 2024   |
| Jay Whiting              | Council Member  | December 31, 2024   |

| <u>Administration</u> |                                    |
|-----------------------|------------------------------------|
| William H. Reynolds   | City Administrator                 |
| Chelsea Petersen      | Assistant City Administrator       |
| Nathan Reinhardt      | Finance Director                   |
| Michael Kerski        | Director of Planning & Development |
| Jeff Tate             | Police Chief                       |
| Mike Scott            | Interim Fire Chief                 |
| Alex Jordan           | City Engineer                      |
| Bill Egan             | Public Works Director              |
| Vacant                | Park and Recreation Director       |

# CITY OF SHAKOPEE

## ORGANIZATION CHART DECEMBER 31, 2023



May 16, 2024

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

The Annual Comprehensive Financial Report for the City of Shakopee, Minnesota, for the fiscal year ended December 31, 2023, is submitted herewith:

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. The costs of internal control should not exceed anticipated benefits and therefore the object is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

The City of Shakopee's financial statements have been audited by Abdo, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the city for the year ended December 31, 2023, are fairly presented in conformity with GAAP (generally accepted accounting principles). Based on the audit, the independent auditor concluded that there is reasonable basis for rendering an unmodified ("clean") opinion on the city's financial statements for the year ended December 31, 2023. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; significant estimates made by management; as well as evaluation of the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **Profile of the City**

The City of Shakopee was incorporated for the second time in 1870 and is located approximately 25 miles southwest of Minneapolis. Bound by the Minnesota River on the north, Shakopee is in the northern part of Scott County and is the county seat. In recent years, the city has been one of the most rapidly growing communities in the state. The 2000 population of the city was 20,568 and the land area covered is approximately 30 square miles. The 2020 census confirmed that the population had increased to 43,698 and is expected to continue to grow to 53,000 in 2030. The city comprises a unique blend of residential, commercial and industrial properties, which provides a wide range of opportunities that are the result of the strong economic health of the community and region. The city levies a property tax on both real and personal property located within its boundaries except for land owned or controlled by the Shakopee Mdewakanton Sioux Community (SMSC), a Federally recognized Native American Tribe. The city may also by state statute, extend

its corporate limits by annexation, which historically has occurred periodically. The city has an executed an orderly annexation agreement with Jackson Township that will allow the city to actively annex certain portions of the township as market forces dictate.

Shakopee is organized in Minnesota under Plan A, which includes a City Administrator, but the City Council retains primary decision-making authority such as policy setting, adopting ordinances and budget and staffing. The City Council has four members plus the Mayor who serve staggered terms of four years. All council positions are non-partisan, part-time and members are elected at large.

The city provides typical municipal services such as police and fire protection, street and infrastructure construction, public works maintenance, parks, recreation, planning and zoning. Also provided are utilities such as sewer and storm drainage utilities, organized refuse collection, and recycling. Electric and water utilities are operated by Shakopee Public Utilities Commission which is appointed by the City Council but operates independently of the City of Shakopee.

Economic development and redevelopment are controlled by the Shakopee Economic Development Authority (the Authority). The Authority is comprised of the Mayor and City Council members and is included as an integral part of the city's report. The economic development activities of both staff and Council continue to increase from past years, as the strong economic climate in the region has provided the city with the benefit of planned commercial and industrial growth as well as expansion of several existing businesses and commercial sites.

2024 activity has already confirmed that the continuation of the growth trend will carry into the current year, as the valuation of building permits for the first quarter of 2024 was \$51.6 million. Included in the first quarter 2024 valuation is 73 single-family home building permits (up from 30 in 2023). This number is expected to increase as additional phases of existing housing developments come on-line in 2024.

The annual budget is the basis for the city's financial planning and control. The budget is prepared by fund (e.g., General), function (e.g., Public Safety) and division (e.g., Fire). Major budget requests or initiatives are submitted in July by department directors. The City Administrator reviews the submittals with the Finance Director and department directors to determine the prioritization of specific budget requests.

The City Council is presented with a proposed budget and a maximum tax levy in September of each year. This information succinctly details changes in the upcoming year budget, such as changes in personnel and position structure. It also includes funding requests that are unique to the specific budget year, the basis for the request, as well as requests for transfers and internal funding needs, such as internal service fund reviews.

City Council is required to adopt a maximum tax levy by September 30. The final tax levy and budget are adopted in December after a public meeting, which provides the City Council and community impact information relating to both the budget decisions and property tax levies. Final

levy information is submitted to the County for inclusion in the development of the upcoming year property tax statements.

Budgeting control is provided by an annual budget resolution passed by City Council. Formal control is at the division level and Council action is necessary to change budgeted amounts between divisions and/or funds. The Finance Director or City Administrator may make changes within divisions.

Along with the operating budget, the city annually prepares a detailed five-year capital improvement plan (CIP), 15 year capital improvement schedule, and a long-term financial plan. These documents are the basis for the long-term goal of providing and maintaining a functional public facility program, that provides the residents and businesses with infrastructure and equipment necessary for the on-going growth and development.

The capital plans have historically provided details on the infrastructure projects and capital equipment that are funded through property tax levy, franchise taxes, special assessments, utility user-fees and other intergovernmental revenue sources. These projects primarily allow for the upgrades, expansion and coordination of transportation-based needs, as well as trails, signals and other infrastructure improvements. The City Council also reviews and discusses the park planned improvements that are funded through the Park Development fund, which provides for the use of park and community facilities that have historically been funded through the collection of Park Dedication fees. The capital plans are reviewed with the Council and city staff, and the funding sources and priorities developed for the annual and future budget practices.

The city also maintains several internal service funds including equipment, park assets, information technology, buildings and self-insurance. The funding for this program is through the internal service fund rate charges, which are determined by departmental use, replacement plans and determination of the remaining life. These charges are integrated into the individual budgets of the General fund and departments that are benefitted by the activities of the programs. Funds are accumulated over time to ensure adequate funding is available when equipment and facilities are scheduled to be replaced. The Internal Service funds continue to be reviewed and updated as community needs and council directives are considered during each budget cycle.

## **Local Economy**

Shakopee is the county seat of Scott County, and it abuts the largest county in the region, Hennepin County. Shakopee continues to benefit from its strategic location within the metropolitan region, as well as its direct access to TH 169, which connects the city to other major regional roadways, the MSP International Airport, and major employment centers. The city is also at the heart of regional attractions which includes ValleyFair, Canterbury Park horse racing track, Mystic Lake and Little Six casinos, and the Minnesota Renaissance Festival. These and other factors have propelled the city through a period of strong and consistent growth that is likely to continue for years to come.

The City's taxable market value is \$7.8 billion for taxes payable 2024, which is an increase of \$574 million or 8.0 percent from last year. New construction accounted for \$183 million of the

increase in value. Residential housing makes up 46.6% of the 2024 tax capacity base. For the valuation used to calculate the 2024 property tax statements, the median value home in the City of Shakopee is \$338,400 compared to \$346,500 in the previous valuation.

The following projects are anticipated to begin construction in the near future or are currently under construction in the City:

**Residential:**

- The Shakopee Flats development was completed in August 2022. The 179- unit market rate mixed use development also includes Mallards restaurant and a cross-fit training facility.
- Windermere by D.R. Horton has completed construction of its fourth phase of development, consisting of 126 new homes with an integrated park and has also completed its fifth and sixth phases consisting of 101 residential homes.
- Dr. Horton has now crossed CH78 and is developing Highview, a 600-home subdivision with the first phase of 125 homes is under construction.
- Trident Development has submitted building permits for a 43-unit rental townhome development on Vierling Drive.
- All 14 lots in the West Ridge Lake Estates on Lake O'Dowd have been sold, and all but two homes are completed. These homes are valued at more than \$1.8 million each.
- Link Construction has completed the eight new homes in Jefferson Court. The one level homes are at the corner of Adams, 10th Avenue West and Jefferson St.
- Doran Development Completed the second phase of Triple Crown, 305 units of a super luxury apartment complex. The first phase consisted of 321 units and a club house.
- A large-scale subdivision with more than 300 units is under construction at the former Hauer farmland property on 17th Avenue. The development, Summerland Place, has all the infrastructure in and new homes and townhomes are under construction. Lennar has completed more than half of the townhomes and is finishing the remainder of the single-family homes.
- Lennar Multi-family Communities, now called Quarterra, has almost completed the first phases of construction of Emblem Shakopee, a 288-unit market rate apartment complex as part of Summerland Place.
- M/I Homes has received final plat approval for the final 67 lots of a 175-home subdivision on County Highway 83. The development includes large single-family homes, carriage houses and villas. The development includes eight acres of integrated city-owned open space and trails.
- Whispering Waters, a 134-home subdivision, is under construction. The homes along the Prior Lake Outlet Channel are on larger lots. KRB Development has received approval for the 2nd phase of the development and those homes are under construction.
- Pulte Homes has already constructed more than 60 townhomes at Canterbury Crossing, in the 108-unit community, and has platted the final phase and is building out the units.
- The Omry by T.E. Miller is completed and 50% occupied. The 157-unit super luxury age restricted apartment complex is located in Canterbury's southwest development.
- Scott County CDA has started construction of Moraine Addition, a 10-lot single family subdivision.
- Roers Companies is building The Blakeley, a 205-unit market rate apartment building in Windermere in the West End. It is anticipated that it will be completed in early 2025.
- Arbor Bluff received a preliminary plat for 186 homes and grading will start in spring 2024 along with approval of the final plat for the first phase of homes.
- Summergate received preliminary plat approval for a new subdivision with more than 180 homes in the West End.

#### Commercial:

- A new 19,000-seat amphitheater is under construction adjacent to Canterbury. This \$50 million facility will be a state-of-the-art complex with construction to be completed in 2025.
- Next Steps Learning Center, a 16,000 square-foot childcare center, is open next to the Omry in the Canterbury Southwest Development.
- Bravis Restaurant and Badger Hill Brewery opened in late 2023.
- Chase Bank remodeled a former Dairy Queen restaurant into a new branch location.
- Bun Mee Restaurant has opened in a former Ruby Tuesday restaurant location.
- Saint Francis Regional Medical Center is partnering with Tria Orthopedics for the construction of a 44,000 square-foot ambulatory surgery center. Construction began in the spring of 2023.
- Take 5 Carwash in Southbridge began construction in the spring of 2024
- Riverside Valley Dental recently opened a new 4,200 square-foot dental office in Southbridge.

#### Industrial:

- W.P.T. Capital completed the 505,000 square foot Southwest Logistics Center valued at more than \$30 million located at the SM Hentges development site. Sam's Club opened its regional distribution center at the location and is hiring more than 100 people at a minimum of \$24/hour
- SM Hentges opened a new Shakopee service facility on Hentges Way.
- OPUS development completed construction of a half million square-foot industrial park.
- Quality Forklift opened a new 100,000 square foot headquarters, sales, and maintenance facility on 12th Avenue along Hwy 169.
- Inland Development developed 26 acres in Dean Lakes along Hwy 169 with two business park buildings totaling 362,000 square feet.
- Mesenbrink Construction is constructing a 12,000 square-foot speculative multi-tenant industrial building on Stagecoach Road.

#### Public:

- The City of Shakopee completed a master plan and wayfinding signage plan for the Vierling Greenway Trail. Signs are now in production.
- Shakopee Public Utilities began construction on a new Electrical Substation on Colburn Drive off County Road 69 in the West End.
- The City of Shakopee completed construction of a new lift station that will serve the West End.
- The City of Shakopee, in partnership with Xcel Energy, completed its first pollinator prairie in Windermere along Highway 169.
- A new public restroom building was constructed at Quarry Lake Park and a new playground was constructed.
- A new playground was built in Huber Park.
- A bicycle/pedestrian bridge over US Highway 169 from the Southbridge neighborhood to Quarry Lake Park was completed.

### Major Initiatives

The city completed an Alternative Urban Area Review (AUAR) for the Southern End of Shakopee. This area is almost 450 acres and will have more than 1,000 homes at build out.

The city is currently in the process of a complete reconstruction of the city's outdoor pool, SandVenture, to create a new year-round facility.

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## **Long-Term Financial Planning**

Historically, the city has issued only limited debt, in the form of bonds and internal funding for planned infrastructure projects, expansion specific to streets, underground utilities, trails and sidewalk expansion. A portion of the long-term debt is funded by special assessments against benefited properties. The city applies special assessments against benefitted properties at a rate of 30% of the assessable project costs.

City capital and equipment needs are currently identified and funded in a manner that will not place an undue burden or single year expense fluctuation on the taxpayers. The planned CIP clearly identifies the needs for current projects as well as future use. This is based on known and anticipated programs and mandates, such as environmental program adjustments and possible community expansion and growth. The capital and equipment needs of the city require constant appraisal for replacement cost, life span and the assurance that the insurance coverage is providing for the most comprehensive, yet affordable, coverage.

Annually the City develops a 15-year CIP, which is a schedule of planned projects and funding sources that extend past the more detailed 5-year CIP. The document increases transparency, project coordination and financial planning of future projects. The City also prepares a Long-term Financial Plan annually that includes trend analysis and ten year General Fund projections, which allowed for a view on city finances from a wider perspective. These documents are reviewed and discussed with the City Council and included as part of the adopted 5-year CIP.

## **Relevant Financial Policies**

The city's target General Fund balance is to maintain an unassigned level between 35% and 50% of expenditures. This level is to provide working capital for cash flow, expected declines in revenues, and for unforeseen expenditures such as natural disasters, or for unforeseen but urgent requests. Replenishing the fund balance when it falls below the target level shall be accomplished by inter-fund transfers, or adjusting of expenditures or revenues, over a period not to exceed three years.

The accounting, auditing and financial reporting policies are designed to maintain a system of financial monitoring, control and reporting for all operations and funds to provide effective means of ensuring that overall city goals and objectives will be met and to assure the city's residents and investors that the city is well managed and fiscally sound.

The investment policy provides for conservative investing, preserving capital and maintaining adequate liquidity for forecasted cash needs. A third-party investment manager handles the longer duration portion of the portfolio and all investments are held in a trust account.

The debt policy ensures that the city's debt; 1) does not weaken the city's financial structure; and 2) provides limits on debt to avoid problems in servicing debt. This policy is critical for maintaining the best possible credit rating.

Capital policies include having expenditures forecasted ahead for five to ten years and are updated annually. Internal Service Funds for major equipment, major buildings and facilities, park asset replacement and information technology costs stabilize the annual impact of those items to the General fund and taxpayers.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shakopee for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the 38<sup>th</sup> consecutive year that the city has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both GAAP and applicable legal requirements.

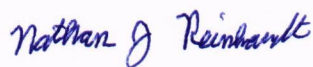
A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department, Accounting Manager Melissa Schlingman, and the entire city staff. We express appreciation to those staff members who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Councilors for their support in maintaining the highest standards of professionalism in the management of the City of Shakopee's finances.

Respectfully submitted,



William H. Reynolds  
City Administrator



Nathan J. Reinhardt  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Shakopee  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

Executive Director/CEO

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Shakopee, Minnesota

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Shakopee, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and Economic Development fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Shakopee Public Utilities Commission, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Shakopee Public Utilities Commission is based solely on the report of the other auditors.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

### ***Change in Accounting Principle***

As described in Note 22 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 96, Subscription-Based IT Arrangements, for the year ended December 31, 2023. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 14 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Funding Progress for Other Post-Employment Benefit Plan starting on page 114 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### ***Other Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
May 16, 2024



## **CITY OF SHAKOPEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2023**

As management of the City of Shakopee (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 year ended December 31, 2023. 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 3 to 9 of this report.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$329.3 million (net position). Of this amount, \$56.4 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors, \$15.4 million is restricted for specific purposes (restricted net position) and \$257.5 million is the City's net investment in capital assets.
- The City's total net position increased \$19.6 million. Before transfers, the net increase in governmental activities accounts for 70.1 percent of the total increase and business-type activities accounts for 29.9 percent of the increase. The City's net investment in capital assets increased by \$14.6 million, primarily a result of developer contributed infrastructure and infrastructure paid from capital grants.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$44.9 million, which is an increase of \$1,132,000 from the prior year. Approximately 27.0 percent of this total amount, \$12.1 million is available for spending at the City's discretion (unassigned fund balance). The City has assigned \$14.2 million primarily for capital projects, restricted \$15.4 million primarily for debt service and park development, and committed \$2.7 million for building inspections. The remaining \$516,392 is considered non-spendable fund balance.
- At the end of the current year, unassigned fund balance for the General Fund was \$18.5 million, or 53.6 percent of total General Fund 2023 expenditures and 49.8 percent of the 2024 budgeted expenditures.
- The City's total outstanding bonded debt decreased from \$45.92 million to \$43.96 million during the current year. The City retired \$1.96 million in principal and did not issue any additional bonded debt.

#### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. This report also contains other 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 private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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.

## **CITY OF SHAKOPEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2023**

The Statement of Activities presents information showing how the City's net position changed during the most recent 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 employee leaves).

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 user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, economic development and recreation. The business-type activities of the City include sewer, storm drainage utilities and refuse.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities for which the City is financially accountable. The component units are Shakopee Public Utilities Commission (SPUC) and the Economic Development Authority (EDA). SPUC's financial information is reported separately from the financial information presented for the primary government as a discretely presented component unit. The EDA, which functions like a department of the City although it is a legally separate entity, is presented within the City's government-wide financial statements. The City Council is the EDA Board.

The government-wide financial statements can be found on pages 30 to 33 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 year. Such information may be useful in evaluating a City's near-term financing's requirements.

## **CITY OF SHAKOPEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2023**

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. The governmental funds Balance Sheet and the governmental funds 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 34 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and the Economic Development Authority Special Revenue Funds, and the Capital Improvement, TIF District No. 18 Canterbury Commons and TIF District No. 20 Enclave Capital Project Funds. Those are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been prepared for the fund to demonstrate compliance with the budget.

The basic governmental funds financial statements can be found on pages 34 to 41 of this report.

#### **Proprietary Funds**

The City maintains three 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 sewer, storm drainage and refuse 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 fleet of vehicles and mobile equipment, its major buildings, the replacement of park assets, information technology items, insurance funding and for employee compensated absences. All of these services predominantly benefit governmental rather than business-type functions.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the sewer, storm drainage and refuse operations, all of which are considered to be major funds of the City. Conversely, all 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 44 to 47 of this report.

**CITY OF SHAKOPEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2023**

**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 statement because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found on pages 48 to 49 of this report.

**Component Units**

Component units are legally separate organizations for which the City is financially accountable. The government-wide financial statements present information for the component units in a single column on the Statement of Net Position. Also, some information on the Statement of Changes in Net Position is aggregated for component units. The component units' Statements of Net Position and Statement of Changes in Net Position provide detail for each major component unit. The complete financial statements can be obtained from Shakopee Public Utility.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 50 to 111 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. These can be found on pages 114 to 123 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 132 to 147 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$329.3 million at the close of the most recent year.

By far the largest portion of the City's net position \$257.5 million (78.2 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure and equipment); less any related debt used to acquire those assets that is still outstanding. The City used 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 SHAKOPEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2023**

**Net Position**  
(Expressed in Thousands)

|                                  | Governmental Activities |                   | Business-Type Activities |                   | Total             |                   |
|----------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|                                  | 2023                    | 2022              | 2023                     | 2022              | 2023              | 2022              |
| Current and Other Assets         | \$ 85,060               | \$ 80,188         | \$ 23,261                | \$ 21,574         | \$ 108,321        | \$ 101,762        |
| Capital Assets                   | 195,197                 | 183,321           | 107,638                  | 105,104           | 302,835           | 288,425           |
| Total Assets                     | <u>\$ 280,257</u>       | <u>\$ 263,509</u> | <u>\$ 130,899</u>        | <u>\$ 126,678</u> | <u>\$ 411,156</u> | <u>\$ 390,187</u> |
| Deferred Outflows of Resources   | <u>16,701</u>           | <u>19,828</u>     | <u>175</u>               | <u>261</u>        | <u>16,876</u>     | <u>20,089</u>     |
| Long-Term Liabilities            |                         |                   |                          |                   |                   |                   |
| Outstanding                      | \$ 65,484               | \$ 83,863         | \$ 677                   | \$ 886            | \$ 66,161         | \$ 84,749         |
| Other Liabilities                | 11,736                  | 8,519             | 584                      | 2,097             | 12,320            | 10,616            |
| Total Liabilities                | <u>\$ 77,220</u>        | <u>\$ 92,382</u>  | <u>\$ 1,261</u>          | <u>\$ 2,983</u>   | <u>\$ 78,481</u>  | <u>\$ 95,365</u>  |
| Deferred Inflows of Resources    | <u>19,944</u>           | <u>5,081</u>      | <u>267</u>               | <u>72</u>         | <u>20,211</u>     | <u>5,153</u>      |
| NET POSITION:                    |                         |                   |                          |                   |                   |                   |
| Net Investment in Capital Assets | \$ 149,910              | \$ 137,816        | \$ 107,638               | \$ 105,104        | \$ 257,548        | \$ 242,920        |
| Restricted                       | 15,377                  | 10,374            | -                        | -                 | 15,377            | 10,374            |
| Unrestricted                     | 34,507                  | 37,684            | 21,908                   | 18,780            | 56,415            | 56,464            |
| Total Net Position               | <u>\$ 199,794</u>       | <u>\$ 185,874</u> | <u>\$ 129,546</u>        | <u>\$ 123,884</u> | <u>\$ 329,340</u> | <u>\$ 309,758</u> |

An additional portion of the City's net position 15.4 million (4.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$56.4 million (17.1 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City was able to report positive balances in all three 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 year.

During the current year, the City's net position increased \$19.6 million. Capital assets increased by \$14.4 million, which included developer contributed assets of \$4.7 million. Long-term liabilities decreased by \$18.6 million primarily as a result of a decrease in net pension liability of \$16.7 million. Deferred inflows of resources increased by \$15.1 million primarily as a result of an increase in pension deferred inflows of resources. The impacts to the pension plans are related to investment earnings, changes to plan provisions and changes to actuarial assumptions.

**CITY OF SHAKOPEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2023**

**Changes in Net Position**  
(Expressed in Thousands)

|                                                      | Governmental Activities |                   | Business-Type Activities |                   | Total             |                   |
|------------------------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|                                                      | 2023                    | 2022              | 2023                     | 2022              | 2023              | 2022              |
| <b>REVENUES:</b>                                     |                         |                   |                          |                   |                   |                   |
| Program Revenues:                                    |                         |                   |                          |                   |                   |                   |
| Charges for Services                                 | \$ 17,653               | \$ 15,018         | \$ 6,694                 | \$ 6,283          | \$ 24,347         | \$ 21,301         |
| Operating Grants and Contributions                   | 2,037                   | 2,203             | 81                       | 2                 | 2,118             | 2,205             |
| Capital Grants and Contributions                     | 12,585                  | 11,106            | 4,863                    | 4,095             | 17,448            | 15,201            |
| General Revenues:                                    |                         |                   |                          |                   |                   |                   |
| Property Taxes                                       | 24,220                  | 23,061            | -                        | -                 | 24,220            | 23,061            |
| Franchise Taxes                                      | 1,571                   | 1,706             | -                        | -                 | 1,571             | 1,706             |
| Tax Increment                                        | 3,043                   | 2,516             | -                        | -                 | 3,043             | 2,516             |
| Other                                                | 3,918                   | (2,196)           | 884                      | (649)             | 4,802             | (2,845)           |
| Total Revenues                                       | <u>65,027</u>           | <u>53,414</u>     | <u>12,522</u>            | <u>9,731</u>      | <u>77,549</u>     | <u>63,145</u>     |
| <b>EXPENSES:</b>                                     |                         |                   |                          |                   |                   |                   |
| General Government                                   | 5,910                   | 5,989             | -                        | -                 | 5,910             | 5,989             |
| Public Safety                                        | 17,962                  | 15,639            | -                        | -                 | 17,962            | 15,639            |
| Public Works                                         | 16,039                  | 14,572            | -                        | -                 | 16,039            | 14,572            |
| Culture and Recreation                               | 6,039                   | 5,944             | -                        | -                 | 6,039             | 5,944             |
| Natural Resources                                    | 45                      | 55                | -                        | -                 | 45                | 55                |
| Economic Development                                 | 3,769                   | 5,003             | -                        | -                 | 3,769             | 5,003             |
| Interest on Long-Term Debt                           | 1,531                   | 1,273             | -                        | -                 | 1,531             | 1,273             |
| Sewer                                                | -                       | -                 | 4,556                    | 4,340             | 4,556             | 4,340             |
| Storm                                                | -                       | -                 | 2,114                    | 1,777             | 2,114             | 1,777             |
| Refuse                                               | -                       | -                 | 2                        | 355               | 2                 | 355               |
| Total Expenses                                       | <u>51,295</u>           | <u>48,475</u>     | <u>6,672</u>             | <u>6,472</u>      | <u>57,967</u>     | <u>54,947</u>     |
| Increase (Decrease) in Net Position before Transfers | 13,732                  | 4,939             | 5,850                    | 3,259             | 19,582            | 8,198             |
| Transfers                                            | <u>188</u>              | <u>(856)</u>      | <u>(188)</u>             | <u>856</u>        | <u>-</u>          | <u>-</u>          |
| Change in Net Position                               | <u>13,920</u>           | <u>4,083</u>      | <u>5,662</u>             | <u>4,115</u>      | <u>19,582</u>     | <u>8,198</u>      |
| <b>NET POSTION:</b>                                  |                         |                   |                          |                   |                   |                   |
| January 1                                            | <u>185,874</u>          | <u>181,791</u>    | <u>123,884</u>           | <u>119,769</u>    | <u>309,758</u>    | <u>301,560</u>    |
| December 31                                          | <u>\$ 199,794</u>       | <u>\$ 185,874</u> | <u>\$ 129,546</u>        | <u>\$ 123,884</u> | <u>\$ 329,340</u> | <u>\$ 309,758</u> |

## CITY OF SHAKOPEE

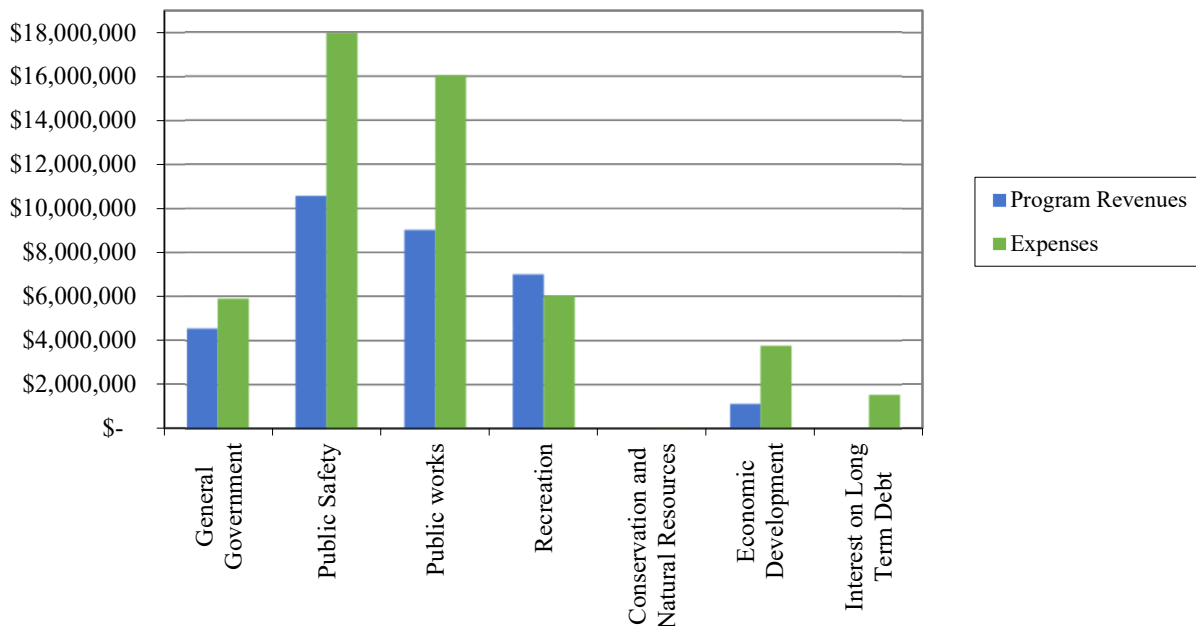
### MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

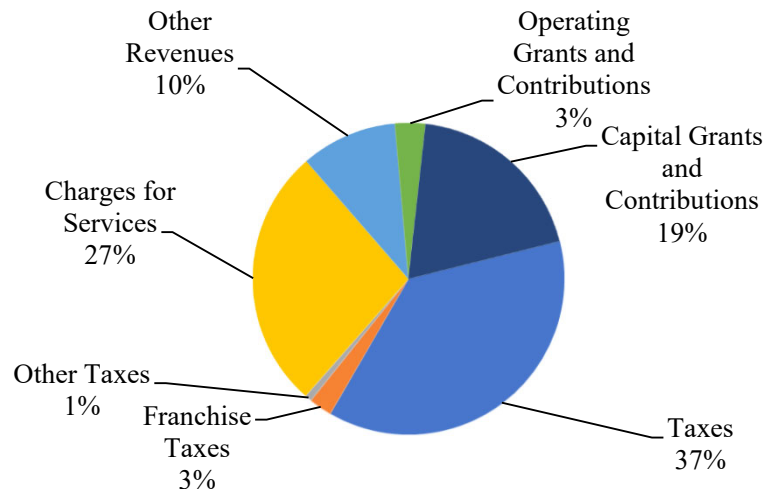
#### Governmental Activities

Governmental activities increased the City's net position by \$13.9 million. Contributing factors to this increase are related to intergovernmental revenues, park dedication revenues, building permit revenues, increased investment earnings and contributed assets from outside developers. Expenditures increased due to wage cost of living adjustment, attorney costs related to prosecution services, one time public safety aid spending and pension liability related to PERA.

#### Expenses and Program Revenues – Governmental Activities



#### Revenues by Source – Governmental Activities



## CITY OF SHAKOPEE

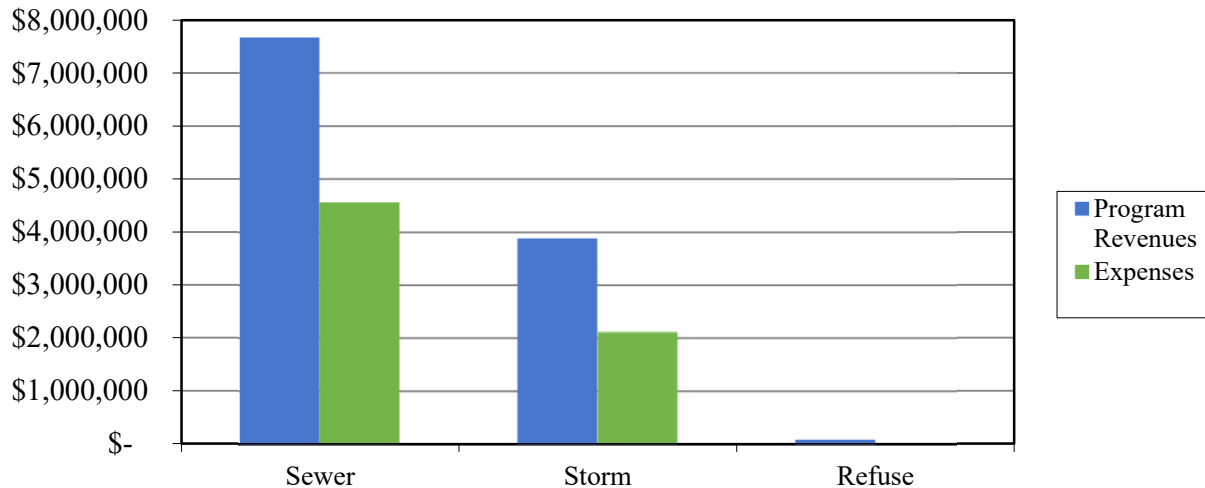
### MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

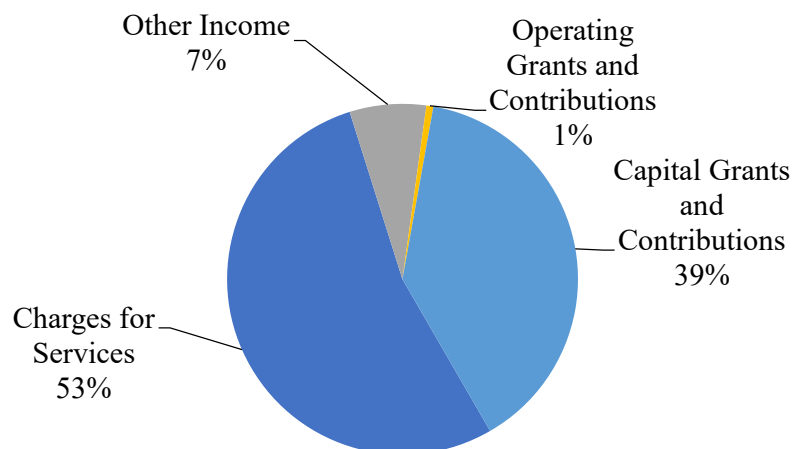
#### Business-Type Activities

Business-type activities increased the City's net position by \$5.7 million. The increase in net position was primarily the result from increased investment income and developer contributed capital in 2023. Contributions totaled approximately \$4.3 million, related to sewer and storm water infrastructure in various developments throughout the city. The sewer and storm water activities will continue to experience ongoing expenses as capital investment is required to maintain and reconstruct the City's utilities. In addition, new development will also require investment of the City.

#### Expenses and Program Revenues – Business-Type Activities



#### Revenues by Source – Business-Type Activities



## **CITY OF SHAKOPEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2023**

#### **FINANCIAL ANALYSIS OF THE CITY'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, assigned and unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$44,887,561, an increase of \$1,132,180 in comparison with the prior year. Approximately 27 percent, \$12,125,693, of the total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Approximately 31.6 percent, \$14,182,770, of the total amount constitutes assigned fund balance, which is assigned for designated purposes. Approximately 5.9 percent, \$2,650,000, of the total amount constitutes committed fund balance through formal action of the City Council. The remainder of fund balance, \$516,392, is not available for new spending because it has already been restricted or is non-spendable.

Following is a discussion of the major governmental funds:

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund was \$22,024,478. As a measure of the General Fund's liquidity, it may be useful to compare fund balance (unassigned) to total fund expenditures. Unassigned fund balance represents 53.6 percent of total General Fund expenditures or 49.8 percent of the 2024 budgeted expenditures. The City's fund balance policy is to maintain an unassigned fund balance in the General Fund of 35 to 50 percent of budgeted expenditures, as a result a transfer of \$3.7 million was approved to the Capital Improvement Fund for future projects to adjust the assigned fund balance accordingly.

Fund balance of the City's General Fund increased by \$2,019,182 during the current year, primarily as a result of revenues exceeding budgeted expectations. Overall General Fund revenues increased \$5,262,440 in comparison to last year as a result of taxes, charges for services and investment income revenue. The City did a one time transfer of \$4,048,650 to the debt service and capital improvement funds to help offset future expenses in those funds.

Overall General Fund expenditures increased by \$1,670,289 due to cost of living increases and new positions added in 2023 in parks, rental inspections and fire. The largest operational increase of \$992,662 was in public safety.

The Economic Development Authority fund had a fund balance increase after transfers of \$1,106,686. The EDA had transfers totaling \$3,592,076 from TIF District No. 18 Canterbury Commons related to the River City Centre repairs.

## CITY OF SHAKOPEE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The Capital Improvement fund had a fund balance increase of \$1,919,606. In 2023, the City invested \$10,239,218 in infrastructure including approximately \$4,400,000 in pavement reconstruction/bituminous overlay projects, approximately \$5,200,000 on the on the 169 pedestrian bridge and approximately \$343,000 on traffic signals.

The TIF District No. 18 Canterbury Commons fund had a fund balance decrease of \$5,003,780. The fund had a transfer of \$3,139,905 to the EDA for River City Centre improvements and a loss on sale of land of \$1,307,388.

The TIF District No. 20 Enclave fund had a fund balance increase of \$129,090. Tax increment was received for \$212,327. The fund paid admin fees and accrued interest on its interfund advance of \$83,237. The remaining increment paid down the interfund advance.

#### Proprietary funds

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

Unrestricted net position of the enterprise funds (expressed in thousands):

|                    | <u>Sewer</u>    | <u>Storm<br/>Drainage</u> | <u>Refuse</u>   |
|--------------------|-----------------|---------------------------|-----------------|
| Beginning of Year  | \$ 4,571        | \$ 13,720                 | \$ (211)        |
| Change During Year | <u>1,757</u>    | <u>1,210</u>              | <u>89</u>       |
| End of Year        | <u>\$ 6,328</u> | <u>\$ 14,930</u>          | <u>\$ (122)</u> |

The City has undertaken several new development projects and completed a study in past years to ensure fees charged are covering operations of the funds. A portion of these projects are funded through special assessments, but a significant portion of this is funded through the anticipated future revenues collected for services. Revenue from service charges have increased from an increase in the number of customers as well as rate increases. The Refuse fund was created during 2014 with the City's purchase of garbage carts. The negative net position is anticipated to be reduced each year as an agreement is in place with the refuse hauler to repay the cost of carts over the next few years. During 2022, as part of a revised garbage contract the hauler took ownership of the carts. The City still continues to receive a cart fee payment as part of the agreement to help pay down the interfund loan on the original purchase.

## **CITY OF SHAKOPEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2023**

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City did not make any budget amendments for 2023.

Actual revenues of \$40,098,076 were \$6,130,376 over budget. The significant variances are noted below:

- Licenses and permits came in over budget on account of an influx of development and conservative budgeting.
- Intergovernmental revenue came in over budget due to an increase in federal grant aid related to police services, an increase in state police and fire aid, a natural resources grant for emerald ash borer and fire training aid in 2023.
- Charges for services came in over budget as a result of an increase in the contribution from Shakopee Public Utilities, planning fees related to alternative urban areawide review, increase development engineering fees and recreational revenues.
- Investment income came in over budget, as a result of an increase in interest earnings and an unrealized gain from the market value of investments.
- Fines and forfeitures came in over budget as all fine revenue is turned over to Scott County for prosecution costs. The same variance exists in public safety expenditures as the payment to Scott County was also not budgeted.

Actual expenditures of \$34,473,752 were \$19,948 under budget. The significant variances are noted below:

- General government came in under budget due to not spending all of the unallocated budget which is for special items that arise during the year.
- Public works was under budget as a result of staffing vacancies in the engineering and street departments.
- Public safety came in over mainly attributed to fire coming in over budget as a result of supplies, uniforms, equipment maintenance, utilities and training expenses. Additionally capital purchases by police for fleet cameras and a building inspection electric vehicle.
- Culture and recreation were over budget mainly related to rising utility costs.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$302,834,788 (net of accumulated depreciation and accumulated amortization). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads, highways and bridges and leased equipment.

# CITY OF SHAKOPEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2023

### Capital Assets (Net of Depreciation) Expressed in Thousands

|                                                            | Governmental Activities |                   | Business-Type Activities |                   | Total             |                   |
|------------------------------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|                                                            | 2023                    | 2022              | 2023                     | 2022              | 2023              | 2022              |
| Land                                                       | \$ 25,128               | \$ 24,994         | \$ 3,797                 | \$ 3,797          | \$ 28,925         | \$ 28,791         |
| ROW                                                        | 1,210                   | 1,180             | 508                      | 508               | 1,718             | 1,688             |
| Construction in Progress                                   | 10,887                  | 5,206             | 6,590                    | 7,393             | 17,477            | 12,599            |
| Line Rights                                                | -                       | -                 | 618                      | 643               | 618               | 643               |
| Infrastructure                                             | 89,439                  | 84,338            | 94,259                   | 90,744            | 183,698           | 175,082           |
| Buildings                                                  | 52,424                  | 53,270            | -                        | -                 | 52,424            | 53,270            |
| Machinery and Equipment                                    | 15,352                  | 14,223            | 1,866                    | 2,019             | 17,218            | 16,242            |
| Subscription-Based Information<br>Technology Asset (SBITA) | 165                     | -                 | -                        | -                 | 165               | -                 |
| Leased Equipment                                           | 592                     | 110               | -                        | -                 | 592               | 110               |
| Total                                                      | <u>\$ 195,197</u>       | <u>\$ 183,321</u> | <u>\$ 107,638</u>        | <u>\$ 105,104</u> | <u>\$ 302,835</u> | <u>\$ 288,425</u> |

Major capital assets events during the current year included the following:

- Developer contributed assets of streets, sanitary sewer and storm sewer at Highview Park, Valley Crest Third, River Valley Business Center and Emblem. Additionally Shakopee Public Utility added street lights throughout the City in 2023 as contributed assets to the City.
- Significant improvements to enhance the commercial space of River City Centre in downtown Shakopee, including store front, drainage, streetscape and parking lot improvements.
- The City started a major renovation of SandVenture, the City owned outdoor sand bottom pool.
- Parks updates including Lions Park pickleball court, Scenic Heights sports and pickleball courts, replacement of Huber Park playground equipment and Quarry Lake park playground equipment.
- Substantial completion and opening of the Highway 169 Pedestrian Bridge, eliminating a significant gap in the local and regional trail system. The City was awarded \$2 million in state bonding funds to partially fund construction.
- L-16 lift station rehabilitation and the west end lift station.
- Street reconstruction and mill and overlay projects including Atwood Street, Park Drive, Dominion Avenue and Maple Trail Estates neighborhood.
- Roof replacement on the fire station #1 and the public works building were completed in 2023.
- Vehicle and equipment replacements in police, fire, streets, park, sewer and storm.

Additional information on the City's capital assets can be found in Note 6 on pages 75 to 77 of this report.

**CITY OF SHAKOPEE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**December 31, 2023**

**Long-Term Debt**

At the end of the current year, the City had total bonded debt outstanding of \$43,960,000. The full amount is debt backed by the full faith and credit of the government.

**Outstanding Debt**  
**General Obligation Bonds**  
**Expressed in Thousands**

|            | Governmental Activities |           | Business-Type Activities |      | Total     |           |
|------------|-------------------------|-----------|--------------------------|------|-----------|-----------|
|            | 2023                    | 2022      | 2023                     | 2022 | 2023      | 2022      |
| G.O. Bonds | \$ 43,960               | \$ 45,920 | \$ -                     | \$ - | \$ 43,960 | \$ 45,920 |

The City’s total outstanding bonded debt decreased by \$1,960,000 during the current year. The City retired \$1,960,000 in principal and did not issue any additional bonded debt.

Minnesota Statutes limit the amount of general obligation (G.O.) debt a government entity may issue to a net figure of three percent of the taxable market value. The current legal debt margin for the City is \$173.6 million, which is significantly in excess of the City’s outstanding G.O. debt.

The City maintains an “AA+” debt rating from S&P Global Ratings.

Additional information on the City’s long-term debt can be found in Note 8 on pages 78 to 82 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

In December 2023, the unemployment rate in Shakopee was 2.3%, which is no change from 2.3% from a year ago. This compares favorably to the state’s December unemployment rate of 2.6% and the national rate of 3.5%.

The City's taxable market value is \$7.8 billion for taxes payable 2024, which is an increase of \$574 million or 8.0 percent from the previous year. New construction accounted for \$182.9 million of the increase in value. The City is currently experiencing the construction and development of several new industrial, commercial and residential sites. The City’s past years commercial and industrial growth has spurred the need for new housing. The City is seeing all types of housing, from single family to multi-family and senior housing filling this need. The diversified commercial and industrial base provides a strong base of jobs and tax base.

The 2024 City property tax levy is increasing by \$1,581,000 to \$25,473,000. Despite the levy increase the tax rate will see a significant decrease as a result of new growth and increasing existing property market value.

**CITY OF SHAKOPEE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**December 31, 2023**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general view 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 information should be addressed to the Finance Director, 485 Gorman St., Shakopee, Minnesota, 55379.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF SHAKOPEE**

**STATEMENT OF NET POSITION  
December 31, 2023**

|                                                                                         | Primary Government         |                             |                | Component Unit             |
|-----------------------------------------------------------------------------------------|----------------------------|-----------------------------|----------------|----------------------------|
|                                                                                         | Governmental<br>Activities | Business-Type<br>Activities | Total          | Shakopee Public<br>Utility |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                                        |                            |                             |                |                            |
| <b>Assets</b>                                                                           |                            |                             |                |                            |
| Cash and Investments (Including Cash Equivalents)                                       | \$ 78,190,134              | \$ 19,364,598               | \$ 97,554,732  | \$ 59,001,074              |
| Restricted Cash and Investments                                                         | 1,513,983                  | -                           | 1,513,983      | 21,689,289                 |
| Property Tax Receivable                                                                 | 144,458                    | -                           | 144,458        | -                          |
| Accounts Receivable (Net of Allowance for Uncollectible<br>Accounts)                    | 1,153,365                  | 2,114                       | 1,155,479      | 9,651,207                  |
| Interest Receivable                                                                     | 470,016                    | 120,458                     | 590,474        | 276,985                    |
| Due From Other Governments                                                              | 333,927                    | 506,218                     | 840,145        | 315,829                    |
| Special Assessments Receivable                                                          | 1,888,710                  | 207,659                     | 2,096,369      | -                          |
| Lease Receivable                                                                        | 2,255,657                  | -                           | 2,255,657      | 2,356,913                  |
| Inventories                                                                             | 33,696                     | 2,871                       | 36,567         | 2,423,718                  |
| Prepaid Expenses                                                                        | 564,646                    | -                           | 564,646        | 139,825                    |
| Notes Receivable                                                                        | 200,000                    | -                           | 200,000        | -                          |
| Land Held for Resale                                                                    | 106,627                    | -                           | 106,627        | -                          |
| Advances from Other Funds (Internal Balances)                                           | (3,056,864)                | 3,056,864                   | -              | -                          |
| Net Pension Asset                                                                       | 1,261,742                  | -                           | 1,261,742      | -                          |
| Capital Assets, Net of Accumulated Depreciation and<br>Amortization (Where Applicable): |                            |                             |                |                            |
| Land and Land Improvements                                                              | 25,128,216                 | 3,796,803                   | 28,925,019     | 9,148,582                  |
| Right of Way                                                                            | 1,209,773                  | 507,746                     | 1,717,519      | -                          |
| Construction in Progress                                                                | 10,886,747                 | 6,589,718                   | 17,476,465     | 9,270,832                  |
| Line Rights                                                                             | -                          | 618,807                     | 618,807        | -                          |
| Infrastructure                                                                          | 89,438,962                 | 94,258,784                  | 183,697,746    | -                          |
| Plant in Service                                                                        | -                          | -                           | -              | 110,743,567                |
| Buildings                                                                               | 52,424,125                 | -                           | 52,424,125     | -                          |
| Machinery and Equipment                                                                 | 15,351,967                 | 1,866,262                   | 17,218,229     | -                          |
| Subscription-Based Information Technology Asset (SBITA)                                 | 165,364                    | -                           | 165,364        | 593,325                    |
| Leased Equipment (Intangible Right to Use Asset)                                        | 591,514                    | -                           | 591,514        | -                          |
| Total Assets                                                                            | 280,256,765                | 130,898,902                 | 411,155,667    | 225,611,146                |
| <b>Deferred Outflows of Resources</b>                                                   |                            |                             |                |                            |
| Deferred Outflows of Resources Related to Pensions                                      | 16,277,199                 | 156,815                     | 16,434,014     | 1,302,028                  |
| Deferred Outflows of Resources Related to OPEB                                          | 423,406                    | 18,296                      | 441,702        | -                          |
| Total Deferred Outflows of Resources                                                    | 16,700,605                 | 175,111                     | 16,875,716     | 1,302,028                  |
| Total Assets and Deferred Outflows of Resources                                         | \$ 296,957,370             | \$ 131,074,013              | \$ 428,031,383 | \$ 226,913,174             |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF NET POSITION (Continued)**  
**December 31, 2023**

|                                                                          | Primary Government    |                       |                       | Component Unit        |
|--------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                          | Governmental          | Business-Type         |                       | Shakopee Public       |
|                                                                          | Activities            | Activities            | Total                 | Utility               |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>       |                       |                       |                       |                       |
| <b>Liabilities</b>                                                       |                       |                       |                       |                       |
| Accounts and Contracts Payable                                           | \$ 3,683,994          | \$ 358,673            | \$ 4,042,667          | \$ 6,118,287          |
| Other Current Liabilities                                                | -                     | -                     | -                     | 1,010,066             |
| Due to Other Governments                                                 | 334,348               | 225,091               | 559,439               | 491,484               |
| Salaries and Benefits Payable                                            | 905,242               | -                     | 905,242               | -                     |
| Deposits Payable                                                         | 6,026,552             | -                     | 6,026,552             | 1,847,971             |
| Interest Payable                                                         | 580,529               | -                     | 580,529               | -                     |
| Unearned Revenue                                                         | 205,607               | -                     | 205,607               | -                     |
| Customer Advances                                                        | -                     | -                     | -                     | 1,505,369             |
| Bond Principal Payable, Net:                                             |                       |                       |                       |                       |
| Payable Within One Year                                                  | 2,480,000             | -                     | 2,480,000             | -                     |
| Payable After One Year                                                   | 43,597,663            | -                     | 43,597,663            | -                     |
| Lease Liability                                                          |                       |                       |                       |                       |
| Payable Within One Year                                                  | 226,555               | -                     | 226,555               | -                     |
| Payable After One Year                                                   | 342,652               | -                     | 342,652               | -                     |
| SBITA Liability                                                          |                       |                       |                       |                       |
| Payable Within One Year                                                  | 84,928                | -                     | 84,928                | 41,068                |
| Payable After One Year                                                   | 36,555                | -                     | 36,555                | 375,081               |
| Compensated Absences Payable:                                            |                       |                       |                       |                       |
| Payable Within One Year                                                  | 1,325,860             | 28,557                | 1,354,417             | -                     |
| Payable After One Year                                                   | 1,620,495             | 34,903                | 1,655,398             | -                     |
| OPEB Liability:                                                          |                       |                       |                       |                       |
| Payable Within One Year                                                  | 103,591               | 4,476                 | 108,067               | -                     |
| Payable After One Year                                                   | 1,666,526             | 72,010                | 1,738,536             | -                     |
| Net Pension Liability:                                                   |                       |                       |                       |                       |
| Payable After One Year                                                   | 13,998,746            | 537,769               | 14,536,515            | 4,003,792             |
| <b>Total Liabilities</b>                                                 | <b>77,219,843</b>     | <b>1,261,479</b>      | <b>78,481,322</b>     | <b>15,393,118</b>     |
| <b>Deferred Inflows of Resources</b>                                     |                       |                       |                       |                       |
| Regulatory Collections to Cover Future Costs                             | -                     | -                     | -                     | 205,267               |
| Resources Received in Advance                                            | 445,470               | -                     | 445,470               | -                     |
| Deferred Inflows of Resources Related to Leases                          | 2,145,883             | -                     | 2,145,883             | 2,309,436             |
| Deferred Inflows of Resources Related to Pensions                        | 16,024,801            | 209,200               | 16,234,001            | 1,341,619             |
| Deferred Inflows of Resources Related to OPEB                            | 1,327,399             | 57,356                | 1,384,755             | -                     |
| <b>Total Deferred Inflows of Resources</b>                               | <b>19,943,553</b>     | <b>266,556</b>        | <b>20,210,109</b>     | <b>3,856,322</b>      |
| <b>Total Liabilities and Deferred Inflows of Resources</b>               | <b>97,163,396</b>     | <b>1,528,035</b>      | <b>98,691,431</b>     | <b>19,249,440</b>     |
| <b>Net Position</b>                                                      |                       |                       |                       |                       |
| Net Investment in Capital Assets                                         | 149,909,918           | 107,638,120           | 257,548,038           | 129,350,905           |
| Restricted for:                                                          |                       |                       |                       |                       |
| Economic Development                                                     | 2,415,467             | -                     | 2,415,467             | -                     |
| SCDP Grant                                                               | 18,368                | -                     | 18,368                | -                     |
| DARE                                                                     | 5,305                 | -                     | 5,305                 | -                     |
| Public Safety Fund                                                       | 1,622,547             | -                     | 1,622,547             | -                     |
| Opioids Settlement                                                       | 156,085               | -                     | 156,085               | -                     |
| Forfeiture                                                               | 101,381               | -                     | 101,381               | -                     |
| Fire Pension                                                             | 1,261,742             | -                     | 1,261,742             | -                     |
| Debt Service                                                             | 3,470,018             | -                     | 3,470,018             | -                     |
| Component Units Water and Electric                                       | -                     | -                     | -                     | 19,835,106            |
| Capital Improvements                                                     | 6,326,435             | -                     | 6,326,435             | -                     |
| Unrestricted                                                             | 34,506,708            | 21,907,858            | 56,414,566            | 58,477,723            |
| <b>Total Net Position</b>                                                | <b>199,793,974</b>    | <b>129,545,978</b>    | <b>329,339,952</b>    | <b>207,663,734</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> | <b>\$ 296,957,370</b> | <b>\$ 131,074,013</b> | <b>\$ 428,031,383</b> | <b>\$ 226,913,174</b> |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2023**

| Functions/Programs                 | Expenses             | Program Revenues     |                                    |
|------------------------------------|----------------------|----------------------|------------------------------------|
|                                    |                      | Charges for Services | Operating Grants and Contributions |
| <b>Primary Government:</b>         |                      |                      |                                    |
| <b>Governmental Activities</b>     |                      |                      |                                    |
| General Government                 | \$ 5,910,579         | \$ 4,510,359         | \$ 35,410                          |
| Public Safety                      | 17,962,160           | 7,381,574            | 1,191,407                          |
| Public Works                       | 16,038,602           | 1,726,122            | 625,165                            |
| Culture and Recreation             | 6,039,360            | 2,917,350            | 162,048                            |
| Conservation and Natural Resources | 44,604               | -                    | -                                  |
| Economic Development               | 3,769,340            | 1,117,947            | 23,250                             |
| Interest on Long-Term Debt         | 1,530,985            | -                    | -                                  |
| Total Governmental Activities      | <u>51,295,630</u>    | <u>17,653,352</u>    | <u>2,037,280</u>                   |
| <b>Business-Type Activities</b>    |                      |                      |                                    |
| Sewer                              | 4,556,318            | 5,146,171            | -                                  |
| Storm Drainage                     | 2,114,125            | 1,457,255            | 81,409                             |
| Refuse                             | 2,134                | 90,000               | -                                  |
| Total Business-Type Activities     | <u>6,672,577</u>     | <u>6,693,426</u>     | <u>81,409</u>                      |
| Total Primary Government           | <u>\$ 57,968,207</u> | <u>\$ 24,346,778</u> | <u>\$ 2,118,689</u>                |
| <b>Component Unit:</b>             |                      |                      |                                    |
| <b>Shakopee Public Utility</b>     |                      |                      |                                    |
| Electric                           | \$ 58,291,309        | \$ 61,520,843        | \$ -                               |
| Water                              | 8,112,356            | 7,941,227            | -                                  |
| Total Component Unit               | <u>\$ 66,403,665</u> | <u>\$ 69,462,070</u> | <u>\$ -</u>                        |

**General Revenues**

Property Taxes  
Lodging Tax  
Franchise Taxes  
Tax Increments  
Unrestricted Investment Earnings  
Gain on Sale of Asset

**Transfers**

Total General Revenues and Transfers

**Change in Net Position**

**Net Position - Beginning**

**Net Position - Ending**

The Notes to the Financial Statements are an integral part of this statement.

| Net (Expense) Revenues<br>and Changes in Net Position |                            |                             |                |                            |
|-------------------------------------------------------|----------------------------|-----------------------------|----------------|----------------------------|
| Capital Grants<br>and<br>Contributions                | Primary Government         |                             |                | Component Unit             |
|                                                       | Governmental<br>Activities | Business-Type<br>Activities | Total          | Shakopee<br>Public Utility |
| \$ -                                                  | \$ (1,364,810)             | \$ -                        | \$ (1,364,810) | \$ -                       |
| 1,995,163                                             | (7,394,016)                | -                           | (7,394,016)    | -                          |
| 6,664,954                                             | (7,022,361)                | -                           | (7,022,361)    | -                          |
| 3,925,248                                             | 965,286                    | -                           | 965,286        | -                          |
| -                                                     | (44,604)                   | -                           | (44,604)       | -                          |
| -                                                     | (2,628,143)                | -                           | (2,628,143)    | -                          |
| -                                                     | (1,530,985)                | -                           | (1,530,985)    | -                          |
| 12,585,365                                            | (19,019,633)               | -                           | (19,019,633)   | -                          |
| 2,520,504                                             | -                          | 3,110,357                   | 3,110,357      | -                          |
| 2,342,770                                             | -                          | 1,767,309                   | 1,767,309      | -                          |
| -                                                     | -                          | 87,866                      | 87,866         | -                          |
| 4,863,274                                             | -                          | 4,965,532                   | 4,965,532      | -                          |
| \$ 17,448,639                                         | (19,019,633)               | 4,965,532                   | (14,054,101)   | -                          |
| \$ 1,580,437                                          | -                          | -                           | -              | 4,809,971                  |
| 7,572,803                                             | -                          | -                           | -              | 7,401,674                  |
| \$ 9,153,240                                          | -                          | -                           | -              | 12,211,645                 |
| 24,220,022                                            | -                          | -                           | 24,220,022     | -                          |
| 461,095                                               | -                          | -                           | 461,095        | -                          |
| 1,570,945                                             | -                          | -                           | 1,570,945      | -                          |
| 3,042,708                                             | -                          | -                           | 3,042,708      | -                          |
| 3,457,281                                             | 880,481                    | -                           | 4,337,762      | 3,248,155                  |
| -                                                     | 3,490                      | -                           | 3,490          | 80,135                     |
| 187,849                                               | (187,849)                  | -                           | -              | -                          |
| 32,939,900                                            | 696,122                    | -                           | 33,636,022     | 3,328,290                  |
| 13,920,267                                            | 5,661,654                  | -                           | 19,581,921     | 15,539,935                 |
| 185,873,707                                           | 123,884,324                | -                           | 309,758,031    | 192,123,799                |
| \$ 199,793,974                                        | \$ 129,545,978             | \$ 329,339,952              | \$ 207,663,734 |                            |

**CITY OF SHAKOPEE**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2023**

|                                                                     |                      | Special Revenue     | Capital Projects     |                     |                    |
|---------------------------------------------------------------------|----------------------|---------------------|----------------------|---------------------|--------------------|
|                                                                     |                      | Economic            | Capital              | TIF District        | TIF District       |
|                                                                     | General Fund         | Development         | Improvement          | No. 18              | No. 20             |
|                                                                     |                      | Authority           |                      | Canterbury          | Enclave            |
|                                                                     |                      |                     |                      | Commons             |                    |
| <b>ASSETS</b>                                                       |                      |                     |                      |                     |                    |
| Cash and Investments                                                | \$ 26,293,625        | \$ -                | \$ 12,308,670        | \$ 3,173            | \$ -               |
| Restricted Cash and Investments                                     | -                    | -                   | -                    | 1,513,983           | -                  |
| Delinquent Taxes Receivable                                         | 141,543              | 2,915               | -                    | -                   | -                  |
| Special Assessments Receivable:                                     |                      |                     |                      |                     |                    |
| Delinquent                                                          | 3,915                | -                   | 2,434                | -                   | -                  |
| Deferred                                                            | 16,483               | -                   | 1,108,425            | -                   | -                  |
| Accounts Receivable                                                 | 408,497              | 11,232              | 701,079              | -                   | -                  |
| Interest Receivable                                                 | 156,761              | 16,387              | 59,470               | -                   | -                  |
| Notes Receivable                                                    | 200,000              | -                   | -                    | -                   | -                  |
| Lease Receivable                                                    | 353,195              | 1,902,462           | -                    | -                   | -                  |
| Due from Other Funds                                                | -                    | -                   | 748,608              | -                   | -                  |
| Due from Other Governments                                          | 251,439              | 9,271               | 62,972               | 7,052               | -                  |
| Advance to Other Funds                                              | 1,951,320            | 3,139,905           | 578,447              | -                   | -                  |
| Inventories                                                         | 33,696               | -                   | -                    | -                   | -                  |
| Prepaid Items                                                       | 261,826              | 4,664               | -                    | -                   | -                  |
| Land Held for Resale                                                | -                    | 106,627             | -                    | -                   | -                  |
|                                                                     |                      |                     |                      |                     |                    |
| Total Assets                                                        | <u>\$ 30,072,300</u> | <u>\$ 5,193,463</u> | <u>\$ 15,570,105</u> | <u>\$ 1,524,208</u> | <u>\$ -</u>        |
|                                                                     |                      |                     |                      |                     |                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                      |                     |                      |                     |                    |
| <b>Liabilities</b>                                                  |                      |                     |                      |                     |                    |
| Accounts Payable                                                    | \$ 273,875           | \$ 180,882          | \$ 1,199,417         | \$ 32,380           | \$ 750             |
| Due to Other Funds                                                  | -                    | 658,862             | -                    | -                   | -                  |
| Deposits Payable                                                    | 5,865,334            | 44,066              | 117,152              | -                   | -                  |
| Due to Other Governments                                            | 331,569              | 2,557               | -                    | -                   | -                  |
| Salaries and Benefits Payable                                       | 905,242              | -                   | -                    | -                   | -                  |
| Advance from Other Funds                                            | -                    | 50,000              | -                    | 3,718,352           | 2,403,785          |
| Unearned Revenue                                                    | 172,872              | 32,735              | -                    | -                   | -                  |
| Total Liabilities                                                   | <u>7,548,892</u>     | <u>969,102</u>      | <u>1,316,569</u>     | <u>3,750,732</u>    | <u>2,404,535</u>   |
|                                                                     |                      |                     |                      |                     |                    |
| <b>Deferred Inflows of Resources</b>                                |                      |                     |                      |                     |                    |
| Unavailable Revenue - Property Taxes                                | 141,543              | 2,915               | -                    | -                   | -                  |
| Unavailable Revenue - Special Assessments                           | 20,398               | -                   | 1,110,859            | -                   | -                  |
| Deferred Inflow of Resources Related to Leases                      | 336,989              | 1,808,894           | -                    | -                   | -                  |
| Resources Received in Advance                                       | -                    | -                   | 445,470              | -                   | -                  |
| Total Deferred Inflows of Resources                                 | <u>498,930</u>       | <u>1,811,809</u>    | <u>1,556,329</u>     | <u>-</u>            | <u>-</u>           |
|                                                                     |                      |                     |                      |                     |                    |
| <b>Fund Balances</b>                                                |                      |                     |                      |                     |                    |
| Nonspendable                                                        | 511,728              | 4,664               | -                    | -                   | -                  |
| Restricted                                                          | -                    | 2,407,888           | -                    | -                   | -                  |
| Committed                                                           | 2,650,000            | -                   | -                    | -                   | -                  |
| Assigned                                                            | 400,000              | -                   | 12,697,207           | -                   | -                  |
| Unassigned                                                          | 18,462,750           | -                   | -                    | (2,226,524)         | (2,404,535)        |
| Total Fund Balances                                                 | <u>22,024,478</u>    | <u>2,412,552</u>    | <u>12,697,207</u>    | <u>(2,226,524)</u>  | <u>(2,404,535)</u> |
|                                                                     |                      |                     |                      |                     |                    |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances  | <u>\$ 30,072,300</u> | <u>\$ 5,193,463</u> | <u>\$ 15,570,105</u> | <u>\$ 1,524,208</u> | <u>\$ -</u>        |

The Notes to the Financial Statements are an integral part of this statement.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 14,796,767                  | \$ 53,402,235                  |
| -                              | 1,513,983                      |
| -                              | 144,458                        |
| 26                             | 6,375                          |
| 757,427                        | 1,882,335                      |
| 31,849                         | 1,152,657                      |
| 72,639                         | 305,257                        |
| -                              | 200,000                        |
| -                              | 2,255,657                      |
| -                              | 748,608                        |
| 3,193                          | 333,927                        |
| -                              | 5,669,672                      |
| -                              | 33,696                         |
| -                              | 266,490                        |
| -                              | 106,627                        |
| <u>\$ 15,661,901</u>           | <u>\$ 68,021,977</u>           |

|                  |                   |
|------------------|-------------------|
| \$ 815,698       | \$ 2,503,002      |
| 89,746           | 748,608           |
| -                | 6,026,552         |
| 222              | 334,348           |
| -                | 905,242           |
| 1,614,399        | 7,786,536         |
| -                | 205,607           |
| <u>2,520,065</u> | <u>18,509,895</u> |

|                |                  |
|----------------|------------------|
| -              | 144,458          |
| 757,453        | 1,888,710        |
| -              | 2,145,883        |
| -              | 445,470          |
| <u>757,453</u> | <u>4,624,521</u> |

|                   |                   |
|-------------------|-------------------|
| -                 | 516,392           |
| 13,004,818        | 15,412,706        |
| -                 | 2,650,000         |
| 1,085,563         | 14,182,770        |
| (1,705,998)       | 12,125,693        |
| <u>12,384,383</u> | <u>44,887,561</u> |

|                      |                      |
|----------------------|----------------------|
| <u>\$ 15,661,901</u> | <u>\$ 68,021,977</u> |
|----------------------|----------------------|

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**CITY OF SHAKOPEE**

**RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
December 31, 2023**

|                                          |               |
|------------------------------------------|---------------|
| Total Fund Balances - Governmental Funds | \$ 44,887,561 |
|------------------------------------------|---------------|

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

|                               |               |
|-------------------------------|---------------|
| Cost of Capital Assets        | 286,090,120   |
| Less Accumulated Depreciation | (123,176,724) |
| Leased Equipment              | 536,382       |
| Less Accumulated Amortization | (100,508)     |
| SBITA Equipment               | 40,250        |
| Less Accumulated Amortization | (13,925)      |

Long-term assets from pensions reported in governmental activities are not financial resources and therefore, are not reported as assets in the funds.

1,261,742

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

|                          |              |
|--------------------------|--------------|
| Bond Principal Payable   | (43,960,000) |
| Unamortized Bond Premium | (2,117,663)  |
| Lease Liability          | (443,725)    |
| SBITA Liability          | (14,440)     |
| Net OPEB Obligation      | (1,770,117)  |
| Net Pension Liability    | (13,998,746) |

Delinquent property taxes and assessments receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.

|                     |         |
|---------------------|---------|
| Property Taxes      | 144,458 |
| Special Assessments | 6,375   |

Deferred special assessments receivable are not available to pay for current expenditures and, therefore, are reported as unavailable revenue in the funds.

|                              |           |
|------------------------------|-----------|
| Deferred Special Assessments | 1,882,335 |
|------------------------------|-----------|

Governmental funds do not report a liability for accrued interest due and payable.

(580,529)

Deferred Outflows of Resources and Deferred Inflows of Resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.

|                                                    |              |
|----------------------------------------------------|--------------|
| Deferred Inflows of Resources Related to Pensions  | (16,024,801) |
| Deferred Outflows of Resources Related to Pensions | 16,277,199   |
| Deferred Inflows of Resources Related to OPEB      | (1,327,399)  |
| Deferred Outflows of Resources Related to OPEB     | 423,406      |

Internal service funds are used by management to charge the costs of equipment, buildings, park assets and employee benefits to individual funds. A portion of the assets and liabilities of those funds are included in governmental activities in the Statement of Net Position.

51,772,723

|                                              |                       |
|----------------------------------------------|-----------------------|
| Total Net Position - Governmental Activities | <u>\$ 199,793,974</u> |
|----------------------------------------------|-----------------------|

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2023**

|                                                 |                      | Special Revenue     |                      | Capital Projects      |                       |
|-------------------------------------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|
|                                                 |                      | Economic            |                      | TIF District No.      |                       |
|                                                 | General Fund         | Development         | Capital              | 18 Canterbury         | TIF District No.      |
|                                                 |                      | Authority           | Improvement          | Commons               | 20 Enclave            |
| <b>REVENUES</b>                                 |                      |                     |                      |                       |                       |
| Taxes                                           | \$ 20,790,616        | \$ 494,281          | \$ 1,875,139         | \$ -                  | \$ -                  |
| Tax Increment                                   | -                    | 74,001              | -                    | 1,178,058             | 212,327               |
| Special Assessments                             | 56,189               | -                   | 965,321              | -                     | -                     |
| Licenses and Permits                            | 6,393,008            | -                   | -                    | -                     | -                     |
| Intergovernmental                               | 1,941,519            | 23,250              | 4,792,058            | -                     | -                     |
| Charges for Services                            | 9,121,635            | 816,186             | -                    | -                     | -                     |
| Fines and Forfeitures                           | 327,215              | -                   | -                    | -                     | -                     |
| Miscellaneous                                   | 438,855              | 301,761             | 184,826              | -                     | -                     |
| Investment Income                               | 1,029,039            | 78,938              | 641,480              | 85,354                | -                     |
| Total Revenues                                  | <u>40,098,076</u>    | <u>1,788,417</u>    | <u>8,458,824</u>     | <u>1,263,412</u>      | <u>212,327</u>        |
| <b>EXPENDITURES</b>                             |                      |                     |                      |                       |                       |
| <b>Current</b>                                  |                      |                     |                      |                       |                       |
| General Government                              | 5,306,830            | -                   | -                    | -                     | -                     |
| Public Safety                                   | 16,248,794           | -                   | -                    | -                     | -                     |
| Public Works                                    | 7,539,374            | -                   | -                    | -                     | -                     |
| Culture and Recreation                          | 5,017,325            | -                   | -                    | -                     | -                     |
| Conservation and Natural Resources              | -                    | -                   | -                    | -                     | -                     |
| Economic Development                            | -                    | 730,415             | -                    | 67,684                | 2,308                 |
| <b>Debt Service</b>                             |                      |                     |                      |                       |                       |
| Principal                                       | 56,100               | -                   | -                    | -                     | -                     |
| Interest and Other Charges                      | 8,680                | -                   | -                    | 184,826               | 80,929                |
| <b>Capital Outlay</b>                           | 296,649              | 3,555,392           | 10,239,218           | 1,820,870             | -                     |
| Total Expenditures                              | <u>34,473,752</u>    | <u>4,285,807</u>    | <u>10,239,218</u>    | <u>2,073,380</u>      | <u>83,237</u>         |
| Excess of Revenues Over<br>(Under) Expenditures | <u>5,624,324</u>     | <u>(2,497,390)</u>  | <u>(1,780,394)</u>   | <u>(809,968)</u>      | <u>129,090</u>        |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>       |                      |                     |                      |                       |                       |
| Proceeds from Sale of Capital Asset             | 2,416                | 12,000              | -                    | -                     | -                     |
| SBITA Issued                                    | 29,297               | -                   | -                    | -                     | -                     |
| Lease Issued                                    | 11,795               | -                   | -                    | -                     | -                     |
| Transfers In                                    | 400,000              | 3,592,076           | 3,700,000            | -                     | -                     |
| Transfers Out                                   | (4,048,650)          | -                   | -                    | (4,193,812)           | -                     |
| Total Other Financing<br>Sources (Uses)         | <u>(3,605,142)</u>   | <u>3,604,076</u>    | <u>3,700,000</u>     | <u>(4,193,812)</u>    | <u>-</u>              |
| Net Change in Fund<br>Balances                  | 2,019,182            | 1,106,686           | 1,919,606            | (5,003,780)           | 129,090               |
| <b>FUND BALANCES</b>                            |                      |                     |                      |                       |                       |
| <b>Beginning of Year</b>                        | <u>20,005,296</u>    | <u>1,305,866</u>    | <u>10,777,601</u>    | <u>2,777,256</u>      | <u>(2,533,625)</u>    |
| <b>End of Year</b>                              | <u>\$ 22,024,478</u> | <u>\$ 2,412,552</u> | <u>\$ 12,697,207</u> | <u>\$ (2,226,524)</u> | <u>\$ (2,404,535)</u> |

The Notes to the Financial Statements are an integral part of this statement.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| 3,080,104                      | \$ 26,240,140                  |
| 1,578,322                      | 3,042,708                      |
| 290,580                        | 1,312,090                      |
| 3,790,800                      | 10,183,808                     |
| 1,995,685                      | 8,752,512                      |
| 6,873                          | 9,944,694                      |
| 88,500                         | 415,715                        |
| 163,940                        | 1,089,382                      |
| 495,789                        | 2,330,600                      |
| <u>11,490,593</u>              | <u>63,311,649</u>              |
| 472,883                        | 5,779,713                      |
| 401,144                        | 16,649,938                     |
| 79,607                         | 7,618,981                      |
| -                              | 5,017,325                      |
| 43,040                         | 43,040                         |
| 1,556,027                      | 2,356,434                      |
| 1,975,925                      | 2,032,025                      |
| 1,496,595                      | 1,771,030                      |
| 3,169,091                      | 19,081,220                     |
| <u>9,194,312</u>               | <u>60,349,706</u>              |
| <u>2,296,281</u>               | <u>2,961,943</u>               |
| -                              | 14,416                         |
| -                              | 29,297                         |
| 374,857                        | 386,652                        |
| 1,682,557                      | 9,374,633                      |
| <u>(3,392,299)</u>             | <u>(11,634,761)</u>            |
| <u>(1,334,885)</u>             | <u>(1,829,763)</u>             |
| 961,396                        | 1,132,180                      |
| <u>11,422,987</u>              | <u>43,755,381</u>              |
| <u>\$ 12,384,383</u>           | <u>\$ 44,887,561</u>           |

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**CITY OF SHAKOPEE**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO  
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ 1,132,180

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

|                                         |             |
|-----------------------------------------|-------------|
| Capital Outlays                         | 13,397,322  |
| Depreciation Expense                    | (6,769,665) |
| Loss on Disposal of Capital Assets      | (70,299)    |
| Contributed Assets                      | 3,505,703   |
| Leased Equipment                        | 386,652     |
| Amortization Expense on Leases          | (61,675)    |
| SBITA Equipment                         | 29,297      |
| Amortization Expense on SBITA Equipment | (13,924)    |

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities. 1,960,000

Payments on leases are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities. 57,170

Payments on SBITAs are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities. 26,708

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 69,566

Governmental funds report the effects of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities

|                                           |         |
|-------------------------------------------|---------|
| Current year amortization of bond premium | 169,616 |
|-------------------------------------------|---------|

Lease issuances are recognized as an other financing source in the governmental funds but as a decrease in net assets in the Statement of Activities. (386,652)

SBITA issuances are recognized as an other financing source in the governmental funds but as a decrease in net assets in the Statement of Activities. (29,297)

Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

|                                |             |
|--------------------------------|-------------|
| Special Assessments Delinquent | 1,449       |
| Special Assessments Deferred   | 53,901      |
| Intergovernmental              | (3,076,724) |

OPEB obligations are recognized when paid in the government funds but recognized when incurred in the Statement of Activities 30,575

Delinquent receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds. 11,922

Governmental funds recognized pension contributions as expenditures at the time of payment whereas the statement of activities factors in items related to pensions on a full accrual perspective.

|                 |             |
|-----------------|-------------|
| Pension Expense | (1,907,127) |
|-----------------|-------------|

Internal service funds are used by management to charge the costs of certain activities such as buildings, equipment, park assets and employee benefits to individual funds. (See Note 2.B.) 5,403,569

Change in Net Position - Governmental Activities \$ 13,920,267

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2023**

|                                             | Original and<br>Final Budget | Actual Amounts       | Variance with<br>Final Budget - |
|---------------------------------------------|------------------------------|----------------------|---------------------------------|
| <b>REVENUES</b>                             |                              |                      |                                 |
| Taxes                                       | \$ 20,938,500                | \$ 20,790,616        | \$ (147,884)                    |
| Special Assessments                         | 2,000                        | 56,189               | 54,189                          |
| Licenses and Permits                        | 3,432,700                    | 6,393,008            | 2,960,308                       |
| Intergovernmental                           | 1,516,000                    | 1,941,519            | 425,519                         |
| Charges for Services                        | 7,743,400                    | 9,121,635            | 1,378,235                       |
| Fines and Forfeitures                       | 1,700                        | 327,215              | 325,515                         |
| Miscellaneous Revenues:                     |                              |                      |                                 |
| Investment Income                           | 290,000                      | 1,029,039            | 739,039                         |
| Contributions and Donations                 | 20,000                       | 29,721               | 9,721                           |
| Rents                                       | 10,700                       | 598                  | (10,102)                        |
| Other                                       | 12,700                       | 408,536              | 395,836                         |
| Total Revenues                              | <u>33,967,700</u>            | <u>40,098,076</u>    | <u>6,130,376</u>                |
| <b>EXPENDITURES</b>                         |                              |                      |                                 |
| <b>Current</b>                              |                              |                      |                                 |
| General Government                          | 5,550,600                    | 5,306,830            | (243,770)                       |
| Public Safety                               | 15,995,900                   | 16,248,794           | 252,894                         |
| Public Works                                | 7,934,600                    | 7,539,374            | (395,226)                       |
| Culture and Recreation                      | 4,886,600                    | 5,017,325            | 130,725                         |
| <b>Debt Service:</b>                        |                              |                      |                                 |
| Principal                                   | -                            | 56,100               | 56,100                          |
| Interest and Other Charges                  | -                            | 8,680                | 8,680                           |
| <b>Capital Outlay</b>                       |                              |                      |                                 |
| General Government                          | 66,300                       | 70,177               | 3,877                           |
| Public Safety                               | 59,700                       | 191,809              | 132,109                         |
| Public Works                                | -                            | 5,662                | 5,662                           |
| Culture and Recreation                      | -                            | 29,001               | 29,001                          |
| Total Expenditures                          | <u>34,493,700</u>            | <u>34,473,752</u>    | <u>(19,948)</u>                 |
| Excess of Revenues Over(Under) Expenditures | <u>(526,000)</u>             | <u>5,624,324</u>     | <u>6,150,324</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                              |                      |                                 |
| Proceeds from Sale of Capital Asset         | -                            | 2,416                | 2,416                           |
| SBITA Issued                                | -                            | 29,297               | 29,297                          |
| Lease Issued                                | -                            | 11,795               | 11,795                          |
| Transfers In                                | 400,000                      | 400,000              | -                               |
| Transfers Out                               | -                            | (4,048,650)          | (4,048,650)                     |
| Total Other Financing Sources (Uses)        | <u>400,000</u>               | <u>(3,605,142)</u>   | <u>(4,005,142)</u>              |
| Net Change in Fund Balances                 | <u>\$ (126,000)</u>          | <u>2,019,182</u>     | <u>\$ 2,145,182</u>             |
| <b>FUND BALANCES</b>                        |                              |                      |                                 |
| <b>Beginning of Year</b>                    |                              | <u>20,005,296</u>    |                                 |
| <b>End of Year</b>                          |                              | <u>\$ 22,024,478</u> |                                 |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT AUTHORITY  
For the Year Ended December 31, 2023**

|                                     | Original and<br>Final Budget | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Over (Under) |
|-------------------------------------|------------------------------|---------------------|-------------------------------------------------|
| <b>REVENUES</b>                     |                              |                     |                                                 |
| Taxes                               | \$ 500,000                   | \$ 494,281          | \$ (5,719)                                      |
| Tax Increment                       | -                            | 74,001              | 74,001                                          |
| Intergovernmental                   | -                            | 23,250              | 23,250                                          |
| Charges for Services                | 681,400                      | 816,186             | 134,786                                         |
| Miscellaneous Revenues:             |                              |                     |                                                 |
| Investment Income                   | -                            | 78,938              | 78,938                                          |
| Other                               | -                            | 301,761             | 301,761                                         |
| Total Revenues                      | <u>1,181,400</u>             | <u>1,788,417</u>    | <u>607,017</u>                                  |
| <b>EXPENDITURES</b>                 |                              |                     |                                                 |
| <b>Current</b>                      |                              |                     |                                                 |
| Economic Development                | 752,750                      | 730,415             | (22,335)                                        |
| <b>Capital Outlay</b>               |                              |                     |                                                 |
| Economic Development                | <u>-</u>                     | <u>3,555,392</u>    | <u>3,555,392</u>                                |
| Total Expenditures                  | <u>752,750</u>               | <u>4,285,807</u>    | <u>3,533,057</u>                                |
| Excess of Revenues (Under)          |                              |                     |                                                 |
| Expenditures                        | <u>428,650</u>               | <u>(2,497,390)</u>  | <u>(2,926,040)</u>                              |
| <b>OTHER FINANCING SOURCES</b>      |                              |                     |                                                 |
| Proceeds from Sale of Capital Asset | -                            | 12,000              | 12,000                                          |
| Transfers In                        | <u>-</u>                     | <u>3,592,076</u>    | <u>3,592,076</u>                                |
| Total Other Financing Sources       | <u>-</u>                     | <u>3,604,076</u>    | <u>3,604,076</u>                                |
| Net Change in Fund Balances         | <u>\$ 428,650</u>            | <u>1,106,686</u>    | <u>\$ 678,036</u>                               |
| <b>FUND BALANCES</b>                |                              |                     |                                                 |
| Beginning of Year                   |                              | <u>1,305,866</u>    |                                                 |
| End of Year                         |                              | <u>\$ 2,412,552</u> |                                                 |

The Notes to the Financial Statements are an integral part of this statement.

## CITY OF SHAKOPEE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
December 31, 2023

|                                                                                                                        | Business-Type Activities - Enterprise Funds |                      |                  |                       | Governmental<br>Activities -<br>Internal Service<br>Funds |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|------------------|-----------------------|-----------------------------------------------------------|
|                                                                                                                        | Sewer                                       | Storm Drainage       | Refuse           | Total                 |                                                           |
| <b>ASSETS</b>                                                                                                          |                                             |                      |                  |                       |                                                           |
| <b>Current Assets</b>                                                                                                  |                                             |                      |                  |                       |                                                           |
| Cash and Investments, Including Cash Equivalents                                                                       | \$ 6,469,131                                | \$ 12,122,904        | \$ -             | \$ 18,592,035         | \$ 25,560,462                                             |
| Accounts Receivable                                                                                                    | -                                           | 2,114                | -                | 2,114                 | 708                                                       |
| Interest Receivable                                                                                                    | 42,215                                      | 78,344               | (101)            | 120,458               | 164,759                                                   |
| Special Assessment Receivable:                                                                                         |                                             |                      |                  |                       |                                                           |
| Deferred                                                                                                               | 200,538                                     | 7,121                | -                | 207,659               | -                                                         |
| Due from Other Funds                                                                                                   | 15,653                                      | -                    | -                | 15,653                | -                                                         |
| Due from Other Governments                                                                                             | 390,046                                     | 116,172              | -                | 506,218               | -                                                         |
| Inventories                                                                                                            | 418                                         | 2,453                | -                | 2,871                 | -                                                         |
| Prepaid Expenses                                                                                                       | -                                           | -                    | -                | -                     | 298,156                                                   |
| Total Current Assets                                                                                                   | <u>7,118,001</u>                            | <u>12,329,108</u>    | <u>(101)</u>     | <u>19,447,008</u>     | <u>26,024,085</u>                                         |
| <b>Noncurrent Assets</b>                                                                                               |                                             |                      |                  |                       |                                                           |
| Advances to Other Funds, Noncurrent                                                                                    | 106,703                                     | 3,056,864            | -                | 3,163,567             | 50,000                                                    |
| Capital Assets:                                                                                                        |                                             |                      |                  |                       |                                                           |
| Land                                                                                                                   | 4,500                                       | 3,792,303            | -                | 3,796,803             | 221,876                                                   |
| Right of Way                                                                                                           | -                                           | 507,746              | -                | 507,746               | -                                                         |
| Construction in Progress                                                                                               | 5,757,764                                   | 831,954              | -                | 6,589,718             | 2,556,289                                                 |
| Line Rights                                                                                                            | 1,368,569                                   | -                    | -                | 1,368,569             | -                                                         |
| Infrastructure                                                                                                         | 60,355,936                                  | 69,877,569           | -                | 130,233,505           | 4,981,670                                                 |
| Buildings                                                                                                              | -                                           | -                    | -                | -                     | 32,836,524                                                |
| Machinery and Equipment                                                                                                | 2,537,009                                   | 1,638,428            | -                | 4,175,437             | 19,044,193                                                |
| Leased Equipment                                                                                                       | -                                           | -                    | -                | -                     | 163,832                                                   |
| Software Based Technology Information Assets (SBITA)                                                                   | -                                           | -                    | -                | -                     | 185,680                                                   |
| Total Cost                                                                                                             | 70,023,778                                  | 76,648,000           | -                | 146,671,778           | 59,990,064                                                |
| Less Accumulated Depreciation and Amortization                                                                         | (19,947,682)                                | (19,085,976)         | -                | (39,033,658)          | (28,168,991)                                              |
| Net Capital Assets                                                                                                     | <u>50,076,096</u>                           | <u>57,562,024</u>    | <u>-</u>         | <u>107,638,120</u>    | <u>31,821,073</u>                                         |
| Total Noncurrent Assets                                                                                                | <u>50,182,799</u>                           | <u>60,618,888</u>    | <u>-</u>         | <u>110,801,687</u>    | <u>31,871,073</u>                                         |
| Total Assets                                                                                                           | <u>57,300,800</u>                           | <u>72,947,996</u>    | <u>(101)</u>     | <u>130,248,695</u>    | <u>57,895,158</u>                                         |
| <b>Deferred Outflows of Resources</b>                                                                                  |                                             |                      |                  |                       |                                                           |
| Deferred Outflows of Resources Related to Pensions                                                                     | 72,696                                      | 84,119               | -                | 156,815               | -                                                         |
| Deferred Outflows of Resources Related to OPEB                                                                         | 9,148                                       | 9,148                | -                | 18,296                | -                                                         |
| Total Deferred Outflows of Resources                                                                                   | <u>81,844</u>                               | <u>93,267</u>        | <u>-</u>         | <u>175,111</u>        | <u>-</u>                                                  |
| Total Assets and Deferred Outflows of Resources                                                                        | <u>\$ 57,382,644</u>                        | <u>\$ 73,041,263</u> | <u>\$ (101)</u>  | <u>\$ 130,423,806</u> | <u>\$ 57,895,158</u>                                      |
| <b>LIABILITIES AND NET POSITION</b>                                                                                    |                                             |                      |                  |                       |                                                           |
| <b>Current Liabilities</b>                                                                                             |                                             |                      |                  |                       |                                                           |
| Accounts Payable                                                                                                       | \$ 332,239                                  | \$ 26,434            | \$ -             | \$ 358,673            | \$ 1,180,992                                              |
| Due to Other Funds                                                                                                     | -                                           | -                    | 15,653           | 15,653                | -                                                         |
| Due to Other Governments                                                                                               | 197,347                                     | 27,744               | -                | 225,091               | -                                                         |
| Current Compensated Absences                                                                                           | 16,128                                      | 12,429               | -                | 28,557                | 1,325,860                                                 |
| Current Lease Liability                                                                                                | -                                           | -                    | -                | -                     | 50,051                                                    |
| Current SBITA Liability                                                                                                | -                                           | -                    | -                | -                     | 71,804                                                    |
| Current OPEB Liability                                                                                                 | 2,238                                       | 2,238                | -                | 4,476                 | -                                                         |
| Total Current Liabilities                                                                                              | <u>547,952</u>                              | <u>68,845</u>        | <u>15,653</u>    | <u>632,450</u>        | <u>2,628,707</u>                                          |
| <b>Noncurrent Liabilities</b>                                                                                          |                                             |                      |                  |                       |                                                           |
| Advance from Other Funds                                                                                               | -                                           | -                    | 106,703          | 106,703               | 990,000                                                   |
| Compensated Absences                                                                                                   | 19,713                                      | 15,190               | -                | 34,903                | 1,620,495                                                 |
| Lease Liability                                                                                                        | -                                           | -                    | -                | -                     | 75,431                                                    |
| SBITA Liability                                                                                                        | -                                           | -                    | -                | -                     | 35,239                                                    |
| OPEB Liability                                                                                                         | 36,005                                      | 36,005               | -                | 72,010                | -                                                         |
| Net Pension Liability                                                                                                  | 249,297                                     | 288,472              | -                | 537,769               | -                                                         |
| Total Noncurrent Liabilities                                                                                           | <u>305,015</u>                              | <u>339,667</u>       | <u>106,703</u>   | <u>751,385</u>        | <u>2,721,165</u>                                          |
| Total Liabilities                                                                                                      | <u>852,967</u>                              | <u>408,512</u>       | <u>122,356</u>   | <u>1,383,835</u>      | <u>5,349,872</u>                                          |
| <b>Deferred Inflows of Resources</b>                                                                                   |                                             |                      |                  |                       |                                                           |
| Deferred Inflows of Resources Related to Pensions                                                                      | 96,980                                      | 112,220              | -                | 209,200               | -                                                         |
| Deferred Inflows of Resources Related to OPEB                                                                          | 28,678                                      | 28,678               | -                | 57,356                | -                                                         |
| Total Deferred Inflows of Resources                                                                                    | <u>125,658</u>                              | <u>140,898</u>       | <u>-</u>         | <u>266,556</u>        | <u>-</u>                                                  |
| <b>Net Position</b>                                                                                                    |                                             |                      |                  |                       |                                                           |
| Investment in Capital Assets                                                                                           | 50,076,096                                  | 57,562,024           | -                | 107,638,120           | 31,588,548                                                |
| Unrestricted                                                                                                           | 6,327,923                                   | 14,929,829           | (122,457)        | 21,135,295            | 20,956,738                                                |
| Total Net Position                                                                                                     | <u>56,404,019</u>                           | <u>72,491,853</u>    | <u>(122,457)</u> | <u>128,773,415</u>    | <u>52,545,286</u>                                         |
| Total Liabilities, Deferred Inflows of Resources and<br>Net Position                                                   | <u>\$ 57,382,644</u>                        | <u>\$ 73,041,263</u> | <u>\$ (101)</u>  |                       | <u>\$ 57,895,158</u>                                      |
| Adjustment to Reflect the Consolidation of Internal Service<br>Fund Activity Related to Enterprise Funds (See Note 2c) |                                             |                      |                  | 772,563               |                                                           |
| Total Business-Type Activities Net Position                                                                            |                                             |                      |                  | <u>\$ 129,545,978</u> |                                                           |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2023**

|                                                                                                                        | Business-Type Activities - Enterprise Funds |                      |                     |                       | Governmental<br>Activities -<br>Internal Service<br>Funds |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|---------------------|-----------------------|-----------------------------------------------------------|
|                                                                                                                        | Sewer                                       | Storm Drainage       | Refuse              | Total                 |                                                           |
| <b>OPERATING REVENUES</b>                                                                                              |                                             |                      |                     |                       |                                                           |
| Charges for Services                                                                                                   | \$ 5,141,391                                | \$ 1,372,796         | \$ 90,000           | \$ 6,604,187          | \$ -                                                      |
| Rental Charges                                                                                                         | 2,646                                       | -                    | -                   | 2,646                 | 5,167,168                                                 |
| Other Charges                                                                                                          | 2,134                                       | 80,725               | -                   | 82,859                | 5,431                                                     |
| Special Assessments                                                                                                    | -                                           | 3,734                | -                   | 3,734                 | -                                                         |
| Total Operating Revenues                                                                                               | <u>5,146,171</u>                            | <u>1,457,255</u>     | <u>90,000</u>       | <u>6,693,426</u>      | <u>5,172,599</u>                                          |
| <b>OPERATING EXPENSES</b>                                                                                              |                                             |                      |                     |                       |                                                           |
| Salaries and Benefits                                                                                                  | 571,936                                     | 627,234              | -                   | 1,199,170             | -                                                         |
| Depreciation                                                                                                           | 976,276                                     | 1,143,079            | -                   | 2,119,355             | 2,143,130                                                 |
| Professional Services                                                                                                  | 175,203                                     | 146,600              | -                   | 321,803               | 95,135                                                    |
| Sewer Disposal Charges                                                                                                 | 2,651,598                                   | -                    | -                   | 2,651,598             | -                                                         |
| Repairs and Maintenance                                                                                                | 40,308                                      | 96,266               | -                   | 136,574               | 128,126                                                   |
| Materials and Supplies                                                                                                 | 73,738                                      | 75,318               | -                   | 149,056               | 461,486                                                   |
| Rent                                                                                                                   | 31,600                                      | 22,700               | -                   | 54,300                | -                                                         |
| Insurance                                                                                                              | 45,300                                      | 9,400                | -                   | 54,700                | 857,718                                                   |
| Utilities                                                                                                              | 35,869                                      | 20,538               | -                   | 56,407                | -                                                         |
| Total Operating Expenses                                                                                               | <u>4,601,828</u>                            | <u>2,141,135</u>     | <u>-</u>            | <u>6,742,963</u>      | <u>3,685,595</u>                                          |
| Operating Income (Loss)                                                                                                | <u>544,343</u>                              | <u>(683,880)</u>     | <u>90,000</u>       | <u>(49,537)</u>       | <u>1,487,004</u>                                          |
| <b>NONOPERATING REVENUES<br/>(EXPENSES)</b>                                                                            |                                             |                      |                     |                       |                                                           |
| Investment Income                                                                                                      | 214,771                                     | 665,498              | 212                 | 880,481               | 1,126,681                                                 |
| Grants and Contributions                                                                                               | -                                           | 81,409               | -                   | 81,409                | -                                                         |
| Insurance Dividends                                                                                                    | -                                           | -                    | -                   | -                     | 27,053                                                    |
| Interest Expense                                                                                                       | -                                           | -                    | (2,134)             | (2,134)               | (15,401)                                                  |
| Gain (Loss) on Sale of Asset                                                                                           | -                                           | 3,490                | -                   | 3,490                 | 58,177                                                    |
| Total Nonoperating Revenues<br>(Expenses)                                                                              | <u>214,771</u>                              | <u>750,397</u>       | <u>(1,922)</u>      | <u>963,246</u>        | <u>1,196,510</u>                                          |
| Income before Capital<br>Contributions and Transfers                                                                   | 759,114                                     | 66,517               | 88,078              | 913,709               | 2,683,514                                                 |
| Capital Contributions from Special Assessments                                                                         | 21,965                                      | -                    | -                   | 21,965                | -                                                         |
| Capital Contributions from Outside Developers                                                                          | 2,498,539                                   | 2,342,770            | -                   | 4,841,309             | 93,467                                                    |
| Capital Contributions (to)/from Governmental Funds                                                                     | (499,550)                                   | 711,701              | -                   | 212,151               | 38,980                                                    |
| Transfers In                                                                                                           | -                                           | -                    | -                   | -                     | 2,940,128                                                 |
| Transfers Out                                                                                                          | <u>(200,000)</u>                            | <u>(200,000)</u>     | <u>-</u>            | <u>(400,000)</u>      | <u>(280,000)</u>                                          |
| Change in Net Position                                                                                                 | <u>2,580,068</u>                            | <u>2,920,988</u>     | <u>88,078</u>       | <u>5,589,134</u>      | <u>5,476,089</u>                                          |
| <b>NET POSITION</b>                                                                                                    |                                             |                      |                     |                       |                                                           |
| <b>Beginning of Year</b>                                                                                               | <u>53,823,951</u>                           | <u>69,570,865</u>    | <u>(210,535)</u>    | <u>123,184,281</u>    | <u>47,069,197</u>                                         |
| <b>End of Year</b>                                                                                                     | <u>\$ 56,404,019</u>                        | <u>\$ 72,491,853</u> | <u>\$ (122,457)</u> | <u>\$ 128,773,415</u> | <u>\$ 52,545,286</u>                                      |
| Adjustment to Reflect the Consolidation of Internal Service<br>Fund Activity Related to Enterprise Funds (See Note 2d) |                                             |                      |                     | 72,520                |                                                           |
| Governmental Activities Contribution Revenue Reported Above                                                            |                                             |                      |                     | (212,151)             |                                                           |
| Transfers In of Capital Assets from Governmental Activities                                                            |                                             |                      |                     | <u>212,151</u>        |                                                           |
| Change in Net Position - Business-Type Activities                                                                      |                                             |                      |                     | <u>\$ 5,661,654</u>   |                                                           |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2023**

|                                                                  | Business-Type Activities - Enterprise Funds |                   |           |               | Governmental<br>Activities -<br>Internal<br>Service Funds |
|------------------------------------------------------------------|---------------------------------------------|-------------------|-----------|---------------|-----------------------------------------------------------|
|                                                                  | Sewer                                       | Storm<br>Drainage | Refuse    | Total         |                                                           |
| <b>CASH FLOWS - OPERATING ACTIVITIES</b>                         |                                             |                   |           |               |                                                           |
| Receipts from Customers and Users                                | \$ 5,069,563                                | \$ 1,457,505      | \$ 90,000 | \$ 6,617,068  | \$ 5,172,749                                              |
| Payments to Suppliers                                            | (3,091,306)                                 | (352,864)         | -         | (3,444,170)   | (1,516,586)                                               |
| Receipts from Suppliers                                          | -                                           | -                 | -         | -             | 1,033,825                                                 |
| Payments to Employees                                            | (505,967)                                   | (620,337)         | -         | (1,126,304)   | (35,682)                                                  |
| Net Cash Flows - Operating<br>Activities                         | 1,472,290                                   | 484,304           | 90,000    | 2,046,594     | 4,654,306                                                 |
| <b>CASH FLOWS - NONCAPITAL<br/>FINANCING ACTIVITIES</b>          |                                             |                   |           |               |                                                           |
| Payment Received (Paid) on Interfund Loan                        | 106,704                                     | 234,119           | (106,704) | 234,119       | (60,000)                                                  |
| Grants for Operating Purposes                                    | -                                           | 81,409            | -         | 81,409        | -                                                         |
| Receipts from Interfund Services                                 | -                                           | -                 | 15,653    | 15,653        | -                                                         |
| Payments for Interfund Services                                  | (15,653)                                    | -                 | -         | (15,653)      | -                                                         |
| Interest Paid on Interfund Loan                                  | -                                           | -                 | (2,134)   | (2,134)       | (13,750)                                                  |
| Insurance Dividends                                              | -                                           | -                 | -         | -             | 27,053                                                    |
| Transfer from Other Funds                                        | -                                           | -                 | -         | -             | 2,940,128                                                 |
| Transfer to Other Funds                                          | (200,000)                                   | (200,000)         | -         | (400,000)     | (280,000)                                                 |
| Net Cash Flows - Noncapital<br>Financing Activities              | (108,949)                                   | 115,528           | (93,185)  | (86,606)      | 2,613,431                                                 |
| <b>CASH FLOWS - CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b> |                                             |                   |           |               |                                                           |
| Trunk Charges                                                    | 211,540                                     | 497,509           | -         | 709,049       | -                                                         |
| Capital Related Special Assessments                              | 21,965                                      | -                 | -         | 21,965        | -                                                         |
| Acquisition of SBITAs                                            | -                                           | -                 | -         | -             | (78,637)                                                  |
| Proceeds from Disposal of Capital Assets                         | 2,394,075                                   | 67,000            | -         | 2,461,075     | 901,783                                                   |
| Acquisition of Capital Assets                                    | (3,899,943)                                 | (360,803)         | -         | (4,260,746)   | (4,138,686)                                               |
| Net Cash Flows - Capital and<br>Related Financing Activities     | (1,272,363)                                 | 203,706           | -         | (1,068,657)   | (3,315,540)                                               |
| <b>CASH FLOWS - INVESTING ACTIVITIES</b>                         |                                             |                   |           |               |                                                           |
| Interest Received (Loss)                                         | 191,039                                     | 636,057           | 325       | 827,421       | 1,048,913                                                 |
| Net Cash Flows - Investing<br>Activities                         | 191,039                                     | 636,057           | 325       | 827,421       | 1,048,913                                                 |
| <b>Net Change in Cash and Cash Equivalents</b>                   | 282,017                                     | 1,439,595         | (2,860)   | 1,718,752     | 5,001,110                                                 |
| <b>CASH AND CASH EQUIVALENTS</b>                                 |                                             |                   |           |               |                                                           |
| <b>Beginning of Year</b>                                         | 6,187,114                                   | 10,683,309        | 2,860     | 16,873,283    | 20,559,352                                                |
| <b>End of Year</b>                                               | \$ 6,469,131                                | \$ 12,122,904     | \$ -      | \$ 18,592,035 | \$ 25,560,462                                             |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**For the Year Ended December 31, 2023**

|                                                                                                   | Business-Type Activities - Enterprise Funds |                   |                  |                     | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------|------------------|---------------------|-----------------------------------------------------------|
|                                                                                                   | Sewer                                       | Storm<br>Drainage | Refuse           | Total               |                                                           |
| <b>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH<br/>FLOWS - OPERATING ACTIVITIES</b> |                                             |                   |                  |                     |                                                           |
| Operating Income (Loss)                                                                           | \$ 544,343                                  | \$ (683,880)      | \$ 90,000        | \$ (49,537)         | \$ 1,487,004                                              |
| Adjustments to Reconcile Operating<br>Income (Loss) to Net Cash                                   |                                             |                   |                  |                     |                                                           |
| Flows - Operating Activities:                                                                     |                                             |                   |                  |                     |                                                           |
| Depreciation Expense                                                                              | 976,276                                     | 1,143,079         | -                | 2,119,355           | 2,143,130                                                 |
| Pension Expense                                                                                   | 64,052                                      | 18,715            | -                | 82,767              | -                                                         |
| Changes in:                                                                                       |                                             |                   |                  |                     |                                                           |
| Accounts Receivable                                                                               | -                                           | (738)             | -                | (738)               | 150                                                       |
| Due from Other Governments                                                                        | 43,693                                      | 4,780             | -                | 48,473              | -                                                         |
| Special Assessments                                                                               | (120,301)                                   | (3,792)           | -                | (124,093)           | -                                                         |
| Due to Other Governments                                                                          | 72,998                                      | (3,150)           | -                | 69,848              | -                                                         |
| Accounts and Contracts Payable                                                                    | (110,437)                                   | 20,776            | -                | (89,661)            | 1,085,086                                                 |
| Inventory                                                                                         | (251)                                       | 332               | -                | 81                  | -                                                         |
| Prepaid Expenses                                                                                  | -                                           | -                 | -                | -                   | (25,382)                                                  |
| Compensated Absences Payable                                                                      | 4,058                                       | (9,677)           | -                | (5,619)             | (35,682)                                                  |
| Net OPEB Obligation                                                                               | (2,141)                                     | (2,141)           | -                | (4,282)             | -                                                         |
| Total Adjustments                                                                                 | 927,947                                     | 1,168,184         | -                | 2,096,131           | 3,167,302                                                 |
| Net Cash Flows - Operating<br>Activities                                                          | <u>\$ 1,472,290</u>                         | <u>\$ 484,304</u> | <u>\$ 90,000</u> | <u>\$ 2,046,594</u> | <u>\$ 4,654,306</u>                                       |
| <b>NONCASH INVESTING, CAPITAL AND<br/>FINANCING ACTIVITIES</b>                                    |                                             |                   |                  |                     |                                                           |
| Contributions of Capital Assets from<br>Developers                                                | \$ 2,286,999                                | \$ 1,845,261      | \$ -             | \$ 4,132,260        | \$ 93,467                                                 |
| Transfer of Capital Assets                                                                        | (499,550)                                   | 711,701           | -                | 212,151             | (1,020)                                                   |
| Transfer of Lease Assets                                                                          | -                                           | -                 | -                | -                   | (40,000)                                                  |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2023**

|                            | <u>Custodial Fund</u><br><u>Southwest</u><br><u>Metro Drug</u><br><u>Task Force</u> |
|----------------------------|-------------------------------------------------------------------------------------|
| <b>ASSETS</b>              |                                                                                     |
| Cash and Investments       | \$ 565,070                                                                          |
| Due from Other Governments | 64,220                                                                              |
| Prepays                    | <u>7,270</u>                                                                        |
| Total Assets               | <u>636,560</u>                                                                      |
| <b>LIABILITIES</b>         |                                                                                     |
| Accounts Payable           | 2,571                                                                               |
| Deposits Payable           | 16,235                                                                              |
| Due to Other Governments   | <u>16,858</u>                                                                       |
| Total Liabilities          | <u>35,664</u>                                                                       |
| <b>NET POSITION</b>        |                                                                                     |
| Restricted for Task Force  | <u>600,896</u>                                                                      |
| Total Net Position         | <u><u>\$ 600,896</u></u>                                                            |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended December 31, 2023**

|                                                   | <u>Custodial Fund</u><br><u>Southwest</u><br><u>Metro Drug</u><br><u>Task Force</u> |
|---------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>Additions</b>                                  |                                                                                     |
| Member Contributions                              | \$ 53,550                                                                           |
| Investment Income                                 | 43,270                                                                              |
| Operating Grant- State                            | 161,563                                                                             |
| Forfeitures                                       | 55,490                                                                              |
| Total Additions                                   | <u>313,873</u>                                                                      |
| <b>Deductions</b>                                 |                                                                                     |
| Contracted Services                               | 43,029                                                                              |
| Vehicle Expenses                                  | 16,219                                                                              |
| Supplies and Evidence                             | 34,878                                                                              |
| Insurance                                         | 31,186                                                                              |
| Professional Fees                                 | 46,837                                                                              |
| Training                                          | 6,959                                                                               |
| Capital Outlay                                    | 5,980                                                                               |
| Total Deductions                                  | <u>185,088</u>                                                                      |
| Net Increase (Decrease) in Fiduciary Net Position | <u>128,785</u>                                                                      |
| Net Position, January 1                           | <u>472,111</u>                                                                      |
| Net Position, December 31                         | <u><u>\$ 600,896</u></u>                                                            |

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Shakopee is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the financial statements of the City because of the significance of their operational or financial relationships 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 it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit – Reported as if they were part of the City.

Discretely Presented Component Unit – Entails reporting the component unit financial data in statements separate from the financial date of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

**1. Blended Component Unit**

The Shakopee Economic Development Authority (EDA) was organized to promote development, improve housing and reduce blighted areas in the City. It is included by reason of the City Council having final approval for Shakopee EDA actions and the Shakopee EDA Board being comprised entirely of City Council Members. City staff handles Shakopee EDA activity including Shakopee EDA funds and the City approves Shakopee EDA tax levies and bonding activity. The City has operational responsibility of the EDA.

The activity of the Shakopee EDA is shown in the Shakopee EDA Special Revenue Fund in the City's financial statements. No separate financial statements for the Shakopee EDA are issued. For any information desired beyond what is presented in this report, contact the Finance Director for the City of Shakopee at 485 Gorman St., Shakopee, Minnesota 55379.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**2. Discretely Presented Component Unit**

The electric and water utilities of the Shakopee Public Utilities Commission (SPUC) are self-supporting entities and collectively comprise separate enterprise funds of the City of Shakopee (the “City”). The utility provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The utility accounts for the costs of electric and water operations on a continuing basis and is managed by the SPUC. The SPUC Board consists of five members who serve three year consecutive terms. SPUC is presented as a discretely presented component unit because of the nature and significance of its relationship with the primary government. Separate financial statements are included in this report for the SPUC Funds to emphasize that it is legally separate from the City. Based on its relationship with the City, it would be misleading to exclude SPUC as a component unit. It is this criterion that results in SPUC being reported as a discretely presented component unit. The complete financial statements can be obtained from the Shakopee Public Utility Commission, 225 Sarazin Street, Shakopee, Minnesota 55379.

**3. Joint Ventures and Jointly Governed Organizations**

**Local Government Information Systems**

Local Government Information Systems (LOGIS) is a joint venture of approximately 55 governmental entities that provides computerized data processing and support services to its members. Legally separate, the City does not appoint a voting majority of the Board and LOGIS is fiscally independent of the City. During 2023, the City paid \$369,242 to LOGIS for services provided which is included in expenditures of the General Fund and Information and Technology Internal Service Fund. Financial statements are available by contacting LOGIS, 5750 Duluth Street, Golden Valley, Minnesota 55422.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**4. Other Organizations**

**Shakopee Volunteer Fire Department Relief Association**

The Shakopee Volunteer Fire Department Relief Association (the “Association”) is organized as a nonprofit organization, legally separate from the City, by its members to provide pensions and other benefits to such members in accordance with Minnesota Statutes. It is not a component unit of the City because the Board of Directors is appointed by the membership of the Association and not by the City Council. The financial oversight of the City is limited to approval authority for amending the Association bylaws when the change results in an increase in the pension benefit level requiring an increased City contribution. The Association has the authority to levy its own taxes for pensions and deficits and would continue to exist for its members if the City was dissolved. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City’s reporting entity. On May 5, 2024, the Shakopee Volunteer Fire Department Relief Association dissolved. The Pension Plan Assets will be fully distributed in accordance with the Association’s bylaws.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

The South West Metro Task Force Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, this Fund is not incorporated into the government-wide 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 Custodial Funds report using the economic resources measurement focus and the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**Description of Funds:**

**Major Governmental Funds:**

General Fund – This Fund is the City’s primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

Major Governmental Funds: (Continued)

Economic Development Authority Special Revenue Fund – This Fund accounts for development, improve housing and reduce blighted areas of the City. It also accounts for the River City Centre tenants. Taxes, grants lease revenue and contributions are the dedicated funding sources.

Capital Improvement Capital Project Fund – This Fund accounts for the capital projects of the City not accounted for in separate capital funds.

TIF District No. 18 Canterbury Commons Capital Project Fund – This Fund accounts for tax increment financing district number 18- Canterbury Commons development project.

TIF District No. 20 Enclave Capital Project Fund – This Fund accounts for tax increment financing district number 20- old city hall redevelopment project.

Proprietary Funds:

Sewer Fund – This Fund accounts for operations of the City’s sewer utility.

Storm Drainage Fund – This Fund accounts for the activities of the City’s storm drainage utility.

Refuse Fund – This Fund accounts for operations associated with the City’s garbage carts and recycling operations.

Internal Service Funds:

Equipment Fund – This Fund accounts for the City’s funds accumulated for the acquisition of larger pieces of equipment.

Buildings Fund – This Fund accounts for the City’s funds accumulated for construction, improvement or major repairs of major public buildings.

Park Assets Fund – This Fund accounts for the City’s funds accumulated for the replacement of park assets.

Employee Benefits Fund – This Fund accounts for the City’s funds accumulated for compensated absences and OPEB.

Information and Technology Fund – This Fund accounts for the City’s funds accumulated for information technology resources.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

Internal Service Funds: (Continued)

Self Insurance Fund –This Fund is used to account for all revenues and expenses associated with premiums, deductibles and claims for general liability and workers compensation policy through LMCIT.

The City’s internal service funds are allocated between governmental and business-type activities and are combined, as allocated in Note 2, with the respective governmental activities and business-type activities in the government-wide financial statements.

Fiduciary Fund:

Southwest Metro Drug Task Force Custodial Fund – This Fund accounts for the activity related to the task force held by the City in a strictly custodial capacity.

Component Unit Funds:

Electric Fund – This Fund accounts for the operations of the SPUC’s electric utility.

Water Fund – This Fund accounts for the operations of the SPUC’s water utility.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. All funds of the City are included in the pooled investments with the exclusion of the 2022A bond proceeds which are included in the non-pooled investments and classified as restricted cash and investments.

The City and Component Unit's cash and cash equivalents are considered to be cash on hand, demand deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

Certain investments for the City and Component Unit are reported at fair value as disclosed in Note 4. The City and Component Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using matrix pricing model; Level 3 inputs are significant unobservable inputs.

Minnesota Statutes authorizes the City and Component Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Money Market Fund.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “interfund balances”.

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Scott County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

**3. Lease Receivable**

The City’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City/Commission may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**4. Inventory, Prepaid Items and Other Assets**

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

Inventories of enterprise funds are valued at average cost using the first in, first out (FIFO) method. Inventory in the governmental funds are recorded as an expenditure when consumed rather than when purchased.

Other assets include the Emergency Repairs Account and the asset and related amortization relating to the Electric Plant Acquisition.

**5. Land Held for Resale**

Land is acquired by the City for subsequent resale for redevelopment purposes. Land held for resale is reported as an asset at the lower of cost or estimated realized value in the fund that acquired it.

**6. Restricted Assets**

Certain cash and investments are classified as restricted. The City restricted cash and investments are restricted for unspent bond proceeds related to TIF District No. 18 Canterbury Commons. The Component Unit Electric Fund has monies restricted for customer deposits and debt service. The Component Unit Water Fund has monies restricted for water production and trunk distribution facility acquisition, based on trunk and connection fees collected from users, construction projects and debt service.

**7. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, 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, excluding the component unit, as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Capital assets for the component unit are defined as assets with an initial, individual cost of more than \$3,000 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 acquisition value at the date of donation. Intangible right to use assets are recorded at the value of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**7. Capital Assets (Continued)**

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.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives. Intangible right to use assets are depreciated over the life of the lease.

| <u>Assets</u>                          | <u>Years</u> |
|----------------------------------------|--------------|
| Buildings                              | 30-50        |
| Park Buildings                         | 30           |
| Building Improvements                  | 25           |
| Light Vehicles                         | 4-10         |
| Machinery and Equipment                | 4-20         |
| Electrical Utility Distribution System | 10-40        |
| Water Utility Distribution System      | 20-75        |
| Utility General Equipment              | 4-40         |
| Infrastructure                         | 30-75        |
| Fire Trucks                            | 20-25        |

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for the deferred charge related to pensions and other postemployment benefit resources. The Commission has one item that qualifies related to pensions. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**8. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and intergovernmental revenue. The City recognizes a deferred lease receivable under both the modified accrual and full accrual basis. Resources received in advance is reported in both the governmental fund financial statements and within the government-wide financial statements. This item are reported for amounts that have been received before time requirements are met, but after all other eligibility requirements have been met. The Commission presents deferred inflows of resources related to pensions, leases receivable and regulatory collections.

The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions and other postemployment benefit resources. Deferred inflows of resources related to pensions results from the net difference between projected and actual earnings on plan investments, changes in proportionate share and the differences between expected and actual economic experience.

**9. Compensated Absences**

Vacation and sick leave benefits are recorded as expenditures in the Employee Benefits Internal Service Fund and governmental funds when the obligations have matured and are expected to be liquidated with expendable financial resources. City employees earn vacation time based on years of City service. Employees who have 0 to 15 years of employment may accumulate no more than 240 hours. Employees who have 16 or more years of service may accumulate no more than 360 hours of vacation leave. Upon termination, employees will receive compensation for all unused vacation. Employees earn sick leave and may accumulate to a maximum of 960 hours. The City compensates employees who leave municipal service at the rate of 45% up to 15 years of service. After 15 years of service, employees who leave are compensated at the rate of 55% plus 2% for each year of service beyond 15 years up to 75% of unused sick leave.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**10. 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. Enterprise fund bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 expenditures.

**11. Pensions**

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

**12. Other Postemployment Benefits**

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable. The City has no assets accumulated in a trust that meets the criteria in GASB 75.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**13. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**14. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**15. Fund Equity**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the City's Finance Director based on the City Council's direction. Positive unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to a specific purpose in the General Fund. For governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. The City's policy is to consider unrestricted fund balance to be spent by City Council action, appropriations or emergency situations.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**15. Fund Equity (Continued)**

**a. Classification (Continued)**

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**b. Minimum Fund Balance**

The City's target General Fund balance is to maintain an unassigned level between 35% (minimum) and 50% of the ensuing year's budgeted expenditures. This level is to provide working capital for cash flow, expected decline in revenues and unforeseen expenditures such as natural

Replenishing fund balance when it falls below the target level shall be accomplished by interfund transfers or budgeting for expenditures and other uses to be less than revenues or other sources over a period not to exceed three years. Annually the City Council will decide what to do with the General Fund unassigned fund balance that exceeds 50% of the ensuing year's expenditure budget. Any excess fund balance transfers will not be used as a funding source for ongoing recurring expenditures.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund Balance Sheet includes reconciliation between fund balance – 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 "Internal Service Funds are used by management to charge the costs of providing certain services for the City."

|                                                                                                                      |                             |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Net Position of the Internal Service Funds                                                                           | \$ 52,545,286               |
| Less Portion Loss Related to Business-Type Activities                                                                | <u>(772,563)</u>            |
| Net Adjustment to Increase Fund Balance- Total Governmental Funds to Arrive at Net Position- Governmental Activities | <u><u>\$ 51,772,723</u></u> |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences between the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing various services for the City.” The details of this difference are as follows:

|                                                                                                                                               |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Change in Net Position of the Internal Service Fund                                                                                           | \$ 5,476,089        |
| Less the Net of Indirect Revenues and Expense                                                                                                 | <u>(72,520)</u>     |
| Net Adjustment to Decrease Net Change in Fund Balances - Total Government Funds to Arrive at Changes in Net position of Government Activities | <u>\$ 5,403,569</u> |

**C. Explanation of Certain Differences between the Proprietary Fund Statements of Net Position and the Government-Wide Statement of Net Position**

The proprietary fund Statement of Net Position includes reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide Statement of Net Position. The description of the sole reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details are as follows:

|                                                                                                  |                   |
|--------------------------------------------------------------------------------------------------|-------------------|
| Internal Payable Representing Costs less than Charges to Business- Type Activities- Current Year | <u>\$ 772,563</u> |
|--------------------------------------------------------------------------------------------------|-------------------|

**D. Explanation of Certain Differences between the Proprietary Fund Statements of Revenues, Expenses, and Changes in Net Position and the Government-Wide Statement of Activities**

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing various services for the City.” The details of this difference are as follows:

|                                                                                                                                                  |                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Net adjustment to Increase Net Change in Fund Balances- Total Enterprise Funds to Arrive at Changes in Net Position of Business- Type Activities | <u>\$ 72,520</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------|

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annually appropriated budgets are adopted for the General Fund and EDA.

Budgeted amounts present the originally adopted budget and final amended budget approved by the City Council. The City does not use encumbrances. Budgeted expenditure appropriations lapse at year-end.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Expenditures may not legally exceed budgeted appropriations at the division level. The division level expenditures are presented in the schedule of revenues, expenditures and changes in fund balances – budget and actual – general fund. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between divisions within any fund. Management may amend budgets within a division level, so long as the total division budget is not changed.
5. An annual budget is adopted for the General Fund and EDA. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and budgets are not adopted.
6. Budgeted amounts are as originally adopted and as amended in December by the City Council. Budgeted expenditure appropriations lapse at year-end.

**B. Deficit Net Position and Fund Balance**

The TIF District No. 18 Canterbury Common capital project fund had a negative fund balance of \$2,226,524 on December 31, 2023 as a result of construction on River City Centre and roads in the Canterbury district. Future tax increment revenues are anticipated to eliminate this deficit.

The TIF District No. 19 Riverfront capital project fund had a negative fund balance of \$1,615,149 on December 31, 2023 as a result of public infrastructure costs. Future tax increment revenues are anticipated to eliminate this deficit.

The TIF District No. 20 Enclave capital project fund had a negative fund balance of \$2,404,535 on December 31, 2023 as a result of lot improvements at the former city hall site. Future tax increment revenue is anticipated to eliminate this deficit.

The 2022A GO Tax Increment Revenue Bond debt service fund had a negative fund balance of \$90,849 on December 31, 2023 as a result of less increment received than originally forecasted. Future tax increment revenue is anticipated to eliminate this deficit.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Deficit Net Position and Fund Balance (Continued)**

The Refuse enterprise fund had a negative net position of \$122,457 on December 31, 2023 as a result of an agreement with the refuse hauler to purchase garbage carts from the city. The city will receive an annual cart fee payment which is used to pay off the advance to the sewer fund and is anticipated to eliminate this deficit.

The Employee Benefits internal service fund had a negative net position of \$1,370,516 on December 31, 2023. This deficit has been in place for many years and is not expected to be resolved. Management's position is that the cash balance should be sufficient enough to cover the current compensated absences and not necessarily the noncurrent portion of compensated absences.

**C. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2023 expenditures exceeded appropriations in the following fund:

| Major Fund                     | <u>Budget</u> | <u>Actual</u> | <u>Excess of<br/>Expenditures Over<br/>Appropriations</u> |
|--------------------------------|---------------|---------------|-----------------------------------------------------------|
| Economic Development Authority | \$ 752,750    | \$ 4,285,807  | \$ 3,533,057                                              |

The EDA board approved major improvements to the building at River City Centre. The excess expenditures were funded from a transfer from TIF District No. 18 Canterbury Commons Capital Project Fund.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

In accordance with applicable Minnesota Statutes, the City and the Component Unit maintains deposits at depository banks authorized by the City Council and the Commissioners.

**Custodial Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Minnesota Statutes 118A.04 and 188A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy references Minnesota Statutes and further limits the types of investments that the City is allowed to invest in. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by Minnesota Statutes 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2023, the City and Commission's bank balances were not exposed to custodial credit risk because they were insured through Federal Deposit Insurance Corporation (FDIC), National Credit Union Association (NCUA) and properly collateralized with securities held by the pledging financial institutions' trust departments or agents in the City's name.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

As of December 31, 2023, the City had the following deposits:

|                         |                             |
|-------------------------|-----------------------------|
| City Deposits           | \$ 3,299,451                |
| Component Unit Deposits | <u>17,200,555</u>           |
| Total Deposits          | <u><u>\$ 20,500,006</u></u> |

**B. Investments**

As of December 31, 2023, the City held the following investments:

|                                | Value                       | Years to Maturity           |                             |                             |                          | Concentration | Moody's Rating |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------|---------------|----------------|
|                                |                             | Less than One Year          | 1-5 Years                   | 5-10 Years                  | 10-15 Years              |               |                |
| <b>Pooled Investments:</b>     |                             |                             |                             |                             |                          |               |                |
| Certificate of Deposit         | \$ 14,994,547               | \$ 5,308,800                | \$ 9,179,830                | 505,917                     | -                        | 15.81%        | NR             |
| Money Market Fund              | 3,395,557                   | 3,395,557                   | -                           | -                           | -                        | 3.58%         | NR             |
| Agencies                       |                             |                             |                             |                             |                          |               |                |
| FFCB                           | 7,977,128                   | 1,478,700                   | 4,778,118                   | 1,720,310                   | -                        | 8.41%         | AAA            |
| FAMC                           | 1,413,288                   | -                           | 1,413,288                   | -                           | -                        | 1.49%         | AAA            |
| FHLB                           | 17,433,783                  | 5,022,465                   | 10,292,102                  | 2,119,216                   | -                        | 18.39%        | AAA            |
| FHLMC                          | 2,764,878                   | -                           | 2,764,878                   | -                           | -                        | 2.92%         | AAA            |
| FNMA                           | 4,998,093                   | -                           | 3,545,155                   | 1,452,938                   | -                        | 5.27%         | AAA            |
| TVA                            | 948,490                     | -                           | 948,490                     | -                           | -                        | 1.00%         | AAA            |
| Agencies- Mortgage Backed      |                             |                             |                             |                             |                          |               |                |
| FHLMC                          | 527,243                     | -                           | 12,073                      | 515,170                     | -                        | 0.56%         | AAA            |
| FNMA                           | 2,634,428                   | -                           | 215,272                     | 1,582,224                   | 836,932                  | 2.78%         | AAA            |
| SBA                            | 247,555                     | -                           | -                           | 247,555                     | -                        | 0.26%         | AAA            |
| Agency Discount Notes          |                             |                             |                             |                             |                          |               |                |
| FHLB                           | 699,741                     | 699,741                     | -                           | -                           | -                        | 0.74%         | AAA            |
| Municipal Bond                 | 13,971,098                  | 127,425                     | 9,638,972                   | 4,204,701                   | -                        | 14.73%        | AAA-AA3        |
| US Treasury Notes              | 22,810,750                  | 14,406,799                  | 8,403,951                   | -                           | -                        | 24.06%        | NR             |
| <b>Non-Pooled Investments:</b> |                             |                             |                             |                             |                          |               |                |
| Money Market Fund              | <u>1,513,983</u>            | <u>1,513,983</u>            | <u>-</u>                    | <u>-</u>                    | <u>-</u>                 | 100.00%       | NR             |
| Total Investments              | <u><u>\$ 96,330,562</u></u> | <u><u>\$ 31,953,470</u></u> | <u><u>\$ 51,192,129</u></u> | <u><u>\$ 12,348,031</u></u> | <u><u>\$ 836,932</u></u> |               |                |

As of December 31, 2023, the component units had the following investments:

|                            | Value                       | Years to Maturity           |                             |                          |                    | Concentration | Moody's Rating |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------|--------------------|---------------|----------------|
|                            |                             | Less than One Year          | 1-5 Years                   | 5-10 Years               | 10-15 Years        |               |                |
| <b>Pooled Investments:</b> |                             |                             |                             |                          |                    |               |                |
| 4M Fund                    | \$ 2,480,034                | \$ 2,480,034                | \$ -                        | \$ -                     | \$ -               | 3.91%         | NR             |
| 4M Plus Fund               | 8,546,272                   | 8,546,272                   | -                           | -                        | -                  | 13.46%        | NR             |
| Money Market Fund          | 9,208,430                   | 9,208,430                   | -                           | -                        | -                  | 14.50%        | NR             |
| Municipal Bonds            | 962,655                     | 151,574                     | 811,081                     | -                        | -                  | 1.52%         | AA             |
| US Treasuries              | 36,767,216                  | 16,439,470                  | 20,327,746                  | -                        | -                  | 57.91%        | N/A            |
| US Agencies                | <u>5,523,601</u>            | <u>1,325,267</u>            | <u>4,007,691</u>            | <u>190,643</u>           | <u>-</u>           | 8.70%         | AAA            |
| Total Investments          | <u><u>\$ 63,488,208</u></u> | <u><u>\$ 38,151,047</u></u> | <u><u>\$ 25,146,518</u></u> | <u><u>\$ 190,643</u></u> | <u><u>\$ -</u></u> |               |                |

The City's investment policy, which covers all funds except the component units, addresses the following risks. The City's component units also have a formal policy to address the following risks.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Minnesota Statutes 118A.04 and 188A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy references Minnesota Statutes and further limits the types of investments that the City is allowed to invest in. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when Considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states all securities purchased, including appropriate collateral, shall be placed with an independent third party for custodial safekeeping. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation). As of December 31, 2023, all investments of the City and the component units were insured, registered and held by the City or its agent and in the City's name, or by the SPUC and in the SPUC's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's policy states the investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. To the extent possible, the City shall attempt to match its investments in short-term operating funds with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ten years from the date of purchase. Long-term funds shall not be invested in securities exceeding 10 years in modified duration, at time of purchase. The Commission's policy states that will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operation, thereby avoiding the need to sell securities on the open market prior to maturity.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. According to the City's investment policy, the aggregate investment portfolio shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding securities backed by the U.S. government).
- Limiting investments in securities that have higher credit risks.
- Investing in securities with varying maturities.
- Continuously investing a portion of the portfolio in readily available funds, such as Local Government Investment Pools (LGIP), money market funds or repurchase agreements to ensure appropriate liquidity is maintained in order to meet ongoing obligations.
- Having all investments, other than those in direct obligations or agencies of the United States, secured by collateral or repurchase agreements, shall not exceed 50% of the aggregate investment portfolio. Mortgage backed securities shall not exceed 30% of the aggregate investment portfolio, at the time of investment.
- Limiting investments in any one corporation to 5% of the aggregate investment portfolio.

The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with the Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through a SIPC (Securities Investor Protection Corporation). As of December 31, 2023 the City held investments that exceeded 5% of its total investments for all funds as noted in the table on the previous page. The component units' investments noted in the table above exceeded 5% of its total investments as of December 31, 2023.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The City has the following recurring fair value measurements as of December 31, 2023:

|                                   |               | Fair Value Measurement Using |               |         |  |
|-----------------------------------|---------------|------------------------------|---------------|---------|--|
| Value                             |               | Level 1                      | Level 2       | Level 3 |  |
| <b>Investments at Fair Value:</b> |               |                              |               |         |  |
| Certificate of Deposit            | \$ 14,994,547 | \$ -                         | \$ 14,994,547 | \$ -    |  |
| Agencies                          |               |                              |               |         |  |
| FFCB                              | 7,977,128     | -                            | 7,977,128     | -       |  |
| FAMC                              | 1,413,288     | -                            | 1,413,288     | -       |  |
| FHLB                              | 18,133,524    | -                            | 18,133,524    | -       |  |
| FHLMC                             | 3,292,121     | -                            | 3,292,121     | -       |  |
| FNMA                              | 7,632,521     | -                            | 7,632,521     | -       |  |
| TVA                               | 948,490       | -                            | 948,490       | -       |  |
| SBA                               | 247,555       | -                            | 247,555       | -       |  |
| Municipal Bond                    | 13,971,098    | -                            | 13,971,098    | -       |  |
| US Treasury Notes                 | 22,810,750    | 22,810,750                   | -             | -       |  |
| Total/Subtotal                    | 91,421,022    | \$ 22,810,750                | \$ 68,610,272 | \$ -    |  |

**Investments at Amortized Cost:**

|                   |               |
|-------------------|---------------|
| Money Market Fund | 4,909,540     |
| Total             | \$ 96,330,562 |

The Commission has the following recurring fair value measurements as of December 31, 2023:

|                                   |              | Fair Value Measurement Using |              |         |
|-----------------------------------|--------------|------------------------------|--------------|---------|
|                                   | Value        | Level 1                      | Level 2      | Level 3 |
| <b>Investments at Fair Value:</b> |              |                              |              |         |
| Agencies                          | \$ 5,523,601 | \$ -                         | \$ 5,523,601 | \$ -    |
| Municipal Bond                    | 962,655      | -                            | 962,655      | -       |
| US Treasury Notes                 | 36,767,216   | 36,767,216                   | -            | -       |
| Total/Subtotal                    | 43,253,472   | \$ 36,767,216                | \$ 6,486,256 | \$ -    |

**Investments at Amortized Cost:**

|                   |               |
|-------------------|---------------|
| 4M                | 2,480,034     |
| 4M Plus           | 8,546,272     |
| Money Market Fund | 9,208,430     |
| Total             | \$ 63,488,208 |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Publicly traded assets are valued in accordance with market quotation or valuation methods from services believed by our broker to be reliable. Assets, which are not publicly traded, may reflect values from other external sources or special valuations prepared by our broker. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value of \$1.00.

The following is a summary of total deposits and investments as of December 31, 2023:

|                                |                              |
|--------------------------------|------------------------------|
| City Deposits                  | \$ 3,299,451                 |
| Component Unit Deposits        | 17,200,555                   |
| City Investments               | 96,330,562                   |
| Component Unit Investments     | 63,488,208                   |
| City Petty Cash                | 3,772                        |
| Component Unit Petty Cash      | 1,600                        |
|                                | <hr/>                        |
| Total Deposits and Investments | <u><u>\$ 180,324,148</u></u> |

Deposits and investments are presented in the December 31, 2023 basic financial statements as follows:

|                                 | Primary<br>Government       | Fiduciary<br>Funds       | Component<br>Unit           | Total                        |
|---------------------------------|-----------------------------|--------------------------|-----------------------------|------------------------------|
| Statement of Net Position:      |                             |                          |                             |                              |
| Cash and Investments            | \$ 97,554,732               | \$ 565,070               | \$ 59,001,074               | \$ 157,120,876               |
| Restricted Cash and Investments | 1,513,983                   | -                        | 21,689,289                  | 23,203,272                   |
|                                 | <hr/>                       | <hr/>                    | <hr/>                       | <hr/>                        |
| Total                           | <u><u>\$ 99,068,715</u></u> | <u><u>\$ 565,070</u></u> | <u><u>\$ 80,690,363</u></u> | <u><u>\$ 180,324,148</u></u> |

**NOTE 5 – RECEIVABLES/UNAVAILABLE REVENUE**

**A. Taxes, Assessments, Notes Receivable, Intergovernmental Revenue**

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

|                                | Delinquent<br>Property<br>Taxes | Delinquent<br>Special<br>Assessments | Deferred<br>Special<br>Assessments | Intergovernmental<br>Revenue | Total                      |
|--------------------------------|---------------------------------|--------------------------------------|------------------------------------|------------------------------|----------------------------|
| General Fund                   | \$ 141,543                      | \$ 3,915                             | \$ 16,483                          | \$ -                         | \$ 161,941                 |
| Economic Development Authority | 2,915                           | -                                    | -                                  | -                            | 2,915                      |
| Capital Improvement            | -                               | 2,434                                | 1,108,425                          | 445,470                      | 1,556,329                  |
| Nonmajor Funds                 | -                               | 26                                   | 757,427                            | -                            | 757,453                    |
|                                | <hr/>                           | <hr/>                                | <hr/>                              | <hr/>                        | <hr/>                      |
| Total                          | <u><u>\$ 144,458</u></u>        | <u><u>\$ 6,375</u></u>               | <u><u>\$ 1,882,335</u></u>         | <u><u>\$ 445,470</u></u>     | <u><u>\$ 2,478,638</u></u> |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 – RECEIVABLES/UNAVAILABLE REVENUE (CONTINUED)**

**B. Lease Receivable**

As of December 31, 2023 the City had the following lease receivable:

| Description            | Issue Date | Discount Rate | Current Year Inflow of Resources | Other Payments Received | Balance at Year End |
|------------------------|------------|---------------|----------------------------------|-------------------------|---------------------|
| Shakopee Cell Towers   | 01/01/22   | 1.80%         | \$ 12,408                        | \$ -                    | \$ 243,825          |
| Ice Arena Dryland Room | 04/01/22   | 1.30%         | 24,450                           | 4,311                   | 81,893              |
| Ice Arena Room Rental  | 09/19/23   | 5.01%         | 4,668                            | -                       | 27,477              |
| River City Centre      | 08/01/22   | 0.44%-1.80%   | 336,014                          | 18,036                  | 1,902,462           |
|                        |            |               |                                  |                         | <u>\$ 2,255,657</u> |

Under the Shakopee cell tower lease, the vendor pays the city \$962 per month for 2 months for operating cell tower leases in the City of Shakopee. Each February lease payments increase 4% until the final payment on January 2040. Each term is 5 years and if cancelled must be cancelled prior to the start of the term.

Under the Shakopee Ice Arena Dryland Room lease, the orthopedic vendor pays the city \$2,000 per month for twelve months in exchange for operating its business within a 6,100 square foot space in the dryland room of the Ice Arena building. The monthly rent increases 2.5% per year for an additional four years. The lessee makes an additional variable payment equal to 5 percent of gross sales of all unlicensed athletic training services not to exceed \$6,000.

Under the Ice Arena Skate School lease, the vendor pays the City \$1,160 per month for twelve months in exchange for use of 3 rooms within the Ice Arena building. The monthly rent increases 2.5% per year until the lease ends on January 1, 2026. The lessee makes an additional variable payment equal to hourly ice time based on enrollment ranging from \$200 per hour up to \$225 per hour. Additionally variable payments ranging from \$5,500 to \$14,000 per month are received based on enrollment for the use of ice.

The River City Centre leases were purchased by the EDA as of August 2022. All current tenants became tenants of the city at that time. There are a total of 13 units in the space. Rent is paid by all tenants to operate their business within their designated unit of the River City Centre building. The space is the retail/commercial space on the first floors of building A and B of River City Centre.

Under the River City Center Building lease:

- \* The insurance vendor operates its business within a 1,883 square foot unit. The payment terms vary over the life of the lease. The city is paid \$2,197 per month for five months while the tenant is getting set up. After the introductory rate, the city is then paid \$2,275 per month for twelve months increasing 3% every twelve months for 60 additional months. The lease ends December 2028.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 – RECEIVABLES/UNAVAILABLE REVENUE (CONTINUED)**

**B. Lease Receivable (Continued)**

- \* The service industry vendor operates its business within a 2,421 square foot unit. The city is paid \$3,533 per month for eight months increasing 3% for the next twelve months and 3% again until the end of the lease. The lease ends May 2024.
- \* The retail space vendor operates its business within a 3,490 square foot unit. The payment terms vary over the life of the lease. The city is paid nothing for the first two months increased to \$3,272 per month for nine months while the tenant is getting set up. After the introductory rate, the city is then paid \$4,944 per month for twelve months increasing 5% every twelve months for 96 additional months. The lease ends June 2032.
- \* The service industry vendor operates its business within a 1,290 square foot unit. The city is paid \$1,720 per month for 19 months. The lease ends February 2024. The lessee makes additional variable payments monthly to cover the operating cost of its space.
- \* The retail vendor operates its business within a 1,721 square foot unit. The city is paid \$2,438 per month for the first five months. Every January rent is increased 3% for the remaining 50 months. The lease ends February 2027.
- \* The restaurant vendor operates its business within a 1,608 square foot unit. The city is paid \$2,948 per month for the first four months. Every December rent is increased 2-3% based on the lease terms for the remaining 108 months. The lease ends November 2031.
- \* The retail vendor operates its business within a 1,732 square foot unit. The city is paid nothing for the first three months while the tenant is getting set up. Rent is then \$2,454 per month for eight months. Each July rent is increased 3% per month for 36 months. There is one last 3% increase to finish out the remaining 16 months of the lease. The lease ends October 2027.
- \* The hospitality vendor operates its business within a 1,470 square foot unit. The city is paid \$1,600 per month for 12 months. Rent is then increased to \$1,650 for the next 24 months and \$1,715 for the following 24 months. The lease ends April 2028.
- \* The medical vendor operates its business within a 1,470 square foot unit. The city is paid \$2,327 per month for 24 months. Rent is then increased to \$2,389 for the next 24 months and \$2,450 for the final 12 months. The lease ends June 2028.
- \* The retail vendor operates its business within a 1,993 square foot unit. The payment terms vary over the life of the lease. The city is paid \$3,322 per month for twelve months increasing 2.5%, 2.44%, 2.38% and 2.33% every twelve months for 48 additional months. The lease ends August 2028.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 – RECEIVABLES/UNAVAILABLE REVENUE (CONTINUED)**

**B. Lease Receivable (Continued)**

- \* The health care vendor operates its business within a 2,006 square foot unit. The city is paid \$2,971 per month for seven months increasing 3% for the next 24 months and 3% one additional time until the end of the lease. The lease ends February 2027. The lessee makes an additional variable payment to cover the operating cost of its space.

The Commission, acting as lessor, leases water tower space for cellular services under long-term, non-cancelable lease agreements. The leases expire at various dates through 2038. During the year ended December 31, 2023, the Commission recognized \$176,446 and \$54,735 in lease revenue and interest revenue, respectively, pursuant to these contracts. Certain leases provided for increases in future minimum annual rental payments of either 3 or 4 percent. Total commissions lease receivable at year end is \$2,356,913.

**C. Notes Receivable**

In 2003 the City entered into an agreement for a note receivable to be reimbursed for developing certain property located within the City. The project consisted of a twenty-two (22) unit residential, rental townhome development to be constructed primarily for the purpose of providing low- and moderate-income housing. The term of the note is the later of December 31, 2033 or the maturity date of the Minnesota Housing Finance Agency (MHFA) first mortgage loan with respect to the project. The receivable related to the note is \$200,000.

**D. Forgivable Loan**

The Economic Development Authority (EDA) offers a commercial exterior improvement program which is used to encourage property owners to maintain and invest in their properties in order to promote economic growth. The program offers up to 50 percent of project costs for eligible improvements as a no-interest forgivable loan. Forgiveness of the loan takes place over a five-year period with 20 percent of the amount forgiven annually. The city may extend or reduce the repayment period based on the dollar amount of the reward. As of December 31, 2023, the balance of these loans is \$277,226. There has been an allowance for doubtful accounts recorded for the same amount, as it is fully expected that these loans will be forgiven.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 – CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2023 was as follows:

|                                                           | Beginning<br>Balance<br>(Restated) | Increases            | Decreases           | Ending<br>Balance    |
|-----------------------------------------------------------|------------------------------------|----------------------|---------------------|----------------------|
| Governmental Activities:                                  |                                    |                      |                     |                      |
| Capital Assets not being<br>Depreciated/Amortized:        |                                    |                      |                     |                      |
| Land                                                      | \$ 24,993,664                      | \$ 134,552           | \$ -                | \$ 25,128,216        |
| Right-Of-Way                                              | 1,180,011                          | 29,762               | -                   | 1,209,773            |
| Construction in Progress                                  | 5,206,035                          | 7,998,845            | 2,318,133           | 10,886,747           |
| Total Capital Assets not being<br>Depreciated/Amortized   | <u>31,379,710</u>                  | <u>8,163,159</u>     | <u>2,318,133</u>    | <u>37,224,736</u>    |
| Capital Assets being Depreciated/<br>Amortized:           |                                    |                      |                     |                      |
| Buildings                                                 | 73,963,101                         | 1,236,297            | 1,089,974           | 74,109,424           |
| Infrastructure                                            | 195,329,909                        | 10,752,457           | -                   | 206,082,366          |
| Machinery and Equipment                                   | 27,924,748                         | 3,104,693            | 2,715,295           | 28,314,146           |
| Leased Equipment (Intangible Right<br>to Use Asset)       | 149,502                            | 550,712              | -                   | 700,214              |
| Subscription-Based Information<br>Technology Software     | -                                  | 225,930              | -                   | 225,930              |
| Total Capital Assets being<br>Depreciated/Amortized       | <u>297,367,260</u>                 | <u>15,870,089</u>    | <u>3,805,269</u>    | <u>309,432,080</u>   |
| Less Accumulated Depreciation/<br>Amortization:           |                                    |                      |                     |                      |
| Buildings                                                 | 20,693,534                         | 1,618,645            | 626,880             | 21,685,299           |
| Infrastructure                                            | 110,991,695                        | 5,651,709            | -                   | 116,643,404          |
| Machinery and Equipment                                   | 13,701,265                         | 1,587,611            | 2,326,697           | 12,962,179           |
| Leased Equipment (Intangible Right<br>to Use Asset)       | 39,290                             | 69,410               | -                   | 108,700              |
| Subscription-Based Information<br>Technology Software     | -                                  | 60,566               | -                   | 60,566               |
| Total Accumulated Depreciation/<br>Amortization           | <u>145,425,784</u>                 | <u>8,987,941</u>     | <u>2,953,577</u>    | <u>151,460,148</u>   |
| Total Capital Assets being Depreciated/<br>Amortized, Net | <u>151,941,476</u>                 | <u>6,882,148</u>     | <u>851,692</u>      | <u>157,971,932</u>   |
| Governmental Activities Capital<br>Assets, Net            | <u>\$183,321,186</u>               | <u>\$ 15,045,307</u> | <u>\$ 3,169,825</u> | <u>\$195,196,668</u> |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:

|                      |               |
|----------------------|---------------|
| General Government   | \$ 359,767    |
| Public Safety        | 794,801       |
| Public Works         | 5,786,709     |
| Parks and Recreation | 1,983,261     |
| Economic Development | <u>63,403</u> |

|                                                                  |                     |
|------------------------------------------------------------------|---------------------|
| Total Depreciation/Amortization Expense- Governmental Activities | <u>\$ 8,987,941</u> |
|------------------------------------------------------------------|---------------------|

Business-type capital asset activity for the year ended December 31, 2023 was as follows:

|                                                 | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|-------------------------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| Business-Type Activities:                       |                              |                     |                     |                           |
| Capital Assets not being<br>Depreciated:        |                              |                     |                     |                           |
| Land                                            | \$ 3,796,803                 | \$ -                | \$ -                | \$ 3,796,803              |
| Right-Of-Way                                    | 507,746                      | -                   | -                   | 507,746                   |
| Construction in Progress                        | <u>7,393,017</u>             | <u>2,543,651</u>    | <u>3,346,950</u>    | <u>6,589,718</u>          |
| Total Capital Assets<br>not being Depreciated   | <u>11,697,566</u>            | <u>2,543,651</u>    | <u>3,346,950</u>    | <u>10,894,267</u>         |
| Capital Assets being<br>Depreciated:            |                              |                     |                     |                           |
| Line Rights                                     | 1,368,569                    | -                   | -                   | 1,368,569                 |
| Plant in Service                                | 124,826,934                  | 5,406,571           | -                   | 130,233,505               |
| Machinery and Equipment                         | <u>4,132,278</u>             | <u>113,719</u>      | <u>70,560</u>       | <u>4,175,437</u>          |
| Total Capital Assets<br>being Depreciated       | <u>130,327,781</u>           | <u>5,520,290</u>    | <u>70,560</u>       | <u>135,777,511</u>        |
| Less Accumulated<br>Depreciation for:           |                              |                     |                     |                           |
| Line Rights                                     | 725,028                      | 24,734              | -                   | 749,762                   |
| Plant in Service                                | 34,083,222                   | 1,891,499           | -                   | 35,974,721                |
| Machinery and Equipment                         | <u>2,113,103</u>             | <u>203,122</u>      | <u>7,050</u>        | <u>2,309,175</u>          |
| Total Accumulated<br>Depreciation               | <u>36,921,353</u>            | <u>2,119,355</u>    | <u>7,050</u>        | <u>39,033,658</u>         |
| Total Capital Assets being<br>Depreciated, Net  | <u>93,406,428</u>            | <u>3,400,935</u>    | <u>63,510</u>       | <u>96,743,853</u>         |
| Business-Type Activities Capital<br>Assets, Net | <u>\$105,103,994</u>         | <u>\$ 5,944,586</u> | <u>\$ 3,410,460</u> | <u>\$107,638,120</u>      |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

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

Business-Type Activities:

|                |                  |
|----------------|------------------|
| Sanitary Sewer | \$ 976,276       |
| Storm Drainage | <u>1,143,079</u> |

|                                                      |                         |
|------------------------------------------------------|-------------------------|
| Total Depreciation Expense- Business-Type Activities | <u><u>2,119,355</u></u> |
|------------------------------------------------------|-------------------------|

Component unit capital asset activity for the year ended December 31, 2023 was as follows:

|                                                          | Beginning<br>Balance        | Increases                   | Decreases                   | Ending<br>Balance           |
|----------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Component Unit Capital Assets<br>not being Depreciated:  |                             |                             |                             |                             |
| Land and Land Rights                                     | \$ 6,329,702                | \$ 2,818,880                | \$ -                        | \$ 9,148,582                |
| Construction in Progress                                 | <u>7,804,134</u>            | <u>14,631,195</u>           | <u>13,164,497</u>           | <u>9,270,832</u>            |
| Total Capital Assets<br>not being Depreciated            | <u>14,133,836</u>           | <u>17,450,075</u>           | <u>13,164,497</u>           | <u>18,419,414</u>           |
| Capital Assets being Depreciated/<br>Amortized:          |                             |                             |                             |                             |
| Distribution                                             | 143,330,732                 | 16,453,004                  | 1,341,970                   | 158,441,766                 |
| General                                                  | 20,432,305                  | 593,558                     | 372,531                     | 20,653,332                  |
| Subscription-Based Information<br>Technology Software    | <u>-</u>                    | <u>622,787</u>              | <u>-</u>                    | <u>622,787</u>              |
| Total Capital Assets<br>being Depreciated                | <u>163,763,037</u>          | <u>17,669,349</u>           | <u>1,714,501</u>            | <u>179,717,885</u>          |
| Less Accumulated Depreciation/<br>Amortization:          | <u>62,582,477</u>           | <u>6,609,562</u>            | <u>811,046</u>              | <u>68,380,993</u>           |
| Total Capital Assets being<br>Depreciated/Amortized, Net | <u>101,180,560</u>          | <u>11,059,787</u>           | <u>903,455</u>              | <u>111,336,892</u>          |
| Governmental Activities Capital<br>Assets, Net           | <u><u>\$115,314,396</u></u> | <u><u>\$ 28,509,862</u></u> | <u><u>\$ 14,067,952</u></u> | <u><u>\$129,756,306</u></u> |

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

Component Units:

|          |                  |
|----------|------------------|
| Electric | \$ 3,495,150     |
| Water    | <u>3,114,412</u> |

|                                                       |                         |
|-------------------------------------------------------|-------------------------|
| Total Depreciation Expense- Component Unit Activities | <u><u>6,609,562</u></u> |
|-------------------------------------------------------|-------------------------|

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Document management software
- Information technology security software
- Cloud backup services software
- Public safety software
- Registration and management software

The total of the City's subscription assets are recorded at a cost of \$225,930, less accumulated amortization of \$60,566.

**NOTE 8 – LONG-TERM DEBT**

**A. General Obligation Bonds**

The City issues general obligation (G.O.) bonds to provide for financing tax increment projects, street improvements and construction of government buildings. Tax increment bonds are paid from tax increments derived from increases in the taxable valuation of property within a redevelopment area in the City. Debt service on improvement bonds is covered by special assessment against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal debt service payment each year. G.O. bonds currently outstanding are on the following page.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**B. Components of Long-Term Liabilities**

|                                   | Issue<br>Date | Interest<br>Rates | Original<br>Issue | Final<br>Maturity | Principal<br>Outstanding | Due Within<br>One Year |
|-----------------------------------|---------------|-------------------|-------------------|-------------------|--------------------------|------------------------|
| Governmental Activities:          |               |                   |                   |                   |                          |                        |
| G.O. Bonds:                       |               |                   |                   |                   |                          |                        |
| G.O. Tax Abatement<br>Bonds 2016A | 01/21/16      | 3.00%-5.00%       | 29,500,000        | 02/01/36          | \$ 22,415,000            | \$ 1,355,000           |
| G.O. Tax Increment Bonds:         |               |                   |                   |                   |                          |                        |
| 2019A                             | 10/17/19      | 2.25%-5.00%       | 4,220,000         | 02/01/36          | 3,790,000                | 230,000                |
| 2020A                             | 07/02/20      | 2.00%-4.00%       | 8,165,000         | 02/01/37          | 7,755,000                | 425,000                |
| 2022A                             | 05/19/22      | 3.00%             | 5,910,000         | 08/01/41          | 5,910,000                | 75,000                 |
| G.O. Improvement Bonds:           |               |                   |                   |                   |                          |                        |
| 2022A                             | 05/19/22      | 3.00%             | 4,090,000         | 02/01/33          | 4,090,000                | 395,000                |
| Total G.O. Bonds                  |               |                   |                   |                   | <u>43,960,000</u>        | <u>2,480,000</u>       |
| Unamortized Premiums              |               |                   |                   |                   | 2,117,663                | -                      |
| Lease Payable                     |               |                   |                   |                   | 569,207                  | 226,555                |
| SBITA Payable                     |               |                   |                   |                   | 121,483                  | 84,928                 |
| Compensated Absences              |               |                   |                   |                   | <u>2,946,355</u>         | <u>1,325,860</u>       |
| Total Governmental<br>Activities  |               |                   |                   |                   | <u>\$ 49,714,708</u>     | <u>\$ 4,117,343</u>    |
| Business-Type Activities          |               |                   |                   |                   |                          |                        |
| Compensated Absences              |               |                   |                   |                   | <u>\$ 63,460</u>         | <u>\$ 28,557</u>       |

Tax abatement bonds listed above were issued to finance acquisition and construction of capital facilities. Improvement bonds provided the financing for street construction projects. Tax increment bonds provided the financing for the construction of streets and utilities related to a redevelopment area in the City. For the most part, the General Fund and the Employee Benefits Internal Service Fund are typically used to liquidate governmental compensated absences payable.

**C. Lease Payable**

| Description            | Total Lease<br>Liability | Interest<br>Rate | Issue Date | Payment<br>Terms | Payment Amount  | Current Year<br>Additional<br>Outflows |
|------------------------|--------------------------|------------------|------------|------------------|-----------------|----------------------------------------|
| Fire Fitness Equipment | \$ 18,323                | 10.43%           | 7/1/2022   | 48 months        | \$671 Monthly   | \$ -                                   |
| Cardio Equipment       | 54,941                   | 7.48%            | 1/1/2022   | 41 months        | \$3,395 Monthly | -                                      |
| Postage Machines       | 11,586                   | 4.92%            | 12/1/2023  | 63 months        | \$212 Monthly   | -                                      |
| Body Cameras           | 358,874                  | 4.37%            | 10/1/2023  | 60 months        | \$79,718 Yearly | -                                      |
| Fleet Cameras          | 125,483                  | 4.37%            | 10/1/2023  | 60 months        | \$27,023 Yearly | -                                      |
|                        | <u>\$ 569,207</u>        |                  |            |                  |                 |                                        |

The cardio equipment was leased at the Community Center. The lease is for 41 months. The lease can be renewed for an additional 30 day renewal but the City does not anticipate renewing for an additional term and the equipment will be returned. The interest rate on the lease is 7.48%.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**C. Lease Payable (Continued)**

The fitness equipment was leased at the Fire Department beginning 7/1/2022 for a term of 48 months at a fixed interest rate of 10.43%. The lease can be renewed for an additional 30 day renewal but the City does not anticipate renewing for an additional term and the equipment will be returned.

The postage machines lease includes two machines, one at city hall and one at the police station beginning 12/1/2023 for a term of 63 months at a fixed interest rate of 4.92%. The lease can be renewed monthly at the end of the term but the City does not anticipate renewing for an additional term and the equipment will be returned.

The body cameras were leased at the Police Department beginning 10/1/2023 for a term of 60 months at a fixed interest rate of 4.37%. The equipment will be returned at the end of the lease.

The fleet cameras were leased at the Police Department beginning 10/1/2023 for a term of 60 months at a fixed interest rate of 4.37%. The equipment will be returned at the end of the lease.

**D. SBITA Liability**

\$225,930 has been recorded by the City as intangible right-to-use software arrangements in the funds noted below as capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for software noted below met the criteria of a SBITA; thus, requiring it to be recorded by the City as intangible assets and a SBITA liability. These assets will be amortized over the lease terms noted below since the software will be replaced at the end of the arrangement term and replaced with upgraded software. There are no residual value guarantees in the arrangement provisions. The term ends are noted below.

| Description | Total SBITA<br>Liability | Term End | Term End<br>Year | Fund Accounted |
|-------------|--------------------------|----------|------------------|----------------|
| Laserfiche  | \$ 69,128                | 3 years  | 2026             | IT IS Fund     |
| ESRI        | 37,915                   | 2 years  | 2025             | IT IS Fund     |
| Clear       | 7,071                    | 2 years  | 2025             | General Fund   |
| Finnly      | 3,496                    | 3 years  | 2026             | General Fund   |
| Daxko       | 3,873                    | 2 years  | 2025             | General Fund   |
|             | <u>\$ 121,483</u>        |          |                  |                |

The commission recorded SBITA assets of \$622,787 as of December 31, 2023. The SBITA assets consist of an accounting and HR information system. Management is reasonably certain that the period covered by the SBITA arrangement will end in 2033. The future subscription payments under SBITA agreements totals \$416,149.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**E. Changes in Long-Term Liabilities**

Long-term liability information for the year ended December 31, 2023 was as follows.

|                               | Restated<br>Beginning<br>Balance | Additions           | Reductions          | Ending<br>Balance    | Due Within<br>One Year |
|-------------------------------|----------------------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities:      |                                  |                     |                     |                      |                        |
| Bonds Payable                 | \$ 45,920,000                    | \$ -                | \$ 1,960,000        | \$ 43,960,000        | \$ 2,480,000           |
| Unamortized Premiums          | 2,287,279                        | -                   | 169,616             | 2,117,663            | -                      |
| Lease Payable                 | 113,803                          | 551,252             | 95,848              | 569,207              | 226,555                |
| SBITA Payable                 | -                                | 225,930             | 104,447             | 121,483              | 84,928                 |
| Compensated Absences          | 2,982,037                        | 2,085,991           | 2,121,673           | 2,946,355            | 1,325,860              |
| Total Governmental Activities | <u>\$ 51,303,119</u>             | <u>\$ 2,863,173</u> | <u>\$ 4,451,584</u> | <u>\$ 49,714,708</u> | <u>\$ 4,117,343</u>    |
| Business-Type Activities      |                                  |                     |                     |                      |                        |
| Compensated Absences          | <u>\$ 69,079</u>                 | <u>\$ 44,955</u>    | <u>\$ 50,574</u>    | <u>\$ 63,460</u>     | <u>\$ 28,557</u>       |

**F. Minimum Debt Payments for Bonds, Leases and SBITAs**

Debt service to maturity for outstanding G.O. bonds, lease payables and SBITA payables are as follows:

| Year Ending<br>December 31, | Governmental Bonds   |                      |                      |
|-----------------------------|----------------------|----------------------|----------------------|
|                             | Principal            | Interest             | Total                |
| 2024                        | \$ 2,480,000         | \$ 1,346,319         | \$ 3,826,319         |
| 2025                        | 2,585,000            | 1,233,468            | 3,818,468            |
| 2026                        | 2,690,000            | 1,115,644            | 3,805,644            |
| 2027                        | 2,805,000            | 1,000,493            | 3,805,493            |
| 2028                        | 2,905,000            | 899,444              | 3,804,444            |
| 2029-2033                   | 15,720,000           | 3,153,996            | 18,873,996           |
| 2034-2038                   | 11,280,000           | 1,134,112            | 12,414,112           |
| 2039-2041                   | 3,495,000            | 159,375              | 3,654,375            |
| Total                       | <u>\$ 43,960,000</u> | <u>\$ 10,042,851</u> | <u>\$ 54,002,851</u> |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**F. Minimum Debt Payments for Bonds, Leases and SBITAs (Continued)**

| Year Ending<br>December 31, | Governmental Lease Payable |                  |                   |
|-----------------------------|----------------------------|------------------|-------------------|
|                             | Principal                  | Interest         | Total             |
| 2024                        | \$ 226,555                 | \$ 19,340        | \$ 245,895        |
| 2025                        | 123,240                    | 11,598           | 134,838           |
| 2026                        | 108,259                    | 6,139            | 114,398           |
| 2027                        | 108,317                    | 1,361            | 109,678           |
| 2028                        | 2,470                      | 84               | 2,554             |
| 2029-2033                   | 366                        | 2                | 368               |
| Total                       | <u>\$ 569,207</u>          | <u>\$ 38,524</u> | <u>\$ 607,731</u> |

| Year Ending<br>December 31, | Governmental SBITA Payable |                 |                   |
|-----------------------------|----------------------------|-----------------|-------------------|
|                             | Principal                  | Interest        | Total             |
| 2024                        | \$ 84,928                  | \$ 3,154        | \$ 88,082         |
| 2025                        | 36,555                     | 827             | 37,382            |
| Total                       | <u>\$ 121,483</u>          | <u>\$ 3,981</u> | <u>\$ 125,464</u> |

**NOTE 9 – NON-EXCHANGE FINANCIAL GUARANTEE**

In conjunction with a Development Agreement dated as of October 1, 1997, between the Scott County Development Agency (Agency), the City of Shakopee, and the Shakopee EDA the Agency issued Bonds to finance the acquisition and construction of a mixed use project within Tax Increment Financing District No. 10. The Project consisted of the construction of 52-units of multifamily rental housing and related parking facilities, an approximately 25,000 square foot retail facility, a public plaza, and public parking facility.

The Agency issued its Governmental Development Refunding Bonds (City of Shakopee, Minnesota – General Obligation), Series 2013A (River City Centre Project), on December 26, 2013, in the original aggregate principal amount of \$2,330,000 (the “Series 2013A Bonds”). The Series 2013A Bonds refunded the outstanding principal balance of the Series 2006A Bonds on February 1, 2014. The Series 2013A Bonds are secured the net revenues of the housing component of the Project and a pledge of the full faith and credit of the City. The Series 2013A Bonds are currently outstanding in the principal amount of \$735,000 and mature on February 1, 2027. If housing lease revenues are insufficient to pay the principal of and interest on the Series 2013A Bonds, the City may be called upon to levy ad valorem taxes. To date, no funds of the City have been used to pay principal of or interest on the 2013A Bonds.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 9 – NON-EXCHANGE FINANCIAL GUARANTEE (CONTINUED)**

The Scott County Community Development Agency (CDA) issued its Governmental Refunding Bonds (City of Shakopee, Minnesota – General Obligation), Series 2012D (Northridge Project), on November 24, 2020, in the original aggregate principal amount of \$4,000,000 (the “Series 2012B Bonds”). The Series 2020B Bonds are secured the net revenues of the housing component of the Project and a pledge of the full faith and credit of the City. The Series 2020B Bonds are currently outstanding in the principal amount of \$3,455,000 and mature on February 1, 2034. If housing lease revenues are insufficient to pay the principal of and interest on the Series 2020B Bonds, the City may be called upon to levy ad valorem taxes. To date, no funds of the City have been used to pay principal of or interest on the 2020B Bonds.

**NOTE 10 – CONDUIT DEBT OBLIGATIONS**

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2023, the following conduit debt was outstanding:

| Project                                                                                             | Date of<br>Issue | Original<br>Amount<br>of Issue | Balance<br>Outstanding |
|-----------------------------------------------------------------------------------------------------|------------------|--------------------------------|------------------------|
| St. Francis Regional Medical Center<br>Health Care Facilities Revenue Refunding Bond<br>Series 2014 | 06/18/14         | 41,865,000                     | \$ 28,105,000          |
| Benedictine Health System Obligated Group<br>Senior Housing Revenue Bonds Series 2018               | 12/01/18         | 52,440,000                     | 51,620,000             |
| Total                                                                                               |                  |                                | <u>\$ 79,725,000</u>   |

**NOTE 11 – INTERFUND ASSETS/LIABILITIES**

The composition of interfund balances as of December 31, 2023 is as follows:

| Receivable Fund          | Payable Fund                        | Amount            |
|--------------------------|-------------------------------------|-------------------|
| Capital Improvement Fund | Economic Development Authority Fund | \$ 658,862        |
| Capital Improvement Fund | Nonmajor Governmental Funds         | 89,746            |
| Sewer Fund               | Refuse Fund                         | 15,653            |
|                          | Total                               | <u>\$ 764,261</u> |

The due from/due to other funds balance represents borrowing to eliminate a cash deficit. This will be repaid as funds are available.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 12 – ADVANCE FROM/TO OTHER FUNDS**

The composition of advance from/to other funds as of December 31, 2023 is as follows:

|       | Receivable Fund                | Payable Fund                           | Amount              |
|-------|--------------------------------|----------------------------------------|---------------------|
| (1)   | General Fund                   | Nonmajor Governmental Funds            | \$ 1,614,399        |
| (2)   | Economic Development Authority | TIF District No. 18 Canterbury Commons | 3,139,905           |
| (3)   | Capital Improvement Fund       | TIF District No. 18 Canterbury Commons | 578,447             |
| (4)   | Sewer Fund                     | Refuse Fund                            | 106,703             |
| (5)   | Storm Drainage Fund            | Internal Service Fund                  | 990,000             |
| (6)   | Internal Service Fund          | Nonmajor Governmental Funds            | 50,000              |
| (7)   | General Fund                   | TIF District No. 20 Enclave            | 336,921             |
| (8)   | Storm Drainage Fund            | TIF District No. 20 Enclave            | 2,066,864           |
| Total |                                |                                        | <u>\$ 8,883,239</u> |

- (1) The advance represents a long term interfund loan related to the TIF District No. 19 Riverfront agreement to be repaid over 25 years with Tax Increment Financing at a rate of 4% interest.
- (2) The advance represents a long term interfund loan related to the TIF District No. 18 Canterbury agreement to be repaid over 25 years with Tax Increment Financing at a rate of 5% interest.
- (3) The advance represents a long term interfund loan related to the TIF District No. 18 Canterbury agreement to be repaid over 25 years with Tax Increment Financing at a rate of 4% interest.
- (4) The advance is a long term interfund loan which was used to purchase garbage carts. This will be repaid over 10 years with revenue collected for cart usage at rate of 1% interest.
- (5) The advance is a long term interfund loan which was used as a financing source related to the building of the new City hall building. This will be repaid over 15 years with rent collection at rate of 1.25% interest.
- (6) The advance represents a long term interfund loan which was used to purchase property, this will be repaid over 10 years with proceeds from the sale of land or tax levy at rate of 0% interest.
- (7) The advance related to the TIF District No. 20 Old City Hall agreement (Enclave). This will be repaid over 25 years with Tax Increment Financing at a rate of 4% interest.
- (8) The advance related to the TIF District No. 20 Old City Hall agreement (Enclave). This will be repaid over 25 years with Tax Increment Financing at a rate of 3% interest.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 13 – INTERFUND TRANSFERS**

|                                                | <u>Transfer In</u>          | <u>Transfer Out</u>         |
|------------------------------------------------|-----------------------------|-----------------------------|
| Governmental Funds:                            |                             |                             |
| General Fund (1) (6)                           | \$ 400,000                  | \$ 4,048,650                |
| Economic Development Authority (3) (4)         | 3,592,076                   | -                           |
| Capital Improvement (6)                        | 3,700,000                   | -                           |
| TIF District No. 18 Canterbury Commons (3) (5) | -                           | 4,193,812                   |
| Other Governmental Funds (2) (4) (5) (6) (7)   | 1,682,557                   | 3,392,299                   |
| Total Governmental Funds                       | <u>9,374,633</u>            | <u>11,634,761</u>           |
| Proprietary Funds:                             |                             |                             |
| Sewer (1)                                      | -                           | 200,000                     |
| Storm Drainage (1)                             | -                           | 200,000                     |
| Total Proprietary Funds                        | <u>-</u>                    | <u>400,000</u>              |
| Internal Service Funds:                        |                             |                             |
| Buildings (2)                                  | 2,940,128                   | -                           |
| Park Asset (7)                                 | -                           | 280,000                     |
| Total Internal Service Funds                   | <u>2,940,128</u>            | <u>280,000</u>              |
| Total                                          | <u><u>\$ 12,314,761</u></u> | <u><u>\$ 12,314,761</u></u> |

- (1) Annual transfer to finance General Fund.
- (2) Local projects fund was closed to the Buildings Internal Service Fund for the SandVenture improvements.
- (3) Transfer of River City Centre project for future increment.
- (4) Transfer from the Pooled TIF Fund following the TIF spending plan for the River City Centre improvements.
- (5) Transfer of increment for debt service payment on tax increment bond.
- (6) Transfer of available fund balance for future capital projects and future debt service payment on 2022A Improvement Bonds.
- (7) Transfer for Huber and Lions park playground costs for existing park feature replacement.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023 was \$5,356,422. The components of pension expense are noted in the following plan summaries.

**Public Employees' Retirement Association (PERA)**

**A. Plan Description**

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

**1. General Employees Retirement Plan**

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

**2. Public Employees Police and Fire Plan**

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**B. Benefits Provided**

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

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

**1. General Employees Plan Benefits**

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before

**2. Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**C. Contributions (Continued)**

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent of pay for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, was \$697,384. The City's contributions were equal to the required contributions as set by state statute. The Commission's contributions to the General Employees Fund for the year ended December 31, 2023, was \$417,048. The Commission's contributions were equal to the required contributions as set

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.7 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, was \$1,103,809. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2023 the City reported a liability of \$6,335,609 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$174,766.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1133 percent, which was an increase of percent at the end of the measurement period and 0.1199 percent for the beginning of the period.

|                                                                                                |                            |
|------------------------------------------------------------------------------------------------|----------------------------|
| City's proportionate share of the net pension liability                                        | \$ 6,335,609               |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>174,766</u>             |
| Total                                                                                          | <u><u>\$ 6,510,375</u></u> |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

For the year ended December 31, 2023, the City recognized pension expense of \$999,350 for its proportionate share of General Employees Fund's pension expense. In addition, the City recognized an additional \$785 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following

|                                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 344,627                           | \$ 125,767                          |
| Changes in actuarial assumptions                                         | 1,086,810                            | 1,817,200                           |
| Net difference between projected and actual earnings on plan investments | -                                    | 260,327                             |
| Changes in proportion                                                    | 60,853                               | 261,360                             |
| Contributions to GERF subsequent to the measurement date                 | 355,190                              | -                                   |
|                                                                          | <u>\$ 1,847,480</u>                  | <u>\$ 2,464,654</u>                 |

The \$355,190 reported as deferred outflows of resources related to pensions resulting from City contributions to General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>December 31, | Pension Expense<br>Amount |
|-----------------------------|---------------------------|
| 2024                        | \$ 79,900                 |
| 2025                        | (1,059,214)               |
| 2026                        | 144,391                   |
| 2027                        | (137,441)                 |
| Total                       | <u>\$ (972,364)</u>       |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension (PEPFF) Costs**

At December 31, 2023 the City reported a liability of \$8,200,906 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the City's proportionate share was 0.4749 percent at the end of the measurement period and 0.4987 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$22,846.

|                                                                                                |                            |
|------------------------------------------------------------------------------------------------|----------------------------|
| City's proportionate share of the net pension liability                                        | \$ 8,200,906               |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>330,319</u>             |
| Total                                                                                          | <u><u>\$ 8,531,225</u></u> |

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the City recognized pension expense of \$19,895 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$42,741 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension (PEPFF) Costs (Continued)**

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City recognized \$42,741 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

|                                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 2,575,840                         | \$ 315,670                          |
| Changes in actuarial assumptions                                         | 10,116,215                           | 12,158,092                          |
| Net difference between projected and actual earnings on plan investments | -                                    | 371,838                             |
| Changes in proportion                                                    | 189,740                              | 885,472                             |
| Contributions to PEPFF subsequent to the measurement date                | 556,710                              | -                                   |
|                                                                          | <u>\$ 13,438,505</u>                 | <u>\$ 13,731,072</u>                |

The \$556,710 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense on the following page.

| Year Ending<br>December 31, | Pension Expense<br>Amount |
|-----------------------------|---------------------------|
| 2024                        | \$ 231,177                |
| 2025                        | (145,086)                 |
| 2026                        | 1,809,601                 |
| 2027                        | (710,273)                 |
| 2028                        | <u>(2,034,696)</u>        |
| Total                       | <u>\$ (849,277)</u>       |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**3. Component Unit's General Employees Fund Pension Costs**

At December 31, 2023, the Commission reported a liability of \$4,003,792 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$110,260. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion share was 0.0716 percent at the end of the measurement period and 0.0668 percent for the beginning of the period.

|                                                                                                      |                            |
|------------------------------------------------------------------------------------------------------|----------------------------|
| Commissions' proportionate share of the net pension liability                                        | \$ 4,003,792               |
| State of Minnesota's proportionate share of the net pension liability associated with the Commission | <u>110,260</u>             |
| Total                                                                                                | <u><u>\$ 4,114,052</u></u> |

For the year ended December 31, 2023, the Commission recognized pension expense of \$716,045 for its proportionate share of General Employees Fund's pension expense.

At December 31, 2023, the Commission reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources are on the following page.

|                                                                          | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience                       | \$ 131,486                                    | \$ 27,582                                    |
| Changes in actuarial assumptions                                         | 648,158                                       | 1,097,406                                    |
| Net difference between projected and actual earnings on plan investments | -                                             | 149,728                                      |
| Changes in proportion                                                    | 311,998                                       | 66,903                                       |
| Contributions to GERF subsequent to the measurement date                 | <u>210,386</u>                                | <u>-</u>                                     |
|                                                                          | <u><u>\$ 1,302,028</u></u>                    | <u><u>\$ 1,341,619</u></u>                   |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**3. Component Unit's General Employees Fund Pension Costs (Continued)**

\$210,386 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense below.

| <u>Year Ending<br/>December 31,</u> | <u>Pension Expense<br/>Amount</u> |
|-------------------------------------|-----------------------------------|
| 2024                                | \$ 151,223                        |
| 2025                                | (480,316)                         |
| 2026                                | 165,970                           |
| 2027                                | <u>(86,854)</u>                   |
| Total                               | <u><u>\$ (249,977)</u></u>        |

**E. Long-Term Expected Rate of Investment**

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

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------|------------------------------|---------------------------------------------------|
| Domestic Equity      | 33.5%                        | 5.10%                                             |
| International Equity | 16.5%                        | 5.30%                                             |
| Fixed Income         | 25.0%                        | 0.75%                                             |
| Private Markets      | <u>25.0%</u>                 | 5.90%                                             |
| Total                | <u><u>100.0%</u></u>         |                                                   |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting

Inflation is assumed to be 2.25 percent for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan, 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study in the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and become effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021 actuarial valuation. The following page shows the changes in actuarial assumptions that occurred in 2023.

**General Employees Fund**

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

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

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Assumptions (Continued)**

**Police and Fire Fund**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

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

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**H. Pension Liability Sensitivity**

|                                                                                      | 1% Decrease in<br>Discount Rate<br>(6%) | Discount Rate<br>(7%) | 1% Increase in<br>Discount Rate<br>(8%) |
|--------------------------------------------------------------------------------------|-----------------------------------------|-----------------------|-----------------------------------------|
| City's proportionate share of the General Employees Fund net pension liability       | \$ 11,208,201                           | \$ 6,335,609          | \$ 2,327,717                            |
| Commission's proportionate share of the General Employees Fund net pension liability | \$ 7,083,029                            | \$ 4,003,792          | \$ 1,471,002                            |
|                                                                                      | 1% Decrease in<br>Discount Rate<br>(6%) | Discount Rate<br>(7%) | 1% Increase in<br>Discount Rate<br>(8%) |
| City's proportionate share of the Police and Fire Fund net pension liability         | \$ 16,271,575                           | \$ 8,200,906          | \$ 1,565,736                            |

**I. Pension Plan Fiduciary Net Position**

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

**J. Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Four Council Members of the City are covered the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. 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 2.0 percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**J. Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)**

Total contributions made by the City during fiscal year 2023 were:

| Contribution Amount |          | Percentage of Covered Payroll |          | Required Rate |
|---------------------|----------|-------------------------------|----------|---------------|
| Employee            | Employer | Employee                      | Employer |               |
| \$ 2,606            | \$ 2,606 | 5%                            | 5%       | 5%            |

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association**

**A. Plan Description**

The Shakopee Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Shakopee Fire Department per Minnesota State Statutes.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Shakopee Fire Relief Association, 485 Gorman Street, Shakopee, Minnesota 55379 or by calling 952-233-9570.

**B. Benefits Provided**

Volunteer firefighters of the City are members of the Shakopee Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service for lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 5 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**C. Employees Covered by Benefit Terms**

At December 31, 2022, the following employees were covered by the benefit terms:

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| Inactive employees entitled to but not yet receiving benefits | 17               |
| Active Employees                                              | <u>44</u>        |
| Total                                                         | <u><u>61</u></u> |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**D. Contributions**

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$391,069 made by the State of Minnesota for the Relief Association.

**E. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                                                        |
|---------------------------|------------------------------------------------------------------------|
| Inflation                 | 2.5 %                                                                  |
| Salary increase           | 0 %, average, including inflation                                      |
| Investment rate of return | 4.5 %, net of pensions plan investment expense:<br>including inflation |

The Association is comprised of volunteers; therefore, there are no salary increases.

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table on the following page.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**E. Net Pension Liability (Continued)**

| <b>Asset Class</b>           | <b>Target<br/>Allocation</b> | <b>Long-Term Expected<br/>Real Rate of Return</b> |
|------------------------------|------------------------------|---------------------------------------------------|
| Domestic Equity              | 40.0%                        | 4.10%                                             |
| International Equity         | 15.0%                        | 4.64%                                             |
| Fixed Income                 | 30.0%                        | 1.05%                                             |
| Real Estate and Alternatives | 0.0%                         | 3.54%                                             |
| Cash and Equivalents         | 15.0%                        | -0.45%                                            |
| Total                        | 100.0%                       |                                                   |

*Discount rate*

The discount rate used to measure the total pension liability was 4.5%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**F. Changes in the Net Pension Liability (Asset)**

|                                                                  | <b>Increase (Decrease)</b>        |                                       |                                               |
|------------------------------------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------------------|
|                                                                  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability (Asset)<br>(a) - (b) |
| Balances at January 1, 2023                                      | <u>\$ 4,363,394</u>               | <u>\$ 6,783,807</u>                   | <u>\$ (2,420,413)</u>                         |
| Changes for the year                                             |                                   |                                       |                                               |
| Service Cost                                                     | 226,558                           | -                                     | 226,558                                       |
| Interest                                                         | 212,308                           | -                                     | 212,308                                       |
| Difference Between Expected and Actual<br>Experience             | 21,950                            | -                                     | 21,950                                        |
| Change of Benefit Terms                                          | 164,861                           | -                                     | 164,861                                       |
| Changes of Assumptions                                           | 24,098                            | -                                     | 24,098                                        |
| Contributions- State and Local                                   | -                                 | 350,310                               | (350,310)                                     |
| Net Investment Income                                            | -                                 | (840,784)                             | 840,784                                       |
| Benefit Payments, including refunds of<br>Employee Contributions | (240,611)                         | (240,611)                             | -                                             |
| Administrative Expense                                           | <u>-</u>                          | <u>(18,422)</u>                       | <u>18,422</u>                                 |
| Net Changes                                                      | <u>409,164</u>                    | <u>(749,507)</u>                      | <u>1,158,671</u>                              |
| Balances at December 31, 2023                                    | <u><u>\$ 4,772,558</u></u>        | <u><u>\$ 6,034,300</u></u>            | <u><u>\$ (1,261,742)</u></u>                  |

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate disclosed on the proceeding page, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

|                                                               | 1% Decrease in<br>Discount Rate<br>(3.5%) | Discount Rate<br>(4.5%) | 1% Increase in<br>Discount Rate<br>(5.5%) |
|---------------------------------------------------------------|-------------------------------------------|-------------------------|-------------------------------------------|
| City's proportionate share of the Relief net<br>pension asset | \$ (1,052,122)                            | \$ (1,261,742)          | \$ (1,462,440)                            |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 14 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2022, the City recognized negative pension expense of \$81,371. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Contributions paid subsequent to the measurement date                            | \$ 391,069                           | \$ -                                |
| Difference between expected and actual liability                                 | 30,869                               | 38,275                              |
| Changes in assumptions                                                           | 147,306                              | -                                   |
| Net difference between projected and actual earnings on pension plan investments | 578,785                              | -                                   |
|                                                                                  | <u>\$ 1,148,029</u>                  | <u>\$ 38,275</u>                    |

\$391,069 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>December 31, | Pension Expense<br>Amount |
|-----------------------------|---------------------------|
| 2024                        | \$ 56,109                 |
| 2025                        | 151,773                   |
| 2026                        | 192,579                   |
| 2027                        | 254,002                   |
| 2028                        | 21,236                    |
| Thereafter                  | 42,986                    |
| Total                       | <u>\$ 718,685</u>         |

**H. Payable to the Pension Plan**

At December 31, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage administered by Medica. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

At December 31, 2023, the following employees were covered by the benefit terms:

|                                                                             |                       |
|-----------------------------------------------------------------------------|-----------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 9                     |
| Active employees waiving coverage                                           | 10                    |
| Active plan members                                                         | <u>155</u>            |
| <br>Total plan members                                                      | <br><u><u>174</u></u> |

**B. Funding Policy**

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica. The required contributions are based on projected pay-as-you-go financing requirements. For the year ended December 31, 2023, the City's average contribution rate was 12.12 percent of covered-employee payroll. For the year 2023, the City contributed \$63,198 to the Plan.

**C. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The City's total OPEB liability of \$1,846,603 was measured as of December 31, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2022.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**C. Actuarial Methods and Assumptions (Continued)**

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                                      |                                                                                                             |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Discount Rate                        | 4.05%                                                                                                       |
| Expected Long-Term Investment Return | N/A                                                                                                         |
| 20-Year Municipal Bond Yield         | 1.84%                                                                                                       |
| Inflation Rate                       | 2.25%                                                                                                       |
| Medical Trend Rate                   | 6.20% in 2020 gradually decreasing over several decades to an ultimate rate of 3.7% in 2074 and later years |

The Actuarial Standards Board provides coordinated guidance for measuring pension and retiree group benefit obligations through a series of Actuarial Standards of Practice (ASOPs). ASOP No. 27, Selection of Economic Assumptions for Measuring Pension Obligations, requires that the actuary disclose the rationale used in selecting each non-prescribed economic assumption and any changes to non-prescribed economic assumptions. All non-prescribed economic assumptions are summarized below.

The discount rate used to measure the total OPEB liability was 4.05 percent. Per GASB guidance, the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20-year municipal bond rate after assets are projected to be exhausted. The Fidelity 20-Year Municipal GO AA Index is used because it meets the GASB requirements and is based on a large amount of municipal security data.

Mortality rates were based on the current actuarial assumptions for the pension plan in which the current or future retiree participates.

The inflation rate used to measure the OPEB liability was 2.25 percent. Based on analysis of historical Consumer Price Index for All Urban Consumers (CPI-U) and 30-year Treasury Inflation-Protected Securities (TIPS) data, the Federal Open Market Committee target inflation rate, and the 2021 Survey of Capital Market Assumptions produced by Horizon Actuarial Services.

Annual salary increases were based on the most recently disclosed assumption for the pension plan in which the employee participates.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**D. Changes in the Total OPEB Liability**

|                                                    | Total OPEB<br>Liability |
|----------------------------------------------------|-------------------------|
| Balances at December 31, 2022                      | \$ 2,179,955            |
| Changes for the Year:                              |                         |
| Service cost                                       | 129,364                 |
| Interest                                           | 41,687                  |
| Differences between expected and actual experience | 3,690                   |
| Changes in assumptions or other inputs             | (420,608)               |
| Benefit payments                                   | (87,485)                |
| Net Changes                                        | (333,352)               |
| Balances at December 31, 2023                      | \$ 1,846,603            |

Since the prior measurement date, the following benefit terms changed:

- The discount rate was changed from 1.84% as of 12/31/2021 to 4.05% as of 12/31/2022 based on updated 20-year municipal bond rates as of each measurement date.

Since the prior measurement date, the following benefit terms changed:

- The discount rate was changed from 1.84% to 4.05% based on updated measurement dates and GASB 75 requirements.

**E. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current discount rate:

| 1% Decrease (3.05%) | Current (4.05%) | 1% Increase (5.05%) |
|---------------------|-----------------|---------------------|
| \$ 2,022,976        | \$ 1,846,603    | \$ 1,690,000        |

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.20 percent decreasing to 2.70 percent) or 1-percentage-point higher (7.20 percent decreasing to 4.70 percent) than the current discount rate:

| 1% Decrease (5.2%<br>Decreasing to 2.7%) | Healthcare Cost Trend<br>Rates (6.2% Decreasing to<br>3.7%) | 1% Increase (7.2%<br>Decreasing to 4.7%) |
|------------------------------------------|-------------------------------------------------------------|------------------------------------------|
| \$ 1,630,082                             | \$ 1,846,603                                                | \$ 2,105,934                             |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2023, the City recognized OPEB expense of \$162,727. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes in actuarial assumptions                         | \$ 81,720                            | \$ 603,774                          |
| Differences between expected and actual experience       | 272,497                              | 780,981                             |
| Contributions to OPEB subsequent to the measurement date | 87,485                               | -                                   |
|                                                          | <u>\$ 441,702</u>                    | <u>\$ 1,384,755</u>                 |

Deferred outflows of resources totaling \$87,485 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending<br>December 31, | OPEB Expense<br>Amount |
|-----------------------------|------------------------|
| 2024                        | \$ (119,021)           |
| 2025                        | (119,021)              |
| 2026                        | (119,021)              |
| 2027                        | (122,861)              |
| 2028                        | (124,289)              |
| Thereafter                  | <u>(426,325)</u>       |
| Total                       | <u>\$ (1,030,538)</u>  |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 16 – FUND BALANCE DETAIL**

Fund balances are classified as follows to reflect the limitations and restrictions of the respective funds.

|                      | General Fund         | Economic<br>Development<br>Authority | Capital<br>Improvement | TIF District<br>No. 18<br>Canterbury<br>Commons | TIF District<br>No. 20 Enclave | Other<br>Governmental<br>Funds | Total                |
|----------------------|----------------------|--------------------------------------|------------------------|-------------------------------------------------|--------------------------------|--------------------------------|----------------------|
| Nonspendable:        |                      |                                      |                        |                                                 |                                |                                |                      |
| Prepaid Items        | \$ 261,826           | \$ 4,664                             | \$ -                   | \$ -                                            | \$ -                           | \$ -                           | \$ 266,490           |
| Inventories          | 33,696               | -                                    | -                      | -                                               | -                              | -                              | 33,696               |
| Notes Receivable     | 200,000              | -                                    | -                      | -                                               | -                              | -                              | 200,000              |
| Leases               | 16,206               | -                                    | -                      | -                                               | -                              | -                              | 16,206               |
| Total Nonspendable   | <u>511,728</u>       | <u>4,664</u>                         | <u>-</u>               | <u>-</u>                                        | <u>-</u>                       | <u>-</u>                       | <u>516,392</u>       |
| Restricted:          |                      |                                      |                        |                                                 |                                |                                |                      |
| Forfeitures          | -                    | -                                    | -                      | -                                               | -                              | 101,381                        | 101,381              |
| Opioids Settlement   | -                    | -                                    | -                      | -                                               | -                              | 156,085                        | 156,085              |
| Public Safety Fund   | -                    | -                                    | -                      | -                                               | -                              | 1,622,547                      | 1,622,547            |
| DARE                 | -                    | -                                    | -                      | -                                               | -                              | 5,305                          | 5,305                |
| SCDP Grant           | -                    | -                                    | -                      | -                                               | -                              | 18,368                         | 18,368               |
| Economic Development | -                    | 2,407,888                            | -                      | -                                               | -                              | -                              | 2,407,888            |
| Debt Service         | -                    | -                                    | -                      | -                                               | -                              | 3,293,094                      | 3,293,094            |
| Capital Improvements | -                    | -                                    | -                      | -                                               | -                              | 7,808,038                      | 7,808,038            |
| Total Restricted     | <u>-</u>             | <u>2,407,888</u>                     | <u>-</u>               | <u>-</u>                                        | <u>-</u>                       | <u>13,004,818</u>              | <u>15,412,706</u>    |
| Committed:           |                      |                                      |                        |                                                 |                                |                                |                      |
| Building Permits     | <u>2,650,000</u>     | <u>-</u>                             | <u>-</u>               | <u>-</u>                                        | <u>-</u>                       | <u>-</u>                       | <u>2,650,000</u>     |
| Assigned:            |                      |                                      |                        |                                                 |                                |                                |                      |
| SandVenture          | 200,000              | -                                    | -                      | -                                               | -                              | -                              | 200,000              |
| Public Safety        | 200,000              | -                                    | -                      | -                                               | -                              | -                              | 200,000              |
| Telecommunications   | -                    | -                                    | -                      | -                                               | -                              | 83,875                         | 83,875               |
| Capital Improvements | -                    | -                                    | 12,697,207             | -                                               | -                              | 1,001,688                      | 13,698,895           |
| Total Assigned       | <u>400,000</u>       | <u>-</u>                             | <u>12,697,207</u>      | <u>-</u>                                        | <u>-</u>                       | <u>1,085,563</u>               | <u>14,182,770</u>    |
| Unassigned           | <u>18,462,750</u>    | <u>-</u>                             | <u>-</u>               | <u>(2,226,524)</u>                              | <u>(2,404,535)</u>             | <u>(1,705,998)</u>             | <u>12,125,693</u>    |
| Total Fund Balance   | <u>\$ 22,024,478</u> | <u>\$ 2,412,552</u>                  | <u>\$ 12,697,207</u>   | <u>\$ (2,226,524)</u>                           | <u>\$ (2,404,535)</u>          | <u>\$ 12,384,383</u>           | <u>\$ 44,887,561</u> |

**NOTE 17 – COMMITMENTS**

The City has the following construction commitments at December 31, 2023.

|                                           | Project<br>Authorization | Work<br>Completed | 12/31/2023<br>Commitment |
|-------------------------------------------|--------------------------|-------------------|--------------------------|
| Lift Station L16 Rehabilitation           | \$ 1,661,800             | \$ 1,489,664      | \$ 172,136               |
| Park Planning- Confluence                 | 746,712                  | 564,778           | 181,934                  |
| Project Consulting- SRF Consulting        | 1,494,657                | 704,998           | 789,659                  |
| Trail Wayfinding                          | 176,119                  | 139,200           | 36,919                   |
| West End Lower Bluff Utility Improvements | 2,745,953                | 2,564,300         | 181,653                  |
| Windermere Bluff Park                     | 1,705,512                | 680,494           | 1,025,018                |
| Sand Venture                              | 7,687,909                | 1,394,129         | 6,293,780                |
| Community Center Boiler                   | 276,100                  | 179,465           | 96,635                   |
| 12th Ave Driveway                         | 165,390                  | 3,177             | 162,213                  |

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 18 – RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through member premiums and reinsures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles range from \$10,000 to \$50,000 and is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

Through the pool, the City is subject to reassessment but due to reserves and reinsurance contracts, the likelihood is very low. The policy limits through the pool included \$2,000,000 aggregate for liability, \$2,000,000 for automobile coverage, \$1,000,000 faithful performance employee bonding and \$2,000,000 for universal umbrella coverage. Property coverage is approximately \$113,000,000.

**NOTE 19 – TAX ABATEMENT AGREEMENT**

The City has entered into five Tax Abatement Financing agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax abatement).

The tax abatement agreements are as follows:

- Datacard Abatement was established in 2014. Datacard is the world's largest issuer of protected, personalized ID cards, credentials, and credit cards. The City of Shakopee awarded an eleven-year economic development property tax abatement, ending in 2024, which required the creation of 100 new full-time jobs in Shakopee. The first year of disbursement occurred in 2014. The total City abatement awarded was \$334,869 with an annual maximum award of \$36,195. The total county abatement awarded was \$324,324 with an annual maximum award of \$35,055. During the year ended December 31, 2023, the total disbursed was \$71,250 with \$35,055 from Scott County and \$36,195 from the City.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 19 – TAX ABATEMENT AGREEMENT (CONTINUED)**

- Emerson Abatement was established in 2013. Rosemount Emerson Process Management is a leading supplier of process management products and solutions, including control valves, regulators, transmitters, analyzers, and automation systems. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2023, which required the creation of 154 new full-time jobs in Shakopee. The first year of disbursement occurred in 2016. The total City abatement awarded was \$590,496. The total county abatement awarded was \$570,608 with an annual maximum award of \$64,401. During the year ended December 31, 2023, the total disbursed was \$289,940 with \$128,802 from Scott County and \$161,138 from the City. This included \$146,782 related to prior years, which was held by the City, pending the resolution of a tax appeal.
- Shutterfly Abatement was established in 2014. Shutterfly, Inc. is an Internet-based social expression and personal publishing service that was founded in December of 1999. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2024, which required the creation of 258 new jobs in Shakopee. The first year of disbursement occurred in 2017. The total City abatement awarded was \$758,771 with an annual maximum award of \$89,431. The total county abatement awarded was \$734,898 with an annual maximum award of \$86,615. The abatement agreement was cancelled at the beginning of 2023 as a result of job creation goals no longer being met.
- KEB Abatement was established in 2019. KEB America, LLC is a leading manufacturer of automation products. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2029, which required the creation of 98 full-time equivalent new jobs in Shakopee. The total City abatement awarded was \$289,263. The first year of disbursement occurred in 2022. During the year ended December 31, 2023, the total disbursed was \$25,179.
- Cherne Abatement was established in 2020. Cherne Industries Incorporated is a manufacturer of mechanical plugs, deflection gauges, testing equipment, tools and accessories for residential, commercial, and industrial piping systems. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2031, which required the creation of 20 full-time equivalent new jobs in Shakopee and the relocation of 115 full-time equivalent jobs to Shakopee. The total City abatement awarded was \$459,494. The first year of disbursement occurred in 2023. During the year ended December 31, 2023, the total disbursed was \$33,449.

**NOTE 20 – TAX INCREMENT FINANCING**

The City has entered into eight Tax Increment Financing (TIF) agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 20 – TAX INCREMENT FINANCING (CONTINUED)**

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2023, the City generated \$2,968,707 in tax increment revenue.

TIF District No. 10 was established in 1996 for the purpose of establishing multifamily rental housing. River City Centre is 52-units of multifamily rental housing owned and operated by the Scott County Community Development Authority (CDA). Under this agreement, up to \$2,115,000 in development costs would be reimbursed over twenty-five years with the final year being 2024. The bonds issued to fund the development costs were fully paid as of February 2023 and the district was decertified early on September 30, 2023.

TIF District No. 14 was established in 2015 as an economic development TIF. J&J Minneapolis/SanMar is a wholesale apparel and accessories distribution company. This TIF required the creation of 150 new full-time jobs in Shakopee. The first year of disbursement occurred in 2016 and the final year will be in 2024. Under this agreement, up to \$2,000,000 of development costs will be reimbursed through tax increment over a 9 year period. During the year ended December 31, 2023, the City generated \$394,718 of tax increment revenue and made payments on the pay-as-you-go note of \$205,286. As of December 31, 2023 there was no unpaid pay-as-you go balance and the district was decertified.

TIF District No. 15 was established in 2015 for the purpose of establishing a housing unit. Trident/All Saints Senior Living is an 80-unit senior community providing assisted living, memory care, and care suites with 20% of the units being affordable to persons of low and moderate income. Under the agreement, up to \$1,000,000 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2023, the City generated \$174,239 of tax increment revenue and made a payment of \$145,847. As of December 31, 2023 the pay-as-you go balance was paid off and future increment received by the district must be used for qualified affordable housing projects.

TIF District No.17 was established in 2016 to upgrade the roads surrounding the expansion of Amazon.com. The total amount authorized was \$5,698,326 with 40.7% (\$2,319,076) of these funds going to the City of Shakopee and 59.3% (\$3,379,250) going to Scott County. Under the agreement, up to \$5,698,326 of development costs will be reimbursed through tax increment over a 9 year period to the City and County. During the year ended December 31, 2023, the City generated \$873,766 of tax increment revenue and made payments of \$398,843 to the County and \$449,441 to the City. As of December 31, 2023 there was no unpaid pay-as-you go balance and the district was decertified.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 20 – TAX INCREMENT FINANCING (CONTINUED)**

TIF District No. 18 was established in 2018 to aid in redeveloping the horse racetrack area known as Canterbury Commons with new and improved public infrastructure. This is a multi-year, three phase project that will entail eliminating blighted properties and in turn provide a mix of housing and other commercial and industrial redevelopment. Under the agreement, \$39,970,331 of public infrastructure costs will be reimbursed through tax increment to a combination of the City of Shakopee and the Developer over the duration of 25 years. The district was created in 2018 and certified to the State of Minnesota in 2019. During the year ended December 31, 2023, the City generated \$1,178,058 of tax increment revenue, which was placed in a debt service fund for future debt service payments. As of December 31, 2023, the City had bonds outstanding of \$17,455,000 and developer had certified \$11,304,012 of eligible expenses.

TIF District No. 19 was established in 2018 to aid in redeveloping property located in the downtown area along the riverfront. The developer, Gaughan Shakopee LLC purchased four properties from the City at an agreed upon amount of \$1,000,000 and develop approximately 125 market-rate luxury apartment units including underground parking and 3,500 sq. feet of commercial space. Under the agreement, the developer will reimburse the city's \$1,228,600 (primarily for land acquisition) with 20.5% of future tax increment. The remaining increment will be directed towards reimbursement of developer costs up to a principal amount of \$2,811,700 over the course of 25 years. The district was created in 2018 and was certified to the State of Minnesota in 2019. During the year ended December 31, 2023, the City generated \$105,697 of tax increment revenue and made a payment of \$76,822.

TIF District No. 20 was established in 2018 to aid in redeveloping the old downtown city hall location. The developer, Enclave Development, LLC is developing approximately 80 market-rate apartment units, including underground parking, and approximately 1,500 square feet of commercial space including all site improvements. Under the agreement, a redevelopment grant in the amount of \$2,132,400 will be issued to the developer. The city will collect 100% of the future increment over the course of the next 25 years to repay the redevelopment grant. The district was created in 2018 and was certified to the State of Minnesota in 2019. During the year ended December 31, 2023, the City generated \$212,327 of tax increment revenue.

TIF District No. 21 was established in 2018 as a soils condition district to facilitate development of certain property by removing or remediating hazardous substances, pollution or contaminants within the city. Under the agreement, the developer, Shakopee Crossings Limited Partnership, will be reimbursed up to \$1,387,388 of soil remediation costs and will be reimbursed through tax increment collections over the next 20 years. The district was created in 2018 and was certified to the State of Minnesota in 2019. During the year ended December 31, 2023, the City generated \$29,812 of tax increment revenue and made payments of \$24,324. The remaining unpaid pay-as-you go balance at year end was \$1,611,219.

**NOTE 21 – SUBSEQUENT EVENT**

On May 5, 2024, the Shakopee Volunteer Fire Department Relief Association dissolved. The Pension Plan Assets will be fully distributed in accordance with the Association's bylaws.

**CITY OF SHAKOPEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). It establishes requirements for SBITA accounting based on the principle that SBITA's are financings of the right to use an underlying SBITA asset. These changes were incorporated in the City's 2023 financial statements. The City's recognition of the beginning balances related to the SBITA liability and the intangible right to use SBITA asset were equal balances and had no effect on the beginning net position of the Governmental Activities.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF SHAKOPEE

## SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND

| For the Fiscal<br>Year Ended | City's<br>Proportion<br>of the Net<br>Pension<br>Liability | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | State's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the City | City's Proportionate<br>Share of the Net<br>Pension Liability and<br>the State's<br>Proportionate Share<br>of the Net Pension<br>Liability Associated<br>with the City | City's<br>Covered<br>Payroll | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Covered<br>Payroll | Plan<br>Fiduciary<br>Net Position<br>as a<br>Percentage<br>of the Total<br>Pension<br>Liability |
|------------------------------|------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| June 30, 2023                | 0.1133%                                                    | \$ 6,335,609                                                        | \$ 174,766                                                                                          | \$ 6,510,375                                                                                                                                                           | \$ 9,013,258                 | 70.29%                                                                                                          | 83.10%                                                                                          |
| June 30, 2022                | 0.1199%                                                    | 9,496,121                                                           | 278,364                                                                                             | 9,774,485                                                                                                                                                              | 8,977,932                    | 105.77%                                                                                                         | 76.67%                                                                                          |
| June 30, 2021                | 0.1142%                                                    | 4,876,852                                                           | 148,945                                                                                             | 5,025,797                                                                                                                                                              | 8,222,977                    | 59.31%                                                                                                          | 87.00%                                                                                          |
| June 30, 2020                | 0.1108%                                                    | 6,642,966                                                           | 204,816                                                                                             | 6,847,782                                                                                                                                                              | 7,893,394                    | 84.16%                                                                                                          | 79.00%                                                                                          |
| June 30, 2019                | 0.1062%                                                    | 5,871,560                                                           | 182,492                                                                                             | 6,054,052                                                                                                                                                              | 7,502,811                    | 78.26%                                                                                                          | 80.20%                                                                                          |
| June 30, 2018                | 0.1045%                                                    | 5,797,232                                                           | 190,111                                                                                             | 5,987,343                                                                                                                                                              | 7,014,843                    | 82.64%                                                                                                          | 79.50%                                                                                          |
| June 30, 2017                | 0.1026%                                                    | 6,549,916                                                           | 82,350                                                                                              | 6,632,266                                                                                                                                                              | 6,194,557                    | 105.74%                                                                                                         | 75.90%                                                                                          |
| June 30, 2016                | 0.0933%                                                    | 7,575,497                                                           | -                                                                                                   | 7,575,497                                                                                                                                                              | 6,246,667                    | 121.27%                                                                                                         | 68.91%                                                                                          |
| June 30, 2015                | 0.0930%                                                    | 4,819,743                                                           | -                                                                                                   | 4,819,743                                                                                                                                                              | 5,275,939                    | 91.35%                                                                                                          | 78.19%                                                                                          |

\* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

# CITY OF SHAKOPEE

## SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND

| For the Fiscal<br>Year Ended | City's<br>Proportion<br>of the Net<br>Pension<br>Liability | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | State's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the City | City's Proportionate<br>Share of the Net<br>Pension Liability and<br>the State's<br>Proportionate Share<br>of the Net Pension<br>Liability Associated<br>with the City | City's<br>Covered<br>Payroll | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Covered<br>Payroll | Plan<br>Fiduciary<br>Net Position<br>as a<br>Percentage<br>of the Total<br>Pension<br>Liability |
|------------------------------|------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| June 30, 2023                | 0.4749%                                                    | \$ 8,200,906                                                        | \$ 330,319                                                                                          | \$ 8,531,225                                                                                                                                                           | \$ 6,235,796                 | 131.51%                                                                                                         | 86.50%                                                                                          |
| June 30, 2022                | 0.4987%                                                    | 21,701,454                                                          | 947,883                                                                                             | 22,649,337                                                                                                                                                             | 6,057,666                    | 358.25%                                                                                                         | 70.53%                                                                                          |
| June 30, 2021                | 0.4727%                                                    | 3,648,743                                                           | 164,053                                                                                             | 3,812,796                                                                                                                                                              | 5,586,990                    | 65.31%                                                                                                          | 93.70%                                                                                          |
| June 30, 2020                | 0.4977%                                                    | 6,560,219                                                           | -                                                                                                   | 6,560,219                                                                                                                                                              | 5,874,218                    | 111.68%                                                                                                         | 89.30%                                                                                          |
| June 30, 2019                | 0.5126%                                                    | 5,457,145                                                           | -                                                                                                   | 5,457,145                                                                                                                                                              | 5,406,198                    | 100.94%                                                                                                         | 88.80%                                                                                          |
| June 30, 2018                | 0.4810%                                                    | 5,126,965                                                           | -                                                                                                   | 5,126,965                                                                                                                                                              | 5,069,010                    | 101.14%                                                                                                         | 85.40%                                                                                          |
| June 30, 2017                | 0.4810%                                                    | 6,494,072                                                           | -                                                                                                   | 6,494,072                                                                                                                                                              | 4,642,761                    | 139.88%                                                                                                         | 63.88%                                                                                          |
| June 30, 2016                | 0.4680%                                                    | 18,781,654                                                          | -                                                                                                   | 18,781,654                                                                                                                                                             | 4,827,360                    | 389.07%                                                                                                         | 86.61%                                                                                          |
| June 30, 2015                | 0.4720%                                                    | 5,363,024                                                           | -                                                                                                   | 5,363,024                                                                                                                                                              | 4,169,456                    | 128.63%                                                                                                         | 0.00%                                                                                           |

\* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

# CITY OF SHAKOPEE

## SCHEDULE OF COMPONENT UNIT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND

| For the Fiscal<br>Year Ended | Component<br>Unit's<br>Proportion<br>of the Net<br>Pension<br>Liability | Component<br>Unit's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | State's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated with<br>the Component<br>Unit | Component Unit's<br>Share of the Net<br>Pension Liability and<br>the State's<br>Proportionate Share<br>of the Net Pension<br>Liability Associated<br>with the Component<br>Unit | Component<br>Unit's<br>Covered<br>Payroll | Unit's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Covered<br>Payroll | Plan<br>Fiduciary<br>Net Position<br>as a<br>Percentage<br>of the Total<br>Pension<br>Liability |
|------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| June 30, 2023                | 0.0716%                                                                 | \$ 4,003,792                                                                     | \$ 110,260                                                                                                       | \$ 4,114,052                                                                                                                                                                    | \$ 5,478,816                              | 73.08%                                                                                                          | 83.10%                                                                                          |
| June 30, 2022                | 0.0668%                                                                 | 5,290,582                                                                        | 155,198                                                                                                          | 5,445,780                                                                                                                                                                       | 5,009,118                                 | 105.62%                                                                                                         | 76.67%                                                                                          |
| June 30, 2021                | 0.0634%                                                                 | 2,707,464                                                                        | 82,761                                                                                                           | 2,790,225                                                                                                                                                                       | 4,553,229                                 | 59.46%                                                                                                          | 87.00%                                                                                          |
| June 30, 2020                | 0.0678%                                                                 | 4,064,920                                                                        | 125,364                                                                                                          | 4,190,284                                                                                                                                                                       | 3,516,627                                 | 115.59%                                                                                                         | 79.00%                                                                                          |
| June 30, 2019                | 0.0639%                                                                 | 3,532,888                                                                        | 109,829                                                                                                          | 3,642,717                                                                                                                                                                       | 4,522,507                                 | 78.12%                                                                                                          | 80.20%                                                                                          |
| June 30, 2018                | 0.0645%                                                                 | 3,578,196                                                                        | 117,344                                                                                                          | 3,695,540                                                                                                                                                                       | 4,333,280                                 | 82.57%                                                                                                          | 79.50%                                                                                          |
| June 30, 2017                | 0.0644%                                                                 | 4,111,253                                                                        | 51,656                                                                                                           | 4,162,909                                                                                                                                                                       | 4,145,653                                 | 99.17%                                                                                                          | 75.90%                                                                                          |
| June 30, 2016                | 0.0621%                                                                 | 5,042,212                                                                        | 65,842                                                                                                           | 5,108,054                                                                                                                                                                       | 3,854,427                                 | 130.82%                                                                                                         | 68.91%                                                                                          |
| June 30, 2015                | 0.0608%                                                                 | 3,150,972                                                                        | -                                                                                                                | 3,150,972                                                                                                                                                                       | 3,516,627                                 | 89.60%                                                                                                          | 78.19%                                                                                          |

\* Schedule is to be provided prospectively beginning with the Component Unit's fiscal year ended June 30, 2015, or after.

**CITY OF SHAKOPEE**

**SCHEDULE OF CITY CONTRIBUTIONS**

**LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND**

| For the Fiscal<br>Year Ended | Statutorily<br>Required<br>Contribution | Contributions<br>in Relation to<br>the Statutorily<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | City's Covered<br>Payroll | Contributions as<br>a percentage of<br>Covered Payroll |
|------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|---------------------------|--------------------------------------------------------|
| December 31, 2023            | \$ 697,384                              | \$ 697,384                                                                      | \$ -                                   | \$ 9,298,458              | 7.5%                                                   |
| December 31, 2022            | 675,864                                 | 675,864                                                                         | -                                      | 9,011,525                 | 7.5%                                                   |
| December 31, 2021            | 643,525                                 | 643,525                                                                         | -                                      | 8,580,333                 | 7.5%                                                   |
| December 31, 2020            | 607,487                                 | 607,487                                                                         | -                                      | 8,099,830                 | 7.5%                                                   |
| December 31, 2019            | 577,643                                 | 577,643                                                                         | -                                      | 7,701,906                 | 7.5%                                                   |
| December 31, 2018            | 544,381                                 | 544,381                                                                         | -                                      | 7,258,413                 | 7.5%                                                   |
| December 31, 2017            | 499,333                                 | 499,333                                                                         | -                                      | 6,657,773                 | 7.5%                                                   |
| December 31, 2016            | 459,555                                 | 459,555                                                                         | -                                      | 6,127,400                 | 7.5%                                                   |
| December 31, 2015            | 416,647                                 | 416,647                                                                         | -                                      | 5,555,293                 | 7.5%                                                   |

\* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

**CITY OF SHAKOPEE**

**SCHEDULE OF CITY CONTRIBUTIONS**

**LAST 10 YEARS PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND**

| For the Fiscal<br>Year Ended | Statutorily<br>Required<br>Contribution | Contributions<br>in Relation to<br>the Statutorily<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | City's Covered<br>Payroll | Contributions as<br>a percentage of<br>Covered Payroll |
|------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|---------------------------|--------------------------------------------------------|
| December 31, 2023            | \$ 1,103,809                            | \$ 1,103,809                                                                    | \$ -                                   | \$ 6,236,212              | 17.70%                                                 |
| December 31, 2022            | 1,084,634                               | 1,084,634                                                                       | -                                      | 6,127,876                 | 17.70%                                                 |
| December 31, 2021            | 1,044,257                               | 1,044,257                                                                       | -                                      | 5,899,757                 | 17.70%                                                 |
| December 31, 2020            | 974,737                                 | 974,737                                                                         | -                                      | 5,750,663                 | 16.95%                                                 |
| December 31, 2019            | 947,168                                 | 947,168                                                                         | -                                      | 5,588,012                 | 16.95%                                                 |
| December 31, 2018            | 851,625                                 | 851,625                                                                         | -                                      | 5,256,945                 | 16.20%                                                 |
| December 31, 2017            | 788,803                                 | 788,803                                                                         | -                                      | 4,869,154                 | 16.20%                                                 |
| December 31, 2016            | 761,951                                 | 761,951                                                                         | -                                      | 4,703,401                 | 16.20%                                                 |
| December 31, 2015            | 720,513                                 | 720,513                                                                         | -                                      | 4,447,611                 | 16.20%                                                 |

\* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

**CITY OF SHAKOPEE**

**SCHEDULE OF COMPONENT UNIT CONTRIBUTIONS**

**LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND**

| For the Fiscal<br>Year Ended | Statutorily<br>Required<br>Contribution | Contributions<br>in Relation to<br>the Statutorily<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | City's Covered<br>Payroll | Contributions as<br>a percentage of<br>Covered Payroll |
|------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|---------------------------|--------------------------------------------------------|
| December 31, 2023            | \$ 417,048                              | \$ 417,048                                                                      | \$ -                                   | \$ 5,560,640              | 7.5%                                                   |
| December 31, 2022            | 401,135                                 | 401,135                                                                         | -                                      | 5,348,467                 | 7.5%                                                   |
| December 31, 2021            | 359,999                                 | 359,999                                                                         | -                                      | 4,799,987                 | 7.5%                                                   |
| December 31, 2020            | 360,080                                 | 360,080                                                                         | -                                      | 4,801,067                 | 7.5%                                                   |
| December 31, 2019            | 350,018                                 | 350,018                                                                         | -                                      | 4,666,907                 | 7.5%                                                   |
| December 31, 2018            | 339,188                                 | 339,188                                                                         | -                                      | 4,522,507                 | 7.5%                                                   |
| December 31, 2017            | 315,791                                 | 315,791                                                                         | -                                      | 4,210,547                 | 7.5%                                                   |
| December 31, 2016            | 299,473                                 | 299,473                                                                         | -                                      | 3,992,973                 | 7.5%                                                   |
| December 31, 2015            | 273,227                                 | 273,227                                                                         | -                                      | 3,643,027                 | 7.5%                                                   |

\* Schedule is to be provided prospectively beginning with the Component Unit's fiscal year ended June 30, 2015, or after.

**CITY OF SHAKOPEE**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - FIRE RELIEF ASSOCIATION**

|                                                                            | 2014                | 2015                  | 2016                | 2017                | 2018                |
|----------------------------------------------------------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| <b>Total Pension Liability (TPL)</b>                                       |                     |                       |                     |                     |                     |
| Service cost                                                               | \$ 135,715          | \$ 139,447            | \$ 151,879          | \$ 136,432          | \$ 143,848          |
| Interest                                                                   | 224,377             | 228,231               | 247,134             | 244,054             | 208,821             |
| Differenced between expected and actual experience                         | -                   | -                     | (75,511)            | -                   | (44,100)            |
| Changes of assumptions                                                     | -                   | -                     | 31,553              | -                   | 83,689              |
| Changes of benefit terms                                                   | -                   | -                     | -                   | 52,084              | 104,791             |
| Benefit payments, including refunds of member contributions                | (599,181)           | -                     | (130,106)           | (298,088)           | (1,807,369)         |
| Net change in total pension liability                                      | (239,089)           | 367,678               | 224,949             | 134,482             | (1,310,320)         |
| Beginning of year                                                          | \$ 3,903,491        | \$ 3,664,402          | \$ 4,032,080        | \$ 4,257,029        | \$ 4,391,511        |
| End of year                                                                | <u>\$ 3,664,402</u> | <u>\$ 4,032,080</u>   | <u>\$ 4,257,029</u> | <u>\$ 4,391,511</u> | <u>\$ 3,081,191</u> |
| <b>Plan Fiduciary Net Pension (FNP)</b>                                    |                     |                       |                     |                     |                     |
| Contributions - employer                                                   | \$ 341,036          | \$ 244,626            | \$ 247,910          | \$ 252,336          | \$ 270,378          |
| Contributions - donations and other local                                  | -                   | -                     | -                   | 95                  | -                   |
| Net investment income                                                      | 315,532             | (268,069)             | 385,789             | 789,234             | (299,370)           |
| Benefit payments, including refunds of member contributions                | (599,181)           | -                     | (130,106)           | (298,088)           | (1,807,369)         |
| Administrative expense                                                     | (10,897)            | (9,761)               | (16,676)            | (11,919)            | (18,455)            |
| Other Additions                                                            | -                   | -                     | -                   | -                   | -                   |
| Net change in plan fiduciary net position                                  | 46,490              | (33,204)              | 486,917             | 731,658             | (1,854,816)         |
| Beginning of year                                                          | 5,135,900           | 5,182,390             | 5,149,186           | 5,636,103           | 6,367,761           |
| End of year                                                                | <u>\$ 5,182,390</u> | <u>\$ 5,149,186</u>   | <u>\$ 5,636,103</u> | <u>\$ 6,367,761</u> | <u>\$ 4,512,945</u> |
| <b>Net Pension Liability (NPL)</b>                                         | <u>\$ 1,517,988</u> | <u>\$ (1,117,106)</u> | <u>\$ 1,379,074</u> | <u>\$ 1,976,250</u> | <u>\$ 1,431,754</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 141.4%              | 127.7%                | 132.4%              | 145.0%              | 146.5%              |
| Covered employee payroll                                                   | n/a                 | n/a                   | n/a                 | n/a                 | n/a                 |
| Net pension liability as a percentage of covered payroll                   | n/a                 | n/a                   | n/a                 | n/a                 | n/a                 |

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available. Additional years will be reported as they become available.

# CITY OF SHAKOPEE

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIRE RELIEF ASSOCIATION (CONTINUED)

| 2019         | 2020         | 2021         | 2022         |
|--------------|--------------|--------------|--------------|
| \$ 162,011   | \$ 172,427   | \$ 203,584   | \$ 226,558   |
| 163,476      | 179,367      | 188,408      | 212,308      |
| -            | 15,993       | -            | 21,950       |
| -            | 109,548      | -            | 24,098       |
| 96,150       | 62,996       | 230,007      | 164,861      |
| (258,740)    |              | (43,024)     | (240,611)    |
| 162,897      | 540,331      | 578,975      | 409,164      |
| \$ 3,081,191 | \$ 3,244,088 | \$ 3,784,419 | \$ 4,363,394 |
| \$ 3,244,088 | \$ 3,784,419 | \$ 4,363,394 | \$ 4,772,558 |
| \$ 269,203   | \$ 287,106   | \$ 307,082   | \$ 350,310   |
| -            | -            | -            | -            |
| 710,614      | 459,053      | 590,538      | (840,784)    |
| (258,740)    | -            | (43,024)     | (240,611)    |
| (17,491)     | (16,808)     | (18,635)     | (18,422)     |
| 1,964        | -            | -            | -            |
| 705,550      | 729,351      | 835,961      | (749,507)    |
| 4,512,945    | 5,218,495    | 5,947,846    | 6,783,807    |
| \$ 5,218,495 | \$ 5,947,846 | \$ 6,783,807 | \$ 6,034,300 |
| \$ 1,974,407 | \$ 2,163,427 | \$ 2,420,413 | \$ 1,261,742 |
| 160.9%       | 157.2%       | 155.5%       | 126.4%       |
| n/a          | n/a          | n/a          | n/a          |
| n/a          | n/a          | n/a          | n/a          |

# CITY OF SHAKOPEE

## SCHEDULE OF CITY CONTRIBUTIONS AND NON-EMPLOYER CONTRIBUTING ENTITIES - FIRE RELIEF ASSOCIATION

| For the Fiscal<br>Year Ended | Actuarial<br>Determined<br>Contribution | Actual<br>Contributions<br>Paid | Contribution<br>Deficiency<br>(Excess) | 2% State Aid | Covered<br>Employee<br>Payroll | Contributions as<br>a Percentage of<br>Covered<br>Employee<br>Payroll |
|------------------------------|-----------------------------------------|---------------------------------|----------------------------------------|--------------|--------------------------------|-----------------------------------------------------------------------|
| December 31, 2022            | \$ -                                    | \$ -                            | \$ -                                   | \$ 391,069   | n/a                            | n/a                                                                   |
| December 31, 2021            | -                                       | -                               | -                                      | 348,310      | n/a                            | n/a                                                                   |
| December 31, 2020            | -                                       | -                               | -                                      | 306,082      | n/a                            | n/a                                                                   |
| December 31, 2019            | -                                       | -                               | -                                      | 287,106      | n/a                            | n/a                                                                   |
| December 31, 2018            | -                                       | -                               | -                                      | 259,378      | n/a                            | n/a                                                                   |
| December 31, 2017            | -                                       | -                               | -                                      | 250,336      | n/a                            | n/a                                                                   |
| December 31, 2016            | -                                       | -                               | -                                      | 246,910      | n/a                            | n/a                                                                   |
| December 31, 2015            | -                                       | -                               | -                                      | 244,626      | n/a                            | n/a                                                                   |
| December 31, 2014            | 113,868                                 | 113,868                         | -                                      | 227,168      | n/a                            | n/a                                                                   |

The Association implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available. Additional years will be reported as they become available.

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF SHAKOPEE

### SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS

|                                                                         | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability                                                    |                     |                     |                     |                     |                     |                     |
| Service cost                                                            | \$ 143,652          | \$ 164,694          | \$ 162,381          | \$ 212,676          | \$ 248,127          | \$ 129,364          |
| Interest                                                                | 79,747              | 77,453              | 89,919              | 80,808              | 67,656              | 41,687              |
| Differenced between expected and actual experience                      | -                   | -                   | 135,664             | (11,389)            | (755,344)           | 3,690               |
| Changes of assumptions                                                  | 81,560              | (69,528)            | 164,630             | 215,072             | (471,095)           | (420,608)           |
| Benefit payments                                                        | (72,637)            | (85,589)            | (87,621)            | (88,559)            | (88,083)            | (87,485)            |
| Net change in total OPEB liability                                      | 232,322             | 87,030              | 464,973             | 408,608             | (998,739)           | (333,352)           |
| Total OPEB liability- beginning                                         | 1,985,761           | 2,218,083           | 2,305,113           | 2,770,086           | 3,178,694           | 2,179,955           |
| Total OPEB liability- ending                                            | <u>\$ 2,218,083</u> | <u>\$ 2,305,113</u> | <u>\$ 2,770,086</u> | <u>\$ 3,178,694</u> | <u>\$ 2,179,955</u> | <u>\$ 1,846,603</u> |
| Covered Employee Payroll                                                | \$ 12,533,653       | \$ 12,472,516       | \$ 12,982,682       | \$ 13,704,330       | \$ 14,047,001       | \$ 15,240,076       |
| City's Total OPEB Liability as a Percentage of Covered Employee Payroll | 17.70%              | 18.48%              | 21.34%              | 23.19%              | 15.52%              | 12.12%              |

Note: No Assets are accumulated in a trust to pay related benefits.

#### Assumption changes:

In 2023, the following benefit changes occurred:

The discount rate was changed from 1.84% as of 12/31/2021 to 4.05% as of 12/31/2022 based on updated 20-year municipal bond rates as of each measurement date.

In 2022, the following benefit changes occurred:

The discount rate was changed from 2.00% as of 12/31/2020 to 1.84% as of 12/31/2021 based on updated 20-year municipal bond rates as of each measurement date.

The inflation assumption changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward looking market expectations.

The payroll growth rate changed from 3.25% as of 12/31/2020 to 3.00% as of 12/31/2021 based on an updated historical analysis of inflation rates and forward looking market expectations.

In 2021, the following benefit changes occurred:

The discount rate was changed from 2.75% as of 12/31/2019 to 2.00% as of 12/31/2020 based on updated 20-year municipal bond rates as of each measurement date.

In 2020, the following benefit changes occurred:

The discount rate was changed from 3.71% as of 12/31/2018 to 2.75% as of 12/31/2019 based on updated 20-year municipal bond rates as of each measurement date.

In 2019, the following benefit changes occurred:

The discount rate was changed from 3.31% as of 12/31/2017 to 3.71% as of 12/31/2018 based on updated 20-year municipal bond rates as of each measurement date.

In 2018, the following benefit changes occurred:

The discount rate was changed from 3.81% as of 12/31/2016 to 3.31% as of 12/31/2017 based on updated 20-year municipal bond rates as of each measurement date.

Since the most recent GASB 45 valuation, the following changes have been made:

The discount rate was changed from 3.50% to 3.81% based on updated measurement dates and GASB 75 requirements.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita claims costs were updated to reflect recent experience and new plan offerings.

Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2015 PERA General and Police & Fire Employees Retirement Plan to the rates used in the 7/1/2018 valuation.

The percent of future regular retirees assumed to elect coverage at retirement changed from 50% to 30% to reflect recent plan experience.

The inflation assumption changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward looking market expectations.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### GENERAL EMPLOYEES FUND

#### 2023 Changes

##### Changes in Plan Provisions

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

##### Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent

#### 2022 Changes

##### Changes in Actuarial Assumptions

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

#### 2021 Changes

##### Changes in Actuarial Assumptions

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

#### 2020 Changes

##### Changes in Plan Provisions

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

##### Changes in Actuarial Assumptions

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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### GENERAL EMPLOYEES FUND (Continued)

#### 2019 Changes

##### Changes in Plan Provisions

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

##### Changes in Actuarial Assumptions

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

#### 2018 Changes

##### Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of-Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions

##### Changes in Actuarial Assumptions

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

#### 2017 Changes

##### Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018 and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

##### Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA load are now 0 percent for active member liability, 15 percent for vested deferred member liability, and 3 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1 percent per year for all years to 1 percent per year through 2044 and 2.50 percent per year thereafter.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### GENERAL EMPLOYEES FUND (Continued)

#### 2016 Changes

##### Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1 percent per year through 2035 and 2.50 percent per year thereafter to 1 percent per year for all years
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

#### 2015 Changes

##### Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

##### Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2035 and 2.5 percent per year thereafter

### POLICE AND FIRE FUND

#### 2023 Changes

##### Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.00 percent
- The single discount rate changed from 5.4 percent to 7.0 percent

##### Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation
- The total and permanent duty disability benefit was increased, effective July 1, 2023

#### 2022 Changes

##### Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.5% to 5.4%.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### POLICE AND FIRE FUND (Continued)

#### 2021 Changes

##### Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020)
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirement
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied

#### 2020 Changes

##### Changes in Actuarial Assumptions

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

#### 2019 Changes

##### Changes in Actuarial Assumptions

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

#### 2018 Changes

##### Changes in Plan Provisions

- Annual increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the
- Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019, and
- Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019, and 17.7 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018
- Deferred augmentation was changed to 0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply

##### Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### POLICE AND FIRE FUND (Continued)

#### 2017 Changes

##### Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates
- Assumed rates of retirement were changed, resulting in fewer retirement
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested member
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations over a
- Assumed percentage of married female members was decreased from 65 percent to 60 percent
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females
- The assumed percentage of female members electing joint and survivor annuities was increase
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter
- The single discount rate was changed from 5.6 percent to 7.5 percent.

#### 2016 Changes

##### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation

#### 2015 Changes

##### Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

##### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter

## **SUPPLEMENTARY INFORMATION**

**CITY OF SHAKOPEE**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2023**

|                                   | Original and<br>Final Budget | Actual<br>Amounts | Variance with<br>Final Budget -<br>Over (Under) |
|-----------------------------------|------------------------------|-------------------|-------------------------------------------------|
| <b>REVENUES</b>                   |                              |                   |                                                 |
| <b>Taxes</b>                      |                              |                   |                                                 |
| General Property                  | \$ 18,095,000                | \$ 18,080,675     | \$ (14,325)                                     |
| Fiscal Disparities                | 2,457,500                    | 2,330,926         | (126,574)                                       |
| Franchise                         | 386,000                      | 370,419           | (15,581)                                        |
| Aggregate                         | -                            | 8,596             | 8,596                                           |
| Total Taxes                       | 20,938,500                   | 20,790,616        | (147,884)                                       |
| <b>Special Assessments</b>        | 2,000                        | 56,189            | 54,189                                          |
| <b>Licenses and Permits</b>       | 3,432,700                    | 6,393,008         | 2,960,308                                       |
| <b>Intergovernmental Revenues</b> |                              |                   |                                                 |
| Federal Grants                    | 16,000                       | 158,624           | 142,624                                         |
| Police Aid                        | 530,000                      | 582,174           | 52,174                                          |
| Fire Aid                          | 300,000                      | 391,069           | 91,069                                          |
| State Grants                      | 670,000                      | 780,538           | 110,538                                         |
| Other Grants and Aids             | -                            | 29,114            | 29,114                                          |
| Total Intergovernmental Revenues  | 1,516,000                    | 1,941,519         | 425,519                                         |
| <b>Charges for Services</b>       |                              |                   |                                                 |
| General Government                | 3,281,000                    | 3,971,427         | 690,427                                         |
| Public Safety                     | 962,800                      | 988,850           | 26,050                                          |
| Public Works                      | 1,037,200                    | 1,293,612         | 256,412                                         |
| Parks and Recreation              | 2,462,400                    | 2,867,746         | 405,346                                         |
| Total Charges for Services        | 7,743,400                    | 9,121,635         | 1,378,235                                       |
| <b>Fines and Forfeitures</b>      | 1,700                        | 327,215           | 325,515                                         |
| <b>Miscellaneous Revenues</b>     |                              |                   |                                                 |
| Investment Income                 | 290,000                      | 1,029,039         | 739,039                                         |
| Contributions and Donations       | 20,000                       | 29,721            | 9,721                                           |
| Rents                             | 10,700                       | 598               | (10,102)                                        |
| Other                             | 12,700                       | 408,536           | 395,836                                         |
| Total Miscellaneous Revenues      | 333,400                      | 1,467,894         | 1,134,494                                       |
| Total Revenues                    | 33,967,700                   | 40,098,076        | 6,130,376                                       |
| <b>EXPENDITURES</b>               |                              |                   |                                                 |
| <b>General Government</b>         |                              |                   |                                                 |
| Current:                          |                              |                   |                                                 |
| Mayor and Council                 | \$ 212,300                   | \$ 175,972        | \$ (36,328)                                     |
| Administration                    | 2,387,200                    | 2,322,214         | (64,986)                                        |
| City Clerk                        | 420,700                      | 452,877           | 32,177                                          |
| Finance                           | 1,078,400                    | 1,063,151         | (15,249)                                        |
| Planning                          | 673,700                      | 587,877           | (85,823)                                        |
| Government Buildings              | 650,100                      | 670,735           | 20,635                                          |
| Unallocated                       | 128,200                      | 34,004            | (94,196)                                        |
| <b>Capital Outlay</b>             | 66,300                       | 70,177            | 3,877                                           |
| Total General Government          | 5,616,900                    | 5,377,007         | (239,893)                                       |

**CITY OF SHAKOPEE**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2023**

|                                       | Original and<br>Final Budget | Actual<br>Amounts | Variance with<br>Final Budget -<br>Over (Under) |
|---------------------------------------|------------------------------|-------------------|-------------------------------------------------|
| <b>EXPENDITURES (Continued)</b>       |                              |                   |                                                 |
| <b>Public Safety</b>                  |                              |                   |                                                 |
| Current:                              |                              |                   |                                                 |
| Police                                | \$ 10,920,600                | \$ 10,954,760     | \$ 34,160                                       |
| Fire                                  | 3,380,100                    | 3,593,361         | 213,261                                         |
| Building Inspection                   | 1,695,200                    | 1,700,673         | 5,473                                           |
| Capital Outlay                        | 59,700                       | 191,809           | 132,109                                         |
| Total Public Safety                   | 16,055,600                   | 16,440,603        | 385,003                                         |
| <b>Public Works</b>                   |                              |                   |                                                 |
| Current:                              |                              |                   |                                                 |
| Engineering                           | 1,435,700                    | 1,199,087         | (236,613)                                       |
| Streets                               | 2,755,400                    | 2,591,335         | (164,065)                                       |
| Shop                                  | 551,300                      | 469,804           | (81,496)                                        |
| Park Maintenance                      | 3,192,200                    | 3,279,148         | 86,948                                          |
| Capital Outlay                        | -                            | 5,662             | 5,662                                           |
| Total Public Works                    | 7,934,600                    | 7,545,036         | (389,564)                                       |
| <b>Culture and Recreation</b>         |                              |                   |                                                 |
| Current:                              |                              |                   |                                                 |
| Recreation                            | 4,886,600                    | 5,017,325         | 130,725                                         |
| Capital Outlay                        | -                            | 29,001            | 29,001                                          |
| Total Parks and Recreation            | 4,886,600                    | 5,046,326         | 159,726                                         |
| <b>Debt Service</b>                   |                              |                   |                                                 |
| Principal                             | -                            | 56,100            | 56,100                                          |
| Interest and Other Charges            | -                            | 8,680             | 8,680                                           |
| Total Debt Service                    | -                            | 64,780            | 64,780                                          |
| <br>Total Expenditures                | <br>34,493,700               | <br>34,473,752    | <br>(19,948)                                    |
| <br>Excess of Revenues Over (Under)   | <br>(526,000)                | <br>5,624,324     | <br>6,150,324                                   |
| <b>OTHER FINANCING SOURCES (USES)</b> |                              |                   |                                                 |
| Proceeds from Sale of Capital Asset   | -                            | 2,416             | 2,416                                           |
| SBITA Issued                          | -                            | 29,297            | 29,297                                          |
| Lease Issued                          | -                            | 11,795            | 11,795                                          |
| Transfers In                          | 400,000                      | 400,000           | -                                               |
| Transfers Out                         | -                            | (4,048,650)       | (4,048,650)                                     |
| Total Other Financing Sources (Uses)  | 400,000                      | (3,605,142)       | (4,005,142)                                     |
| <br>Net Change in Fund Balances       | <br>\$ (126,000)             | <br>2,019,182     | <br>\$ 2,145,182                                |
| <b>FUND BALANCES</b>                  |                              |                   |                                                 |
| <b>Beginning of Year</b>              |                              | 20,005,296        |                                                 |
| <b>End of Year</b>                    |                              | \$ 22,024,478     |                                                 |

**CITY OF SHAKOPEE**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2023**

|                                                                           | Special Revenue   |                 |                                      |
|---------------------------------------------------------------------------|-------------------|-----------------|--------------------------------------|
|                                                                           | Forfeiture        | DARE            | Shakopee<br>Government<br>Television |
| <b>ASSETS</b>                                                             |                   |                 |                                      |
| Cash and Investments                                                      | \$ 101,005        | \$ 5,239        | \$ 74,691                            |
| Special Assessments Receivable:                                           |                   |                 |                                      |
| Delinquent                                                                | -                 | -               | -                                    |
| Deferred                                                                  | -                 | -               | -                                    |
| Accounts Receivable                                                       | -                 | -               | 8,703                                |
| Interest Receivable                                                       | 651               | -               | 481                                  |
| Due from Other Governments                                                | -                 | 66              | -                                    |
| Total Assets                                                              | <u>\$ 101,656</u> | <u>\$ 5,305</u> | <u>\$ 83,875</u>                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b>   |                   |                 |                                      |
| <b>Liabilities</b>                                                        |                   |                 |                                      |
| Accounts Payable                                                          | \$ 275            | \$ -            | \$ -                                 |
| Due to Other Funds                                                        | -                 | -               | -                                    |
| Due to Other Governments                                                  | -                 | -               | -                                    |
| Advance from Other Funds                                                  | -                 | -               | -                                    |
| Total Liabilities                                                         | <u>275</u>        | <u>-</u>        | <u>-</u>                             |
| <b>Deferred Inflows of Resources</b>                                      |                   |                 |                                      |
| Unavailable Revenue - Special Assessments                                 | -                 | -               | -                                    |
| Total Deferred Inflows of Resources                                       | <u>-</u>          | <u>-</u>        | <u>-</u>                             |
| <b>Fund Balances</b>                                                      |                   |                 |                                      |
| Restricted for:                                                           |                   |                 |                                      |
| Special Revenue                                                           | 101,381           | 5,305           | -                                    |
| Debt Service                                                              | -                 | -               | -                                    |
| Capital Projects                                                          | -                 | -               | -                                    |
| Assigned                                                                  | -                 | -               | 83,875                               |
| Unassigned                                                                | -                 | -               | -                                    |
| Total Fund Balances                                                       | <u>101,381</u>    | <u>5,305</u>    | <u>83,875</u>                        |
| <br>Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 101,656</u> | <u>\$ 5,305</u> | <u>\$ 83,875</u>                     |

Special Revenue

| SCDP Grant       | Lodging Tax      | Opioids<br>Settlement | Public Safety<br>Funds | Total               |
|------------------|------------------|-----------------------|------------------------|---------------------|
| \$ 18,368        | \$ -             | \$ 156,085            | \$ 1,679,961           | \$ 2,035,349        |
| -                | -                | -                     | -                      | -                   |
| -                | -                | -                     | -                      | -                   |
| -                | 23,146           | -                     | -                      | 31,849              |
| -                | -                | -                     | -                      | 1,132               |
| -                | -                | -                     | -                      | 66                  |
| <u>\$ 18,368</u> | <u>\$ 23,146</u> | <u>\$ 156,085</u>     | <u>\$ 1,679,961</u>    | <u>\$ 2,068,396</u> |
|                  |                  |                       |                        |                     |
| \$ -             | \$ 23,146        | \$ -                  | \$ 57,414              | \$ 80,835           |
| -                | -                | -                     | -                      | -                   |
| -                | -                | -                     | -                      | -                   |
| -                | -                | -                     | -                      | -                   |
| <u>-</u>         | <u>23,146</u>    | <u>-</u>              | <u>57,414</u>          | <u>80,835</u>       |
|                  |                  |                       |                        |                     |
| -                | -                | -                     | -                      | -                   |
| <u>-</u>         | <u>-</u>         | <u>-</u>              | <u>-</u>               | <u>-</u>            |
|                  |                  |                       |                        |                     |
| 18,368           | -                | 156,085               | 1,622,547              | 1,903,686           |
| -                | -                | -                     | -                      | -                   |
| -                | -                | -                     | -                      | -                   |
| -                | -                | -                     | -                      | 83,875              |
| -                | -                | -                     | -                      | -                   |
| <u>18,368</u>    | <u>-</u>         | <u>156,085</u>        | <u>1,622,547</u>       | <u>1,987,561</u>    |
|                  |                  |                       |                        |                     |
| <u>\$ 18,368</u> | <u>\$ 23,146</u> | <u>\$ 156,085</u>     | <u>\$ 1,679,961</u>    | <u>\$ 2,068,396</u> |

**CITY OF SHAKOPEE**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
December 31, 2023**

|                                                                         | Debt Service        |                   |                   |
|-------------------------------------------------------------------------|---------------------|-------------------|-------------------|
|                                                                         | 2016A GO Tax        | 2019A Tax         | 2020A Tax         |
|                                                                         | Abatement           | Increment         | Increment         |
|                                                                         | Bonds               | Bonds             | Bonds             |
| <b>ASSETS</b>                                                           |                     |                   |                   |
| Cash and Investments                                                    | \$ 1,336,574        | \$ 292,981        | \$ 541,746        |
| Special Assessments Receivable:                                         |                     |                   |                   |
| Delinquent                                                              | -                   | -                 | -                 |
| Deferred                                                                | -                   | -                 | -                 |
| Accounts Receivable                                                     | -                   | -                 | -                 |
| Interest Receivable                                                     | 8,613               | 1,888             | 3,491             |
| Due from Other Governments                                              | -                   | -                 | -                 |
| Total Assets                                                            | <u>\$ 1,345,187</u> | <u>\$ 294,869</u> | <u>\$ 545,237</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> |                     |                   |                   |
| <b>Liabilities</b>                                                      |                     |                   |                   |
| Accounts Payable                                                        | \$ 525              | \$ 525            | \$ 525            |
| Due to Other Funds                                                      | -                   | -                 | -                 |
| Due to Other Governments                                                | -                   | -                 | -                 |
| Advance from Other Funds                                                | -                   | -                 | -                 |
| Total Liabilities                                                       | <u>525</u>          | <u>525</u>        | <u>525</u>        |
| <b>Deferred Inflows of Resources</b>                                    |                     |                   |                   |
| Unavailable Revenue - Special Assessments                               | -                   | -                 | -                 |
| Total Deferred Inflows of Resources                                     | <u>-</u>            | <u>-</u>          | <u>-</u>          |
| <b>Fund Balances</b>                                                    |                     |                   |                   |
| Restricted for:                                                         |                     |                   |                   |
| Special Revenue                                                         | -                   | -                 | -                 |
| Debt Service                                                            | 1,344,662           | 294,344           | 544,712           |
| Capital Projects                                                        | -                   | -                 | -                 |
| Assigned                                                                | -                   | -                 | -                 |
| Unassigned                                                              | -                   | -                 | -                 |
| Total Fund Balances                                                     | <u>1,344,662</u>    | <u>294,344</u>    | <u>544,712</u>    |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances   | <u>\$ 1,345,187</u> | <u>\$ 294,869</u> | <u>\$ 545,237</u> |

| Debt Service                              |                                 |                     | Capital Projects    |                                        |                                              |
|-------------------------------------------|---------------------------------|---------------------|---------------------|----------------------------------------|----------------------------------------------|
| 2022A GO Tax<br>Increment<br>Revenue Bond | 2022A GO<br>Improvement<br>Bond | Total               | Park<br>Development | TIF District No.<br>14 J&J /<br>Sanmar | TIF District No.<br>15 All<br>Saints/Trident |
| \$ -                                      | \$ 1,104,165                    | \$ 3,275,466        | \$ 8,209,393        | \$ 187,294                             | \$ 26,047                                    |
| -                                         | 26                              | 26                  | -                   | -                                      | -                                            |
| -                                         | 757,427                         | 757,427             | -                   | -                                      | -                                            |
| -                                         | -                               | -                   | -                   | -                                      | -                                            |
| (578)                                     | 4,869                           | 18,283              | 51,098              | -                                      | -                                            |
| -                                         | 342                             | 342                 | -                   | -                                      | -                                            |
| <u>\$ (578)</u>                           | <u>\$ 1,866,829</u>             | <u>\$ 4,051,544</u> | <u>\$ 8,260,491</u> | <u>\$ 187,294</u>                      | <u>\$ 26,047</u>                             |
|                                           |                                 |                     |                     |                                        |                                              |
| \$ 525                                    | \$ -                            | \$ 2,100            | \$ 692,806          | \$ 750                                 | \$ 750                                       |
| 89,746                                    | -                               | 89,746              | -                   | -                                      | -                                            |
| -                                         | -                               | -                   | 222                 | -                                      | -                                            |
| -                                         | -                               | -                   | -                   | -                                      | -                                            |
| <u>90,271</u>                             | <u>-</u>                        | <u>91,846</u>       | <u>693,028</u>      | <u>750</u>                             | <u>750</u>                                   |
|                                           |                                 |                     |                     |                                        |                                              |
| -                                         | 757,453                         | 757,453             | -                   | -                                      | -                                            |
| -                                         | 757,453                         | 757,453             | -                   | -                                      | -                                            |
|                                           |                                 |                     |                     |                                        |                                              |
| -                                         | -                               | -                   | -                   | -                                      | -                                            |
| -                                         | 1,109,376                       | 3,293,094           | -                   | -                                      | -                                            |
| -                                         | -                               | -                   | 7,567,463           | 186,544                                | 25,297                                       |
| -                                         | -                               | -                   | -                   | -                                      | -                                            |
| (90,849)                                  | -                               | (90,849)            | -                   | -                                      | -                                            |
| <u>(90,849)</u>                           | <u>1,109,376</u>                | <u>3,202,245</u>    | <u>7,567,463</u>    | <u>186,544</u>                         | <u>25,297</u>                                |
|                                           |                                 |                     |                     |                                        |                                              |
| <u>\$ (578)</u>                           | <u>\$ 1,866,829</u>             | <u>\$ 4,051,544</u> | <u>\$ 8,260,491</u> | <u>\$ 187,294</u>                      | <u>\$ 26,047</u>                             |

**CITY OF SHAKOPEE**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
December 31, 2023**

|                                                                             | Capital Projects              |                                   |
|-----------------------------------------------------------------------------|-------------------------------|-----------------------------------|
|                                                                             | TIF District No.<br>17 Amazon | TIF District No.<br>19 Riverfront |
| <b>ASSETS</b>                                                               |                               |                                   |
| Cash and Investments                                                        | \$ 25,481                     | \$ 36,957                         |
| Special Assessments Receivable:                                             |                               |                                   |
| Delinquent                                                                  | -                             | -                                 |
| Deferred                                                                    | -                             | -                                 |
| Accounts Receivable                                                         | -                             | -                                 |
| Interest Receivable                                                         | -                             | -                                 |
| Due from Other Governments                                                  | -                             | -                                 |
| Total Assets                                                                | <u>\$ 25,481</u>              | <u>\$ 36,957</u>                  |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> |                               |                                   |
| <b>Liabilities</b>                                                          |                               |                                   |
| Accounts Payable                                                            | \$ -                          | \$ 37,707                         |
| Due to Other Funds                                                          | -                             | -                                 |
| Due to Other Governments                                                    | -                             | -                                 |
| Advance from Other Funds                                                    | -                             | 1,614,399                         |
| Total Liabilities                                                           | <u>-</u>                      | <u>1,652,106</u>                  |
| <br><b>Deferred Inflows of Resources</b>                                    |                               |                                   |
| Unavailable Revenue - Special Assessments                                   | -                             | -                                 |
| Total Deferred Inflows of Resources                                         | <u>-</u>                      | <u>-</u>                          |
| <br><b>Fund Balances</b>                                                    |                               |                                   |
| Restricted for:                                                             |                               |                                   |
| Special Revenue                                                             | -                             | -                                 |
| Debt Service                                                                | -                             | -                                 |
| Capital Projects                                                            | 25,481                        | -                                 |
| Assigned                                                                    | -                             | -                                 |
| Unassigned                                                                  | -                             | (1,615,149)                       |
| Total Fund Balances                                                         | <u>25,481</u>                 | <u>(1,615,149)</u>                |
| <br>Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances   | <u>\$ 25,481</u>              | <u>\$ 36,957</u>                  |

| Capital Projects                            |                              |                     |                   |                     |                      | Total<br>Governmental<br>Funds |
|---------------------------------------------|------------------------------|---------------------|-------------------|---------------------|----------------------|--------------------------------|
| TIF District No.<br>21 Shakopee<br>Crossing | Road Expansion<br>Dedication | Tree<br>Replacement | Seal Coat         | Total               |                      |                                |
|                                             |                              |                     |                   |                     |                      |                                |
| \$ 1,218                                    | \$ 348,122                   | \$ 329,966          | \$ 321,474        | \$ 9,485,952        | \$ 14,796,767        |                                |
| -                                           | -                            | -                   | -                 | -                   | 26                   |                                |
| -                                           | -                            | -                   | -                 | -                   | 757,427              |                                |
| -                                           | -                            | -                   | -                 | -                   | 31,849               |                                |
| -                                           | -                            | 2,126               | -                 | 53,224              | 72,639               |                                |
| 2,785                                       | -                            | -                   | -                 | 2,785               | 3,193                |                                |
| <u>\$ 4,003</u>                             | <u>\$ 348,122</u>            | <u>\$ 332,092</u>   | <u>\$ 321,474</u> | <u>\$ 9,541,961</u> | <u>\$ 15,661,901</u> |                                |
|                                             |                              |                     |                   |                     |                      |                                |
| \$ 750                                      | \$ -                         | \$ -                | \$ -              | \$ 732,763          | \$ 815,698           |                                |
| -                                           | -                            | -                   | -                 | -                   | 89,746               |                                |
| -                                           | -                            | -                   | -                 | 222                 | 222                  |                                |
| -                                           | -                            | -                   | -                 | 1,614,399           | 1,614,399            |                                |
| <u>750</u>                                  | <u>-</u>                     | <u>-</u>            | <u>-</u>          | <u>2,347,384</u>    | <u>2,520,065</u>     |                                |
|                                             |                              |                     |                   |                     |                      |                                |
| -                                           | -                            | -                   | -                 | -                   | 757,453              |                                |
| <u>-</u>                                    | <u>-</u>                     | <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>757,453</u>       |                                |
|                                             |                              |                     |                   |                     |                      |                                |
| -                                           | -                            | -                   | -                 | -                   | 1,903,686            |                                |
| -                                           | -                            | -                   | -                 | -                   | 3,293,094            |                                |
| 3,253                                       | -                            | -                   | -                 | 7,808,038           | 7,808,038            |                                |
| -                                           | 348,122                      | 332,092             | 321,474           | 1,001,688           | 1,085,563            |                                |
| -                                           | -                            | -                   | -                 | (1,615,149)         | (1,705,998)          |                                |
| <u>3,253</u>                                | <u>348,122</u>               | <u>332,092</u>      | <u>321,474</u>    | <u>7,194,577</u>    | <u>12,384,383</u>    |                                |
|                                             |                              |                     |                   |                     |                      |                                |
| \$ 4,003                                    | \$ 348,122                   | \$ 332,092          | \$ 321,474        | \$ 9,541,961        | \$ 15,661,901        |                                |

**CITY OF SHAKOPEE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2023**

|                                                 | Special Revenue   |                 |                                      |                  |                |
|-------------------------------------------------|-------------------|-----------------|--------------------------------------|------------------|----------------|
|                                                 |                   |                 | Shakopee<br>Government<br>Television | SCDP Grant       | Lodging<br>Tax |
| <b>REVENUES</b>                                 | Forfeiture        | DARE            |                                      |                  |                |
| Taxes                                           | \$ -              | \$ -            | \$ 25,387                            | \$ -             | \$ 461,095     |
| Tax Increment                                   | -                 | -               | -                                    | -                | -              |
| Special Assessments                             | -                 | -               | -                                    | -                | -              |
| Licenses and Permits                            | -                 | -               | -                                    | -                | -              |
| Intergovernmental                               | 420               | -               | -                                    | -                | -              |
| Charges for Services                            | -                 | -               | -                                    | -                | -              |
| Fines and Forfeitures                           | 17,358            | 5,305           | -                                    | -                | -              |
| Miscellaneous                                   | 3,067             | -               | -                                    | -                | -              |
| Investment Income                               | 7,132             | -               | 3,517                                | -                | -              |
| Total Revenues                                  | <u>27,977</u>     | <u>5,305</u>    | <u>28,904</u>                        | <u>-</u>         | <u>461,095</u> |
| <b>EXPENDITURES</b>                             |                   |                 |                                      |                  |                |
| <b>Current</b>                                  |                   |                 |                                      |                  |                |
| General Government                              | -                 | -               | 11,788                               | -                | 461,095        |
| Public Safety                                   | 48,403            | -               | -                                    | -                | -              |
| Public Works                                    | -                 | -               | -                                    | -                | -              |
| Conservation and Natural Resources              | -                 | -               | -                                    | -                | -              |
| Economic Development                            | -                 | -               | -                                    | -                | -              |
| <b>Debt Service</b>                             |                   |                 |                                      |                  |                |
| Principal                                       | -                 | -               | -                                    | -                | -              |
| Interest and Other Charges                      | -                 | -               | -                                    | -                | -              |
| <b>Capital Outlay</b>                           | -                 | -               | 1,325                                | -                | -              |
| Total Expenditures                              | <u>48,403</u>     | <u>-</u>        | <u>13,113</u>                        | <u>-</u>         | <u>461,095</u> |
| Excess of Revenues Over<br>(Under) Expenditures | <u>(20,426)</u>   | <u>5,305</u>    | <u>15,791</u>                        | <u>-</u>         | <u>-</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                   |                 |                                      |                  |                |
| Lease Issued                                    | -                 | -               | -                                    | -                | -              |
| Transfers In                                    | -                 | -               | -                                    | -                | -              |
| Transfers Out                                   | -                 | -               | -                                    | -                | -              |
| Total Other Financing<br>Sources (Uses)         | <u>-</u>          | <u>-</u>        | <u>-</u>                             | <u>-</u>         | <u>-</u>       |
| Net Change in Fund Balances                     | (20,426)          | 5,305           | 15,791                               | -                | -              |
| <b>FUND BALANCES</b>                            |                   |                 |                                      |                  |                |
| <b>Beginning of Year</b>                        | <u>121,807</u>    | <u>-</u>        | <u>68,084</u>                        | <u>18,368</u>    | <u>-</u>       |
| <b>End of Year</b>                              | <u>\$ 101,381</u> | <u>\$ 5,305</u> | <u>\$ 83,875</u>                     | <u>\$ 18,368</u> | <u>\$ -</u>    |

| Special Revenue    |                     |              | Debt Service                 |                           |                           |
|--------------------|---------------------|--------------|------------------------------|---------------------------|---------------------------|
| Opioids Settlement | Public Safety Funds | Total        | 2016A GO Tax Abatement Bonds | 2019A Tax Increment Bonds | 2020A Tax Increment Bonds |
| \$ -               | \$ -                | \$ 486,482   | \$ 2,189,000                 | \$ -                      | \$ -                      |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | 1,995,163           | 1,995,583    | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | -                         | -                         |
| 31,037             | -                   | 53,700       | -                            | -                         | -                         |
| -                  | -                   | 3,067        | -                            | -                         | -                         |
| -                  | -                   | 10,649       | 42,744                       | 9,565                     | 17,808                    |
| 31,037             | 1,995,163           | 2,549,481    | 2,231,744                    | 9,565                     | 17,808                    |
| -                  | -                   | 472,883      | -                            | -                         | -                         |
| -                  | 352,741             | 401,144      | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | 15,925              | 15,925       | 1,330,000                    | 220,000                   | 410,000                   |
| -                  | 3,950               | 3,950        | 790,556                      | 120,538                   | 220,525                   |
| -                  | 374,857             | 376,182      | -                            | -                         | -                         |
| -                  | 747,473             | 1,270,084    | 2,120,556                    | 340,538                   | 630,525                   |
| 31,037             | 1,247,690           | 1,279,397    | 111,188                      | (330,973)                 | (612,717)                 |
| -                  | 374,857             | 374,857      | -                            | -                         | -                         |
| -                  | -                   | -            | -                            | 344,914                   | 636,977                   |
| -                  | -                   | -            | -                            | -                         | -                         |
| -                  | 374,857             | 374,857      | -                            | 344,914                   | 636,977                   |
| 31,037             | 1,622,547           | 1,654,254    | 111,188                      | 13,941                    | 24,260                    |
| 125,048            | -                   | 333,307      | 1,233,474                    | 280,403                   | 520,452                   |
| \$ 156,085         | \$ 1,622,547        | \$ 1,987,561 | \$ 1,344,662                 | \$ 294,344                | \$ 544,712                |

**CITY OF SHAKOPEE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**For the Year Ended December 31, 2023**

|                                                 | 2022A GO Tax<br>Increment<br>Revenue Bond | Debt Service<br>2022A GO<br>Improvement<br>Bond | Total               | Capital Projects<br>Park<br>Development |
|-------------------------------------------------|-------------------------------------------|-------------------------------------------------|---------------------|-----------------------------------------|
| <b>REVENUES</b>                                 |                                           |                                                 |                     |                                         |
| Taxes                                           | \$ -                                      | \$ 148,000                                      | \$ 2,337,000        | \$ -                                    |
| Tax Increment                                   | -                                         | -                                               | -                   | -                                       |
| Special Assessments                             | -                                         | 290,580                                         | 290,580             | -                                       |
| Licenses and Permits                            | -                                         | -                                               | -                   | 3,790,800                               |
| Intergovernmental                               | -                                         | -                                               | -                   | 102                                     |
| Charges for Services                            | -                                         | -                                               | -                   | 3,148                                   |
| Fines and Forfeitures                           | -                                         | -                                               | -                   | -                                       |
| Miscellaneous                                   | -                                         | -                                               | -                   | 134,474                                 |
| Investment Income                               | 2,311                                     | 4,492                                           | 76,920              | 335,403                                 |
| Total Revenues                                  | <u>2,311</u>                              | <u>443,072</u>                                  | <u>2,704,500</u>    | <u>4,263,927</u>                        |
| <b>EXPENDITURES</b>                             |                                           |                                                 |                     |                                         |
| <b>Current</b>                                  |                                           |                                                 |                     |                                         |
| General Government                              | -                                         | -                                               | -                   | -                                       |
| Public Safety                                   | -                                         | -                                               | -                   | -                                       |
| Public Works                                    | -                                         | -                                               | -                   | -                                       |
| Conservation and Natural Resources              | -                                         | -                                               | -                   | -                                       |
| Economic Development                            | -                                         | -                                               | -                   | -                                       |
| <b>Debt Service</b>                             |                                           |                                                 |                     |                                         |
| Principal                                       | -                                         | -                                               | 1,960,000           | -                                       |
| Interest and Other Charges                      | 213,581                                   | 147,445                                         | 1,492,645           | -                                       |
| <b>Capital Outlay</b>                           | -                                         | -                                               | -                   | 2,789,345                               |
| Total Expenditures                              | <u>213,581</u>                            | <u>147,445</u>                                  | <u>3,452,645</u>    | <u>2,789,345</u>                        |
| Excess of Revenues Over<br>(Under) Expenditures | <u>(211,270)</u>                          | <u>295,627</u>                                  | <u>(748,145)</u>    | <u>1,474,582</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                                           |                                                 |                     |                                         |
| Lease Issued                                    | -                                         | -                                               | -                   | -                                       |
| Transfers In                                    | 72,016                                    | 348,650                                         | 1,402,557           | 280,000                                 |
| Transfers Out                                   | -                                         | -                                               | -                   | -                                       |
| Total Other Financing<br>Sources (Uses)         | <u>72,016</u>                             | <u>348,650</u>                                  | <u>1,402,557</u>    | <u>280,000</u>                          |
| Net Change in Fund Balances                     | (139,254)                                 | 644,277                                         | 654,412             | 1,754,582                               |
| <b>FUND BALANCES</b>                            |                                           |                                                 |                     |                                         |
| <b>Beginning of Year</b>                        | <u>48,405</u>                             | <u>465,099</u>                                  | <u>2,547,833</u>    | <u>5,812,881</u>                        |
| <b>End of Year</b>                              | <u>\$ (90,849)</u>                        | <u>\$ 1,109,376</u>                             | <u>\$ 3,202,245</u> | <u>\$ 7,567,463</u>                     |

| Capital Projects |                        |                                     |                                              |                       |                      |
|------------------|------------------------|-------------------------------------|----------------------------------------------|-----------------------|----------------------|
| Local Projects   | TIF District<br>No. 10 | TIF District No.<br>14 J&J / Sanmar | TIF District No.<br>15 All<br>Saints/Trident | Datacard<br>Abatement | Emerson<br>Abatement |
| \$ -             | \$ -                   | \$ -                                | \$ -                                         | \$ 71,250             | \$ 126,744           |
| -                | 80                     | 394,728                             | 174,239                                      | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | (1)                                          | -                     | -                    |
| -                | 80                     | 394,728                             | 174,238                                      | 71,250                | 126,744              |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| 9,432            | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | 80                     | 208,184                             | 148,941                                      | 71,250                | 289,940              |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| 9,432            | 80                     | 208,184                             | 148,941                                      | 71,250                | 289,940              |
| (9,432)          | -                      | 186,544                             | 25,297                                       | -                     | (163,196)            |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| -                | -                      | -                                   | -                                            | -                     | -                    |
| (2,940,128)      | -                      | -                                   | -                                            | -                     | -                    |
| (2,940,128)      | -                      | -                                   | -                                            | -                     | -                    |
| (2,949,560)      | -                      | 186,544                             | 25,297                                       | -                     | (163,196)            |
| 2,949,560        | -                      | -                                   | -                                            | -                     | 163,196              |
| \$ -             | \$ -                   | \$ 186,544                          | \$ 25,297                                    | \$ -                  | \$ -                 |

**CITY OF SHAKOPEE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**For the Year Ended December 31, 2023**

|                                                 | Capital Projects                 |                                      |                                             |               |
|-------------------------------------------------|----------------------------------|--------------------------------------|---------------------------------------------|---------------|
|                                                 | TIF District<br>No. 17<br>Amazon | TIF District<br>No. 19<br>Riverfront | TIF District No.<br>21 Shakopee<br>Crossing | KEB Abatement |
| <b>REVENUES</b>                                 |                                  |                                      |                                             |               |
| Taxes                                           | \$ -                             | \$ -                                 | \$ -                                        | \$ 25,179     |
| Tax Increment                                   | 873,766                          | 105,697                              | 29,812                                      | -             |
| Special Assessments                             | -                                | -                                    | -                                           | -             |
| Licenses and Permits                            | -                                | -                                    | -                                           | -             |
| Intergovernmental                               | -                                | -                                    | -                                           | -             |
| Charges for Services                            | -                                | -                                    | -                                           | -             |
| Fines and Forfeitures                           | -                                | -                                    | -                                           | -             |
| Miscellaneous                                   | -                                | -                                    | -                                           | -             |
| Investment Income                               | -                                | -                                    | -                                           | -             |
| Total Revenues                                  | <u>873,766</u>                   | <u>105,697</u>                       | <u>29,812</u>                               | <u>25,179</u> |
| <b>EXPENDITURES</b>                             |                                  |                                      |                                             |               |
| <b>Current</b>                                  |                                  |                                      |                                             |               |
| General Government                              | -                                | -                                    | -                                           | -             |
| Public Safety                                   | -                                | -                                    | -                                           | -             |
| Public Works                                    | -                                | -                                    | -                                           | -             |
| Conservation and Natural Resources              | -                                | -                                    | -                                           | -             |
| Economic Development                            | 398,844                          | 171,652                              | 26,559                                      | 25,179        |
| <b>Debt Service</b>                             |                                  |                                      |                                             |               |
| Principal                                       | -                                | -                                    | -                                           | -             |
| Interest and Other Charges                      | -                                | -                                    | -                                           | -             |
| <b>Capital Outlay</b>                           | -                                | -                                    | -                                           | -             |
| Total Expenditures                              | <u>398,844</u>                   | <u>171,652</u>                       | <u>26,559</u>                               | <u>25,179</u> |
| Excess of Revenues Over<br>(Under) Expenditures | <u>474,922</u>                   | <u>(65,955)</u>                      | <u>3,253</u>                                | <u>-</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                                  |                                      |                                             |               |
| Lease Issued                                    | -                                | -                                    | -                                           | -             |
| Transfers In                                    | -                                | -                                    | -                                           | -             |
| Transfers Out                                   | -                                | -                                    | -                                           | -             |
| Total Other Financing<br>Sources (Uses)         | <u>-</u>                         | <u>-</u>                             | <u>-</u>                                    | <u>-</u>      |
| Net Change in Fund Balances                     | 474,922                          | (65,955)                             | 3,253                                       | -             |
| <b>FUND BALANCES</b>                            |                                  |                                      |                                             |               |
| <b>Beginning of Year</b>                        | <u>(449,441)</u>                 | <u>(1,549,194)</u>                   | <u>-</u>                                    | <u>-</u>      |
| <b>End of Year</b>                              | <u>\$ 25,481</u>                 | <u>\$ (1,615,149)</u>                | <u>\$ 3,253</u>                             | <u>\$ -</u>   |

| Capital Projects    |                 |                              |            |                     |
|---------------------|-----------------|------------------------------|------------|---------------------|
| Cherne<br>Abatement | Pooled TIF Fund | Road Expansion<br>Dedication | Lions Park | Tree<br>Replacement |
| \$ 33,449           | \$ -            | \$ -                         | \$ -       | \$ -                |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | 3,725               |
| -                   | -               | -                            | -          | 34,800              |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | 26,601                       | -          | 18,318              |
| 33,449              | -               | 26,601                       | -          | 56,843              |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | 43,040              |
| 33,449              | 181,949         | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | 2,000      | 1,564               |
| 33,449              | 181,949         | -                            | 2,000      | 44,604              |
| -                   | (181,949)       | 26,601                       | (2,000)    | 12,239              |
| -                   | -               | -                            | -          | -                   |
| -                   | -               | -                            | -          | -                   |
| -                   | (452,171)       | -                            | -          | -                   |
| -                   | (452,171)       | -                            | -          | -                   |
| -                   | (634,120)       | 26,601                       | (2,000)    | 12,239              |
| -                   | 634,120         | 321,521                      | 2,000      | 319,853             |
| \$ -                | \$ -            | \$ 348,122                   | \$ -       | \$ 332,092          |

**CITY OF SHAKOPEE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**For the Year Ended December 31, 2023**

|                                                 | <u>Capital Projects</u> |                     | <u>Total Other<br/>Governmental<br/>Funds</u> |  |
|-------------------------------------------------|-------------------------|---------------------|-----------------------------------------------|--|
|                                                 | <u>Seal Coat</u>        | <u>Total</u>        |                                               |  |
| <b>REVENUES</b>                                 |                         |                     |                                               |  |
| Taxes                                           | \$ -                    | \$ 256,622          | \$ 3,080,104                                  |  |
| Tax Increment                                   | -                       | 1,578,322           | 1,578,322                                     |  |
| Special Assessments                             | -                       | -                   | 290,580                                       |  |
| Licenses and Permits                            | -                       | 3,790,800           | 3,790,800                                     |  |
| Intergovernmental                               | -                       | 102                 | 1,995,685                                     |  |
| Charges for Services                            | -                       | 6,873               | 6,873                                         |  |
| Fines and Forfeitures                           | -                       | 34,800              | 88,500                                        |  |
| Miscellaneous                                   | 26,399                  | 160,873             | 163,940                                       |  |
| Investment Income                               | 27,899                  | 408,220             | 495,789                                       |  |
| Total Revenues                                  | <u>54,298</u>           | <u>6,236,612</u>    | <u>11,490,593</u>                             |  |
| <b>EXPENDITURES</b>                             |                         |                     |                                               |  |
| <b>Current</b>                                  |                         |                     |                                               |  |
| General Government                              | -                       | -                   | 472,883                                       |  |
| Public Safety                                   | -                       | -                   | 401,144                                       |  |
| Public Works                                    | 70,175                  | 79,607              | 79,607                                        |  |
| Conservation and Natural Resources              | -                       | 43,040              | 43,040                                        |  |
| Economic Development                            | -                       | 1,556,027           | 1,556,027                                     |  |
| <b>Debt Service</b>                             |                         |                     |                                               |  |
| Principal                                       | -                       | -                   | 1,975,925                                     |  |
| Interest and Other Charges                      | -                       | -                   | 1,496,595                                     |  |
| <b>Capital Outlay</b>                           | -                       | 2,792,909           | 3,169,091                                     |  |
| Total Expenditures                              | <u>70,175</u>           | <u>4,471,583</u>    | <u>9,194,312</u>                              |  |
| Excess of Revenues Over<br>(Under) Expenditures | <u>(15,877)</u>         | <u>1,765,029</u>    | <u>2,296,281</u>                              |  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                         |                     |                                               |  |
| Lease Issued                                    | -                       | -                   | 374,857                                       |  |
| Transfers In                                    | -                       | 280,000             | 1,682,557                                     |  |
| Transfers Out                                   | -                       | (3,392,299)         | (3,392,299)                                   |  |
| Total Other Financing<br>Sources (Uses)         | <u>-</u>                | <u>(3,112,299)</u>  | <u>(1,334,885)</u>                            |  |
| Net Change in Fund Balances                     | (15,877)                | (1,347,270)         | 961,396                                       |  |
| <b>FUND BALANCES</b>                            |                         |                     |                                               |  |
| <b>Beginning of Year</b>                        | <u>337,351</u>          | <u>8,541,847</u>    | <u>11,422,987</u>                             |  |
| <b>End of Year</b>                              | <u>\$ 321,474</u>       | <u>\$ 7,194,577</u> | <u>\$ 12,384,383</u>                          |  |

**CITY OF SHAKOPEE**

**COMBINING STATEMENT OF NET POSITION -  
INTERNAL SERVICE FUNDS  
December 31, 2023**

|                                                   | Equipment           | Buildings           | Park Asset          | Employee<br>Benefits | Information<br>and<br>Technology | Self Insurance      | Total               |
|---------------------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                     |                     |                     |                     |                      |                                  |                     |                     |
| <b>Current Assets</b>                             |                     |                     |                     |                      |                                  |                     |                     |
| Cash and Investments, Including                   |                     |                     |                     |                      |                                  |                     |                     |
| Cash Equivalents                                  | \$ 7,980,221        | \$ 9,571,729        | \$ 2,006,012        | \$ 1,565,521         | \$ 1,196,967                     | \$ 3,240,012        | \$25,560,462        |
| Accounts Receivable                               | -                   | -                   | -                   | -                    | 708                              | -                   | 708                 |
| Interest Receivable                               | 51,425              | 59,961              | 14,669              | 10,318               | 7,713                            | 20,673              | 164,759             |
| Prepaid Expenses                                  | -                   | -                   | -                   | -                    | 78,852                           | 219,304             | 298,156             |
| Total Current Assets                              | <u>8,031,646</u>    | <u>9,631,690</u>    | <u>2,020,681</u>    | <u>1,575,839</u>     | <u>1,284,240</u>                 | <u>3,479,989</u>    | <u>26,024,085</u>   |
| <b>Noncurrent Assets</b>                          |                     |                     |                     |                      |                                  |                     |                     |
| Advances to Other Funds, Noncurrent               | -                   | 50,000              | -                   | -                    | -                                | -                   | 50,000              |
| Capital Assets:                                   |                     |                     |                     |                      |                                  |                     |                     |
| Land                                              | -                   | -                   | 221,876             | -                    | -                                | -                   | 221,876             |
| Construction in Progress                          | 669,486             | 1,886,803           | -                   | -                    | -                                | -                   | 2,556,289           |
| Infrastructure                                    | -                   | 373,982             | 4,547,657           | -                    | 60,031                           | -                   | 4,981,670           |
| Buildings                                         | -                   | 29,386,204          | 3,450,320           | -                    | -                                | -                   | 32,836,524          |
| Machinery and Equipment                           | 12,743,996          | 864,712             | 5,128,662           | -                    | 306,823                          | -                   | 19,044,193          |
| Leased Equipment                                  | 163,832             | -                   | -                   | -                    | -                                | -                   | 163,832             |
| Software Based Technology                         | -                   | -                   | -                   | -                    | -                                | -                   | -                   |
| Information Assets (SBITA)                        | -                   | -                   | -                   | -                    | 185,680                          | -                   | 185,680             |
| Total Cost                                        | <u>13,577,314</u>   | <u>32,511,701</u>   | <u>13,348,515</u>   | <u>-</u>             | <u>552,534</u>                   | <u>-</u>            | <u>59,990,064</u>   |
| Less Accumulated Depreciation<br>and Amortization | <u>(7,094,149)</u>  | <u>(14,343,769)</u> | <u>(6,563,643)</u>  | <u>-</u>             | <u>(167,430)</u>                 | <u>-</u>            | <u>(28,168,991)</u> |
| Net Capital Assets                                | <u>6,483,165</u>    | <u>18,167,932</u>   | <u>6,784,872</u>    | <u>-</u>             | <u>385,104</u>                   | <u>-</u>            | <u>31,821,073</u>   |
| Total Noncurrent Assets                           | <u>6,483,165</u>    | <u>18,217,932</u>   | <u>6,784,872</u>    | <u>-</u>             | <u>385,104</u>                   | <u>-</u>            | <u>31,871,073</u>   |
| Total Assets                                      | <u>\$14,514,811</u> | <u>\$27,849,622</u> | <u>\$ 8,805,553</u> | <u>\$ 1,575,839</u>  | <u>\$ 1,669,344</u>              | <u>\$ 3,479,989</u> | <u>\$57,895,158</u> |
| <b>LIABILITIES AND NET POSITION</b>               |                     |                     |                     |                      |                                  |                     |                     |
| <b>Current Liabilities</b>                        |                     |                     |                     |                      |                                  |                     |                     |
| Accounts Payable                                  | \$ 327,828          | \$ 821,508          | \$ 17,465           | \$ -                 | \$ 11,621                        | \$ 2,570            | \$ 1,180,992        |
| Current Compensated Absences                      | -                   | -                   | -                   | 1,325,860            | -                                | -                   | 1,325,860           |
| Current Lease Liability                           | 50,051              | -                   | -                   | -                    | -                                | -                   | 50,051              |
| Current SBITA Liability                           | -                   | -                   | -                   | -                    | 71,804                           | -                   | 71,804              |
| Total Current Liabilities                         | <u>377,879</u>      | <u>821,508</u>      | <u>17,465</u>       | <u>1,325,860</u>     | <u>83,425</u>                    | <u>2,570</u>        | <u>2,628,707</u>    |
| <b>Noncurrent Liabilities</b>                     |                     |                     |                     |                      |                                  |                     |                     |
| Advance from Other Funds                          | -                   | 990,000             | -                   | -                    | -                                | -                   | 990,000             |
| Compensated Absences                              | -                   | -                   | -                   | 1,620,495            | -                                | -                   | 1,620,495           |
| Lease Liability                                   | 75,431              | -                   | -                   | -                    | -                                | -                   | 75,431              |
| SBITA Liability                                   | -                   | -                   | -                   | -                    | 35,239                           | -                   | 35,239              |
| Total Noncurrent Liabilities                      | <u>75,431</u>       | <u>990,000</u>      | <u>-</u>            | <u>1,620,495</u>     | <u>35,239</u>                    | <u>-</u>            | <u>2,721,165</u>    |
| Total Liabilities                                 | <u>453,310</u>      | <u>1,811,508</u>    | <u>17,465</u>       | <u>2,946,355</u>     | <u>118,664</u>                   | <u>2,570</u>        | <u>5,349,872</u>    |
| <b>Net Position</b>                               |                     |                     |                     |                      |                                  |                     |                     |
| Investment in Capital Assets                      | 6,357,683           | 18,167,932          | 6,784,872           | -                    | 278,061                          | -                   | 31,588,548          |
| Unrestricted                                      | 7,703,818           | 7,870,182           | 2,003,216           | (1,370,516)          | 1,272,619                        | 3,477,419           | 20,956,738          |
| Total Net Position                                | <u>14,061,501</u>   | <u>26,038,114</u>   | <u>8,788,088</u>    | <u>(1,370,516)</u>   | <u>1,550,680</u>                 | <u>3,477,419</u>    | <u>52,545,286</u>   |
| Total Liabilities and<br>Net Position             | <u>\$14,514,811</u> | <u>\$27,849,622</u> | <u>\$ 8,805,553</u> | <u>\$ 1,575,839</u>  | <u>\$ 1,669,344</u>              | <u>\$ 3,479,989</u> | <u>\$57,895,158</u> |

## CITY OF SHAKOPEE

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION -  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2023**

|                                                             | Equipment            | Buildings            | Park Asset          | Employee<br>Benefits  | Information<br>and<br>Technology | Self<br>Insurance   | Total                |
|-------------------------------------------------------------|----------------------|----------------------|---------------------|-----------------------|----------------------------------|---------------------|----------------------|
| <b>OPERATING REVENUES</b>                                   |                      |                      |                     |                       |                                  |                     |                      |
| Rental Charges                                              | \$ 1,364,700         | \$ 1,231,200         | \$ 635,900          | \$ -                  | \$ 612,000                       | \$ 1,323,368        | \$ 5,167,168         |
| Other Charges                                               | -                    | -                    | -                   | -                     | -                                | 5,431               | 5,431                |
| Total Operating Revenues                                    | <u>1,364,700</u>     | <u>1,231,200</u>     | <u>635,900</u>      | <u>-</u>              | <u>612,000</u>                   | <u>1,328,799</u>    | <u>5,172,599</u>     |
| <b>OPERATING EXPENSES</b>                                   |                      |                      |                     |                       |                                  |                     |                      |
| Depreciation                                                | 961,207              | 685,478              | 430,052             | -                     | 66,393                           | -                   | 2,143,130            |
| Professional Services                                       | -                    | 14,901               | 20,382              | -                     | 1,046                            | 58,806              | 95,135               |
| Repairs and Maintenance                                     | -                    | 20,210               | 1,583               | -                     | 64,608                           | 41,725              | 128,126              |
| Materials and Supplies                                      | -                    | -                    | 42,215              | -                     | 419,271                          | -                   | 461,486              |
| Insurance                                                   | -                    | -                    | -                   | -                     | -                                | 857,718             | 857,718              |
| Total Operating Expenses                                    | <u>961,207</u>       | <u>720,589</u>       | <u>494,232</u>      | <u>-</u>              | <u>551,318</u>                   | <u>958,249</u>      | <u>3,685,595</u>     |
| Operating Income                                            | <u>403,493</u>       | <u>510,611</u>       | <u>141,668</u>      | <u>-</u>              | <u>60,682</u>                    | <u>370,550</u>      | <u>1,487,004</u>     |
| <b>NONOPERATING REVENUES<br/>(EXPENSES)</b>                 |                      |                      |                     |                       |                                  |                     |                      |
| Investment Income                                           | 350,781              | 365,274              | 102,184             | 87,880                | 66,970                           | 153,592             | 1,126,681            |
| Insurance Dividends                                         | -                    | -                    | -                   | -                     | -                                | 27,053              | 27,053               |
| Interest Expense                                            | (1,651)              | (13,750)             | -                   | -                     | -                                | -                   | (15,401)             |
| Gain (Loss) on Sale of Asset                                | <u>583,503</u>       | <u>(463,093)</u>     | <u>(62,233)</u>     | <u>-</u>              | <u>-</u>                         | <u>-</u>            | <u>58,177</u>        |
| Total Nonoperating Revenues<br>(Expenses)                   | <u>932,633</u>       | <u>(111,569)</u>     | <u>39,951</u>       | <u>87,880</u>         | <u>66,970</u>                    | <u>180,645</u>      | <u>1,196,510</u>     |
| Income (Loss) before Capital<br>Contributions and Transfers | <u>1,336,126</u>     | <u>399,042</u>       | <u>181,619</u>      | <u>87,880</u>         | <u>127,652</u>                   | <u>551,195</u>      | <u>2,683,514</u>     |
| Capital Contributions from<br>Outside Developers            | 86,167               | -                    | 7,300               | -                     | -                                | -                   | 93,467               |
| Capital Contributions (to)/from<br>Governmental Funds       | 87,525               | 8,670                | (9,690)             | -                     | -                                | (47,525)            | 38,980               |
| Transfers In                                                | -                    | 2,940,128            | -                   | -                     | -                                | -                   | 2,940,128            |
| Transfers Out                                               | <u>-</u>             | <u>-</u>             | <u>(280,000)</u>    | <u>-</u>              | <u>-</u>                         | <u>-</u>            | <u>(280,000)</u>     |
| Change in Net Position                                      | <u>1,509,818</u>     | <u>3,347,840</u>     | <u>(100,771)</u>    | <u>87,880</u>         | <u>127,652</u>                   | <u>503,670</u>      | <u>5,476,089</u>     |
| <b>NET POSITION</b>                                         |                      |                      |                     |                       |                                  |                     |                      |
| <b>Beginning of Year</b>                                    | <u>12,551,683</u>    | <u>22,690,274</u>    | <u>8,888,859</u>    | <u>(1,458,396)</u>    | <u>1,423,028</u>                 | <u>2,973,749</u>    | <u>47,069,197</u>    |
| <b>End of Year</b>                                          | <u>\$ 14,061,501</u> | <u>\$ 26,038,114</u> | <u>\$ 8,788,088</u> | <u>\$ (1,370,516)</u> | <u>\$ 1,550,680</u>              | <u>\$ 3,477,419</u> | <u>\$ 52,545,286</u> |

**CITY OF SHAKOPEE**

**COMBINING STATEMENT OF CASH FLOWS -  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2023**

|                                                                                            | Equipment    | Buildings    | Park Asset   | Employee<br>Benefits | Information<br>and<br>Technology | Self Insurance | Total         |
|--------------------------------------------------------------------------------------------|--------------|--------------|--------------|----------------------|----------------------------------|----------------|---------------|
| <b>CASH FLOWS - OPERATING ACTIVITIES</b>                                                   |              |              |              |                      |                                  |                |               |
| Receipts from Customers and Users                                                          | \$ 1,364,700 | \$ 1,231,200 | \$ 635,900   | \$ -                 | \$ 611,292                       | \$ 1,329,657   | \$ 5,172,749  |
| Payments to Suppliers                                                                      | -            | -            | (46,715)     | -                    | (496,432)                        | (973,439)      | (1,516,586)   |
| Receipts from Suppliers                                                                    | 266,450      | 767,375      | -            | -                    | -                                | -              | 1,033,825     |
| Payments to Employees                                                                      | -            | -            | -            | (35,682)             | -                                | -              | (35,682)      |
| Net Cash Flows - Operating Activities                                                      | 1,631,150    | 1,998,575    | 589,185      | (35,682)             | 114,860                          | 356,218        | 4,654,306     |
| <b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES</b>                                        |              |              |              |                      |                                  |                |               |
| Payment Paid on Interfund Loan                                                             | -            | (60,000)     | -            | -                    | -                                | -              | (60,000)      |
| Interest Paid on Interfund Loan                                                            | -            | (13,750)     | -            | -                    | -                                | -              | (13,750)      |
| Insurance Dividends                                                                        | -            | -            | -            | -                    | -                                | 27,053         | 27,053        |
| Transfer from Other Funds                                                                  | -            | 2,940,128    | -            | -                    | -                                | -              | 2,940,128     |
| Transfer to Other Funds                                                                    | -            | -            | (280,000)    | -                    | -                                | -              | (280,000)     |
| Net Cash Flows - Noncapital Financing Activities                                           | -            | 2,866,378    | (280,000)    | -                    | -                                | 27,053         | 2,613,431     |
| <b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</b>                               |              |              |              |                      |                                  |                |               |
| Principal paid on Leases and SBITA                                                         | -            | -            | -            | -                    | (78,637)                         | -              | (78,637)      |
| Proceeds from Disposal of Capital Assets                                                   | 901,783      | -            | -            | -                    | -                                | -              | 901,783       |
| Acquisition of Capital Assets                                                              | (1,207,073)  | (2,614,748)  | (209,309)    | -                    | (60,031)                         | (47,525)       | (4,138,686)   |
| Net Cash Flows - Capital and Related Financing Activities                                  | (305,290)    | (2,614,748)  | (209,309)    | -                    | (138,668)                        | (47,525)       | (3,315,540)   |
| <b>CASH FLOWS - INVESTING ACTIVITIES</b>                                                   |              |              |              |                      |                                  |                |               |
| Interest Received (Loss)                                                                   | 326,187      | 334,810      | 95,226       | 83,970               | 64,142                           | 144,578        | 1,048,913     |
| Net Cash Flows - Investing Activities                                                      | 326,187      | 334,810      | 95,226       | 83,970               | 64,142                           | 144,578        | 1,048,913     |
| <b>Net Change in Cash and Cash Equivalents</b>                                             | 1,652,047    | 2,585,015    | 195,102      | 48,288               | 40,334                           | 480,324        | 5,001,110     |
| <b>CASH AND CASH EQUIVALENTS</b>                                                           |              |              |              |                      |                                  |                |               |
| <b>Beginning of Year</b>                                                                   | 6,328,174    | 6,986,714    | 1,810,910    | 1,517,233            | 1,156,633                        | 2,759,688      | 20,559,352    |
| <b>End of Year</b>                                                                         | \$ 7,980,221 | \$ 9,571,729 | \$ 2,006,012 | \$ 1,565,521         | \$ 1,196,967                     | \$ 3,240,012   | \$ 25,560,462 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES</b>  |              |              |              |                      |                                  |                |               |
| Operating Income (Loss)                                                                    | \$ 403,493   | \$ 510,611   | \$ 141,668   | \$ -                 | \$ 60,682                        | \$ 370,550     | \$ 1,487,004  |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities: |              |              |              |                      |                                  |                |               |
| Depreciation Expense                                                                       | 961,207      | 685,478      | 430,052      | -                    | 66,393                           | -              | 2,143,130     |
| Changes in:                                                                                |              |              |              |                      |                                  |                |               |
| Accounts Receivable                                                                        | -            | -            | -            | -                    | (708)                            | 858            | 150           |
| Accounts and Contracts Payable                                                             | 266,450      | 802,486      | 17,465       | -                    | 5,579                            | (6,894)        | 1,085,086     |
| Prepaid Expenses                                                                           | -            | -            | -            | -                    | (17,086)                         | (8,296)        | (25,382)      |
| Compensated Absences Payable                                                               | -            | -            | -            | (35,682)             | -                                | -              | (35,682)      |
| Total Adjustments                                                                          | 1,227,657    | 1,487,964    | 447,517      | (35,682)             | 54,178                           | (14,332)       | 3,167,302     |
| Net Cash Flows - Operating Activities                                                      | \$ 1,631,150 | \$ 1,998,575 | \$ 589,185   | \$ (35,682)          | \$ 114,860                       | \$ 356,218     | \$ 4,654,306  |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>                                 |              |              |              |                      |                                  |                |               |
| Contributions of Capital Assets from the Developers                                        | \$ 86,167    | \$ -         | \$ 7,300     | \$ -                 | \$ -                             | \$ -           | \$ 93,467     |
| Transfer of Capital Assets                                                                 | \$ 47,525    | \$ 8,670     | \$ (9,690)   | \$ -                 | \$ -                             | \$ (47,525)    | \$ (1,020)    |
| Transfer of Lease Asset                                                                    | \$ (40,000)  | \$ -         | \$ -         | \$ -                 | \$ -                             | \$ -           | \$ (40,000)   |

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## **STATISTICAL SECTION**

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## CITY OF SHAKOPEE

### STATISTICAL SECTION

December 31, 2023

This part of the City's Annual Comprehensive Annual Financial Report (ACFR) presents detailed information for placing in context and understanding what the information shown in the financial statements, note disclosures and required supplementary information reveals about the City's overall financial health.

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| <b>Financial Trends</b> | 152 |
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These schedules show trend information to help the reader understand how the City's financial performance and well being have changed over time.

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| <b>Revenue Capacity</b> | 160 |
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Portrayed is information to help the reader assess the City's most important local revenue source, the property tax.

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| <b>Debt Capacity</b> | 164 |
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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.

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| <b>Demographic and Economic Information</b> | 170 |
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Shown are demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

|                              |     |
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| <b>Operating Information</b> | 172 |
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These schedules shown 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.

Source: Unless noted otherwise, the information in these schedules is from the ACFR for the relevant year.

**CITY OF SHAKOPEE**

**NET POSITION BY COMPONENT  
Years 2014 Through 2023**

|                                                | 2014                  | 2015                  | 2016                  | 2017                  |
|------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities:                       |                       |                       |                       |                       |
| Net Investment in Capital Assets               | \$ 117,980,552        | \$ 120,831,029        | \$ 128,559,527        | \$ 135,442,110        |
| Restricted                                     | 7,103,581             | 7,547,490             | 6,637,391             | 6,342,643             |
| Unrestricted                                   | 35,302,035            | 23,939,064            | 16,719,760            | 15,059,730            |
| Total Governmental<br>Activities Net Position  | <u>\$ 160,386,168</u> | <u>\$ 152,317,583</u> | <u>\$ 151,916,678</u> | <u>\$ 156,844,483</u> |
| Business-Type Activities:                      |                       |                       |                       |                       |
| Net Investment in Capital Assets               | \$ 67,831,099         | \$ 68,986,369         | \$ 70,099,288         | \$ 75,547,444         |
| Unrestricted                                   | 28,485,814            | 25,981,542            | 23,281,483            | 22,730,751            |
| Total Business-Type<br>Activities Net Position | <u>\$ 96,316,913</u>  | <u>\$ 94,967,911</u>  | <u>\$ 93,380,771</u>  | <u>\$ 98,278,195</u>  |
| Primary Government:                            |                       |                       |                       |                       |
| Net Investment in Capital Assets               | \$ 185,811,651        | \$ 189,817,398        | \$ 198,658,815        | \$ 210,989,554        |
| Restricted                                     | 7,103,581             | 7,547,490             | 6,637,391             | 6,342,643             |
| Unrestricted                                   | 63,787,849            | 49,920,606            | 40,001,243            | 37,790,481            |
| Total Primary<br>Government Net Position       | <u>\$ 256,703,081</u> | <u>\$ 247,285,494</u> | <u>\$ 245,297,449</u> | <u>\$ 255,122,678</u> |

The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

Table 1

| 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 137,799,457        | \$ 139,359,387        | \$ 135,476,194        | \$ 143,607,647        | \$ 137,816,027        | \$ 149,909,918        |
| 7,136,534             | 6,774,024             | 8,205,757             | 7,048,301             | 10,374,081            | 15,377,348            |
| 16,107,363            | 21,218,968            | 20,525,616            | 31,134,716            | 37,683,599            | 34,506,708            |
| <u>\$ 161,043,354</u> | <u>\$ 167,352,379</u> | <u>\$ 164,207,567</u> | <u>\$ 181,790,664</u> | <u>\$ 185,873,707</u> | <u>\$ 199,793,974</u> |
| \$ 78,642,426         | \$ 83,567,240         | \$ 88,975,174         | \$ 96,269,258         | \$ 105,103,994        | \$ 107,638,120        |
| 22,999,131            | 23,939,802            | 23,629,333            | 23,449,836            | 18,780,330            | 21,907,858            |
| <u>\$ 101,641,557</u> | <u>\$ 107,507,042</u> | <u>\$ 112,604,507</u> | <u>\$ 119,719,094</u> | <u>\$ 123,884,324</u> | <u>\$ 129,545,978</u> |
| \$ 216,441,883        | \$ 222,926,627        | \$ 224,451,368        | \$ 239,876,905        | \$ 242,920,021        | \$ 257,548,038        |
| 7,136,534             | 6,774,024             | 8,205,757             | 7,048,301             | 10,374,081            | 15,377,348            |
| 39,106,494            | 45,158,770            | 44,154,949            | 54,584,552            | 56,463,929            | 56,414,566            |
| <u>\$ 262,684,911</u> | <u>\$ 274,859,421</u> | <u>\$ 276,812,074</u> | <u>\$ 301,509,758</u> | <u>\$ 309,758,031</u> | <u>\$ 329,339,952</u> |

**CITY OF SHAKOPEE**

**CHANGES IN NET POSITION  
Years 2014 Through 2023**

|                                         | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   |
|-----------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>EXPENSES:</b>                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>         |                        |                        |                        |                        |                        |                        |
| General Government                      | \$ 5,514,412           | \$ 4,237,647           | \$ 4,205,975           | \$ 4,624,885           | \$ 5,267,652           | \$ 5,372,566           |
| Public Safety                           | 10,543,861             | 10,582,354             | 13,281,715             | 11,981,416             | 11,376,216             | 12,921,133             |
| Public Works                            | 10,667,275             | 8,552,096              | 8,593,885              | 9,695,789              | 12,431,309             | 12,681,165             |
| Culture and Recreation                  | 4,250,557              | 4,355,453              | 4,653,362              | 5,359,259              | 4,953,434              | 5,171,408              |
| Conservation and Natural Resources      | -                      | -                      | -                      | -                      | 87,555                 | 169,247                |
| Economic Development                    | 1,593,968              | 2,603,741              | 2,104,584              | 1,630,516              | 3,069,377              | 3,271,933              |
| Other                                   | 453,696                | 274,960                | 1,190,824              | 1,112,571              | 1,009,230              | 666,405                |
| Total Governmental Activities Expenses  | <u>33,023,769</u>      | <u>30,606,251</u>      | <u>34,030,345</u>      | <u>34,404,436</u>      | <u>38,194,773</u>      | <u>40,253,857</u>      |
| <b>Business-Type Activities:</b>        |                        |                        |                        |                        |                        |                        |
| Sewer                                   | 3,777,866              | 3,824,026              | 3,843,232              | 4,226,027              | 3,968,897              | 4,216,061              |
| Storm                                   | 1,924,853              | 1,726,149              | 1,848,768              | 1,773,670              | 1,685,266              | 1,785,789              |
| Refuse                                  | -                      | 127,781                | 127,034                | 125,647                | 124,579                | 123,513                |
| Total Business-Type Activities Expenses | <u>5,702,719</u>       | <u>5,677,956</u>       | <u>5,819,034</u>       | <u>6,125,344</u>       | <u>5,778,742</u>       | <u>6,125,263</u>       |
| Total Primary Government Expenses       | <u>\$ 38,726,488</u>   | <u>\$ 36,284,207</u>   | <u>\$ 39,849,379</u>   | <u>\$ 40,529,780</u>   | <u>\$ 43,973,515</u>   | <u>\$ 46,379,220</u>   |
| <b>PROGRAM REVENUES:</b>                |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>         |                        |                        |                        |                        |                        |                        |
| Charges for Services:                   |                        |                        |                        |                        |                        |                        |
| General Government                      | \$ 2,751,336           | \$ 2,486,042           | \$ 2,410,321           | \$ 2,544,126           | \$ 2,811,252           | \$ 2,738,342           |
| Public Safety                           | 1,879,209              | 2,146,840              | 2,744,824              | 2,989,770              | 3,225,764              | 5,386,489              |
| Public Works                            | 693,647                | 704,687                | 746,086                | 880,361                | 1,033,398              | 1,325,631              |
| Culture and Recreation                  | 1,827,046              | 2,140,071              | 1,760,925              | 2,813,951              | 4,167,615              | 3,847,457              |
| Conservation and Natural Resources      | -                      | -                      | -                      | -                      | 52,384                 | 3,683                  |
| Economic Development                    | 18,000                 | 24,000                 | 256,312                | 26,520                 | 113,908                | 311,737                |
| Operating Grants and Contributions      | 2,880,493              | 2,509,986              | 2,777,982              | 2,068,419              | 2,036,547              | 1,881,409              |
| Capital Grants and Contributions        | 6,668,531              | 1,735,543              | 2,187,039              | 3,847,001              | 5,061,933              | 6,527,458              |
| Total Governmental Activities           |                        |                        |                        |                        |                        |                        |
| Program Revenues                        | <u>16,718,262</u>      | <u>11,747,169</u>      | <u>12,883,489</u>      | <u>15,170,148</u>      | <u>18,502,801</u>      | <u>22,022,206</u>      |
| <b>Business-Type Activities:</b>        |                        |                        |                        |                        |                        |                        |
| Charges for Services:                   |                        |                        |                        |                        |                        |                        |
| Sewer                                   | 2,916,192              | 2,829,981              | 3,292,166              | 3,380,321              | 3,682,569              | 4,222,236              |
| Storm                                   | 1,211,793              | 1,765,679              | 1,632,218              | 1,272,506              | 1,230,592              | 1,304,738              |
| Refuse                                  | 72,167                 | 103,637                | 105,309                | 131,753                | 104,638                | 137,824                |
| Operating Grants and Contributions      | -                      | -                      | -                      | 890                    | -                      | -                      |
| Capital Grants and Contributions        | 496,655                | 65,844                 | 183,142                | 2,701,892              | 4,233,507              | 5,213,883              |
| Total Business-Type Activities          |                        |                        |                        |                        |                        |                        |
| Program Revenues                        | <u>4,696,807</u>       | <u>4,765,141</u>       | <u>5,212,835</u>       | <u>7,487,362</u>       | <u>9,251,306</u>       | <u>10,878,681</u>      |
| Total Primary Government                | <u>\$ 21,415,069</u>   | <u>\$ 16,512,310</u>   | <u>\$ 18,096,324</u>   | <u>\$ 22,657,510</u>   | <u>\$ 27,754,107</u>   | <u>\$ 32,900,887</u>   |
| <b>Net (Expense) Revenue:</b>           |                        |                        |                        |                        |                        |                        |
| Governmental Activities                 | \$ (16,305,507)        | \$ (18,859,082)        | \$ (21,146,856)        | \$ (19,234,288)        | \$ (19,691,972)        | \$ (18,231,651)        |
| Business-Type Activities                | (1,005,912)            | (912,815)              | (606,199)              | 1,362,018              | 3,472,564              | 4,753,318              |
| Total Primary Government Net Expense    | <u>\$ (17,311,419)</u> | <u>\$ (19,771,897)</u> | <u>\$ (21,753,055)</u> | <u>\$ (17,872,270)</u> | <u>\$ (16,219,408)</u> | <u>\$ (13,478,333)</u> |
| <b>GENERAL REVENUES AND OTHER</b>       |                        |                        |                        |                        |                        |                        |
| <b>CHANGES IN NET POSITION:</b>         |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>         |                        |                        |                        |                        |                        |                        |
| Taxes:                                  |                        |                        |                        |                        |                        |                        |
| Property                                | \$ 16,446,631          | \$ 16,807,367          | \$ 18,015,507          | \$ 19,229,300          | \$ 20,005,373          | \$ 19,416,202          |
| Franchise                               | 404,312                | 418,545                | 448,023                | 1,251,819              | 1,343,650              | 1,305,556              |
| Other                                   | 216,441                | 406,571                | 464,632                | 1,014,774              | 1,657,231              | 2,405,929              |
| Unrestricted Investment Earnings        | 727,619                | 452,281                | 495,804                | 390,911                | 508,812                | 1,464,670              |
| Gain on Disposal of Assets              | 52,674                 | 87,819                 | 50,132                 | 1,576                  | 14,588                 | 165,784                |
| Special Item                            | -                      | 496,484                | -                      | -                      | -                      | -                      |
| Transfers                               | (419,208)              | (634,070)              | 1,271,853              | 26,990                 | 436,480                | (217,465)              |
| Total Governmental Activities           | <u>17,428,469</u>      | <u>18,034,997</u>      | <u>20,745,951</u>      | <u>21,915,370</u>      | <u>23,966,134</u>      | <u>24,540,676</u>      |
| <b>Business-Type Activities:</b>        |                        |                        |                        |                        |                        |                        |
| Investment Earnings (Loss)              | 538,248                | 349,776                | 289,001                | 340,345                | 318,501                | 812,204                |
| Gain on Disposal of Assets              | -                      | 17,438                 | 1,911                  | 6,217                  | 1,875                  | 82,498                 |
| Transfers                               | 419,208                | (496,484)              | (1,271,853)            | (26,990)               | (436,480)              | 217,465                |
| Total Business-Type Activities          | <u>957,456</u>         | <u>(129,270)</u>       | <u>(980,941)</u>       | <u>319,572</u>         | <u>(116,104)</u>       | <u>1,112,167</u>       |
| Total Primary Government                | <u>\$ 18,385,925</u>   | <u>\$ 17,905,727</u>   | <u>\$ 19,765,010</u>   | <u>\$ 22,234,942</u>   | <u>\$ 23,850,030</u>   | <u>\$ 25,652,843</u>   |
| <b>Change in Net Position:</b>          |                        |                        |                        |                        |                        |                        |
| Government Activities                   | \$ 1,122,962           | \$ (824,085)           | \$ (400,905)           | \$ 2,681,082           | \$ 4,274,162           | \$ 6,309,025           |
| Business-Type Activities                | (48,456)               | (1,042,085)            | (1,587,140)            | 1,681,590              | 3,356,460              | 5,865,485              |
| Total Primary Government                | <u>\$ 1,074,506</u>    | <u>\$ (1,866,170)</u>  | <u>\$ (1,988,045)</u>  | <u>\$ 4,362,672</u>    | <u>\$ 7,630,622</u>    | <u>\$ 12,174,510</u>   |

The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

In 2018 the City reported Conservation and Natural Resources separately from Culture and Recreation. Prior years have not been restated. In 2020 Conservation and Natural Resources was combined with Public Works.

Table 2

| 2020            | 2021           | 2022            | 2023            |
|-----------------|----------------|-----------------|-----------------|
| \$ 5,366,469    | \$ 5,476,971   | \$ 5,988,737    | \$ 5,910,579    |
| 13,246,236      | 12,373,811     | 15,638,770      | 17,962,160      |
| 13,862,381      | 13,880,078     | 14,572,386      | 16,038,602      |
| 4,445,956       | 5,173,536      | 5,943,934       | 6,039,360       |
| 24,223          | 72,748         | 55,165          | 44,604          |
| 5,927,106       | 3,051,908      | 5,002,819       | 3,769,340       |
| 1,214,033       | 1,169,247      | 1,272,813       | 1,530,985       |
| 44,086,404      | 41,198,299     | 48,474,624      | 51,295,630      |
| 4,496,890       | 4,394,259      | 4,339,366       | 4,556,318       |
| 1,759,785       | 1,918,958      | 1,777,363       | 2,114,125       |
| 122,766         | 121,379        | 354,854         | 2,134           |
| 6,379,441       | 6,434,596      | 6,471,583       | 6,672,577       |
| \$ 50,465,845   | \$ 47,632,895  | \$ 54,946,207   | \$ 57,968,207   |
| \$ 2,584,666    | \$ 2,890,048   | \$ 3,991,541    | \$ 4,510,359    |
| 4,036,947       | 5,271,207      | 6,983,904       | 7,381,574       |
| 978,043         | 1,850,883      | 1,034,275       | 1,726,122       |
| 1,712,607       | 2,330,335      | 2,478,388       | 2,917,350       |
| -               | -              | -               | -               |
| 146,145         | -              | 529,395         | 1,117,947       |
| 4,774,564       | 7,554,897      | 2,203,489       | 2,037,280       |
| 4,498,321       | 13,015,138     | 11,105,707      | 12,585,365      |
| 18,731,293      | 32,912,508     | 28,326,699      | 32,275,997      |
| 4,056,714       | 4,377,349      | 4,781,238       | 5,146,171       |
| 1,337,694       | 1,296,199      | 1,403,523       | 1,457,255       |
| 139,826         | 131,240        | 98,350          | 90,000          |
| -               | -              | 1,724           | 81,409          |
| 1,679,881       | 7,999,749      | 4,094,910       | 4,863,274       |
| 7,214,115       | 13,804,537     | 10,379,745      | 11,638,109      |
| \$ 25,945,408   | \$ 46,717,045  | \$ 38,706,444   | \$ 43,914,106   |
| \$ (25,355,111) | \$ (8,285,791) | \$ (20,147,925) | \$ (19,019,633) |
| 834,674         | 7,369,941      | 3,908,162       | 4,965,532       |
| \$ (24,520,437) | \$ (915,850)   | \$ (16,239,763) | \$ (14,054,101) |
| \$ 20,703,562   | \$ 21,724,568  | \$ 23,060,873   | \$ 24,220,022   |
| 1,157,614       | 1,312,325      | 1,706,284       | 1,570,945       |
| 2,533,400       | 3,021,589      | 2,957,522       | 3,503,803       |
| 1,371,386       | (355,723)      | (2,638,052)     | 3,457,281       |
| 57,627          | 51,932         | -               | -               |
| -               | -              | -               | -               |
| (3,613,290)     | 114,197        | (855,659)       | 187,849         |
| 22,210,299      | 25,868,888     | 24,230,968      | 32,939,900      |
| 649,501         | (91,157)       | (648,591)       | 880,481         |
| -               | -              | -               | 3,490           |
| 3,613,290       | (114,197)      | 855,659         | (187,849)       |
| 4,262,791       | (205,354)      | 207,068         | 696,122         |
| \$ 26,473,090   | \$ 25,663,534  | \$ 24,438,036   | \$ 33,636,022   |
| \$ (3,144,812)  | \$ 17,583,097  | \$ 4,083,043    | \$ 13,920,267   |
| 5,097,465       | 7,164,587      | 4,115,230       | 5,661,654       |
| \$ 1,952,653    | \$ 24,747,684  | \$ 8,198,273    | \$ 19,581,921   |

**CITY OF SHAKOPEE**

**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

|                                       | <u>2014</u>                 | <u>2015</u>                 | <u>2016</u>                 | <u>2017</u>                 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund:                         |                             |                             |                             |                             |
| Nonspendable:                         |                             |                             |                             |                             |
| Prepays                               | \$ 13,949                   | \$ 21,573                   | \$ 22,188                   | \$ 24,602                   |
| Inventories                           | -                           | -                           | -                           | 34,421                      |
| Notes Receivable                      | -                           | -                           | -                           | -                           |
| Leases                                | -                           | -                           | -                           | -                           |
| Committed to:                         |                             |                             |                             |                             |
| Building Permits                      | -                           | -                           | -                           | -                           |
| Assigned                              |                             |                             |                             |                             |
| SandVenture                           | -                           | -                           | -                           | -                           |
| Public Safety                         | -                           | -                           | -                           | -                           |
| Unassigned                            | <u>9,824,097</u>            | <u>9,818,537</u>            | <u>10,739,178</u>           | <u>11,918,971</u>           |
| Total General Fund                    | <u><u>\$ 9,838,046</u></u>  | <u><u>\$ 9,840,110</u></u>  | <u><u>\$ 10,761,366</u></u> | <u><u>\$ 11,977,994</u></u> |
| All Other Governmental Funds          |                             |                             |                             |                             |
| Nonspendable:                         |                             |                             |                             |                             |
| Prepays                               | \$ -                        | \$ -                        | \$ -                        | \$ -                        |
| Restricted for:                       |                             |                             |                             |                             |
| Forfeitures                           | 174,580                     | 180,555                     | 186,965                     | 221,048                     |
| Transit                               | 635,247                     | -                           | -                           | -                           |
| DARE                                  | -                           | -                           | -                           | -                           |
| SCDP Grant                            | 4,627                       | 4,683                       | 4,734                       | 10,805                      |
| Opioids Settlement                    | -                           | -                           | -                           | -                           |
| Public Safety                         | -                           | -                           | -                           | -                           |
| Revolving Loans                       | 257,601                     | 260,865                     | 263,787                     | 138,004                     |
| Economic Development                  | 361,569                     | 674,910                     | 1,503,917                   | 356,588                     |
| Debt Service                          | 7,053,086                   | 3,085,157                   | 3,712,584                   | 3,608,453                   |
| Capital Improvements                  | 1,634,954                   | 1,425,798                   | 7,213,258                   | 1,539,267                   |
| Assigned to:                          |                             |                             |                             |                             |
| Telecommunication                     | 76,342                      | 108,627                     | 70,795                      | 74,139                      |
| Capital Improvements                  | 5,630,178                   | 6,130,194                   | 4,744,275                   | 6,592,822                   |
| Capital Projects Funds                | 228,059                     | 1,505,595                   | 2,244,591                   | 530,329                     |
| Unassigned                            | <u>(7,316)</u>              | <u>(1,715,102)</u>          | <u>(39,928)</u>             | <u>(3,241,015)</u>          |
| Total all Other<br>Governmental Funds | <u><u>\$ 16,048,927</u></u> | <u><u>\$ 11,661,282</u></u> | <u><u>\$ 19,904,978</u></u> | <u><u>\$ 9,830,440</u></u>  |

**Table 3**

| 2018                 | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 25,613               | 125,172              | 108,547              | 167,407              | 185,827              | 261,826              |
| 43,171               | 29,944               | 29,682               | 30,157               | 32,531               | 33,696               |
| -                    | -                    | -                    | -                    | -                    | 200,000              |
| -                    | -                    | -                    | -                    | 6,727                | 16,206               |
| -                    | 1,588,000            | 1,104,000            | 1,430,000            | 2,333,000            | 2,650,000            |
| -                    | -                    | -                    | -                    | 200,000              | 200,000              |
| -                    | -                    | -                    | -                    | -                    | 200,000              |
| 12,250,660           | 14,136,227           | 14,891,656           | 16,144,333           | 17,247,211           | 18,462,750           |
| <u>\$ 12,319,444</u> | <u>\$ 15,879,343</u> | <u>\$ 16,133,885</u> | <u>\$ 17,771,897</u> | <u>\$ 20,005,296</u> | <u>\$ 22,024,478</u> |
|                      |                      |                      |                      |                      |                      |
| \$ 3,801             | \$ 1,401             | \$ 120               | \$ 24,831            | \$ 5,877             | \$ 4,664             |
| 195,322              | 172,971              | 158,179              | 181,269              | 121,712              | 101,381              |
| -                    | -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | -                    | -                    | -                    | 5,305                |
| 18,368               | 18,368               | 18,368               | 18,368               | 18,368               | 18,368               |
| -                    | -                    | -                    | -                    | 125,048              | 156,085              |
| -                    | -                    | -                    | -                    | -                    | 1,622,547            |
| 73,004               | -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | 1,022,360            | 1,380,179            | 1,300,084            | 2,407,888            |
| 3,207,099            | 3,147,055            | 4,332,924            | 1,747,005            | 2,547,833            | 3,293,094            |
| 3,166,302            | 3,902,170            | 5,709,910            | 5,249,748            | 9,387,453            | 7,808,038            |
| 76,698               | 109,472              | 124,018              | 46,300               | 68,084               | 83,875               |
| 6,423,824            | 5,771,223            | 5,363,301            | 5,691,414            | 10,777,601           | 12,697,207           |
| 516,211              | 720,445              | 743,188              | 4,491,480            | 3,930,285            | 1,001,688            |
| <u>(2,823,436)</u>   | <u>(2,151,671)</u>   | <u>(4,665,559)</u>   | <u>(4,665,559)</u>   | <u>(4,532,260)</u>   | <u>(6,337,057)</u>   |
| <u>\$ 10,857,193</u> | <u>\$ 11,691,434</u> | <u>\$ 12,806,809</u> | <u>\$ 14,165,035</u> | <u>\$ 23,750,085</u> | <u>\$ 22,863,083</u> |

# CITY OF SHAKOPEE

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

|                                                            | 2014                  | 2015                  | 2016                | 2017                  |
|------------------------------------------------------------|-----------------------|-----------------------|---------------------|-----------------------|
| REVENUES:                                                  |                       |                       |                     |                       |
| Taxes                                                      | \$ 16,798,542         | \$ 17,225,535         | \$ 18,549,468       | \$ 21,476,591         |
| Special Assessments                                        | 2,673,132             | 1,157,405             | 1,615,161           | 933,773               |
| Licenses and Permits                                       | 2,318,447             | 2,989,038             | 3,146,818           | 3,283,495             |
| Intergovernmental                                          | 4,743,014             | 3,427,130             | 3,619,810           | 2,447,795             |
| Charges for Service                                        | 4,683,722             | 4,479,845             | 4,759,244           | 5,681,712             |
| Fines and Forfeits                                         | 429,021               | 171,856               | 104,943             | 241,874               |
| Miscellaneous                                              | 675,643               | 604,816               | 877,108             | 1,004,665             |
| Total Revenues                                             | <u>32,321,521</u>     | <u>30,055,625</u>     | <u>32,672,552</u>   | <u>35,069,905</u>     |
| EXPENDITURES:                                              |                       |                       |                     |                       |
| General Government                                         | 5,225,483             | 3,864,337             | 4,016,871           | 4,415,257             |
| Police                                                     | 10,193,496            | 10,209,739            | 10,643,342          | 11,039,220            |
| Public Works                                               | 2,829,846             | 3,036,284             | 3,061,172           | 2,973,840             |
| Culture and Recreation                                     | 3,981,999             | 3,891,542             | 4,269,211           | 5,228,929             |
| Conservation and Natural Resources                         | -                     | -                     | -                   | -                     |
| Economic Development                                       | 1,595,628             | 2,352,621             | 2,092,337           | 1,611,073             |
| Debt Service:                                              |                       |                       |                     |                       |
| Principal                                                  | 3,160,000             | 5,615,000             | 1,685,000           | 1,685,000             |
| Interest and Other Charges                                 | 504,460               | 365,898               | 864,494             | 1,259,987             |
| Capital Outlay                                             | 7,245,157             | 5,461,607             | 32,159,412          | 18,386,260            |
| Total Expenditures                                         | <u>34,736,069</u>     | <u>34,797,028</u>     | <u>58,791,839</u>   | <u>46,599,566</u>     |
| Excess of Revenues<br>Under Expenditures                   | <u>(2,414,548)</u>    | <u>(4,741,403)</u>    | <u>(26,119,287)</u> | <u>(11,529,661)</u>   |
| OTHER FINANCING SOURCES (USES):                            |                       |                       |                     |                       |
| Bonds Issued                                               | -                     | -                     | 29,500,000          | -                     |
| Sale of Assets                                             | 314                   | -                     | 9,134               | 104,661               |
| Premium on Bonds Issued                                    | -                     | -                     | 2,237,727           | -                     |
| SBITA Issued                                               | -                     | -                     | -                   | -                     |
| Lease Issued                                               | -                     | -                     | -                   | 79,100                |
| Transfers In                                               | 3,531,038             | 6,135,344             | 6,916,355           | 7,282,929             |
| Transfers Out                                              | (2,932,028)           | (5,145,452)           | (3,378,977)         | (4,794,939)           |
| Special Items                                              | -                     | (634,070)             | -                   | -                     |
| Total Other Financing Sources<br>(Uses)                    | <u>599,324</u>        | <u>355,822</u>        | <u>35,284,239</u>   | <u>2,671,751</u>      |
| Net Change in Fund Balance                                 | <u>\$ (1,815,224)</u> | <u>\$ (4,385,581)</u> | <u>\$ 9,164,952</u> | <u>\$ (8,857,910)</u> |
| Debt Service as a Percentage of<br>Noncapital Expenditures | 12%                   | 20%                   | 9%                  | 10%                   |

In 2018 the City reported Conservation and Natural Resources separately from Culture and Recreation. Prior years have not been restated. In 2020 the City reported Conservation and Natural Resources as part of Public Works.

Table 4

| 2018          | 2019          | 2020          | 2021          | 2022          | 2023          |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 22,999,326 | \$ 23,139,620 | \$ 24,370,324 | \$ 26,058,683 | \$ 27,707,122 | \$ 29,282,848 |
| 984,158       | 835,345       | 990,509       | 1,398,860     | 893,686       | 1,312,090     |
| 4,361,054     | 5,912,112     | 3,923,439     | 8,129,101     | 9,353,506     | 10,183,808    |
| 2,596,486     | 3,038,944     | 6,232,913     | 7,252,042     | 5,540,271     | 8,752,512     |
| 6,841,887     | 7,226,584     | 5,294,280     | 7,545,543     | 8,226,503     | 9,944,694     |
| 95,821        | 83,957        | 21,379        | 53,386        | 475,364       | 415,715       |
| 589,865       | 1,493,245     | 2,394,550     | 1,210,039     | (1,024,585)   | 3,419,982     |
| 38,468,597    | 41,729,807    | 43,227,394    | 51,647,654    | 51,171,867    | 63,311,649    |
| 5,047,823     | 5,130,038     | 5,241,568     | 5,390,005     | 5,606,228     | 5,779,713     |
| 11,692,533    | 12,849,532    | 13,577,981    | 14,359,463    | 15,368,123    | 16,649,938    |
| 5,634,985     | 5,824,268     | 6,579,242     | 7,086,627     | 7,670,005     | 7,618,981     |
| 3,598,591     | 3,885,624     | 3,559,908     | 4,190,443     | 4,835,898     | 5,017,325     |
| 89,488        | 169,959       | 25,557        | 79,244        | 36,727        | 43,040        |
| 2,848,426     | 2,510,329     | 5,819,029     | 2,847,578     | 2,834,350     | 2,356,434     |
| 1,995,000     | 1,910,000     | 1,750,000     | 3,680,000     | 1,475,000     | 2,032,025     |
| 1,171,990     | 1,096,743     | 1,171,363     | 1,397,438     | 1,287,695     | 1,771,030     |
| 5,928,038     | 9,047,340     | 13,690,958    | 9,657,226     | 10,979,692    | 19,081,220    |
| 38,006,874    | 42,423,833    | 51,415,606    | 48,688,024    | 50,093,718    | 60,349,706    |
| 461,723       | (694,026)     | (8,188,212)   | 2,959,630     | 1,078,149     | 2,961,943     |
| -             | 4,220,000     | 8,165,000     | -             | 10,000,000    | -             |
| -             | 579           | 10,284        | -             | 984           | 14,416        |
| -             | 267,587       | 832,845       | -             | 117,582       | -             |
| -             | -             | -             | -             | -             | 29,297        |
| -             | -             | -             | -             | 26,242        | 386,652       |
| 4,038,516     | 1,125,289     | 3,226,176     | 6,331,732     | 2,277,547     | 9,374,633     |
| (3,132,036)   | (525,289)     | (2,676,176)   | (6,099,632)   | (1,877,547)   | (11,634,761)  |
| -             | -             | -             | -             | -             | -             |
| 906,480       | 5,474,818     | 9,944,781     | 232,100       | 10,544,808    | (1,829,763)   |
| \$ 1,368,203  | \$ 4,780,792  | \$ 1,756,569  | \$ 3,191,730  | \$ 11,622,957 | \$ 1,132,180  |
| 9%            | 8%            | 7%            | 12%           | 6%            | 8%            |

## CITY OF SHAKOPEE

Table 5

**TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

| Fiscal Year | Residential Property (a) | Commercial Industrial Property | Other Property (b) | Less: Tax Increment Property | Less: Fiscal Disparity Contribution (c) | Net Adjusted Tax Capacity (d) | Total Direct Tax Rate | Taxable Market Value | Tax Capacity as a Percentage of Taxable Market Value |
|-------------|--------------------------|--------------------------------|--------------------|------------------------------|-----------------------------------------|-------------------------------|-----------------------|----------------------|------------------------------------------------------|
| 2014        | \$ 22,782,372            | \$ 17,580,049                  | \$ 589,717         | \$ 214,592                   | \$ 1,856,360                            | \$ 38,881,186                 | 0.41437               | \$ 3,206,518,700     | 1.21%                                                |
| 2015        | 26,419,959               | 18,769,230                     | 625,872            | 408,172                      | 2,068,024                               | 43,338,865                    | 0.37862               | 3,629,757,200        | 1.19%                                                |
| 2016        | 27,838,939               | 20,111,657                     | 670,839            | 384,578                      | 2,409,936                               | 45,826,921                    | 0.37902               | 3,843,037,400        | 1.19%                                                |
| 2017        | 28,199,409               | 23,224,857                     | 608,016            | 827,765                      | 2,219,811                               | 48,984,706                    | 0.38522               | 4,034,313,200        | 1.21%                                                |
| 2018        | 30,219,157               | 25,188,979                     | 1,108,269          | 1,330,932                    | 3,647,951                               | 51,537,522                    | 0.37212               | 4,341,199,500        | 1.19%                                                |
| 2019        | 32,113,022               | 27,026,224                     | 1,084,001          | 1,657,341                    | 3,923,222                               | 54,642,684                    | 0.34943               | 4,613,605,800        | 1.18%                                                |
| 2020        | 35,763,301               | 29,170,963                     | 1,106,038          | 1,953,037                    | 4,269,143                               | 59,818,122                    | 0.33965               | 5,063,434,500        | 1.18%                                                |
| 2021        | 38,756,283               | 32,123,467                     | 1,819,208          | 2,554,354                    | 5,102,644                               | 65,041,960                    | 0.32105               | 5,537,836,867        | 1.17%                                                |
| 2022        | 42,796,326               | 34,709,876                     | 1,410,279          | 2,749,307                    | 6,139,141                               | 70,028,033                    | 0.32111               | 6,044,797,135        | 1.16%                                                |
| 2023        | 54,133,179               | 36,878,916                     | 1,255,486          | 3,393,736                    | 6,235,453                               | 82,638,392                    | 0.28585               | 7,215,756,805        | 1.15%                                                |

Source: Scott County Assessor/Auditor

By State Statute, property taxes are calculated and collected based on the prior year's assessor market value

(a) Includes single-family homes, townhouses, apartments and residential vacant land

(b) Includes personal property, agricultural, railroad and utility classifications

(c) Figure represents fiscal disparities contribution net of fiscal disparities distribution. The City of Shakopee is a net contributor.

(d) Figure represents total tax capacity less net fiscal disparities. Note that total direct tax rate in the next column is calculated based on total tax capacity less fiscal disparities contribution and less tax capacity in TIF districts.

**CITY OF SHAKOPEE**

**Table 6**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
Last Ten Fiscal Years**

| Fiscal<br>Year | City Direct Rate  |                      |                      | Shakopee<br>School<br>District | Scott<br>County | Other<br>Jurisdictions | General<br>Obligation<br>Debt Service<br>Market Value<br>Rate |
|----------------|-------------------|----------------------|----------------------|--------------------------------|-----------------|------------------------|---------------------------------------------------------------|
|                | Operating<br>Rate | Debt Service<br>Rate | Total Direct<br>Rate |                                |                 |                        |                                                               |
| 2014           | 0.40553           | 0.00883              | 0.41437              | 0.36963                        | 0.39720         | 0.05569                | 0.00524                                                       |
| 2015           | 0.36867           | 0.00994              | 0.37862              | 0.35578                        | 0.36638         | 0.05169                | 0.00536                                                       |
| 2016           | 0.36710           | 0.01192              | 0.37902              | 0.53478                        | 0.36175         | 0.05129                | 0.00605                                                       |
| 2017           | 0.34063           | 0.04458              | 0.38522              | 0.49282                        | 0.35896         | 0.04979                | -                                                             |
| 2018           | 0.32993           | 0.04219              | 0.37212              | 0.52141                        | 0.35114         | 0.05732                | -                                                             |
| 2019           | 0.30976           | 0.03968              | 0.34943              | 0.52934                        | 0.33841         | 0.06466                | -                                                             |
| 2020           | 0.30319           | 0.03646              | 0.33965              | 0.50558                        | 0.32718         | 0.03154                | -                                                             |
| 2021           | 0.28762           | 0.03343              | 0.32105              | 0.33722                        | 0.31025         | 0.04767                | -                                                             |
| 2022           | 0.28985           | 0.03126              | 0.32111              | 0.33444                        | 0.30492         | 0.05025                | -                                                             |
| 2023           | 0.25789           | 0.02796              | 0.28585              | 0.30003                        | 0.26578         | 0.04369                | -                                                             |

Sources: Scott County Auditor and League of Minnesota Cities Reports

## CITY OF SHAKOPEE

Table 7

**PRINCIPAL TAXPAYERS**  
**Current Year and Nine Years Ago**

| Taxpayer                        | Type of Business        | 2023                         |      | 2014                                        |                              |      |                                             |
|---------------------------------|-------------------------|------------------------------|------|---------------------------------------------|------------------------------|------|---------------------------------------------|
|                                 |                         | 2022/23<br>Tax Cap.<br>Value | Rank | Percentage<br>of Total<br>Tax Cap.<br>Value | 2013/14<br>Tax Cap.<br>Value | Rank | Percentage<br>of Total<br>Tax Cap.<br>Value |
| MCP Shakopee LLC                | Distribution            | \$ 1,699,250                 | 1    | 2.43%                                       |                              |      |                                             |
| Prologis/ Duke Realty Limited F | Manufacturing           | 1,202,564                    | 2    | 1.72%                                       |                              |      |                                             |
| Doran Canterbury I              | Apartments              | 1,069,246                    | 3    | 1.53%                                       |                              |      |                                             |
| Rahr Malting                    | Grain Processing        | 918,572                      | 4    | 1.31%                                       | \$ 426,194                   | 2    | 1.10%                                       |
| GEP X Addison LLC               | Apartments              | 783,914                      | 5    | 1.12%                                       |                              |      |                                             |
| J & J Minneapolis LLC           | Manufacturing           | 760,758                      | 6    | 1.09%                                       | 408,500                      | 3    | 1.05%                                       |
| Xcel Energy                     | Electrical Generation   | 753,014                      | 7    | 1.08%                                       | 603,146                      | 1    | 1.56%                                       |
| Rosemount Inc                   | Manufacturing           | 750,306                      | 8    | 1.07%                                       |                              |      |                                             |
| Shakkin LLC                     | Warehouse/Manufacturing | 729,250                      | 9    | 1.04%                                       |                              |      |                                             |
| Seagate Technology LLC          | Manufacturing/Research  | 642,240                      | 10   | 0.92%                                       | 399,250                      | 4    | 1.03%                                       |
| Lothenbach Properties           | Warehouse/Manufacturing |                              |      |                                             | 379,250                      | 5    | 0.98%                                       |
| St. Francis RMC                 | Health Care             |                              |      |                                             | 358,500                      | 6    | 0.92%                                       |
| Canterbury Park                 | Horse Racing            |                              |      |                                             | 323,760                      | 7    | 0.83%                                       |
| Certainteed                     | Manufacturing           |                              |      |                                             | 319,250                      | 8    | 0.82%                                       |
| Valleyfair                      | Amusement Park          |                              |      |                                             | 313,750                      | 9    | 0.81%                                       |
| Shakopee Crossing LTD           | Retail                  |                              |      |                                             | 310,170                      | 10   | 0.80%                                       |
|                                 |                         | <u>\$ 9,309,114</u>          |      | <u>13.31%</u>                               | <u>\$ 3,841,770</u>          |      | <u>9.90%</u>                                |

Source: Scott County Auditor

## CITY OF SHAKOPEE

Table 8

PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

| Year<br>Collected | Tax<br>Levy   | Collections<br>of Current<br>Years Taxes | Percentage<br>of Levy<br>Collected | Collections<br>of Prior<br>Years Taxes | Total<br>Collections | Percentage<br>of Total<br>Collections<br>To Tax Levy | Accumulated<br>Delinquent<br>Taxes | Ratio of<br>Accumulated<br>Delinquent<br>Taxes to<br>Current<br>Years Taxes |
|-------------------|---------------|------------------------------------------|------------------------------------|----------------------------------------|----------------------|------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------|
| 2014              | \$ 16,312,179 | \$ 16,177,463                            | 99.17%                             | \$ -                                   | \$ 16,177,463        | 99.17%                                               | \$ 157,555                         | 0.97%                                                                       |
| 2015              | 16,773,267    | 16,351,700                               | 97.49%                             | -                                      | 16,351,700           | 97.49%                                               | 145,958                            | 0.87%                                                                       |
| 2016              | 17,610,195    | 17,316,074                               | 98.33%                             | 41,140                                 | 17,357,214           | 98.56%                                               | 76,631                             | 0.44%                                                                       |
| 2017              | 18,926,341    | 18,628,201                               | 98.42%                             | -                                      | 18,628,201           | 98.42%                                               | 95,933                             | 0.51%                                                                       |
| 2018              | 19,610,548    | 19,198,990                               | 97.90%                             | 43,706                                 | 19,242,696           | 98.12%                                               | 102,862                            | 0.52%                                                                       |
| 2019              | 19,580,500    | 18,992,066                               | 96.99%                             | 61,887                                 | 19,053,953           | 97.31%                                               | 90,928                             | 0.46%                                                                       |
| 2020              | 20,730,500    | 20,227,478                               | 97.57%                             | 57,390                                 | 20,284,868           | 97.85%                                               | 115,180                            | 0.56%                                                                       |
| 2021              | 21,367,800    | 21,116,697                               | 98.82%                             | 163,802                                | 21,280,499           | 99.59%                                               | 114,979                            | 0.54%                                                                       |
| 2022              | 22,986,000    | 22,273,905                               | 96.90%                             | 215,912                                | 22,489,817           | 97.84%                                               | 132,536                            | 0.58%                                                                       |
| 2023              | 24,392,000    | 23,552,819                               | 96.56%                             | 336,147                                | 23,888,966           | 97.94%                                               | 144,458                            | 0.59%                                                                       |

Source: Scott County Auditor

1. The above data does not include tax increment districts.

## CITY OF SHAKOPEE

Table 9

**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Governmental Activities |                                |                    |                    | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income | Per<br>Capita |
|----------------|-------------------------|--------------------------------|--------------------|--------------------|--------------------------------|-------------------------------------|---------------|
|                | G.O.<br>Bonds           | Special<br>Assessment<br>Bonds | SBITA<br>Liability | Lease<br>Liability |                                |                                     |               |
| 2014           | \$ 9,390,000            | \$ 4,440,000                   | \$ -               | \$ -               | \$ 13,830,000                  | 1.1%                                | 353           |
| 2015           | 5,100,000               | 3,115,000                      | -                  | -                  | 8,215,000                      | 0.7%                                | 208           |
| 2016           | 36,070,590              | 2,095,000                      | -                  | -                  | 38,165,590                     | 2.9%                                | 948           |
| 2017           | 35,284,168              | 1,085,000                      | -                  | 65,330             | 36,434,498                     | 2.7%                                | 886           |
| 2018           | 33,677,746              | 585,000                        | -                  | 46,542             | 34,309,288                     | 2.5%                                | 826           |
| 2019           | 36,226,324              | 235,000                        | -                  | 26,616             | 36,487,940                     | 2.5%                                | 857           |
| 2020           | 43,482,636              | 90,000                         | -                  | 5,481              | 43,578,117                     | 2.8%                                | 997           |
| 2021           | 39,730,992              | -                              | -                  | -                  | 39,730,992                     | 2.3%                                | 871           |
| 2022           | 48,207,279              | -                              | -                  | 113,803            | 48,321,082                     | 2.6%                                | 1,051         |
| 2023           | 46,077,663              | -                              | 121,483            | 569,207            | 46,768,353                     | 2.4%                                | 1,004         |

Sources: Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Table 14 for income and population data.

**CITY OF SHAKOPEE**

**Table 10**

**RATIOS OF GENERAL BONDED OUTSTANDING  
Last Ten Fiscal Years**

| <u>Fiscal<br/>Year</u> | <u>Total<br/>G.O.<br/>Bonds</u> | <u>Less:<br/>Available<br/>in Debt<br/>Service</u> | <u>Net<br/>General<br/>Bonded Debt<br/>Outstanding</u> | <u>Percentage of<br/>Actual Taxable<br/>Value of<br/>Property</u> | <u>Per<br/>Capita</u> | <u>Percentage of<br/>Total<br/>Personal<br/>Income</u> |
|------------------------|---------------------------------|----------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|-----------------------|--------------------------------------------------------|
| 2014                   | \$ 9,390,000                    | \$ 7,053,086                                       | \$ 2,336,914                                           | 0.29%                                                             | \$ 60                 | 0.75%                                                  |
| 2015                   | 5,100,000                       | 3,085,157                                          | 2,014,843                                              | 0.14%                                                             | 51                    | 0.40%                                                  |
| 2016                   | 36,070,590                      | 4,875,714                                          | 31,194,876                                             | 0.94%                                                             | 775                   | 2.74%                                                  |
| 2017                   | 35,284,168                      | 4,265,148                                          | 31,019,020                                             | 0.87%                                                             | 754                   | 2.63%                                                  |
| 2018                   | 33,677,746                      | 3,207,099                                          | 30,470,647                                             | 0.78%                                                             | 734                   | 2.44%                                                  |
| 2019                   | 36,226,324                      | 3,147,055                                          | 33,079,269                                             | 0.79%                                                             | 777                   | 2.53%                                                  |
| 2020                   | 43,482,636                      | 4,332,924                                          | 39,149,712                                             | 0.86%                                                             | 896                   | 2.79%                                                  |
| 2021                   | 39,730,992                      | 1,239,273                                          | 38,491,719                                             | 0.72%                                                             | 844                   | 2.30%                                                  |
| 2022                   | 48,207,279                      | 2,231,462                                          | 45,975,817                                             | 0.80%                                                             | 1,000                 | 2.57%                                                  |
| 2023                   | 46,077,663                      | 3,470,018                                          | 42,607,645                                             | 0.64%                                                             | 915                   | 2.40%                                                  |

Sources:

1. Metropolitan Council estimated for population.
2. Scott County Auditor
3. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

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# CITY OF SHAKOPEE

Table 11

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2023

|                                     | G.O.<br>Debt   | Percentage<br>Applicable<br>To City of<br>Shakopee (1) | Amount<br>Applicable<br>To City of<br>Shakopee |
|-------------------------------------|----------------|--------------------------------------------------------|------------------------------------------------|
| <b>Direct Debt:</b>                 |                |                                                        |                                                |
| City of Shakopee                    | \$ 46,768,353  | 100.0%                                                 | \$ 46,768,353                                  |
| <b>Overlapping Debt:</b>            |                |                                                        |                                                |
| Independent School District No. 720 | 200,568,822    | 77.5%                                                  | 155,362,565                                    |
| Independent School District No. 191 | 106,710,000    | 0.3%                                                   | 346,645                                        |
| Scott County                        | 97,485,000     | 25.1%                                                  | 24,457,154                                     |
| Metropolitan Council (2)            | 238,225,000    | 1.2%                                                   | 2,934,580                                      |
| Total Overlapping Debt:             | 642,988,822    |                                                        | 183,100,944                                    |
| Total Direct and Overlapping Debt   | \$ 689,757,175 |                                                        | \$ 229,869,297                                 |

### Source:

Scott County and Dakota County Taxation Department  
Metropolitan Council

Note: Overlapping governments are those that coincide, at least in part, with 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 City'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 government.

(1) The percentage of overlapping debt is estimated using net tax capacity. Applicable percentages were estimated by determining the portion of net tax capacity that is within the City's boundaries and dividing it by total net tax capacity for each entity.

(2) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

# CITY OF SHAKOPEE

## LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

|                                                  | 2014             | 2015             | 2016             | 2017             |
|--------------------------------------------------|------------------|------------------|------------------|------------------|
| Market Value (Taxable)                           | \$ 3,206,518,700 | \$ 3,629,757,200 | \$ 3,844,106,800 | \$ 4,034,313,200 |
| Debt Limit - Percent of<br>Market Value (Note A) | 96,195,561       | 108,892,716      | 115,323,204      | 121,029,396      |
| Amount of Debt Applicable<br>to Debt Limit:      |                  |                  |                  |                  |
| G.O. Bonds                                       | 9,390,000        | 5,100,000        | 33,935,000       | 35,284,168       |
| Available in Debt Service Funds                  | (4,833,096)      | (1,511,502)      | (2,443,111)      | (2,976,808)      |
| Total Debt Applicable<br>to Debt Limit           | 4,556,904        | 3,588,498        | 31,491,889       | 32,307,360       |
| Legal Debt Margin                                | \$ 91,638,657    | \$ 105,304,218   | \$ 83,831,315    | \$ 88,722,036    |

### NOTE (A):

M.S.A. Section 475.53 (Limit on Net Debt)

Subdivision 1. Generally, except of otherwise provided in Sections 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 3% of the market value of taxable property in the municipality."

### NOTE (B):

M.S.A. Section 475.51 Definitions: Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt the aggregate of the principal of the following:

- (1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
- (2) Warrants or orders having no definite or fixed maturity.
- (3) Obligations payable wholly from the income of revenue-producing conveniences.
- (4) Obligations issued to create or maintain a permanent improvement revolving fund.
- (5) Obligation issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems and on any combination thereof or for any other public convenience from which a revenue is or may be derived.
- (6) Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subdivision.

M.S.A. Section 469.178, subdivision 1. (tax increment bonds) "... The bonds are not included for purposes of computing the net debt of any municipality."

**Table 12**

| <u>2018</u>          | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 4,342,662,600     | \$ 4,613,605,800      | \$ 5,063,670,900      | \$ 5,540,321,100      | \$ 6,044,797,135      | \$ 7,215,756,805      |
| <u>130,279,878</u>   | <u>138,408,174</u>    | <u>151,910,127</u>    | <u>166,209,633</u>    | <u>181,343,914</u>    | <u>216,472,704</u>    |
| 33,677,746           | 36,226,324            | 43,482,636            | 39,730,992            | 48,207,279            | 46,077,663            |
| <u>(2,795,488)</u>   | <u>(2,972,459)</u>    | <u>(4,232,229)</u>    | <u>(1,747,005)</u>    | <u>(2,547,833)</u>    | <u>(3,293,094)</u>    |
| <u>30,882,258</u>    | <u>33,253,865</u>     | <u>39,250,407</u>     | <u>37,983,987</u>     | <u>45,659,446</u>     | <u>42,784,569</u>     |
| <u>\$ 99,397,620</u> | <u>\$ 105,154,309</u> | <u>\$ 112,659,720</u> | <u>\$ 128,225,646</u> | <u>\$ 135,684,468</u> | <u>\$ 173,688,135</u> |

**CITY OF SHAKOPEE**

**Table 13**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Calendar Years**

| <u>Fiscal<br/>Year</u> | <u>Population (1)</u> | <u>School<br/>Enrollment (2)</u> | <u>Unemployment<br/>Rate (3)</u> | <u>Total<br/>Employment (3)</u> | <u>Per Capita<br/>Income (4)</u> | <u>Personal<br/>Income (5)</u> |
|------------------------|-----------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|--------------------------------|
| 2014                   | 39,144                | 8,698                            | 3.6%                             | 21,439                          | \$ 32,174                        | \$ 1,259,419,056               |
| 2015                   | 39,523                | 8,939                            | 3.0%                             | 21,877                          | 31,965                           | 1,263,352,695                  |
| 2016                   | 40,254                | 8,927                            | 3.2%                             | 21,571                          | 32,704                           | 1,316,466,816                  |
| 2017                   | 41,143                | 9,036                            | 2.6%                             | 27,156                          | 32,662                           | 1,343,812,666                  |
| 2018                   | 41,519                | 8,636                            | 2.4%                             | 25,930                          | 33,300                           | 1,382,582,700                  |
| 2019                   | 42,595                | 8,807                            | 2.8%                             | 27,427                          | 33,631                           | 1,432,512,445                  |
| 2020                   | 43,698                | 8,665                            | 6.1%                             | 22,051                          | 35,607                           | 1,555,954,686                  |
| 2021                   | 45,593                | 8,572                            | 2.3%                             | 22,417                          | 37,857                           | 1,726,014,201                  |
| 2022                   | 45,961                | 8,573                            | 2.2%                             | 23,773                          | 40,748                           | 1,872,818,828                  |
| 2023                   | 46,571 *              | 8,286                            | 2.3%                             | 23,510                          | 41,261                           | 1,921,566,031                  |

Source: 1. Met Council estimates and 2020 is the official census number.  
2. Shakopee School District, SACS, Bloomington Lutheran  
3. Minnesota Department of Employment and Economic Development Local Area Statistics  
4. Census estimates  
5. Per capita income times population

\* 2023 estimated population is not yet available.

## CITY OF SHAKOPEE

Table 14

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

| Taxpayer                | Type of Business       | 2023          |      |                             | 2014         |      |                             |
|-------------------------|------------------------|---------------|------|-----------------------------|--------------|------|-----------------------------|
|                         |                        | Employees     | Rank | Total<br>City<br>Employment | Employees    | Rank | Total<br>City<br>Employment |
| Amazon                  | Distribution           | 2,500         | 1    | 11.15%                      |              |      |                             |
| Valley Fair             | Amusement Park         | 1,721 (a)     | 2    | 7.68%                       | 1,670        | 1    | 7.79%                       |
| Emerson                 | Manufacturing          | 1,563 (b)     | 3    | 6.97%                       | 700          | 8    | 3.27%                       |
| School District No. 720 | Education              | 1,315         | 4    | 5.87%                       | 1,250        | 3    | 5.83%                       |
| Cyberpower Systems      | Manufacturing          | 1,160         | 5    | 5.17%                       |              |      |                             |
| Imagine Print Solutions | Printing               | 877           | 6    | 3.91%                       | 815          | 6    | 3.80%                       |
| Scott County            | Government             | 865 (b)       | 7    | 3.86%                       | 843          | 5    | 3.93%                       |
| St. Francis RMC         | Health Care            | 824           | 8    | 3.68%                       | 750          | 7    | 3.50%                       |
| Datacard                | Manufacturing          | 800 (b)       | 9    | 3.57%                       |              |      |                             |
| Northstar Auto Auction  | Auto Auction           | 715           | 10   | 3.19%                       |              |      |                             |
| Canterbury Park         | Horse Racing           |               |      |                             | 1,272        | 2    | 5.93%                       |
| Seagate                 | Manufacturing/Research |               |      |                             | 1,200        | 4    | 5.60%                       |
| Shutterfly              | Printing               |               |      |                             | 650          | 9    | 3.03%                       |
| Walmart                 | Retail                 |               |      |                             | 368          | 10   | 1.72%                       |
|                         |                        | <u>12,340</u> |      | <u>55.05%</u>               | <u>9,518</u> |      | <u>44.40%</u>               |
| Total Employment        |                        |               |      | 46,571                      |              |      | 21,439                      |

Source: D&B Hoovers, <https://app.dnbhoovers.com/>, and a December 2023 best efforts contact of individual employers. This does not purport to be a comprehensive list. Some employers do not respond to inquiries.

(a) At seasonal peak

(b) Includes full and part-time and seasonal employees.

# CITY OF SHAKOPEE

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

|                        | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------|------|------|------|------|------|
| General Government:    |      |      |      |      |      |
| Administration         | 7    | 7    | 8    | 8    | 9    |
| City Clerk             | 3    | 3    | 3    | 3    | 3    |
| Finance                | 4    | 4    | 4    | 4    | 4    |
| Planning               | 6    | 5    | 6    | 5    | 6    |
| Facilities Maintenance | 4    | 5    | 3    | 3    | 2    |
| Information Technology | 3    | 4    | 5    | 5    | 5    |
| Public Safety:         |      |      |      |      |      |
| Police:                |      |      |      |      |      |
| Licensed               | 47   | 48   | 48   | 47   | 50   |
| Other                  | 9    | 10   | 10   | 11   | 12   |
| Fire:                  |      |      |      |      |      |
| Full time              | 7    | 7    | 7    | 7    | 8    |
| Paid On Call           | 43   | 43   | 43   | 46   | 46   |
| Building Inspection    | 5    | 5    | 5    | 5    | 5    |
| Public Works:          |      |      |      |      |      |
| Engineering            | 8    | 8    | 8    | 8    | 9    |
| Street and Utility     | 16   | 16   | 15   | 15   | 15   |
| Shop                   | 3    | 3    | 3    | 3    | 3    |
| Park and Recreation:   |      |      |      |      |      |
| Park Maintenance       | 9    | 9    | 9    | 9    | 9    |
| Natural Resources      | 1    | 1    | 1    | 1    | -    |
| Recreation             | 7    | 7    | 10   | 13   | 15   |
| Economic Development:  |      |      |      |      |      |
| EDA                    | 2    | 1    | 1    | 1    | 1    |
| Total                  | 184  | 186  | 189  | 194  | 202  |

Source: City departments

**Table 15**

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|-------------|-------------|-------------|-------------|-------------|
| 9           | 9           | 9           | 9           | 10          |
| 3           | 3           | 3           | 3           | 3           |
| 4           | 4           | 4           | 4           | 4           |
| 5           | 5           | 5           | 5           | 5           |
| 2           | 2           | 2           | 2           | 2           |
| 5           | 5           | 5           | 5           | 5           |
| 50          | 50          | 50          | 50          | 50          |
| 12          | 12          | 12          | 12          | 12          |
| 8           | 8           | 8           | 8           | 11          |
| 46          | 43          | 46          | 46          | 44          |
| 7           | 7           | 8           | 8           | 9           |
| 10          | 11          | 11          | 11          | 11          |
| 15          | 16          | 16          | 16          | 15          |
| 3           | 3           | 3           | 3           | 3           |
| 9           | 11          | 11          | 11          | 12          |
| -           | -           | -           | -           | -           |
| 16          | 16          | 18          | 18          | 18          |
| <u>1</u>    | <u>1</u>    | <u>1</u>    | <u>1</u>    | <u>1</u>    |
| <u>205</u>  | <u>206</u>  | <u>212</u>  | <u>212</u>  | <u>215</u>  |

# CITY OF SHAKOPEE

## OPERATING INDICATORS BY FUNCTION/PROGRAM Last Ten Fiscal Years

|                                   | 2014    | 2015    | 2016    | 2017    |
|-----------------------------------|---------|---------|---------|---------|
| General Government                |         |         |         |         |
| Planning                          |         |         |         |         |
| Number of Case Files              | 45      | 75      | 50      | 59      |
| Number of Plats Filed             | 7       | 9       | 7       | 10      |
| Number of Acres Platted           | 68      | 335     | 79      | 169     |
| Public Safety                     |         |         |         |         |
| Police                            |         |         |         |         |
| Arrests                           | 1,524   | 2,121   | 1,543   | 1,338   |
| Citations                         | 4,934   | 5,510   | 4,396   | 3,569   |
| Calls for Service                 | 17,846  | 19,357  | 21,117  | 21,632  |
| Fire                              |         |         |         |         |
| Calls for Service                 | 730     | 745     | 792     | 808     |
| Building Inspection               |         |         |         |         |
| Building Permits Issued           | 1,519   | 1,054   | 1,030   | 1,145   |
| Number of Inspections             | 7,854   | 6,835   | 6,659   | 6,301   |
| Single Family Homes Permitted     | 61      | 50      | 45      | 33      |
| Public Works                      |         |         |         |         |
| Street                            |         |         |         |         |
| Miles of Roadway                  | 156     | 156     | 156     | 156     |
| Park and Recreation               |         |         |         |         |
| Park Maintenance                  |         |         |         |         |
| Acres Maintained                  | 396     | 783     | 783     | 783     |
| Recreation                        |         |         |         |         |
| Program Participants              | 18,540  | 19,788  | 23,700  | 41,289  |
| Community Center Members (1)      | 2,116   | 2,024   | 2,463   | 6,231   |
| Community Center Memberships Sold | N/A     | N/A     | N/A     | N/A     |
| Community Center Admissions       | 124,124 | 113,772 | 114,158 | 200,297 |
| Ice Rental- Open Skate Sessions   | 1,477   | 1,589   | 1,773   | 2,870   |
| Ice Rental- Contracted Hours      | N/A     | N/A     | N/A     | N/A     |
| Sand Venture Admissions           | N/A     | N/A     | N/A     | N/A     |

Source: City departments

(1) Changed to reporting membership packages instead of membership totals in 2018.

Table 16

| 2018    | 2019    | 2020   | 2021    | 2022    | 2023    |
|---------|---------|--------|---------|---------|---------|
| 72      | 83      | 59     | 49      | 63      | 55      |
| 11      | 9       | 11     | 11      | 12      | 8       |
| 161     | 131     | 305    | 294     | 206     | 156     |
| 1,741   | 1,683   | 1,206  | 1,574   | 1,258   | 1,122   |
| 3,470   | 3,391   | 2,278  | 2,552   | 2,699   | 2,846   |
| 21,916  | 22,910  | 22,137 | 22,591  | 22,423  | 22,358  |
| 914     | 957     | 1,146  | 1,544   | 1,732   | 1,728   |
| 1,274   | 1,158   | 1,611  | 1,686   | 3,331   | 2,534   |
| 8,350   | 9,507   | 11,191 | 11,195  | 15,482  | 16,793  |
| 76      | 140     | 165    | 202     | 203     | 132     |
| 156.5   | 161.2   | 163.0  | 165.9   | 170.5   | 173.6   |
| 783     | 783     | 783    | 765     | 765     | 765     |
| 25,559  | 20,811  | 6,508  | 25,244  | 28,287  | 33,889  |
| N/A     | N/A     | N/A    | N/A     | N/A     | N/A     |
| 1,880   | 1,992   | 1,704  | 1,408   | 2,330   | 2,576   |
| 251,223 | 267,576 | 13,449 | 183,208 | 210,023 | 202,927 |
| 3,158   | 3,410   | 2,134  | 3,634   | 2,307   | 1,994   |
| N/A     | N/A     | N/A    | 3,884   | 3,625   | 5,410   |
| 20,867  | 20,913  | CLOSED | 30,674  | 27,568  | 32,568  |

## CITY OF SHAKOPEE

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

|                           | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------|------|------|------|------|------|
| Police:                   |      |      |      |      |      |
| Stations                  | 1    | 1    | 1    | 1    | 1    |
| Patrol Zones              | 4    | 4    | 4    | 3    | 3    |
| Patrol Units              | 15   | 15   | 15   | 16   | 16   |
| Fire Stations             | 2    | 2    | 2    | 2    | 2    |
| Street:                   |      |      |      |      |      |
| Miles of Roadway          | 156  | 156  | 156  | 156  | 157  |
| Traffic Signals           | 30   | 30   | 30   | 30   | 30   |
| Parks:                    |      |      |      |      |      |
| Acres                     | 396  | 783  | 783  | 783  | 783  |
| Ball Fields/Sports Fields | 56   | 56   | 56   | 57   | 57   |
| Playgrounds               | 27   | 27   | 27   | 27   | 27   |

Source: City departments

\* Number updated to include all field types not just baseball fields in 2022.

**Table 17**

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|-------------|-------------|-------------|-------------|-------------|
| 1           | 1           | 1           | 1           | 1           |
| 3           | 3           | 3           | 3           | 3           |
| 16          | 16          | 16          | 16          | 16          |
| 2           | 2           | 2           | 2           | 2           |
| 161         | 163         | 166         | 171         | 174         |
| 30          | 30          | 30          | 30          | 30          |
| 783         | 783         | 765         | 765         | 765         |
| 57          | 57          | 57          | 94*         | 94*         |
| 27          | 27          | 27          | 29          | 31          |

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