

CITY OF MOUND
MOUND, MINNESOTA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

REPORT PREPARED BY
THE CITY OF MOUND FINANCE DEPARTMENT

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City of Mound, Minnesota
Comprehensive Annual Financial Report
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For the Year Ended December 31, 2020

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INTRODUCTORY SECTION

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Mound, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2020

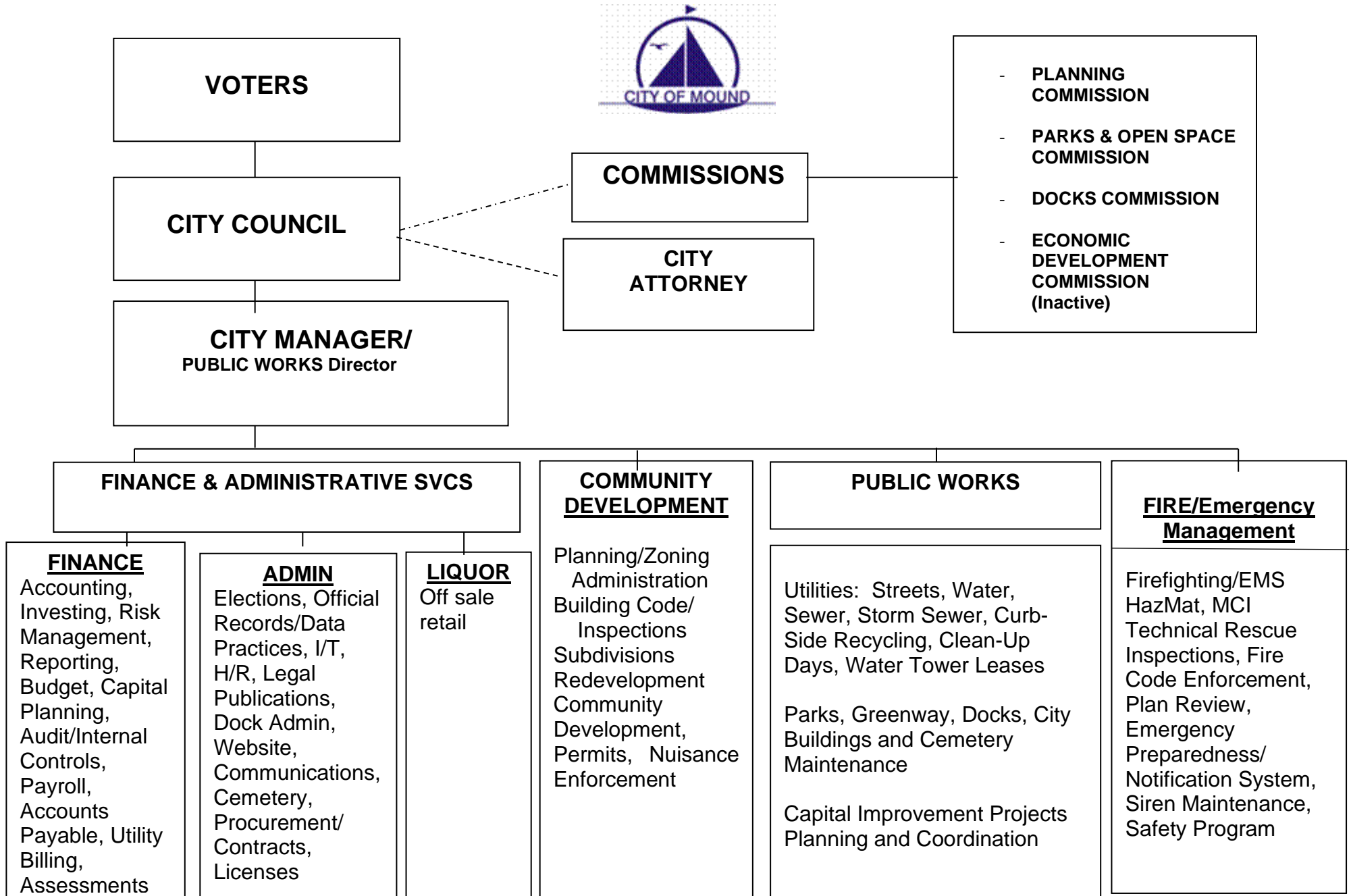
ELECTED

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Ray Salazar	12/31/22	Mayor
Sherrie Pugh	12/31/22	Council Member
Phil Velsor	12/31/22	Council Member
Paula Larson	12/31/24	Council Member
Jason Holt	12/31/24	Council Member

APPOINTED

Eric Hoversten	City Manager & Director of Public Works
Catherine Pausche	Director of Finance & Administration
Greg Pederson	Fire Chief
Sarah Smith	Community Development/Planner
Ron Gust	Liquor Store Manager

CITY OF MOUND - ORGANIZATIONAL CHART



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May 28, 2021

**Honorable Mayor and Members of the City Council
City of Mound
Mound, Minnesota 55364**

Mayor and City Council Members:

The Comprehensive Annual Financial Report of the City of Mound for the fiscal year ended December 31, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designated to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The funds included in our Comprehensive Annual Financial Report are those considered to be within the financial reporting entity of the City of Mound (the primary government) as defined by *Governmental Accounting Standards*. Based on these criteria, all funds of the City are included in this report. However, the Mound Fire Relief Association and Independent School District No. 277 have not met the established criteria for inclusion in the financial reporting entity, and accordingly are excluded from this report.

The City provides its residents and businesses a full range of municipal services consisting of police, fire, public works, parks and general administrative services. The City also operated five enterprises in 2020: a liquor store, water utility, sewer utility, storm sewer utility, and a curb-side recycling service.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designated to complement the MD&A and should be read in conjunction with it. The City of Mound's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITION AND OUTLOOK

Mound is a suburb located twenty miles west of the Minneapolis central business district. The City covers an area of 4.15 square miles and its population, according to the 2010 Census, is estimated at 9,052. The most dominant feature of the community is the vast shoreline of Lake Minnetonka which creates a number of bays within the City of Mound.

Mound is currently classified as a fully developed community since urban uses occupy more than 90 percent of the total land area. The majority of the tax base in Mound is residential property. This provides the City with a stable tax revenue flow, but not a rapidly expanding tax base. Because less than 10 percent of the land in Mound is currently vacant, redevelopment plays a vital role in the City's future. Redevelopment means going from a lower usage to a higher density or intensity of use. Commercial redevelopment in Mound has followed this pattern in recent years and is expected to do so in the future. Mound has three active TIF districts, the most recent created in 2017 for a 72-unit assisted living/memory care facility that was constructed on a blighted parcel that used to house a florist shop. All projects proposed or underway are only undertaken if they are consistent with the overall land use and economic development goals of the community.

MAJOR INITIATIVES FOR THE YEAR

Major events during 2020 were the following:

- The 15-year neighborhood street reconstruction program was completed in 2018, which included Municipal State Aid (MSA) streets and corresponding upgrades to the sewer and water utilities as needed. Multi-year cooperative projects with MCES were also substantially completed in 2019. Twenty-three of the City's 30 sanitary sewer lift stations were reconstructed as of 2020.
- Our oldest streets are now a few cul-de-sacs from subdivisions created over the years and these streets are being monitored for potential reconstruction. Sherwood Drive was selected and the project was approved in 2019 with construction in 2020.
- An Infrastructure Replacement Reserve Fund and corresponding special levy were implemented in order to plan for the next generation of streets and avoid the need for special assessments in the future. Capital reserve funds were also created for City buildings, parks and open spaces and equipment in order to build reserves and better manage the fluctuations in these types of expenditures.
- The City's Key Financial Strategies, or Long Term Financial Plan, was approved for 2018 through 2028 and is updated annually. The plan addresses financing the remaining utility improvements and the next generation of streets. The plan calls for deficits in the utility enterprise funds in order to manage utility rate increases in the short-term. The City issued \$4.2M in bonds in 2020 to be repaid by the tax levy but benefitting the Sewer Fund in order to avoid additional utility rate increases.
- The City issued 403 building permits for the year at a total value of \$9,380,287, which was a slight decrease in the total value of improvements from the prior year.
- The municipal liquor store revenues were an all-time high of \$3.848M and the gross profit percentage improved from 26.9 to 28.1 percent. The store benefitted from COVID restrictions but also from a full-store remodel that continues to attract new customers as the store becomes better known as a destination for rare products and a vast selection. The amount of profits transferred for tax relief was \$175K.
- The City of Mound continued implementation of the 2040 Comprehensive Plan Update, which reimagines the downtown revitalization concepts to adjust to changes in the market conditions and increase flexibility.
- A Request for Qualification and Interest (RFQ/I) for a Residential Development resulted in the sale of 2.3 acres of city-owned land being held for development in the Harbor District. Lifestyle Communities, who specialize in multi-family, age-restricted, luxury cooperative-living housing developments is working through planning approvals for a 52-unit development estimated to be completed within 2 years.
- The City Council approved a study to develop a master plan to guide improvements and develop a community vision for future of the public realm and park amenities in the remaining approximately 3 acres of the Harbor District in Downtown Mound.
- Recycling programs included leaf dumping offered to residents at a SET compost site in Minnetrista as well as bi-weekly, single-sort, curbside recycling offered to all residents. The annual spring cleanup day was cancelled due to the pandemic.
- Continued administration of the storm water utility management plan. Many neighborhood storm water projects have also been initiated to comply with MCWD mandates that are funded by the Storm Water Utility fees.
- Significant infrastructure improvements have been completed in our water utility, including the Chateau Water Tower that was replaced along with a new pump house in 2007 and multiple watermain crossing projects under Lake Minnetonka to create a loop for existing dead-end watermain lines in order to increase water volume and pressure to area residents.

- The Fire Department implemented a duty officer program in 2015 to increase efficiency and improve response times and continues to be very successful securing outside grants to offset expenditures making our fire protection spending per household less than the state average.
- The City continued the agreement with the Lake Minnetonka Communication Commission, which provides public, educational and government community programming via cable television and the internet. Council Chambers recording equipment was upgraded in 2019.
- In 2008, the Dakota Rail Regional trail was opened which provides for reuse of the former Dakota Railroad corridor as an “interim” recreational trail from Wayzata to St. Bonifacius, bringing more traffic and exposure to downtown Mound.
- Subdivided parcels provide a main source of growth. Woodlyn Ridge created 11 additional homes, Sulgrove, Anderson Grove, and Surfside Landing subdivisions provide for an additional 3 homes each, and a former mobile home property on 5.9 acres with portions in Mound and Minnetrista is slated for redevelopment.
- An independent marketing study was commissioned by the HRA in 2013 to help address the challenges that occur with conventional market studies that do not take into consideration the fact that Lake Minnetonka covers much of our geographical area and area residents are willing to drive farther to get to their destination. The study identified gaps in goods and services that will help to market to and attract potential businesses.
- The City Council approved the Community Development Block Grant (CDBG) and recommended the funding support local senior services, rehab grants for private property, the Westonka Community Action Network and Sojourner of Minnetonka.
- The City received \$704K in CARES funding, of which it gave \$500K to the Westonka School District to open safely and get parents back to work. The remainder was used to offset police contracted salaries. The Fire Department also received FEMA grants for fire fighter safety equipment.
- The City adapted to the COVID-19 pandemic and was able to minimize the negative impacts on operations and provide for the safety of our employees, residents and liquor store customers. Revenue impacts were minimal, including that of state aid.

MAJOR INITIATIVES FOR THE FUTURE

Market values increased in 2015, the first time since 2009, and continue to show strength. The total levy increased an average of 1.92% per year from 2009 - 2020. The City will continue to limit increases in operating expenditures and take advantage of previous cost containment initiatives. Infrastructure improvements have put pressure on utility rates, so the Council approved reductions to the storm water and street light fees starting in 2018 in order to provide some relief in the form of a 14.5% reduction in the base utility bill. Storm water and street light fees were reduced instead of other utility fees because these services are often funded by tax levies.

With the completion of the 15-year city-wide street and retaining wall reconstruction program, other Public Works projects will continue and include storm water drainage improvements, inflow/infiltration remediation, sanitary lift station reconstruction, and completion of a wellhead protection plan in accordance with state and federal regulations.

The Met Council Environmental Services (MCES) completed over \$38 million in projects to upgrade their infrastructure in Mound between 2014 and 2019. The timeframe was reduced in response to the record breaking rain events that occurred in the spring of 2014.

The Minnesota Department of Health (MDH) began testing for manganese in municipal water supplies in 2021 and elevated levels of manganese greater than the MDH recommended health advisory guideline levels were found. The City Council approved a study to develop alternatives to mitigate the issue as well as an application for State or Federal public funding to pay for a water treatment facility to remove the manganese from our source water.

DEPARTMENT FOCUS

Each year, one department is selected to highlight that department's efforts and accomplishments. This year, the Engineering function will be highlighted for the first time. In 2003, at the onset of a robust capital improvement program launch, a Public Works Director/City Engineer position was created. This was not meant to replace the consulting engineering firm, but rather to provide internal oversight of the entire engineering function and manage this vital relationship. The capital improvement program was not just to repair and replace aging infrastructure but also to improve the performance of these systems, including water main looping, increased pumping and storage capacity, storm water drainage improvements, and reducing groundwater infiltration into sanitary sewers to prevent back-ups and excessive treatment charges. From 2003 to 2018, the City issued approximately \$37M in utility revenue bonds for infrastructure improvements and \$41M general obligation bonds for street reconstruction, city buildings and city equipment.

All of the infrastructure has been inventoried as part of the road reconstruction and utility improvement projects and has allowed engineering to develop a long term capital improvement program based on the estimated useful life of those improvements. This is what fed the 2018 update to the long term financial plan and set a course for the current and future Councils on how to manage the property tax and utility rate increases. While no plan is ever set in stone, as we learned from the recent manganese in the drinking water supply issue, it does provide a solid foundation to evaluate priorities and tolerance for rate increases.

RELEVANT FINANCIAL POLICIES

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits; 2) the valuation of costs and benefits requires estimates and judgments by management. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and also provide reasonable assurance of properly recording financial transactions.

In 2011, the City of Mound adopted a Fund Balance Policy in order to comply with GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions. It is the City's general guideline to maintain an unassigned General Fund balance, also referred to as the "minimum fund balance", of not less than 20% of budgeted operating expenditures; however, this need could fluctuate with each year's budget objectives.

The primary financial goal of the City investment policy is to ensure the safety of the principal invested by the City. Cash temporarily idle during the year is invested in certificates of deposit, commercial paper, and obligations of the U.S. Treasury and government agencies. The City only invests in instruments that are authorized under Minnesota Statute 118A. The City of Mound subscribes to the "pooled cash" concept of investing, which means that all funds with cash balances participate in an investment pool. This permits some funds to be overdrawn and other funds to show cash balances while the City has a positive cash balance overall. This pooled cash concept provides for investing greater amounts of money at more favorable rates. Interest earnings are then allocated to the participating funds. The City of Mound earned \$29K in interest revenue in 2020, \$135K in 2019, \$100K in 2018, and \$40K in 2017.

Capital financing for major municipal improvements is provided through reserves, improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending on the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period of time and are used to help satisfy the improvement bond debt. The City Council sets the terms and conditions of any inter-fund loans or advances, including the rate of interest to be charged. Inter-fund loans were approved between the Dock Fund and General Fund to the TIF 1-3 debt service fund due to the insufficient TIF which resulted from the recession and corresponding delay in redevelopment. Inter-fund loans between the governmental funds and utility funds are contemplated to help finance the remaining utility infrastructure improvements. In addition, year-end adjustments are made to offset negative cash balances in those funds that are overdrawn.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

In addition, the City engages in long-term financial planning. The City Council approved a ten-year capital improvement plan which will be reviewed annually on a rolling basis. Projected capital investment for the five-year period 2021 - 2025 includes \$13 million in improvements. Debt service payments will dramatically decline starting in 2023 and the plan is to maintain the levy and build reserves for the next generation of improvements.

The City of Mound's risk management policy centers around the worker's compensation insurance and its general property and liability coverage provided through the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT worker's compensation program is a joint self-insurance plan, designed to lower and stabilize cities' workers compensation costs and to assure that cities have a source of coverage available. Each participating City deposits with the LMCIT its worker's compensation deposit premiums for the policy year. The deposit premiums are calculated using standard manual rates with the applicable volume discounts and experience modification factor. From these deposits, LMCIT purchases reinsurance to protect the program from catastrophic and abnormal payment claims. The balance of the deposits and reserves are invested, with the earnings accruing to the benefit of all participants. LMCIT's reserves and rates are reviewed annually by an actuary to help assure that the program remains financially strong.

The City's tax capacity decreased significantly from 2010 to 2014. In order to maintain our policy of 20% unassigned fund balance in the General Fund and to manage increases to the tax rate, the City undertook a series of operational and personnel maneuvers that will have a long-term savings impact, not just one-time. These initiatives included offering a voluntary early retirement incentive plan in 2009 and 2012, a reduction in force in 2010 and 2012, introducing policies on overtime and retrofitting much of our lighting to save on utilities expense, and contracting for services at fixed rates, including policing and utility billing. The average increase to the General Fund levy was 1.11% from 2009 - 2021. The efforts continue and have become part of the culture as we try to reinvent the way government services are provided.

In 2016, the City Council authorized staff to no longer apply for the Government Finance Officer's Association's Certificate of Achievement for Excellence in Financial Reporting award. The City's Comprehensive Annual Financial Report will continue to be prepared in accordance with accounting standards generally accepted in the United States and the City will continue to pay for an independent audit where the auditors express an opinion on the fairness, in all material respects, of the financial position of the government and business-type activities. The goal of the certificate program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. In recent years, new GASB pronouncements have led to additional costs in order to comply and the City will be weighing those costs with the relevance and value of the resulting information and implement GASB pronouncements selectively as a result, thereby disqualifying it from the certificate program.

INDEPENDENT AUDIT

Minnesota statutes require an annual audit of the City's accounts by the Minnesota Office of the State Auditor or by independent certified public accountants. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The independent certified public accountant will issue a management and compliance letter covering the examination of the City of Mound's system of internal controls and compliance with applicable legal provisions. The management and compliance letter will not modify or affect this report or the financial statements in any way.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the cooperation of the entire staff of the Finance and Administrative Services Department, the cooperation of the city departments, the support of the City Council and the City Manager, and the assistance of the independent auditors.

Respectfully submitted,



Catherine Pausche
Director of Finance & Administrative Services

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FINANCIAL SECTION

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mound, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mound, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business - type Activities	Qualified
General Fund	Unmodified
Governmental Fund Debt Service	Unmodified
Governmental Fund Area Fire Service	Unmodified
Governmental Fund Capital Improvements	Unmodified
Enterprise Fund Liquor	Qualified
Enterprise Fund Water	Qualified
Enterprise Fund Sewer	Qualified
Enterprise Fund Recycling	Qualified
Enterprise Fund Storm Water	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions

The City has not adopted GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the Public Employee Retirement Association nor the pension amounts related to the Volunteer Fire Department Relief Association, in the governmental activities, business-type activities, and each major proprietary fund and, accordingly, has not shown activity related to this standard. Accounting principles generally accepted in the United States of America require that pension liabilities and balances be shown, which would report deferred outflows of resources, deferred inflows of resources and liabilities or assets, while changing the net position in the applicable statements.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinions”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major proprietary fund of the City as of December 31, 2020, and the results of its operations and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the City as of December 31, 2020, and the budgetary comparisons for the General fund and Area Fire Service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The prior year comparative information has been derived from the City's 2019 financial statements and, in our report dated May 12, 2020 we express qualified opinions on the respective proprietary fund financial statements.

Required Supplementary Information

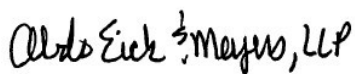
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 23 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 28, 2021

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Management's Discussion and Analysis

As management of the City of Mound, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$39,303,414 (net position). Of this amount, \$2,521,438 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,007,796. Governmental activities accounted for \$2,420,692 of the total increase in net position while Business activities increased by \$587,104. This increase was mainly due to favorable tax receipts, unbudgeted federal grants, capital reserve funding, and unspent bond proceeds for fire equipment in the governmental activities. Business activities increase primarily due to strong sales in off-sale municipal liquor store operations and increased water usage due to record dry conditions.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,353,147, an increase of \$1,204,049 in comparison with the prior year. The increase is mainly attributed to unspent bond proceeds in the Area Fire Services fund and capital reserve funding in the other governmental funds. Approximately 20 percent or \$2,482,321, of the total combined ending fund balance is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the General fund was \$3,327,320, or 70.4 percent of total General fund expenditures, some of which has been assigned for specific purposes as noted in the basic financial statements.
- The City's total bonded debt increased \$176,945, or 0.4 percent during the current fiscal year as the result of bonds issued in the amount of \$8,470,000 offset with regularly scheduled principal and refunding payments.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

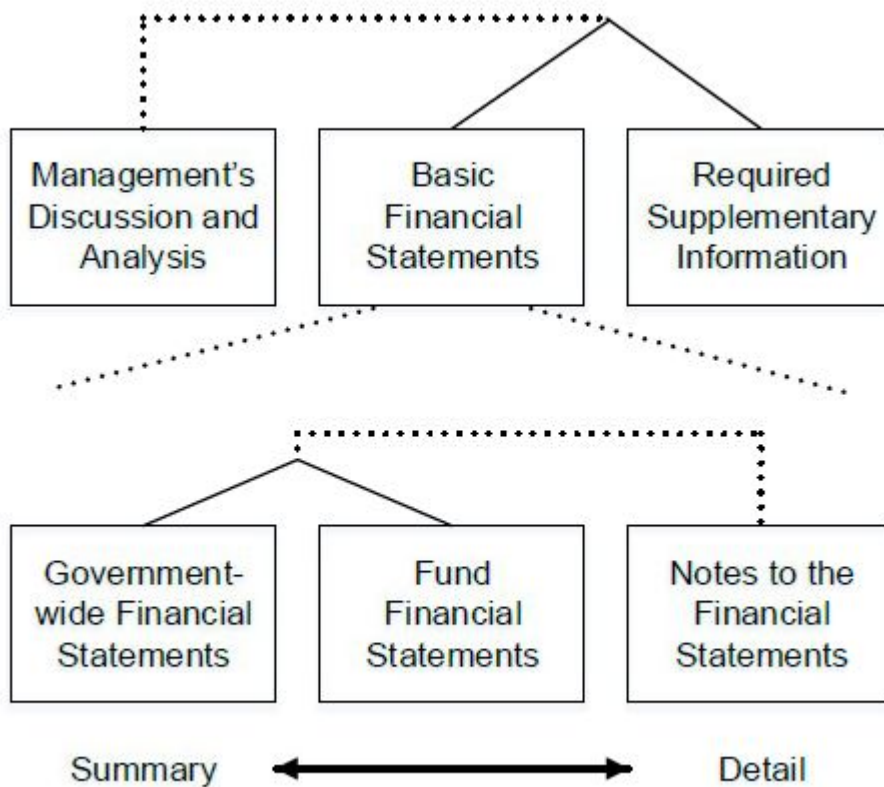


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

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

The government-wide financial statements start on page 36 of this report.

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

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

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

The City maintains numerous individual governmental funds, many of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Debt Service fund, and the Area Fire Service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and for its special revenue funds. A budgetary comparison statement has been provided for the General fund and Area Service Fund. The budgetary comparison statements for the two other special revenue funds are provided elsewhere in this report to demonstrate compliance with the budget.

The basic governmental fund financial statements start on page 40 of this report.

Proprietary Fund. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor, water, sewer, recycling and storm water. The City does not use *internal service funds*.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 46 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 51 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 74 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$39,303,414 at the close of the most recent fiscal year.

The City's net position in capital assets (83.9 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Mound's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 17,983,332	\$ 17,899,796	\$ 83,536	\$ 1,225,554	\$ (945,521)	\$ 2,171,075
Capital assets	35,020,465	35,503,686	(483,221)	36,825,878	36,737,298	88,580
Total Assets	<u>53,003,797</u>	<u>53,403,482</u>	<u>(399,685)</u>	<u>38,051,432</u>	<u>35,791,777</u>	<u>2,259,655</u>
Liabilities						
Long-term liabilities						
outstanding	20,141,826	22,340,431	(2,198,605)	28,666,794	26,272,742	2,394,052
Other liabilities	794,365	1,102,723	(308,358)	1,843,155	2,564,656	(721,501)
Total Liabilities	<u>20,936,191</u>	<u>23,443,154</u>	<u>(2,506,963)</u>	<u>30,509,949</u>	<u>28,837,398</u>	<u>1,672,551</u>
Deferred Inflows of Resources						
Unavailable revenue - other	<u>305,675</u>	<u>619,089</u>	<u>(313,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	18,938,946	17,556,048	1,382,898	14,046,824	10,874,807	3,172,017
Restricted	3,796,206	3,948,634	(152,428)	-	-	-
Unrestricted	<u>9,026,779</u>	<u>7,836,557</u>	<u>1,190,222</u>	<u>(6,505,341)</u>	<u>(3,920,428)</u>	<u>(2,584,913)</u>
Total Net Position	<u>\$ 31,761,931</u>	<u>\$ 29,341,239</u>	<u>\$ 2,420,692</u>	<u>\$ 7,541,483</u>	<u>\$ 6,954,379</u>	<u>\$ 587,104</u>

An additional portion of the City's net position (9.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,521,438) may be used to meet the City's ongoing obligations to citizens and creditors.

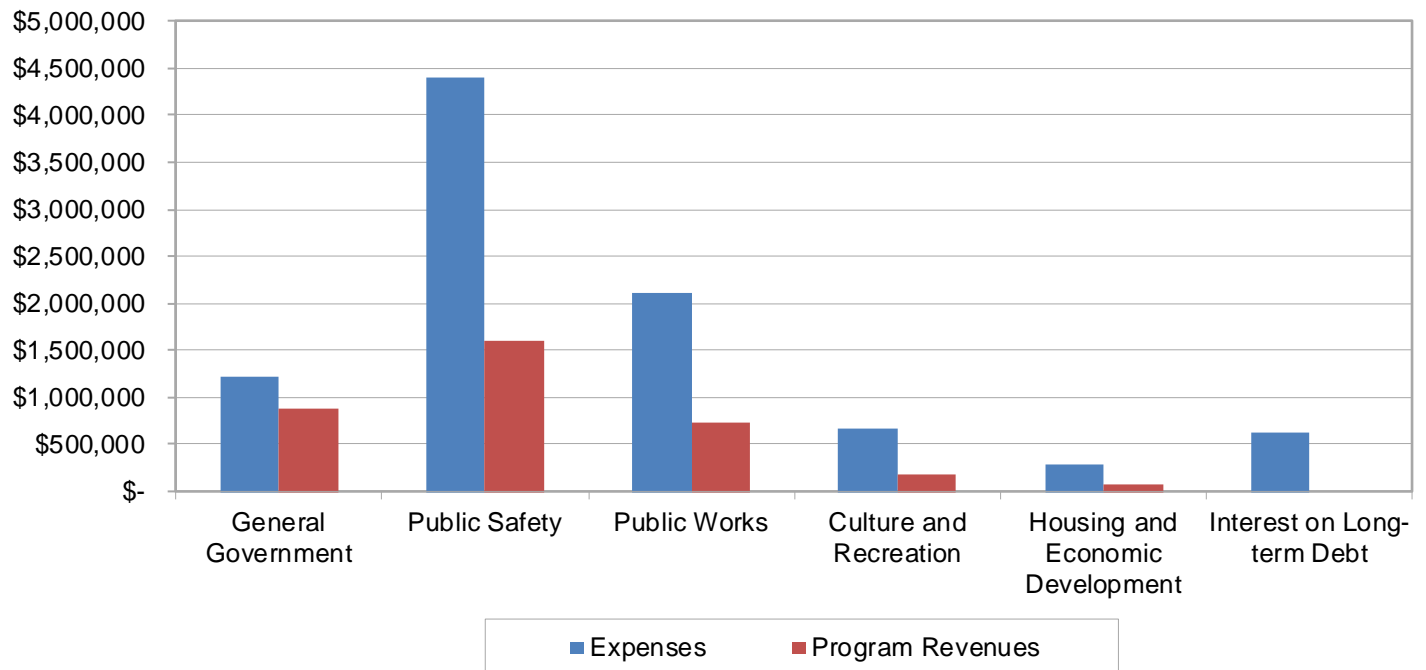
Governmental Activities. Governmental activities' net position increased by \$2,420,692, accounting for 80.5 percent of the growth in the City's net position. Factors contributing to this change are illustrated below and on the following page.

City of Mound's Changes in Net Position

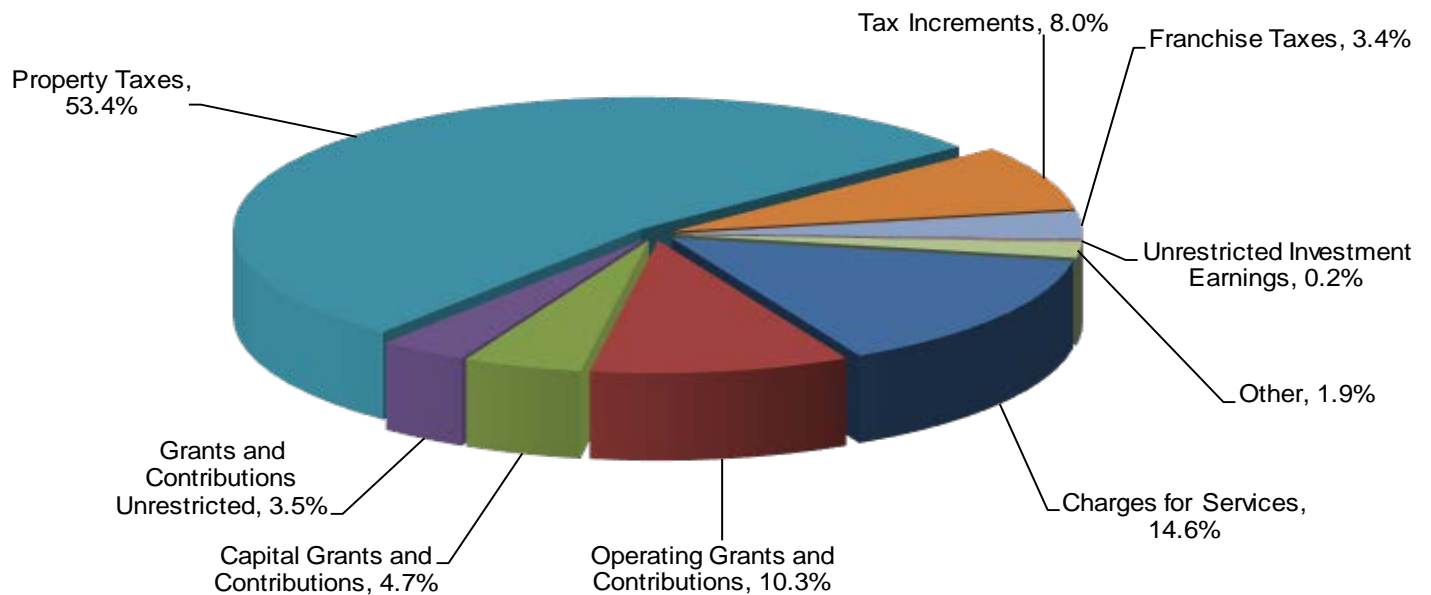
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,713,886	\$ 1,724,726	\$ (10,840)	\$ 8,768,478	\$ 7,750,732	\$ 1,017,746
Operating grants and contributions	1,205,813	361,689	844,124	-	-	-
Capital grants and contributions	556,943	818,456	(261,513)	99,476	120,013	(20,537)
General revenues						
Property taxes/tax increments	7,211,433	6,856,784	354,649	-	-	-
Franchise taxes	397,104	400,811	(3,707)	-	-	-
Grants and contributions not restricted to specific programs	406,616	384,321	22,295	-	-	-
Investment earnings	27,938	85,578	(57,640)	1,739	49,953	(48,214)
Gain on sale of capital assets	54,004	77,793	(23,789)	-	-	-
Total Revenues	<u>11,573,737</u>	<u>10,710,158</u>	<u>863,579</u>	<u>8,869,693</u>	<u>7,920,698</u>	<u>948,995</u>
Expenses						
General government	1,730,674	1,071,883	658,791	-	-	-
Public safety	3,910,533	3,730,923	179,610	-	-	-
Public works	2,113,513	2,211,777	(98,264)	-	-	-
Culture and recreation	661,179	499,451	161,728	-	-	-
Housing and economic development	286,580	154,646	131,934	-	-	-
Interest on long-term debt	625,566	695,483	(69,917)	-	-	-
Water	-	-	-	1,944,607	1,976,984	(32,377)
Sewer	-	-	-	2,161,094	2,241,123	(80,029)
Municipal liquor	-	-	-	3,396,840	2,832,948	563,892
Recycling	-	-	-	197,363	197,261	102
Storm water	-	-	-	407,685	406,202	1,483
Total Expenses	<u>9,328,045</u>	<u>8,364,163</u>	<u>963,882</u>	<u>8,107,589</u>	<u>7,654,518</u>	<u>453,071</u>
Increase in Net Position Before Transfers	2,245,692	2,345,995	(100,303)	762,104	266,180	495,924
Transfers - Internal Activities	<u>175,000</u>	<u>175,695</u>	<u>(695)</u>	<u>(175,000)</u>	<u>(175,695)</u>	<u>695</u>
Change in Net Position	2,420,692	2,521,690	(100,998)	587,104	90,485	496,619
Net Position, January 1	<u>29,341,239</u>	<u>26,819,549</u>	<u>2,521,690</u>	<u>6,954,379</u>	<u>6,863,894</u>	<u>90,485</u>
Net Position, December 31	<u>\$ 31,761,931</u>	<u>\$ 29,341,239</u>	<u>\$ 2,420,692</u>	<u>\$ 7,541,483</u>	<u>\$ 6,954,379</u>	<u>\$ 587,104</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

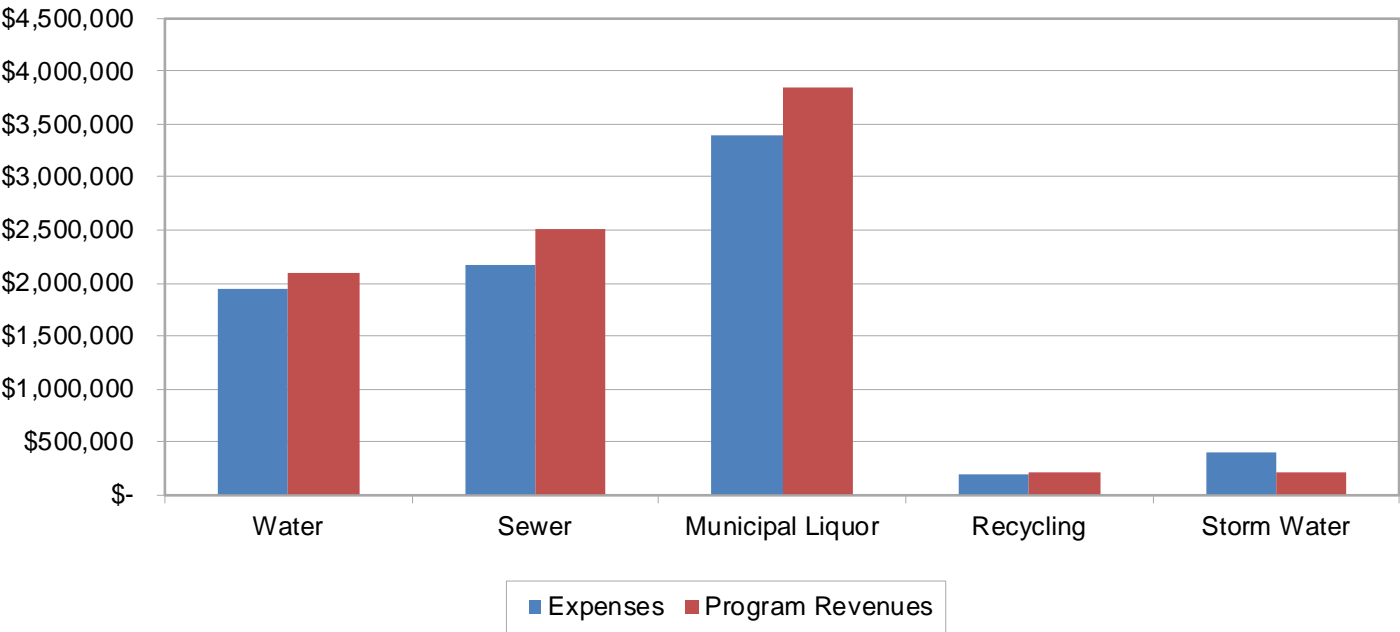


Revenues by Source - Governmental Activities

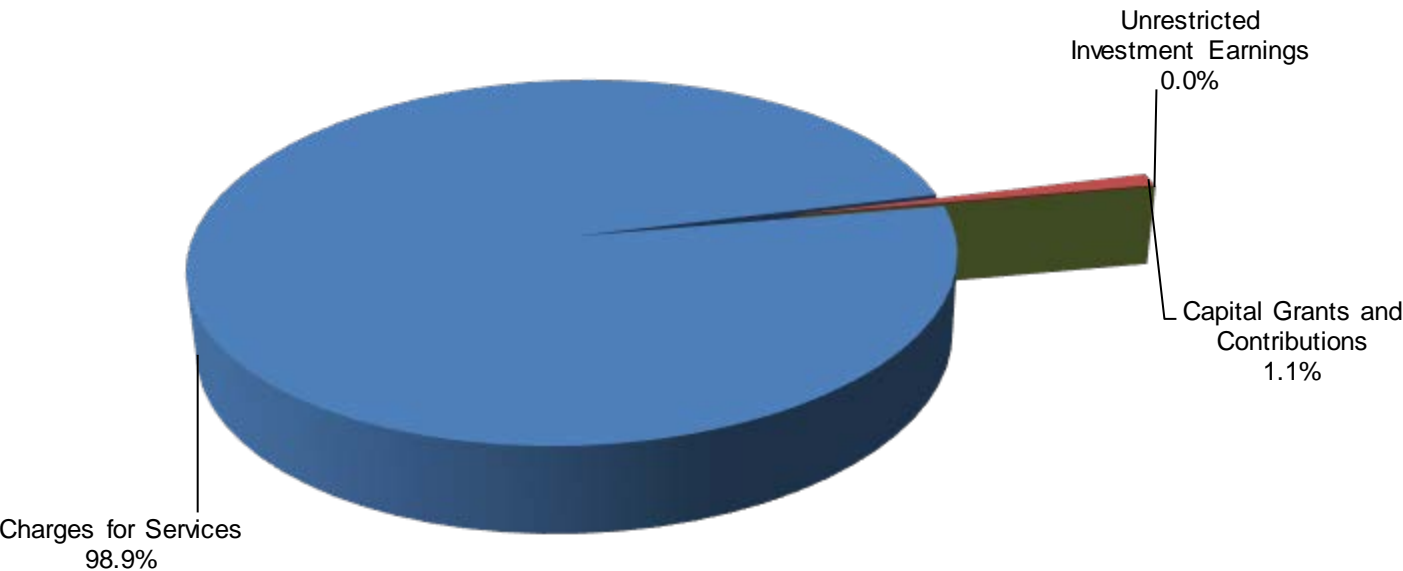


Business-type Activities. Business-type activities' net position increased by \$587,104 during the year. Factors contributing to this change are illustrated below.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,353,147, an increase of \$1,204,049 in comparison with the prior year. Approximately 20 percent of this total amount \$2,482,321 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balances \$9,870,826 is not available for new spending because it is either 1) nonspendable (\$7,084), 2) restricted (\$5,367,009), or 3) assigned (\$4,496,733) for the purposes described in the financial statements.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$3,327,320. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50 percent of fund expenditures and transfers out, while total fund balance represents 62 percent of that same amount.

The fund balance of the City's General fund increased \$84,831 from prior year. The City had budgeted a \$400,522 decrease of fund balance during the year. The increase in fund balance is mainly due to the receipt of unbudgeted CARES Act funds and a favorable budget variance for expenditures.

The Debt Service fund has a total fund balance of \$5,355,472, all of which is restricted for the payment of debt service.

The Area Fire Service fund has an ending fund balance of \$1,105,067, all of which is assigned for fire services. The increase of \$551,011 from the prior year is primarily due to unspent bond proceeds for fire equipment.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to a negative balance of \$6,677,620. The total increase in net position was \$587,104. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund levy increased an average of 1.11% from 2009 to 2021. This was achieved by continuing efforts to streamline operations, including a 24% reduction in FTEs and contracting for key services. Employees are doing more with less and minimizing the impact on service levels. In addition, investments in technology are being made and employees are encouraged to challenge the status quo at every level.

The budget called for expenditures exceeding revenues by \$400,522. The General fund actual results resulted in revenues exceeding expenditures by \$84,831. Total revenues had a positive budget variance of \$239,907 while total expenditures had an positive budget variance of \$270,620. Favorable expenditure variances occurred across the board as conferences and trainings were cancelled or moved to a virtual environment, and special project/building permit activity diminished due to the pandemic. The most significant revenue variance within the General fund was in intergovernmental revenue, which was over budget by \$209,920 due to unbudgeted CARES Act receipts used to offset contracted police payroll.

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, 2020, amounts to \$71,846,343 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, water and sewer systems, machinery and equipment, park facilities, and roads. The City's investment in capital assets decreased by 0.55 percent during the year.

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

- *Liquor store remodel*
- *Fernside Lane forcemain re-route project*
- *Bayridge Road sewer improvement project*
- *Manhole rehab project*
- *Sherwood Drive street improvement project*
- *Commerce Boulevard watermain improvement project*
- *Surfside Park improvement project - Phase I*
- *Retaining Wall improvement projects*

Additional information on the City's capital assets can be found in Note 3B starting on page 60 of this report.

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 198,366	\$ 198,366	\$ -	\$ 488,685	\$ 488,685	\$ -
Construction in Progress	379,536	716,057	(336,521)	548,303	1,796,244	(1,247,941)
Buildings	7,775,763	8,075,781	(300,018)	845,348	834,281	11,067
Improvements other than Buildings	617,860	547,117	70,743	-	-	-
Equipment	1,986,815	1,823,194	163,621	442,852	513,218	(70,366)
Infrastructure	24,062,125	24,143,171	(81,046)	34,500,690	33,104,870	1,395,820
Total	<u>\$ 35,020,465</u>	<u>\$ 35,503,686</u>	<u>\$ (483,221)</u>	<u>\$ 36,825,878</u>	<u>\$ 36,737,298</u>	<u>\$ 88,580</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$48,476,945.

City of Mound's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Revenue Bonds	\$ -	\$ -	\$ -	\$ 28,348,481	\$ 26,182,362	\$ 2,166,119
G.O. Tax Increment Bonds	3,665,000	4,170,000	(505,000)	-	-	-
G.O. Improvement Bonds	16,081,519	17,947,638	(1,866,119)	-	-	-
Bond Premium	135,569	-	135,569	246,376	-	246,376
Total	\$ 19,882,088	\$ 22,117,638	\$ (2,235,550)	\$ 28,594,857	\$ 26,182,362	\$ 2,412,495

The City's total debt increased \$176,945 (0.37 percent) during the current fiscal year. Major factors to the change in debt are:

- The City made regularly scheduled debt service and interest payments of approximately \$10.1 million during the year.
- The City issued refunding bonds in 2018 in the Debt service fund in the amount of \$7,520,000. The principal balances of the refunded debt occurred in 2019.
- The City issued general obligation bonds in 2020 at a premium in the amount of \$8,470,000, of which \$4,840,000 was used to finance sewer system improvements and a new fire pumper truck and \$3,880,000 of which was used to refund the 2011B bonds for interest savings. The principal balances of the refunded debt occurred in 2021.

The City received an "AA" rating from Standard and Poor's for the bonds issued in 2020.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3D starting on page 63 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the local area was 4.4 percent in December 2020, which is an increase from a rate of 2.6 percent in December 2019, but down from a high of 10.3 percent in May at the start of the pandemic. This compares similarly to the State's average unemployment rate of 4.4 percent and favorably to the national average rate of 6.7 percent.
- Tax Capacity increased by 6.4 percent in 2020. The City expects tax capacity to increase by 10.8 percent in 2021. This will mark the seventh straight year tax capacity has seen an increase since the great recession.
- Inflationary pressures are being felt due to supply chain and labor shortages. The City is watching the increases in the cost of fuel, construction, and materials in order to make the appropriate budget and capital improvement plan adjustments, in some cases postponing projects until the markets settle.
- For the past several years the environment for the City to implement a more active investment portfolio remained weak and with the exception of using a SWEEP account in 2018 – 2019 when there was a rise in rates, interest income was down sharply in 2020.

All of these factors were considered in preparing the City's budget for the 2021 fiscal year.

The City began receiving Local Government Aid from the State of Minnesota in 2014, the first time since it ended in 2003. With the assistance of Local Government Aid returning and other cost savings measures, the City Council has kept the overall levy relatively flat with an average levy increase of 1.92% between 2009 and 2021. The City Council approved a 5% overall levy increase mainly to fund capital reserves and reduce future reliance on debt and special assessments.

The 2021 budgeted General fund expenditures increased \$136,137 or 2.4 percent from 2020. The collective bargaining agreement with the Public Works union for 2021-2023 was approved with a 3% wage increase per year. There is a \$50K one-time staffing contingency to allow for a key department supervisor to train their successor. The city created capital reserve funds for infrastructure, equipment, buildings and public lands to provide for the next generation of improvements while minimizing fluctuations in the levy. Reorganizations implemented since 2008 have resulted in the reduction of eight full-time employees, or 24 percent, excluding the contract for police services. Fiscal discipline is now part of the culture and will continue to be at the forefront of decision making and strategy building.

Utility rates have been on the rise since the early 2000's in order to fund the investments in infrastructure made to increase the capacity, efficiency and quality of our utility services. While water system improvements will diminish now that the street improvements are complete, there are still miles of watermain to replace/reline, 8 of 30 lift stations left to upgrade as well our continued effort to reduce inflow and infiltration in our sanitary sewer system. The City will continue to balance rate increases with some use of fund balances in the short-term in order to continue infrastructure improvements while decreasing dependence on debt. The Council approved \$4.24M in bonds for the sewer fund that will be repaid with a property tax special levy also to reduce pressure on utility rates.

The COVID-19 pandemic had minimal impacts on the financials and actually resulted in a record year for the municipal liquor store sales. The City received \$704K in CARES funds, \$500K of which was allocated to the Westonka School District to help them reopen safely. Additional federal funds anticipated in 2021/2022 will be used to fund water infrastructure improvements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Administration, City of Mound, 2415 Wilshire Boulevard, Mound, Minnesota 55364.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Mound, Minnesota
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 11,281,520	\$ 914,910	\$ 12,196,430
Receivables			
Accounts	140,603	1,332,979	1,473,582
Taxes	173,769	-	173,769
Interest	2,422	-	2,422
Special assessments	2,911,728	307,242	3,218,970
Internal balances	1,711,929	(1,711,929)	-
Due from other governments	1,282	-	1,282
Inventory	-	382,008	382,008
Prepaid items	7,084	344	7,428
Land held for resale	1,752,995	-	1,752,995
Capital assets			
Land and construction in progress	577,902	1,036,988	1,614,890
Depreciable, net of accumulated depreciation	34,442,563	35,788,890	70,231,453
Total Assets	<u>53,003,797</u>	<u>38,051,432</u>	<u>91,055,229</u>
Liabilities			
Accounts payable	244,876	396,096	640,972
Accrued salaries payable	67,034	31,890	98,924
Due to other governments	97,668	1,138,729	1,236,397
Deposits payable	141,494	-	141,494
Accrued interest payable	215,172	276,440	491,612
Unearned revenue	28,121	-	28,121
Noncurrent liabilities			
Due within one year	2,977,476	2,019,529	4,997,005
Due in more than one year	17,164,350	26,647,265	43,811,615
Total Liabilities	<u>20,936,191</u>	<u>30,509,949</u>	<u>51,446,140</u>
Deferred Inflows of Resources			
Unavailable revenue - intergovernmental	<u>305,675</u>	<u>-</u>	<u>305,675</u>
Net Position			
Net investment in capital assets	18,938,946	14,046,824	32,985,770
Restricted for			
Debt service	3,784,669	-	3,784,669
Economic development	11,537	-	11,537
Unrestricted	<u>9,026,779</u>	<u>(6,505,341)</u>	<u>2,521,438</u>
Total Net Position	<u>\$ 31,761,931</u>	<u>\$ 7,541,483</u>	<u>\$ 39,303,414</u>

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

City of Mound, Minnesota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 1,730,674	\$ 364,623	\$ 507,867	\$ -	\$ (858,184)	\$ -	\$ (858,184)
Public safety	3,910,533	1,103,015	496,439	-	(2,311,079)	-	(2,311,079)
Public works	2,113,513	57,778	126,749	556,943	(1,372,043)	-	(1,372,043)
Culture and recreation	661,179	183,459	-	-	(477,720)	-	(477,720)
Housing and economic development	286,580	5,011	74,758	-	(206,811)	-	(206,811)
Interest on long-term debt	625,566	-	-	-	(625,566)	-	(625,566)
Total Governmental Activities	<u>9,328,045</u>	<u>1,713,886</u>	<u>1,205,813</u>	<u>556,943</u>	<u>(5,851,403)</u>	<u>-</u>	<u>(5,851,403)</u>
Business-type Activities							
Water	1,944,607	2,089,204	-	-	-	144,597	144,597
Sewer	2,161,094	2,518,028	-	-	-	356,934	356,934
Municipal liquor	3,396,840	3,838,394	-	-	-	441,554	441,554
Recycling	197,363	183,522	-	19,241	-	5,400	5,400
Storm water	407,685	139,330	-	80,235	-	(188,120)	(188,120)
Total Business-type Activities	<u>8,107,589</u>	<u>8,768,478</u>	<u>-</u>	<u>99,476</u>	<u>-</u>	<u>760,365</u>	<u>760,365</u>
Total	<u>\$ 17,435,634</u>	<u>\$ 10,482,364</u>	<u>\$ 1,205,813</u>	<u>\$ 656,419</u>	<u>(5,851,403)</u>	<u>760,365</u>	<u>(5,091,038)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					4,493,576	-	4,493,576
Property taxes, levied for debt service					1,775,789	-	1,775,789
Tax increments					942,068	-	942,068
Franchise taxes					397,104	-	397,104
State grants and contributions not restricted to specific programs					406,616	-	406,616
Unrestricted investment earnings					27,938	1,739	29,677
Gain on sale of capital assets					54,004	-	54,004
Transfers - Internal Activities					175,000	(175,000)	-
Total General Revenues and Transfers					<u>8,272,095</u>	<u>(173,261)</u>	<u>8,098,834</u>
Change in Net Position					2,420,692	587,104	3,007,796
Net Position, January 1					<u>29,341,239</u>	<u>6,954,379</u>	<u>36,295,618</u>
Net Position, December 31					<u>\$ 31,761,931</u>	<u>\$ 7,541,483</u>	<u>\$ 39,303,414</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Mound, Minnesota

Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service	222 Area Fire Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and temporary investments	\$ 3,461,033	\$ 5,345,800	\$ 1,148,222	\$ 1,326,465	\$ 11,281,520
Receivables					
Accounts	93,812	-	-	46,791	140,603
Taxes	170,153	3,616	-	-	173,769
Interest	2,422	-	-	-	2,422
Special assessments	82,205	2,315,425	-	514,098	2,911,728
Due from other governments	1,282	-	-	-	1,282
Due from other funds	-	77,557	-	1,890,534	1,968,091
Prepaid items	-	-	-	7,084	7,084
Total Assets	\$ 3,810,907	\$ 7,742,398	\$ 1,148,222	\$ 3,784,972	\$ 16,486,499
Liabilities					
Accounts payable	\$ 103,066	\$ -	\$ 12,978	\$ 128,832	\$ 244,876
Accrued salaries payable	36,857	-	30,177	-	67,034
Due to other governments	4,564	-	-	93,104	97,668
Deposits payable	141,494	-	-	-	141,494
Due to other funds	-	77,557	-	178,605	256,162
Unearned revenue	27,681	-	-	440	28,121
Total Liabilities	313,662	77,557	43,155	400,981	835,355
Deferred Inflows of Resources					
Unavailable revenue - property taxes	87,719	-	-	-	87,719
Unavailable revenue - special assessments	82,206	2,309,369	-	513,028	2,904,603
Unavailable revenue - intergovernmental	-	-	-	305,675	305,675
Total Deferred Inflows of Resources	169,925	2,309,369	-	818,703	3,297,997
Fund Balances					
Nonspendable for					
Prepaid items	-	-	-	7,084	7,084
Restricted for					
Debt service	-	5,355,472	-	-	5,355,472
Economic development	-	-	-	11,537	11,537
Assigned to					
Severance pay	259,738	-	-	-	259,738
Budget deficit	393,922	-	-	-	393,922
Public safety	-	-	1,105,067	-	1,105,067
Culture and recreation	-	-	-	285,525	285,525
Housing and redevelopment authority	-	-	-	109,866	109,866
Capital improvements	-	-	-	2,342,615	2,342,615
Unassigned	2,673,660	-	-	(191,339)	2,482,321
Total Fund Balances	3,327,320	5,355,472	1,105,067	2,565,288	12,353,147
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,810,907	\$ 7,742,398	\$ 1,148,222	\$ 3,784,972	\$ 16,486,499

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

City of Mound, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2020

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

Total Fund Balances - Governmental Funds	\$ 12,353,147
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Land held for resale	1,752,995
Cost of capital assets	50,250,765
Less: accumulated depreciation	(15,230,300)
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	(19,746,519)
Bond premium payable	(135,569)
Compensated absences payable	(259,738)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	87,719
Special assessments receivable	2,904,603
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(215,172)</u>
Total Net Position - Governmental Activities	<u><u>\$ 31,761,931</u></u>

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

City of Mound, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	222 Area Fire Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,852,028	\$ 2,595,638	\$ 236,093	\$ 916,174	\$ 7,599,933
Licenses and permits	202,662	-	-	251,998	454,660
Intergovernmental	648,688	-	292,234	893,372	1,834,294
Charges for services	430,764	-	501,782	-	932,546
Fines and forfeitures	22,939	-	-	-	22,939
Special assessments	17,635	601,031	-	154,180	772,846
Interest on investments	24,718	-	1,952	1,268	27,938
Miscellaneous	85,098	282,940	13,496	46,891	428,425
Total Revenues	<u>5,284,532</u>	<u>3,479,609</u>	<u>1,045,557</u>	<u>2,263,883</u>	<u>12,073,581</u>
Expenditures					
Current					
General government	1,194,250	-	-	500,000	1,694,250
Public safety	2,303,196	-	1,265,425	-	3,568,621
Public works	781,090	-	-	8,157	789,247
Culture and recreation	407,225	-	-	175,203	582,428
Housing and economic development	-	60,000	-	32,800	92,800
Capital outlay					
General government	-	-	-	28,211	28,211
Public safety	-	-	213,547	-	213,547
Public works	-	-	-	910,193	910,193
Culture and recreation	40,287	-	-	114,290	154,577
Housing and economic development	-	-	-	148,439	148,439
Debt service					
Principal	-	2,836,119	55,000	-	2,891,119
Interest and other	-	658,459	24,755	265	683,479
Total Expenditures	<u>4,726,048</u>	<u>3,554,578</u>	<u>1,558,727</u>	<u>1,917,558</u>	<u>11,756,911</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>558,484</u>	<u>(74,969)</u>	<u>(513,170)</u>	<u>346,325</u>	<u>316,670</u>
Other Financing Sources (Uses)					
Transfers in	175,000	-	448,479	200,174	823,653
Bonds issued	-	1,875,000	575,000	-	2,450,000
Premium on bonds issued	-	100,669	37,706	-	138,375
Sale of capital assets	-	-	2,996	51,008	54,004
Transfers out	(648,653)	-	-	-	(648,653)
Payment on refunding bonds	-	(1,930,000)	-	-	(1,930,000)
Total Other Financing Sources (Uses)	<u>(473,653)</u>	<u>45,669</u>	<u>1,064,181</u>	<u>251,182</u>	<u>887,379</u>
Net Change in Fund Balances	84,831	(29,300)	551,011	597,507	1,204,049
Fund Balances, January 1	<u>3,242,489</u>	<u>5,384,772</u>	<u>554,056</u>	<u>1,967,781</u>	<u>11,149,098</u>
Fund Balances, December 31	<u>\$ 3,327,320</u>	<u>\$ 5,355,472</u>	<u>\$ 1,105,067</u>	<u>\$ 2,565,288</u>	<u>\$ 12,353,147</u>

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

City of Mound, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$ 1,204,049
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	1,047,819
Depreciation expense	(1,531,040)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	4,821,119
Premium on bonds issued	(138,375)
Bonds issued	(2,450,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.	
	57,913
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	(559,317)
Property taxes	5,469
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(36,945)
Change in Net Position - Governmental Activities	<u><u>\$ 2,420,692</u></u>

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

City of Mound, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2020

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,809,431	\$ 3,809,431	\$ 3,852,028	\$ 42,597
Licenses and permits	235,950	235,950	202,662	(33,288)
Intergovernmental	438,768	438,768	648,688	209,920
Charges for services	394,476	394,476	430,764	36,288
Fines and forfeitures	35,000	35,000	22,939	(12,061)
Special assessments	20,000	20,000	17,635	(2,365)
Interest on investments	40,000	40,000	24,718	(15,282)
Miscellaneous	71,000	71,000	85,098	14,098
Total Revenues	<u>5,044,625</u>	<u>5,044,625</u>	<u>5,284,532</u>	<u>239,907</u>
Expenditures				
Current				
General government	1,275,595	1,275,595	1,194,250	81,345
Public safety	2,372,596	2,372,596	2,303,196	69,400
Public works	820,744	820,744	781,090	39,654
Culture and recreation	502,733	502,733	407,225	95,508
Capital outlay				
Culture and recreation	25,000	25,000	40,287	(15,287)
Total Expenditures	<u>4,996,668</u>	<u>4,996,668</u>	<u>4,726,048</u>	<u>270,620</u>
Excess of Revenues Over Expenditures	<u>47,957</u>	<u>47,957</u>	<u>558,484</u>	<u>510,527</u>
Other Financing Sources (Uses)				
Transfers in	175,000	175,000	175,000	-
Transfers out	(623,479)	(623,479)	(648,653)	(25,174)
Total Other Financing Sources (Uses)	<u>(448,479)</u>	<u>(448,479)</u>	<u>(473,653)</u>	<u>(25,174)</u>
Net Change in Fund Balances	(400,522)	(400,522)	84,831	485,353
Fund Balances, January 1	<u>3,242,489</u>	<u>3,242,489</u>	<u>3,242,489</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,841,967</u>	<u>\$ 2,841,967</u>	<u>\$ 3,327,320</u>	<u>\$ 485,353</u>

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

City of Mound, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Area Fire Service Special Revenue Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	\$ 236,190	\$ 236,190	\$ 236,093	\$ (97)
Intergovernmental	150,000	150,000	292,234	142,234
Charges for services	501,521	501,521	501,782	261
Interest on investments	-	-	1,952	1,952
Miscellaneous	-	-	13,496	13,496
Total Revenues	<u>887,711</u>	<u>887,711</u>	<u>1,045,557</u>	<u>157,846</u>
Expenditures				
Current				
Public safety				
Personnel services	745,633	745,633	719,854	25,779
Supplies	55,880	55,880	73,928	(18,048)
Other services and charges	460,840	460,840	471,643	(10,803)
Capital outlay	66,988	66,988	213,547	(146,559)
Debt service				
Principal	55,000	55,000	55,000	-
Interest and other	12,450	12,450	24,755	(12,305)
Total Expenditures	<u>1,396,791</u>	<u>1,396,791</u>	<u>1,558,727</u>	<u>(161,936)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(509,080)</u>	<u>(509,080)</u>	<u>(513,170)</u>	<u>(4,090)</u>
Other Financing Sources (Uses)				
Transfers in	448,479	448,479	448,479	-
Bonds issued	-	-	575,000	575,000
Premium on bonds issued	-	-	37,706	37,706
Sale of capital assets	-	-	2,996	2,996
Total Other Financing Sources	<u>448,479</u>	<u>448,479</u>	<u>1,064,181</u>	<u>615,702</u>
Net Change in Fund Balances	(60,601)	(60,601)	551,011	611,612
Fund Balances, January 1	<u>554,056</u>	<u>554,056</u>	<u>554,056</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 493,455</u>	<u>\$ 493,455</u>	<u>\$ 1,105,067</u>	<u>\$ 611,612</u>

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

City of Mound, Minnesota
Statements of Net Position
Proprietary Funds
December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675			
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets												
Current Assets												
Cash and temporary investments	\$ 712,075	\$ 460,482	\$ -	\$ -	\$ -	\$ -	\$ 202,835	\$ -	\$ -	\$ -	\$ 914,910	\$ 460,482
Receivables												
Accounts	-	-	558,573	540,390	690,518	663,903	52,066	53,669	31,822	32,713	1,332,979	1,290,675
Special assessments	-	-	307,242	353,271	-	-	-	-	-	-	307,242	353,271
Due from other funds	-	-	-	-	2,104,201	-	-	195,303	-	-	2,104,201	195,303
Inventory	373,361	326,683	8,647	1,099	-	-	-	-	-	-	382,008	327,782
Prepaid items	-	-	344	-	-	-	-	-	-	-	344	-
Total Current Assets	<u>1,085,436</u>	<u>787,165</u>	<u>874,806</u>	<u>894,760</u>	<u>2,794,719</u>	<u>663,903</u>	<u>254,901</u>	<u>248,972</u>	<u>31,822</u>	<u>32,713</u>	<u>5,041,684</u>	<u>2,627,513</u>
Noncurrent Assets												
Capital assets, at cost	1,477,701	1,429,305	28,359,536	27,910,052	21,271,610	20,165,333	-	-	6,831,537	6,826,900	57,940,384	56,331,590
Less: Accumulated depreciation	(660,365)	(621,358)	(9,385,224)	(8,675,021)	(8,806,406)	(8,269,461)	-	-	(2,262,511)	(2,028,452)	(21,114,506)	(19,594,292)
Net Capital Assets	<u>817,336</u>	<u>807,947</u>	<u>18,974,312</u>	<u>19,235,031</u>	<u>12,465,204</u>	<u>11,895,872</u>	<u>-</u>	<u>-</u>	<u>4,569,026</u>	<u>4,798,448</u>	<u>36,825,878</u>	<u>36,737,298</u>
Total Assets	<u>1,902,772</u>	<u>1,595,112</u>	<u>19,849,118</u>	<u>20,129,791</u>	<u>15,259,923</u>	<u>12,559,775</u>	<u>254,901</u>	<u>248,972</u>	<u>4,600,848</u>	<u>4,831,161</u>	<u>41,867,562</u>	<u>39,364,811</u>
Liabilities												
Current Liabilities												
Accounts payable	90,607	55,904	69,519	18,902	219,245	56,543	14,495	14,495	2,230	1,558	396,096	147,402
Accrued salaries payable	4,612	12,322	13,639	11,390	13,639	11,390	-	-	-	-	31,890	35,102
Due to other governments	38,819	29,953	952,630	1,764,078	99,680	201,163	-	-	47,600	77,181	1,138,729	2,072,375
Due to other funds	-	-	2,868,922	1,444,513	-	1,455,011	-	-	947,208	673,510	3,816,130	3,573,034
Accrued interest payable	-	-	155,859	174,899	85,779	88,896	-	-	34,802	45,982	276,440	309,777
Current portion of compensated absences payable	22,226	19,804	10,468	17,212	10,468	17,212	-	-	-	-	43,162	54,228
Current portion of bonds payable	-	-	1,096,183	1,076,958	589,318	573,994	-	-	290,866	292,929	1,976,367	1,943,881
Total Current Liabilities	<u>156,264</u>	<u>117,983</u>	<u>5,167,220</u>	<u>4,507,952</u>	<u>1,018,129</u>	<u>2,404,209</u>	<u>14,495</u>	<u>14,495</u>	<u>1,322,706</u>	<u>1,091,160</u>	<u>7,678,814</u>	<u>8,135,799</u>
Noncurrent Liabilities												
Compensated absences payable	14,817	13,202	6,979	11,475	6,979	11,475	-	-	-	-	28,775	36,152
Bonds payable	-	-	12,560,538	13,640,580	10,791,714	7,057,924	-	-	3,266,238	3,539,977	26,618,490	24,238,481
Total Noncurrent Liabilities	<u>14,817</u>	<u>13,202</u>	<u>12,567,517</u>	<u>13,652,055</u>	<u>10,798,693</u>	<u>7,069,399</u>	<u>-</u>	<u>-</u>	<u>3,266,238</u>	<u>3,539,977</u>	<u>26,647,265</u>	<u>24,274,633</u>
Total Liabilities	<u>171,081</u>	<u>131,185</u>	<u>17,734,737</u>	<u>18,160,007</u>	<u>11,816,822</u>	<u>9,473,608</u>	<u>14,495</u>	<u>14,495</u>	<u>4,588,944</u>	<u>4,631,137</u>	<u>34,326,079</u>	<u>32,410,432</u>
Net Position												
Net investment in capital assets	817,336	807,947	6,486,598	6,141,629	4,710,570	4,330,336	-	-	2,032,320	1,341,498	14,046,824	12,621,410
Unrestricted	<u>914,355</u>	<u>655,980</u>	<u>(4,372,217)</u>	<u>(4,171,845)</u>	<u>(1,267,469)</u>	<u>(1,244,169)</u>	<u>240,406</u>	<u>234,477</u>	<u>(2,020,416)</u>	<u>(1,141,474)</u>	<u>(6,505,341)</u>	<u>(5,667,031)</u>
Total Net Position	<u>\$ 1,731,691</u>	<u>\$ 1,463,927</u>	<u>\$ 2,114,381</u>	<u>\$ 1,969,784</u>	<u>\$ 3,443,101</u>	<u>\$ 3,086,167</u>	<u>\$ 240,406</u>	<u>\$ 234,477</u>	<u>\$ 11,904</u>	<u>\$ 200,024</u>	<u>\$ 7,541,483</u>	<u>\$ 6,954,379</u>

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

City of Mound, Minnesota
Statements of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675			
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating Revenues												
Sales	\$ 3,838,205	\$ 3,093,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,838,205	\$ 3,093,819
Cost of sales	(2,760,265)	(2,262,396)	-	-	-	-	-	-	-	-	(2,760,265)	(2,262,396)
Gross Profit	1,077,940	831,423	-	-	-	-	-	-	-	-	1,077,940	831,423
Charges for services	-	-	2,028,177	1,920,857	2,469,877	2,285,464	180,084	177,351	138,361	151,929	4,816,499	4,535,601
Penalties	-	-	45,159	45,091	42,783	46,708	3,438	3,881	969	1,181	92,349	96,861
Total Operating Revenues	1,077,940	831,423	2,073,336	1,965,948	2,512,660	2,332,172	183,522	181,232	139,330	153,110	5,986,788	5,463,885
Operating Expenses												
Personnel services	344,839	324,719	257,428	267,725	255,161	265,674	-	327	-	-	857,428	858,445
Supplies	31,555	16,780	90,795	93,469	29,188	44,483	-	19	-	-	151,538	154,751
Professional services	46,741	43,455	66,767	92,285	93,176	73,212	-	-	-	-	206,684	208,952
Communications	8,838	9,955	13,025	13,624	14,101	13,167	-	-	-	-	35,964	36,746
Insurance	16,821	18,095	7,348	8,260	16,821	18,554	-	-	-	-	40,990	44,909
Utilities	22,098	22,948	45,592	41,624	46,922	42,221	-	-	-	-	114,612	106,793
Repairs and maintenance	15,808	13,127	16,410	36,529	28,224	33,741	-	-	-	-	60,442	83,397
Rent	15,042	11,508	-	-	-	-	-	-	-	-	15,042	11,508
Other contractual services	5,014	9,424	186,056	146,405	58,159	61,021	197,363	196,915	60,288	54,206	506,880	467,971
Metropolitan Council Environmental Services disposal charges	-	-	-	-	749,875	891,677	-	-	-	-	749,875	891,677
Depreciation	39,008	36,992	848,532	825,088	579,328	569,528	-	-	234,059	233,401	1,700,927	1,665,009
Miscellaneous	90,811	63,549	7,146	11,498	2,885	4,960	-	-	-	3,486	100,842	83,493
Total Operating Expenses	636,575	570,552	1,539,099	1,536,507	1,873,840	2,018,238	197,363	197,261	294,347	291,093	4,541,224	4,613,651
Operating Income (Loss)	441,365	260,871	534,237	429,441	638,820	313,934	(13,841)	(16,029)	(155,017)	(137,983)	1,445,564	850,234
Nonoperating Revenues (Expenses)												
Interest on investments	1,210	8,121	-	21,642	-	13,548	529	4,562	-	2,080	1,739	49,953
Miscellaneous	189	999	5,368	3,152	5,368	-	-	-	-	-	10,925	4,151
Interest and other	-	-	(405,508)	(440,477)	(287,254)	(222,885)	-	-	(113,338)	(115,109)	(806,100)	(778,471)
Gain on sale of capital assets	-	-	10,500	10,150	-	10,150	-	-	-	-	10,500	20,300
Total Nonoperating Revenues (Expenses)	1,399	9,120	(389,640)	(405,533)	(281,886)	(199,187)	529	4,562	(113,338)	(113,029)	(782,936)	(704,067)
Income (Loss) Before Transfers and Contributions	442,764	269,991	144,597	23,908	356,934	114,747	(13,312)	(11,467)	(268,355)	(251,012)	662,628	146,167
Capital Contributions	-	-	-	-	-	95,702	19,241	24,311	80,235	-	99,476	120,013
Transfers Out	(175,000)	(175,695)	-	-	-	-	-	-	-	-	(175,000)	(175,695)
Change in Net Position	267,764	94,296	144,597	23,908	356,934	210,449	5,929	12,844	(188,120)	(251,012)	587,104	90,485
Net Position, January 1	1,463,927	1,369,631	1,969,784	1,945,876	3,086,167	2,875,718	234,477	221,633	200,024	451,036	6,954,379	6,863,894
Net Position, December 31	\$ 1,731,691	\$ 1,463,927	\$ 2,114,381	\$ 1,969,784	\$ 3,443,101	\$ 3,086,167	\$ 240,406	\$ 234,477	\$ 11,904	\$ 200,024	\$ 7,541,483	\$ 6,954,379

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

City of Mound, Minnesota
Statements of Cash Flows (Continued on the Following Page)
Proprietary Funds
For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675			
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cash Flows from Operating Activities												
Receipts from customers and users	\$ 3,838,205	\$ 3,093,819	\$ 2,101,182	\$ 2,031,406	\$ 2,491,413	\$ 2,342,060	\$ 185,125	\$ 181,131	\$ 140,221	\$ 159,704	\$ 8,756,146	\$ 7,808,120
Other operating receipts	189	999	5,368	3,152	-	-	-	-	-	-	5,557	4,151
Payments to suppliers	(3,016,102)	(2,417,921)	(379,661)	(449,240)	(987,138)	(1,336,264)	(197,363)	(196,934)	(51,307)	(54,168)	(4,631,571)	(4,454,527)
Payments to employees	(348,512)	(337,729)	(266,419)	(269,319)	(264,152)	(267,268)	-	(505)	-	-	(879,083)	(874,821)
Net Cash Provided (Used) by Operating Activities	473,780	339,168	1,460,470	1,315,999	1,240,123	738,528	(12,238)	(16,308)	88,914	105,536	3,251,049	2,482,923
Cash Flows from Noncapital Financing Activities												
Receipt (Payment) of due to other funds	-	(55,700)	1,424,409	1,688,743	(3,559,212)	1,210,781	195,303	(195,303)	273,698	673,510	(1,665,802)	3,322,031
Transfers out	(175,000)	(175,695)	-	-	-	-	-	-	-	-	(175,000)	(175,695)
Net Cash Provided (Used) by Noncapital Financing Activities	(175,000)	(231,395)	1,424,409	1,688,743	(3,559,212)	1,210,781	195,303	(195,303)	273,698	673,510	(1,840,802)	3,146,336
Cash Flows from Capital Financing Activities												
Acquisition of capital assets	(48,397)	-	(1,410,014)	(167,695)	(1,139,654)	(198,769)	-	-	(42,527)	(13,340)	(2,640,592)	(379,804)
Proceeds from sale of capital assets	-	-	10,500	10,150	-	10,150	-	-	-	-	10,500	20,300
Proceeds of bonds issued	-	-	621,829	-	4,909,839	-	-	-	649,079	-	6,180,747	-
Proceeds from capital grants	-	-	-	-	-	95,702	19,241	24,311	80,235	-	99,476	120,013
Payment on refunding bonds	-	-	(605,282)	(1,524,000)	(662,447)	(1,152,400)	-	-	(642,271)	(533,200)	(1,910,000)	(3,209,600)
Interest paid on bonds	-	-	(424,954)	(456,460)	(214,655)	(230,590)	-	-	(114,199)	(118,649)	(753,808)	(805,699)
Principal paid on bonds	-	-	(1,076,958)	(2,333,752)	(573,994)	(486,950)	-	-	(292,929)	(263,676)	(1,943,881)	(3,084,378)
Net Cash Provided (Used) by Capital Financing Activities	(48,397)	-	(2,884,879)	(4,471,757)	2,319,089	(1,962,857)	19,241	24,311	(362,612)	(928,865)	(957,558)	(7,339,168)
Cash Flows from Investing Activities												
Interest received on investments	1,210	8,121	-	21,642	-	13,548	529	4,562	-	2,080	1,739	49,953
Net Increase (Decrease) in Cash and Cash Equivalents	251,593	115,894	-	(1,445,373)	-	-	202,835	(182,738)	-	(147,739)	454,428	(1,659,956)
Cash and Cash Equivalents, January 1	460,482	344,588	-	1,445,373	-	-	-	182,738	-	147,739	460,482	2,120,438
Cash and Cash Equivalents, December 31	<u>\$ 712,075</u>	<u>\$ 460,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 914,910</u>	<u>\$ 460,482</u>

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

City of Mound, Minnesota
Statements of Cash Flows (Continued)
Proprietary Funds
For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds									
	609		601		602		670		675					
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water		Totals			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019		
Reconciliation to Operating Income (Loss)														
to Net Cash Provided (Used)														
by Operating Activities														
Operating income (loss)	\$ 441,365	\$ 260,871	\$ 534,237	\$ 429,441	\$ 638,820	\$ 313,934	\$ (13,841)	\$ (16,029)	\$ (155,017)	\$ (137,983)	\$ 1,445,564	\$ 850,234		
Adjustments to reconcile operating income (loss)														
to net cash provided (used) by operating activities														
Other income	189	999	5,368	3,152	5,368	-	-	-	-	-	10,925	4,151		
Depreciation expense	39,008	36,992	848,532	825,088	579,328	569,528	-	-	234,059	233,401	1,700,927	1,665,009		
(Increase) decrease in assets														
Accounts receivable	-	-	(18,183)	28,271	(26,615)	778	1,603	(101)	891	1,234	(42,304)	30,182		
Due from other governments	-	-	-	30,712	-	9,110	-	-	-	5,360	-	45,182		
Special assessments receivable	-	-	46,029	6,475	-	-	-	-	-	-	46,029	6,475		
Inventory	(46,678)	10,200	(7,548)	4,673	-	-	-	-	-	-	(54,226)	14,873		
Prepaid items	-	-	(344)	-	-	74,271	-	-	-	-	(344)	74,271		
Increase (decrease) in liabilities														
Accounts payable	34,703	43,683	50,617	(10,374)	54,016	(166,404)	-	-	672	(6,780)	140,008	(139,875)		
Accrued salaries payable	(7,710)	(1,103)	2,249	1,062	2,249	1,062	-	(164)	-	-	(3,212)	857		
Due to other governments	8,866	(567)	10,753	155	(1,803)	(61,095)	-	-	8,309	10,304	26,125	(51,203)		
Compensated absences payable	4,037	(11,907)	(11,240)	(2,656)	(11,240)	(2,656)	-	(14)	-	-	(18,443)	(17,233)		
Net Cash Provided (Used)														
by Operating Activities	<u>\$ 473,780</u>	<u>\$ 339,168</u>	<u>\$ 1,460,470</u>	<u>\$ 1,315,999</u>	<u>\$ 1,240,123</u>	<u>\$ 738,528</u>	<u>\$ (12,238)</u>	<u>\$ (16,308)</u>	<u>\$ 88,914</u>	<u>\$ 105,536</u>	<u>\$ 3,251,049</u>	<u>\$ 2,482,923</u>		
Noncash Capital and														
Related Financing Activities														
Acquisition of capital assets on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,317</u>	<u>\$ 1,222,518</u>	<u>\$ 210,169</u>	<u>\$ 201,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,855</u>	<u>\$ 42,745</u>	<u>\$ 615,341</u>	<u>\$ 1,466,426</u>		
Amortization of bond premium	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 2,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430</u>	<u>\$ -</u>	<u>\$ 2,888</u>	<u>\$ -</u>		

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Mound, Minnesota (the City), operates under the "Plan B" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities are in substance, part of the City's operations and so data from these units are combined with data of the primary government. The enterprise fund of the blended component unit has a December 31 year end.

Blended Component Unit. The Housing and Redevelopment Authority (HRA) serves all the citizens of the City and are governed by City appointed Board of Directors.

The HRA was created by the City to carry out certain redevelopment projects. The five-member Board of Directors is appointed by the City Council and currently is comprised of the members of the City Council. The City Council reviews and approves HRA tax levies, and the City provides major community development financing for HRA activities. Debt issued for HRA activities are City general obligations. The HRA consists of two separate operations. The general operations are reported as blended special revenue and debt service funds. Separate financial statements are not issued.

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 the activities of the City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Area Fire Service fund* accounts for the contracted services provided by the City's fire department. The resources in the fund include taxes, which are levied, charges for services provided by the cities who contract for fire services and intergovernmental aid from the State.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The City reports the following major proprietary funds:

The *Municipal Liquor fund* accounts for costs associated with the City's municipal off - sale liquor operations. When net income exists, it will be used for the annual seal-coating of City streets and/or other capital improvements.

The *Water fund* accounts for costs associated with the City's water system and ensure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and ensure that user charges are sufficient to pay for those costs.

The *Storm Water fund* accounts for the costs associated with the City's storm water system, which are financed by the storm water surcharge, and ensure that user charges are sufficient to pay for those costs.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

Property Taxes

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

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

Account Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2020. The City annually certifies delinquent utility accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Note 1: Summary of Significant Accounting Policies (Continued)

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Governmental special assessments have been offset by a deferred inflow of resources for special assessments not received within 60 days after year end in the governmental fund financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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 "internal balances."

Certain advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Land Held for Resale

The City acquires properties for redevelopment purposes. These properties are reported at their net realizable value in the financial statements. Any costs incurred that are above a property's net realizable value are reported as expenditures of the current period.

Inventories

For proprietary funds, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories are recorded as an expense when sold or consumed rather than when purchased.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items of the City are accounted for using the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Assets	Useful Lives in Years
Furniture and Fixtures	5 - 15
Buildings	50 - 100
Equipment	5 - 10
Leasehold Improvements	10 - 20
Infrastructure	20 - 60

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick pay benefits are paid by the City according to the following schedule:

Years of Service	Non-Union	Public Works Union
5	41 %	53 %
10	46	59
15	52	66
20	57	73
25+	62	80

All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In the case of a liability being recorded in the governmental funds, the liability would be liquidated from the General fund.

Long-term Obligations

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

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

Assigned - Amounts constrained for specific purposes that are internally imposed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager.

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 20 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

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

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

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and the Area Fire Service, Dock and HRA special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. Before September 30th, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Manager, may make transfers of appropriations within or between departments. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted by the General fund, Area Fire Services fund, Dock fund and HRA fund, or as amended by the City Council. There were no budget amendments during the year.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Area Fire Service	\$ 1,396,791	\$ 1,558,727	\$ 161,936

The excess was funded by unbudgeted grant revenue and contributions and donations.

C. Deficit Fund Balances

The following funds had deficit fund balances at December 31, 2020:

Fund	Amount
Nonmajor	
TIF 1-3	\$ 142,593
Community Investment	48,746
Total	<u>\$ 191,339</u>

The City plans to fund these deficits with future revenues from tax levy, tax increment, and transfers from other funds.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

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

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

At year end, the City's carrying amount of deposits was \$12,194,080 and the bank balance was \$12,199,924. The bank balance was covered by federal depository insurance and collateral held by the pledging financial institution in the City's name.

A reconciliation of cash and investments as reported on the statement of net position follows:

Deposits	\$ 12,194,080
Cash on Hand	<u>2,350</u>
Total - as Reported on the Statement of Net Position	<u><u>\$ 12,196,430</u></u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	\$ 198,366	\$ -	\$ -	\$ 198,366
Construction in progress	716,057	555,012	(891,533)	379,536
Total Capital Assets, not Being Depreciated	<u>914,423</u>	<u>555,012</u>	<u>(891,533)</u>	<u>577,902</u>
Capital Assets Being Depreciated				
Buildings	11,988,250	-	-	11,988,250
Improvements other than buildings	1,805,770	212,603	(20,780)	1,997,593
Equipment	4,624,834	492,807	(254,145)	4,863,496
Infrastructure	30,144,594	678,930	-	30,823,524
Total Capital Assets Being Depreciated	<u>48,563,448</u>	<u>1,384,340</u>	<u>(274,925)</u>	<u>49,672,863</u>
Less Accumulated Depreciation for				
Buildings	(3,912,469)	(300,018)	-	(4,212,487)
Improvements other than buildings	(1,258,653)	(141,860)	20,780	(1,379,733)
Equipment	(2,801,640)	(329,186)	254,145	(2,876,681)
Infrastructure	(6,001,423)	(759,976)	-	(6,761,399)
Total Accumulated Depreciation	<u>(13,974,185)</u>	<u>(1,531,040)</u>	<u>274,925</u>	<u>(15,230,300)</u>
Total Capital Assets Being Depreciated, Net	<u>34,589,263</u>	<u>(146,700)</u>	<u>-</u>	<u>34,442,563</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 35,503,686</u></u>	<u><u>\$ 408,312</u></u>	<u><u>\$ (891,533)</u></u>	<u><u>\$ 35,020,465</u></u>

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

Governmental Activities	
General government	\$ 15,112
Public safety	273,192
Public works	1,101,560
Culture and recreation	95,835
Housing and economic development	<u>45,341</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,531,040</u></u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Business-type Activities					
Capital Assets, not Being Depreciated					
Land	\$ 488,685	\$ -	\$ -	\$ -	\$ 488,685
Construction in progress	1,796,244	(271,166)	1,967,168	(2,943,943)	548,303
Total Capital Assets, not Being Depreciated	<u>2,284,929</u>	<u>(271,166)</u>	<u>1,967,168</u>	<u>(2,943,943)</u>	<u>1,036,988</u>
Capital Assets Being Depreciated					
Buildings	1,412,519	-	48,396	-	1,460,915
Equipment	1,382,090	-	23,252	(148,869)	1,256,473
Infrastructure	51,252,052	-	2,965,800	(31,844)	54,186,008
Total Capital Assets Being Depreciated	<u>54,046,661</u>	<u>-</u>	<u>3,037,448</u>	<u>(180,713)</u>	<u>56,903,396</u>
Less Accumulated Depreciation for					
Buildings	(578,238)	-	(37,329)	-	(615,567)
Equipment	(868,872)	-	(93,618)	148,869	(813,621)
Infrastructure	<u>(18,147,182)</u>	<u>-</u>	<u>(1,569,980)</u>	<u>31,844</u>	<u>(19,685,318)</u>
Total Accumulated Depreciation	<u>(19,594,292)</u>	<u>-</u>	<u>(1,700,927)</u>	<u>180,713</u>	<u>(21,114,506)</u>
Total Capital Assets Being Depreciated, Net	<u>34,452,369</u>	<u>-</u>	<u>1,336,521</u>	<u>-</u>	<u>35,788,890</u>
Business-type Activities Capital Assets, Net	<u>\$ 36,737,298</u>	<u>\$ (271,166)</u>	<u>\$ 3,303,689</u>	<u>\$ (2,943,943)</u>	<u>\$ 36,825,878</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 848,532
Sewer	579,328
Storm water	234,059
Municipal liquor	<u>39,008</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,700,927</u>

C. Construction Commitments

The City had the following outstanding construction commitments at December 31, 2020:

Project	Spent to Date	Remaining Commitment
Surfside Park Improvement Project-Asphalt	\$ 174,506	\$ 2,575
2020 Retaining Wall Improvement Project	139,670	8,305
2020 Lift Station Improvement	<u>522,673</u>	<u>27,542</u>
Total	<u>\$ 836,849</u>	<u>\$ 38,422</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Interfund Receivables, Payables and Transfers

The composition of internal balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Total
<i>Due to/from other Funds</i>		
Nonmajor governmental	Storm	\$ 947,208
Debt service	Debt service	77,557
Nonmajor governmental	Nonmajor governmental	178,605
Sewer	Water	2,104,201
Nonmajor governmental	Water	764,721
Subtotal Interfund Balances		<u>4,072,292</u>
Interfund activity eliminated from government-wide statements		<u>(2,360,363)</u>
Total Internal Balances - Government-wide Statements		<u><u>\$ 1,711,929</u></u>

Due to/from other Funds

- All due to and due from balances during 2020 made by the City were to eliminate deficit cash balances at year end.

Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2020 is as follows:

Fund	Transfer In			Total
	General	Area Fire Service	Nonmajor	
Transfer Out				
General	\$ -	\$ 448,479	\$ 200,174	648,653
Municipal Liquor	175,000	-	-	175,000
Total	<u><u>\$ 175,000</u></u>	<u><u>\$ 448,479</u></u>	<u><u>\$ 200,174</u></u>	<u><u>\$ 823,653</u></u>

- The General fund transferred \$448,479 to the Area Fire Service fund for costs incurred for the Fire Department, \$175,000 to the nonmajor Seal Coat fund to pay for projects, and \$25,174 to the nonmajor Community Investment fund for park dedication fees.
- The Municipal Liquor fund transferred \$175,000 to the General fund for operations.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Bonds.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be paid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund an issue of general obligation bonds.

General Obligation (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid from tax levies and special assessment collections. All improvement bonds are backed by the full faith and credit of the City. Each year, the tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding					
Bonds of 2011A	\$ 3,975,000	0.60 - 3.35 %	08/01/11	02/01/24	\$ 651,519
G.O. Improvement					
Bonds of 2012A	2,245,000	2.00 - 3.25	07/12/12	02/01/28	1,275,000
G.O. Refunding					
Bonds of 2012B	4,325,000	0.40 - 2.10	07/12/12	02/01/23	1,320,000
G.O. Improvement					
Bonds of 2013A	2,780,000	2.00 - 2.25	05/02/13	02/01/29	1,770,000
G.O. Improvement					
Bonds of 2014A	715,000	2.00 - 3.00	09/18/14	02/01/30	505,000
G.O. Refunding					
Bonds of 2014B	940,000	2.00	09/18/14	02/01/21	145,000
G.O. Improvement					
Bonds of 2015A	3,510,000	2.00 - 3.50	09/10/15	02/01/32	1,870,000
G.O. Tax Abatement					
Bonds of 2015B	2,590,000	2.00 - 4.00	09/10/15	02/01/35	2,150,000
GO Improvement					
Bonds of 2016A	2,230,000	2.00 - 2.75	12/01/16	02/01/32	1,820,000
GO Improvement					
Bonds of 2016A	725,000	2.00 - 2.75	12/01/16	02/01/32	570,000
GO Refunding					
Bonds of 2016B	600,000	2.00	12/01/16	02/01/28	355,000
GO Refunding					
Bonds of 2018A	1,405,000	2.1 - 3.250	12/04/18	02/01/31	1,200,000
GO Refunding					
Bonds of 2020A	2,450,000	1.15 - 2.00	11/04/20	02/01/30	<u>2,450,000</u>
Total G.O. Improvement Bonds					<u>\$ 16,081,519</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Governmental Activities		
	G.O. Improvement		
	Principal	Interest	Total
2021	\$ 2,343,633	\$ 364,511	\$ 2,708,144
2022	2,323,633	319,667	2,643,300
2023	2,253,467	263,249	2,516,716
2024	1,615,786	215,501	1,831,287
2025	1,445,000	176,765	1,621,765
2026 - 2030	4,750,000	473,383	5,223,383
2031 - 2035	1,350,000	99,087	1,449,087
Total	<u>\$ 16,081,519</u>	<u>\$ 1,912,163</u>	<u>\$ 17,993,682</u>

General Obligation Tax Increment Bonds

The following bonds were issued to finance various redevelopment projects throughout the City and will be repaid from tax increments. There were no City capital assets acquired with these bonds. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Tax Increment Revenue Refunding of 2006	\$ 3,295,000	4.25 - 5.00 %	11/02/06	02/15/27	\$ 1,355,000
G.O. Tax Increment Refunding Bonds of 2013B	1,500,000	2.00 - 2.25	05/02/13	02/01/24	495,000
G.O. Tax Increment Refunding Bonds of 2018A	1,920,000	2.10 - 3.25	12/04/18	02/01/31	1,815,000
Total G.O. Tax Increment Bonds					<u>\$ 3,665,000</u>

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

Year Ending December 31,	Governmental Activities		
	G.O. Tax Increment		
	Principal	Interest	Total
2021	\$ 478,000	\$ 139,145	\$ 617,145
2022	500,000	120,904	620,904
2023	524,000	101,525	625,525
2024	384,000	82,738	466,738
2025	419,000	64,388	483,388
2026 - 2030	1,155,000	122,288	1,277,288
2031	205,000	3,330	208,330
Total	<u>\$ 3,665,000</u>	<u>\$ 634,318</u>	<u>\$ 4,299,318</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net operating revenues and transfers in from the enterprise funds and are backed by the taxing power of the City. Annual net operating revenues and transfers in, principal and interest payments, and the percentage of revenue required to cover principal and interest payment are as follows:

		Water	Sewer	Storm
Net Operating Revenues		\$ 2,073,336	\$ 2,512,660	\$ 139,330
Principal and Interest		1,501,912	788,649	407,128
Percentage of Revenues		72 %	31 %	292 %

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Revenue					
Bonds of 2008C	\$ 1,885,000	2.8 - 4.35 %	06/18/08	02/01/29	\$ 1,005,000
G.O. Refunding					
Bonds of 2011A	1,455,000	.60 - 3.35	08/01/11	02/01/24	238,481
G.O. Improvement					
Bonds of 2012A	2,615,000	2.00 - 3.25	07/12/12	02/01/33	1,820,000
G.O. Refunding					
Bonds of 2012B	1,180,000	0.40 - 2.35	07/12/12	02/01/25	495,000
G.O. Improvement					
Bonds of 2013A	3,490,000	2.00 - 2.25	05/02/13	02/01/34	2,590,000
G.O. Revenue					
Bonds of 2013B	995,000	2.00 - 2.50	05/02/13	02/01/24	405,000
G.O. Revenue					
Bonds of 2014A	4,210,000	2.00 - 3.50	09/18/14	02/01/35	3,265,000
G.O. Refunding					
Bonds of 2014B	2,290,000	2.00 - 2.75	09/18/14	02/01/26	1,225,000
G.O. Revenue					
Bonds of 2015A	4,210,000	2.00 - 3.50	09/18/14	02/01/36	4,100,000
G.O. Revenue					
Bonds of 2016A	2,995,000	2.00 - 2.75	12/01/16	02/01/37	2,635,000
G.O. Refunding					
Bonds of 2016B	2,245,000	2.00	12/01/16	02/01/28	1,655,000
G.O. Refunding					
Bonds of 2018A	4,195,000	2.1 - 3.250	12/04/18	02/01/31	2,895,000
G.O. Refunding					
Bonds of 2020A	6,020,000	1.15 - 2.00	11/04/20	02/01/36	6,020,000
Total G.O. Revenue Bonds					<u>\$ 28,348,481</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Business-type Activities		
	G.O. Revenue Bonds		
	Principal	Interest	Total
2021	\$ 1,976,367	\$ 676,942	\$ 2,653,309
2022	2,126,366	653,376	2,779,742
2023	2,136,534	599,700	2,736,234
2024	2,349,214	542,079	2,891,293
2025	2,235,000	483,581	2,718,581
2026 - 2030	9,789,999	1,606,881	11,396,880
2031 - 2035	6,714,998	542,607	7,257,605
2036 - 2037	1,020,003	18,471	1,038,474
Total	<u>\$ 28,348,481</u>	<u>\$ 5,123,637</u>	<u>\$ 33,472,118</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. improvement bonds	\$ 17,947,638	\$ 2,450,000	\$ (4,316,119)	\$ 16,081,519	\$ 2,343,633
G.O. tax increment bonds	4,170,000	-	(505,000)	3,665,000	478,000
Bond premium	-	138,375	(2,806)	135,569	-
Compensated absences payable	222,793	164,439	(127,494)	259,738	155,843
Total	<u>\$ 22,340,431</u>	<u>\$ 2,752,814</u>	<u>\$ (4,951,419)</u>	<u>\$ 20,141,826</u>	<u>\$ 2,977,476</u>
Business-type Activities					
G.O. revenue bonds	\$ 26,182,362	\$ 6,020,000	\$ (3,853,881)	\$ 28,348,481	\$ 1,976,367
Bond premium	-	249,264	(2,888)	246,376	-
Compensated absences payable	90,380	53,236	(71,679)	71,937	43,162
Total	<u>\$ 26,272,742</u>	<u>\$ 6,322,500</u>	<u>\$ (3,928,448)</u>	<u>\$ 28,666,794</u>	<u>\$ 2,019,529</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Plan

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

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.

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. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

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

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. Beginning in 2019, the postretirement increase will be 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. For 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. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. General Employees Plan Basic Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020. In 2020, the City was required to contribute the following percentages of annual covered payroll: 7.50 percent for General Employees Plan members, and 17.70 percent for Police and Fire Plan members.

The City's contributions to General Employees Plan and Police and Fire Plan for the years ending December 31, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Coordinated	\$ 145,654	\$ 134,732	\$ 140,059
Police and Fire	20,874	18,715	17,866
Total	<u>\$ 166,529</u>	<u>\$ 153,447</u>	<u>\$ 157,925</u>

The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 5: Other Information

A. Risk Management

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

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$1,000,000. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2020, the City is under the legal debt margin.

C. Tax Increment Districts

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

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result, they are a commitment within the district but they have not met the criteria to be reported as a liability on the Statement of Net Position.

Note 6: COVID-19

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

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

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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NONMAJOR GOVERNMENTAL FUNDS

City of Mound, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

Exhibit A-1

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 402,690	\$ 923,775	\$ 1,326,465
Receivables			
Accounts	-	46,791	46,791
Special assessments	-	514,098	514,098
Due from other funds	-	1,890,534	1,890,534
Prepaid items	7,084	-	7,084
	<u>7,084</u>	<u>-</u>	<u>7,084</u>
 Total Assets	 <u><u>\$ 409,774</u></u>	 <u><u>\$ 3,375,198</u></u>	 <u><u>\$ 3,784,972</u></u>
Liabilities			
Accounts payable	\$ 6,859	\$ 121,973	\$ 128,832
Due to other funds	-	178,605	178,605
Due to other governments	-	93,104	93,104
Unearned revenue	440	-	440
Total Liabilities	<u>7,299</u>	<u>393,682</u>	<u>400,981</u>
 Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	513,028	513,028
Unavailable revenue - intergovernmental	-	305,675	305,675
Total Deferred Inflows of Resources	<u>-</u>	<u>818,703</u>	<u>818,703</u>
 Fund Balances			
Nonspendable	7,084	-	7,084
Restricted	-	11,537	11,537
Assigned	395,391	2,342,615	2,738,006
Unassigned	-	(191,339)	(191,339)
Total Fund Balances	<u>402,475</u>	<u>2,162,813</u>	<u>2,565,288</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 409,774</u></u>	 <u><u>\$ 3,375,198</u></u>	 <u><u>\$ 3,784,972</u></u>

City of Mound, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

Exhibit A-2

	Special Revenue	Capital Projects	Nonmajor Governmental Funds
Revenues			
Property taxes	\$ 75,955	\$ 840,219	\$ 916,174
Licenses and permits	251,998	-	251,998
Intergovernmental	500,000	393,372	893,372
Special assessments	-	154,180	154,180
Interest on investments	1,268	-	1,268
Miscellaneous	100	46,791	46,891
Total Revenues	<u>829,321</u>	<u>1,434,562</u>	<u>2,263,883</u>
Expenditures			
Current			
General government	500,000	-	500,000
Public works	-	8,157	8,157
Culture and recreation	103,760	71,443	175,203
Housing and economic development	32,800	-	32,800
Capital outlay			
General government	-	28,211	28,211
Public works	-	910,193	910,193
Culture and recreation	1,901	112,389	114,290
Housing and economic development	3,032	145,407	148,439
Debt service			
Interest and other	-	265	265
Total Expenditures	<u>641,493</u>	<u>1,276,065</u>	<u>1,917,558</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>187,828</u>	<u>158,497</u>	<u>346,325</u>
Other Financing Sources (Uses)			
Transfers in	-	200,174	200,174
Sale of capital assets	-	51,008	51,008
Total Other Financing Sources (Uses)	<u>-</u>	<u>251,182</u>	<u>251,182</u>
Net Change in Fund Balances	187,828	409,679	597,507
Fund Balances, January 1	<u>214,647</u>	<u>1,753,134</u>	<u>1,967,781</u>
Fund Balances, December 31	<u>\$ 402,475</u>	<u>\$ 2,162,813</u>	<u>\$ 2,565,288</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

Federal Programs - This fund accounts for the activity from federal funding related to the Coronavirus Relief Fund. Financing comes from federal funds related to the CARES Act.

Dock Fund - The purpose of this fund is to account for the revenue and expenditures of dock activity located along City owned lakeshore.

HRA Fund - The purpose of this fund is to account for activities related to administering the Mound Housing and Redevelopment Authority.

City of Mound, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2020

Exhibit B-1

	203 Federal Programs	281 Dock	285 HRA	Total
Assets				
Cash and temporary investments	\$ -	\$ 290,697	\$ 111,993	\$ 402,690
Prepaid items	-	5,908	1,176	7,084
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 296,605</u></u>	<u><u>\$ 113,169</u></u>	<u><u>\$ 409,774</u></u>
Liabilities				
Accounts payable	\$ -	\$ 4,732	\$ 2,127	\$ 6,859
Unearned revenue	-	440	-	440
Total Liabilities	<u><u>-</u></u>	<u><u>5,172</u></u>	<u><u>2,127</u></u>	<u><u>7,299</u></u>
Fund Balances				
Nonspendable for prepaid items	-	5,908	1,176	7,084
Assigned for				
Housing and redevelopment authority	-	-	109,866	109,866
Culture and recreation	-	285,525	-	285,525
Total Fund Balances	<u><u>-</u></u>	<u><u>291,433</u></u>	<u><u>111,042</u></u>	<u><u>402,475</u></u>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ 296,605</u></u>	<u><u>\$ 113,169</u></u>	<u><u>\$ 409,774</u></u>

City of Mound, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

Exhibit B-2

	203	281	285	
	Federal Programs	Dock	HRA	Total
Revenues				
Property taxes	\$ -	\$ -	\$ 75,955	\$ 75,955
Licenses and permits	-	172,229	79,769	251,998
Intergovernmental	500,000	-	-	500,000
Interest on investments	-	1,036	232	1,268
Miscellaneous	-	100	-	100
Total Revenues	<u>500,000</u>	<u>173,365</u>	<u>155,956</u>	<u>829,321</u>
Expenditures				
Current				
General government	500,000	-	-	500,000
Culture and recreation	-	103,760	-	103,760
Housing and economic development	-	-	32,800	32,800
Capital outlay				
Culture and recreation	-	1,901	-	1,901
Housing and economic development	-	-	3,032	3,032
Total Expenditures	<u>500,000</u>	<u>105,661</u>	<u>35,832</u>	<u>641,493</u>
Net Change in Fund Balances	-	67,704	120,124	187,828
Fund Balances, January 1	<u>-</u>	<u>223,729</u>	<u>(9,082)</u>	<u>214,647</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 291,433</u>	<u>\$ 111,042</u>	<u>\$ 402,475</u>

City of Mound, Minnesota
 Dock Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

Exhibit B-3

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Licenses and permits	\$ 161,500	\$ 161,500	\$ 172,229	\$ 10,729	\$ 164,360
Interest on investments	1,000	1,000	1,036	36	6,719
Miscellaneous	100	100	100	-	202
Total Revenues	<u>162,600</u>	<u>162,600</u>	<u>173,365</u>	<u>10,765</u>	<u>171,281</u>
Expenditures					
Current					
Culture and recreation					
Personnel services	55,948	55,948	50,678	5,270	50,854
Supplies	4,600	4,600	5,952	(1,352)	7,993
Other services and charges	46,840	46,840	47,130	(290)	33,632
Capital outlay					
Culture and recreation	35,500	35,500	1,901	33,599	3,010
Total Expenditures	<u>142,888</u>	<u>142,888</u>	<u>105,661</u>	<u>37,227</u>	<u>95,489</u>
Net Change in Fund Balances	19,712	19,712	67,704	47,992	75,792
Fund Balances, January 1	<u>223,729</u>	<u>223,729</u>	<u>223,729</u>	-	<u>147,937</u>
Fund Balances, December 31	<u>\$ 243,441</u>	<u>\$ 243,441</u>	<u>\$ 291,433</u>	<u>\$ 47,992</u>	<u>\$ 223,729</u>

City of Mound, Minnesota
HRA Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

Exhibit B-4

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 75,955	\$ 75,955	\$ 75,955	\$ -	\$ 57,135
Licenses and permits	75,700	75,700	79,769	4,069	74,234
Interest on investments	-	-	232	232	-
Miscellaneous	-	-	-	-	2,012
Total Revenues	<u>151,655</u>	<u>151,655</u>	<u>155,956</u>	<u>4,301</u>	<u>133,381</u>
Expenditures					
Current					
Housing and economic development					
Supplies	1,500	1,500	327	1,173	364
Other services and charges	37,100	37,100	32,473	4,627	55,949
Capital outlay					
Housing and economic development	13,000	13,000	3,032	9,968	5,430
Total Expenditures	<u>51,600</u>	<u>51,600</u>	<u>35,832</u>	<u>15,768</u>	<u>61,743</u>
Net Change in Fund Balances	100,055	100,055	120,124	20,069	71,638
Fund Balances, January 1	<u>(9,082)</u>	<u>(9,082)</u>	<u>(9,082)</u>	<u>-</u>	<u>(80,720)</u>
Fund Balances, December 31	<u>\$ 90,973</u>	<u>\$ 90,973</u>	<u>\$ 111,042</u>	<u>\$ 20,069</u>	<u>\$ (9,082)</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Improvement - This fund accounts for the City's major improvement projects.

Street Maintenance - This fund accounts for the five-year rotating sealcoat on City streets. Financing comes primarily from the City's Municipal Liquor fund profits.

Tax Increment Financing District 1-1 - The Tax Increment Financing District No. 1-1 was created to facilitate construction of a 72-unit senior housing community with an affordable component in the City. This fund accounts for the financial activity relating to this project.

Tax Increment Financing District 1-3 - The Tax Increment Financing District No. 1-3 was created to facilitate construction of a mixed use residential and commercial project in the City. This fund accounts for the financial activity relating to this project.

Capital Replacement Equipment - This fund accounts for equipment and vehicle purchases for general government, public safety, public works, and culture and recreation. Financing comes from the general levy and sales of existing assets.

Community Investment - This fund accounts for expenditures on parks, open spaces and street scape. Financing comes from the general levy and park dedication fees.

Capital Replacement Buildings - This fund accounts for building improvements to the general government, public safety, public works, and culture and recreation building structures. Financing comes from the general levy.

City of Mound, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2020

Exhibit C-1

	401	403	404	405	427	454	475	
	Capital	Capital	Community	Capital	Street	TIF 1-1	TIF 1-3	Total
	Improvements	Replacement	Investment	Replacement	Maintenance			
		Equipment		Buildings				
Assets								
Cash and temporary investments	\$ 455,113	\$ 30,940	\$ -	\$ 65,775	\$ 305,441	\$ 66,506	\$ -	\$ 923,775
Receivables								
Accounts	-	-	-	-	46,791	-	-	46,791
Special assessments	506,897	-	-	-	7,201	-	-	514,098
Due from other funds	1,711,929	178,605	-	-	-	-	-	1,890,534
Total Assets	\$ 2,673,939	\$ 209,545	\$ -	\$ 65,775	\$ 359,433	\$ 66,506	\$ -	\$ 3,375,198
Liabilities								
Accounts payable	\$ 42,825	\$ -	\$ 10,168	\$ -	\$ 11,445	\$ 54,969	\$ 2,566	\$ 121,973
Due to other governments	93,104	-	-	-	-	-	-	93,104
Due to other funds	-	-	38,578	-	-	-	140,027	178,605
Total Liabilities	135,929	-	48,746	-	11,445	54,969	142,593	393,682
Deferred Inflows of Resources								
Unavailable revenue - special assessments	505,826	-	-	-	7,202	-	-	513,028
Unavailable revenue - intergovernmental	305,675	-	-	-	-	-	-	305,675
Total Deferred Inflows of Resources	811,501	-	-	-	7,202	-	-	818,703
Fund Balances								
Restricted for economic development	-	-	-	-	-	11,537	-	11,537
Assigned to capital improvements	1,726,509	209,545	-	65,775	340,786	-	-	2,342,615
Unassigned	-	-	(48,746)	-	-	-	(142,593)	(191,339)
Total Fund Balances	1,726,509	209,545	(48,746)	65,775	340,786	11,537	(142,593)	2,162,813
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,673,939	\$ 209,545	\$ -	\$ 65,775	\$ 359,433	\$ 66,506	\$ -	\$ 3,375,198

City of Mound, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

Exhibit C-2

	401	403	404	405	427	454	475	
	Capital	Capital	Community	Capital	Street			
	Improvements	Replacement	Investment	Replacement	Maintenance	TIF 1-1	TIF 1-3	Total
		Equipment		Buildings				
Revenues								
Taxes	\$ 220,000	\$ 340,000	\$ 83,000	\$ 75,000	\$ -	\$ 122,219	\$ -	\$ 840,219
Intergovernmental	313,414	-	-	-	79,958	-	-	393,372
Special assessments	153,059	-	-	-	1,121	-	-	154,180
Miscellaneous	-	-	-	-	46,791	-	-	46,791
Total Revenues	<u>686,473</u>	<u>340,000</u>	<u>83,000</u>	<u>75,000</u>	<u>127,870</u>	<u>122,219</u>	<u>-</u>	<u>1,434,562</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public works	8,157	-	-	-	-	-	-	8,157
Culture and recreation	-	-	71,443	-	-	-	-	71,443
Capital outlay								
General government	-	20,578	-	7,633	-	-	-	28,211
Public works	294,788	238,974	-	-	376,431	-	-	910,193
Culture and recreation	-	83,019	29,370	-	-	-	-	112,389
Housing and economic development	-	-	-	-	-	109,996	35,411	145,407
Debt service								
Interest and other	265	-	-	-	-	-	-	265
Total Expenditures	<u>303,210</u>	<u>342,571</u>	<u>100,813</u>	<u>7,633</u>	<u>376,431</u>	<u>109,996</u>	<u>35,411</u>	<u>1,276,065</u>
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	<u>383,263</u>	<u>(2,571)</u>	<u>(17,813)</u>	<u>67,367</u>	<u>(248,561)</u>	<u>12,223</u>	<u>(35,411)</u>	<u>158,497</u>
Other Financing Sources (Uses)								
Transfers in	-	-	25,174	-	175,000	-	-	200,174
Sale of capital assets	-	51,008	-	-	-	-	-	51,008
Total Other Financing Sources (Uses)	<u>-</u>	<u>51,008</u>	<u>25,174</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>251,182</u>
Net Change in Fund Balances	383,263	48,437	7,361	67,367	(73,561)	12,223	(35,411)	409,679
Fund Balances, January 1	<u>1,343,246</u>	<u>161,108</u>	<u>(56,107)</u>	<u>(1,592)</u>	<u>414,347</u>	<u>(686)</u>	<u>(107,182)</u>	<u>1,753,134</u>
Fund Balances, December 31	<u>\$ 1,726,509</u>	<u>\$ 209,545</u>	<u>\$ (48,746)</u>	<u>\$ 65,775</u>	<u>\$ 340,786</u>	<u>\$ 11,537</u>	<u>\$ (142,593)</u>	<u>\$ 2,162,813</u>

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City of Mound, Minnesota
General Fund
Balance Sheets
December 31, 2020 and 2019

Exhibit D-1

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 3,461,033	\$ 2,403,990
Receivables		
Accounts	93,812	91,205
Taxes	170,153	136,349
Interest	2,422	11,476
Special assessments	82,205	89,621
Due from other governments	1,282	1,833
Due from other funds	<u>-</u>	<u>1,103,450</u>
 Total Assets	 <u><u>\$ 3,810,907</u></u>	 <u><u>\$ 3,837,924</u></u>
Liabilities		
Accounts payable	\$ 103,066	\$ 132,487
Due to other governments	4,564	2,249
Deposits payable	141,494	203,655
Accrued salaries payable	36,857	59,608
Unearned revenue	<u>27,681</u>	<u>25,779</u>
Total Liabilities	<u>313,662</u>	<u>423,778</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	87,719	82,249
Unavailable revenue - special assessments	<u>82,206</u>	<u>89,408</u>
Total Deferred Inflows of Resources	<u>169,925</u>	<u>171,657</u>
Fund Balances		
Restricted for		
Culture and recreation	-	20,019
Assigned to		
Severance pay	259,738	222,793
Budget deficit	393,922	400,526
Unassigned	<u>2,673,660</u>	<u>2,599,151</u>
Total Fund Balances	<u>3,327,320</u>	<u>3,242,489</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 3,810,907</u></u>	 <u><u>\$ 3,837,924</u></u>

City of Mound, Minnesota

Exhibit D-2

General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes					
Current	\$ 2,920,431	\$ 2,920,431	\$ 2,936,232	\$ 15,801	\$ 2,785,551
Delinquent	25,000	25,000	46,446	21,446	37,494
Fiscal disparities	450,000	450,000	456,768	6,768	494,167
Penalties and interest	10,000	10,000	15,478	5,478	19,225
Franchise tax	404,000	404,000	397,104	(6,896)	400,811
Total taxes	3,809,431	3,809,431	3,852,028	42,597	3,737,248
Licenses and permits	235,950	235,950	202,662	(33,288)	218,973
Intergovernmental					
Federal					
Other federal grants	-	-	212,072	212,072	-
State					
Local government aid	402,708	402,708	406,616	3,908	378,261
State aid for streets	30,000	30,000	30,000	-	30,000
PERA aid	6,060	6,060	-	(6,060)	6,060
Total intergovernmental	438,768	438,768	648,688	209,920	414,321
Charges for services	394,476	394,476	430,764	36,288	417,305
Fines and forfeitures	35,000	35,000	22,939	(12,061)	34,082
Special assessments	20,000	20,000	17,635	(2,365)	16,383
Interest on investments	40,000	40,000	24,718	(15,282)	65,171
Miscellaneous					
Refunds and reimbursements	30,000	30,000	41,412	11,412	32,548
Other	41,000	41,000	43,686	2,686	43,664
Total miscellaneous	71,000	71,000	85,098	14,098	76,212
Total Revenues	5,044,625	5,044,625	5,284,532	239,907	4,979,695
Other Financing Sources					
Transfers in	175,000	175,000	175,000	-	175,695
Total Revenues and Other Financing Sources	\$ 5,219,625	\$ 5,219,625	\$ 5,459,532	\$ 239,907	\$ 5,155,390

City of Mound, Minnesota

Exhibit D-3

General Fund

Schedule of Expenditures and Other Financing Uses
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 24,351	\$ 24,351	\$ 17,881	\$ 6,470	\$ 17,621
Supplies	2,700	2,700	1,645	1,055	2,441
Other services and charges	116,600	116,600	123,193	(6,593)	116,284
Total mayor and city council	143,651	143,651	142,719	932	136,346
City manager					
Personnel services	177,058	177,058	169,323	7,735	163,287
Supplies	1,975	1,975	159	1,816	581
Other services and charges	7,350	7,350	2,142	5,208	1,974
Total city manager	186,383	186,383	171,624	14,759	165,842
Election and voters' registration					
Personnel services	700	700	-	700	-
Supplies	1,500	1,500	3,941	(2,441)	31
Other services and charges	16,300	16,300	15,266	1,034	2,426
Total election and voters' registration	18,500	18,500	19,207	(707)	2,457
Assessing					
Supplies	-	-	1	(1)	5
Other services and charges	124,000	124,000	122,968	1,032	119,000
Total assessing	124,000	124,000	122,969	1,031	119,005
Finance					
Personnel services	441,536	441,536	426,230	15,306	411,155
Supplies	3,675	3,675	1,798	1,877	2,961
Other services and charges	23,150	23,150	18,469	4,681	20,044
Total finance	468,361	468,361	446,497	21,864	434,160
Computer					
Supplies	8,000	8,000	11,407	(3,407)	2,501
Other services and charges	51,500	51,500	63,685	(12,185)	43,617
Total computer	59,500	59,500	75,092	(15,592)	46,118
Legal					
Other services and charges	100,200	100,200	78,187	22,013	67,114

City of Mound, Minnesota

Exhibit D-3

General Fund

Schedule of Expenditures and Other Financing Uses

Budget and Actual (Continued)

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
City hall					
Supplies	\$ 4,500	\$ 4,500	\$ 12,606	\$ (8,106)	\$ 3,021
Other services and charges	30,800	30,800	33,076	(2,276)	27,802
Total city hall	35,300	35,300	45,682	(10,382)	30,823
City property					
Supplies	2,200	2,200	1,325	875	1,404
Other services and charges	62,500	62,500	34,948	27,552	60,434
Total city property	64,700	64,700	36,273	28,427	61,838
Miscellaneous					
Other services and charges	75,000	75,000	56,000	19,000	-
Total general government	1,275,595	1,275,595	1,194,250	81,345	1,063,703
Public safety					
Police protection					
Personnel services	525	525	529	(4)	529
Supplies	-	-	-	-	8
Other services and charges	1,837,573	1,837,573	1,827,914	9,659	1,785,041
Total public safety	1,838,098	1,838,098	1,828,443	9,655	1,785,578
Emergency preparedness					
Personnel services	33,280	33,280	31,201	2,079	29,393
Supplies	2,200	2,200	836	1,364	1,135
Other services and charges	10,900	10,900	10,085	815	9,086
Total emergency preparedness	46,380	46,380	42,122	4,258	39,614
Planning and inspection					
Personnel services	276,978	276,978	257,885	19,093	254,745
Supplies	6,700	6,700	5,284	1,416	5,688
Other services and charges	204,440	204,440	169,462	34,978	170,620
Total planning and inspection	488,118	488,118	432,631	55,487	431,053
Total public safety	2,372,596	2,372,596	2,303,196	69,400	2,256,245
Public works					
Streets					
Personnel services	441,684	441,684	437,162	4,522	401,260
Supplies	161,250	161,250	132,921	28,329	152,699
Other services and charges	217,810	217,810	211,007	6,803	299,091
Total public works	820,744	820,744	781,090	39,654	853,050

City of Mound, Minnesota
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

Exhibit D-3

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks					
Personnel services	\$ 326,383	\$ 326,383	\$ 230,475	\$ 95,908	\$ 247,094
Supplies	59,950	59,950	69,069	(9,119)	51,125
Other services and charges	74,100	74,100	75,043	(943)	85,735
Total parks	<u>460,433</u>	<u>460,433</u>	<u>374,587</u>	<u>85,846</u>	<u>383,954</u>
Cable TV					
Other services and charges	<u>42,300</u>	<u>42,300</u>	<u>32,638</u>	<u>9,662</u>	<u>36,106</u>
Total culture and recreation	<u>502,733</u>	<u>502,733</u>	<u>407,225</u>	<u>95,508</u>	<u>420,060</u>
Total current	<u>4,971,668</u>	<u>4,971,668</u>	<u>4,685,761</u>	<u>285,907</u>	<u>4,593,058</u>
Capital outlay					
Culture and recreation	<u>25,000</u>	<u>25,000</u>	<u>40,287</u>	<u>(15,287)</u>	<u>49,210</u>
Total Expenditures	<u>4,996,668</u>	<u>4,996,668</u>	<u>4,726,048</u>	<u>270,620</u>	<u>4,642,268</u>
Other Financing Uses					
Transfers out	<u>623,479</u>	<u>623,479</u>	<u>648,653</u>	<u>(25,174)</u>	<u>602,746</u>
Total Expenditures and Other Financing Uses	<u>\$ 5,620,147</u>	<u>\$ 5,620,147</u>	<u>\$ 5,374,701</u>	<u>\$ 245,446</u>	<u>\$ 5,245,014</u>

City of Mound, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued on the Following Page)
December 31, 2020

Exhibit E-1

	355 G.O. Tax Increment Refunding Bonds 2013B	370 G.O. Refunding Bonds 2011A	368 G.O. Refunding Bonds 2014B	375 G.O. Tax Increment Refunding Bonds 2018A	350 Tax Abatement Bonds Series 2015B	362 G.O. Refunding Bonds 2016B	363 G.O. Improvement Bonds 2018A
Assets							
Cash and temporary investments	\$ 843,295	\$ 125,879	\$ 165,479	\$ -	\$ 221,587	\$ -	\$ 187,878
Receivables							
Taxes	3,616	-	-	-	-	-	-
Special assessments	-	31,758	325	-	-	95,375	257,126
Due from other funds	-	-	-	-	-	-	-
Total Assets	\$ 846,911	\$ 157,637	\$ 165,804	\$ -	\$ 221,587	\$ 95,375	\$ 445,004
Liabilities							
Due to other funds	-	-	-	44,373	-	33,184	-
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	31,758	57	-	-	95,035	255,969
Fund Balances							
Restricted for debt service	846,911	125,879	165,747	(44,373)	221,587	(32,844)	189,035
Total Deferred and Liabilities Inflows of Resources and Fund Balances	\$ 846,911	\$ 157,637	\$ 165,804	\$ -	\$ 221,587	\$ 95,375	\$ 445,004

City of Mound, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2018

Exhibit E-1

	364	365	371	310	311	312	313	
	G.O. Improvement Bonds 2020A	G.O. Improvement Bonds 2012A	G.O. Refunding Bonds 2012B	G.O. Improvement Bonds 2013A	G.O. Improvement Bonds 2014A	G.O. Improvement Bonds 2015A	G.O. Improvement Bonds 2016A	Total
Assets								
Cash and temporary investments	\$ 675,840	\$ 718,984	\$ 492,076	\$ 704,500	\$ 338,716	\$ 678,896	\$ 192,670	\$ 5,345,800
Receivables								
Taxes	-	-	-	-	-	-	-	3,616
Special assessments	333,008	388,154	-	447,908	158,289	338,245	265,237	2,315,425
Due from other funds	-	77,557	-	-	-	-	-	77,557
Total Assets	\$ 1,008,848	\$ 1,184,695	\$ 492,076	\$ 1,152,408	\$ 497,005	\$ 1,017,141	\$ 457,907	\$ 7,742,398
Liabilities								
Due to other funds	-	-	-	-	-	-	-	77,557
Deferred Inflows of Resources								
Unavailable revenue - special assessments	330,850	388,154	-	447,447	157,855	337,713	264,531	2,309,369
Fund Balances								
Restricted for debt service	677,998	796,541	492,076	704,961	339,150	679,428	193,376	5,355,472
Total Deferred and Liabilities Inflows of Resources and Fund Balances	\$ 1,008,848	\$ 1,184,695	\$ 492,076	\$ 1,152,408	\$ 497,005	\$ 1,017,141	\$ 457,907	\$ 7,742,398

City of Mound, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued on the Following Page)
For the Year Ended December 31, 2020

Exhibit E-2

	355 G.O. Tax Increment Refunding Bonds 2013B	370 G.O. Refunding Bonds 2011A	368 G.O. Refunding Bonds 2014B	375 G.O. Tax Increment Refunding Bonds 2018A	350 Tax Abatement Bonds Series 2015B	362 G.O. Refunding Bonds 2016B	363 G.O. Improvement Bonds 2018A
Revenues							
Taxes	\$ 671,973	\$ 205,511	\$ 75,000	\$ 247,876	\$ 172,600	\$ 50,000	\$ 215,600
Special assessments	-	10,243	20,615	-	-	30,280	83,597
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>671,973</u>	<u>215,754</u>	<u>95,615</u>	<u>247,876</u>	<u>172,600</u>	<u>80,280</u>	<u>299,197</u>
Expenditures							
Current							
Housing and economic development	60,000	-	-	-	-	-	-
Debt service							
Principal	400,000	311,119	140,000	105,000	100,000	80,000	205,000
Interest and other	91,893	24,629	5,025	69,878	69,847	8,383	52,727
Total Expenditures	<u>551,893</u>	<u>335,748</u>	<u>145,025</u>	<u>174,878</u>	<u>169,847</u>	<u>88,383</u>	<u>257,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>120,080</u>	<u>(119,994)</u>	<u>(49,410)</u>	<u>72,998</u>	<u>2,753</u>	<u>(8,103)</u>	<u>41,470</u>
Other Financing Sources (Uses)							
Bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Payment on refunding bonds	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	120,080	(119,994)	(49,410)	72,998	2,753	(8,103)	41,470
Fund Balances, January 1	<u>726,831</u>	<u>245,873</u>	<u>215,157</u>	<u>(117,371)</u>	<u>218,834</u>	<u>(24,741)</u>	<u>147,565</u>
Fund Balances, December 31	<u>\$ 846,911</u>	<u>\$ 125,879</u>	<u>\$ 165,747</u>	<u>\$ (44,373)</u>	<u>\$ 221,587</u>	<u>\$ (32,844)</u>	<u>\$ 189,035</u>

City of Mound, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Year Ended December 31, 2020

Exhibit E-2

	364	365	371	310	311	312	313	
	G.O. Improvement Bonds 2020A	G.O. Improvement Bonds 2012A	G.O. Refunding Bonds 2012B	G.O. Improvement Bonds 2013A	G.O. Improvement Bonds 2014A	G.O. Improvement Bonds 2015A	G.O. Improvement Bonds 2016A	Total
Revenues								
Taxes	\$ 189,353	\$ 50,000	\$ 189,000	\$ 100,000	\$ 39,230	\$ 272,000	\$ 117,495	\$ 2,595,638
Special assessments	84,808	89,266	-	99,975	33,295	106,801	42,151	601,031
Miscellaneous	-	-	282,940	-	-	-	-	282,940
Total Revenues	<u>274,161</u>	<u>139,266</u>	<u>471,940</u>	<u>199,975</u>	<u>72,525</u>	<u>378,801</u>	<u>159,646</u>	<u>3,479,609</u>
Expenditures								
Current								
Housing and economic development	-	-	-	-	-	-	-	60,000
Debt service								
Principal	210,000	145,000	415,000	175,000	45,000	365,000	140,000	2,836,119
Interest and other	117,740	32,970	29,133	39,735	14,725	60,606	41,168	658,459
Total Expenditures	<u>327,740</u>	<u>177,970</u>	<u>444,133</u>	<u>214,735</u>	<u>59,725</u>	<u>425,606</u>	<u>181,168</u>	<u>3,554,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,579)</u>	<u>(38,704)</u>	<u>27,807</u>	<u>(14,760)</u>	<u>12,800</u>	<u>(46,805)</u>	<u>(21,522)</u>	<u>(74,969)</u>
Other Financing Sources (Uses)								
Bonds issued	1,875,000	-	-	-	-	-	-	1,875,000
Premium on bonds issued	100,669	-	-	-	-	-	-	100,669
Payment on refunding bonds	<u>(1,930,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,930,000)</u>
Total Other Financing Sources (Uses)	<u>45,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,669</u>
Net Change in Fund Balances	(7,910)	(38,704)	27,807	(14,760)	12,800	(46,805)	(21,522)	(29,300)
Fund Balances, January 1	<u>685,908</u>	<u>835,245</u>	<u>464,269</u>	<u>719,721</u>	<u>326,350</u>	<u>726,233</u>	<u>214,898</u>	<u>5,384,772</u>
Fund Balances, December 31	<u>\$ 677,998</u>	<u>\$ 796,541</u>	<u>\$ 492,076</u>	<u>\$ 704,961</u>	<u>\$ 339,150</u>	<u>\$ 679,428</u>	<u>\$ 193,376</u>	<u>\$ 5,355,472</u>

City of Mound, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations -
Governmental Funds
For the Years Ended December 31, 2020 and 2019

Exhibit F-1

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 7,599,933	\$ 7,249,812	4.83 %
Licenses and permits	454,660	457,567	(0.64)
Intergovernmental	1,834,294	1,045,362	75.47
Charges for services	932,546	904,446	3.11
Fines and forfeitures	22,939	34,082	(32.69)
Special assessments	772,846	978,036	(20.98)
Interest on investments	27,938	85,578	(67.35)
Miscellaneous	428,426	403,413	6.20
Total Revenues	<u>\$ 12,073,582</u>	<u>\$ 11,158,296</u>	8.20 %
Per Capita	<u>\$ 1,278</u>	<u>\$ 1,194</u>	7.04 %
Expenditures			
Current			
General government	\$ 1,694,250	\$ 1,063,703	59.28 %
Public safety	3,568,621	3,454,487	3.30
Public works	789,247	856,014	(7.80)
Culture and recreation	582,428	539,612	7.93
Housing and economic development	92,800	57,833	60.46
Capital outlay			
General government	28,211	24,080	17.16
Public safety	213,547	110,413	93.41
Public works	910,193	689,419	32.02
Culture and recreation	154,577	248,129	(37.70)
Housing and economic development	148,439	51,473	188.38
Debt service			
Principal	2,891,119	2,953,022	(2.10)
Interest and service charges	683,479	750,994	(8.99)
Total Expenditures	<u>\$ 11,756,911</u>	<u>\$ 10,799,179</u>	8.87 %
Per Capita	<u>\$ 1,245</u>	<u>\$ 1,155</u>	7.79 %
Total Long-term Indebtedness	\$ 19,746,519	\$ 22,117,638	(10.72) %
Per Capita	2,090	2,366	(11.67)
General Fund Balance - December 31	\$ 3,327,320	\$ 3,242,489	2.62 %
Per Capita	352	347	1.44

The purpose of this report is to provide a summary of financial information concerning the City of Mound to interested citizens. The complete financial statements may be examined at City Hall, 2415 Wilshire Blvd, Mound, Minnesota 55364. Questions about this report should be directed to Catherine Pausche, Director of Finance and Administration at (952) 472-0633.

STATISTICAL SECTION (UNAUDITED)

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

City of Mound, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years

Table 1

	Fiscal year			
	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 3,798,030	\$ 5,055,574	\$ 5,747,984	\$ 6,361,642
Restricted	3,286,087	59,497	679,417	2,420,487
Unrestricted	<u>6,151,777</u>	<u>4,642,808</u>	<u>6,047,740</u>	<u>6,659,303</u>
Total Governmental Activities Net Position	<u>\$ 13,235,894</u>	<u>\$ 9,757,879</u>	<u>\$ 12,475,141</u>	<u>\$ 15,441,432</u>
Business-type Activities				
Net investment in capital assets	\$ 5,947,907	\$ 5,676,107	\$ 5,496,329	\$ 4,875,047
Unrestricted	<u>470,211</u>	<u>168,175</u>	<u>415,237</u>	<u>964,859</u>
Total Business-type Activities Net Position	<u>\$ 6,418,118</u>	<u>\$ 5,844,282</u>	<u>\$ 5,911,566</u>	<u>\$ 5,839,906</u>
Total Primary Government				
Net investment in capital assets	\$ 9,745,937	\$ 10,731,681	\$ 11,244,313	\$ 11,236,689
Restricted	3,286,087	59,497	679,417	2,420,487
Unrestricted	<u>6,621,988</u>	<u>4,810,983</u>	<u>6,462,977</u>	<u>7,624,162</u>
Total Primary Government	<u>\$ 19,654,012</u>	<u>\$ 15,602,161</u>	<u>\$ 18,386,707</u>	<u>\$ 21,281,338</u>

Table 1

Fiscal year					
2015	2016	2017	2018	2019	2020
\$ 7,349,615	\$ 8,497,543	\$ 13,280,560	\$ 13,956,997	\$ 17,556,048	\$ 18,938,946
3,581,824	5,281,846	4,111,566	5,618,075	3,948,634	3,796,206
7,175,984	7,602,371	6,712,355	7,244,477	7,836,557	9,026,779
<u>\$ 18,107,423</u>	<u>\$ 21,381,760</u>	<u>\$ 24,104,481</u>	<u>\$ 26,819,549</u>	<u>\$ 29,341,239</u>	<u>\$ 31,761,931</u>
\$ 4,610,738	\$ 4,410,201	\$ 6,786,181	\$ 7,131,553	\$ 10,874,807	\$ 14,046,824
1,431,411	1,790,488	107,216	(267,659)	(3,920,428)	(6,505,341)
<u>\$ 6,042,149</u>	<u>\$ 6,200,689</u>	<u>\$ 6,893,397</u>	<u>\$ 6,863,894</u>	<u>\$ 6,954,379</u>	<u>\$ 7,541,483</u>
\$ 11,960,353	\$ 12,907,744	\$ 20,066,741	\$ 21,088,550	\$ 28,430,855	\$ 32,985,770
3,581,824	5,281,846	4,111,566	5,618,075	3,948,634	3,796,206
8,607,395	9,392,859	6,819,571	6,976,818	3,916,129	2,521,438
<u>\$ 24,149,572</u>	<u>\$ 27,582,449</u>	<u>\$ 30,997,878</u>	<u>\$ 33,683,443</u>	<u>\$ 36,295,618</u>	<u>\$ 39,303,414</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued of the Following Pages)
Last Ten Fiscal Years

Table 2

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 1,140,001	\$ 1,067,294	\$ 1,094,663	\$ 1,011,092
Public safety	3,559,118	3,546,902	3,032,904	3,094,017
Public works	1,893,258	1,566,014	1,653,646	1,732,405
Culture and recreation	712,948	705,902	676,087	673,660
Housing and economic development	132,525	185,098	107,917	88,092
Interest on long-term debt	1,347,585	1,281,873	1,051,549	1,048,331
Total Governmental Activities Expenses	<u>8,785,435</u>	<u>8,353,083</u>	<u>7,616,766</u>	<u>7,647,597</u>
Business-type activities				
Water	1,553,216	1,535,865	1,717,417	1,776,204
Sewer	1,834,709	2,064,511	1,860,943	2,045,238
Municipal liquor	2,601,417	2,656,274	2,684,037	2,699,280
Recycling	213,015	190,192	189,576	181,571
Storm water	371,598	373,616	375,568	378,573
HRA public housing	303,275	266,751	312,388	327,318
Total Business-type Activities Expenses	<u>6,877,230</u>	<u>7,087,209</u>	<u>7,139,929</u>	<u>7,408,184</u>
Total Expenses	<u>\$ 15,662,665</u>	<u>\$ 15,440,292</u>	<u>\$ 14,756,695</u>	<u>\$ 15,055,781</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 317,950	\$ 300,526	\$ 294,247	\$ 300,624
Public safety	851,770	829,053	855,874	865,539
Public works	205,338	107,569	77,875	94,104
Culture and recreation	200,262	202,571	219,263	228,854
Housing and economic development	239,255	111,291	163,975	211,928
Operating grants and contributions	113,995	164,908	114,401	113,136
Capital grants and contributions	354,707	2,012,622	1,921,085	1,945,142
Total Governmental Activities Program Revenue	<u>2,283,277</u>	<u>3,728,540</u>	<u>3,646,720</u>	<u>3,759,327</u>
Business-type activities				
Charges for services				
Water	1,525,082	1,672,286	1,887,698	1,626,188
Sewer	1,457,360	1,446,577	1,523,307	1,767,515
Municipal liquor	2,677,882	2,835,506	2,887,315	2,919,731
Recycling	203,312	175,799	169,744	177,849
Storm water	353,293	359,905	404,162	479,588
HRA public housing	125,578	139,423	132,679	133,205
Operating grants and contributions	148,453	145,772	191,176	144,127
Capital grants and contributions	45,967	15,257	54,243	77,855
Total Business-type Activities Program Revenue	<u>6,536,927</u>	<u>6,790,525</u>	<u>7,250,324</u>	<u>7,326,058</u>
Total Program Revenues	<u>\$ 8,820,204</u>	<u>\$ 10,519,065</u>	<u>\$ 10,897,044</u>	<u>\$ 11,085,385</u>

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,143,872	\$ 1,137,472	\$ 1,168,554	\$ 1,105,111	\$ 1,071,883	\$ 1,230,674
3,345,326	3,563,263	3,760,227	3,684,407	3,730,923	4,410,533
1,644,679	1,666,696	1,743,263	2,113,037	2,211,777	2,113,513
707,988	651,029	710,673	660,464	499,451	661,179
84,064	107,601	829,207	197,131	154,646	286,580
930,353	912,412	882,349	692,731	695,483	625,566
7,856,282	8,038,473	9,094,273	8,452,881	8,364,163	9,328,045
1,763,673	1,803,974	1,926,287	1,950,571	1,976,984	1,944,607
2,146,860	2,097,118	2,096,323	2,247,194	2,241,123	2,161,094
2,732,378	2,848,011	2,923,079	2,907,960	2,832,948	3,396,840
182,673	182,133	200,399	199,927	197,261	197,363
375,853	389,394	393,363	393,803	406,202	407,685
330,939	320,944	-	-	-	-
7,532,376	7,641,574	7,539,451	7,699,455	7,654,518	8,107,589
<u>\$ 15,388,658</u>	<u>\$ 15,680,047</u>	<u>\$ 16,633,724</u>	<u>\$ 16,152,336</u>	<u>\$ 16,018,681</u>	<u>\$ 17,435,634</u>
\$ 340,691	\$ 350,087	\$ 341,676	\$ 327,565	\$ 345,221	\$ 364,623
1,222,890	1,310,451	1,382,033	1,238,004	1,137,281	1,103,016
118,533	124,524	84,554	58,320	60,267	57,778
231,716	253,328	294,000	389,308	179,945	183,459
-	9,967	1,245	-	2,012	5,011
251,738	125,361	148,745	154,653	361,689	1,205,813
1,279,161	1,701,151	2,088,315	1,365,758	818,456	556,942
3,444,729	3,874,869	4,340,568	3,533,608	2,904,871	3,476,642
1,800,376	1,959,567	2,121,051	2,049,587	1,979,250	2,089,204
1,888,094	2,086,544	2,322,975	2,245,261	2,342,322	2,518,028
2,965,068	3,053,772	3,159,784	3,106,187	3,094,818	3,838,394
183,141	183,394	181,342	179,468	181,232	183,522
507,892	553,576	473,241	155,125	153,110	139,330
141,163	129,839	-	-	-	-
163,699	167,350	-	-	-	-
115,521	72,570	80,358	25,573	120,013	99,476
7,764,954	8,206,612	8,338,751	7,761,201	7,870,745	8,867,954
<u>\$ 11,209,683</u>	<u>\$ 12,081,481</u>	<u>\$ 12,679,319</u>	<u>\$ 11,294,809</u>	<u>\$ 10,775,616</u>	<u>\$ 12,344,596</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years

Table 2

	Fiscal Year			
	2011	2012	2013	2014
Program Revenues (Continued)				
Net (expenses) revenues				
Governmental activities	\$ (6,502,158)	\$ (4,624,543)	\$ (3,970,046)	\$ (3,888,270)
Business-type activities	<u>(340,303)</u>	<u>(296,684)</u>	<u>110,395</u>	<u>(82,126)</u>
Total Primary Government	<u><u>\$ (6,842,461)</u></u>	<u><u>\$ (4,921,227)</u></u>	<u><u>\$ (3,859,651)</u></u>	<u><u>\$ (3,970,396)</u></u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 5,981,824	\$ 5,944,240	\$ 6,169,021	\$ 6,068,495
Franchise taxes	408,821	402,789	412,071	412,506
State grants and contributions not restricted to specific programs	93,731	7,208	6,116	297,791
Unrestricted investment earnings	19,820	5,299	5,144	7,240
Gain on sale of capital assets	-	10,546	21,190	7,000
Transfers - internal activities	8,438	65,452	73,766	332,292
Special item - sale of property	-	(4,790,000)	-	-
Total Governmental Activities General Revenues	<u>6,512,634</u>	<u>1,645,534</u>	<u>6,687,308</u>	<u>7,125,324</u>
Business-type activities				
Unrestricted investment earnings	908	1,989	4,655	1,995
Gain on sale of capital assets	-	12,967	26,000	70,000
Transfers - internal activities	<u>(8,438)</u>	<u>(65,452)</u>	<u>(73,766)</u>	<u>(332,292)</u>
Total Business-type Activities General Revenues	<u>(7,530)</u>	<u>(50,496)</u>	<u>(43,111)</u>	<u>(260,297)</u>
Total Primary Government	<u><u>\$ 6,505,104</u></u>	<u><u>\$ 1,595,038</u></u>	<u><u>\$ 6,644,197</u></u>	<u><u>\$ 6,865,027</u></u>
Change in Net Position				
Governmental activities	\$ 10,476	\$ (2,979,009)	\$ 2,717,262	\$ 3,237,054
Business-type activities	<u>(347,833)</u>	<u>(347,180)</u>	<u>67,284</u>	<u>(342,423)</u>
Total Primary Government	<u><u>\$ (337,357)</u></u>	<u><u>\$ (3,326,189)</u></u>	<u><u>\$ 2,784,546</u></u>	<u><u>\$ 2,894,631</u></u>

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (4,411,553)	\$ (4,163,604)	\$ (4,753,705)	\$ (4,919,273)	\$ (5,459,292)	\$ (5,851,403)
232,578	565,038	799,300	61,746	216,227	760,365
<u>\$ (4,178,975)</u>	<u>\$ (3,598,566)</u>	<u>\$ (3,954,405)</u>	<u>\$ (4,857,527)</u>	<u>\$ (5,243,065)</u>	<u>\$ (5,091,038)</u>
\$ 6,236,580	\$ 6,500,525	\$ 6,510,322	\$ 6,638,769	\$ 6,856,784	\$ 7,211,433
412,295	423,042	405,178	406,501	400,811	397,104
331,693	340,471	347,390	383,843	384,321	406,616
8,815	12,514	26,970	63,111	85,578	27,938
28,668	103,984	56,300	14,045	77,793	54,004
59,493	57,405	130,266	128,072	175,695	175,000
-	(373,182)	-	-	-	-
<u>7,077,544</u>	<u>7,064,759</u>	<u>7,476,426</u>	<u>7,634,341</u>	<u>7,980,982</u>	<u>8,272,095</u>
3,658	10,755	13,391	36,823	49,953	1,739
25,500	13,334	10,283	-	-	-
(59,493)	(57,405)	(130,266)	(128,072)	(175,695)	(175,000)
<u>(30,335)</u>	<u>(33,316)</u>	<u>(106,592)</u>	<u>(91,249)</u>	<u>(125,742)</u>	<u>(173,261)</u>
<u>\$ 7,047,209</u>	<u>\$ 7,031,443</u>	<u>\$ 7,369,834</u>	<u>\$ 7,543,092</u>	<u>\$ 7,855,240</u>	<u>\$ 8,098,834</u>
\$ 2,665,991	\$ 2,901,155	\$ 2,722,721	\$ 2,715,068	\$ 2,521,690	\$ 2,420,692
202,243	531,722	692,708	(29,503)	90,485	587,104
<u>\$ 2,868,234</u>	<u>\$ 3,432,877</u>	<u>\$ 3,415,429</u>	<u>\$ 2,685,565</u>	<u>\$ 2,612,175</u>	<u>\$ 3,007,796</u>

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City of Mound, Minnesota
Statistical Section (Unaudited)
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Table 3

Fiscal Year	Property Tax	Franchise Tax	Total
2011	\$ 5,981,824	\$ 408,821	\$ 6,390,645
2012	5,944,240	402,789	6,347,029
2013	6,169,021	412,071	6,581,092
2014	6,068,495	412,506	6,481,001
2015	6,236,580	412,295	6,648,875
2016	6,500,525	423,042	6,923,567
2017	6,510,322	405,178	6,915,500
2018	6,638,769	406,501	7,045,270
2019	6,856,784	400,811	7,257,595
2020	7,211,433	397,104	7,608,537

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

Table 4

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 566,914	\$ 522,707	\$ 443,967	\$ 361,707
Restricted	13,084	-	-	-
Assigned	584,717	385,420	283,602	272,860
Unassigned	<u>1,278,726</u>	<u>1,345,459</u>	<u>1,637,080</u>	<u>1,963,345</u>
Total General Fund	<u>\$ 2,443,441</u>	<u>\$ 2,253,586</u>	<u>\$ 2,364,649</u>	<u>\$ 2,597,912</u>
All Other Governmental Funds				
Nonspendable	\$ 2,221	\$ -	\$ 6,701	\$ -
Restricted	4,087,484	3,750,346	4,444,972	5,264,220
Assigned	1,726,974	1,761,587	2,248,345	2,463,334
Unassigned	<u>(30,604)</u>	<u>-</u>	<u>(8,769)</u>	<u>(42,244)</u>
Total All Other Governmental Funds	<u>\$ 5,786,075</u>	<u>\$ 5,511,933</u>	<u>\$ 6,691,249</u>	<u>\$ 7,685,310</u>

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 276,834	\$ 190,739	\$ 100,673	\$ -	\$ -	\$ -
-	28,084	97,184	20,019	20,019	-
290,300	344,560	460,695	514,907	623,319	653,660
2,347,131	2,725,710	2,844,456	2,797,187	2,599,151	2,673,660
<u>\$ 2,914,265</u>	<u>\$ 3,289,093</u>	<u>\$ 3,503,008</u>	<u>\$ 3,332,113</u>	<u>\$ 3,242,489</u>	<u>\$ 3,327,320</u>
\$ -	\$ 106,665	\$ 107,760	\$ 107,760	\$ 7,084	\$ 7,084
6,385,888	7,950,914	6,605,379	10,210,602	5,602,593	5,367,009
2,636,566	2,607,179	1,656,628	1,719,268	2,472,757	3,843,073
(44,793)	(60,771)	(90,310)	(148,250)	(175,825)	(191,339)
<u>\$ 8,977,661</u>	<u>\$ 10,603,987</u>	<u>\$ 8,279,457</u>	<u>\$ 11,889,380</u>	<u>\$ 7,906,609</u>	<u>\$ 9,025,827</u>

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

Table 5

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 6,449,549	\$ 6,371,422	\$ 6,602,770	\$ 6,512,580
Licenses and permits	348,655	323,677	390,433	435,867
Intergovernmental	306,435	566,177	224,139	622,969
Charges for services	1,528,166	1,264,393	918,354	908,848
Fines and forfeitures	62,867	58,845	68,435	65,071
Special assessments	646,865	902,189	1,173,004	1,231,481
Interest on investments	19,820	5,299	5,144	7,240
Miscellaneous	149,887	189,095	516,952	574,203
Total Revenues	<u>9,512,244</u>	<u>9,681,097</u>	<u>9,899,231</u>	<u>10,358,259</u>
Expenditures				
General government	1,112,840	1,088,263	1,071,935	1,011,539
Public safety	3,346,703	3,347,165	3,107,825	3,176,801
Public works	712,150	772,473	743,382	764,378
Culture and recreation	564,964	583,193	551,285	570,893
Housing and economic development	51,441	49,213	40,655	38,466
Capital outlay	3,601,348	2,980,992	2,880,155	1,261,780
Debt service				
Principal	1,548,000	2,354,454	2,045,285	2,269,605
Interest and other	1,360,812	1,399,287	1,194,296	1,091,765
Total Expenditures	<u>12,298,258</u>	<u>12,575,040</u>	<u>11,634,818</u>	<u>10,185,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,786,014)</u>	<u>(2,893,943)</u>	<u>(1,735,587)</u>	<u>173,032</u>
Other Financing Sources (Uses)				
Transfers in	579,053	997,528	528,338	884,929
Transfers out	(570,615)	(932,076)	(454,572)	(552,637)
Bonds issued	7,450,000	6,570,000	4,280,000	1,655,000
Bonds refunded	(4,349,714)	(4,239,019)	(1,485,000)	(940,000)
Deferred charges on bonds issued	-	22,967	136,010	-
Sale of capital assets	31,490	10,546	21,190	7,000
Total Other Financing Sources (Uses)	<u>3,140,214</u>	<u>2,429,946</u>	<u>3,025,966</u>	<u>1,054,292</u>
Net Change in Fund Balances	<u>\$ 354,200</u>	<u>\$ (463,997)</u>	<u>\$ 1,290,379</u>	<u>\$ 1,227,324</u>
Debt Service as a Percentage of Noncapital Expenditures	31.5%	38.1%	36.4%	37.0%

Table 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 6,615,397	\$ 6,928,660	\$ 6,953,226	\$ 7,021,591	\$ 7,249,812	\$ 7,599,933
483,454	502,724	554,878	599,415	457,567	454,660
914,000	1,366,113	1,831,317	936,292	1,045,362	1,834,294
985,139	1,039,223	1,133,595	983,571	904,446	932,546
57,242	44,022	43,137	36,771	34,082	22,939
1,210,186	1,123,120	1,147,612	1,010,004	978,036	772,846
8,815	12,514	26,970	63,111	85,578	27,938
536,145	462,248	372,969	396,589	403,413	428,426
<u>10,810,378</u>	<u>11,478,624</u>	<u>12,063,704</u>	<u>11,047,344</u>	<u>11,158,296</u>	<u>12,073,582</u>
1,117,105	1,124,242	1,140,874	1,084,064	1,063,703	1,694,250
3,142,873	3,348,707	3,466,464	3,423,371	3,454,487	3,568,621
734,442	702,586	744,369	768,371	856,014	789,247
544,335	528,182	590,260	589,083	539,612	582,428
38,724	57,906	69,393	82,659	57,833	92,800
1,248,810	4,037,845	3,796,979	1,503,725	1,123,514	1,454,967
2,412,381	2,493,041	3,651,041	2,900,702	2,953,022	2,891,119
991,165	901,350	901,505	891,521	750,994	683,479
<u>10,229,835</u>	<u>13,193,859</u>	<u>14,360,885</u>	<u>11,243,496</u>	<u>10,799,179</u>	<u>11,756,911</u>
<u>580,543</u>	<u>(1,715,235)</u>	<u>(2,297,181)</u>	<u>(196,152)</u>	<u>359,117</u>	<u>316,671</u>
571,914	574,490	730,712	1,635,107	778,441	823,653
(512,421)	(517,085)	(600,446)	(1,507,035)	(602,746)	(648,653)
6,100,000	3,555,000	-	3,325,000	-	2,450,000
(5,160,000)	-	-	-	(4,685,000)	(1,930,000)
-	-	-	168,063	-	138,374
28,668	103,984	56,300	14,045	77,793	54,004
<u>1,028,161</u>	<u>3,716,389</u>	<u>186,566</u>	<u>3,635,180</u>	<u>(4,431,512)</u>	<u>887,378</u>
<u>\$ 1,608,704</u>	<u>\$ 2,001,154</u>	<u>\$ (2,110,615)</u>	<u>\$ 3,439,028</u>	<u>\$ (4,072,395)</u>	<u>\$ 1,204,049</u>
37.3%	36.5%	39.9%	37.5%	37.5%	33.4%

City of Mound, Minnesota
Statistical Section (Unaudited)
Tax Capacity and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Shown by Year of Tax Collectability)

Table 6

	2011	2012	2013	2014
Real Property	\$ 1,803,054,600	\$ 982,868,200	\$ 956,361,700	\$ 1,059,788,500
Personal Property	4,345,400	4,852,200	4,906,600	5,124,200
Estimated Actual Value	<u>\$ 1,807,400,000</u>	<u>\$ 987,720,400</u>	<u>\$ 961,268,300</u>	<u>\$ 1,064,912,700</u>
Tax Capacity	\$ 12,685,320	\$ 10,972,410	\$ 9,917,462	\$ 9,609,636
Contribution to Fiscal Disparities Pool	(263,339)	(242,557)	(251,926)	(263,862)
Receivable from Fiscal Disparities Pool	967,141	861,664	852,575	836,694
Tax Increment	<u>(444,093)</u>	<u>(370,849)</u>	<u>(327,557)</u>	<u>(311,005)</u>
Total Tax Capacity	<u>\$ 12,945,029</u>	<u>\$ 11,220,668</u>	<u>\$ 10,190,554</u>	<u>\$ 9,871,463</u>
Tax Levies				
General	\$ 3,726,961	\$ 3,474,798	\$ 3,544,294	\$ 3,394,294
Debt service	1,602,788	1,508,533	1,694,690	1,975,650
Fire relief	78,311	82,069	83,782	78,920
Housing and redevelopment authority	244,407	220,823	191,194	182,728
Total	<u>\$ 5,652,467</u>	<u>\$ 5,286,223</u>	<u>\$ 5,513,960</u>	<u>\$ 5,631,592</u>
Tax Capacity Rate				
General	28.791 %	31.240 %	35.172 %	35.214 %
Debt service	12.381	13.575	16.847	19.197
Fire relief	0.605	0.738	0.831	0.839
Housing and redevelopment authority	1.888	1.974	1.868	1.850
Total	<u>43.665 %</u>	<u>47.527 %</u>	<u>54.718 %</u>	<u>57.100 %</u>

Table 6

2015	2016	2017	2018	2019	2020
\$ 1,078,295,400	\$ 1,078,295,400	\$ 1,175,358,600	\$ 1,225,075,100	\$ 1,337,495,900	\$ 1,418,721,500
<u>5,002,600</u>	<u>5,002,600</u>	<u>5,203,600</u>	<u>5,925,000</u>	<u>6,047,600</u>	<u>5,994,800</u>
<u>\$ 1,083,298,000</u>	<u>\$ 1,083,298,000</u>	<u>\$ 1,180,562,200</u>	<u>\$ 1,231,000,100</u>	<u>\$ 1,343,543,500</u>	<u>\$ 1,424,716,300</u>
\$ 10,766,187	\$ 10,992,202	\$ 12,084,264	\$ 12,659,733	\$ 13,917,172	\$ 14,896,070
(261,070)	(276,900)	(299,684)	(327,418)	(342,108)	(349,858)
861,823	848,636	887,186	966,291	1,061,728	1,061,178
<u>(384,355)</u>	<u>(488,930)</u>	<u>(569,772)</u>	<u>(619,616)</u>	<u>(697,017)</u>	<u>(841,118)</u>
<u>\$ 10,982,585</u>	<u>\$ 11,075,008</u>	<u>\$ 12,101,994</u>	<u>\$ 12,678,990</u>	<u>\$ 13,939,775</u>	<u>\$ 14,766,272</u>
\$ 3,496,123	\$ 3,601,007	\$ 3,492,976	\$ 3,580,301	\$ 3,949,614	\$ 4,153,801
1,981,068	1,981,102	2,031,250	2,056,154	1,794,582	1,763,189
67,171	67,063	68,560	68,001	74,601	76,093
<u>177,835</u>	<u>197,008</u>	<u>200,410</u>	<u>218,404</u>	<u>227,735</u>	<u>248,555</u>
<u>\$ 5,722,197</u>	<u>\$ 5,846,180</u>	<u>\$ 5,793,196</u>	<u>\$ 5,922,860</u>	<u>\$ 6,046,532</u>	<u>\$ 6,241,638</u>
32.185 %	33.170 %	29.184 %	30.463 %	28.156 %	28.083 %
17.314	17.329	16.102	13.997	12.793	11.921
0.587	0.586	0.543	0.463	0.532	0.514
<u>1.600</u>	<u>1.794</u>	<u>1.646</u>	<u>1.729</u>	<u>1.626</u>	<u>1.688</u>
<u>51.686 %</u>	<u>52.879 %</u>	<u>47.475 %</u>	<u>46.652 %</u>	<u>43.107 %</u>	<u>42.206 %</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Property Tax Capacity Rates - Direct and Overlapping Debt
Last Ten Fiscal Years

Table 7

Year Taxes Payable	City	City HRA	County	School	Watershed	Misc.	Total
2011	43.665	1.903	45.840	10.900	1.606	9.172	113.086 %
2012	47.527	1.974	48.231	17.262	1.705	9.523	126.222
2013	54.718	1.868	49.461	18.119	1.769	10.089	136.024
2014	55.250	1.850	49.959	19.075	1.806	10.561	138.501
2015	50.086	1.600	46.398	20.377	1.738	9.785	129.984
2016	51.085	1.794	45.356	19.991	1.724	9.530	129.480
2017	45.829	1.646	44.087	20.744	1.738	9.319	123.363
2018	44.923	1.729	42.808	20.298	1.694	8.973	120.425
2019	41.481	1.626	41.861	19.873	1.569	8.550	114.960
2020	40.518	1.688	41.084	19.062	1.493	8.219	112.064

The direct rate of the City of Mound is calculated in more detail in Table 6 of this report.
Please see page 114 for said calculation and detail.

City of Mound, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
December 31, 2020 - December 31, 2011

Table 8

Taxpayer	Type of Property	2020			2011		
		Total Tax	Rank	Percent of Total Tax	Total Tax	Rank	Percent of Total Tax
SCL Holdings-Mound, LLC	Commercial	\$ 179,250	1	1.21 %	\$ -		- %
Harrison Bay Senior Living, LLC	Residential - Apartment	126,938	2	0.86	-		-
Metro Storage -Mound LLC	Industrial	126,410	3	0.86	29,590	5	0.23
Grandview Minnesota, LLC	Residential - Apartment	104,113	4	0.71	54,213	2	0.42
Walgreens Company	Commercial	61,450	5	0.42	-		-
IKM Limited Partnership	Housing - Low Income	48,660	6	0.33	-		-
EGR Premier Properties LLC	Commercial	45,050	7	0.31	-		-
LHB Properties LLC	Residential - Apartment	33,213	8	0.22	-		-
Balboa Minnesota Co.	Industrial	30,875	9	0.21	-		-
Wells Fargo Bank NA	Commercial	29,050	10	0.20	23,950	8	0.19
Mound Marketplace, LLC	Commercial	-		-	115,450	1	0.89
Xcel Energy	Utilities	-		-	49,094	3	0.38
Balboa Minnesota Co.	Industrial	-		-	45,833	4	0.35
Beth D. Saliterman	Commercial	-		-	25,950	6	0.20
Centerpoint Energy	Industrial	-		-	24,158	7	0.19
Vernon & Nancy Hoiium	Commercial	-		-	20,150	9	0.16
Ray Mar Properties	Commercial	-		-	19,750	10	0.15
Total		<u>\$ 785,009</u>		<u>5.33 %</u>	<u>\$ 408,138</u>		<u>3.16 %</u>

Source: Hennepin County Taxpayer Services Department

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

Table 9

Fiscal Year	Total Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2011	\$ 5,652,467	\$ 5,567,117	98.49	85,350	\$ 5,652,467	100.00 %
2012	5,286,223	5,216,524	98.68	69,699	5,286,223	100.00
2013	5,513,960	5,458,298	98.99	55,662	5,513,960	100.00
2014	5,631,592	5,583,247	99.14	48,345	5,631,592	100.00
2015	5,722,197	5,662,691	98.96	56,543	5,719,234	99.95
2016	5,846,180	5,792,843	99.09	49,668	5,842,511	99.94
2017	5,793,196	5,760,438	99.43	27,549	5,787,987	99.91
2018	5,922,860	5,873,097	99.16	41,195	5,914,292	99.86
2019	6,046,532	6,000,790	99.24	19,694	6,020,484	99.57
2020	6,241,638	6,195,301	99.26	-	6,195,301	99.26

See the Tax Capacity and Estimated Actual Value of Taxable Property table on page 112 for tax levy information.

City of Mound, Minnesota
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Increment Bonds	Lease Revenue Bonds	Capital Leases	General Obligation Revenue Bonds	General Obligation Bonds			
2011	\$20,626,000	\$ 8,505,000	\$ 5,075,000	\$ 15,188	\$ 18,045,000	\$ -	\$52,266,188	11.82	\$ 5,754
2012	25,975,715	8,222,000	-	-	19,921,285	-	54,119,000	11.69	5,876
2013	27,052,430	7,895,000	-	-	23,532,570	-	58,480,000	12.33	6,309
2014	25,862,825	7,530,000	-	-	26,731,175	-	60,124,000	12.16	6,464
2015	24,767,444	7,153,000	-	-	30,337,556	-	62,258,000	12.08	6,693
2016	26,262,403	6,720,000	-	-	34,122,597	-	67,105,000	13.00	7,202
2017	23,072,362	6,259,000	-	-	30,157,638	-	59,489,000	11.52	6,333
2018	22,108,660	7,647,000	-	-	32,476,340	-	62,232,000	11.43	6,555
2019	17,947,638	4,170,000	-	-	26,182,362	-	48,300,000	8.50	5,167
2020	16,081,519	3,665,000	-	-	28,348,481	-	48,095,000	5.63	5,091

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Demographic and Economic Statistics table on page 123 for personal income and population data.

City of Mound, Minnesota
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 11

Fiscal Year	Estimated Population	Tax Capacity	Gross Bonded Debt	Less Restricted Fund Balance for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Tax Capacity	Net Bonded Debt Per Capita
2011	9,084	\$ 12,945,029	\$52,251,000	\$ 3,937,444	\$48,313,556	373.22	\$ 5,319
2012	9,210	11,220,668	54,119,000	3,690,849	50,428,151	449.42	5,475
2013	9,270	10,190,554	58,480,000	4,381,062	54,098,938	530.87	5,836
2014	9,302	9,871,463	60,124,000	2,180,474	57,943,526	586.98	6,229
2015	9,302	10,982,585	62,258,000	2,553,254	59,704,746	543.63	6,418
2016	9,318	11,075,008	67,105,000	3,912,655	63,192,345	570.59	6,782
2017	9,394	12,101,994	59,489,000	3,738,591	55,750,409	460.67	5,935
2018	9,494	12,678,990	62,232,000	5,456,027	56,775,973	447.80	5,980
2019	9,347	13,939,775	48,300,000	3,710,794	44,589,206	319.87	4,770
2020	9,447	14,766,272	48,095,000	3,784,669	44,310,331	300.08	4,690

Year 2010 population from US Census

See the Demographic and Economic Statistics table on page 123 for population data.

See the Tax Capacity and Estimated Actual Value of Taxable Property table on page 112 for tax capacity information.

City of Mound, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Debt
December 31, 2020

Table 12

	Total Debt	Net Debt Outstanding	Percent of Debt Applicable to City*	City of Mound Share of Debt
Direct Debt				
City of Mound	<u>\$ 19,882,088</u>	<u>\$ 16,097,419</u>	<u>100.00 %</u>	<u>\$ 16,097,419</u>
Overlapping Debt				
Hennepin County	1,480,100,000	998,790,298	0.73	7,291,169
School District #277	37,555,000	36,648,531	31.14	11,412,353
Hennepin Suburb Park District	58,525,000	42,954,642	1.05	451,024
Hennepin Regional RR Authority	94,705,000	93,859,422	0.73	685,174
Metropolitan Council	1,688,625,662	103,225,628	0.35	361,290
Total Overlapping Debt	<u>3,359,510,662</u>	<u>1,275,478,521</u>	<u>34.00</u>	<u>20,201,010</u>
Total Direct and Overlapping Debt	<u>\$ 3,379,392,750</u>	<u>\$ 1,291,575,940</u>	<u>2.81 %</u>	<u>\$ 36,298,429</u>

* The percentage of overlapping debt applicable is estimated using taxable market property values. Applicable percentages were estimated by determining the portion of the county's taxable market value that is within the City's boundaries and dividing it by the county's total taxable market value.

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

Source: Hennepin County Taxpayer Services Department

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

Table 13

	Fiscal Year			
	2011	2012	2013	2014
Debt Limit	\$ 35,927,028	\$ 54,222,000	\$ 29,631,612	\$ 28,838,049
Total Net Debt Applicable to Limit	<u>475,000</u>	<u>350,000</u>	<u>260,000</u>	<u>200,000</u>
Legal Debt Margin	<u>\$ 35,452,028</u>	<u>\$ 53,872,000</u>	<u>\$ 29,371,612</u>	<u>\$ 28,638,049</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.3%	0.6%	0.9%	0.7%

Note: Under state law, the City's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. Prior to 2008, state law provided that general obligation debt should not exceed 2 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 31,947,381	\$ 32,498,940	\$ 35,416,866	\$ 36,930,003	\$ 40,306,305	\$ 42,741,489
-	730,000	730,000	680,000	625,000	570,000
<u>\$ 31,947,381</u>	<u>\$ 31,768,940</u>	<u>\$ 34,686,866</u>	<u>\$ 36,250,003</u>	<u>\$ 39,681,305</u>	<u>\$ 42,171,489</u>
0.0%	2.2%	2.1%	1.8%	1.6%	1.3%

Legal Debt Margin Calculation

Taxable Market Value	<u>\$ 1,424,716,300</u>
Debt Limit (3 Percent of Market Value)	\$ 42,741,489
Debt Applicable to Limit	<u>570,000</u>
Legal Debt Margin	<u>\$ 42,171,489</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Revenue Bond Coverage
Last Ten Fiscal Years

Table 14

Fiscal Year	Gross Revenue	(2) Expenses	Net Revenue Available	Debt Service			Ratio of Net Revenue to Debt Service
				Principal	Interest	Total	
2011	\$ 3,981,850	(1) \$ 2,552,024	\$ 1,429,826	\$ 2,890,286	\$ 665,619	\$ 3,555,905	0.402 to 1
2012	3,981,850	(3) 2,552,024	1,429,826	1,918,714	700,846	2,619,560	0.546 to 1
2013	4,551,776	(3) 2,486,823	2,064,953	873,717	633,679	1,507,396	1.370 to 1
2014	4,632,193	(3) 2,602,295	2,029,898	3,301,396	782,482	4,083,878	0.497 to 1
2015	4,976,900	(3) 2,667,490	2,309,410	1,263,620	663,207	1,926,827	1.199 to 1
2016	5,355,569	(3) 2,432,607	2,922,962	1,454,959	891,549	2,346,508	1.246 to 1
2017	5,745,316	(3) 2,517,171	3,228,145	3,964,959	887,248	4,852,207	.665 to 1
2018	5,247,587	(3) 2,832,282	2,415,305	1,876,298	692,110	2,568,408	.940 to 1
2019	5,282,653	(3) 2,751,381	2,531,272	3,084,378	805,699	3,890,077	.940 to 1
2020	5,803,266	(3) 2,642,934	3,160,332	1,943,881	753,808	2,697,689	.940 to 1

(1) Includes Liquor, Water, Sewer and Storm Water Funds

(2) Excluding depreciation, interest on bonds, and transfers

(3) Includes Water, Sewer and Storm Water Funds

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

Table 15

Fiscal Year	Estimated Population	Number of Households	Persons per Household	Total Personal Income	Per Capita Personal Income	Median Age	K-12 School Enrollment	Unemployment Rate
2011	9,084	3,987	2.27	444,822,294	48,657	43.4	2,227	5.2
2012	9,210	3,997	2.30	464,452,660	50,260	44.0	2,255	4.8
2013	9,270	4,045	2.33	474,671,142	51,183	43.8	2,187	4.0
2014	9,302	4,045	2.33	494,975,460	53,166	44.2	2,253	3.0
2015	9,302	4,072	2.28	528,171,755	56,495	44.2	2,238	2.8
2016	9,318	4,089	2.28	544,534,179	57,751	42.0	2,321	2.7
2017	9,394	4,085	2.33	568,507,512	59,736	42.0	2,358	2.4
2018	9,494	4,089	2.28	854,017,512	89,736	46.0	2,460	2.1
2019	9,347	4,089	2.28	854,017,512 (3)	86,432 (4)	43.3 (5)	2,319 (6)	2.6 (7)
2020	9,447 (1)	4,173 (2)	2.26 (2)	854,017,512 *	86,432 *	43.3 *	2,319 *	2.6 *

Sources

In general, all prior year data was extracted from previous City of Mound Comprehensive Annual Financial Reports.

- (1) US Department of Commerce - Census Bureau
- (2) State of MN - Office of Geographic and Demographic Analysis
- (3) Calculated by the City
- (4) US Department of Commerce - Bureau of Economic Analysis
- (5) US Department of Commerce - Census Bureau
- (6) Westonka ISD
- (7) State of MN - Department of Employment and Economic Development

* Information not available at the time of publication, so the previous year data was used. Information will be updated in future years.

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

Table 16

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	6	6	6	5	5	5	5	5	4	4
Police										
Officers	12	13	*	*	*	*	*	*	*	*
Civilians	1	1	*	*	*	*	*	*	*	*
Reserve Officers (1)	6	6	*	*	*	*	*	*	*	*
Fire										
Firefighters and officers	1	1	1	1	1	1	1	1	1	1
Civilians	1	1	1	1	1	1	1	1	1	1
Volunteers (2)	41	38	39	40	39	39	39	38	39	39
Public Works										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	3	2	3	3	2	5	3	4	4	4
Culture and Recreation										
Parks	4	3	3	2	3	3	3	3	3	3
Seasonal Park Maintenance (3)	2	2	2	2	2	2	2	2	2	2
Economic Development										
Planning	2	2	2	2	2	2	2	2	2	2
Code Enforcement	-	-	-	1	1	1	1	1	1	1
Water	3	3	3	3	3	2	2	3	3	2
Sewer	3	3	3	3	3	2	2	3	3	2
Municipal Liquor Store	6	6	5	6	6	6	6	7	6	5
Total	<u>93</u>	<u>89</u>	<u>70</u>	<u>71</u>	<u>70</u>	<u>71</u>	<u>69</u>	<u>72</u>	<u>71</u>	<u>68</u>

(1) Total number of volunteer police reserve officers

(2) Total number of on-call volunteer fire fighters

(3) Three full-time employees from June to August

* Starting in 2013, the City contracts for its police services. Information is not available for police functions starting in 2013

Source: City of Mound

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

Table 17

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police calls	19,432	3,302	*	*	*	*	*	*	*	*
Physical arrests	663	283	*	*	*	*	*	*	*	*
Parking violations	349	210	*	*	*	*	*	*	*	*
Traffic violations	1,520	657	*	*	*	*	*	*	*	*
Fire										
Fire calls	615	554	558	525	550	588	596	602	568	597
Elections										
Registered voters last election	6,061	6,014	6,014	6,100	6,100	6,195	6,195	6,213	6,213	6,719
Number of votes cast last election	4,047	5,681	5,681	3,893	3,893	5,661	5,661	4,961	4,961	6,235
Percentage of registered voters voting	66.77%	94.46%	94.46%	63.82%	63.82%	91.38%	91.38%	79.85%	79.85%	92.80%
Building/Engineering										
Permits issued	419	314	199	350	380	439	224	444	448	403
Value of permits issued (in millions)	\$ 8,053,468	\$ 8,162,212	\$ 10,410,249	\$ 8,818,474	\$ 17,860,182	\$ 22,119,768	\$ 28,034,913	\$ 9,829,004	\$ 9,579,435	\$ 9,380,287
Water										
Consumers	3,694	3,741	3,705	3,778	3,727	3,735	3,780	3,765	3,773	3,771
New connections	1	4	17	9	20	27	10	19	8	4
Water mains breaks	7	4	14	13	13	4	8	4	5	6
Average daily consumption (thousands of gallons)	644	720	655	612	612	569	586	576	571	625
Maximum daily capacity (thousands of gallons)	2,200	2,200	2,200	2,200	4,320	4,320	4,320	4,320	4,320	4,320
User charge per thousand gallons	\$ 3.51	\$ 3.51	\$ 3.77	\$ 3.85	\$ 4.18	\$ 4.54	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92
Sewer										
Average daily treatment flow (thousands of gallons)	1,106	773	789	1,012	1,012	1,012	1,121	1,022	1,048	1,102
User charge per thousand gallons	\$ 3.87	\$ 4.16	\$ 4.41	\$ 4.85	\$ 5.31	\$ 5.81	\$ 6.36	\$ 6.75	\$ 6.75	\$ 7.16

* Starting in 2013, the City contracts for its police services. Information is not available for police functions starting in 2013.

Source: City of Mound

City of Mound, Minnesota
Statistical Section (Unaudited)
Capital Asset Statistics by Function
Last Ten Fiscal Years (1)

Table 18

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police										
Stations	1	1	*	*	*	*	*	*	*	*
Patrol units	7	7	*	*	*	*	*	*	*	*
Unmarked Patrol Units	5	5	*	*	*	*	*	*	*	*
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Highways and streets										
Streets (miles)	41	41	41	41	41	41	41	41	41	41
Streets rehabilitated	3	3.00	3	0.65	4.00	1.50	-	1	-	0.5
Sidewalks (miles)	11	11	11	11	11	11	11	11	11	11
Street lights	540	540	540	541	541	541	541	541	541	541
Traffic signals	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks division										
Parks	33	33	33	33	33	33	33	33	33	33
Parks acreage	45	45	45	45	45	45	45	45	45	45
Basketball courts	2	2	2	2	2	2	2	2	2	2
Softball diamonds	6	6	6	6	6	6	6	6	6	6
Swimming areas	5	5	5	5	5	5	5	5	5	5
Tennis courts	3	3	3	3	3	3	3	3	3	3
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Utilities										
Water										
Miles of water main	45	45	45	45	45	45	46	46	46	46
Miles of water main rehabilitated	-	1	1	0.86	3.50	0.84	-	1	-	0.5
Fire hydrants	411	411	414	414	415	416	420	420	420	420
Sewer										
Miles of sanitary sewer	60	60	60	60	60	60	60	60	60	60
Miles of sanitary sewer rehabilitated	-	0	0	0.30	1.25	0.37	0.54	0.89	-	0.5
Lift stations	31	31	30	30	30	30	30	30	30	30
Storm sewer										
Miles of storm sewer	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8
Parking System										
Off-street parking										
Off street lots	5	5	5	5	5	5	5	5	5	5
Off street leased spaces	2	2	2	2	2	2	2	2	2	2

(1) Table added for 2006 and will be updated on a go-forward basis

* Starting in 2013, the City contracts for its police services. Information is not available for police functions starting in 2013.

Source: City of Mound

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

OTHER FINANCIAL INFORMATION (UNAUDITED)

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Mound, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
December 31, 2020 and 2019

Exhibit H-1

	<u>2020</u>	<u>2019</u>
Governmental Funds Capital Assets		
Land	\$ 198,366	\$ 198,366
Buildings and structures	11,988,250	11,988,250
Improvements other than buildings	1,997,593	1,805,770
Furniture and equipment	4,863,496	4,624,834
Infrastructure	30,823,524	30,144,594
Construction in progress	<u>379,536</u>	<u>716,057</u>
Total Governmental Funds Capital Assets	<u>\$ 50,250,765</u>	<u>\$ 49,477,871</u>
Investments in Governmental Funds Capital Assets by Source		
General and special revenue funds	\$ 19,047,705	\$ 18,831,501
Capital projects funds	<u>31,203,060</u>	<u>30,646,370</u>
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 50,250,765</u>	<u>\$ 49,477,871</u>

City of Mound, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function
December 31, 2020

Exhibit H-2

	<u>Total</u>	<u>Land</u>	<u>Buildings and Structures</u>	<u>Improvements Other Than Buildings</u>	<u>Furniture and Equipment</u>	<u>Infrastructure</u>
Governmental Capital Assets						
General government	\$ 810,161	\$ 159,366	\$ 389,685	\$ 105,546	\$ 155,564	\$ -
Public safety	8,015,812	-	5,918,190	-	2,097,622	-
Public works	39,347,631	-	5,602,904	1,075,556	1,845,647	30,823,524
Culture and recreation	<u>1,697,625</u>	<u>39,000</u>	<u>77,471</u>	<u>816,491</u>	<u>764,663</u>	<u>-</u>
 Total Governmental Capital Assets	 <u><u>\$ 49,871,229</u></u>	 <u><u>\$ 198,366</u></u>	 <u><u>\$ 11,988,250</u></u>	 <u><u>\$ 1,997,593</u></u>	 <u><u>\$ 4,863,496</u></u>	 <u><u>\$ 30,823,524</u></u>

City of Mound, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended December 31, 2020

Exhibit H-3

	Governmental Capital Assets January 1	Additions	Deductions	Governmental Capital Assets December 31
Governmental Capital Assets				
General government	\$ 834,025	\$ 20,578	\$ 44,442	\$ 810,161
Public safety	8,029,813	-	14,001	8,015,812
Public works	38,405,944	1,151,158	209,471	39,347,631
Culture and recreation	1,492,032	212,603	7,010	1,697,625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Capital Assets	<u>\$ 48,761,814</u>	<u>\$ 1,384,339</u>	<u>\$ 274,924</u>	<u>\$ 49,871,229</u>

City of Mound, Minnesota
Schedule of Sources and Uses of Public Funds
For Redevelopment Tax Increment Financing District No. 1-3
For the Year Ended December 31, 2020

Exhibit I-1

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Source of Funds				
Tax increment revenue	\$ 35,000,000	\$ 2,090,462	\$ 247,876	\$ 32,661,662
Interest on invested funds	-	211,541	-	(211,541)
Proceeds from sale of bonds	-	13,816,359	-	(13,816,359)
State contributions	-	2,020,017	-	(2,020,017)
Other	-	40,575	-	(40,575)
Transfer in	-	1,200,000	-	(1,200,000)
Premium on bonds issued	-	89,781	-	(89,781)
Total Source of Funds	<u>35,000,000</u>	<u>19,468,735</u>	<u>247,876</u>	<u>15,283,389</u>
Use of Funds				
Land acquisition	7,000,000	1,762,430	-	5,237,570
Site improvements	7,000,000	3,666,765	-	3,333,235
Public utilities	1,000,000	-	-	1,000,000
Parking facilities	500,000	-	-	500,000
Streets and sidewalks	500,000	-	-	500,000
Other public improvements	4,000,000	152,902	35,411	3,811,687
Interest	13,385,405	-	-	13,385,405
Loan payments				
Principal	-	11,905,000	105,000	(12,010,000)
Interest and other	-	2,206,191	69,878	(2,276,069)
Total Use of Funds	<u>33,385,405</u>	<u>19,693,288</u>	<u>210,289</u>	<u>13,481,828</u>
Funds Remaining	<u>\$ 1,614,595</u>	<u>\$ (224,553)</u>	<u>\$ 37,587</u>	<u>\$ 1,801,561</u>