

CITY OF MOUND
MOUND, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

REPORT PREPARED BY
THE CITY OF MOUND FINANCE DEPARTMENT

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City of Mound, Minnesota
Annual Comprehensive Financial Report
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For the Year Ended December 31, 2022

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INTRODUCTORY SECTION

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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

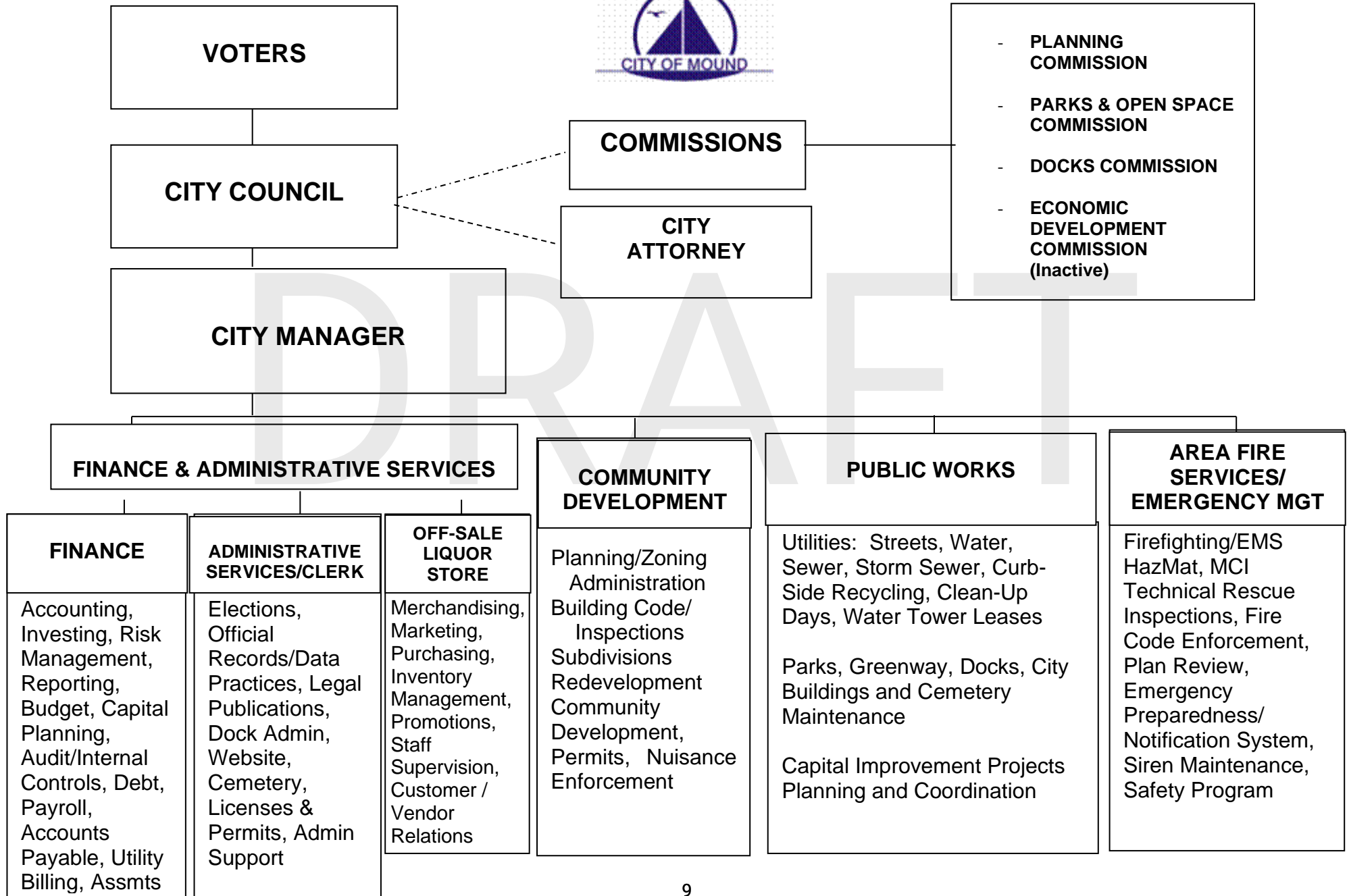
ELECTED

Name	Term Expires	Title
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	Administrative Services Director
Noah Iverson	Finance Director
Greg Pederson	Fire Chief
Sarah Smith	Community Development Director
Ron Gust	Liquor Store Manager
Correy Farniok	Orono Police Chief
Ryan Prich	Public Works Superintendent

CITY OF MOUND – ORGANIZATIONAL CHART



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MOUND, MINNESOTA 55364

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June 1, 2023

**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, 2022, 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 2022: 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 2020 Census, is estimated at 9,398. 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 necessarily a rapidly expanding tax base. Because less than 10 percent of the land in Mound is currently vacant, redevelopment has played a vital role in growing the City's resources. Redevelopment means going from a lower usage to a higher density or intensity, whether that means new medium density multi-family or lake homes being scraped and rebuilt. 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 2022 were the following:

- The 15-year neighborhood total street reconstruction program was completed in 2018, which included Municipal State Aid (MSA) streets and repairs to underground sewer and water pipes as needed. An ongoing robust maintenance plan to extend the life of the new streets includes seal coat and crack seal every 5 – 7 years, mill and overlay after 20 years and reclaim and pave (considered total reconstruction) after 30 years.
- Twenty-four of the City's 30 sanitary sewer lift stations were reconstructed as of 2022. Multi-year cooperative projects with Metropolitan Council Environmental Services (MCES) were substantially completed with the MCES making over \$40M in investments in Mound since 2014.
- An Infrastructure Replacement Reserve fund was created in 2018 which is funded by a revenue levy with the goal to reduce the need for financing and avoid special assessments for future street projects. Capital reserve funds were also created for City buildings, equipment, parks and open spaces in order to build reserves and better manage fluctuations in these types of expenditures.
- The City's Key Financial Strategies, or Long Term Financial Plan, approved in 2018 had its assumptions tested as the City lost LGA funding, experienced high inflation and encountered new challenges like changes in expectations for service levels and new water quality advisory standards. A new citywide assessment will be undertaken to identify options to fund priorities and preserve the City's overall fiscal health while managing increases to property tax and utility rates.
- The City issued building permits with a total value of improvements of \$16,233,886, or nearly 20% higher than the prior year. Building permit fees totaled \$338,839 for which \$214,788 was paid to MNSPECT, the City's contracted building official firm.
- The municipal liquor store revenues were down slightly at \$3.821M from the prior year's pandemic peak and the gross profit percentage was steady at 28.8 percent. The store was named the most profitable municipal liquor store in the Twin Cities seven-county metro area in 2021, up from number three in 2020. This recognition speaks to the strong management practices and the fact that the store has become known as a destination for rare products and a vast selection. The amount of profits transferred for tax relief increased to \$250K.
- The City of Mound continued implementation of the 2040 Comprehensive Plan Update, which reimagines the downtown revitalization concepts to adjust to changes in market conditions and increase flexibility. The Council has initiated a Comprehensive Plan Health Check in 2023 to reexamine the desired densities for new developments.
- 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. An organics recycling drop-off site was launched in 2022.
- Continued administration of the storm water utility management plan. Many neighborhood storm water projects have also been initiated to comply with MCWD mandates. The City adopted a policy in 2022 that will limit its responsibility for lake management to essentially city shoreline stabilization, specifically stating that the discharge of stormwater into Lake Minnetonka as "receiving waters" under the City of Mound Municipal Separate Storm Sewer System (MS4) permit does not establish an inherent obligation of the City to address general lake bottom, navigation, and/or weed conditions throughout the lake.
- Significant infrastructure improvements have been completed in our water utility, including the Chateau Water Tower that was replaced along with a new pumphouse 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. Phased improvement of watermains is now the priority in addition to soliciting outside funding for a potential water treatment facility.

- 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 much lower 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 and the www.cityofmound.com was upgraded. Expanding outreach via multiple mediums has become a priority for the new City Council.
- 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. The City is partnering with Hennepin County and Three Rivers Park District to improve safety at the trail crossings.
- 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.
- Commercial vacancies are down and the City is seeing reinvestment and reimagining of long-vacant commercial properties. Lifestyle Communities finished its planning approvals and is set to begin construction of a 52-unit cooperative living community in the heart of downtown with the remainder of the space to be dedicated as a public park and event gathering space.
- The City Council approved the Community Development Block Grant (CDBG) and recommended the funding support local senior services, rehab grants for private property, and the Westonka Community Action Network.
- The City received \$1.039M in ARPA funding in 2021 that is being used for watermain improvements.
- The City’s taxable market value increased 30% for the 2022 assessment, causing the City to lose \$144K in Local Government Aid (LGA) for 2023 and another estimated \$94K in 2024.

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 2.14% per year from 2010 – 2023, down significantly from the 10.84% average from 2000 - 2009. The City is soliciting proposals for a strategic planning facilitation and citywide long range financial plan to consider how to fund changes in the environment like inflation and loss of LGA and changes in service level expectations, in addition to the ever growing need for investments in infrastructure. Infrastructure improvements have put pressure on utility rates, but after over 5 years of keeping rates essentially flat, neighboring cities have begun to catch up and it is important that the City establish the justification for returning to steady rate increases over time.

With the completion of the 15-year total street reconstruction in 2018, mill and overlay projects are scheduled to start up again in 2025. Other Public Works projects include storm water drainage improvements, inflow/infiltration and manhole remediation, sanitary sewer lift station reconstruction, watermain replacement and completion of a wellhead protection plan in accordance with state and federal regulations.

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 and federal public funding to pay for a water treatment facility to remove iron and manganese from our source water. The State of Minnesota approved \$10.3M of the estimated \$36M treatment plant as part of the bonding bill, and additional funds are being sought at the federal level. The City plans to reapply for additional funding from both the state and federal levels in future years, and figuring out the best way to move forward will be a key focus of the strategic planning process.

DEPARTMENT FOCUS

Each year, one department is selected to highlight that department's efforts and accomplishments. This year the Parks Department and the Municipal Docks and Commons Program have been selected. The Parks Division is responsible for managing the City's 34 parks, as well as the maintenance of the public streetscapes, municipal cemetery, and municipal buildings. The department received a \$75K DNR Urban Forestry Management Plan grant in 2022 that will fund a forestry management plan, tree survey, Emerald Ash Borer (EAB) response plan, and fund removal and replacement of impacted trees on public lands. In recent years, the City has made significant investments to revitalize the parks, including installing new pickle ball courts and developing master plans for the flagship Surfside Park & Beach and new Harbor District Park that will be developed in the heart of downtown.

The Mound Docks & Commons Program is the largest municipally owned dock program in the state, permitting up to 590 boats annually on Lake Minnetonka. Developers platted Commons, or linear accessways, along the shores of Lake Minnetonka in the subdivisions created between the years 1906-1921. It was their desire to dedicate the shorelines of Mound, just as parks are dedicated for public use, so that all Mound residents could enjoy use of the lake, not just those whose property faces (abuts) the lake. A 2004 shoreline study measured 104,225 lineal feet of Lake Minnetonka shoreline in the City of Mound of which 36,301 lineal feet is controlled by the City and qualifies it for the multiple dock license with the Lake Minnetonka Conservation District (LMCD).

This is an extremely popular program and is very unique to Mound. As part of downtown redevelopment, Lost Lake was redredged and 47 overnight slips and 14 day-use slips were created to provide access from Lake Minnetonka to downtown Mound. While the regular dock program fees are kept intentionally below market to ensure that our residents continue to have affordable access to Lake Minnetonka, the Lost Lake slip fees are higher and will help maintain the navigability of the channel and the amenities of the Greenway, pier and new Harbor District Park.

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 which the City has been consistently able to exceed.

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 maintains 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.

Capital financing for major municipal improvements is provided through reserves, improvement bonds, general obligation bonds, tax increment bonds, and/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 in the form of year-end adjustments to offset negative cash balances allow the City to manage pressure on utility rates while continuing utility infrastructure improvements.

In addition, the City maintains budgetary controls. The objective of 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 change in fund balance level as often overages in expenditures are offset by favorable revenues.

In addition, the City engages in long-term financial planning. The City Council approved a ten-year capital improvement plan in 2018 which is reviewed annually on a rolling basis. Debt service payments will dramatically decline starting in 2023 and the plan is to maintain the levy and build reserves in order to reduce future reliance on debt and special assessments. As previously stated, a more rigorous update will take place in 2023 as many of the original assumptions are being challenged.

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. LMCIT's reserves and rates are reviewed annually by an actuary to help assure that the program remains financially strong. As with other expenses and inflation, the City absorbed higher than average premium increases in 2023.

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
Administrative Services Director

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FINANCIAL SECTION

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the table of contents.

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. 87, Accounting and Financial Reporting for Leases, 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, 2022, 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, 2022, 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Report on Summarized Comparative Information

We have previously audited the City's 2021 financial statements, and we expressed qualified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major proprietary fund in our report dated June 7, 2022. In our opinion, the summarized comparative information presented herein for the respective proprietary fund financial statements as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Information

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

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



Abdo
Minneapolis, Minnesota
June 1, 2023



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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, 2022.

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 \$45,301,730 (net position). Of this amount, \$6,711,925 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,560,145. Governmental activities accounted for \$2,471,861 of the total increase in net position while business-type activities increased by \$1,088,284. Governmental activities increase was mainly due to favorable tax receipts, capital reserve funding, and an increase in investment income due to rising rates. Business activities increase was primarily due to strong sales in off-sale municipal liquor store operations and unbudgeted federal grants provided by the American Rescue Plan Act.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,430,567, an increase of \$569,064 in comparison with the prior year. The increase is mainly attributed to reserve capital funding. Approximately 20% or \$2,904,069 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 \$3,352,710, or 56.2% 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 decreased \$5,046,462 or 11.6% during the current fiscal year.
- The City's investment income totaled \$129,343, an increase of \$115,410 from prior year. Unfortunately, much of the gains in investment income were offset by historic inflation on goods and services.

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

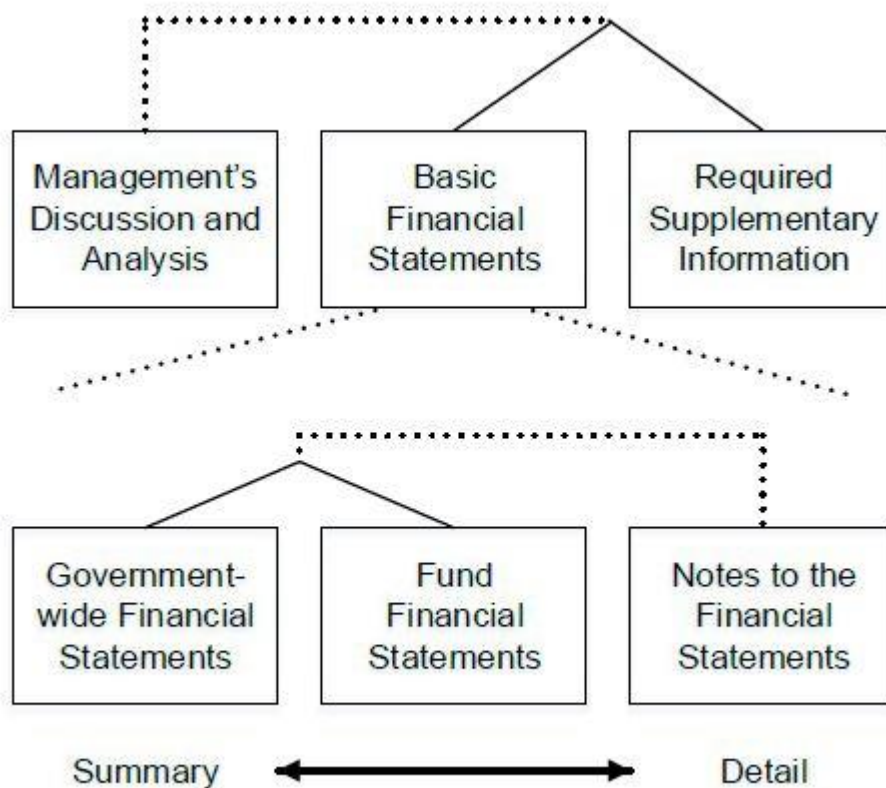


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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, Area Fire Service fund and Capital Improvement 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 76 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 \$45,301,730 at the close of the most recent fiscal year as shown in the Summary of Net Position down below.

The City's net position in capital assets 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		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Assets						
Current and other assets	\$ 17,840,218	\$ 17,727,232	\$ 112,986	\$ (58,351)	\$ (25,543)	\$ (32,808)
Capital assets	33,170,885	34,092,676	(921,791)	35,427,339	36,133,114	(705,775)
Total Assets	51,011,103	51,819,908	(808,805)	35,368,988	36,107,571	(738,583)
Liabilities						
Long-term liabilities						
outstanding	14,413,712	17,311,738	(2,898,026)	24,524,963	26,688,122	(2,163,159)
Other liabilities	1,011,534	1,394,174	(382,640)	1,128,152	791,860	336,292
Total Liabilities	15,425,246	18,705,912	(3,280,666)	25,653,115	27,479,982	(1,826,867)
Deferred Inflows of Resources						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Net Position						
Net investment in capital assets	21,756,632	20,354,790	1,401,842	12,564,557	10,140,949	2,423,608
Restricted	4,268,616	4,248,389	20,227	-	-	-
Unrestricted	9,560,609	8,510,817	1,049,792	(2,848,684)	(1,513,360)	(1,335,324)
Total Net Position	\$ 35,585,857	\$ 33,113,996	\$ 2,471,861	\$ 9,715,873	\$ 8,627,589	\$ 1,088,284

The City's *net investment in capital assets* represents 75.8% of net position. An additional portion of the City's net position (9.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (14.8%) may be used to meet the City's ongoing obligations to citizens and creditors.

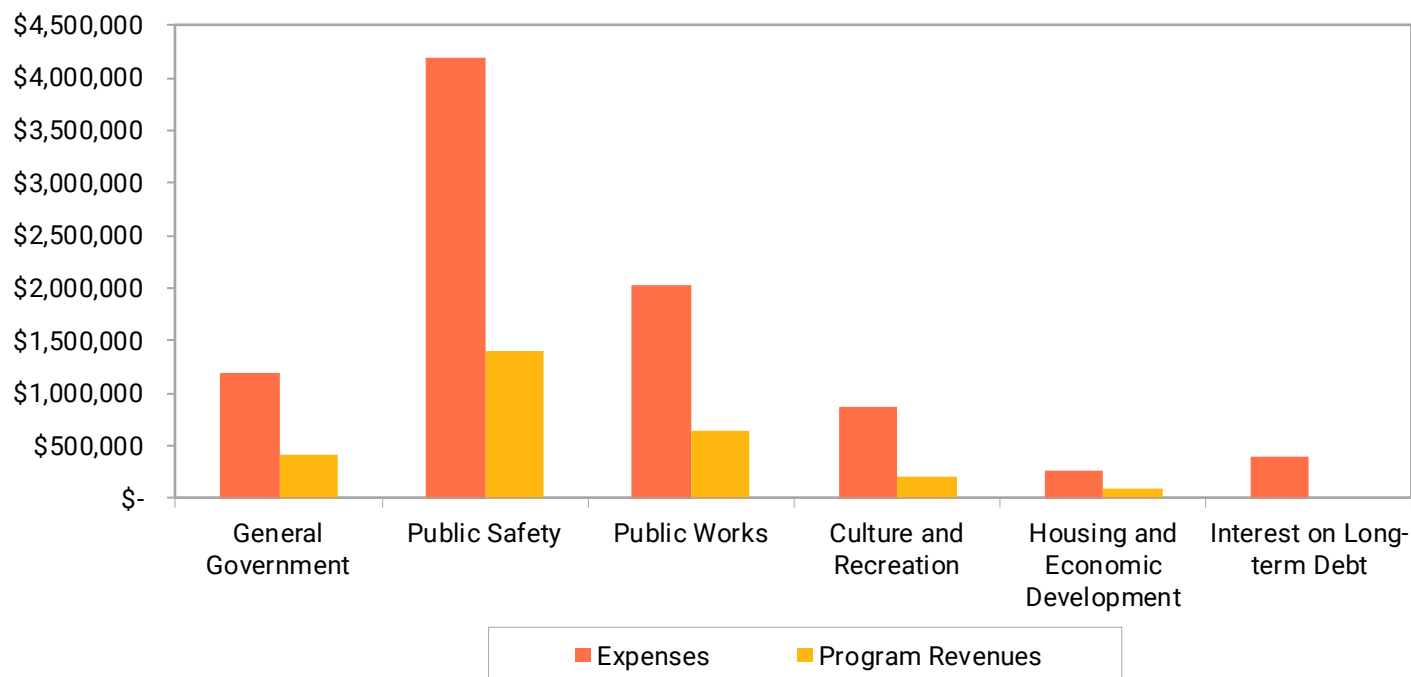
Governmental Activities. Governmental activities' net position increased by \$2,471,861, accounting for 69.4% of the growth in the City's net position. Factors contributing to this change are illustrated below and on the following page.

City of Mound's Changes in Net Position

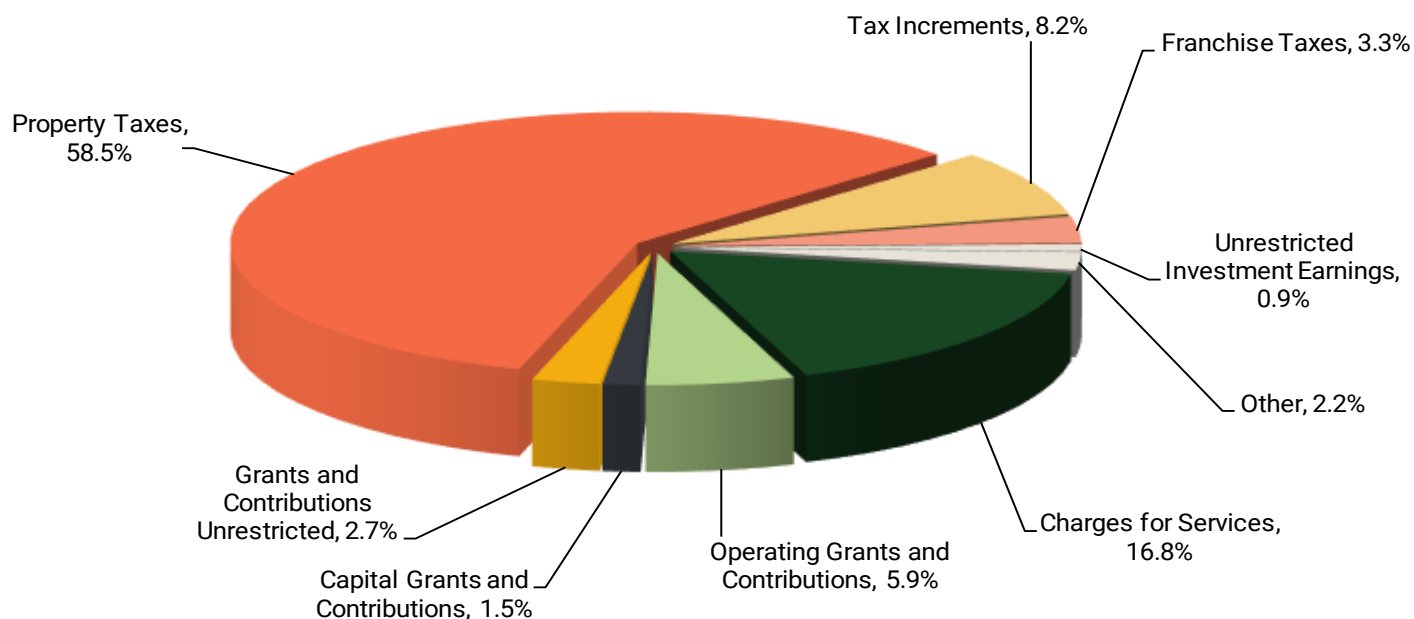
	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,902,435	\$ 1,894,174	\$ 8,261	\$ 8,910,228	\$ 9,000,121	\$ (89,893)
Operating grants and contributions	679,431	653,008	26,423	18,661	18,301	360
Capital grants and contributions	169,328	154,233	15,095	-	1,015	(1,015)
General revenues						
Property taxes/tax increments	7,619,480	7,164,926	454,554	180,000	180,000	-
Franchise taxes	381,925	386,787	(4,862)	-	-	-
Grants and contributions not restricted to specific programs	313,146	313,146	-	332,432	362,124	(29,692)
Investment earnings	107,679	11,443	96,236	21,664	2,490	19,174
Gain on sale of capital assets	5,392	62,715	(57,323)	-	-	-
Total Revenues	<u>11,178,816</u>	<u>10,640,432</u>	<u>538,384</u>	<u>9,462,985</u>	<u>9,564,051</u>	<u>(101,066)</u>
Expenses						
General government	1,200,506	1,970,602	(770,096)	-	-	-
Public safety	4,199,967	4,034,136	165,831	-	-	-
Public works	2,029,199	1,956,950	72,249	-	-	-
Culture and recreation	865,711	754,563	111,148	-	-	-
Housing and economic development	257,316	289,505	(32,189)	-	-	-
Interest on long-term debt	404,256	482,611	(78,355)	-	-	-
Water	-	-	-	1,879,319	1,931,878	(52,559)
Sewer	-	-	-	2,250,749	2,381,166	(130,417)
Municipal liquor	-	-	-	3,409,989	3,411,372	(1,383)
Recycling	-	-	-	251,464	197,986	53,478
Storm water	-	-	-	333,180	355,543	(22,363)
Total Expenses	<u>8,956,955</u>	<u>9,488,367</u>	<u>(531,412)</u>	<u>8,124,701</u>	<u>8,277,945</u>	<u>(153,244)</u>
Increase in Net Position Before Transfers	2,221,861	1,152,065	1,069,796	1,338,284	1,286,106	52,178
Transfers - Internal Activities	250,000	200,000	50,000	(250,000)	(200,000)	(50,000)
Change in Net Position	2,471,861	1,352,065	1,119,796	1,088,284	1,086,106	2,178
Net Position, January 1	<u>33,113,996</u>	<u>31,761,931</u>	<u>1,352,065</u>	<u>8,627,589</u>	<u>7,541,483</u>	<u>1,086,106</u>
Net Position, December 31	<u>\$ 35,585,857</u>	<u>\$ 33,113,996</u>	<u>\$ 2,471,861</u>	<u>\$ 9,715,873</u>	<u>\$ 8,627,589</u>	<u>\$ 1,088,284</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

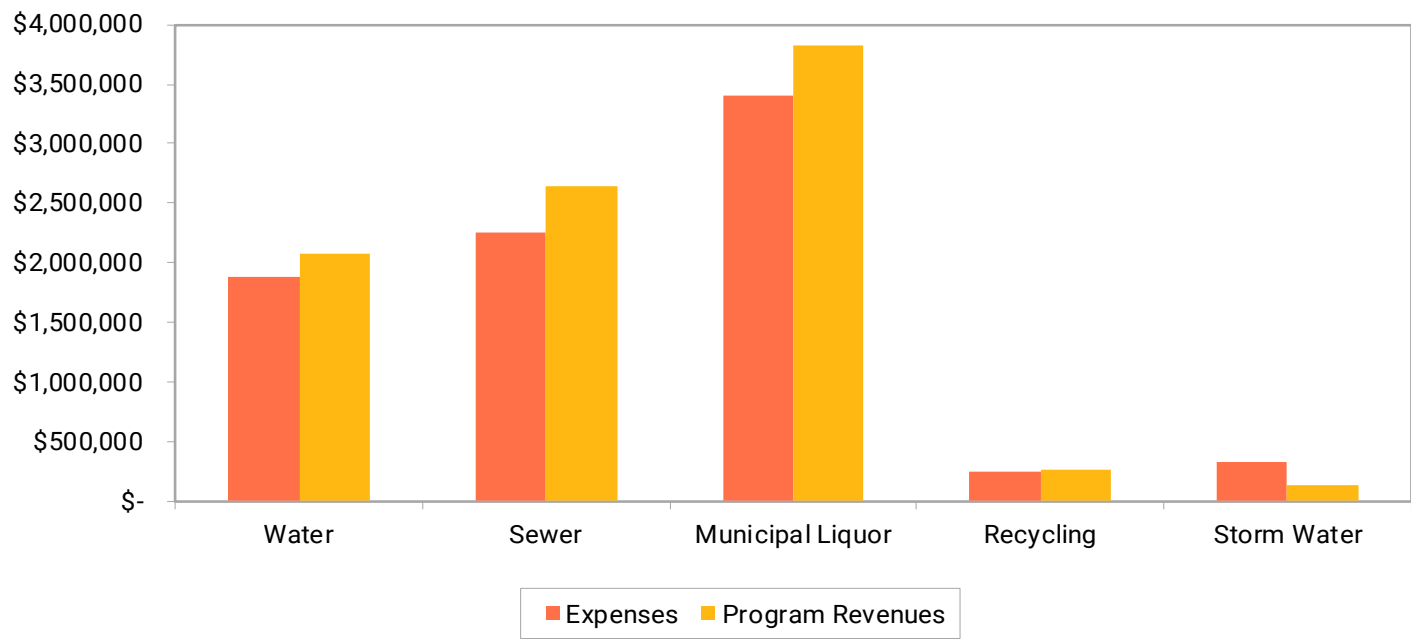


Revenues by Source - Governmental Activities

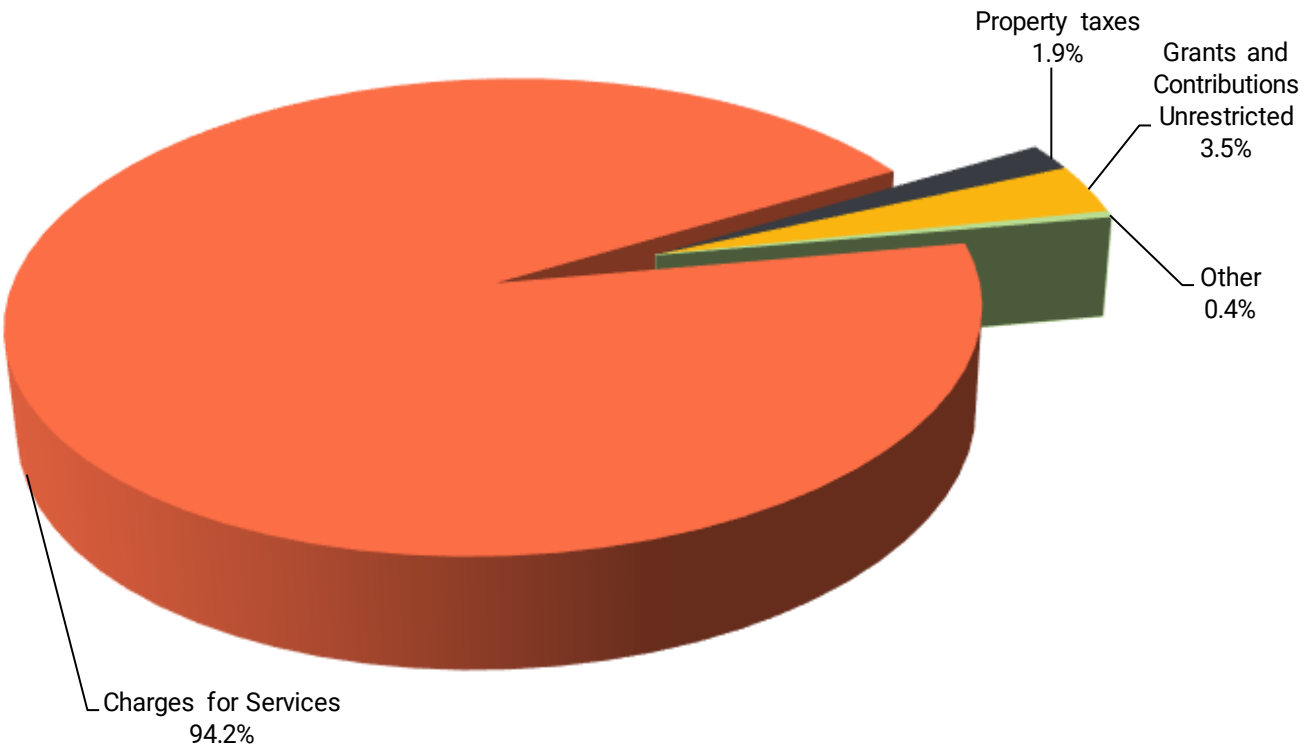


Business-type Activities. Business-type activities’ net position increased by \$1,088,284 during the year. Factors contributing to this change are illustrated below.

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 \$14,430,567, an increase of \$569,064 in comparison with the prior year. Approximately 20% of this total amount or \$2,904,069 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balances \$11,526,498 is not available for new spending because it is either 1) nonspendable (\$684,158), 2) restricted (\$5,601,447), or 3) assigned (\$5,240,893) 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 \$3,354,070. 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 49% of fund expenditures and transfers out, while total fund balance represents 56% of that same amount.

The fund balance of the City's General fund increased \$30,375 from prior year. The City had budgeted a \$165,842 decrease of fund balance during the year. The increase in actual fund balance was due to favorable tax receipts and an increase in interest income due to rising rates. These two revenue streams offset overall expenditures that were over budget by \$100,689.

The Debt Service fund has a total fund balance of \$5,057,235, all of which is restricted for the payment of debt service.

The Area Fire Service fund has an ending fund balance of \$943,048. The fund balance decreased \$127,879 from 2021, which was lower than the budgeted fund balance decrease of \$164,548. The variance from budget to actual change in fund balance is attributed to unbudgeted contributions and donations that are allocated to the miscellaneous revenue line item.

The Capital Improvement fund has an ending fund balance of \$2,220,349 all of which is assigned for future capital. The fund balance minimally decreased by \$3,266 from 2021.

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 \$2,848,684. The total increase in net position was \$1,088,284. 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 1.54% from 2013 to 2022. This was achieved by continuing efforts to streamline operations, including an over 25% 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 \$165,842. The General fund actual results resulted in revenues exceeding expenditures by \$30,375. Total revenues had a positive budget variance of \$296,906 primarily due to favorable tax receipts and interest on investments that helped to offset the negative budget variance in expenditures of \$100,689 mainly due to historic inflation on goods and services.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$68,598,224 (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 during the year by 2.32%.

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

- R-1 Lift Station improvement project
- Downtown paver sidewalk project
- Lynwood Boulevard watermain improvement projects
- Surfside Depot site improvements

Additional information on the City's capital assets can be found in Note 3B starting on page 62 of this report.

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

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 198,366	\$ 198,366	\$ -	\$ 488,685	\$ 488,685	\$ -
Construction in Progress	624,889	370,545	254,344	828,682	1,494,281	(665,599)
Buildings	7,175,728	7,475,746	(300,018)	769,882	807,615	(37,733)
Improvements other than Buildings	985,942	770,618	215,324	-	-	-
Equipment	1,497,445	1,809,340	(311,895)	255,027	348,243	(93,216)
Infrastructure	22,688,515	23,468,061	(779,546)	33,085,063	32,994,290	90,773
Total	<u>\$ 33,170,885</u>	<u>\$ 34,092,676</u>	<u>\$ (921,791)</u>	<u>\$ 35,427,339</u>	<u>\$ 36,133,114</u>	<u>\$ (705,775)</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$38,596,018.

City of Mound's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Revenue Bonds	\$ -	\$ -	\$ -	\$ 24,245,746	\$ 28,348,481	\$ (4,102,735)
G.O. Tax Increment Bonds	2,627,000	3,665,000	(1,038,000)	-	-	-
G.O. Improvement Bonds	11,414,253	16,081,519	(4,667,266)	-	-	-
Bond Premium	99,632	135,569	(35,937)	209,387	246,376	(36,989)
Total	<u>\$ 14,140,885</u>	<u>\$ 19,882,088</u>	<u>\$ (5,741,203)</u>	<u>\$ 24,455,133</u>	<u>\$ 28,594,857</u>	<u>\$ (4,139,724)</u>

The City's total debt decreased during the current fiscal year as the City made regularly scheduled debt service and interest payments and did not issue any new debt.

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 65 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the local area was 2.6 percent in December 2022, which is an increase from a rate of 2.3 percent in December 2021. This compares favorably to the State's and national average unemployment rate of 2.9 percent and 3.3 percent, respectively.
- Tax Capacity increased by 4.4 percent in 2022. The City expects an unprecedented tax capacity increase of 28.5 percent in 2023. This will mark the tenth straight year tax capacity has seen an increase since the great recession. In 2021, the City finally recovered the tax capacity lost from the great recession. The City expects 2023 tax capacity to be approximately 50% higher than the prior peak before the great recession.
- Inflationary pressures are being felt due to supply chain, labor shortages, and monetary policies. 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, and in some cases postponing projects until the markets settle.

The City thoroughly reviewed its banking services and investment needs throughout 2021 and elected to switch financial institutions in late 2021. The change has made significant improvements to the City's banking and investment goals. The City's bank service fees decreased by \$21K and were the lowest in 10+ years while investment vehicles available to the City were greatly enhanced. As of April 2023, the City's average daily yield on all cash and investments was 4.5%. Increased interest income and decreased bank service fees will continue to have a positive effect on the City's budget.

All of these factors were considered in preparing the City's budget for the 2023 fiscal year.

The City began receiving Local Government Aid (LGA) from the State of Minnesota in 2014, the first time since it ended in 2003. With the assistance of LGA and cost savings measures, the City was able to maintain an average levy increase of 1.96% between 2010 and 2022. With the continued LGA, ongoing cost savings measures, retiring debt and low inflation, in 2018 the City was able to adopt a 10+ year Long-Term Financial Plan designed to build capital reserves for future infrastructure investments while managing and balancing tax and utility rates. However, in 2023, primarily due to increased tax capacity, the City's LGA was reduced by \$144K, or the equivalent of 3% of the 2023 General fund levy. The City is scheduled to lose another \$94,080 in 2024, or the equivalent of 2% of the 2023 General fund levy. The City Council approved a 5% total levy increase for 2023 and will be undertaking a study to evaluate the impacts of loss in LGA, inflation and changes in expectations for service levels on the long term financial plan.

The 2023 budgeted General fund expenditures increased \$536,030 or 9.14% from 2022. The budgeted increase in General fund expenditures was driven by historic inflation and a shifting of the City's contribution to the Area Fire Services fund from a special levy for the financing of the building, which was paid off in 2022, to the General Fund levy. The 2021 – 2023 collective bargaining agreement with the Public Works union allowed for a 3% wage increase per year, which prevented a higher than average increase in payroll and benefits many peer cities experienced.

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 there has been significant investments and improvements to the City's utility infrastructure, there are still miles of watermain to replace/reline, 6 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. To reduce pressure on utility rates, in 2020 the Council approved \$4.24M in bonds for the sewer fund that will be repaid with a property tax special levy. The City of Mound and the Minnesota Department of Health (MDH) routinely conduct water analysis testing to monitor water quality. Testing indicates the City's drinking water supply complies with the Safe Drinking Water Act's primary drinking water standards. However, recent testing indicates elevated levels of manganese greater than the MDH recommended health advisory guideline levels. The City is currently working with our engineering consultants and MDH to determine possible short-term and long-term treatment options to reduce the manganese levels in the City's drinking water and has solicited funding at the state and federal levels.

The City received \$1.77M in COVID-19 pandemic related funding. Allocations included \$1.04M for watermain improvement projects, \$500K to the Westonka School District for safe reopening of schools, and the remainder to the General Fund for pandemic related expenses.

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 Finance Department, City of Mound, 2415 Wilshire Boulevard, Mound, Minnesota 55364.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 11,059,129	\$ 1,137,057	\$ 12,196,186
Receivables			
Accounts	88,872	1,377,711	1,466,583
Taxes	110,439	-	110,439
Special assessments	1,954,479	262,474	2,216,953
Internal balances	3,364,438	(3,364,438)	-
Due from other governments	337,918	-	337,918
Inventory	-	528,845	528,845
Prepaid items	684,158	-	684,158
Land held for resale	240,785	-	240,785
Capital assets			
Land and construction in progress	823,255	1,317,367	2,140,622
Depreciable, net of accumulated depreciation	32,347,630	34,109,972	66,457,602
Total Assets	<u>51,011,103</u>	<u>35,368,988</u>	<u>86,380,091</u>
Liabilities			
Accounts payable	347,987	458,914	806,901
Accrued salaries payable	64,243	14,127	78,370
Due to other governments	3,543	39,208	42,751
Deposits payable	430,105	9,990	440,095
Accrued interest payable	165,156	261,304	426,460
Unearned revenue	500	344,609	345,109
Noncurrent liabilities			
Due within one year	2,941,163	2,178,432	5,119,595
Due in more than one year	11,472,549	22,346,531	33,819,080
Total Liabilities	<u>15,425,246</u>	<u>25,653,115</u>	<u>41,078,361</u>
Net Position			
Net investment in capital assets	21,756,632	12,564,557	34,321,189
Restricted for			
Debt service	3,724,404	-	3,724,404
Economic development	544,212	-	544,212
Unrestricted	9,560,609	(2,848,684)	6,711,925
Total Net Position	<u>\$ 35,585,857</u>	<u>\$ 9,715,873</u>	<u>\$ 45,301,730</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, 2022

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	\$1,200,506	\$ 404,122	\$ 13,438	\$ -	\$ (782,946)	\$ -	\$ (782,946)
Public safety	4,199,967	1,253,672	148,478	-	(2,797,817)	-	(2,797,817)
Public works	2,029,199	44,120	425,465	169,328	(1,390,286)	-	(1,390,286)
Culture and recreation	865,711	200,521	-	-	(665,190)	-	(665,190)
Housing and economic development	257,316	-	92,050	-	(165,266)	-	(165,266)
Interest on long-term debt	404,256	-	-	-	(404,256)	-	(404,256)
Total Governmental Activities	<u>8,956,955</u>	<u>1,902,435</u>	<u>679,431</u>	<u>169,328</u>	<u>(6,205,761)</u>	<u>-</u>	<u>(6,205,761)</u>
Business-type Activities							
Water	1,879,319	2,075,846	-	-	-	196,527	196,527
Sewer	2,250,749	2,636,369	-	-	-	385,620	385,620
Municipal liquor	3,409,989	3,820,758	-	-	-	410,769	410,769
Recycling	251,464	238,642	18,661	-	-	5,839	5,839
Storm water	333,180	138,613	-	-	-	(194,567)	(194,567)
Total Business-type Activities	<u>8,124,701</u>	<u>8,910,228</u>	<u>18,661</u>	<u>-</u>	<u>-</u>	<u>804,188</u>	<u>804,188</u>
Total	<u>\$ 17,081,656</u>	<u>\$ 10,812,663</u>	<u>\$ 698,092</u>	<u>\$ 169,328</u>	<u>(6,205,761)</u>	<u>804,188</u>	<u>(5,401,573)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					5,212,714	180,000	5,392,714
Property taxes, levied for debt service					1,472,741	-	1,472,741
Tax increments					934,025	-	934,025
Franchise taxes					381,925	-	381,925
Grants and contributions not restricted to specific programs					313,146	332,432	645,578
Unrestricted investment earnings					107,679	21,664	129,343
Gain on sale of capital assets					5,392	-	5,392
Transfers - Internal Activities					250,000	(250,000)	-
Total General Revenues and Transfers					<u>8,677,622</u>	<u>284,096</u>	<u>8,961,718</u>
Change in Net Position					2,471,861	1,088,284	3,560,145
Net Position, January 1					<u>33,113,996</u>	<u>8,627,589</u>	<u>41,741,585</u>
Net Position, December 31					<u>\$ 35,585,857</u>	<u>\$ 9,715,873</u>	<u>\$ 45,301,730</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, 2022

City of Mound, Minnesota

Balance Sheet
Governmental Funds
December 31, 2022

	101	300's	222	401	Other	Total
	General	Debt	Area Fire	Capital	Governmental	Governmental
		Service	Service	Improvements	Funds	Funds
Assets						
Cash and temporary investments	\$ 3,862,965	\$ 5,045,007	\$ 335,618	\$ -	\$ 1,815,539	\$ 11,059,129
Receivables						
Accounts	88,872	-	-	-	-	88,872
Taxes	98,615	11,824	-	-	-	110,439
Special assessments	98,998	1,462,450	-	386,923	6,108	1,954,479
Due from other governments	21,261	-	-	316,657	-	337,918
Due from other funds	-	40,025	-	2,244,111	1,134,222	3,418,358
Prepaid items	1,360	-	675,554	-	7,244	684,158
Total Assets	\$ 4,172,071	\$ 6,559,306	\$ 1,011,172	\$ 2,947,691	\$ 2,963,113	\$ 17,653,353
Liabilities						
Accounts payable	\$ 197,112	\$ 2,721	\$ 37,144	\$ 24,122	\$ 86,888	\$ 347,987
Accrued salaries payable	33,285	-	30,958	-	-	64,243
Due to other governments	3,543	-	-	-	-	3,543
Deposits payable	430,083	-	22	-	-	430,105
Due to other funds	-	40,025	-	-	13,895	53,920
Unearned revenue	-	-	-	-	500	500
Total Liabilities	664,023	42,746	68,124	24,122	101,283	900,298
Deferred Inflows of Resources						
Unavailable revenue - property taxes	55,507	-	-	-	-	55,507
Unavailable revenue - special assessments	98,471	1,459,325	-	386,563	5,965	1,950,324
Unavailable revenue - intergovernmental	-	-	-	316,657	-	316,657
Total Deferred Inflows of Resources	153,978	1,459,325	-	703,220	5,965	2,322,488
Fund Balances						
Nonspendable for						
Prepaid items	1,360	-	675,554	-	7,244	684,158
Restricted for						
Debt service	-	5,057,235	-	-	-	5,057,235
Economic development	-	-	-	-	544,212	544,212
Assigned for						
Severance pay	272,827	-	-	-	-	272,827
Budget deficit	135,082	-	-	-	-	135,082
Public safety	-	-	267,494	-	-	267,494
Culture and recreation	-	-	-	-	392,733	392,733
Housing and redevelopment authority	-	-	-	-	296,075	296,075
Capital improvements	-	-	-	2,220,349	1,656,333	3,876,682
Unassigned	2,944,801	-	-	-	(40,732)	2,904,069
Total Fund Balances	3,354,070	5,057,235	943,048	2,220,349	2,855,865	14,430,567
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,172,071	\$ 6,559,306	\$ 1,011,172	\$ 2,947,691	\$ 2,963,113	\$ 17,653,353

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, 2022

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

Total Fund Balances - Governmental Funds	\$ 14,430,567
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Land held for resale	240,785
Cost of capital assets	51,006,278
Less: accumulated depreciation	(17,835,393)
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	(14,041,253)
Bond premium payable	(99,632)
Compensated absences payable	(272,827)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	55,507
Special assessments receivable	1,950,324
Intergovernmental	316,657
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(165,156)</u>
Total Net Position - Governmental Activities	<u><u>\$ 35,585,857</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, 2022

	101	300's	222	401	Other	Total
	General	Debt Service	Area Fire Service	Capital Improvements	Governmental Funds	Governmental Funds
Revenues						
Taxes	\$ 4,410,257	\$ 2,284,731	\$ 239,115	\$ 220,000	\$ 854,440	\$ 8,008,543
Licenses and permits	266,869	-	-	-	278,935	545,804
Intergovernmental	356,584	-	148,478	29,340	78,808	613,210
Charges for services	479,115	-	533,850	-	-	1,012,965
Fines and forfeitures	35,427	-	-	-	-	35,427
Special assessments	14,996	457,980	-	82,321	873	556,170
Interest on investments	95,808	-	3,128	-	8,743	107,679
Miscellaneous	85,479	282,940	29,504	-	2,492	400,415
Total Revenues	5,744,535	3,025,651	954,075	331,661	1,224,291	11,280,213
Expenditures						
Current						
General government	1,195,105	-	-	-	-	1,195,105
Public safety	2,497,641	-	1,313,692	-	-	3,811,333
Public works	896,983	-	-	5,121	-	902,104
Culture and recreation	616,485	-	-	-	128,355	744,840
Housing and economic development	-	30,000	-	-	50,119	80,119
Capital outlay						
Public safety	-	-	113,383	-	-	113,383
Public works	-	-	-	329,565	68,447	398,012
Culture and recreation	-	-	-	-	250,581	250,581
Housing and economic development	-	-	-	-	131,857	131,857
Debt service						
Principal	-	2,768,633	115,000	-	-	2,883,633
Interest and other	-	434,508	20,825	241	-	455,574
Total Expenditures	5,206,214	3,233,141	1,562,900	334,927	629,359	10,966,541
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	538,321	(207,490)	(608,825)	(3,266)	594,932	313,672
Other Financing Sources (Uses)						
Transfers in	250,000	-	477,946	-	280,000	1,007,946
Sale of capital assets	-	-	3,000	-	2,392	5,392
Transfers out	(757,946)	-	-	-	-	(757,946)
Total Other Financing Sources (Uses)	(507,946)	-	480,946	-	282,392	255,392
Net Change in Fund Balances	30,375	(207,490)	(127,879)	(3,266)	877,324	569,064
Fund Balances, January 1	3,323,695	5,264,725	1,070,927	2,223,615	1,978,541	13,861,503
Fund Balances, December 31	\$ 3,354,070	\$ 5,057,235	\$ 943,048	\$ 2,220,349	\$ 2,855,865	\$ 14,430,567

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, 2022

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

Total Net Change in Fund Balances - Governmental Funds	\$ 569,064
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	536,214
Depreciation expense	(1,458,004)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	2,883,633
Amortization of bond premium	17,968
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.	33,350
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	(416,182)
Property taxes	(7,264)
Intergovernmental	316,657
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	<u>(3,575)</u>
Change in Net Position - Governmental Activities	<u>\$ 2,471,861</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, 2022

	General Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 4,315,283	\$ 4,315,283	\$ 4,410,257	\$ 94,974
Licenses and permits	235,450	235,450	266,869	31,419
Intergovernmental	343,146	343,146	356,584	13,438
Charges for services	420,750	420,750	479,115	58,365
Fines and forfeitures	28,000	28,000	35,427	7,427
Special assessments	15,000	15,000	14,996	(4)
Interest on investments	20,000	20,000	95,808	75,808
Miscellaneous	70,000	70,000	85,479	15,479
Total Revenues	<u>5,447,629</u>	<u>5,447,629</u>	<u>5,744,535</u>	<u>296,906</u>
Expenditures				
Current				
General government	1,194,427	1,194,427	1,195,105	(678)
Public safety	2,501,301	2,501,301	2,497,641	3,660
Public works	868,567	868,567	896,983	(28,416)
Culture and recreation	541,230	541,230	616,485	(75,255)
Total Expenditures	<u>5,105,525</u>	<u>5,105,525</u>	<u>5,206,214</u>	<u>(100,689)</u>
Excess of Revenues Over Expenditures	<u>342,104</u>	<u>342,104</u>	<u>538,321</u>	<u>196,217</u>
Other Financing Sources (Uses)				
Transfers in	250,000	250,000	250,000	-
Transfers out	(757,946)	(757,946)	(757,946)	-
Total Other Financing Sources (Uses)	<u>(507,946)</u>	<u>(507,946)</u>	<u>(507,946)</u>	<u>-</u>
Net Change in Fund Balances	(165,842)	(165,842)	30,375	196,217
Fund Balances, January 1	<u>3,323,695</u>	<u>3,323,695</u>	<u>3,323,695</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,157,853</u>	<u>\$ 3,157,853</u>	<u>\$ 3,354,070</u>	<u>\$ 196,217</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	\$ 239,115	\$ 239,115	\$ 239,115	\$ -
Intergovernmental	120,000	120,000	148,478	28,478
Charges for services	533,700	533,700	533,850	150
Interest on investments	-	-	3,128	3,128
Miscellaneous	-	-	29,504	29,504
Total Revenues	<u>892,815</u>	<u>892,815</u>	<u>954,075</u>	<u>61,260</u>
Expenditures				
Current				
Public safety				
Personnel services	768,561	768,561	771,874	(3,313)
Supplies	65,840	65,840	58,763	7,077
Other services and charges	471,460	471,460	483,055	(11,595)
Capital outlay	-	93,648	113,383	(19,735)
Debt service				
Principal	115,000	115,000	115,000	-
Interest and other	20,800	20,800	20,825	(25)
Total Expenditures	<u>1,441,661</u>	<u>1,535,309</u>	<u>1,562,900</u>	<u>(27,591)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(548,846)</u>	<u>(642,494)</u>	<u>(608,825)</u>	<u>33,669</u>
Other Financing Sources (Uses)				
Transfers in	477,946	477,946	477,946	-
Sale of capital assets	-	-	3,000	3,000
Total Other Financing Sources (Uses)	<u>477,946</u>	<u>477,946</u>	<u>480,946</u>	<u>3,000</u>
Net Change in Fund Balances	(70,900)	(164,548)	(127,879)	36,669
Fund Balances, January 1	<u>1,070,927</u>	<u>1,070,927</u>	<u>1,070,927</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,000,027</u>	<u>\$ 906,379</u>	<u>\$ 943,048</u>	<u>\$ 36,669</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, 2022 and 2021

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675			
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water		Totals	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets												
Current Assets												
Cash and temporary investments	\$ 1,137,057	\$ 861,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,137,057	\$ 861,962
Receivables												
Accounts	-	-	557,399	538,283	718,102	686,772	69,942	57,298	32,268	32,564	1,377,711	1,314,917
Special assessments	-	-	262,474	261,153	-	-	-	-	-	-	262,474	261,153
Due from other funds	-	-	-	-	1,689,148	1,814,346	202,570	203,457	-	-	1,891,718	2,017,803
Inventory	477,305	478,232	51,540	12,100	-	-	-	-	-	-	528,845	490,332
Total Current Assets	1,614,362	1,340,194	871,413	811,536	2,407,250	2,501,118	272,512	260,755	32,268	32,564	5,197,805	4,946,167
Noncurrent Assets												
Capital assets, at cost	1,477,701	1,477,701	28,689,514	28,801,428	21,815,949	21,704,263	-	-	6,831,537	6,831,543	58,814,701	58,814,935
Less: Accumulated depreciation	(739,188)	(699,777)	(10,591,157)	(10,262,129)	(9,324,610)	(9,222,456)	-	-	(2,732,407)	(2,497,459)	(23,387,362)	(22,681,821)
Net Capital Assets	738,513	777,924	18,098,357	18,539,299	12,491,339	12,481,807	-	-	4,099,130	4,334,084	35,427,339	36,133,114
Total Assets	2,352,875	2,118,118	18,969,770	19,350,835	14,898,589	14,982,925	272,512	260,755	4,131,398	4,366,648	40,625,144	41,079,281
Liabilities												
Current Liabilities												
Accounts payable	105,243	37,851	82,681	54,160	252,339	168,228	18,651	14,495	-	-	458,914	274,734
Deposits payable	-	-	-	-	9,990	17,395	-	-	-	-	9,990	17,395
Accrued salaries payable	6,269	10,054	3,929	5,283	3,929	5,283	-	-	-	-	14,127	20,620
Due to other governments	38,861	38,113	347	363	-	-	-	-	-	-	39,208	38,476
Due to other funds	-	-	3,721,476	3,698,695	-	-	-	-	1,534,680	1,273,015	5,256,156	4,971,710
Accrued interest payable	-	-	135,102	147,103	94,251	101,136	-	-	31,951	34,937	261,304	283,176
Unearned revenue	-	-	344,609	157,459	-	-	-	-	-	-	344,609	157,459
Current portion of compensated absences payable	22,901	21,878	9,499	15,499	9,499	15,499	-	-	-	-	41,899	52,876
Current portion of bonds payable	-	-	1,126,398	1,122,505	724,732	707,255	-	-	285,403	296,606	2,136,533	2,126,366
Total Current Liabilities	173,274	107,896	5,424,041	5,201,067	1,094,740	1,014,796	18,651	14,495	1,852,034	1,604,558	8,562,740	7,942,812
Noncurrent Liabilities												
Compensated absences payable	15,267	14,586	6,332	10,333	6,332	10,333	-	-	-	-	27,931	35,252
Bonds payable	-	-	10,306,437	11,435,434	9,333,447	10,071,319	-	-	2,678,716	2,966,875	22,318,600	24,473,628
Total Noncurrent Liabilities	15,267	14,586	10,312,769	11,445,767	9,339,779	10,081,652	-	-	2,678,716	2,966,875	22,346,531	24,508,880
Total Liabilities	188,541	122,482	15,736,810	16,646,834	10,434,519	11,096,448	18,651	14,495	4,530,750	4,571,433	30,909,271	32,451,692
Net Position												
Net investment in capital assets	738,513	777,924	7,881,917	7,605,496	2,433,160	1,769,615	-	-	1,510,967	1,446,559	12,564,557	11,599,594
Unrestricted	1,425,821	1,217,712	(4,648,957)	(4,901,495)	2,030,910	2,116,862	253,861	246,260	(1,910,319)	(1,651,344)	(2,848,684)	(2,972,005)
Total Net Position	\$ 2,164,334	\$ 1,995,636	\$ 3,232,960	\$ 2,704,001	\$ 4,464,070	\$ 3,886,477	\$ 253,861	\$ 246,260	\$ (399,352)	\$ (204,785)	\$ 9,715,873	\$ 8,627,589

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, 2022 and 2021

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675			
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water		Totals	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating Revenues												
Sales	\$ 3,820,758	\$ 3,873,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,820,758	\$ 3,873,955
Cost of sales	(2,721,381)	(2,756,169)	-	-	-	-	-	-	-	-	(2,721,381)	(2,756,169)
Gross Profit	1,099,377	1,117,786	-	-	-	-	-	-	-	-	1,099,377	1,117,786
Charges for services	-	-	2,020,598	2,075,743	2,577,640	2,553,817	234,603	182,193	137,680	136,925	4,970,521	4,948,678
Penalties	-	-	40,181	40,664	43,206	42,560	4,039	3,139	933	914	88,359	87,277
Total Operating Revenues	1,099,377	1,117,786	2,060,779	2,116,407	2,620,846	2,596,377	238,642	185,332	138,613	137,839	6,158,257	6,153,741
Operating Expenses												
Personnel services	345,715	340,218	285,442	291,218	283,014	290,522	379	527	-	-	914,550	922,485
Supplies	18,223	16,401	77,082	74,750	33,178	29,053	2,175	-	-	1,800	130,658	122,004
Professional services	45,400	48,566	85,334	76,965	64,599	73,668	-	-	-	-	195,333	199,199
Communications	13,867	17,413	10,635	13,993	11,212	11,682	-	-	-	-	35,714	43,088
Insurance	21,649	17,898	9,457	7,819	21,649	17,902	-	-	-	-	52,755	43,619
Utilities	26,699	22,664	59,761	46,317	43,509	48,695	-	-	-	-	129,969	117,676
Repairs and maintenance	15,071	27,294	39,478	43,316	43,316	33,740	-	-	-	-	97,865	76,537
Rent	19,020	11,891	-	-	-	-	-	-	-	-	19,020	11,891
Other contractual services	6,017	8,774	108,547	153,930	72,675	138,896	248,910	197,459	23,087	36,329	459,236	535,388
Metropolitan Council Environmental Services disposal charges	-	-	-	-	863,301	900,870	-	-	-	-	863,301	900,870
Depreciation	39,411	39,411	866,147	882,785	593,815	594,688	-	-	234,948	234,948	1,734,321	1,751,832
Miscellaneous	137,536	104,673	10,973	13,716	4,890	9,624	-	-	-	-	153,399	128,013
Total Operating Expenses	688,608	655,203	1,552,856	1,576,996	2,035,158	2,149,340	251,464	197,986	258,035	273,077	4,786,121	4,852,602
Operating Income (Loss)	410,769	462,583	507,923	539,411	585,688	447,037	(12,822)	(12,654)	(119,422)	(135,238)	1,372,136	1,301,139
Nonoperating Revenues (Expenses)												
Intergovernmental	-	-	332,432	362,124	-	-	18,661	18,301	-	-	351,093	380,425
Property taxes	-	-	-	-	180,000	180,000	-	-	-	-	180,000	180,000
Interest on investments	7,929	683	-	-	11,973	1,600	1,762	207	-	-	21,664	2,490
Miscellaneous	-	679	14,268	25,900	14,795	21,623	-	-	-	-	29,063	48,202
Interest expense and other	-	-	(326,463)	(354,882)	(215,591)	(231,826)	-	-	(75,145)	(82,466)	(617,199)	(669,174)
Gain on sale of capital assets	-	-	799	17,067	728	24,942	-	-	-	-	1,527	42,009
Total Nonoperating Revenues (Expenses)	7,929	1,362	21,036	50,209	(8,095)	(3,661)	20,423	18,508	(75,145)	(82,466)	(33,852)	(16,048)
Income (Loss) Before Transfers and Contributions	418,698	463,945	528,959	589,620	577,593	443,376	7,601	5,854	(194,567)	(217,704)	1,338,284	1,285,091
Capital Contributions	-	-	-	-	-	-	-	-	-	1,015	-	1,015
Transfers Out	(250,000)	(200,000)	-	-	-	-	-	-	-	-	(250,000)	(200,000)
Change in Net Position	168,698	263,945	528,959	589,620	577,593	443,376	7,601	5,854	(194,567)	(216,689)	1,088,284	1,086,106
Net Position, January 1	1,995,636	1,731,691	2,704,001	2,114,381	3,886,477	3,443,101	246,260	240,406	(204,785)	11,904	8,627,589	7,541,483
Net Position, December 31	\$ 2,164,334	\$ 1,995,636	\$ 3,232,960	\$ 2,704,001	\$ 4,464,070	\$ 3,886,477	\$ 253,861	\$ 246,260	\$ (399,352)	\$ (204,785)	\$ 9,715,873	\$ 8,627,589

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, 2022 and 2021

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675		Totals	
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cash Flows from Operating Activities												
Receipts from customers and users	\$ 3,820,758	\$ 3,873,955	\$ 2,040,342	\$ 2,182,786	\$ 2,604,311	\$ 2,621,746	\$ 225,998	\$ 180,100	\$ 138,909	\$ 137,097	\$ 8,830,318	\$ 8,995,684
Other operating receipts	-	679	14,268	25,900	-	-	-	-	-	-	14,268	26,579
Payments to suppliers	(2,955,796)	(3,190,075)	(429,666)	(434,097)	(994,776)	(1,282,659)	(246,929)	(197,459)	(23,081)	(83,104)	(4,650,248)	(5,187,394)
Payments to employees	(347,796)	(335,355)	(296,797)	(291,189)	(294,369)	(290,493)	(379)	(527)	-	-	(939,341)	(917,564)
Net Cash Provided (Used) by Operating Activities	517,166	349,204	1,328,147	1,483,400	1,315,166	1,048,594	(21,310)	(17,886)	115,828	53,993	3,254,997	2,917,305
Cash Flows from Noncapital Financing Activities												
Receipt (payment) of due to other funds	-	-	22,781	829,773	125,198	289,855	887	(203,457)	261,665	325,807	410,531	1,241,978
Transfers out	(250,000)	(200,000)	-	-	-	-	-	-	-	-	(250,000)	(200,000)
Intergovernmental receipts	-	-	519,582	519,583	-	-	18,661	18,301	-	-	538,243	537,884
Net Cash Provided (Used) by Noncapital Financing Activities	(250,000)	(200,000)	542,363	1,349,356	125,198	289,855	19,548	(185,156)	261,665	325,807	698,774	1,579,862
Cash Flows from Capital Financing Activities												
Acquisition of capital assets	-	-	(407,741)	(1,387,403)	(690,194)	(726,064)	-	-	-	(4,861)	(1,097,935)	(2,118,328)
Proceeds from sale of capital assets	-	-	799	17,067	728	24,942	-	-	-	-	1,527	42,009
Property Taxes	-	-	-	-	180,000	180,000	-	-	-	-	180,000	180,000
Proceeds from capital grants	-	-	-	-	-	-	-	-	-	1,015	-	1,015
Interest paid on bonds	-	-	(341,062)	(366,236)	(235,617)	(229,609)	-	-	(80,886)	(85,088)	(657,565)	(680,933)
Principal paid on bonds	-	-	(1,122,506)	(1,096,183)	(707,254)	(589,318)	-	-	(296,607)	(290,866)	(2,126,367)	(1,976,367)
Net Cash Provided (Used) by Capital Financing Activities	-	-	(1,870,510)	(2,832,755)	(1,452,337)	(1,340,049)	-	-	(377,493)	(379,800)	(3,700,340)	(4,552,604)
Cash Flows from Investing Activities												
Interest received on investments	7,929	683	-	-	11,973	1,600	1,762	207	-	-	21,664	2,490
Net Increase (Decrease) in Cash and Cash Equivalents	275,095	149,887	-	-	-	-	-	(202,835)	-	-	275,095	(52,948)
Cash and Cash Equivalents, January 1	861,962	712,075	-	-	-	-	-	202,835	-	-	861,962	914,910
Cash and Cash Equivalents, December 31	\$ 1,137,057	\$ 861,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,137,057	\$ 861,962

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, 2022 and 2021

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds							
	609		601		602		670		675		Totals	
	Municipal Liquor		Water		Sewer		Nonmajor Recycling		Storm Water			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Reconciliation to Operating Income (Loss)												
to Net Cash Provided (Used)												
by Operating Activities												
Operating income (loss)	\$ 410,769	\$ 462,583	\$ 507,923	\$ 539,411	\$ 585,688	\$ 447,037	\$ (12,822)	\$ (12,654)	\$ (119,422)	\$ (135,238)	\$ 1,372,136	\$ 1,301,139
Adjustments to reconcile operating income (loss)												
to net cash provided (used) by operating activities												
Other income	-	679	14,268	25,900	14,795	21,623	-	-	-	-	29,063	48,202
Depreciation expense	39,411	39,411	866,147	882,785	593,815	594,688	-	-	234,948	234,948	1,734,321	1,751,832
(Increase) decrease in assets												
Accounts receivable	-	-	(19,116)	20,290	(31,330)	3,746	(12,644)	(5,232)	296	(742)	(62,794)	18,062
Special assessments receivable	-	-	(1,321)	46,089	-	-	-	-	-	-	(1,321)	46,089
Inventory	927	(104,870)	(39,440)	(3,453)	-	-	-	-	-	-	(38,513)	(108,323)
Prepaid items	-	-	-	344	-	-	-	-	-	-	-	344
Increase (decrease) in liabilities												
Accounts payable	67,392	(52,756)	28,521	(15,359)	84,111	(61,034)	4,156	-	-	(2,230)	184,180	(131,379)
Deposits payable	-	-	-	-	(7,405)	27,412	-	-	-	-	(7,405)	27,412
Accrued salaries payable	(3,785)	5,442	(1,354)	(8,356)	(1,354)	(8,356)	-	-	-	-	(6,493)	(11,270)
Due to other governments	748	(706)	(17,480)	(12,636)	86,847	15,093	-	-	6	(42,745)	70,121	(40,994)
Compensated absences payable	1,704	(579)	(10,001)	8,385	(10,001)	8,385	-	-	-	-	(18,298)	16,191
Net Cash Provided (Used)												
by Operating Activities	<u>\$ 517,166</u>	<u>\$ 349,204</u>	<u>\$ 1,328,147</u>	<u>\$ 1,483,400</u>	<u>\$ 1,315,166</u>	<u>\$ 1,048,594</u>	<u>\$ (21,310)</u>	<u>\$ (17,886)</u>	<u>\$ 115,828</u>	<u>\$ 53,993</u>	<u>\$ 3,254,997</u>	<u>\$ 2,917,305</u>
Noncash Capital and												
Related Financing Activities												
Acquisition of capital assets on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,138</u>	<u>\$ 12,674</u>	<u>\$ 8,549</u>	<u>\$ 95,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 38,687</u>	<u>\$ 108,076</u>
Amortization of bond premium	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,598</u>	<u>\$ 2,598</u>	<u>\$ 13,141</u>	<u>\$ 13,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,755</u>	<u>\$ 2,756</u>	<u>\$ 18,494</u>	<u>\$ 18,494</u>

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

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

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.

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

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.

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

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 *Capital Improvement fund* accounts for the accumulation of financial resources for future capital improvement expenses.

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Cash balances from all funds are pooled and invested, to the extent available, in 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.
10. Certificates of deposits that are fully insured by the Federal Deposit Insurance Corporation or collateralized as required by law.

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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2022:

- Government securities of \$7,056,325 are valued using quoted market prices (Level 1 inputs)

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

Note 1: Summary of Significant Accounting Policies (Continued)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Property Taxes

The City Council annually adopts a tax levy 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 2022. The City annually certifies delinquent utility accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 \$10,000 (amount not rounded) and an estimated useful life in excess of four 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.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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.

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.

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

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. Deficit Fund Balance

The following fund had a deficit fund balance at December 31, 2022:

Fund	Amount
Nonmajor	
Community Investment	\$ 40,732

The City plans to fund this deficit with future revenues from tax levy.

C. Excess Expenditures Over Appropriations

For the year ended December 31, 2022 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 5,105,525	\$ 5,206,214	\$ 100,689
Area Fire Service	1,535,309	1,562,900	27,591
HRA	49,126	65,399	16,273
Total	<u>\$ 6,689,960</u>	<u>\$ 6,834,513</u>	<u>\$ 144,553</u>

The General fund and the Area Fire Service fund's excesses were funded with revenues in excess of budget while the HRA fund's excess was funded with available fund balance.

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The 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.

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

Investments	\$ 12,193,836
Cash on Hand	<u>2,350</u>
Total - as Reported on the Statement of Net Position	<u><u>\$ 12,196,186</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2022, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Minnesota Municipal Money Market	N/A	Less than 1 year	\$ 5,137,511	\$ -	\$ -	\$ -
Non-pooled Investments at Fair Value						
Government Securities	AAA	Less than 1 year	7,056,325	7,056,325	-	-
Total Investments			<u>\$ 12,193,836</u>	<u>\$ 7,056,325</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Ratings are provided by various credit rating agencies where applicable.

(2) Interest rate risk is disclosed using the segmented time distribution method.

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduce the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- **Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 54 of the notes.
- **Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, the investment officer shall structure all investments, deposits, and repurchase agreements so that the custodial risk is categorized as either insured or registered, or securities held by the City or its agent in the City's name or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. All investments are placed in safekeeping at financial institutions.
- **Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The maturities selected shall provide for stability of income and reasonable liquidity.
- **Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years.

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

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	\$ 198,366	\$ -	\$ -	\$ 198,366
Construction in progress	370,545	522,009	(267,665)	624,889
Total Capital Assets, not Being Depreciated	<u>568,911</u>	<u>522,009</u>	<u>(267,665)</u>	<u>823,255</u>
Capital Assets Being Depreciated				
Buildings	11,988,250	-	-	11,988,250
Improvements other than buildings	2,188,499	267,665	-	2,456,163
Equipment	4,780,026	14,205	(58,309)	4,735,922
Infrastructure	31,002,688	-	-	31,002,688
Total Capital Assets Being Depreciated	<u>49,959,463</u>	<u>281,870</u>	<u>(58,309)</u>	<u>50,183,023</u>
Less Accumulated Depreciation for				
Buildings	(4,512,504)	(300,018)	-	(4,812,522)
Improvements other than buildings	(1,417,881)	(52,340)	-	(1,470,221)
Equipment	(2,970,686)	(326,100)	58,309	(3,238,477)
Infrastructure	(7,534,627)	(779,546)	-	(8,314,173)
Total Accumulated Depreciation	<u>(16,435,698)</u>	<u>(1,458,004)</u>	<u>58,309</u>	<u>(17,835,393)</u>
Total Capital Assets Being Depreciated, Net	<u>33,523,765</u>	<u>(1,176,134)</u>	<u>-</u>	<u>32,347,630</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,092,676</u>	<u>\$ (654,125)</u>	<u>\$ (267,665)</u>	<u>\$ 33,170,885</u>

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

Governmental Activities	
General government	\$ 18,291
Public safety	288,195
Public works	993,302
Culture and recreation	112,876
Housing and economic development	45,340
Total Depreciation Expense - Governmental Activities	<u>\$ 1,458,004</u>

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

Note 3: Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, not Being Depreciated				
Land	\$ 488,685	\$ -	\$ -	\$ 488,685
Construction in progress	1,494,281	1,028,546	(1,694,145)	828,682
Total Capital Assets, not Being Depreciated	<u>1,982,966</u>	<u>1,028,546</u>	<u>(1,694,145)</u>	<u>1,317,367</u>
Capital Assets Being Depreciated				
Buildings	1,460,915	-	-	1,460,915
Equipment	1,179,649	-	-	1,179,649
Infrastructure	54,191,405	1,694,145	(1,028,780)	54,856,770
Total Capital Assets Being Depreciated	<u>56,831,969</u>	<u>1,694,145</u>	<u>(1,028,780)</u>	<u>57,497,334</u>
Less Accumulated Depreciation for				
Buildings	(653,300)	(37,733)	-	(691,033)
Equipment	(831,406)	(93,216)	-	(924,622)
Infrastructure	(21,197,115)	(1,603,372)	1,028,780	(21,771,707)
Total Accumulated Depreciation	<u>(22,681,821)</u>	<u>(1,734,321)</u>	<u>1,028,780</u>	<u>(23,387,362)</u>
Total Capital Assets Being Depreciated, Net	<u>34,150,148</u>	<u>(40,176)</u>	<u>-</u>	<u>34,109,972</u>
Business-type Activities Capital Assets, Net	<u>\$ 36,133,114</u>	<u>\$ 988,370</u>	<u>\$ (1,694,145)</u>	<u>\$ 35,427,339</u>

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

Business-type Activities	
Water	\$ 866,147
Sewer	593,815
Storm water	234,948
Municipal liquor	<u>39,411</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,734,321</u>

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

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City had the following outstanding construction commitments at December 31, 2022:

Project	Spent to Date	Remaining Commitment
2022 Lynwood Blvd Watermain Replacement - Phase 2	\$ 415,049	\$ 7,657
2022 Lift Station Improvement Project - Island View LS R1	330,391	196,774
2022 Surfside Park Depot Area Improvements	244,200	37,578
Downtown Paver Sidewalks Replacement Project - Phase 1	290,733	58,344
Total	<u>\$ 1,280,373</u>	<u>\$ 300,353</u>

C. Interfund Receivables, Payables and Transfers

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

Receivable Fund	Payable Fund	Total
<i>Due to/from other Funds</i>		
Sewer	Water	\$ 1,689,148
Capital Improvements	Water	2,032,328
Capital Replacement Equipment	Storm	797,560
Street Maintenance	Storm	322,767
Capital Improvements	Storm	211,783
Recycling	Storm	202,570
Street Maintenance	Community Investment	13,895
Debt service (Fund 365)	Debt service (Fund 362)	40,025
Subtotal Interfund Balances		5,310,076
Interfund activity eliminated from government-wide statements		<u>(1,945,638)</u>
Total Internal Balances - Government-wide Statements		<u>\$ 3,364,438</u>

Due to/from other Funds

- All due to and due from balances made by the City during 2022 were to eliminate deficit cash balances at year end.

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

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2022 is as follows:

Fund	Transfer In			
	General	Area Fire Service	Nonmajor	Total
Transfer Out				
General	\$ -	\$ 477,946	\$ 280,000	\$ 757,946
Municipal Liquor	250,000	-	-	250,000
Subtotal Transfers	<u>\$ 250,000</u>	<u>\$ 477,946</u>	<u>\$ 280,000</u>	<u>\$ 1,007,946</u>

- The General fund transferred \$477,946 to the Area Fire Service fund for costs incurred for the Fire Department and \$280,000 to the nonmajor Street Maintenance fund to pay for the annual seal-coating of City streets.
- The Municipal Liquor fund transferred \$250,000 to the General fund for operations.

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.

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

Note 3: Detailed Notes on All Funds (Continued)

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 %	02/02/11	02/01/24	\$ 234,253
G.O. Improvement Bonds of 2012A	2,245,000	2.00 - 3.25	07/12/12	02/01/28	980,000
G.O. Refunding Bonds of 2012B	4,325,000	0.40 - 2.10	07/12/12	02/01/23	465,000
G.O. Improvement Bonds of 2013A	2,780,000	2.00 - 2.25	05/02/13	02/01/29	1,405,000
G.O. Improvement Bonds of 2014A	715,000	2.00 - 3.00	09/18/14	02/01/30	415,000
G.O. Improvement Bonds of 2015A	3,510,000	2.00 - 3.50	09/10/15	02/01/32	1,100,000
G.O. Tax Abatement Bonds of 2015B	2,590,000	2.00 - 4.00	09/10/15	02/01/35	1,935,000
GO Improvement Bonds of 2016A	2,105,000	2.00 - 2.75	12/01/16	02/01/32	1,535,000
GO Improvement Bonds of 2016A	725,000	2.00 - 2.75	12/01/16	02/01/32	975,000
GO Refunding Bonds of 2016B	2,845,000	2.00	12/01/16	02/01/24	180,000
GO Refunding Bonds of 2018A	3,940,000	2.1 - 3.250	12/04/18	02/01/25	750,000
GO Refunding Bonds of 2020A	2,450,000	1.15 - 2.00	11/04/20	02/01/30	<u>1,440,000</u>
Total G.O. Improvement Bonds					<u>\$ 11,414,253</u>

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

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
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	1,215,000	144,865	1,359,865
2027	1,125,000	118,099	1,243,099
2028 - 2032	3,215,000	276,206	3,491,206
2033 - 2035	545,000	33,300	578,300
Total	<u>\$ 11,414,253</u>	<u>\$ 1,227,985</u>	<u>\$ 12,642,238</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	08/15/26	\$ 887,000
G.O. Tax Increment Refunding Bonds of 2013B	1,500,000	2.00 - 2.25	05/02/13	02/01/23	170,000
G.O. Tax Increment Refunding Bonds of 2018A	4,020,000	2.10 - 3.25	12/04/18	02/01/31	1,570,000
Total G.O. Tax Increment Bonds					<u>\$ 2,627,000</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
2023	\$ 524,000	\$ 98,525	\$ 622,525
2024	384,000	79,738	463,738
2025	419,000	61,388	480,388
2026	340,000	41,813	381,813
2027	180,000	29,613	209,613
2028 - 2031	780,000	51,194	831,194
Total	<u>\$ 2,627,000</u>	<u>\$ 362,271</u>	<u>\$ 2,989,271</u>

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

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net 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		\$ 2,060,779		\$ 2,620,846		\$ 138,613
Principal and Interest		1,463,568		942,871		377,493
Percentage of Revenues		71 %		36 %		272 %

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding					
Bonds of 2011A	\$ 1,455,000	.60 - 3.35 %	08/01/11	02/01/24	\$ 85,746
G.O. Improvement					
Bonds of 2012A	2,615,000	2.00 - 3.25	07/12/12	02/01/33	1,580,000
G.O. Refunding					
Bonds of 2012B	1,180,000	0.40 - 2.35	07/12/12	02/01/25	300,000
G.O. Improvement					
Bonds of 2013A	3,490,000	2.00 - 2.25	05/02/13	02/01/34	2,265,000
G.O. Revenue					
Bonds of 2013B	995,000	2.00 - 2.50	05/02/13	02/01/24	195,000
G.O. Revenue					
Bonds of 2014A	4,210,000	2.00 - 3.50	09/18/14	02/01/35	2,835,000
G.O. Refunding					
Bonds of 2014B	2,290,000	2.00 - 2.75	09/18/14	02/01/26	840,000
G.O. Revenue					
Bonds of 2015A	4,210,000	2.00 - 3.50	09/18/14	02/01/36	3,680,000
G.O. Revenue					
Bonds of 2016A	2,995,000	2.00 - 2.75	12/01/16	02/01/37	2,365,000
G.O. Refunding					
Bonds of 2016B	2,245,000	2.00	12/01/16	02/01/28	1,235,000
G.O. Refunding					
Bonds of 2018A	4,195,000	2.1 - 3.250	12/04/18	02/01/31	3,215,000
G.O. Refunding					
Bonds of 2020A	6,020,000	1.15 - 2.00	11/04/20	02/01/36	5,650,000
Total G.O. Revenue Bonds					<u>\$ 24,245,746</u>

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

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
2023	\$ 2,136,533	\$ 599,700	\$ 2,736,233
2024	2,349,214	542,079	2,891,293
2025	2,235,000	483,581	2,718,581
2026	2,184,999	426,920	2,611,919
2027	1,925,000	372,851	2,297,851
2028 - 2032	8,690,000	1,129,373	9,819,373
2033 - 2037	4,725,000	238,816	4,963,816
Total	<u>\$ 24,245,746</u>	<u>\$ 3,793,320</u>	<u>\$ 28,039,066</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. improvement bonds	\$ 13,737,886	\$ -	\$ (2,323,633)	\$ 11,414,253	\$ 2,253,467
G.O. tax increment bonds	3,187,000	-	(560,000)	2,627,000	524,000
Bond premium	117,600	-	(17,968)	99,632	-
Compensated absences payable	269,252	160,005	(156,430)	272,827	163,696
Total	<u>\$ 17,311,738</u>	<u>\$ 160,005</u>	<u>\$ (3,058,031)</u>	<u>\$ 14,413,712</u>	<u>\$ 2,941,163</u>
Business-type Activities					
G.O. revenue bonds	\$ 26,372,113	\$ -	\$ (2,126,367)	\$ 24,245,746	\$ 2,136,533
Bond premium	227,881	-	(18,494)	209,387	-
Compensated absences payable	88,128	41,637	(59,935)	69,830	41,899
Total	<u>\$ 26,688,122</u>	<u>\$ 41,637</u>	<u>\$ (2,204,796)</u>	<u>\$ 24,524,963</u>	<u>\$ 2,178,432</u>

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

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

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

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

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. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. 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 2022. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2022. In 2022, 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, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Coordinated	\$ 144,322	\$ 141,550	\$ 143,297
Police and Fire	18,873	21,645	20,722
Total	<u>\$ 163,195</u>	<u>\$ 163,195</u>	<u>\$ 164,019</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, 2022

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, 2022, 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.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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NONMAJOR GOVERNMENTAL FUNDS

City of Mound, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

Exhibit A-1

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 692,411	\$ 1,123,128	\$ 1,815,539
Special assessments receivable	-	6,108	6,108
Due from other funds	-	1,134,222	1,134,222
Prepaid items	7,244	-	7,244
	<u>7,244</u>	<u>-</u>	<u>7,244</u>
Total Assets	<u><u>\$ 699,655</u></u>	<u><u>\$ 2,263,458</u></u>	<u><u>\$ 2,963,113</u></u>
Liabilities			
Accounts payable	\$ 3,103	\$ 83,785	\$ 86,888
Due to other funds	-	13,895	13,895
Unearned revenue	500	-	500
Total Liabilities	<u>3,603</u>	<u>97,680</u>	<u>101,283</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	5,965	5,965
	<u>-</u>	<u>5,965</u>	<u>5,965</u>
Fund Balances			
Nonspendable	7,244	-	7,244
Restricted	-	544,212	544,212
Assigned	688,808	1,656,333	2,345,141
Unassigned	-	(40,732)	(40,732)
Total Fund Balances	<u>696,052</u>	<u>2,159,813</u>	<u>2,855,865</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 699,655</u></u>	<u><u>\$ 2,263,458</u></u>	<u><u>\$ 2,963,113</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, 2022

Exhibit A-2

	Special Revenue	Capital Projects	Nonmajor Governmental Funds
Revenues			
Property taxes	\$ 72,405	\$ 782,035	\$ 854,440
Licenses and permits	278,935	-	278,935
Intergovernmental	-	78,808	78,808
Special assessments	-	873	873
Interest on investments	8,743	-	8,743
Miscellaneous	100	2,392	2,492
Total Revenues	<u>360,183</u>	<u>864,108</u>	<u>1,224,291</u>
Expenditures			
Current			
Culture and recreation	128,355	-	128,355
Housing and economic development	49,095	1,024	50,119
Capital outlay			
Public works	-	68,447	68,447
Culture and recreation	6,240	244,341	250,581
Housing and economic development	16,304	115,553	131,857
Total Expenditures	<u>199,994</u>	<u>429,365</u>	<u>629,359</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>160,189</u>	<u>434,743</u>	<u>594,932</u>
Other Financing Sources (Uses)			
Transfers in	-	280,000	280,000
Sale of capital assets	-	2,392	2,392
Total Other Financing Sources (Uses)	<u>-</u>	<u>282,392</u>	<u>282,392</u>
Net Change in Fund Balances	160,189	717,135	877,324
Fund Balances, January 1	<u>535,863</u>	<u>1,442,678</u>	<u>1,978,541</u>
Fund Balances, December 31	<u>\$ 696,052</u>	<u>\$ 2,159,813</u>	<u>\$ 2,855,865</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.

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

HRA - 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, 2022

Exhibit B-1

	281	285	
	Dock	HRA	Total
Assets			
Cash and temporary investments	\$ 393,233	\$ 299,178	\$ 692,411
Prepaid items	5,908	1,336	7,244
Total Assets	<u>\$ 399,141</u>	<u>\$ 300,514</u>	<u>\$ 699,655</u>
Liabilities			
Accounts payable	\$ -	\$ 3,103	\$ 3,103
Unearned revenue	500	-	500
Total Liabilities	<u>500</u>	<u>3,103</u>	<u>3,603</u>
Fund Balances			
Nonspendable for prepaid items	5,908	1,336	7,244
Assigned for			
Housing and redevelopment authority	-	296,075	296,075
Culture and recreation	392,733	-	392,733
Total Fund Balances	<u>398,641</u>	<u>297,411</u>	<u>696,052</u>
Total Liabilities and Fund Balances	<u>\$ 399,141</u>	<u>\$ 300,514</u>	<u>\$ 699,655</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, 2022

Exhibit B-2

	281	285	
	Dock	HRA	Total
Revenues			
Property taxes	\$ -	\$ 72,405	\$ 72,405
Licenses and permits	186,885	92,050	278,935
Interest on investments	4,319	4,424	8,743
Miscellaneous	100	-	100
Total Revenues	<u>191,304</u>	<u>168,879</u>	<u>360,183</u>
Expenditures			
Current			
Culture and recreation	128,355	-	128,355
Housing and economic development	-	49,095	49,095
Capital outlay			
Culture and recreation	6,240	-	6,240
Housing and economic development	-	16,304	16,304
Total Expenditures	<u>134,595</u>	<u>65,399</u>	<u>199,994</u>
Net Change in Fund Balances	56,709	103,480	160,189
Fund Balances, January 1	<u>341,932</u>	<u>193,931</u>	<u>535,863</u>
Fund Balances, December 31	<u>\$ 398,641</u>	<u>\$ 297,411</u>	<u>\$ 696,052</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, 2022

Exhibit B-3

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

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Licenses and permits	\$ 179,000	\$ 179,000	\$ 186,885	\$ 7,885	\$ 172,403
Interest on investments	1,000	1,000	4,319	3,319	450
Miscellaneous	100	100	100	-	-
Total Revenues	<u>180,100</u>	<u>180,100</u>	<u>191,304</u>	<u>11,204</u>	<u>172,853</u>
Expenditures					
Current					
Culture and recreation					
Personnel services	71,748	71,748	66,438	5,310	52,533
Supplies	5,800	5,800	12,182	(6,382)	5,493
Other services and charges	52,309	52,309	49,735	2,574	52,690
Capital outlay					
Culture and recreation	35,000	35,000	6,240	28,760	11,638
Total Expenditures	<u>164,857</u>	<u>164,857</u>	<u>134,595</u>	<u>30,262</u>	<u>122,354</u>
Net Change in Fund Balances	15,243	15,243	56,709	41,466	50,499
Fund Balances, January 1	<u>341,932</u>	<u>341,932</u>	<u>341,932</u>	<u>-</u>	<u>291,433</u>
Fund Balances, December 31	<u>\$ 357,175</u>	<u>\$ 357,175</u>	<u>\$ 398,641</u>	<u>\$ 41,466</u>	<u>\$ 341,932</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, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

Exhibit B-4

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 75,000	\$ 75,000	\$ 72,405	\$ (2,595)	\$ 74,105
Licenses and permits	85,100	85,100	92,050	6,950	75,394
Interest on investments	-	-	4,424	4,424	196
Total Revenues	<u>160,100</u>	<u>160,100</u>	<u>168,879</u>	<u>8,779</u>	<u>149,695</u>
Expenditures					
Current					
Housing and economic development					
Supplies	1,500	1,500	828	672	1,947
Other services and charges	39,626	39,626	48,267	(8,641)	50,860
Capital outlay					
Housing and economic development	8,000	8,000	16,304	(8,304)	13,999
Total Expenditures	<u>49,126</u>	<u>49,126</u>	<u>65,399</u>	<u>(16,273)</u>	<u>66,806</u>
Net Change in Fund Balances	110,974	110,974	103,480	(7,494)	82,889
Fund Balances, January 1	<u>193,931</u>	<u>193,931</u>	<u>193,931</u>	<u>-</u>	<u>111,042</u>
Fund Balances, December 31	<u>\$ 304,905</u>	<u>\$ 304,905</u>	<u>\$ 297,411</u>	<u>\$ (7,494)</u>	<u>\$ 193,931</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, infrastructure, and equipment not financed by enterprise or special revenue funds.

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 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.

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, 2022

Exhibit C-1

	403 Capital Replacement Equipment	404 Community Investment	405 Capital Replacement Buildings	427 Street Maintenance	454 TIF 1-1	475 TIF 1-3	Total
Assets							
Cash and temporary investments	\$ -	\$ -	\$ 240,291	\$ 281,677	\$ 89,844	\$ 511,316	\$ 1,123,128
Special assessments receivable	-	-	-	6,108	-	-	6,108
Due from other funds	797,560	-	-	336,662	-	-	1,134,222
Total Assets	<u>\$ 797,560</u>	<u>\$ -</u>	<u>\$ 240,291</u>	<u>\$ 624,447</u>	<u>\$ 89,844</u>	<u>\$ 511,316</u>	<u>\$ 2,263,458</u>
Liabilities							
Accounts payable	\$ -	\$ 26,837	\$ -	\$ -	\$ 55,678	\$ 1,270	\$ 83,785
Due to other funds	-	13,895	-	-	-	-	13,895
Total Liabilities	<u>-</u>	<u>40,732</u>	<u>-</u>	<u>-</u>	<u>55,678</u>	<u>1,270</u>	<u>97,680</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	5,965	-	-	5,965
Fund Balances							
Restricted for economic development	-	-	-	-	34,166	510,046	544,212
Assigned for capital improvements and equipment	797,560	-	240,291	618,482	-	-	1,656,333
Unassigned	-	(40,732)	-	-	-	-	(40,732)
Total Fund Balances	<u>797,560</u>	<u>(40,732)</u>	<u>240,291</u>	<u>618,482</u>	<u>34,166</u>	<u>510,046</u>	<u>2,159,813</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 797,560</u>	<u>\$ -</u>	<u>\$ 240,291</u>	<u>\$ 624,447</u>	<u>\$ 89,844</u>	<u>\$ 511,316</u>	<u>\$ 2,263,458</u>

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

Exhibit C-2

	403 Capital Replacement Equipment	404 Community Investment	405 Capital Replacement Buildings	427 Street Maintenance	454 TIF 1-1	475 TIF 1-3	Total
Revenues							
Taxes	\$ 340,000	\$ 220,000	\$ 100,000	\$ -	\$ 122,035	\$ -	\$ 782,035
Intergovernmental	-	-	-	78,808	-	-	78,808
Special assessments	-	-	-	873	-	-	873
Miscellaneous	-	2,392	-	-	-	-	2,392
Total Revenues	<u>340,000</u>	<u>222,392</u>	<u>100,000</u>	<u>79,681</u>	<u>122,035</u>	<u>-</u>	<u>864,108</u>
Expenditures							
Current							
Housing and economic development	-	-	-	-	1,024	-	1,024
Capital outlay							
Public works	-	1,381	-	67,066	-	-	68,447
Culture and recreation	-	244,341	-	-	-	-	244,341
Housing and economic development	-	-	-	-	109,831	5,722	115,553
Total Expenditures	<u>-</u>	<u>245,722</u>	<u>-</u>	<u>67,066</u>	<u>110,855</u>	<u>5,722</u>	<u>429,365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>340,000</u>	<u>(23,330)</u>	<u>100,000</u>	<u>12,615</u>	<u>11,180</u>	<u>(5,722)</u>	<u>434,743</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	280,000	-	-	280,000
Sale of capital assets	-	2,392	-	-	-	-	2,392
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,392</u>	<u>-</u>	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>282,392</u>
Net Change in Fund Balances	340,000	(20,938)	100,000	292,615	11,180	(5,722)	717,135
Fund Balances, January 1	<u>457,560</u>	<u>(19,794)</u>	<u>140,291</u>	<u>325,867</u>	<u>22,986</u>	<u>515,768</u>	<u>1,442,678</u>
Fund Balances, December 31	<u>\$ 797,560</u>	<u>\$ (40,732)</u>	<u>\$ 240,291</u>	<u>\$ 618,482</u>	<u>\$ 34,166</u>	<u>\$ 510,046</u>	<u>\$ 2,159,813</u>

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City of Mound, Minnesota
General Fund
Balance Sheets
December 31, 2022 and 2021

Exhibit D-1

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 3,862,965	\$ 4,163,331
Receivables		
Accounts	88,872	92,494
Taxes	98,615	109,256
Special assessments	98,998	83,555
Due from other governments	21,261	2,678
Prepaid items	1,360	1,360
Total Assets	<u>\$ 4,172,071</u>	<u>\$ 4,452,674</u>
Liabilities		
Accounts payable	\$ 197,112	\$ 183,342
Due to other governments	3,543	3,172
Deposits payable	430,083	768,646
Accrued salaries payable	33,285	27,558
Total Liabilities	<u>664,023</u>	<u>982,718</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	55,507	62,771
Unavailable revenue - special assessments	98,471	83,490
Total Deferred Inflows of Resources	<u>153,978</u>	<u>146,261</u>
Fund Balances		
Nonspendable for		
Prepaid items	1,360	1,360
Assigned for		
Severance pay	272,827	269,252
Budget deficit	135,082	165,842
Unassigned	2,944,801	2,887,241
Total Fund Balances	<u>3,354,070</u>	<u>3,323,695</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,172,071</u>	<u>\$ 4,452,674</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, 2022

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

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes					
Current	\$ 3,408,283	\$ 3,408,283	\$ 3,503,692	\$ 95,409	\$ 3,202,775
Delinquent	50,000	50,000	48,689	(1,311)	(19,119)
Fiscal disparities	450,000	450,000	462,204	12,204	467,858
Penalties and interest	10,000	10,000	13,747	3,747	7,597
Franchise tax	397,000	397,000	381,925	(15,075)	386,787
Total taxes	4,315,283	4,315,283	4,410,257	94,974	4,045,898
Licenses and permits	235,450	235,450	266,869	31,419	249,820
Intergovernmental					
State					
Local government aid	313,146	313,146	313,146	-	313,146
State aid for streets	30,000	30,000	30,000	-	30,000
Other state grants and aid	-	-	13,438	13,438	1,209
Total intergovernmental	343,146	343,146	356,584	13,438	344,355
Charges for services	420,750	420,750	479,115	58,365	468,087
Fines and forfeitures	28,000	28,000	35,427	7,427	28,273
Special assessments	15,000	15,000	14,996	(4)	11,150
Interest on investments	20,000	20,000	95,808	75,808	9,627
Miscellaneous					
Refunds and reimbursements	30,000	30,000	28,066	(1,934)	53,689
Other	40,000	40,000	57,413	17,413	51,464
Total miscellaneous	70,000	70,000	85,479	15,479	105,153
Total Revenues	5,447,629	5,447,629	5,744,535	296,906	5,262,363
Other Financing Sources					
Transfers in	250,000	250,000	250,000	-	200,000
Total Revenues and Other Financing Sources	\$ 5,697,629	\$ 5,697,629	\$ 5,994,535	\$ 296,906	\$ 5,462,363

City of Mound, Minnesota
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2022

Exhibit D-3

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

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 24,351	\$ 24,351	\$ 24,348	\$ 3	\$ 24,459
Supplies	2,700	2,700	5,508	(2,808)	5,249
Other services and charges	58,275	58,275	57,799	476	116,260
Total mayor and city council	<u>85,326</u>	<u>85,326</u>	<u>87,655</u>	<u>(2,329)</u>	<u>145,968</u>
City manager					
Personnel services	187,131	187,131	190,668	(3,537)	180,302
Supplies	1,075	1,075	396	679	398
Other services and charges	5,315	5,315	1,576	3,739	1,751
Total city manager	<u>193,521</u>	<u>193,521</u>	<u>192,640</u>	<u>881</u>	<u>182,451</u>
Election and voters' registration					
Personnel services	700	700	-	700	-
Supplies	1,500	1,500	1,041	459	346
Other services and charges	13,500	13,500	22,030	(8,530)	2,784
Total election and voters' registration	<u>15,700</u>	<u>15,700</u>	<u>23,071</u>	<u>(7,371)</u>	<u>3,130</u>
Assessing					
Other services and charges	<u>132,000</u>	<u>132,000</u>	<u>132,000</u>	<u>-</u>	<u>128,042</u>
Finance					
Personnel services	437,589	437,589	423,915	13,674	425,427
Supplies	3,500	3,500	3,721	(221)	4,015
Other services and charges	20,398	20,398	13,411	6,987	22,604
Total finance	<u>461,487</u>	<u>461,487</u>	<u>441,047</u>	<u>20,440</u>	<u>452,046</u>
Computer					
Supplies	8,000	8,000	5,502	2,498	1,426
Other services and charges	51,500	51,500	54,770	(3,270)	53,916
Total computer	<u>59,500</u>	<u>59,500</u>	<u>60,272</u>	<u>(772)</u>	<u>55,342</u>
Legal					
Other services and charges	<u>90,212</u>	<u>90,212</u>	<u>127,213</u>	<u>(37,001)</u>	<u>88,013</u>

City of Mound, Minnesota
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

Exhibit D-3

	2022				2021
	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	\$ 4,062	\$ 438	\$ 3,671
Other services and charges	32,231	32,231	44,718	(12,487)	34,282
Total city hall	<u>36,731</u>	<u>36,731</u>	<u>48,780</u>	<u>(12,049)</u>	<u>37,953</u>
City property					
Supplies	2,000	2,000	1,212	788	811
Other services and charges	57,950	57,950	81,215	(23,265)	38,241
Total city property	<u>59,950</u>	<u>59,950</u>	<u>82,427</u>	<u>(22,477)</u>	<u>39,052</u>
Miscellaneous					
Personnel services	<u>60,000</u>	<u>60,000</u>	-	60,000	5,974
Total general government	<u>1,194,427</u>	<u>1,194,427</u>	<u>1,195,105</u>	<u>(678)</u>	<u>1,137,971</u>
Public safety					
Police protection					
Personnel services	529	529	529	-	529
Other services and charges	1,949,253	1,949,253	1,939,224	10,029	1,846,403
Total public safety	<u>1,949,782</u>	<u>1,949,782</u>	<u>1,939,753</u>	<u>10,029</u>	<u>1,846,932</u>
Emergency preparedness					
Personnel services	35,248	35,248	34,859	389	37,700
Supplies	2,400	2,400	1,676	724	1,272
Other services and charges	10,640	10,640	9,922	718	9,301
Total emergency preparedness	<u>48,288</u>	<u>48,288</u>	<u>46,457</u>	<u>1,831</u>	<u>48,273</u>
Planning and inspection					
Personnel services	286,933	286,933	279,239	7,694	263,192
Supplies	6,700	6,700	3,986	2,714	3,792
Other services and charges	209,598	209,598	228,206	(18,608)	249,877
Total planning and inspection	<u>503,231</u>	<u>503,231</u>	<u>511,431</u>	<u>(8,200)</u>	<u>516,861</u>
Total public safety	<u>2,501,301</u>	<u>2,501,301</u>	<u>2,497,641</u>	<u>3,660</u>	<u>2,412,066</u>
Public works					
Streets					
Personnel services	458,362	458,362	350,836	107,526	345,130
Supplies	159,250	159,250	196,363	(37,113)	102,299
Other services and charges	250,955	250,955	349,784	(98,829)	275,929
Total public works	<u>868,567</u>	<u>868,567</u>	<u>896,983</u>	<u>(28,416)</u>	<u>723,358</u>

City of Mound, Minnesota
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

Exhibit D-3

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks					
Personnel services	\$ 332,129	\$ 332,129	\$ 281,984	\$ 50,145	\$ 294,065
Supplies	64,950	64,950	93,762	(28,812)	66,990
Other services and charges	101,851	101,851	217,411	(115,560)	107,360
Total parks	<u>498,930</u>	<u>498,930</u>	<u>593,157</u>	<u>(94,227)</u>	<u>468,415</u>
Cable TV					
Other services and charges	<u>42,300</u>	<u>42,300</u>	<u>23,328</u>	<u>18,972</u>	<u>28,208</u>
Total culture and recreation	<u>541,230</u>	<u>541,230</u>	<u>616,485</u>	<u>(75,255)</u>	<u>496,623</u>
Total Expenditures	<u>5,105,525</u>	<u>5,105,525</u>	<u>5,206,214</u>	<u>(100,689)</u>	<u>4,770,018</u>
Other Financing Uses					
Transfers out	<u>757,946</u>	<u>757,946</u>	<u>757,946</u>	<u>-</u>	<u>695,970</u>
Total Expenditures and Other Financing Uses	<u>\$ 5,863,471</u>	<u>\$ 5,863,471</u>	<u>\$ 5,964,160</u>	<u>\$ (100,689)</u>	<u>\$ 5,465,988</u>

City of Mound, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued on the Following Page)
December 31, 2022

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	\$ 561,210	\$ 72,117	\$ -	\$ 438,996	\$ 226,868	\$ -	\$ 224,800
Receivables							
Taxes	5,416	-	-	6,408	-	-	-
Special assessments	-	15,218	-	-	-	44,034	137,737
Due from other funds	-	-	-	-	-	-	-
Total Assets	\$ 566,626	\$ 87,335	\$ -	\$ 445,404	\$ 226,868	\$ 44,034	\$ 362,537
Liabilities							
Accounts payable	\$ 2,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	40,025	-
Total Liabilities	2,715	-	-	-	-	40,025	-
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	14,845	-	-	-	43,795	137,184
Fund Balances							
Restricted for debt service	563,911	72,490	-	445,404	226,868	(39,786)	225,353
Total Deferred and Liabilities Inflows of Resources and Fund Balances	\$ 566,626	\$ 87,335	\$ -	\$ 445,404	\$ 226,868	\$ 44,034	\$ 362,537

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	\$ 629,933	\$ 669,927	\$ 544,572	\$ 659,091	\$ 352,636	\$ 489,795	\$ 175,062	\$ 5,045,007
Receivables								
Taxes	-	-	-	-	-	-	-	11,824
Special assessments	212,151	257,406	-	292,797	122,267	189,381	191,459	1,462,450
Due from other funds	-	40,025	-	-	-	-	-	40,025
Total Assets	\$ 842,084	\$ 967,358	\$ 544,572	\$ 951,888	\$ 474,903	\$ 679,176	\$ 366,521	\$ 6,559,306
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 2,721
Due to other funds	-	-	-	-	-	-	-	40,025
Total Liabilities	-	-	-	6	-	-	-	42,746
Deferred Inflows of Resources								
Unavailable revenue - special assessments	211,605	257,274	-	292,339	122,263	188,575	191,445	1,459,325
Fund Balances								
Restricted for debt service	630,479	710,084	544,572	659,543	352,640	490,601	175,076	5,057,235
Total Deferred and Liabilities Inflows of Resources and Fund Balances	\$ 842,084	\$ 967,358	\$ 544,572	\$ 951,888	\$ 474,903	\$ 679,176	\$ 366,521	\$ 6,559,306

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, 2022

Exhibit E-2

	355	370	368	375	350	362	363
	G.O. Tax Increment Refunding Bonds 2013B	G.O. Refunding Bonds 2011A	G.O. Refunding Bonds 2014B	G.O. Tax Increment Refunding Bonds 2018A	Tax Abatement Bonds Series 2015B	G.O. Refunding Bonds 2016B	G.O. Improvement Bonds 2018A
Revenues							
Taxes	\$ 639,408	\$ 173,762	\$ -	\$ 172,582	\$ 176,150	\$ 50,000	\$ 215,600
Special assessments	-	10,885	-	-	-	26,811	65,830
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>639,408</u>	<u>184,647</u>	<u>-</u>	<u>172,582</u>	<u>176,150</u>	<u>76,811</u>	<u>281,430</u>
Expenditures							
Current							
Housing and economic development	30,000	-	-	-	-	-	-
Debt service							
Principal	435,000	208,633	-	125,000	110,000	90,000	230,000
Interest and other	66,680	11,622	-	61,009	63,547	4,970	35,151
Total Expenditures	<u>531,680</u>	<u>220,255</u>	<u>-</u>	<u>186,009</u>	<u>173,547</u>	<u>94,970</u>	<u>265,151</u>
Net Change in Fund Balances	107,728	(35,608)	-	(13,427)	2,603	(18,159)	16,279
Fund Balances, January 1	<u>456,183</u>	<u>108,098</u>	<u>-</u>	<u>458,831</u>	<u>224,265</u>	<u>(21,627)</u>	<u>209,074</u>
Fund Balances, December 31	<u>\$ 563,911</u>	<u>\$ 72,490</u>	<u>\$ -</u>	<u>\$ 445,404</u>	<u>\$ 226,868</u>	<u>\$ (39,786)</u>	<u>\$ 225,353</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, 2022

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	\$ 150,000	\$ 50,000	\$ 189,000	\$ 100,000	\$ 37,340	\$ 210,000	\$ 120,889	\$ 2,284,731
Special assessments	64,234	72,053	-	78,340	23,888	77,141	38,798	457,980
Miscellaneous	-	-	282,940	-	-	-	-	282,940
Total Revenues	<u>214,234</u>	<u>122,053</u>	<u>471,940</u>	<u>178,340</u>	<u>61,228</u>	<u>287,141</u>	<u>159,687</u>	<u>3,025,651</u>
Expenditures								
Current								
Housing and economic development	-	-	-	-	-	-	-	30,000
Debt service								
Principal	220,000	150,000	435,000	185,000	45,000	390,000	145,000	2,768,633
Interest and other	31,705	27,127	14,267	32,468	13,142	37,302	35,518	434,508
Total Expenditures	<u>251,705</u>	<u>177,127</u>	<u>449,267</u>	<u>217,468</u>	<u>58,142</u>	<u>427,302</u>	<u>180,518</u>	<u>3,233,141</u>
Net Change in Fund Balances	(37,471)	(55,074)	22,673	(39,128)	3,086	(140,161)	(20,831)	(207,490)
Fund Balances, January 1	<u>667,950</u>	<u>765,158</u>	<u>521,899</u>	<u>698,671</u>	<u>349,554</u>	<u>630,762</u>	<u>195,907</u>	<u>5,264,725</u>
Fund Balances, December 31	<u>\$ 630,479</u>	<u>\$ 710,084</u>	<u>\$ 544,572</u>	<u>\$ 659,543</u>	<u>\$ 352,640</u>	<u>\$ 490,601</u>	<u>\$ 175,076</u>	<u>\$ 5,057,235</u>

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

Exhibit F-1

	Total		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 8,008,543	\$ 7,576,661	5.70 %
Licenses and permits	545,804	497,617	9.68
Intergovernmental	613,210	880,991	(30.40)
Charges for services	1,012,965	996,765	1.63
Fines and forfeitures	35,427	28,273	25.30
Special assessments	556,170	692,330	(19.67)
Interest on investments	107,679	11,443	841.00
Miscellaneous	400,415	456,682	(12.32)
Total Revenues	<u>\$ 11,280,213</u>	<u>\$ 11,140,762</u>	1.25 %
Per Capita	<u>\$ 1,200</u>	<u>\$ 1,185</u>	1.27 %
Expenditures			
Current			
General government	\$ 1,195,105	\$ 1,137,971	5.02 %
Public safety	3,811,333	3,719,610	2.47
Public works	902,104	740,960	21.75
Culture and recreation	744,840	607,339	22.64
Housing and economic development	80,119	78,575	1.97
Capital outlay			
Public safety	113,383	83,658	35.53
Public works	398,012	604,243	(34.13)
Culture and recreation	250,581	118,297	111.82
Housing and economic development	131,857	165,590	(20.37)
Debt service			
Principal	2,883,633	2,821,633	2.20
Interest and service charges	455,574	517,245	(11.92)
Total Expenditures	<u>\$ 10,966,541</u>	<u>\$ 10,595,121</u>	3.51 %
Per Capita	<u>\$ 1,167</u>	<u>\$ 1,127</u>	3.55 %
Total Long-term Indebtedness	\$ 14,140,885	\$ 17,134,273	(17.47) %
Per Capita	1,505	1,823	(17.44)
General Fund Balance - December 31	\$ 3,354,070	\$ 3,323,695	0.91 %
Per Capita	357	354	0.85

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 Noah Iverson, Finance Director at (952) 472-0608.

STATISTICAL SECTION (UNAUDITED)

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Table 1

	Fiscal year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 5,747,984	\$ 6,361,642	\$ 7,349,615	\$ 8,497,543
Restricted	679,417	2,420,487	3,581,824	5,281,846
Unrestricted	6,047,740	6,659,303	7,175,984	7,602,371
Total Governmental Activities Net Position	<u>\$ 12,475,141</u>	<u>\$ 15,441,432</u>	<u>\$ 18,107,423</u>	<u>\$ 21,381,760</u>
Business-type Activities				
Net investment in capital assets	\$ 5,496,329	\$ 4,875,047	\$ 4,610,738	\$ 4,410,201
Unrestricted	415,237	964,859	1,431,411	1,790,488
Total Business-type Activities Net Position	<u>\$ 5,911,566</u>	<u>\$ 5,839,906</u>	<u>\$ 6,042,149</u>	<u>\$ 6,200,689</u>
Total Primary Government				
Net investment in capital assets	\$ 11,244,313	\$ 11,236,689	\$ 11,960,353	\$ 12,907,744
Restricted	679,417	2,420,487	3,581,824	5,281,846
Unrestricted	6,462,977	7,624,162	8,607,395	9,392,859
Total Primary Government	<u>\$ 18,386,707</u>	<u>\$ 21,281,338</u>	<u>\$ 24,149,572</u>	<u>\$ 27,582,449</u>

Table 1

Fiscal year					
2017	2018	2019	2020	2021	2022
\$ 13,280,560	\$ 13,956,997	\$ 17,556,048	\$ 18,938,946	\$ 20,354,790	\$ 21,756,632
4,111,566	5,618,075	3,948,634	3,796,206	4,248,389	4,268,616
6,712,355	7,244,477	7,836,557	9,026,779	8,510,817	9,560,609
<u>\$ 24,104,481</u>	<u>\$ 26,819,549</u>	<u>\$ 29,341,239</u>	<u>\$ 31,761,931</u>	<u>\$ 33,113,996</u>	<u>\$ 35,585,857</u>
\$ 6,786,181	\$ 7,131,553	\$ 10,874,807	\$ 14,219,103	\$ 10,140,949	\$ 12,564,557
107,216	(267,659)	(3,920,428)	(6,677,620)	(1,513,360)	(2,848,684)
<u>\$ 6,893,397</u>	<u>\$ 6,863,894</u>	<u>\$ 6,954,379</u>	<u>\$ 7,541,483</u>	<u>\$ 8,627,589</u>	<u>\$ 9,715,873</u>
\$ 20,066,741	\$ 21,088,550	\$ 28,430,855	\$ 33,158,049	\$ 30,495,739	\$ 34,321,189
4,111,566	5,618,075	3,948,634	3,796,206	4,248,389	4,268,616
6,819,571	6,976,818	3,916,129	2,349,159	6,997,457	6,711,925
<u>\$ 30,997,878</u>	<u>\$ 33,683,443</u>	<u>\$ 36,295,618</u>	<u>\$ 39,303,414</u>	<u>\$ 41,741,585</u>	<u>\$ 45,301,730</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			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,094,663	\$ 1,011,092	\$ 1,143,872	\$ 1,137,472
Public safety	3,032,904	3,094,017	3,345,326	3,563,263
Public works	1,653,646	1,732,405	1,644,679	1,666,696
Culture and recreation	676,087	673,660	707,988	651,029
Housing and economic development	107,917	88,092	84,064	107,601
Interest on long-term debt	1,051,549	1,048,331	930,353	912,412
Total Governmental Activities Expenses	<u>7,616,766</u>	<u>7,647,597</u>	<u>7,856,282</u>	<u>8,038,473</u>
Business-type activities				
Water	1,717,417	1,776,204	1,763,673	1,803,974
Sewer	1,860,943	2,045,238	2,146,860	2,097,118
Municipal liquor	2,684,037	2,699,280	2,732,378	2,848,011
Recycling	189,576	181,571	182,673	182,133
Storm water	375,568	378,573	375,853	389,394
HRA public housing	312,388	327,318	330,939	320,944
Total Business-type Activities Expenses	<u>7,139,929</u>	<u>7,408,184</u>	<u>7,532,376</u>	<u>7,641,574</u>
Total Expenses	<u>\$ 14,756,695</u>	<u>\$ 15,055,781</u>	<u>\$ 15,388,658</u>	<u>\$ 15,680,047</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 294,247	\$ 300,624	\$ 340,691	\$ 350,087
Public safety	855,874	865,539	1,222,890	1,310,451
Public works	77,875	94,104	118,533	124,524
Culture and recreation	219,263	228,854	231,716	253,328
Housing and economic development	163,975	211,928	-	9,967
Operating grants and contributions	114,401	113,136	251,738	125,361
Capital grants and contributions	1,921,085	1,945,142	1,279,161	1,701,151
Total Governmental Activities Program Revenue	<u>3,646,720</u>	<u>3,759,327</u>	<u>3,444,729</u>	<u>3,874,869</u>
Business-type activities				
Charges for services				
Water	1,887,698	1,626,188	1,800,376	1,959,567
Sewer	1,523,307	1,767,515	1,888,094	2,086,544
Municipal liquor	2,887,315	2,919,731	2,965,068	3,053,772
Recycling	169,744	177,849	183,141	183,394
Storm water	404,162	479,588	507,892	553,576
HRA public housing	132,679	133,205	141,163	129,839
Operating grants and contributions	191,176	144,127	163,699	167,350
Capital grants and contributions	54,243	77,855	115,521	72,570
Total Business-type Activities Program Revenue	<u>7,250,324</u>	<u>7,326,058</u>	<u>7,764,954</u>	<u>8,206,612</u>
Total Program Revenues	<u>\$ 10,897,044</u>	<u>\$ 11,085,385</u>	<u>\$ 11,209,683</u>	<u>\$ 12,081,481</u>

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,168,554	\$ 1,105,111	\$ 1,071,883	\$ 1,730,674	\$ 1,970,602	\$ 1,200,506
3,760,227	3,684,407	3,730,923	3,910,533	4,034,136	4,199,967
1,743,263	2,113,037	2,211,777	2,113,513	1,956,950	2,029,199
710,673	660,464	499,451	661,179	754,563	865,711
829,207	197,131	154,646	286,580	289,505	257,316
882,349	692,731	695,483	625,566	482,611	404,256
9,094,273	8,452,881	8,364,163	9,328,045	9,488,367	8,956,955
1,926,287	1,950,571	1,976,984	1,944,607	1,931,878	1,879,319
2,096,323	2,247,194	2,241,123	2,161,094	2,381,166	2,250,749
2,923,079	2,907,960	2,832,948	3,396,840	3,411,372	3,409,989
200,399	199,927	197,261	197,363	197,986	251,464
393,363	393,803	406,202	407,685	355,543	333,180
-	-	-	-	-	-
7,539,451	7,699,455	7,654,518	8,107,589	8,277,945	8,124,701
<u>\$ 16,633,724</u>	<u>\$ 16,152,336</u>	<u>\$ 16,018,681</u>	<u>\$ 17,435,634</u>	<u>\$ 17,766,312</u>	<u>\$ 17,081,656</u>
\$ 341,676	\$ 327,565	\$ 345,221	\$ 364,623	\$ 400,740	\$ 404,122
1,382,033	1,238,004	1,137,281	1,103,015	1,217,040	1,253,672
84,554	58,320	60,267	57,778	66,590	44,120
294,000	389,308	179,945	183,459	209,554	200,521
1,245	-	2,012	5,011	250	-
148,745	154,653	361,689	1,205,813	653,008	679,431
2,088,315	1,365,758	818,456	556,943	154,233	169,328
4,340,568	3,533,608	2,904,871	3,476,642	2,701,415	2,751,194
2,121,051	2,049,587	1,979,250	2,089,204	2,159,374	2,075,846
2,322,975	2,245,261	2,342,322	2,518,028	2,642,942	2,636,369
3,159,784	3,106,187	3,094,818	3,838,394	3,874,634	3,820,758
181,342	179,468	181,232	183,522	185,332	238,642
473,241	155,125	153,110	139,330	137,839	138,613
-	-	-	-	-	-
-	-	-	-	18,301	18,661
80,358	25,573	120,013	99,476	1,015	-
8,338,751	7,761,201	7,870,745	8,867,954	9,019,437	8,928,889
<u>\$ 12,679,319</u>	<u>\$ 11,294,809</u>	<u>\$ 10,775,616</u>	<u>\$ 12,344,596</u>	<u>\$ 11,720,852</u>	<u>\$ 11,680,083</u>

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

Table 2

	Fiscal Year			
	2013	2014	2015	2016
Program Revenues (Continued)				
Net (expenses) revenues				
Governmental activities	\$ (3,970,046)	\$ (3,888,270)	\$ (4,411,553)	\$ (4,163,604)
Business-type activities	110,395	(82,126)	232,578	565,038
Total Primary Government	<u>\$ (3,859,651)</u>	<u>\$ (3,970,396)</u>	<u>\$ (4,178,975)</u>	<u>\$ (3,598,566)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 6,169,021	\$ 6,068,495	\$ 6,236,580	\$ 6,500,525
Franchise taxes	412,071	412,506	412,295	423,042
State grants and contributions not restricted to specific programs	6,116	297,791	331,693	340,471
Unrestricted investment earnings	5,144	7,240	8,815	12,514
Gain on sale of capital assets	21,190	7,000	28,668	103,984
Transfers - internal activities	73,766	332,292	59,493	57,405
Special item - sale of property	-	-	-	(373,182)
Total Governmental Activities General Revenues	<u>6,687,308</u>	<u>7,125,324</u>	<u>7,077,544</u>	<u>7,064,759</u>
Business-type activities				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	4,655	1,995	3,658	10,755
Gain on sale of capital assets	26,000	70,000	25,500	13,334
Transfers - internal activities	(73,766)	(332,292)	(59,493)	(57,405)
Total Business-type Activities General Revenues	<u>(43,111)</u>	<u>(260,297)</u>	<u>(30,335)</u>	<u>(33,316)</u>
Total Primary Government	<u>\$ 6,644,197</u>	<u>\$ 6,865,027</u>	<u>\$ 7,047,209</u>	<u>\$ 7,031,443</u>
Change in Net Position				
Governmental activities	\$ 2,717,262	\$ 3,237,054	\$ 2,665,991	\$ 2,901,155
Business-type activities	67,284	(342,423)	202,243	531,722
Total Primary Government	<u>\$ 2,784,546</u>	<u>\$ 2,894,631</u>	<u>\$ 2,868,234</u>	<u>\$ 3,432,877</u>

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ (4,753,705)	\$ (4,919,273)	\$ (5,459,292)	\$ (5,851,403)	\$ (6,786,952)	\$ (6,205,761)
799,300	61,746	216,227	760,365	741,492	804,188
<u>\$ (3,954,405)</u>	<u>\$ (4,857,527)</u>	<u>\$ (5,243,065)</u>	<u>\$ (5,091,038)</u>	<u>\$ (6,045,460)</u>	<u>\$ (5,401,573)</u>
\$ 6,510,322	\$ 6,638,769	\$ 6,856,784	\$ 7,211,433	\$ 7,164,926	\$ 7,619,480
405,178	406,501	400,811	397,104	386,787	381,925
347,390	383,843	384,321	406,616	313,146	313,146
26,970	63,111	85,578	27,938	11,443	107,679
56,300	14,045	77,793	54,004	62,715	5,392
130,266	128,072	175,695	175,000	200,000	250,000
-	-	-	-	-	-
<u>7,476,426</u>	<u>7,634,341</u>	<u>7,980,982</u>	<u>8,272,095</u>	<u>8,139,017</u>	<u>8,677,622</u>
\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ 180,000
-	-	-	-	362,124	332,432
13,391	36,823	49,953	1,739	2,490	21,664
10,283	-	-	-	-	-
(130,266)	(128,072)	(175,695)	(175,000)	(200,000)	(250,000)
<u>(106,592)</u>	<u>(91,249)</u>	<u>(125,742)</u>	<u>(173,261)</u>	<u>344,614</u>	<u>284,096</u>
<u>\$ 7,369,834</u>	<u>\$ 7,543,092</u>	<u>\$ 7,855,240</u>	<u>\$ 8,098,834</u>	<u>\$ 8,483,631</u>	<u>\$ 8,961,718</u>
\$ 2,722,721	\$ 2,715,068	\$ 2,521,690	\$ 2,420,692	\$ 1,352,065	\$ 2,471,861
692,708	(29,503)	90,485	587,104	1,086,106	1,088,284
<u>\$ 3,415,429</u>	<u>\$ 2,685,565</u>	<u>\$ 2,612,175</u>	<u>\$ 3,007,796</u>	<u>\$ 2,438,171</u>	<u>\$ 3,560,145</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
2013	\$ 6,169,021	\$ 412,071	\$ 6,347,029
2014	6,068,495	412,506	6,581,092
2015	6,236,580	412,295	6,481,001
2016	6,500,525	423,042	6,648,875
2017	6,510,322	405,178	6,923,567
2018	6,638,769	406,501	6,915,500
2019	6,856,784	400,811	7,045,270
2020	7,211,433	397,104	7,257,595
2021	7,164,926	386,787	7,551,713
2022	7,619,480	381,925	8,001,405

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

Table 4

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 443,967	\$ 361,707	\$ 276,834	\$ 190,739
Restricted	-	-	-	28,084
Assigned	283,602	272,860	290,300	344,560
Unassigned	1,637,080	1,963,345	2,347,131	2,725,710
Total General Fund	<u>\$ 2,364,649</u>	<u>\$ 2,597,912</u>	<u>\$ 2,914,265</u>	<u>\$ 3,289,093</u>
All Other Governmental Funds				
Nonspendable	\$ 6,701	\$ -	\$ -	\$ 106,665
Restricted	4,444,972	5,264,220	6,385,888	7,950,914
Assigned	2,248,345	2,463,334	2,636,566	2,607,179
Unassigned	(8,769)	(42,244)	(44,793)	(60,771)
Total All Other Governmental Funds	<u>\$ 6,691,249</u>	<u>\$ 7,685,310</u>	<u>\$ 8,977,661</u>	<u>\$ 10,603,987</u>

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 100,673	\$ -	\$ -	\$ -	\$ 1,360	\$ 1,360
97,184	20,019	20,019	-	-	-
460,695	514,907	623,319	653,660	435,094	407,909
2,844,456	2,797,187	2,599,151	2,673,660	2,887,241	2,944,801
<u>\$ 3,503,008</u>	<u>\$ 3,332,113</u>	<u>\$ 3,242,489</u>	<u>\$ 3,327,320</u>	<u>\$ 3,323,695</u>	<u>\$ 3,354,070</u>
\$ 107,760	\$ 107,760	\$ 7,084	\$ 7,084	\$ 682,798	\$ 682,798
6,605,379	10,210,602	5,602,593	5,367,009	5,803,479	5,601,447
1,656,628	1,719,268	2,472,757	3,843,073	4,071,325	4,832,984
(90,310)	(148,250)	(175,825)	(191,339)	(19,794)	(40,732)
<u>\$ 8,279,457</u>	<u>\$ 11,889,380</u>	<u>\$ 7,906,609</u>	<u>\$ 9,025,827</u>	<u>\$ 10,537,808</u>	<u>\$ 11,076,497</u>

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

Table 5

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 6,602,770	\$ 6,512,580	\$ 6,615,397	\$ 6,928,660
Licenses and permits	390,433	435,867	483,454	502,724
Intergovernmental	224,139	622,969	914,000	1,366,113
Charges for services	918,354	908,848	985,139	1,039,223
Fines and forfeitures	68,435	65,071	57,242	44,022
Special assessments	1,173,004	1,231,481	1,210,186	1,123,120
Interest on investments	5,144	7,240	8,815	12,514
Miscellaneous	516,952	574,203	536,145	462,248
Total Revenues	<u>9,899,231</u>	<u>10,358,259</u>	<u>10,810,378</u>	<u>11,478,624</u>
Expenditures				
General government	1,071,935	1,011,539	1,117,105	1,124,242
Public safety	3,107,825	3,176,801	3,142,873	3,348,707
Public works	743,382	764,378	734,442	702,586
Culture and recreation	551,285	570,893	544,335	528,182
Housing and economic development	40,655	38,466	38,724	57,906
Capital outlay	2,880,155	1,261,780	1,248,810	4,037,845
Debt service				
Principal	2,045,285	2,269,605	2,412,381	2,493,041
Interest and other	1,194,296	1,091,765	991,165	901,350
Total Expenditures	<u>11,634,818</u>	<u>10,185,227</u>	<u>10,229,835</u>	<u>13,193,859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,735,587)</u>	<u>173,032</u>	<u>580,543</u>	<u>(1,715,235)</u>
Other Financing Sources (Uses)				
Transfers in	528,338	884,929	571,914	574,490
Transfers out	(454,572)	(552,637)	(512,421)	(517,085)
Bonds issued	4,280,000	1,655,000	6,100,000	3,555,000
Bonds refunded	(1,485,000)	(940,000)	(5,160,000)	-
Bond premium	136,010	-	-	-
Sale of capital assets	21,190	7,000	28,668	103,984
Total Other Financing Sources (Uses)	<u>3,025,966</u>	<u>1,054,292</u>	<u>1,028,161</u>	<u>3,716,389</u>
Net Change in Fund Balances	<u>\$ 1,290,379</u>	<u>\$ 1,227,324</u>	<u>\$ 1,608,704</u>	<u>\$ 2,001,154</u>
Debt Service as a Percentage of Noncapital Expenditures	36.4%	37.0%	37.3%	36.5%

Table 5

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 6,953,226	\$ 7,021,591	\$ 7,249,812	\$ 7,599,933	\$ 7,576,661	\$ 8,008,543
554,878	599,415	457,567	454,660	497,617	545,804
1,831,317	936,292	1,045,362	1,834,294	880,991	613,210
1,133,595	983,571	904,446	932,546	996,765	1,012,965
43,137	36,771	34,082	22,939	28,273	35,427
1,147,612	1,010,004	978,036	772,846	692,330	556,170
26,970	63,111	85,578	27,938	11,443	107,679
372,969	396,589	403,413	428,425	456,682	400,415
<u>12,063,704</u>	<u>11,047,344</u>	<u>11,158,296</u>	<u>12,073,581</u>	<u>11,140,762</u>	<u>11,280,213</u>
1,140,874	1,084,064	1,063,703	1,694,250	1,137,971	1,195,105
3,466,464	3,423,371	3,454,487	3,568,621	3,719,610	3,811,333
744,369	768,371	856,014	789,247	740,960	902,104
590,260	589,083	539,612	582,428	607,339	744,840
69,393	82,659	57,833	92,800	78,575	80,119
3,796,979	1,503,725	1,123,514	1,454,967	971,788	893,833
3,651,041	2,900,702	2,953,022	2,891,119	2,821,633	2,883,633
901,505	891,521	750,994	683,479	517,245	455,574
<u>14,360,885</u>	<u>11,243,496</u>	<u>10,799,179</u>	<u>11,756,911</u>	<u>10,595,121</u>	<u>10,966,541</u>
<u>(2,297,181)</u>	<u>(196,152)</u>	<u>359,117</u>	<u>316,670</u>	<u>545,641</u>	<u>313,672</u>
730,712	1,635,107	778,441	823,653	895,970	1,007,946
(600,446)	(1,507,035)	(602,746)	(648,653)	(695,970)	(757,946)
-	3,325,000	-	2,450,000	-	-
-	-	(4,685,000)	(1,930,000)	-	-
-	168,063	-	138,375	-	-
56,300	14,045	77,793	54,004	762,715	5,392
<u>186,566</u>	<u>3,635,180</u>	<u>(4,431,512)</u>	<u>887,379</u>	<u>962,715</u>	<u>255,392</u>
<u>\$ (2,110,615)</u>	<u>\$ 3,439,028</u>	<u>\$ (4,072,395)</u>	<u>\$ 1,204,049</u>	<u>\$ 1,508,356</u>	<u>\$ 569,064</u>
39.9%	37.5%	37.5%	33.4%	33.2%	32.0%

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

	2014	2015	2016	2017
Real Property	\$ 956,361,700	\$ 1,059,788,500	\$ 1,078,295,400	\$ 1,175,358,600
Personal Property	4,906,600	5,124,200	5,002,600	5,203,600
Estimated Actual Value	<u>\$ 961,268,300</u>	<u>\$ 1,064,912,700</u>	<u>\$ 1,083,298,000</u>	<u>\$ 1,180,562,200</u>
Tax Capacity	\$ 9,609,636	\$ 10,766,187	\$ 10,992,202	\$ 12,084,264
Contribution to Fiscal Disparities Pool	(263,862)	(261,070)	(276,900)	(299,684)
Receivable from Fiscal Disparities Pool	836,694	861,823	848,636	887,186
Tax Increment	<u>(311,005)</u>	<u>(384,355)</u>	<u>(488,930)</u>	<u>(569,772)</u>
Total Tax Capacity	<u>\$ 9,871,463</u>	<u>\$ 10,982,585</u>	<u>\$ 11,075,008</u>	<u>\$ 12,101,994</u>
Tax Levies				
General	\$ 3,394,294	\$ 3,496,123	\$ 3,601,007	\$ 3,492,976
Debt service	1,975,650	1,981,068	1,981,102	2,031,250
Fire relief	78,920	67,171	67,063	68,560
Housing and redevelopment authority	<u>182,728</u>	<u>177,835</u>	<u>197,008</u>	<u>200,410</u>
Total	<u>\$ 5,631,592</u>	<u>\$ 5,722,197</u>	<u>\$ 5,846,180</u>	<u>\$ 5,793,196</u>
Tax Capacity Rate				
General	35.214 %	32.185 %	33.170 %	29.184 %
Debt service	19.197	17.314	17.329	16.102
Fire relief	0.839	0.587	0.586	0.543
Housing and redevelopment authority	<u>1.850</u>	<u>1.600</u>	<u>1.794</u>	<u>1.646</u>
Total	<u>57.100 %</u>	<u>51.686 %</u>	<u>52.879 %</u>	<u>47.475 %</u>

* Included next years information to illustrate significant changes to property values and tax capacity

Table 6

2018	2019	2020	2021	2022	2023*
\$ 1,225,075,100	\$ 1,337,495,900	\$ 1,418,721,500	\$ 1,558,252,100	\$ 1,620,531,800	\$ 2,052,698,200
<u>5,925,000</u>	<u>6,047,600</u>	<u>5,994,800</u>	<u>6,312,600</u>	<u>2,630,500</u>	<u>2,785,200</u>
<u>\$ 1,231,000,100</u>	<u>\$ 1,343,543,500</u>	<u>\$ 1,424,716,300</u>	<u>\$ 1,564,564,700</u>	<u>\$ 1,623,162,300</u>	<u>\$ 2,055,483,400</u>
\$ 12,659,733	\$ 13,917,172	\$ 14,896,070	\$ 16,540,281	\$ 17,173,702	\$ 22,239,866
(327,418)	(342,108)	(349,858)	(380,984)	(362,316)	(349,789)
966,291	1,061,728	1,061,178	1,130,208	1,168,519	1,089,124
<u>(619,616)</u>	<u>(697,017)</u>	<u>(841,118)</u>	<u>(940,678)</u>	<u>(915,729)</u>	<u>(1,055,435)</u>
<u>\$ 12,678,990</u>	<u>\$ 13,939,775</u>	<u>\$ 14,766,272</u>	<u>\$ 16,348,827</u>	<u>\$ 17,064,176</u>	<u>\$ 21,923,766</u>
\$ 3,580,301	\$ 3,949,614	\$ 4,153,801	\$ 4,485,665	\$ 4,889,744	\$ 5,516,693
2,056,154	1,794,582	1,763,189	1,727,048	1,636,591	1,336,089
68,001	74,601	76,093	78,379	79,115	82,839
<u>218,404</u>	<u>227,735</u>	<u>248,555</u>	<u>248,555</u>	<u>248,555</u>	<u>250,000</u>
<u>\$ 5,922,860</u>	<u>\$ 6,046,532</u>	<u>\$ 6,241,638</u>	<u>\$ 6,539,647</u>	<u>\$ 6,854,005</u>	<u>\$ 7,185,621</u>
30.463 %	28.156 %	28.083 %	27.287 %	28.676 %	24.864 %
13.997	12.793	11.921	10.564	9.598	6.023
0.463	0.532	0.514	0.479	0.464	0.378
<u>1.729</u>	<u>1.626</u>	<u>1.688</u>	<u>1.508</u>	<u>1.453</u>	<u>1.124</u>
<u>46.652 %</u>	<u>43.107 %</u>	<u>42.206 %</u>	<u>39.838 %</u>	<u>40.191 %</u>	<u>32.389 %</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
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
2021	38.330	1.508	38.210	17.306	1.422	7.813	104.589
2022	38.738	1.453	38.535	16.531	1.368	7.849	104.474
2023	31.265	1.124	34.542	12.865	1.220	6.944	87.960

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.

* Included next years information to illustrate significant changes to tax capacity

City of Mound, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
December 31, 2022 - December 31, 2013

Table 8

Taxpayer	Type of Property	2022			2013		
		Total Tax	Rank	Percent of Total Tax	Total Tax	Rank	Percent of Total Tax
SCL Holdings-Mound, LLC	Commercial	\$ 149,350	1	0.88 %	\$ 109,966	1	1 %
Harrison Bay Senior Living, LLC	Residential - Apartment	126,938	2	0.74	-	-	-
Metro Storage -Mound LLC	Industrial	126,410	3	0.74	-	-	-
Grandview Minnesota, LLC	Residential - Apartment	110,300	4	0.65	54,213	2	0.53
Walgreens Company	Commercial	55,970	5	0.33	-	-	-
IKM Limited Partnership	Housing - Low Income	49,545	6	0.29	-	-	-
EGR Premier Properties LLC	Commercial	45,050	7	0.26	-	-	-
Balboa Minnesota Co.	Industrial	38,985	8	0.23	45,833	3	0.45
LHB Properties LLC	Residential - Apartment	35,713	9	0.21	-	-	-
Wells Fargo Bank NA	Commercial	29,050	10	0.17	23,950	8	0.24
Goelzer/Richardson, LLP	Commercial	-	-	-	33,976	4	0.33
Mound Mini Storage	Industrial	-	-	-	29,590	5	0.29
Stonegate Plaza, LLC	Commercial	-	-	-	25,950	6	0.25
Mound Minnesota Investors, LLC	Commercial	-	-	-	25,170	7	0.25
Xcel Energy	Utilities	-	-	-	21,880	9	0.21
Vernon & Nancy Hoium	Commercial	-	-	-	20,150	10	0.20
Total		<u>\$ 767,311</u>		<u>4.50 %</u>	<u>\$ 390,678</u>		<u>3.83 %</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
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	59,506	5,722,197	100.00
2016	5,846,180	5,792,843	99.09	53,337	5,846,180	100.00
2017	5,793,196	5,760,438	99.43	31,035	5,791,473	99.97
2018	5,922,860	5,873,097	99.16	42,552	5,915,649	99.88
2019	6,046,532	6,000,790	99.24	44,246	6,045,036	99.98
2020	6,241,638	6,195,301	99.26	45,181	6,240,482	99.98
2021	6,539,647	6,502,153	99.24	35,377	6,537,530	99.97
2022	6,854,005	6,812,203	99.39	-	6,812,203	99.39

See the Tax Capacity and Estimated Actual Value of Taxable Property table on page 114 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			
2013	\$ 27,052,430	\$ 7,895,000	\$ -	\$ -	\$ 23,532,570	\$ -	\$ 58,480,000	12.33 %	\$ 5,876
2014	25,862,825	7,530,000	-	-	26,731,175	-	60,124,000	12.16	6,309
2015	24,767,444	7,153,000	-	-	30,337,556	-	62,258,000	12.08	6,464
2016	26,262,403	6,720,000	-	-	34,122,597	-	67,105,000	13.00	6,693
2017	23,072,362	6,259,000	-	-	30,157,638	-	59,489,000	11.52	7,202
2018	22,108,660	7,647,000	-	-	32,476,340	-	62,232,000	11.43	6,333
2019	17,947,638	4,170,000	-	-	26,182,362	-	48,300,000	8.50	6,555
2020	16,081,519	3,665,000	-	-	28,348,481	-	48,095,000	5.63	5,167
2021	13,737,886	3,187,000	-	-	26,372,113	-	43,296,999	7.21	4,607
2022	11,414,253	2,627,000	-	-	24,245,746	-	38,286,999	6.03	4,074

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 125 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
2013	9,270	\$ 11,220,668	\$54,119,000	\$ 4,381,062	\$ 50,428,151	449.42 %	\$ 5,475
2014	9,302	10,190,554	58,480,000	2,180,474	54,098,938	530.87	5,836
2015	9,302	9,871,463	60,124,000	2,553,254	57,943,526	586.98	6,229
2016	9,318	10,982,585	62,258,000	3,912,655	59,704,746	543.63	6,418
2017	9,394	11,075,008	67,105,000	3,738,591	63,192,345	570.59	6,782
2018	9,494	12,101,994	59,489,000	5,456,027	55,750,409	460.67	5,935
2019	9,347	12,678,990	62,232,000	3,710,794	56,775,973	447.80	5,980
2020	9,447	13,939,775	48,300,000	3,784,669	44,589,206	319.87	4,770
2021	9,398	16,348,827	43,296,999	3,709,635	39,587,364	242.14	4,212
2022	9,398	17,064,176	38,286,999	3,724,404	34,562,595	202.54	3,678

Year 2020 population from US Census

See the Demographic and Economic Statistics table on page 125 for population data.

See the Tax Capacity and Estimated Actual Value of Taxable Property table on page 114 for tax capacity information.

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

Table 12

	Total Debt	Net Debt Outstanding	Percent of Debt Applicable to City*	City of Mound Share of Debt
Direct Debt				
City of Mound	\$ 14,140,885	\$ 14,140,885	100.00 %	\$ 14,140,885
Overlapping Debt				
Hennepin County	1,439,270,000	1,027,985,000	0.84	8,558,643
School District #277	30,120,000	30,120,000	30.86	9,049,867
Hennepin Suburb Park District	58,975,000	53,865,000	1.17	557,516
Hennepin Regional RR Authority	86,235,000	86,235,000	0.84	717,904
Metropolitan Council	1,717,186,171	218,520,000	0.46	382,073
Total Overlapping Debt	3,331,786,171	1,416,725,000	34.17	19,266,003
Total Direct and Overlapping Debt	<u>\$ 3,345,927,056</u>	<u>\$ 1,430,865,885</u>	<u>2.33 %</u>	<u>\$ 33,406,888</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			
	2013	2014	2015	2016
Debt Limit	\$ 29,631,612	\$ 28,838,049	\$ 31,947,381	\$ 32,498,940
Total Net Debt Applicable to Limit	<u>260,000</u>	<u>200,000</u>	<u>-</u>	<u>730,000</u>
Legal Debt Margin	<u>\$ 29,371,612</u>	<u>\$ 28,638,049</u>	<u>\$ 31,947,381</u>	<u>\$ 31,768,940</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.9%	0.7%	0.0%	2.2%

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					
2017	2018	2019	2020	2021	2022
\$ 35,416,866	\$ 36,930,003	\$ 40,306,305	\$ 42,741,489	\$ 46,936,941	\$ 48,694,869
730,000	680,000	625,000	570,000	515,000	975,000
<u>\$ 34,686,866</u>	<u>\$ 36,250,003</u>	<u>\$ 39,681,305</u>	<u>\$ 42,171,489</u>	<u>\$ 46,421,941</u>	<u>\$ 47,719,869</u>
2.1%	1.8%	1.6%	1.3%	1.1%	2.0%

Legal Debt Margin Calculation:

Taxable Market Value	<u>\$ 1,623,162,300</u>
Debt Limit (3 Percent of Market Value)	\$ 48,694,869
Debt Applicable to Limit	<u>975,000</u>
Legal Debt Margin	<u>\$ 47,719,869</u>

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

Table 14

Fiscal Year	(1) Gross Revenue	(2) Expenses	Net Revenue Available	Debt Service			Ratio of Net Revenue to Debt Service
				Principal	Interest	Total	
2013	\$ 3,812,796	\$ 1,986,345	\$ 1,826,451	\$ 873,717	\$ 633,679	\$ 1,507,396	1.212 to 1
2014	3,870,751	2,097,241	1,773,510	3,301,396	782,482	4,083,878	.434 to 1
2015	4,196,173	2,155,556	2,040,617	1,263,620	663,207	1,926,827	1.059 to 1
2016	4,579,195	1,891,876	2,687,319	1,454,959	891,549	2,346,508	1.145 to 1
2017	4,921,545	1,960,196	2,961,349	3,964,959	887,248	4,852,207	.610 to 1
2018	4,449,973	2,256,588	2,193,385	1,876,298	692,110	2,568,408	.854 to 1
2019	4,451,230	2,217,821	2,233,409	3,084,378	805,699	3,890,077	.574 to 1
2020	4,725,326	2,045,367	2,679,959	1,943,881	753,808	2,697,689	.993 to 1
2021	4,850,623	2,286,992	2,563,631	1,976,368	680,934	2,657,302	.965 to 1
2022	4,820,238	2,151,139	2,669,099	2,126,367	657,565	2,783,932	.959 to 1

(1) Includes 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
2013	9,270	4,045	2.33	474,466,410	51,183	43.8	2,187	4.0
2014	9,302	4,045	2.33	494,550,132	53,166	44.2	2,253	3.0
2015	9,302	4,072	2.28	525,516,490	56,495	44.2	2,238	2.8
2016	9,318	4,089	2.28	538,123,818	57,751	42.0	2,321	2.7
2017	9,394	4,085	2.33	561,159,984	59,736	42.0	2,358	2.4
2018	9,494	4,089	2.28	595,226,330	62,695	46.0	2,460	2.1
2019	9,347	4,089	2.28	600,731,690	64,270	43.3	2,319	2.6
2020	9,447	4,173	2.26	634,970,658	67,214	43.5	2,482	4.4
2021	9,398	4,621	2.06	631,677,172	67,214 (3)	43.5 (1)	2,446	2.3
2022	9,398 (1)	4,435 (1)	2.07 (1)	675,828,976 (2)	71,912 *	44.3 *	2,418 (4)	2.6 (5)

Sources

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

- (1) US Department of Commerce - Census Bureau
- (2) Calculated by the City
- (3) US Department of Commerce - Bureau of Economic Analysis
- (4) Westonka ISD
- (5) 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	6	5	5	5	5	5	4	4	4	4
Police										
Officers	*	*	*	*	*	*	*	*	*	*
Civilians	*	*	*	*	*	*	*	*	*	*
Reserve Officers (1)	*	*	*	*	*	*	*	*	*	*
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)	39	40	39	39	39	38	39	39	40	39
Public Works										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	3	3	2	5	3	4	4	4	4	4
Culture and Recreation										
Parks	3	2	3	3	3	3	3	3	3	3
Seasonal Park Maintenance (3)	2	2	2	2	2	2	2	2	2	3
Economic Development										
Planning	2	2	2	2	2	2	2	2	2	2
Code Enforcement	-	1	1	1	1	1	1	1	1	1
Utilities	3	3	3	2	2	3	3	2	3	3
Municipal Liquor Store	5	6	6	6	6	7	6	5	5	5
Total	<u>67</u>	<u>68</u>	<u>67</u>	<u>69</u>	<u>67</u>	<u>69</u>	<u>68</u>	<u>66</u>	<u>68</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Police calls	*	*	*	*	*	*	*	*	*	*
Physical arrests	*	*	*	*	*	*	*	*	*	*
Parking violations	*	*	*	*	*	*	*	*	*	*
Traffic violations	*	*	*	*	*	*	*	*	*	*
Fire										
Fire calls										
Elections	558	525	550	588	596	602	568	597	659	695
Registered voters last election										
Number of votes cast last election	6,014	6,100	6,100	6,195	6,195	6,213	6,213	6,719	6,719	6,502
Percentage of registered voters voting	5,681	3,893	3,893	5,561	5,661	4,961	4,961	6,235	6,235	4,895
Building/Engineering	94.46%	63.82%	63.82%	91.38%	91.38%	79.85%	79.85%	92.80%	92.80%	75.28%
Permits issued										
Value of permits issued (in millions)	199	350	380	439	224	444	448	403	448	421
Water	\$ 10,410,249	\$ 8,818,474	\$ 17,860,182	\$ 22,119,768	\$ 28,034,913	\$ 9,829,004	\$ 9,579,435	\$ 9,380,287	\$ 13,696,549	\$ 15,798,847
Consumers										
New connections	3,705	3,778	3,727	3,735	3,780	3,765	3,773	3,771	3,762	3,776
Water mains breaks	17	9	20	27	10	19	8	4	2	5
Average daily consumption (thousands of gallons)	14	13	13	4	8	4	5	6	6	3
Maximum daily capacity (thousands of gallons)	655	612	612	569	586	576	571	625	616	596
User charge per thousand gallons	2,200	2,200	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Sewer	\$ 3.77	\$ 3.85	\$ 4.18	\$ 4.54	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92
Average daily treatment flow (thousands of gallons)										
User charge per thousand gallons	789	1,012	1,012	1,012	1,012	1,022	1,048	1,102	1,084	1,080
	\$ 4.41	\$ 4.85	\$ 5.31	\$ 5.81	\$ 6.36	\$ 6.75	\$ 6.75	\$ 7.16	\$ 7.37	\$ 7.60

* 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Stations	1	*	*	*	*	*	*	*	*	*
Patrol units	7	*	*	*	*	*	*	*	*	*
Unmarked Patrol Units	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	2.8	0.65	4	1.5	0	1.3	0	0.5	0.5
Sidewalks (miles)	11	11	11	11	11	11	11	11	11	11
Street lights	540	540	541	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	46	46	46	46	46
Miles of water main rehabilitated	1	1	1	3.50	0.84	-	1.20	-	0.50	1
Fire hydrants	411	414	414	415	416	420	420	420	420	420
Sewer										
Miles of sanitary sewer	60	60	60	60	60	60	60	60	60	60
Miles of sanitary sewer rehabilitated	-	-	-	1.25	0.37	0.54	0.89	-	0.50	-
Lift stations	31	30	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, 2022

City of Mound, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
December 31, 2022 and 2021

Exhibit H-1

	<u>2022</u>	<u>2021</u>
Governmental Funds Capital Assets		
Land	\$ 198,366	\$ 198,366
Buildings and structures	11,988,250	11,988,250
Improvements other than buildings	2,456,163	2,188,499
Furniture and equipment	4,735,922	4,780,026
Infrastructure	31,002,688	31,002,688
Construction in progress	<u>624,889</u>	<u>370,545</u>
Total Governmental Funds Capital Assets	<u>\$ 51,006,278</u>	<u>\$ 50,528,374</u>
Investments in Governmental Funds Capital Assets by Source		
General and special revenue funds	\$ 19,378,701	\$ 19,155,142
Capital projects funds	<u>31,627,577</u>	<u>31,373,232</u>
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 51,006,278</u>	<u>\$ 50,528,374</u>

City of Mound, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function
December 31, 2022

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	41000	\$ 810,161	\$ 159,366	\$ 389,684	\$ 105,546	\$ 155,565	\$ -
Public safety	42000	8,019,587	-	5,918,190	-	2,101,397	-
Public works	43000	39,937,485	-	5,602,904	1,534,126	1,797,767	31,002,688
Culture and recreation	45000	<u>1,614,156</u>	<u>39,000</u>	<u>77,472</u>	<u>816,491</u>	<u>681,193</u>	<u>-</u>
Total Governmental Capital Assets		<u>\$ 50,381,389</u>	<u>\$ 198,366</u>	<u>\$ 11,988,250</u>	<u>\$ 2,456,163</u>	<u>\$ 4,735,922</u>	<u>\$ 31,002,688</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, 2022

Exhibit H-3

		Governmental Capital Assets January 1	Additions	Deductions	Governmental Capital Assets December 31
Governmental Capital Assets					
General government	41000	\$ 810,161	\$ -	\$ -	\$ 810,161
Public safety	42000	8,015,812	14,205	10,430	8,019,587
Public works	43000	39,717,700	267,664	47,879	39,937,485
Culture and recreation	45000	<u>1,614,156</u>	<u>-</u>	<u>-</u>	<u>1,614,156</u>
Total Governmental Capital Assets		<u>\$ 50,157,829</u>	<u>\$ 281,869</u>	<u>\$ 58,309</u>	<u>\$ 50,381,389</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, 2022

Exhibit I-1

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Source of Funds				
Tax increment revenue	\$ 35,000,000	\$ 2,497,968	\$ 172,582	\$ 32,329,450
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	-	2,429,003	-	(2,429,003)
Premium on bonds issued	-	89,781	-	(89,781)
Total Source of Funds	<u>35,000,000</u>	<u>21,105,244</u>	<u>172,582</u>	<u>13,722,174</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	229,952	5,722	3,764,326
Loan payments				
Principal	-	12,130,000	125,000	(12,255,000)
Interest and other	13,385,405	2,341,498	61,009	10,982,898
Total Use of Funds	<u>33,385,405</u>	<u>20,130,645</u>	<u>191,731</u>	<u>13,063,029</u>
Funds Remaining	<u>\$ 1,614,595</u>	<u>\$ 974,599</u>	<u>\$ (19,149)</u>	<u>\$ 659,145</u>