



2021
Proposed Preliminary
Budget and Levy

September 8, 2020



Drivers of Property Taxes & Utility Rates

Operating & capital expenditures

Investments in infrastructure

Capital reserve funding to moderate increases to tax and utility rates, reduce future reliance on debt and special assessments



Investments in Infrastructure

(Through 2016 – the last time bonds issued for new money)

\$32.3M	in bonds for street improvements & retaining walls
\$19.0M	in bonds for Water system improvements including new water tower, pump houses, Harrison Bay watermain crossing, watermain repair/replacement and loops
\$ 9.8M	in bonds for Sanitary Sewer system improvements including replacement of 19 of the 30 lift stations in the City, lining of 60+ miles of sewer pipes to reduce groundwater infiltration to wastewater treatment plants, or "inflow & infiltration"
\$ 5.9M	in bonds for Storm Water system improvements including rectifying storm water drainage problems such as washouts, standing water in streets and water in yards and homes as part of the street projects as well as maintaining the over 200 outfalls into Lake Minnetonka to reduce the amount of phosphorus and sediments.
\$ 8.8M	in bonds for redevelopment including Lost Lake/Harbor District & Parking Deck
\$75.8 M	Total Investments through 2016

Outstanding Bond Balance 12-31-2019: \$48.5M



Internal Financing vs. Debt

- The City did not have reserves when it began the street and utility improvement projects in the early 2000's, so it issued bonds to finance.
- As these bonds mature, resources will become available to fund future capital needs as long as the levy is maintained.
- Using tax and utility revenues vs. debt will produce savings in bond issuance costs and interest. For interfund loans, flexible financing terms can be created to manage rate increases and cash flow. Utilities can repay Governmental Funds during the next generation of street improvements.



Long Term Financial Planning

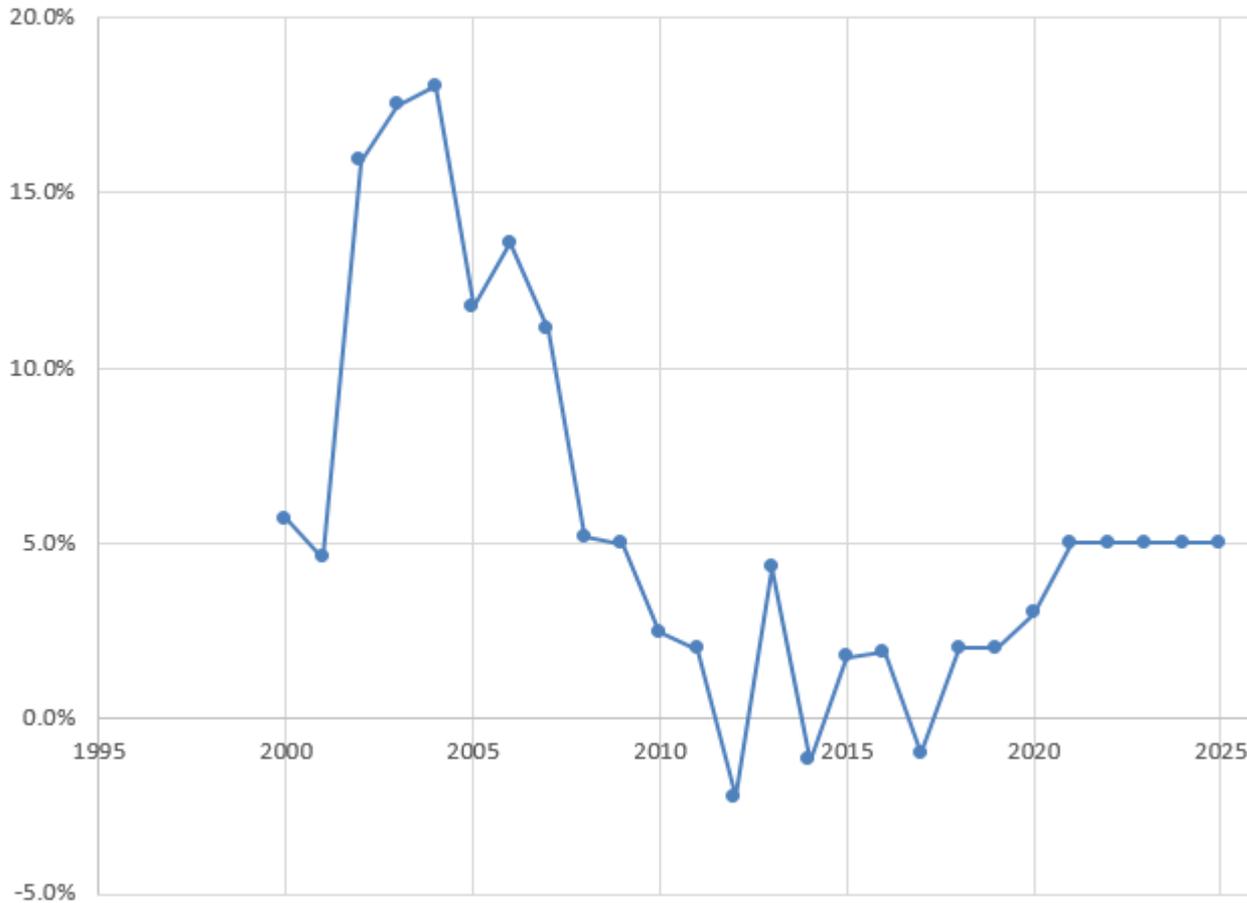
Capital Reserve Funds

- **Infrastructure Replacement Reserve Fund (Fund 401)** - established at the November 14, 2017 regular meeting - limited to replacement of streets, bridges, curbs, gutters, sidewalks, trees, and storm sewers.
- **Capital Reserve Fund - Vehicles & Equipment (Fund 403)**
- **Community Investment Reserve Fund (Fund 404)** - parks, open spaces, greenscape/streetscape
- **Capital Reserve Fund - City Buildings (Fund 405)**
- **Road Maintenance Fund - Crack Seal & Sealcoat (Fund 427)**



History of % Change to Total Levy

Levy Increase

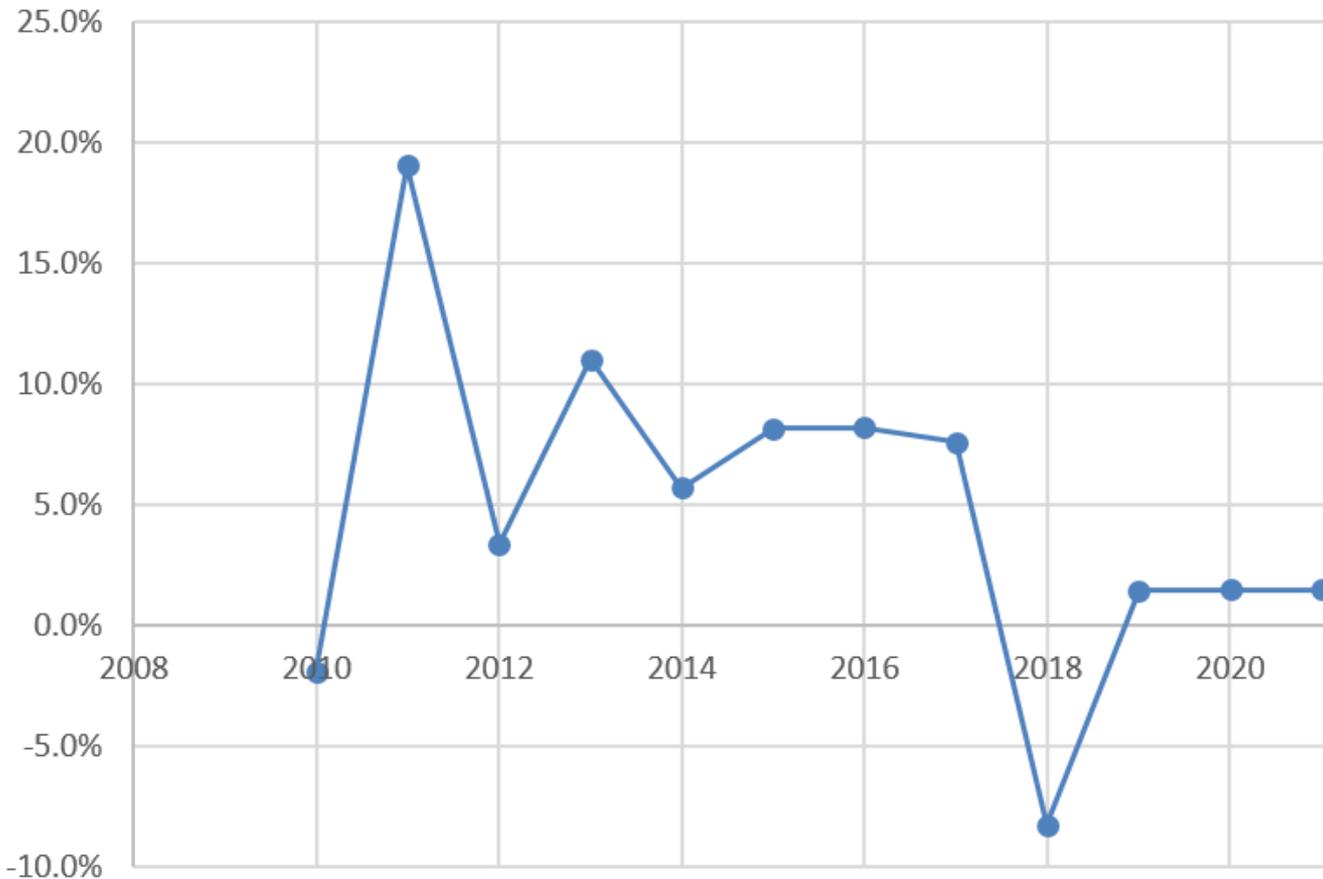


Year	General Fund Surplus(Deficit)
2000	(303,650)
2001	326,381
2002	336,356
2003	(109,833)
2004	(387,692)
2005	(157,209)
2006	297,906
2007	153,746
2008	(247,140)
2009	27,079
2010	177,454
2011	146,641
2012	(203,153)
2013	136,950
2014	233,263
2015	316,309
2016	374,828
2017	215,913
2018	(170,897)
2019	(89,608)
2020	(400,526)
2021	(393,922)
AVG	12,691



History of % Change to Total Utility Bill

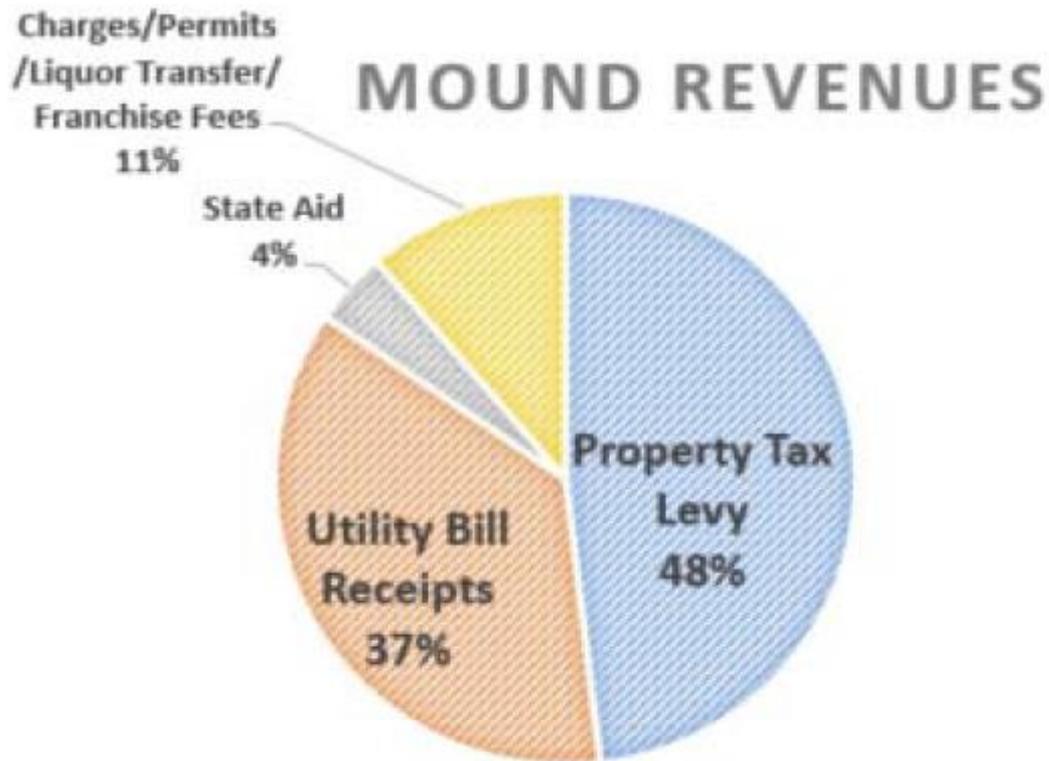
% Change Utility Bill



Year	Surplus(Deficit)
2000	319,506
2001	249,975
2002	166,304
2003	49,324
2004	251,460
2005	290,969
2006	53,034
2007	(173,118)
2008	(331,051)
2009	(966,371)
2010	(615,394)
2011	(409,190)
2012	(480,357)
2013	(66,683)
2014	(177,119)
2015	(61,271)
2016	365,743
2017	880,050
2018	(114,123)
2019	(16,661)
2020	(28,556)
2021	51,512



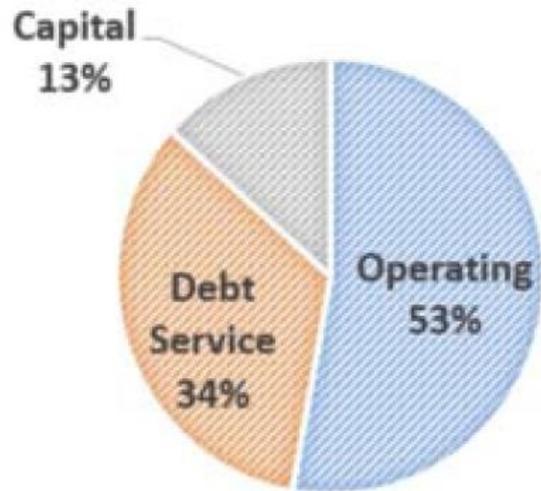
BREAKDOWN OF REVENUES BY TYPE (2018)



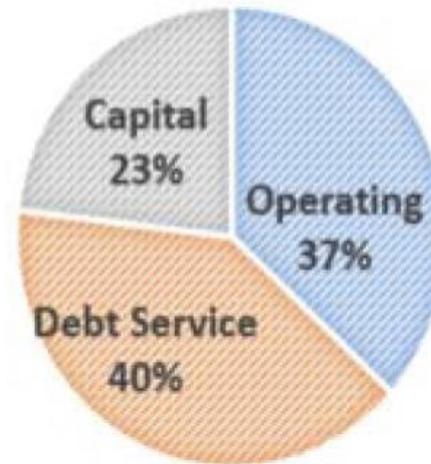


BREAKDOWN OF EXPENDITURES BY TYPE

**MOUND GOVERNMENTAL
EXPENDITURES 2018**

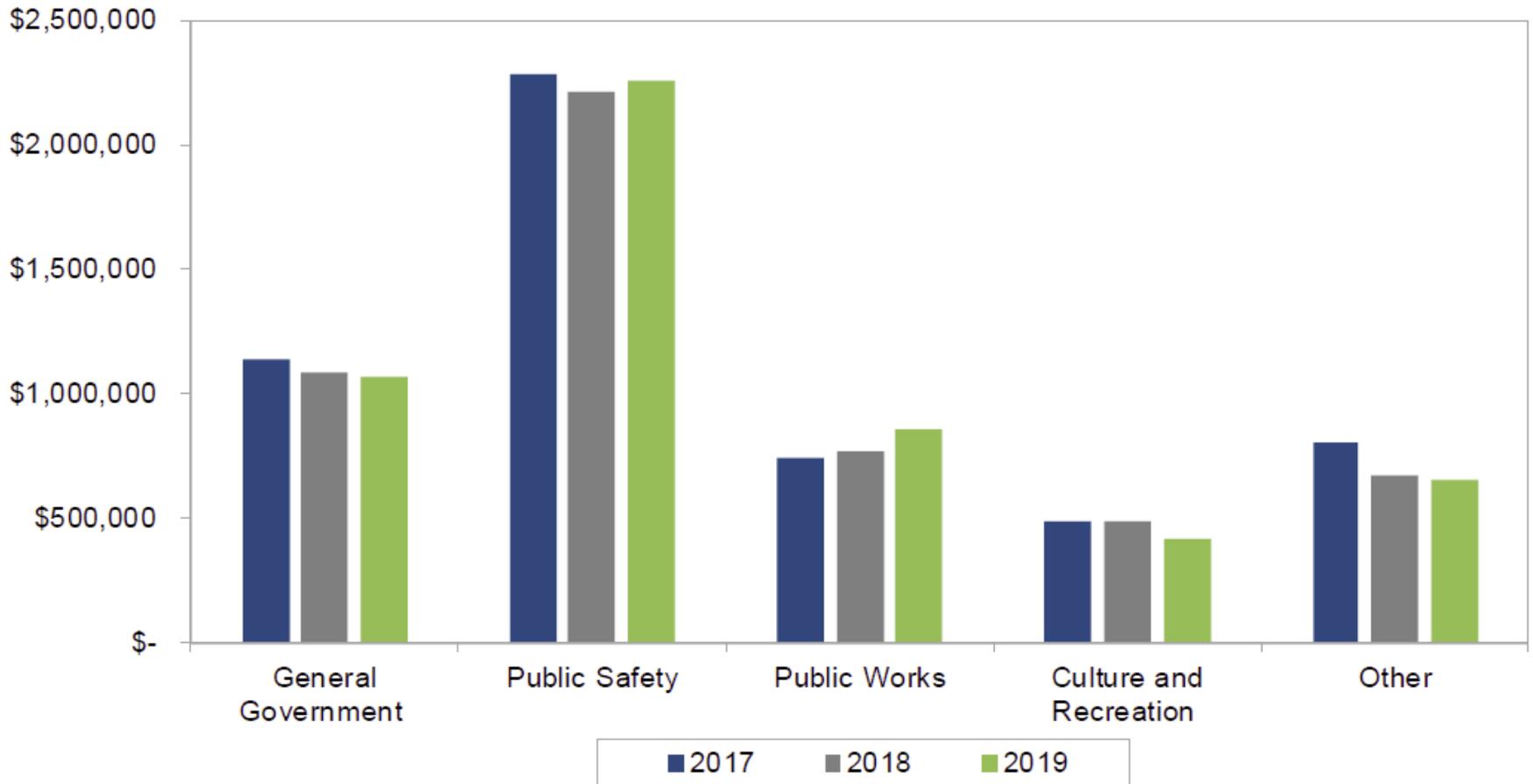


**MOUND UTILITY FUND
EXPENDITURES 2018**





General Fund Expenditures



Source: Abdo, Eick & Meyers, LLP



2021 PROPOSED BUDGET

Summary	2021 Scenario 1	2021 Scenario 2
Change to Total Levy %	5.0%	3.5%
Projected City Tax Rate	40.03%	39.45%
Increase in Tax Levy \$\$ from '20	\$ 297,989	\$ 182,989
Annual Capital Reserve Funding	\$ 775,000	\$ 687,000
Projected Bonding Needs 2020 - 2030	\$ 9,600,000	\$ 13,827,000
Change to Sewer Rate %	3.0%	3.0%
Increase in Sewer Revenue from '20	\$ 72,120	\$ 72,120

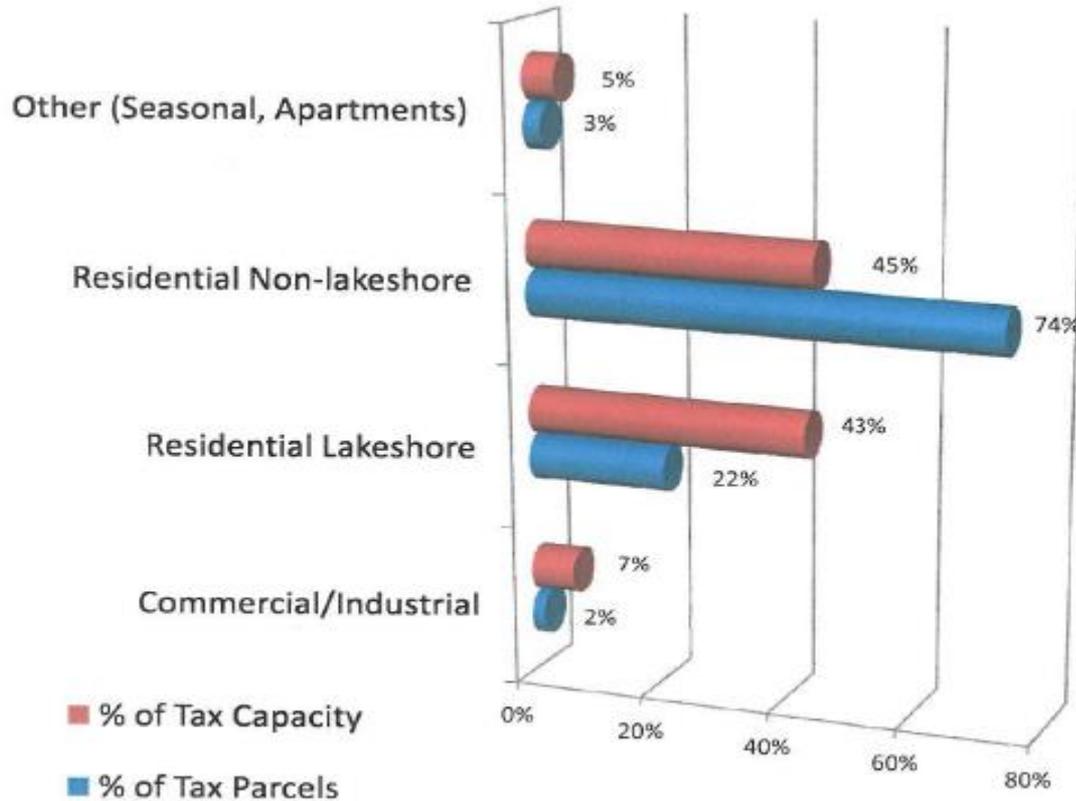
Where Your Tax Dollar Goes



MOUND	School	City/HRA	Hennepin County	Met Council	Other
	.28	.33	.32	.02	.05

STATE	School	City/HRA	County	OTHER
AVERAGE	.33	.29	.34	.04

Distribution of Taxes by Property Type





Utility Fund Summary

Year	Revenue	Net Income(Loss)	Bond Balance
2000	1,466,550	319,506	0
2001	1,663,105	249,975	2,185,000
2002	1,769,274	166,304	2,095,000
2003	1,885,740	49,324	2,505,286
2004	2,015,234	251,460	3,939,135
2005	2,093,564	290,969	7,050,286
2006	2,205,614	53,034	7,955,285
2007	2,402,242	(173,118)	9,920,285
2008	2,454,429	(331,051)	11,325,287
2009	2,628,541	(966,371)	15,900,287
2010	2,880,729	(615,394)	15,205,288
2011	3,303,404	(409,190)	17,306,287
2012	3,478,433	(480,357)	19,047,571
2013	3,812,799	(66,683)	22,521,175
2014	3,870,751	(177,119)	25,467,556
2015	4,196,173	(61,271)	28,882,597
2016	4,579,195	365,743	30,157,638
2017	4,989,229	880,050	29,857,638
2018	4,699,314	(114,123)	32,156,340
2019	4,607,634	(16,661)	25,852,632
2020	4,583,455	(28,556)	24,238,481
2021	4,661,119	51,512	22,290,481

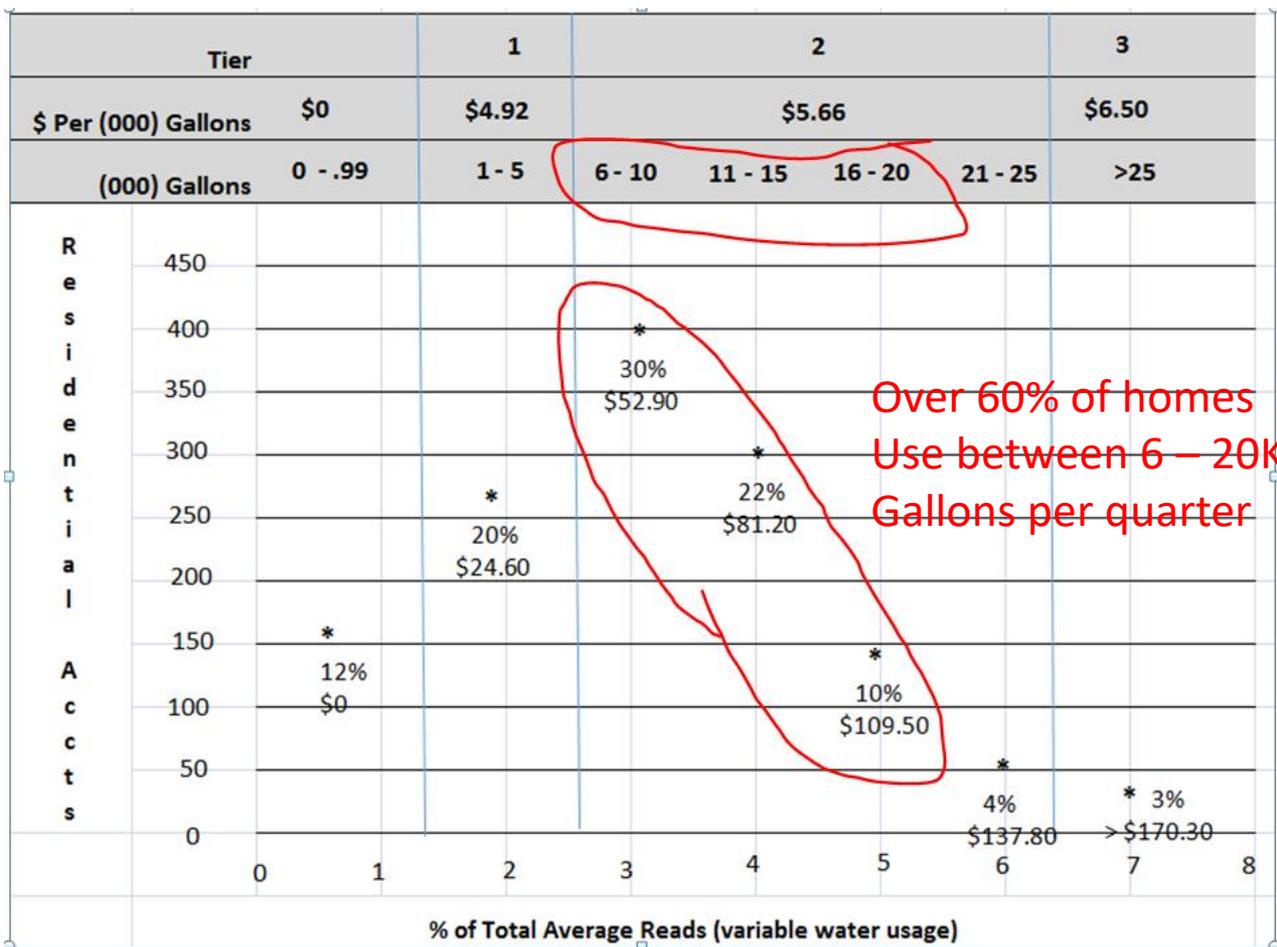
CASH BALANCES AS OF 8-19-20

WATER	(2,787,696)
SEWER	(2,429,219)
STORM	(977,592)
TOTAL	(6,194,507)



Property Tax & Utility Rates

Variable Water Usage





GENERAL FUND & TAX LEVY SUMMARY

<u>Year</u>	Actual Total Fund Balance as % of Exp	Surplus, Break-even or (Spend Down)	General Fund Levy % Chg	General Fund Rev % Chg	General Fund Exp % Chg	Total Levy % Chg	Change in Tax Capacity %	Tax Rate %
2009	43.00%	\$27,079	3.90%	2.60%	-1.28%	4.98%	5.96%	34.58%
2010	43.11%	\$177,454	0.00%	-2.23%	-1.84%	2.48%	-4.43%	37.29%
2011	48.66%	\$146,641	0.00%	-1.55%	1.64%	1.99%	-11.25%	42.43%
2012	44.16%	(\$203,153)	-6.75%	-0.30%	1.63%	-2.24%	-13.50%	47.53%
2013	49.00%	\$136,950	2.00%	-3.49%	-2.28%	4.31%	-10.44%	54.71%
2014	53.00%	\$233,263	-4.23%	4.16%	-0.30%	-1.18%	-3.20%	57.00%
2015	58.00%	\$316,309	3.00%	2.67%	2.40%	1.75%	10.00%	51.68%
2016	67.00%	\$374,828	3.00%	3.90%	1.64%	1.89%	2.10%	50.78%
2017	52.00%	\$215,913	-3.00%	-0.20%	6.80%	-1.00%	9.86%	47.48%
2018	64.00%	(\$170,897)	2.50%	2.60%	4.80%	2.00%	3.72%	47.45%
2019	52.00%	(\$89,608)	2.50%	1.60%	2.20%	2.00%	9.95%	43.53%
2020 Bud	47.00%	(\$400,526)	3.50%	2.50%	4.10%	3.00%	6.42%	42.08%
2021 Sc 1 5%	49.00%	(\$393,922)	8.00%	2.70%	2.40%	5.00%	10.86%	40.03%
AVG (09-21)	51.53%	\$ 28,487	1.11%	1.15%	1.69%	1.92%	1.23%	45.89%
2021 Sc 2 3.5%	49.00%	(\$393,922)	8.00%	2.70%	2.40%	3.50%	10.86%	39.45%
AVG (09-21)	51.53%	\$ 28,487	1.11%	1.15%	1.69%	1.81%	1.23%	45.84%



TAX & UTILITY RATE COMPARISONS

Based on 15,000 gallons/quarter or 5,000/month

Updated as of 9/20/20

		<u>Water</u>	<u>Water</u>	<u>Total</u>	<u>Sewer</u>	<u>Sewer</u>	<u>Total</u>		<u>Storm</u>	<u>Street</u>	<u>Monthly</u>	<u>\$</u>	<u>%</u>	<u>Tax</u>
	<u>City</u>	<u>Base Rate</u>	<u>Over Base</u>	<u>Water</u>	<u>Base</u>	<u>Over Base</u>	<u>Sewer</u>	<u>Recycling</u>	<u>Water</u>	<u>Lights</u>	<u>Grand</u>	<u>Incr.</u>	<u>Incr.</u>	<u>Rate</u>
2021	Mound Proposed	18.91	27.07	45.98	38.50	11.93	50.43	4.00	1.00	0.50	101.91	2.90	1.5%	
	Mound	18.91	27.07	45.98	37.38	11.58	48.96	4.00	1.00	0.50	100.44	1.43	1.4%	40.5%
	Columbia Heights	10.57	23.75	34.32	8.89	14.45	23.34	5.72	4.35	N/A	67.73	3.68	5.7%	63.1%
2020	Orono (A1) Navare	16.67	40.07	56.74	62.72	N/A	62.72	5.33	15.42	N/A	140.21	30.15	27.4%	16.5%
2020	Orono (A2) Hwy 12 Area	16.67	40.07	56.74	62.72	N/A	62.72	5.33	15.42	N/A	140.21	30.15	27.4%	16.5%
	Victoria	10.00	14.05	24.05	12.15	12.50	24.65	N/A	9.00	N/A	57.70	0.91	1.6%	31.0%
	Medina	12.86	19.52	32.38	22.50	28.10	50.60	N/A	2.87	N/A	85.85	3.88	2.3%	22.5%
	Minnetrista	9.85	19.10	28.95	34.33	N/A	34.33	3.17	8.67	N/A	75.12	1.13	1.5%	24.7%
	Hamel	17.88	24.91	42.79	22.50	28.10	50.60	N/A	2.87	N/A	96.26	2.21	2.4%	22.5%
	Minnetonka	0.00	15.95	15.95	23.66	12.60	36.26	4.58	7.29	N/A	64.08	2.75	4.5%	36.6%
	Maple Plain	11.00	29.66	40.66	24.68	18.30	42.98	N/A	4.46	0.00	88.09	0.00	0.0%	58.6%
	Spring Park	6.00	16.03	22.03	5.00	15.85	20.85	N/A	N/A	N/A	42.88	3.71	9.5%	32.0%
	Golden Valley	6.50	33.00	39.50	26.37	N/A	26.37	5.33	8.33	4.14	83.67	6.58	8.5%	53.4%
	Watertown	18.77	15.75	34.52	19.91	22.87	42.78	N/A	3.75	N/A	81.05	2.21	2.8%	54.7%
	Mid Point (CURRENT 2020 RATES):			36.51			40.55	4.78	6.95		88.79		7.31%	