



## **STAFF REPORT**

DATE: November 9, 2022

### **DISCUSSION**

**AGENDA ITEM:** Long Range Financial Management Plan

**TO:** Mayor and City Council

**SUBMITTED BY:** Kristina Handt, City Administrator

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#### **BACKGROUND:**

Earlier this summer when council approved a proposal from Ehlers for financial services it included creating a long range financial plan for items related to the tax levy.

#### **ISSUE BEFORE COUNCIL:**

Does the Council have any questions or direction on the financial management plan?

#### **PROPOSAL DETAILS/ANALYSIS:**

Jason Aarsvold, senior municipal advisor with Ehlers, will be at the workshop to present the latest draft of the financial management plan. In his presentation, copy attached, he will cover what's in the plan and the assumptions made in developing it. It's important to note, this is a projection at this point in time based upon the assumptions related to growth, staffing, capital improvements and operations as noted.

#### **FISCAL IMPACT:**

TBD

#### **OPTIONS:**

Provide direction to staff on how to proceed.

#### **ATTACHMENT:**

- Ehlers Presentation
- Financial Management Plan



# **Financial Management Plan**

City of Lake Elmo, Minnesota



# What is a Financial Management Plan?

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- A multi-year fiscal plan for tax-supported funds
  - ✓ Best estimate as of today
- Integrates:
  - ✓ Existing debt
  - ✓ Capital improvement plans
  - ✓ Future debt
  - ✓ Tax base growth
  - ✓ Future operating expenses
  - ✓ Staff addition

# Why is it Important?

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- Helps to manage expectations
  - ✓ New spending proposals evaluated against other identified priorities
  - ✓ Weigh proposals vs. predefined affordability parameters
- Used to refine tax impacts
- Guides spending and capital planning
- Helps maintain assets and appropriate fund balances
- Reduces stress during budget process
- Rating agencies like multi-year planning

## Why is it Important? - Continued

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- Council can focus on big picture and policy issues
  - ✓ Long-term financial health of the City
  - ✓ Prioritize good roads, facilities, services, etc.
- Identify financial issues that will require multi-year solutions
  - ✓ Tools help staff monitor performance
- Create a vehicle to inform residences on City goals and priorities
  - ✓ Enhance transparency
  - ✓ Provide framework for perspective on projects/issues

# Process of Developing Plan

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- Ehlers and Staff reviewed historical financial reports
- Identified future budget and project needs
- Developed model to forecast expenditure levels and revenue needs
- Sought Staff input on key assumptions and funding goals
- **Tonight: Review findings to generate feedback**
- Next: Refine model for preferred strategies and policies
- Future: Incorporate FMP within City processes

# What is Funded?

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- Maintain current city services
- New Public Works position – 50% funding from General Fund
- Capital plan
  - ✓ Street improvements - \$71.9M from 2023-33
  - ✓ Vehicle & Equipment replacement - \$6.5M from 2023-33
    - City's plan used for 2023-2027 projections
    - 5-year inflated average used for placeholders from 2028-2033

# Key Assumptions

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- City's existing tax base grows 2% annually
- New growth
  - ✓ 250 new single-family homes built annually from 2022-25 and 200 built annually from 2026-31 – housing doesn't slow until 2026
    - Permit revenue decreased 20% in 2026 to reflect reduced growth
  - ✓ New homes built in 2022 estimated to have a value of \$440,000 with value increasing 2% annually
- Expenses inflated 4% annually – Capital and Non-Capital
- Non-property tax revenues increase 2% annually



## Key Assumptions - Continued

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- Average value home for 2022 is \$553,500
- Continue transfer out from General Fund to Vehicle Acquisition Fund
  - ✓ Average of \$566,000 annually from 2023-2033
  - ✓ Minimum of \$200,000/year
  - ✓ Amount set with goal of keeping tax rate increase at 2% or less annually
- Bonds will be issued to pay for street improvements
  - ✓ \$71.9M of capital is financed through bonding of \$74M (includes \$2.2M of estimated issuance costs)

# General Fund

- Reserve meets City Fund Balance policy of 50-60% of subsequent fiscal year budgeted expenditures
  - ✓ Reserves consistent
  - ✓ Expenses inflated at a higher rate than revenues, contingency could be considered

GENERAL FUND	Proposed	Projected									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>REVENUE</b>											
Total Revenue	7,733,443	8,070,192	8,588,258	8,521,620	9,021,471	9,650,664	10,110,691	10,735,119	11,024,523	11,329,504	11,650,684
<b>EXPENSES</b>											
Total Expenses	7,273,443	7,715,192	8,388,258	8,321,620	8,771,471	9,000,664	9,360,691	9,735,119	10,124,523	10,529,504	10,950,684
Revenues Over / (Under) Expenses	460,000	355,000	200,000	200,000	250,000	650,000	750,000	1,000,000	900,000	800,000	700,000
<b>OTHER FINANCING SOURCES / (USES)</b>											
Total Other Sources / (Uses)	(460,000)	(355,000)	(200,000)	(200,000)	(250,000)	(650,000)	(750,000)	(1,000,000)	(900,000)	(800,000)	(700,000)
Ending General Fund Balance (FB)	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489
Restricted	-	-	-	-	-	-	-	-	-	-	-
Unassigned	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489
Fund Balance as a % of Next Year's Expenditures	86%	79%	80%	75%	74%	71%	68%	65%	63%	60%	

# General Fund - Continued

- Transfer out will continue to Vehicle Acquisition Fund
  - ✓ Funds expected vehicle and equipment replacement while maintaining a sufficient fund balance
  - ✓ Minimum of \$200,000 per year with amount set based on keeping tax rate increase at 2% or less annually

GENERAL FUND	Proposed	Projected									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Transfer Out to Vehicle Acquisition	(425,000)	(355,000)	(200,000)	(200,000)	(250,000)	(650,000)	(750,000)	(1,000,000)	(900,000)	(800,000)	(700,000)

\$566,000 average

GENERAL FUND	Proposed	Projected									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Tax Rate % Change	-21.30%	1.80%	2.13%	2.92%	1.94%	1.68%	1.71%	1.56%	1.82%	1.86%	1.73%

# Vehicle Acquisition Fund

- Funded by General Fund transfer
  - ✓ Healthy fund balance maintained
- Average of \$595,000 in expenses annually
  - ✓ Annual placeholder of \$600,000-\$740,000 from 2028-33

Vehicle Acquisition Fund	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Projected										
<b>REVENUE</b>											
Total Revenue	19,488	19,421	16,441	16,654	18,385	4,512	5,205	7,043	12,279	15,699	17,260
<b>EXPENSES</b>											
Total Expenses	449,000	573,040	202,259	101,238	1,193,256	608,326	632,660	657,966	684,285	711,656	740,122
Revenue Over / (Under) Expenses	(429,512)	(553,619)	(185,818)	(84,584)	(1,174,871)	(603,814)	(627,455)	(650,923)	(672,006)	(695,957)	(722,862)
<b>OTHER FINANCING SOURCES / (USES)</b>											
Transfers In-General Fund	425,000	355,000	200,000	200,000	250,000	650,000	750,000	1,000,000	900,000	800,000	700,000
Total Other Sources / (Uses)	425,000	355,000	200,000	200,000	250,000	650,000	750,000	1,000,000	900,000	800,000	700,000
<b>Ending Fund Balance</b>	<b>1,294,703</b>	<b>1,096,084</b>	<b>1,110,266</b>	<b>1,225,682</b>	<b>300,812</b>	<b>346,998</b>	<b>469,543</b>	<b>818,620</b>	<b>1,046,614</b>	<b>1,150,657</b>	<b>1,127,795</b>

# Street Improvements and Debt

- Funded by special assessments and bonding
- Average of \$6.5M in streets annually
  - ✓ Annual placeholder of \$6.7M-\$8.1M from 2028-33
- Will require annual bonding in order to finance improvements

Street Improvements and Debt	Projected										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>REVENUE</b>											
Total Revenue	-	403,245	811,368	1,619,254	2,261,975	2,793,495	3,483,012	4,201,052	4,947,481	5,724,448	6,532,950
<b>EXPENSES</b>											
Total Expenses	4,328,300	4,618,294	8,865,851	7,980,558	7,465,297	9,555,512	10,486,431	11,454,668	12,461,253	13,508,231	14,597,017
Revenues Over / (Under) Expenses	(4,328,300)	(4,215,049)	(8,054,484)	(6,361,304)	(5,203,321)	(6,762,017)	(7,003,418)	(7,253,616)	(7,513,772)	(7,783,783)	(8,064,066)
<b>OTHER FINANCING SOURCES / (USES)</b>											
Bond Proceeds	4,330,000	4,230,000	8,090,000	6,430,000	5,310,000	6,890,000	7,170,000	7,450,000	7,750,000	8,060,000	8,380,000
Total Other Sources / (Uses)	4,330,000	4,230,000	8,090,000	6,430,000	5,310,000	6,890,000	7,170,000	7,450,000	7,750,000	8,060,000	8,380,000

# Summary

GENERAL FUND	Proposed	Projected									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Ending General Fund Balance (FB)	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489
General Fund Operating Tax Levy	5,134,187	5,419,126	5,884,348	6,051,409	6,502,038	7,081,029	7,489,851	8,062,054	8,298,191	8,548,843	8,814,610
Annual Increase	2.4%	5.5%	8.6%	2.8%	7.4%	8.9%	5.8%	7.6%	2.9%	3.0%	3.1%
Total Other Special Levies	2,677,138	2,852,434	3,004,745	3,564,983	3,799,402	3,850,193	4,106,011	4,216,259	4,728,767	5,274,826	5,830,711
Total Tax Levy	7,811,325	8,271,560	8,889,093	9,616,392	10,301,440	10,931,222	11,595,863	12,278,313	13,026,958	13,823,669	14,645,321
Increase/(Decrease) in Total Tax Levy	4.59%	5.89%	7.47%	8.18%	7.12%	6.11%	6.08%	5.89%	6.10%	6.12%	5.94%
Total Net Tax Capacity	30,692,153	32,405,996	34,176,116	36,004,078	37,891,489	39,601,859	41,365,487	43,183,820	45,061,050	47,001,096	49,005,720
Tax Rate on Tax Capacity	24.040%	24.473%	24.995%	25.725%	26.224%	26.664%	27.119%	27.542%	28.043%	28.566%	29.059%
Tax Rate % Change	-21.30%	1.80%	2.13%	2.92%	1.94%	1.68%	1.71%	1.56%	1.82%	1.86%	1.73%
City Taxes on \$553,500 Residential Homestead	1,396	1,456	1,523	1,605	1,675	1,744	1,816	1,888	1,968	2,052	2,137
\$ Tax Increase/(Decrease)	\$ (335)	\$ 60	\$ 67	\$ 82	\$ 70	\$ 69	\$ 72	\$ 72	\$ 80	\$ 84	\$ 85
% Tax Increase / (Decrease)	-19.37%	4.27%	4.60%	5.39%	4.39%	4.10%	4.15%	3.96%	4.24%	4.26%	4.12%

Average annual increase from 2024-33 is \$74/year for average value home and average annual tax rate increase is 1.91%

## Summary - Continued

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- Lake Elmo is on a sustainable track to finance City needs
- General Fund reserve meets City Fund Balance policy of 50-60% of subsequent fiscal year budgeted expenditures
- Long-term capital expenses are uncertain
  - ✓ Placeholders for future years included
- Housing growth is uncertain
  - ✓ Assuming housing doesn't slow until 2026
  - ✓ If it slows sooner, it may have a negative impact on estimated tax rate





CITY OF LAKE ELMO  
Financial Management Plan  
Long Range Budget Projections

		Inflation Assumptions															
1	Revenue (Non-property tax)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Expenses	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	CIP Inflation Factor	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

GENERAL FUND BUDGET	GENERAL FUND	2019	Actual 2020	2021	Projected 2022	Proposed 2023	2024	2025	2026	2027	Projected 2028	2029	2030	2031	2032	2033
	REVENUE															
	4 General Property Tax	2,771,055	3,288,076	3,595,695	4,719,073	4,701,041	5,078,219	5,537,296	5,696,965	6,137,238	6,709,151	7,111,739	7,677,492	7,907,626	8,151,180	8,409,540
	5 Fiscal Disparities	194,300	245,389	269,390	294,401	433,046	340,807	346,952	354,344	364,700	371,778	378,013	384,462	390,466	397,563	404,970
	6 Penalties and Interest on Taxes	1,038	1,162	79	100	100	100	100	100	100	100	100	100	100	100	100
	7 Special Assessments	-	-	930	-	-	-	-	-	-	-	-	-	-	-	-
	8 Intergovernmental	269,907	273,194	267,180	302,383	311,574	317,805	324,162	330,645	337,258	344,003	350,883	357,901	365,059	372,360	379,807
	9 Licenses and Permits	1,055,038	1,425,695	1,485,658	1,442,920	1,256,495	1,281,625	1,307,257	1,045,806	1,066,722	1,088,056	1,109,818	1,132,014	1,154,654	1,177,747	1,201,302
	10 Charges for Services	884,885	1,022,028	1,064,375	825,351	754,625	769,718	785,112	800,814	816,830	833,167	849,830	866,827	884,163	901,847	919,884
	11 Fines & Forfeits	36,696	33,584	45,749	30,000	30,000	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150	35,853	36,570
	12 Investment Income	118,298	164,236	(13,605)	35,000	35,000	35,525	36,058	36,599	37,148	37,705	38,271	38,845	39,427	40,019	40,619
	13 Miscellaneous Revenues	192,494	183,711	177,000	226,598	211,562	215,793	220,109	224,511	229,002	233,582	238,253	243,018	247,879	252,836	257,893
	14 Total Revenue	5,523,711	6,637,075	6,892,451	7,875,826	7,733,443	8,070,192	8,588,258	8,521,620	9,021,471	9,650,664	10,110,691	10,735,119	11,024,523	11,329,504	11,650,684
	EXPENSES															
	15 Current															
	16 General Government	1,136,908	1,005,254	1,056,983	1,332,914	1,546,217	1,794,061	1,865,823	1,940,456	2,018,074	2,098,797	2,182,749	2,270,059	2,360,862	2,455,296	2,553,508
	17 Public Safety	1,948,269	2,641,770	3,003,677	2,942,018	3,444,559	3,713,558	3,862,100	4,016,584	4,177,247	4,344,337	4,518,111	4,698,835	4,886,789	5,082,260	5,285,551
	18 Public Works	1,869,082	1,476,099	1,488,448	2,171,404	1,668,003	1,734,723	1,804,112	1,876,277	1,951,328	2,029,381	2,110,556	2,194,978	2,282,777	2,374,088	2,469,052
	19 Culture and Recreation	263,979	310,066	258,690	299,559	384,664	400,051	416,053	432,695	450,002	468,003	486,723	506,192	526,439	547,497	569,397
	20 NEW Public Works Position - 50% General Fund							25,910	26,946	28,024	29,145	30,311	31,523	32,784	34,096	35,460
	21 NEW Operating Costs							27,560	28,662	29,809	31,001	32,241	33,531	34,872	36,267	37,718
	22 NEW Operating Costs - One Time							4,500								
	23 Capital Outlay															
	24 General Government															
	25 Public Safety	24,000				205,000	72,800									
	26 Public Works					25,000		382,200		116,986						
	27 Culture and Recreation															
	28 Total Expenses	5,242,238	5,433,189	5,807,798	6,745,895	7,273,443	7,715,192	8,388,258	8,321,620	8,771,471	9,000,664	9,360,691	9,735,119	10,124,523	10,529,504	10,950,684
	29 Revenues Over / (Under) Expenses	281,473	1,203,886	1,084,653	1,129,931	460,000	355,000	200,000	200,000	250,000	650,000	750,000	1,000,000	900,000	800,000	700,000
	OTHER FINANCING SOURCES / (USES)															
	30 Transfers In		765,079													
	31 Contingency					(35,000)										
	32 Sale of Fixed Assets															
	33 Bond Proceeds															
	34 Transfer Out to Vehicle Acquisition	(645,076)	(1,003,847)	(260,746)	(150,000)	(425,000)	(355,000)	(200,000)	(200,000)	(250,000)	(650,000)	(750,000)	(1,000,000)	(900,000)	(800,000)	(700,000)
	35 Transfer Out to 2017A Improvement Bonds	(47,766)	-	-												
	36 Transfer Out to 2018A Equipment Cert.	(20,093)	-	-												
	37 Transfer Out to EDA	(30,000)	(30,000)	(30,000)												
	38 Transfer Out to Infrastructure Reserve	-	(15,661)	-												
	39 Transfer Out to Inwood and 79th Street Stoplight	-	-	(30,000)												
	40 Transfer Out to Village Fund	-	-	(378,736)												
	41 Transfer Out to Project Fund				(17,254)											
	42 Transfer Out															
	43 Total Other Sources / (Uses)	(742,935)	(284,429)	(699,482)	(167,254)	(460,000)	(355,000)	(200,000)	(200,000)	(250,000)	(650,000)	(750,000)	(1,000,000)	(900,000)	(800,000)	(700,000)
	44 Prior Period Adjustments															
	45 Ending General Fund Balance (FB)	4,314,184	5,233,641	5,618,812	6,581,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489
	46 Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	47 Unassigned	4,314,184	5,233,641	5,618,812	6,581,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489	6,616,489
	48 Fund Balance as a % of Next Year's Expenditures	79%	90%	83%	90%	86%	79%	80%	75%	74%	71%	68%	65%	63%	60%	

CITY OF LAKE ELMO  
Financial Management Plan  
Long Range Budget Projections

		Inflation Assumptions															
1	Revenue (Non-property tax)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Expenses	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	CIP Inflation Factor	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

	GENERAL FUND	Actual			Projected	Proposed	Projected									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PROPERTY TAX LEVY AND TAX IMPACT	49 General Fund Operating Tax Levy	2,973,905	3,537,317	3,824,879	5,013,574	5,134,187	5,419,126	5,884,348	6,051,409	6,502,038	7,081,029	7,489,851	8,062,054	8,298,191	8,548,843	8,814,610
	50 Annual Increase		18.9%	8.1%	31.1%	2.4%	5.5%	8.6%	2.8%	7.4%	8.9%	5.8%	7.6%	2.9%	3.0%	3.1%
	OTHER SPECIAL/DEBT TAX LEVIES															
	62 2009B Improvement Bonds	43,580	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	63 2010A Improvement Bonds	59,356	57,151	-	-	-	-	-	-	-	-	-	-	-	-	-
	64 2010B CIP Bonds	205,989	206,908	207,338	207,076	206,656	202,692	-	-	-	-	-	-	-	-	-
	65 2011A Improvement Bonds	76,719	74,828	-	-	-	-	-	-	-	-	-	-	-	-	-
	66 2012B Improvement Bonds	65,275	63,669	67,313	65,417	-	-	-	-	-	-	-	-	-	-	-
	67 2014A Improvement Bonds	203,885	199,370	205,117	200,394	200,091	103,597	183,304	183,829	178,946	179,314	179,314	-	-	-	-
	68 2015A Improvement Bonds	25,113	21,543	12,722	14,508	-	-	-	-	-	-	-	-	-	-	-
	69 2016A Improvement Bonds	189,419	194,564	188,999	193,934	193,409	187,529	186,899	186,164	-	-	-	-	-	-	-
	70 2017A Improvement/Equipment Bonds	346,598	340,691	339,904	344,104	342,660	340,954	338,985	342,004	307,879	-	-	-	-	-	-
	71 2018A Equipment Certificate	-	128,996	123,848	126,404	123,569	125,984	128,258	125,139	127,270	124,010	-	-	-	-	-
	72 2019A Improvement/Equipment Bonds	-	124,786	293,148	295,301	297,138	298,661	294,618	290,419	296,560	296,981	200,801	-	-	-	-
	73 2021A City Hall/Fire Bonds	-	-	-	733,323	744,758	751,111	746,333	746,491	751,426	745,231	743,971	747,488	747,423	747,173	746,740
	74 2021A Improvement Bonds	-	-	-	274,713	281,172	274,399	276,551	273,139	274,819	276,184	271,984	272,876	272,338	276,958	276,144
	75 2022A Improvement/Abatement Bonds	-	-	-	-	287,685	283,998	279,523	279,509	272,948	266,111	263,984	255,047	245,323	243,065	234,492
	76 Street Debt Levy - NEW Projects	-	-	-	-	-	283,509	570,274	1,138,289	1,589,554	1,962,362	2,445,957	2,940,848	3,463,683	4,007,630	4,573,335
	77															
	78															
	79 Total Other Special Levies	1,215,934	1,412,506	1,438,389	2,455,174	2,677,138	2,852,434	3,004,745	3,564,983	3,799,402	3,850,193	4,106,011	4,216,259	4,728,767	5,274,826	5,830,711
	80 Total Tax Levy	4,189,839	4,949,823	5,263,268	7,468,748	7,811,325	8,271,560	8,889,093	9,616,392	10,301,440	10,931,222	11,595,863	12,278,313	13,026,958	13,823,669	14,645,321
	81 Increase/(Decrease) in Total Tax Levy		18.14%	6.33%	41.90%	4.59%	5.89%	7.47%	8.18%	7.12%	6.11%	6.08%	5.89%	6.10%	6.12%	5.94%
	82 Fiscal Disparity Distribution	(199,047)	(249,326)	(271,597)	(294,401)	(433,046)	(340,807)	(346,952)	(354,344)	(364,700)	(371,778)	(378,013)	(384,462)	(390,466)	(397,563)	(404,970)
	83 Net Levy to Taxpayers	3,990,792	4,700,497	4,991,671	7,174,347	7,378,279	7,930,753	8,542,140	9,262,047	9,936,740	10,559,445	11,217,850	11,893,852	12,636,493	13,426,106	14,240,351
	84															
	85 Existing Tax Base	17,361,919	20,021,726	21,116,953	23,487,099	30,692,153	31,305,996	33,054,116	34,859,638	36,724,160	38,649,319	40,393,896	42,192,797	44,047,496	45,962,271	47,941,118
	86															
	87															
	88															
	89 New Net Tax Capacity	0	0	0	0	0	1,100,000	1,122,000	1,144,440	1,167,329	952,540	971,591	991,023	1,013,554	1,038,825	1,064,602
	90 Total Net Tax Capacity	17,361,919	20,021,726	21,116,953	23,487,099	30,692,153	32,405,996	34,176,116	36,004,078	37,891,489	39,601,859	41,365,487	43,183,820	45,061,050	47,001,096	49,005,720
	91 Tax Rate on Tax Capacity	22.986%	23.477%	23.638%	30.546%	24.040%	24.473%	24.995%	25.725%	26.224%	26.664%	27.119%	27.542%	28.043%	28.566%	29.059%
	92 Tax Rate % Change		2.14%	0.69%	29.22%	-21.30%	1.80%	2.13%	2.92%	1.94%	1.68%	1.71%	1.56%	1.82%	1.86%	1.73%
	93 City Taxes on \$553,500 Residential Homestead	1,303	1,331	1,340	1,732	1,396	1,456	1,523	1,605	1,675	1,744	1,816	1,888	1,968	2,052	2,137
	94 \$ Tax Increase/(Decrease)		\$ 28	\$ 9	\$ 392	\$ (335)	\$ 60	\$ 67	\$ 82	\$ 70	\$ 69	\$ 72	\$ 72	\$ 80	\$ 84	\$ 85
	95 % Tax Increase / (Decrease)		2.14%	0.69%	29.22%	-19.37%	4.27%	4.60%	5.39%	4.39%	4.10%	4.15%	3.96%	4.24%	4.26%	4.12%
	96 Existing Tax Base Inflation / (Deflation)	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	97 Total Tax Base Increase		15%	5%	11%	31%	6%	5%	5%	5%	5%	4%	4%	4%	4%	4%

CITY OF LAKE ELMO  
Financial Management Plan  
Vehicle Acquisition Fund 410

Inflation Assumptions															
1	Revenue (Non-property tax)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Expenses	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	CIP Inflation Factor	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

CASH FLOW ANALYSIS	Vehicle Acquisition Fund	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		Actual			Budgeted	Projected										
	REVENUE															
	5 Property taxes															
	6 Investment Income	33,976	33,576	(6,335)		19,488	19,421	16,441	16,654	18,385	4,512	5,205	7,043	12,279	15,699	17259.8602
	9 Total Revenue	33,976	33,576	(6,335)	0	19,488	19,421	16,441	16,654	18,385	4,512	5,205	7,043	12,279	15,699	17,260
	EXPENSES															
	10 Total Current															
	11 Debt service	12,328														
	12 Capital Outlay															
	13 Public Safety	856,832	297,090	319,895												
	14 Public Works	188,403	299,319	109,884	409,000											
	15 Total Capital Projects					449,000	573,040	202,259	101,238	1,193,256	608,326	632,660	657,966	684,285	711,656	740,122
	16 Total Expenses	1,057,563	596,409	429,779	409,000	449,000	573,040	202,259	101,238	1,193,256	608,326	632,660	657,966	684,285	711,656	740,122
	17 Revenue Over / (Under) Expenses	(1,023,587)	(562,833)	(436,114)	(409,000)	(429,512)	(553,619)	(185,818)	(84,584)	(1,174,871)	(603,814)	(627,455)	(650,923)	(672,006)	(695,957)	(722,862)
	OTHER FINANCING SOURCES / (USES)															
	18 Bond Proceeds	698,984														
	19 Proceeds From Sale of Capital Assets	44,927	13,805	17,300												
	20 Transfers In-General Fund	645,076	1,003,847	260,746	150,000	425,000	355,000	200,000	200,000	250,000	650,000	750,000	1,000,000	900,000	800,000	700,000
21 Transfers Out																
22 Total Other Sources / (Uses)	1,388,987	1,017,652	278,046	150,000	425,000	355,000	200,000	200,000	250,000	650,000	750,000	1,000,000	900,000	800,000	700,000	
23 Ending Fund Balance	1,261,464	1,716,283	1,558,215	1,299,215	1,294,703	1,096,084	1,110,266	1,225,682	300,812	346,998	469,543	818,620	1,046,614	1,150,657	1,127,795	
Tax Rate Increase/(Decrease)																
							1.80%	2.13%	2.92%	1.94%	1.68%	1.71%	1.56%	1.82%	1.86%	1.73%

CAPITAL PROJECTS & DEBT LEVY	Capital Project Name	CIP #	Multiple Year	Project First Year	Project Last Year	2023 Cost	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
							Projected									
	24 Inspection Vehicle - 2015 Jeep	B-002		2023		30,000	-	-	-	-	-	-	-	-	-	-
	25 Inspection Vehicle - 2017 Equinox	B-003		2023		30,000	-	-	-	-	-	-	-	-	-	-
	26 Inspection Vehicle - 2019 Equinox	B-004		2024		30,000	31,200	-	-	-	-	-	-	-	-	-
	27 Inspection Vehicle - 2022 Equinox	B-005		2027		30,000	-	-	-	35,096	-	-	-	-	-	-
	28 Brush Truck 2	F-012		2024		66,000	68,640	-	-	-	-	-	-	-	-	-
	29 T2 Tender/Engine	F-013		2027		650,000	-	-	-	760,408	-	-	-	-	-	-
	30 Rescue Boat & Trailer Replacement	F-014		2023		35,000	-	-	-	-	-	-	-	-	-	-
	31 Rescue/Brush Fire UTV	F-015		2026		55,000	-	-	61,868	-	-	-	-	-	-	-
32 Command Vehicle 2 (2016 Tahoe)	F-019			2025		67,000	-	72,467	-	-	-	-	-	-	-	-
33 Command Vehicle 3 (2015 Tahoe)	F-020			2023		72,000	-	-	-	-	-	-	-	-	-	-
34 Utility Vehicle/Trail Groomer	PR-020			2024		37,000	38,480	-	-	-	-	-	-	-	-	-
35 Loader	PW-004			2023		235,000	-	-	-	-	-	-	-	-	-	-
36 Tractor	PW-006			2024		195,000	202,800	-	-	-	-	-	-	-	-	-
37 Back Hoe	PW-044			2024		52,000	54,080	-	-	-	-	-	-	-	-	-
38 Mini Loader	PW-048			2025		120,000	-	129,792	-	-	-	-	-	-	-	-
39 Skidloader	PW-054			2024		70,000	72,800	-	-	-	-	-	-	-	-	-
40 Pickup w/ Plow	PW-060			2024		41,000	42,640	-	-	-	-	-	-	-	-	-
41 Pickup	PW-061			2026		35,000	-	-	39,370	-	-	-	-	-	-	-
42 Dump Truck w/ Plow, Sander & Underbody	PW-062			2027		250,000	-	-	-	292,465	-	-	-	-	-	-
43 Pickup w/ Lift Gate & Plow	PW-063			2027		45,000	-	-	-	52,644	-	-	-	-	-	-
44 Pickup w/ Lift Gate & Plow	PW-064			2027		45,000	-	-	-	52,644	-	-	-	-	-	-
45 Pickup Truck Addition w/ V-Plow	PW-072			2023		47,000	-	-	-	-	-	-	-	-	-	-
46 Chopper	PW-078			2024		60,000	62,400	-	-	-	-	-	-	-	-	-
47 Placeholder		Yes		2028	2033	500,000	-	-	-	-	608,326	632,660	657,966	684,285	711,656	740,122
65 Total Capital Projects						2,797,000	573,040	202,259	101,238	1,193,256	608,326	632,660	657,966	684,285	711,656	740,122

CITY OF LAKE ELMO  
Financial Management Plan  
Street Debt

		Inflation Assumptions													
1	Revenue (Non-property tax)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Expenses	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	CIP Inflation Factor	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

CASH FLOW ANALYSIS	Actual				Preliminary	Projected															
	Street Improvements Fund					2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
	REVENUE																				
	5	General Property Tax - New Projected								-	283,509	570,274	1,138,289	1,589,554	1,962,362	2,445,957	2,940,848	3,463,683	4,007,630	4,573,335	
	6	Special assessments - New Projected								-	119,710	240,844	480,182	670,609	827,719	1,031,722	1,252,372	1,473,021	1,702,497	1,941,151	
	7	Interest Earnings								-	26	250	783	1,813	3,413	5,333	7,832	10,777	14,321	18,464	
	10	Total Revenue					-	-	-	-	403,245	811,368	1,619,254	2,261,975	2,793,495	3,483,012	4,201,052	4,947,481	5,724,448	6,532,950	
	EXPENSES																				
	11	Total Current - Issuance costs									129,900	126,900	242,700	192,900	159,300	206,700	215,100	223,500	232,500	241,800	251,400
	12	Total Capital Projects									4,198,400	4,107,376	7,850,658	6,246,257	5,153,461	6,691,591	6,959,255	7,237,625	7,527,130	7,828,215	8,141,344
13	Debt service - New (Projected)							-	-	-	384,018	772,493	1,541,401	2,152,536	2,657,221	3,312,076	3,993,543	4,701,623	5,438,216	6,204,273	
14	Total Expenses					-	-	-	-	4,328,300	4,618,294	8,865,851	7,980,558	7,465,297	9,555,512	10,486,431	11,454,668	12,461,253	13,508,231	14,597,017	
15	Revenues Over / (Under) Expenses					-	-	-	-	(4,328,300)	(4,215,049)	(8,054,484)	(6,361,304)	(5,203,321)	(6,762,017)	(7,003,418)	(7,253,616)	(7,513,772)	(7,783,783)	(8,064,066)	
OTHER FINANCING SOURCES / (USES)																					
16	Bond Proceeds									4,330,000	4,230,000	8,090,000	6,430,000	5,310,000	6,890,000	7,170,000	7,450,000	7,750,000	8,060,000	8,380,000	
17	Transfers In																				
18	Transfers Out																				
19	Total Other Sources / (Uses)					-	-	-	-	4,330,000	4,230,000	8,090,000	6,430,000	5,310,000	6,890,000	7,170,000	7,450,000	7,750,000	8,060,000	8,380,000	
20	Ending Fund Balance					-	-	-	-	1,700	16,651	52,167	120,863	227,542	355,525	522,107	718,491	954,719	1,230,936	1,546,869	

CAPITAL PROJECTS & DEBT LEVY	Capital Project Name		CIP #	Road Section	Project Description	Assessment %	Multiple Year?	Project		Cost	Projected									
								Year	Last Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	21	2023 Street Improvements		PW-039		30%		2023		3,688,400	-	-	-	-	-	-	-	-	-	-
	22	2024 Street Improvements		PW-040		30%		2024		2,389,400	2,484,976	-	-	-	-	-	-	-	-	-
	23	2025 Street Improvements		PW-041		30%		2025		2,278,375	-	2,464,290	-	-	-	-	-	-	-	-
	24	2026 Street Improvements		PW-042		30%		2026		2,252,900	-	-	2,534,206	-	-	-	-	-	-	-
	25	Ideal Ave (CSAH 13))-Phase 3-CSAH 14 to CSPW-053				30%		2026		800,000	-	-	899,891	-	-	-	-	-	-	-
	26	2027 Street Improvements		PW-055		30%		2027		2,605,200	-	-	-	3,047,716	-	-	-	-	-	-
	27	Manning Ave Phase 3		PW-057		30%		2027		1,800,000	-	-	-	2,105,745	-	-	-	-	-	-
	28	TH36-Lake Elmo Ave (CSAH 17) Imp		PW-074		30%		2025		4,500,000	-	4,867,200	-	-	-	-	-	-	-	-
29	South Frontage Road (Keats to Lake Elmo Ave		PW-076		30%		2026		2,500,000	-	-	2,812,160	-	-	-	-	-	-	-	
30	Hudson Blvd Improvements (Gap Segments)		PW-079		30%		2023		510,000	-	-	-	-	-	-	-	-	-	-	
31	Hudson Blvd Improvements (Gap Segments)		PW-079		30%		2024		1,560,000	1,622,400	-	-	-	-	-	-	-	-	-	
32	Hudson Blvd Improvements (Gap Segments)		PW-079		30%		2025		480,000	-	519,168	-	-	-	-	-	-	-	-	
33	Placeholder				30%	Yes	2028	2033	5,500,000	-	-	-	-	6,691,591	6,959,255	7,237,625	7,527,130	7,828,215	8,141,344	
109 Total Capital Projects										30,864,275	4,107,376	7,850,658	6,246,257	5,153,461	6,691,591	6,959,255	7,237,625	7,527,130	7,828,215	8,141,344
PROJECTED NEW DEBT TERMS						Per MA: JA		As of Date: 9/9/2022												
110	Par Amount (Line 16)									2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
111	Number of Years									15	15	15	15	15	15	15	15	15	15	15
112	Interest Rate									3.80%	4.30%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%
113 105% Debt Levy							0	0	0	0	403,219	811,118	1,618,471	2,260,162	2,790,082	3,477,679	4,193,220	4,936,704	5,710,127	6,514,486

1 CITY OF LAKE ELMO

2 FIN MGMT PLAN (FMP)

Inflation Assumptions		0%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Inflated Value		440,000	448,800	457,776	466,932	476,270	485,796	495,511	505,422	515,530	525,841
		Built in 2022	Built in 2023	Built in 2024	Built in 2025	Built in 2026	Built in 2027	Built in 2028	Built in 2029	Built in 2030	Built in 2031

Residential Growth		Unit Value	Total Units	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Single Family Homes		440,000	2,200	250	250	250	250	200	200	200	200	200	200
Multi-Family Homes		0	0	0	0	0	0	0	0	0	0	0	0
Apartments		0	0	0	0	0	0	0	0	0	0	0	0
Total Residential Units			2,200	250	250	250	250	200	200	200	200	200	200
Total Homestead Market Value				110,000,000	112,200,000	114,444,000	116,732,880	95,254,030	97,159,111	99,102,293	101,084,339	103,106,026	105,168,146
Total Multi Family Market Value								0	0	0	0	0	0
Total Apartment Market Value								0	0	0	0	0	0
Total Residential Market Value				110,000,000	112,200,000	114,444,000	116,732,880	95,254,030	97,159,111	99,102,293	101,084,339	103,106,026	105,168,146
Single Family Tax Capacity				1,100,000	1,122,000	1,144,440	1,167,329	952,540	971,591	991,023	1,013,554	1,038,825	1,064,602
Multi Family Tax Capacity								0	0	0	0	0	0
Rental Apartment Tax Capacity								0	0	0	0	0	0
Total Residential Tax Capacity				1,100,000	1,122,000	1,144,440	1,167,329	952,540	971,591	991,023	1,013,554	1,038,825	1,064,602

Commercial Growth		Unit Value	Total Units	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Commercial		0	0	0	0	0	0	0	0	0	0	0	0
Industrial		0	0	0	0	0	0	0	0	0	0	0	0
Total Commercial Units			0	0	0	0	0	0	0	0	0	0	0
Total Commercial Market Value				0	0	0	0	0	0	0	0	0	0
Total Commercial Tax Capacity				0	0	0	0	0	0	0	0	0	0

TOTAL NEW MARKET VALUE				110,000,000	112,200,000	114,444,000	116,732,880	95,254,030	97,159,111	99,102,293	101,084,339	103,106,026	105,168,146
TOTAL NEW TAX CAPACITY				1,100,000	1,122,000	1,144,440	1,167,329	952,540	971,591	991,023	1,013,554	1,038,825	1,064,602
Less TOTAL NEW FISCAL DISP. CONT. TAX CAPACITY													
TOTAL NEW LOCAL TAX CAPACITY				1,100,000	1,122,000	1,144,440	1,167,329	952,540	971,591	991,023	1,013,554	1,038,825	1,064,602

Decert Date

TOTAL NEW TAX CAPACITY includes expired TIF Districts				1,100,000	1,122,000	1,144,440	1,167,329	952,540	971,591	991,023	1,013,554	1,038,825	1,064,602
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## TIF Captured Tax Capacities are net of fiscal disparities, where applicable.

## Market Values of all new residential and commercial construction units are increased 2% annually after 2025

## Growth Projections are for Financial Management Plan only. They are not coordinated with Met Council and Comp Plans at this time.

