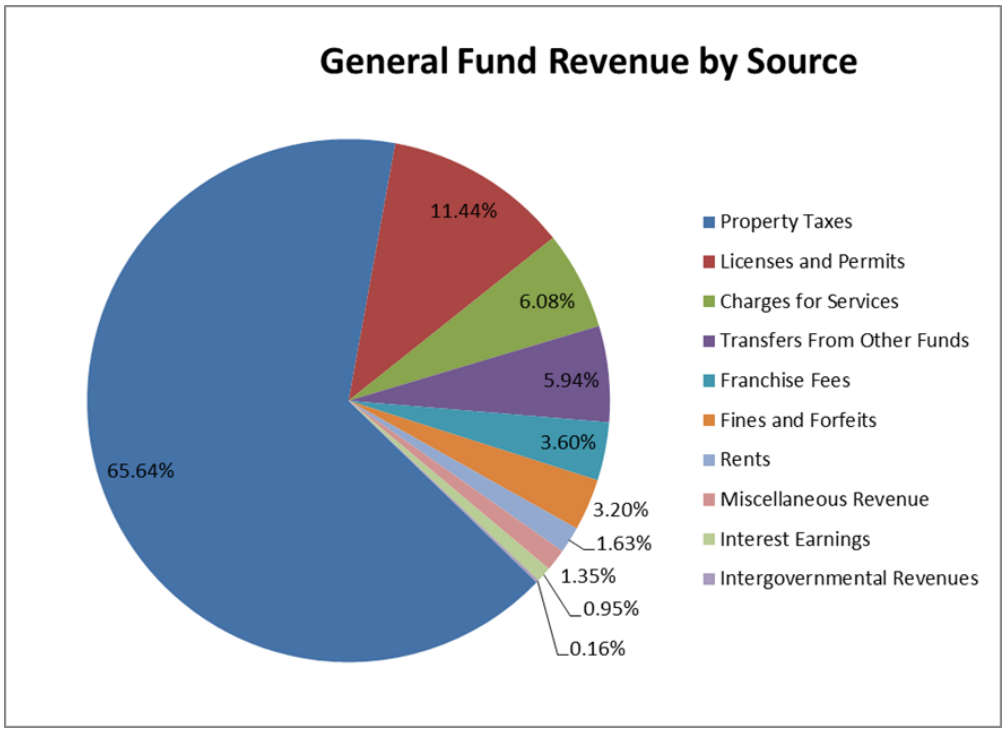
2015 Long Term Financial Plan (LTFP) Summary

General Fund

The General Fund is the City's main governmental operating fund and accounts for a majority of all City revenue and expenditures. Included in this fund are governmental activities such as: City Manager/Clerk, Elections, Finance, Planning & Zoning, Administration, Heritage Preservation, Police, Fire, Building Inspections, Streets, Parks, Recreation and Cemetery.

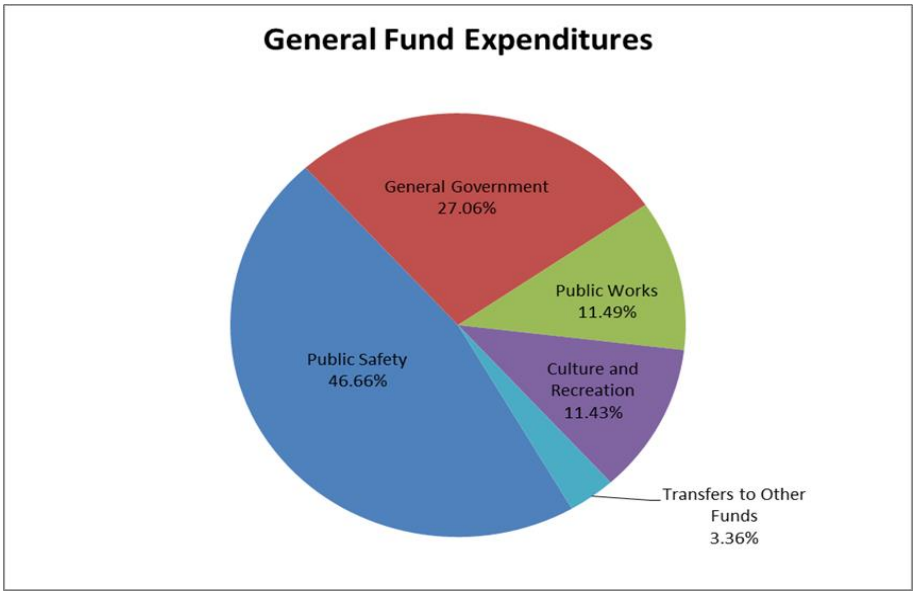
Major sources of revenue in the General Fund include: property taxes, gas and electric franchise fees, licenses and permits, intergovernmental revenues, charges for services, fines and forfeitures, rents, interest on investments and transfers from other funds. There are no significant changes in revenue sources expected over the next ten years.



The City's property tax levy is estimated to grow between 2.5% and 3.5% in each of the next ten years, which is slightly higher than the long term consumer price index (CPI) increase of approximately 2% annually. The main reason the City's projected levy increases are higher than the CPI is because of the City preparing for major capital projects. In order to raise funds for large projects within the City, the City plans to incrementally raise the levy in order to accommodate large future improvements instead of having a one-time large increase in one year. Commercial properties pay just over 33% of the City's levied taxes, residential properties pay 57% and apartments pay approximately 10%.

	Actual	**Projected**									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Property Tax Levy Increase	2.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%

Total General Fund expenditures are estimated to increase between 1.86% and 3.71% for the years 2015 through 2025. There are no major changes projected in the General Fund. Increases for inflation have been factored into the LTFP. The split of General Fund expenditures is shown in the graph below.



A summary of revenues, expenditures and fund balance is outlined below for each year of the plan. Further detail about General Fund revenues and expenditures are included in the Comprehensive 2014 Long Term Financial Plan.

GENERAL FUND	Actual 2014	Budgeted 2015		Projected 2016	2017	2018	2019
Total Revenues	1,967,644	1,822,269		1,901,184	1,955,914	2,011,730	2,062,747
Total Expenditures	1,805,208	1,872,209		1,919,266	1,955,727	2,008,820	2,046,106
Other Sources/(Uses)	(293,916)	49,940		22,400	600	(2,400)	(5,400)
Net Change in Fund Balance	(131,480)	-		4,318	787	510	11,241
Fund Balance Beginning	1,318,357	1,186,877		1,186,877	1,191,195	1,191,982	1,192,492
Fund Balance Ending	1,186,877	1,186,877		1,191,195	1,191,982	1,192,492	1,203,733

GENERAL FUND	Projected 2020	2021	2022	2023	2024	2025
Total Revenues	2,114,502	2,167,151	2,218,610	2,264,115	2,310,070	2,355,642
Total Expenditures	2,096,054	2,135,543	2,190,505	2,232,321	2,284,659	2,328,877
Other Sources/(Uses)	(8,400)	(11,400)	(13,400)	(15,400)	(17,400)	(20,000)
Net Change in Fund Balance	10,048	20,208	14,705	16,394	8,011	6,765
Fund Balance Beginning	1,203,733	1,213,781	1,233,989	1,248,694	1,265,088	1,273,099
Fund Balance Ending	1,213,781	1,233,989	1,248,694	1,265,088	1,273,099	1,279,864

Please Note: Other Sources/(Uses) accounts for transfers to and from other funds. In 2014, the Council approved transferring $350,000 to the Capital Improvement Fund to bring the General Fund's Fund Balance down to 50% at the end of 2014.

Parking Lot Maintenance Fund

The Parking Lot Maintenance Fund was established to set aside funding for the maintenance of City-owned parking lots in Excelsior. The maintenance of these lots is funded through surcharges to the business in Excelsior as well as the charter boat companies who operate out of the Port of Excelsior. The fund's fund balance has been intentionally increasing over the past number of years to prepare for upgrades to both the east and west parking lots.

	Actual	Budgeted	Projected			
Parking Lot Maintenance Fund	2014	2015	2016	2017	2018	2019
Total Revenues	41,791	36,948	38,073	39,231	40,422	41,647
Total Expenditures	29,111	38,699	24,173	24,541	25,031	25,413
Net Change in Fund Balance	12,680	(1,751)	13,900	14,690	15,391	16,234
Fund Balance Beginning	117,857	130,537	128,786	142,686	157,377	172,768
Fund Balance Ending	130,537	128,786	142,686	157,377	172,768	189,002

	Projected					
Parking Lot Maintenance Fund	2020	2021	2022	2023	2024	2025
Total Revenues	42,908	44,154	45,439	46,761	48,124	49,527
Total Expenditures	25,921	26,317	26,843	27,253	27,798	28,354
Net Change in Fund Balance	16,987	17,838	18,596	19,508	20,325	21,172
Fund Balance Beginning	189,002	205,988	223,826	242,422	261,930	282,255
Fund Balance Ending	205,988	223,826	242,422	261,930	282,255	303,427

Capital Project Funds

Below is a list of major projects that are anticipated to take place in the next few years. These projects have been included in the LTFP and are projected to be funded via reserves with the exception of the Phase III Street Project, which is proposed to be funded through the issuance of bonds.

2015		2016
Lafayette Lift Station		Phase III Street Project
Sewer Lining		Phase III Street Project
Crack Seal 2010-2011 Pavement Project		Seal Coat 2010-2011 Pavement Project
Pavement Management Plan Update		Remodel City Hall and Former Library Space
Water Plant Roof		
St. Albans Bridge (rip rap & surface improv.)		
2017		2018
Sewer Lining		St. Albans Bridge (Planning & Design)
2019		2020
St. Albans Bridge (Construction)		Crack Seal 2010-2011 Pavement Project
		Crack Seal Met Council Project Streets

2021		2022
Seal Coat 2010-2011 Pavement Project		(none at this time)
Seal Coat Met Council Project Streets		
2023		2024
(none at this time)		Paint Water Tower
2025		
Crack Seal 2010-2011 Pavement Project		
Crack Seal Met Council Project Streets		

Enterprise Funds
The City operates six enterprise funds including: Water, Sewer, Solid Waste (trash and recycling), Street Lighting, Docks (leased, public and residential docks) and Surface Water Management.

Water Fund
The Water Fund has taken on some significant projects over the past few years, and has a few more over the next number of years. Therefore, it is important to plan ahead for additional expenses associated with those projects and the funding for those projects. Because this fund will be incurring additional debt, rates will need to increase periodically to fund principal and interest payments. Although increases are projected, they are being kept as low as possible because the City realizes water costs have increased over the past number of years. Overall, the Water Fund is in good financial condition. The chart below illustrates projected water service charges over the next ten years which are factored into the LTFP. The increases projected are reasonable based on a projected long term CPI of 2% per year.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0%	2%	0%	2%	0%	2%	0%	0%	0%	0%	0%

Sewer Fund
The Sewer Fund is in excellent financial position. Even with the addition of debt related to the 2016 Street Improvement Project, the fund has sufficient reserves. In an effort to offset the projected increases in water fees, the City is proposing decreases in sewer fees over the next couple of years. The table below illustrates projected sewer service charges over the next ten years which are factored into the LTFP.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0%	-2%	0%	-2%	0%	-2%	0%	-2%	0%	0%	0%

Solid Waste Fund
The Solid Waste Fund is in a healthy financial position. Increases in the City's trash and recycling contract require the City to raise trash and recycling rates periodically. However, the City strives to keep increases to a minimum. The City's contract with Republic Services (formerly Allied Waste) is among the lowest rates in the Twin Cities for city-coordinated trash and recycling services. Charges are projected to have minimal increases between 0% and 2% for the next ten years, which is in line with CPI estimates of 2% per year. The chart below shows projected increases which have been included in the LTFP.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0%	0%	0%	2%	0%	0%	0%	2%	0%	0%	0%

Street Lighting Fund

The Street Lighting Fund's fund balance has been growing in recent years. This fund is in a favorable financial position. There are additions and improvements to street lights planned which is why the fund has been growing its reserves. The City is projecting street lighting fees increase every other year for the next ten years in order to fund future capital replacements. Projections used in the LTFP revenue estimates are shown in the table below. Increases in rates are comparable to projected long term CPI of 2% annually.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2%	0%	2%	0%	2%	0%	2%	0%	2%	0%	0%

Docks Fund

The Docks Fund has been building reserves in order to provide for future replacement of the City's municipal docks. The goal of this fund is to have unrestricted reserves set aside to be able to cover the replacement of one of the City's docks, which costs approximately $100,000. The fund had unrestricted reserves of $236,502 as of December 31, 2014. Because the fund now has sufficient reserves to cover the replacement of one municipal dock, slight increases in dock fees are proposed every other year to keep up with the inflation, salary increases and will allow the fund to pay off the interfund loans that are currently outstanding. Projected rate increases are shown in the chart below. Increases are in line with long term CPI projections of approximately 2% per year.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
3%	0%	2%	0%	2%	0%	2%	0%	2%	0%	0%

Surface Water Fund

Currently the Surface Water Management Fund is in an acceptable financial position. However, the City does anticipate additional surface water mandates over the next number of years which will require extra funding. To prepare for surface water improvements and future mandates, the City is projecting 2% increases in surface water fees every few years then level off in 2023. Increases included in the plan are shown in the chart below.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2%	0%	0%	0%	2%	0%	0%	0%	2%	0%	0%

For more detailed information please see the 2015 Comprehensive Long Term Financial Plan on the City's website at www.ci.excelsior.mn.us. You can also obtain further information by stopping by City Hall during regular business hours or by contacting Heidi Tumberg, Finance Director at (952) 653-3677 or htumberg@ci.excelsior.mn.us.