



2020 ANNUAL BUDGET



City of Elk River, Minnesota

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City Officials



John Dietz
Mayor
Term Expires 12/31/2022



Garrett Christianson
Council Member
Term Expires 12/31/2022



Matt Westgaard
Council Member
Term Expires 12/31/2020



Nate Ovall
Council Member
Term Expires 12/31/2020

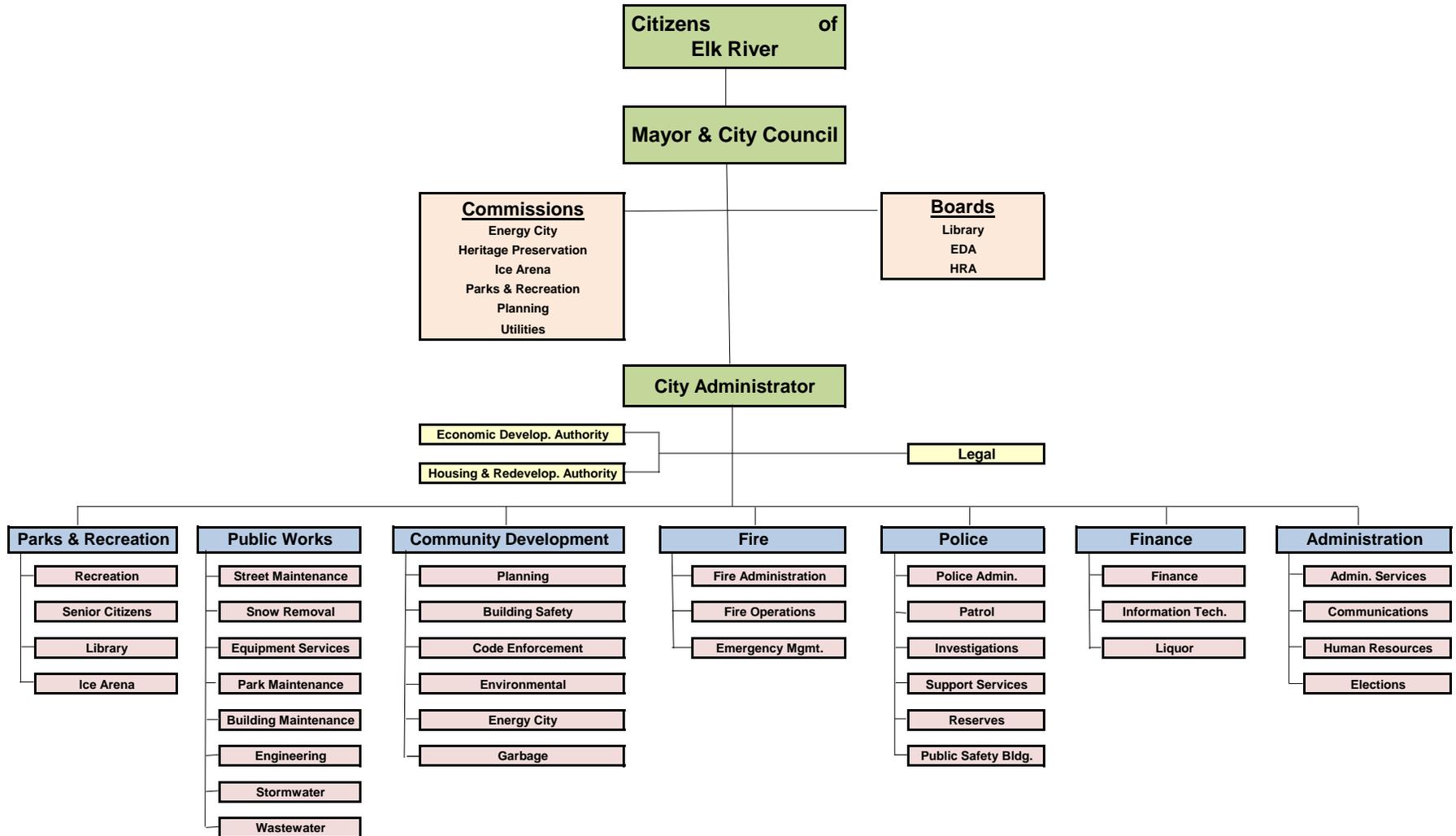


Jennifer Wagner
Council Member
Term Expires 12/31/2022

City Management Team

City Administrator	Calvin Portner
Police Chief	Ron Nierenhausen
Fire Chief	Mark Dickinson
Finance Director	Lori Ziemer
Community Development Director	Suzanne Fischer
Parks and Recreation Director	Michael Hecker
Public Works Director	Justin Femrite

City of Elk River Organizational Chart

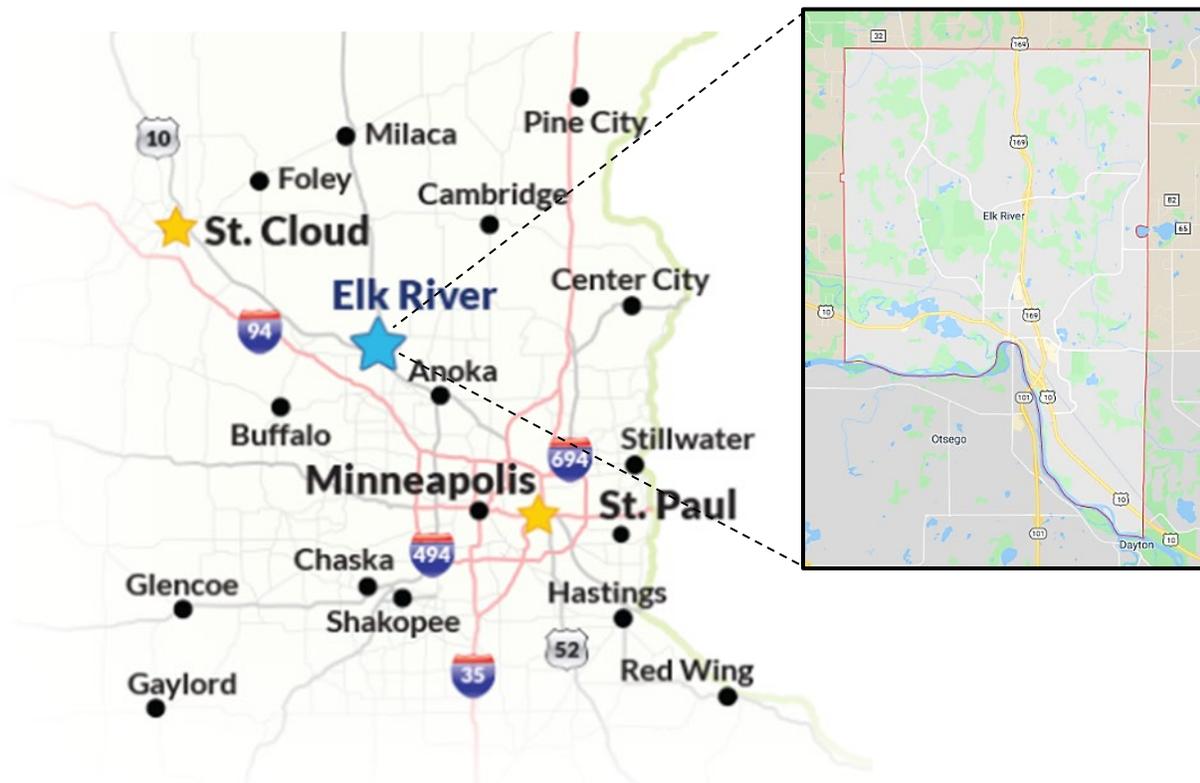


Community Profile

The City of Elk River is a statutory city with a Mayor-Council form of government whereby administrative as well as legislative authority is the ultimate responsibility of the City Council as a whole. The City Council consists of a Mayor and four council members each serving a four-year term. The city is divided into four wards with one council member elected from each ward by the voters in that ward.

The city provides a full range of municipal services authorized by state statute. These services include police and fire protection, maintenance of streets and parks, economic and community development, recreation programs and activities, inspection services, and general administrative services. The city also operates as enterprise fund the following services: two municipal stores, garbage collection, wastewater, and stormwater/

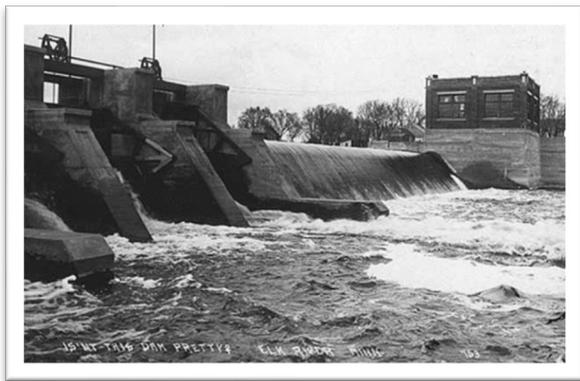
The City of Elk River is located in Sherburne County and serves as the county seat. Elk River is located approximately halfway between the metropolitan areas of Minneapolis/St. Paul and St. Cloud along the Mississippi River.



The hardwood-forested hills in which Elk River is situated were pushed up by the last glacier that advanced across Minnesota. These hills are made up of coarse materials which is the reason gravel mining is so prevalent in Elk River and also the reason much of the area is not considered good farmland. The Elk River was named for the herds of elk in the area when the first settlers arrived. The Elk and Mississippi Rivers and the nearby Red River Trail made this area a good location for commerce and a trading post was built in 1846. In 1851, Ard Godfrey, a native of Orono, Maine saw the potential of the water power of the Elk River and built a dam and a saw mill which created the first lobe of Lake Orono (called the Mill Pond), which extended from the present day dam to Orono Cemetery Point. In 1855, the area by the dam was platted and the town of Orono (known as Upper Town) was created.



The Orono-Elk River area continued to grow and by 1860 it had a population of 723 people. By 1870, Elk River swelled to a population of 2,050 and in 1872 it became the county seat. Around this same time, the railroads replaced the rivers as the main focus of transportation and the Lower Town (the present day downtown area) replaced Upper Town as the focus of commerce.



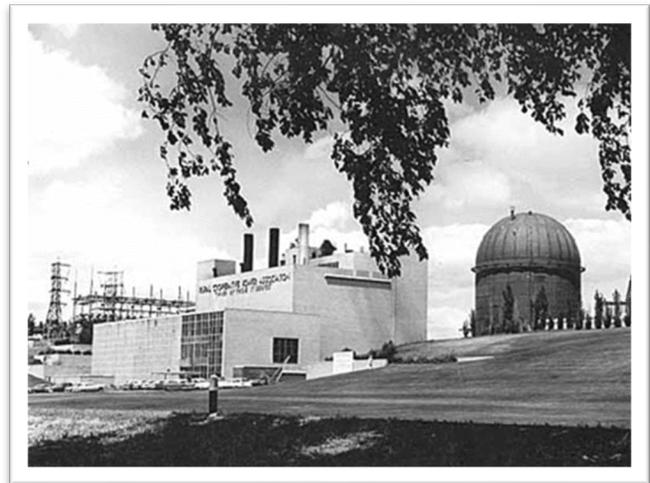
The Orono Dam was destroyed by an ice storm in 1912, but hydropower gave a new incentive to dam the Elk River in 1915. This new dam created the four lobes of Lake Orono as we know it today. In 1916, the Village of Elk River received electricity for the first time. The entire township of Elk River would not get electricity until after World War II.

Charles Babcock, a native son of Elk River and the state's first Commissioner of Highways, had a visionary plan to "get Minnesota out of the mud." His plan to create a network of paved roads became a model for the rest of the nation and the Jefferson Highway (now Highway 10) became one of the first paved roads in the state. Work on Highway 169 to bypass Elk River began in 1961 and work on a new route for Highway 101 between Rogers and Elk River began in 1968.



In 1974, the Village of Elk River became the City of Elk River. In 1978, the City of Elk River and the Township of Elk River consolidated to become the City of Elk River as we know it today. The result was one of the largest land-based cities in the state at 44 square miles.

Besides transportation, energy has always played a significant role in shaping Elk River. The first rural nuclear power plant in the United States went online in 1960 at Great River Energy's (GRE) site in Elk River. Meant only as a demonstration site it was dismantled after several successful years of operation. In the late 1980's, GRE's power plant was converted to burn refuse derived fuel. This innovative source of energy was one factor that helped Elk River receive the designation of "Energy City" by the Minnesota Environmental Initiative in October of 1997. As Energy City, Minnesota's energy industries will be demonstrating cutting edge renewable and energy efficient technologies in Elk River.



The creation of Interstate Highway 94 and the upgrade of Highway 101 to four lanes have greatly accelerated Elk River's growth. Once again transportation is dictating where the focus of commercial activities take place in Elk River as new businesses spring up along the Highway 169 corridor.



Budget Message

Honorable Mayor and Council Members:

Annually, the City Administrator must prepare a budget and present it to the City Council. The following budget report represents a summary of the adopted proposals for all services provided by the city in 2020, except the water and electric utilities.

Elk River Municipal Utilities (ERMU) prepares a separate budget document for the Water and Electric funds.

The Adopted 2020 Budget includes the operations of the General Fund and Debt Service Funds that are supported by property taxes and the memorandum budgets for the Special Revenue, and Enterprise Funds. The City Council reviewed the budget in work sessions beginning in July of 2019 and adopted the preliminary property tax levy on September 3, 2019. The 2020 Budget and final property tax levy were adopted at the December 2, 2019, City Council meeting and the final property tax levy was submitted to Sherburne County on December 5, 2019.

The city budget is more than a financial document as it reflects the city's plans, policies, procedures, and objectives for services to be provided in fiscal year 2020 and beyond.

City Initiatives

In recent years, the city has conducted a number of long-term strategic planning studies to shape its future development and redevelopment. These plans are guiding documents that are periodically reviewed and updated and include:

The Comprehensive Plan was approved in 2014 and is a guide that provides the foundation to help the community guide its future growth, redevelopment, and improvement efforts. The plan is used in determining potential property use, understand possible land use changes that may occur in the surrounding area, understand future infrastructure improvements, and make property improvements based on the city's vision for property in the area. It offers a framework for public action that helps the City make the best and most appropriate use of its resources by establishing policies that are used to guide the decision-making process.

The Mississippi Connections (Downtown Redevelopment Plan) is a long-range vision for the redevelopment framework for the 400-acre core of Elk River to develop a comprehensive plan that will redefine the “greater downtown area” to preserve its historical character while promoting the future viability of the community.

171st Avenue Focused Area Study (FAST) is the master plan that provides the framework for a future development pattern that guides land use and transportation changes impacting the area surrounding 171st Avenue and Hwy 10/169.

The Gravel Mining Area Plan, adopted in 2015, was a planning effort the city undertook to determine a vision for land use, transportation, and utility infrastructure on the 2,600-acre gravel mining area situated in the northern part of Elk River.

The Economic Development Strategic Plan provides a strategic approach for attracting industrial and commercial businesses and support existing business to increase the city’s commercial and industrial tax base and employment base.

The Parks and Recreation Master Plan is intended to provide direction for the City Council, the Parks and Recreation Commission, and city staff to guide them in the big picture decision making for protecting, developing, and improving the park system into the future. Because the parks are essential to the city’s identity and to the quality of life for residents, the master plan identifies important projects and recommends priorities to allocate financial and staff resources based on the community’s expressed needs and desires, as well as analyses of demographic changes, future trends, and Elk River’s current system in order to achieve its vision for the parks system.

The Wayfinding Master Plan was adopted to add improved community branded signage including city entrance gateway signs, themed park entrance monuments, and directional/informational park kiosk to help direct residents and visitors to some of our many community amenities. The final phase of the Wayfinding Plan will be completed in 2020.

A long-range strategic fire station master plan which included an in-depth evaluation of current facilities, locations, staffing needs, apparatus and transportation infrastructure was conducted to plan for development growth and build out of the city.

In 2020 the city will embark on reviewing and updating two important long-term planning documents; the Comprehensive Plan and the Economic Development Strategic Plan. The city will seek interested community members to actively plan what the next 20 years of growth will bring and develop initiatives to grow our job and economic bases.

Residential development remains stable and the commercial/industrial sector has experienced modest growth, expansion and reinvestment as well.

Highlights of the Past Year

Several significant events occurred during the past year including the following:

- During the 2019 legislative session, the city worked closely with leaders at the state Legislature to get the proper approvals for the local option sales tax that was supported by city voters in 2018. The local option sales tax was implemented in October and will be used to finance \$35,000,000 of community improvements to enhance our recreation facilities and enrich our leisure experiences known as the Active Elk River projects. The plan is a comprehensive investment in a multi-purpose recreational facility, major park improvements to Orono Park, the Youth Athletic Complex, and Lion John Weicht Park, as well as funds designated to trails and natural/outdoor resources.
- As part of the Active Elk River projects, the city broke ground in July on a new multipurpose recreation facility, which will be constructed on the site of the existing ice arena. The 150,000 square foot facility will provide year-round ice, a synthetic turf field house, community event/banquet rooms, dedicated senior citizen programming, and commercial leased space.
- Improvements to Lion John Weicht Park also got underway which include two lighted ball fields, modern restrooms, and a picnic/concession pavilion.
- With the issuance of \$32.7 million sales tax revenue bonds to fund the Active Elk River projects, the City maintained its AA+ credit rating with S&P Global Ratings. The outlook is stable and reflects a strong economy supported by the city's strong management.
- Completion of a \$2.3 million street reconstruction project.
- Staff from the Minnesota Department of Transportation, City of Elk River, and Sherburne County hosted a community open house in October to discuss the Highway 169 Redefine project with interested residents, business owners, and commuters. The Highway 169 Redefine project will convert the north-south state highway through Elk River to a freeway by removing all five stop lights from the Mississippi River north through Elk River. Attendees were given handouts to explain the scope of the project and preliminary design layouts and impacts. Project construction is expected to start in 2022.
- Implementation of the second of three phases of the wayfinding signage program continued in 2019. Entrance monuments for city gateways were installed, along with directional signs, and informational kiosks. The wayfinding program ensures consistency and continuity for all city signage throughout the city.

- The City Council approved a preliminary development agreement to explore the feasibility of bringing high-density, market rate housing as part of a mixed used development concept to downtown Elk River.
- In 2019, the city issued 117 new single-family building permits with a total valuation of \$26,886,807 compared to 152 new single-family building permits with a total valuation of \$34,280,302 for the previous year. The reduction in residential building permits is due in part to the number of available platted residential lots.
- Began implementation of a comprehensive integrated e-government software solution to automate, streamline, and digitize the community development applications.
- Earned our 11th consecutive GFOA *Distinguished Budget Presentation Award*.
- Earned our 30th consecutive GFOA *Award for Excellence in Financial Reporting*.

With the Council's emphasis on providing services at a reasonable cost to the taxpayers while maintaining current service levels, the 2020 budget was adopted with this same intent. Staff will continue to focus on providing excellent service at current levels with the same resources.

Budget Initiatives

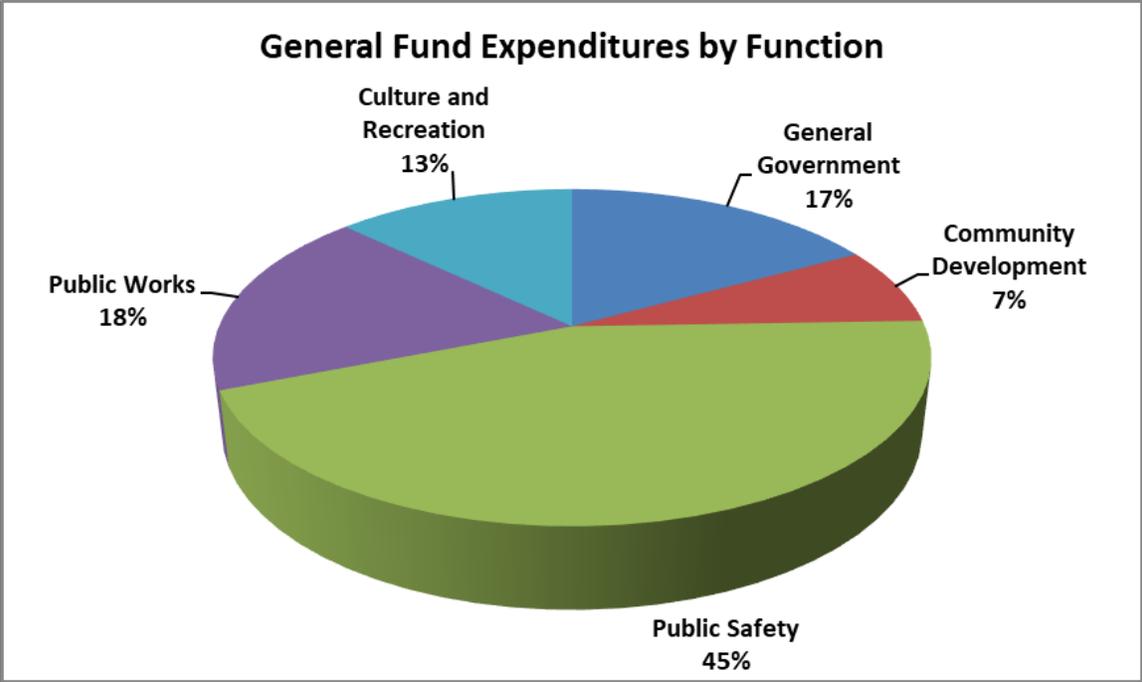
The General Fund and all other tax-supported budgets were developed based on the revenue generated from a net tax capacity increase of 9% and a target tax rate of 46.0%. The enterprise fund budgets are not supported by tax revenue and were developed using estimated revenues from sales, connection fees, and customer charges.

Following is a summary of the highlights and major initiatives undertaken for 2020:

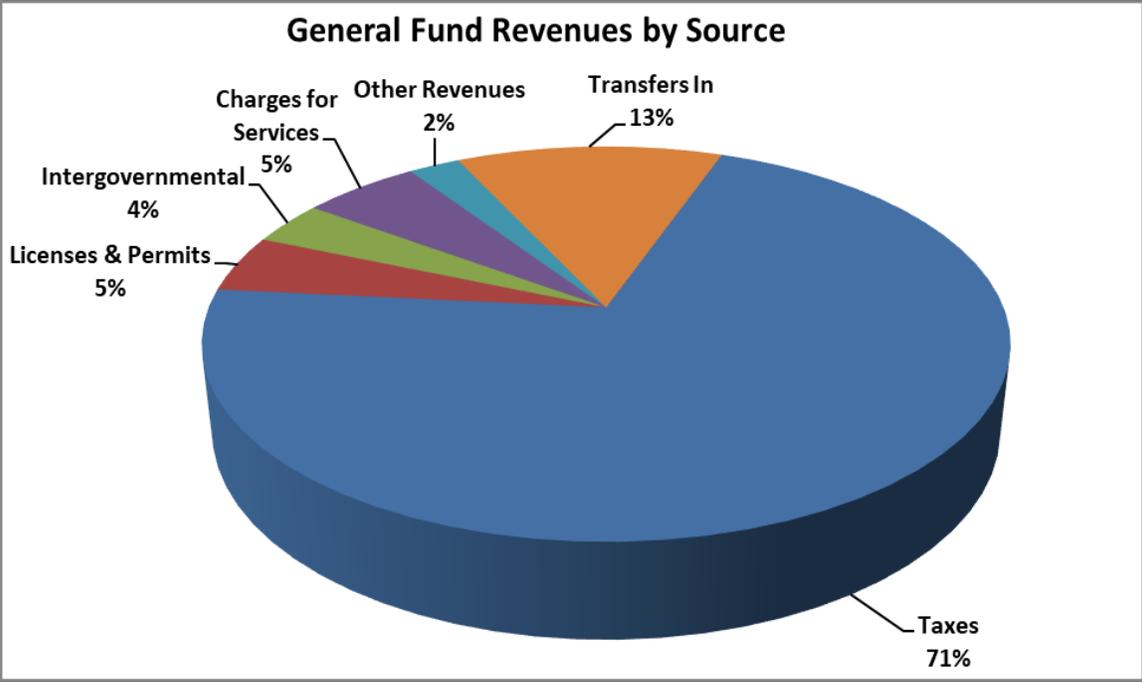
General Fund

The overall General Fund budget increased 4.9% over the adopted 2019 budget. The increases are attributed to the following:

- An investigative assistant was added and a half-time IT manager position due to a phased retirement were included in the 2020 budget.
- Increased personal service costs included a 3% COLA salary adjustment and a 5% insurance benefit contribution.
- Elections costs due to national, state and local elections to be held in 2020.
- Increase in software subscription services due to technology upgrades within IT and Community Development.



The major functions are financed with a combination of revenues, the largest source being property taxes making up 71% of General Fund revenues.



Capital Improvements

The detailed 2020-2024 Capital Improvement Plan (CIP) was approved as a planning document at the November 18, 2019 City Council meeting. The CIP coordinates the financing and timing of improvement projects, and the acquisition of capital equipment. The 2020-2024 projects are included in the CIP section of this document starting on page 95.

Major highlights of the Capital Improvement Plan for 2020 include:

- Dump truck replacements
- Patrol squad replacements
- Architectural design of the Public Safety Building and Fire Station #3
- Multipurpose facility commercial lease space
- Wayfinding signage
- Comprehensive plan update

Enterprise Funds

The enterprise funds include Liquor, Garbage, Wastewater, and Stormwater.

Liquor Fund

The city's two municipal liquor stores have a combined sales volume of \$7.4 million and project a gross profit of 29%. Sales in 2020 are expected to increase about 3% over 2019.

Operating expenditures for 2020 increased 9.6% due to the reorganization of the liquor operations and the hiring of an additional full-time liquor store manager. There are no capital-related expenditures planned for 2020.

The net income derived from the stores is used to fund city operations and projects to benefit the community. The 2020 transfers are as follows:

<u>Purpose</u>	<u>2020</u>
General Fund support	\$500,000
Park Improvement Fund	\$200,000

Garbage Fund

The Garbage Fund budget does not propose a customer rate increase for 2020 due to a decrease in the garbage disposal fees. With the closing of the garbage burning facility in early 2019, garbage is now taken to the landfill for disposal. The \$13/ton reduction in garbage disposal fees offset the 3% increase in the garbage hauler fee.

Wastewater Fund

The Wastewater Fund budget proposes a 3% customer rate increase and a 3% connection fee increase, along with the additional disposal fee revenue for the landfill leachate. Sewer connections are anticipated to be lower than previous years which results in the revenue

reduction for 2020. The operating budget includes inflationary increases in supplies and maintenance-related expenditures.

Stormwater Fund

The Stormwater Fund proposes a 10% customer rate increase for 2020 to account for the elimination of the stormwater impact fee.

The operating budget includes many items related to the stormwater requirements including pond maintenance/dredging, education, compliance, and testing. A major stormwater pond cleaning project is budgeted for every odd year.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Elk River, Minnesota for its annual budget for the fiscal year beginning January 1, 2019.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Conclusion

The city continues to maintain a positive financial position through sound management and by adhering to its financial policies. This strong financial condition can be sustained going forward.

The 2020 budget continues to focus on providing valuable services at a reasonable cost to our residents. The Council and staff are committed to providing quality of life services and maintaining the city's investment in infrastructure.

We would like to thank the City Council and city staff for their contributions to the budget process in developing a budget that maximizes and values every tax dollar the city receives.

Respectfully Submitted,



Calvin P. Portner
City Administrator



Lori Ziemer
Finance Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Elk River

Minnesota

For the Fiscal Year Beginning

January 1, 2019

Christopher P. Morill

Executive Director

Budget Development Process

The annual budget is prepared in accordance with Minnesota Statutes, which mandate that cities must announce and schedule one regular meeting in which the Council will discuss the budget. Cities must provide the date of this meeting to the County Auditor on or before September 30. This meeting must occur at or after 6:00 p.m. between November 25 and December 30. The city must not adopt a final budget until after this meeting.

The City Administrator is responsible for the preparation and the administration of the annual operating budget based on input from the department heads. The city adopts a balanced budget so that the appropriated expenditures do not exceed the estimated revenues and reserves available from prior years. As the budget calendar indicates, the budget process begins in May each year with the distribution of budget forms to all departments. All departments are responsible for compiling budget figures, which are then reviewed and adjusted by the City Administrator and Finance Director during individual department meetings. After the departmental meetings the City Administrator presents the proposed budget to the City Council. The proposed budget is reviewed by the City Council and the final budget is adopted by the end of December.

The city will use financial forecasts as a tool for long-range financial plans. Projecting key financial factors into the future allows the city to anticipate and plan for change. It is recognized that the complexities of local government finance make financial forecasts an indication of trends and not a specific prediction of the future. These policies call for financial forecasts related to property taxes and capital investment. City Council and staff will determine other financial forecasts needed to support decision-making.

The city does a number of long-range financial plans. Each year in April or May, prior to the budget process for the upcoming year, the City Council reviews the 10-year financial model with updated prior year actuals and updated forecast amounts. Various what-if scenarios are reviewed as well as future debt service impacts. In addition, as part of the Capital Improvement Plan process, we review five-year forecasts on revenues and expenditures for the various Special Revenue and Capital Project funds. The Enterprise funds are presented with five-year forecasts on revenues, expenditures and capital outlays, which support the rates. The city understands the importance of long-range planning in support of the goals and vision of the city.

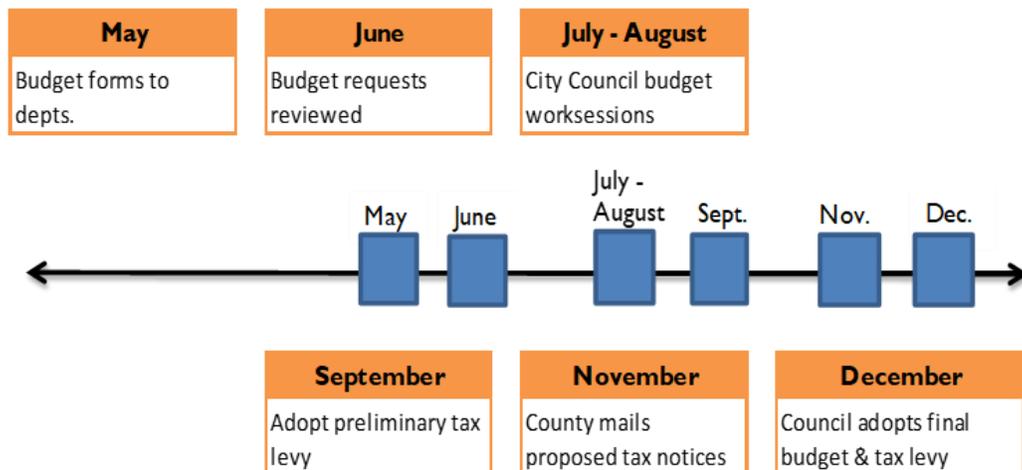
Budget Monitoring and Amendments

Department heads are responsible for the administration of their departmental operating budget. Generally, department heads can make amendments from one line item to another when there is no effect on the total departmental budget by application to the City Administrator and Finance Director. Requests for budget adjustments must be submitted and approved before any program incurs cost overruns for the annual budget period. These line item budget changes exclude personal service and capital outlay categories.

All other shifts from one department budget to another, from one fund to another, reallocating funds for the purchase of capital outlay, and all unbudgeted expenditures must have approval of the City Council. Budget amendments are intended to recognize changes made by the City Council during the year and to reflect major revenue and expenditure deviations from budgeted amounts. Budget amendments are not intended to create a budget that matches budgeted revenues and expenditures to actual revenues and expenditures. The City Council shall consider budget amendments each December.

2020 Budget Schedule

May 6, 2019	General budget discussion on tax levy, goals, staffing and other policy items with City Council
May 7, 2019	Budget forms and instructions to department directors
May 24, 2019	Department's proposed budgets due to finance department
June/July 2019	Staff budget meetings with City Administrator and Finance Director
July 22 & July 29, 2019	Presentation of proposed budgets to City Council
August 19, 2019	Budget review with City Council
September 3, 2019	City Council adopts maximum property tax levy
September 5, 2019	Certify maximum property tax levy to Sherburne County
October/November 2019	Final adjustments/budget revisions and review Capital Improvement Plan (CIP) funding and projects
November 18, 2019	City Council adopts the 2020-2024 CIP
December 2, 2019	City Council adopts the final 2020 budget and property tax levy
December 5, 2019	Certify final property tax levy to Sherburne County



Basis of Accounting and Budgeting

The financial reporting and budgeting systems of the City are organized on a fund basis. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, fund equity, revenue, and expenditures. Funds are established to account for specific activities and legal restrictions that are associated with a particular government function.

Governmental funds include the General, Special Revenue, Debt Service, and Capital Projects funds. Governmental funds include activities usually associated with typical or local government operations. All governmental funds are budgeted and accounted for using the modified accrual basis of accounting. Revenues are recognized when they become available and measurable. Expenditures are recognized when the related fund liability is incurred. The governmental funds budgeted for the city are the General fund and some Special Revenue funds.

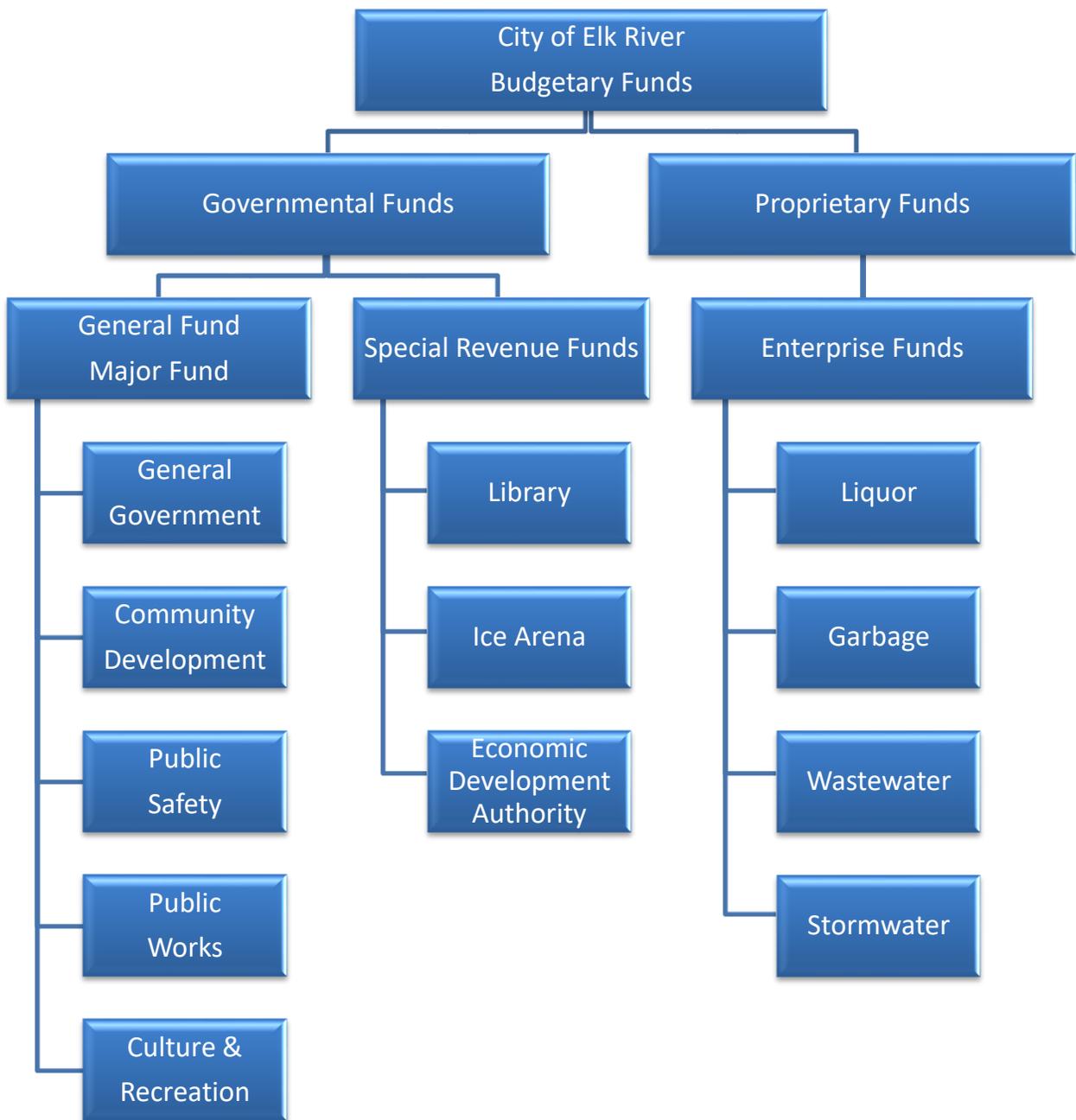
Proprietary funds include the Enterprise funds which operate in a manner similar to private business, where the cost of providing a service is funded through user charges. Proprietary funds are maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which the liability is incurred. For accounting purposes, the payment of principal on long-term debt and the purchase of capital assets is reflected on the balance sheet as it is reflecting bonds payable and capital assets with an outflow of cash. For budgeting purposes, the payment of principal on long-term debt and the purchase of capital assets in the proprietary funds is reflected in the budgeted expenses as an outflow of resources

The City's funds are grouped into five basic types:

- General
- Special Revenue
- Debt Service (Non-budgeted)
- Capital (Non-budgeted)
- Enterprise

The General Fund, Special Revenue funds, and Enterprise funds comprise the majority of the day-to-day operating activities of the city. The remaining fund types are more specialized funds and typically account for one-time and/or specific activities rather than ongoing and recurring services.

City of Elk River Budgeted Fund Structure



The City budgets for the following funds:

- The General Fund is the primary revenue source and operating fund for most services cities typically offer. These include administration, community development, public safety (police and fire), public works, and culture and recreation. These activities are financed through general tax dollars from property taxes and by revenues generated from permits, fees, and investment earnings.

- Special Revenue funds account for activities funded by special purpose revenue, that is, revenues that are legally restricted to expenditure for a specific purpose. The city currently budgets for three Special Revenue funds:
 - Library – The city maintains the library facility and grounds that is part of the Great River Regional Library system.
 - Ice Arena – The city owns and operates an ice arena with two rinks.
 - Economic Development Authority – The EDA guides economic development within the city.

- Enterprise funds are used to account for city activities that operate as public enterprises. Revenues come from fees charged to customers or other department users. The city has the following Enterprise funds:
 - Liquor – The city owns and operates two municipal liquor stores.
 - Garbage – The city provides garbage and recycling services to its citizens to protect public health and the environment.
 - Wastewater – The city provides wastewater/sewer service to its citizens and commercial entities.
 - Stormwater – The city provides stormwater service to its citizens and commercial entities.

The City has other funds which are not formally budgeted including some Special Revenue funds, Debt Service funds, and Capital Project funds.

Financial Management Policies

Purpose

The City of Elk River has the fiduciary duty to manage its resources wisely. Adopting financial policies is an important step to ensure that resources are managed responsibly. The policies provide the framework for the overall fiscal management of the city and guide the decision-making process.

Most of the policies represent long-standing principles, traditions and practices which have guided the city and have maintained financial stability. These policies will be reviewed periodically to determine changes as necessary.

Objectives

1. Provide sound principles to guide the decisions of the City Council and management.
2. To provide both short-term and long-term financial stability to city government by ensuring adequate funding for providing and protecting infrastructure needed by the community today and tomorrow.
3. Protect and enhance the city's credit rating and prevent default on any municipal obligations.
4. To protect the City Council's policy-making ability by ensuring that important policy decisions are not constrained by financial problems or emergencies.

Operating Budget

1. The city administrator will submit annually a balanced budget in which appropriations will not exceed the total of the estimated General Fund revenue and the fund balance available after applying the General Fund Reserve Policy.
2. The city may annually budget a contingency appropriation in the General Fund budget, not to exceed 0.5% of the total budget, to provide for unanticipated expenditures of a non-recurring nature.
3. In the event of an unanticipated revenue shortfall, the finance director may recommend the use of a portion of the General Fund balance not to exceed the amount of available cash or reserves for working capital or already appropriated to the General Fund budget.
4. The budget will provide for adequate maintenance of buildings and equipment, and for their orderly replacement.
5. The finance director will prepare monthly reports comparing actual revenues and expenditures to the budgeted amount. All significant variances will be summarized in a written report to the city administrator and Council.
6. The operating budget will include annual goals, services and programs to be delivered for the level of funding provided.
7. Before adding a new program or service, the city will consider the cost benefit analysis of using outside contractors versus in-house provided services.
8. The city will attempt to maintain the GFOA Distinguished Budget Presentation Award.
9. The city will not sell assets or use one-time accounting principle changes to balance the budget for any fund.

10. The city will provide ample time and opportunity for public input into its budget setting deliberations each year, including any required public hearings.
11. Department heads will be responsible for administration of their departmental operating budget. Requests for budget adjustments must be submitted and approved before any program incurs cost overruns for the annual budget period.
12. Budget amendments are intended to recognize changes made by the council during the year, to reflect major revenue and expenditure deviations from budgeted amounts, and to consider year-end budget requests. Budget amendments are not intended to create a budget that matches budgeted revenues and expenditures to actual revenue and expenditures.
13. Administrative budget amendments may be made throughout the year by department directors to adjust line item budgets within their department as long as the total departmental budget does not change. Line item budget changes exclude personal service and capital outlay categories. Administrative budget amendments must be requested in writing and approved by the city administrator and finance director.

Accounting, Auditing, and Financial Reporting

1. The city will establish and maintain the highest standard of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP).
2. The city will attempt to maintain the GFOA Certificate of Excellence in Financial Reporting.
3. The city will arrange for an annual audit of all funds and account groups by independent certified public accountants or by the Office of the State Auditor.
4. Regular monthly reports present a summary of financial activity by major fund type as compared to budget. Department directors will review monthly reports comparing actual revenues and expenditures to the budgeted amounts. Any negative variance in any revenue or spending category (*Personal Services, Supplies, Other Charges and Services, Capital Outlay*) for their department as a whole projected to exceed \$5,000 by year-end will be reported in writing to the finance director and the city administrator.

Revenues and Expenditures

The city will:

1. Provide long-term financial stability through sound short- and long-term financial planning.
2. Estimate annual revenues and expenditures in a conservative manner so as to reduce exposure to unforeseen circumstances.
3. Project revenues and expenditures over five years and will update these projections each budget process.
4. Establish user charges and fees at a level related to the cost of the service (operating, direct, indirect, and capital), when user charges and fees are determined to be appropriate and the direct benefits are identifiable. Fees will be reviewed annually.
5. To the extent feasible, apply one-time revenues toward one-time expenditures or place them into reserves. One-time revenues will not be used to finance ongoing programs.

Utilities

The City Council sets fees and user charges for municipal sanitary sewer utility, stormwater utility, and garbage collection. The Utilities Commission sets fees and charges for the water and electric utilities. The city will encourage the Commission to adopt financial management policies similar to the policies stated in this section.

1. The city will strive to set user fees for utilities at a level that creates financially-sustaining enterprises.
2. The fee structure for utilities should produce a net annual surplus of revenues over expenditures after accounting for all operating costs, depreciation of capital assets and payment of debt service.
3. All municipal utility funds will maintain adequate cash reserves. The reserve needs vary for each municipal utility. The assessment of cash reserves should take into account future capital investments, diversity, and stability of revenues and potential for unanticipated changes in revenues and expenditures.
4. All utility rates shall be reviewed annually to minimize the impact of rate changes and to ensure adequate long-term funding.
5. Elk River Municipal Utilities (ERMU) will make an annual contribution to the city. The cash contribution will be based on 4% of gross electric sales within the corporate limits of the city. The City Council will determine the portion of this contribution to be allocated to the General Fund, Library and the Equipment Replacement funds.
6. The City Council will determine the chargeback to the Sewer, Stormwater, and Garbage funds for administration of the sanitary sewer system, storm water, and garbage collection.
7. Any operating transfer not included in the budget must be approved by the City Council.

Cash Management

1. Cash balances shall be pooled from all funds to maximize investment earnings with the exception of legal and specific practical requirements that demand segregation of funds.
2. Funds received are to be deposited into an interest-bearing account with the city's designated official depository by the next business day.
3. Cash on hand is to be kept to the minimum required to meet daily operational needs.

Investments

Public funds shall be invested in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands in conformance with all state and local statutes governing the investment of public funds. The investment policy applies to all financial assets of the municipality. These funds are accounted for in the city's Comprehensive Annual Financial Report (CAFR) and include all city funds with the exception of the Water and Electric funds which fall under the investment policy adopted by the ERMU Commission.

Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard, as defined by Minnesota Statute §356A.04, Subd. 2, and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

All investments shall be limited to those permitted by Minnesota Statute §118A. The primary objectives, in priority order, of the City of Elk River’s investment activities shall be:

1. Safety - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. Liquidity - The investment portfolio will remain sufficiently liquid to enable the city to meet all operating requirements which might be reasonably anticipated.
3. Return on Investment - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles. The investment strategy will take into account the constraints on risk and cash flow characteristics of the investment portfolio.
4. Maintain the Public’s Trust - All officials and employees who are part of the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the city’s ability to govern effectively.

Authority to manage the city’s investment program is derived from Minnesota Statutes §118A. Management responsibility for the investment program is hereby delegated to the finance director. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the finance director. The finance director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the investment program or which could reasonably cause others to question or doubt their ability to make impartial investment decisions. Employees and investment officials shall disclose to the finance director any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the city’s portfolio.

The finance director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of Minnesota. These may include “primary dealers” or regional dealers that qualify under Securities & Exchange Commission Rule 15c3-1 (uniform net capital rule). All brokers doing business with the city shall have a Broker Certification form on file with the finance director in accordance with Minnesota Statutes §118A.04, Subd 9. All investments

must be placed with brokers whose office is in the State of Minnesota. No investments may be made with out of state brokers.

Investment instruments authorized and permitted by this policy are as follows:

1. Repurchase Agreements consisting of collateral allowable in Section 118A.04.
2. United States Securities
 - a. Governmental bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an Act of Congress.
 - b. High risk mortgage-backed securities are as follows:
 - i. interest-only or principal-only mortgage-backed securities; or
 - ii. any mortgage derivative security that:
 - has an expected average life greater than 10 years;
 - has an expected average life that will:
 - extend by more than four years as the result of an immediate and sustained parallel shift in the yield curve of plus 300 basis points; or
 - shorten by more than six years as the result of an immediate and sustained parallel shift in the yield curve of minus 300 basis points; or
 - have an estimated change in price of more than 17% as the result of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.
3. Minnesota Joint Powers Investment Trust
Agreements or contracts for shares of a Minnesota joint powers investment trust whose investments are restricted to securities authorized for investment by the government entity and shares of an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by at least one nationally recognized statistical rating organization and is invested in financial instruments with a final maturity of no longer than 13 months.
4. State and Local Securities, as follows
 - a. any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - b. any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and,
 - c. a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating service.
5. Commercial Paper
Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category (e.g., A-1, P-1, F-1 or D-1 or higher) by at least two nationally recognized rating agencies and matures in 270 days or less.

6. Time Deposits
 - a. Time deposits that are fully insured by the Federal Deposit Insurance Corporation.
 - b. Bankers acceptances of United States banks.

7. Money Market Accounts

Money market funds may be held with next day withdrawal capacity to provide for daily liquidity requirements. These money market funds must be rated one of the two highest rating categories by at least one nationally recognized statistical rating organization.

The city shall not purchase investments that, at the time of purchase, cannot be held to maturity. All investments shall be purchased with the intent to hold until maturity. The maximum maturity will be 10 years with a total weighted average maturity of total investments not to exceed 5 years. This section shall not be construed to restrict the sale of investments prior to maturity which may be in the best interest of the city.

The city shall not invest in GICs or Reverse Repurchase Agreements.

The city shall follow Minnesota statutes regarding the use of collateral requirements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be at least 10% more than the amount on deposit plus accrued interest at the close of the business day. To the extent that funds deposited are in excess of available federal deposit insurance, the city shall require the financial institution to furnish collateral security. All collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection shall be approved by the city.

Any collateral pledged shall be accompanied by a written assignment to the city from the financial institution. The written assignment shall recite that, upon default, the financial institution shall release to the city on demand, free of exchange or any other charges, the collateral pledged. Interest earned on assigned collateral will be remitted to the financial institution so long as it is not in default. The city may sell the collateral to recover the amount due. Any surplus from the sale of collateral shall be payable to the financial institution, its assigns, or both.

Investments may be held in safekeeping with:

1. Any Federal Reserve Bank;
2. Any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to, the bank from which the investment is purchased;
3. A primary reporting dealer in US government securities to the Federal Reserve Bank of New York; or
4. A securities broker/dealer having its principal executive office in Minnesota, licensed and registered pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission; provided that the government entity's ownership of all securities is evidenced by written acknowledgments identifying the securities by the names of the issuers, maturity dates, interest rates, CUSIP number, or other distinguishing marks.

The city will minimize investment custodial credit risk by permitting brokers that obtained investments for the city to hold them only to the extent there is SIPC and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to the city's custodian.

The city will diversify its investments by security type and institution. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered to avoid undue concentration of assets at a specific maturity sector, with one broker-dealer or financial institution, or any one type of instrument. The maturities selected shall provide for stability of income and reasonable liquidity.
2. The finance director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.
3. The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the city's investment risk constraints and cash flow needs.
4. The finance director shall provide an investment report to the City Council quarterly to include:
 - a. Listing of individual securities held at the end of the reporting period
 - b. Listing of investments by maturity date
 - c. Percentage of the total portfolio which each type of investment represents
 - b. Market to market analysis
 - c. Rate of return for the quarter

Fund Balance

Fund balance reserves are an important component in ensuring the overall financial health of a community by providing sufficient funds to meet contingency and cash-flow timing needs. In establishing an appropriate fund balance, the city considers the demands of cash flow, need for emergency reserves, ability to manage fluctuations of major revenue sources, credit rating and long-term fiscal health.

1. Classification of Fund Balance/Procedures
 - a. Non-spendable - Amounts not in a spendable form or are required to be maintained intact such as inventory or prepaid items.
 - b. Restricted - Amounts subject to externally enforceable legal restrictions such as grants, tax increment and bond proceeds.
 - c. Unrestricted - The total of committed fund balance, assigned fund balance, and unassigned fund balance:
 - i. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the city's highest level of decision-making authority. Commitments may be changed or lifted only by the city taking the same formal action that imposed the constraint originally.

- ii. Assigned Fund Balance – amounts intended for a specific purpose; intent can be expressed by the city or by an official or body to which the city delegates the authority.
- iii. Unassigned Fund Balance – residual amounts available for any purpose in the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. This classification is also used to account for deficit fund balances in other governmental funds.

2. General Fund

Unassigned General Fund balance shall not be less than 40-45% of budgeted operating expenditures; however, this may fluctuate with each year's budget objectives.

- a. Proposed annual General Fund budgets shall include this benchmark policy. Council shall review the amounts in fund balance in conjunction with the annual budget approval and adjust as necessary to meet expected cash-flow needs.
- b. In the event the unassigned General Fund balance will be calculated to be less than the minimum requirement at the completion of any fiscal year, the city shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with this policy.
- c. The Council may consider appropriating (for authorized purposes) year-end fund balance in excess of the policy level or increasing the minimum fund balance. A preferred use of excess fund balance would be for one-time expenditures, such as:
 - i. an expenditure of significant long-term benefit or legacy to the community
 - ii. a one-time (non-recurring) expenditure or grant match opportunity
 - iii. to provide catch-up funding or long-term obligations not previously recognized
 - iv. a one-time unplanned revenue shortfall
 - v. an unplanned expenditure due to an emergency or disaster
 - vi. to retire existing debt
 - vii. to fund policy shifts by other governmental entities having a negative impact on the city
 - viii. to moderate property taxes
- d. Appropriation from the minimum fund balance shall require the approval of the City Council and shall be used only for non-recurring expenditures, unforeseen emergencies or immediate capital needs that cannot be accommodated through current year savings. Replenishment recommendations will accompany the decision to utilize fund balance.
- e. At the discretion of the City Council, fund balance may be committed for specific purposes by resolution designating the specific use of fund balance and the amount. The resolution would need to be approved no later than the close of the reporting period and will remain binding unless removed in the same manner.
- f. The City Council authorizes the finance director and/or city administrator to assign fund balance that reflects the city's intended use of those funds.
- g. When both restricted and unrestricted resources are available for use, it is the city's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is

the city's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

3. Enterprise Funds

The city shall maintain reserves in enterprise funds at levels sufficient to provide adequate working capital for current expenditure needs, for the replacement of capital assets within the fund over their estimated useful life and to pay for future capital projects. Future capital projects must be identified and quantified in a written plan for the fund which shall be included in the city's annual Capital Improvement Plan (CIP).

The city will maintain a reserve balance at a level considering the following:

a. Cash Flow

- i. Six months of projected operation expenditures (Sewer, Storm Water and Garbage)
- ii. One year of projected operation expenditures (Liquor Operations)
- iii. Debt service obligations – 100% of next year's principal and interest

b. Contingency

- i. Potentially volatile revenue sources
- ii. Unforeseen natural or man-made disasters and emergencies

c. Savings

- i. Planned one-time expenditures and grant matching opportunities
- ii. Impact of significant capital projects identified in a long-term plan

d. Other Factors

- i. Impact on city' bond rating
- ii. Requirements by external funding source

4. Special Revenue Funds

Reserves will be maintained at levels sufficient to provide working capital for current expenditure needs plus an amount estimated to meet legal restrictions, requirements by external funding sources and/or pay for future capital projects. Future capital projects must be identified and quantified in a written plan for the fund, which shall be included in the annual CIP.

5. Debt Service Funds

Reserves will be maintained at levels sufficient to provide working capital for current expenditure needs plus an amount estimated to meet legal restrictions and requirements by external funding sources.

6. Capital Project Funds

Reserves will be maintained at levels sufficient to provide working capital for current expenditure needs plus an amount estimated to meet legal restrictions, requirements by external funding sources and/or pay for future capital projects. Future capital projects must be identified and quantified in a written finance plan for the fund, which shall be included in the annual CIP.

7. Monitoring and Reporting

The finance director shall annually review with the City Council the status of the fund balances with this policy and present it to the Council in conjunction with the development of the annual budget and/or other long-term financial planning documents such as the CIP.

Reserve balances will be annually reviewed for adequacy.

Rating agency methodologies and medians will be periodically reviewed for updates to ensure the reserve policy is consistent for maintaining the existing rating or positioned for an upgrade.

Debt

Debt issuance shall follow guidelines identified through examination of materials from state statutes, bond rating agencies, and the Government Finance Officers Association (GFOA). This policy can be amended by the City Council to maintain consistency with general municipal practices.

The following policies shall determine when and how to use debt for financing capital and equipment needs.

1. Debt Limits

a. Legal Limits:

- i. Minnesota Statute, § 475 prescribes a debt limit that shall not exceed 3% of taxable market value. This limitation applies only to debt wholly tax-supported for either General Obligation (GO) debt of any size bond issue or Lease Revenue Bond issues were over \$1,000,000 at the time of issuance. Several other types of debt do not count against the limit including GO Tax Increment, GO Abatement, GO Special Assessment, GO Utility Revenue, and HRA or EDA-issued debt considered to have a separate revenue source other than taxes. HRA and EDA Public Project Revenue Bonds or Lease Revenue Bonds with a financing lease agreement with a city or county do count against the limit.
- ii. Local ordinances do not limit the city's ability to issue debt.

b. Policy Limits:

- i. Debt will be used only for capital costs and will not utilize debt for cash flow borrowing, even though this is allowed by state statutes.
- ii. The CIP shall contain debt assumptions matching this policy and requiring a commitment to long-range financial planning of capital and debt needs.
- iii. The city shall use GO Tax Increment bonds only when the development merits special consideration.

c. Financial Limits:

- i. The city limits the amount of the property tax levy dedicated to debt service (principal and interest plus 5% for GO bonds) to less than 20% of the total tax levy. Unlike rating agencies, the city's definition of tax levy does not include special assessments, tax abatements, or tax increments.

- ii. Pure revenue bond debt shall be used primarily as Lease Revenue Bonds supported by taxes. The city may use Revenue Bonds for enterprise, electric and water utility operations, but only if debt service coverage achieves investment grade rating from the city's rating agencies.
- 2. Use of Variable Rate Debt and Derivatives
 - a. The city shall use variable rate debt only if total principal and interest constitute less than 20% of total debt payments, if circumstances dictate the need for a short call date and will only be used for debt repaid from non-property tax sources (specific revenues).
 - b. The city shall not use derivative based debt.
- 3. Debt Structuring Practices
 - a. State law limits GO debt to 30 years in most circumstances. The city shall not exceed 25 years in term of debt.
 - b. The city goal is to pay for all capital equipment with a useful life of five years or less from cash reserves or annual operating budgets. State law allows for the issuance of debt equipment certificates or capital notes with a term of 10 years or the useful life of the equipment if it is at least 10 years. The city prefers, within the bounds of levy limits, to fund capital equipment on a pay-as-you-go basis. Capital equipment with a useful life greater than five years may be financed with debt, but the bond term should not exceed 10 years.
 - c. The city's collective debt goal shall be to amortize at least 50% of its principal within 10 years.
 - d. The city shall usually issue debt with level principal and interest payments; or to align with a specific revenue stream.
 - e. The city shall have a call date (pre-payment date) of no longer than 10 years on longer-term debt and 6 to 8 years on shorter-term debt.
- 4. Debt Issuance Practices
 - a. The city utilizes a rating agency for all debt issuance of more than \$1 million or longer than three (3) years in term.
 - b. The city shall use competitive bidding for all of its debt unless the debt is so specialized in its nature that it will not attract more than two (2) bids.
 - c. Refunding:
 - i. Advance refunding shall not be utilized unless a present value savings of 4-5% of refunded principal is achieved and the call date is within 4 years (state minimum is 3%). Bonds shall not be advance refunded with a reasonable chance revenues will be sufficient to pre-pay the debt at the call date.
 - ii. Current refunding bonds shall be utilized when present value savings of 3% of refunded principal is achieved or in concert with other bond issues to save costs of issuance.

- iii. Special assessment or revenue debt will not be refunded unless the finance director determines special assessments or other sufficient revenues will not be collected soon enough to pay off the debt fully at that call date.
 - d. The city shall use an outside bond attorney and an independent financial advisor to structure the sale.
- 5. Debt Management Practices
 - a. Investment of bond proceeds shall be in a capital project fund.
 - b. Disclosure shall be in compliance with SEC rule 15(c)2(12) on primary and continuing disclosure. Continuing disclosure reports shall be filed no later than 180 days after receipt of the city's annual financial report.
 - c. Arbitrage Rebate Reports shall be completed for each issue no less than every five years after its date of issuance.
 - d. Communication will include frequent and regular communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus. The city will comply with Securities Exchange Commission (SEC) reporting requirements.

6. Post-Issuance Debt Compliance Policy

The city shall ensure all obligations are in compliance with all applicable state and federal regulations and shall amend as necessary.

- a. Background - The Internal Revenue Service (IRS) is responsible for enforcing compliance with the Internal Revenue Code and related regulations governing certain obligations (ex: tax-exempt obligations, Build America Bonds, Recovery Zone Development Bonds and various tax credit bonds). The IRS expects issuers and beneficiaries of these obligations to adopt and implement a post-issuance debt compliance policy and procedures to safeguard against post-issuance violations.
- b. Policy Objective - The city desires to monitor these obligations to ensure compliance with the IRS Code and related regulations governing such obligations. To ensure compliance, the Post-Issuance Debt Compliance Policy shall apply to the obligations mentioned above, including bonds, notes, loans, lease purchase contracts, lines of credit, commercial paper or any other form of debt that is subject to compliance.

The finance director is the designated agent responsible for post-issuance compliance. However, to the extent obligations are issued for municipal utility purposes, the finance director/office manager of ERMU assumes the duties of post-issuance debt compliance as described in this policy instead of the finance director.

The finance director shall assemble all relevant documentation, records and activities required to ensure compliance as further detailed. At a minimum, the Post-Issuance Debt Compliance Procedures for each qualifying obligation will address the following:

- i. General post-issuance compliance;
- ii. Proper and timely use of bond proceeds and bond-financed property;
- iii. Arbitrage yield restriction and rebate;
- iv. Timely filings and other general requirements;
- v. Additional undertakings or activities that support points 1 through 4 above;
- vi. Other requirements as necessary in the future.

The finance director shall apply the Post-Issuance Debt Compliance Procedures to each qualifying obligation and maintain a record of the results. Further, the finance director will ensure that the policy and procedures are updated on a regular and as needed basis.

The finance director or anyone who assists with maintaining records needed to ensure compliance are authorized to expend funds as needed to attend training or secure use of other educational resources to ensure compliance such as consulting, publications, and compliance assistance.

Most of the provisions of this policy are not applicable to governmental bonds, the interest on which is includable in gross income for federal income tax purposes. However, if an issue is later refunded with the proceeds of an issue of tax-exempt governmental refunding bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds will be relevant to the tax-exempt status of the governmental refunding bonds. Therefore, if there is any reasonable possibility that an issue may be refunded, in whole or in part, with the proceeds of an issue then, for purposes of this policy, the finance director shall treat the issue as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of this policy with respect to such taxable governmental bonds. The finance director shall seek the advice of bond counsel and its financial advisor as to whether there is any reasonable possibility of issuing tax-exempt governmental bonds to refund an issue of taxable governmental bonds.

If the city issues bonds to finance a facility owned by the city but used in whole or in substantial part by a nongovernmental organization exempt from federal income taxation under Section 501(a) of the Code, the city may elect to issue the bonds as “qualified 501(c)(3) bonds” the interest on which is exempt from federal income taxation under Sections 103 and 145 of the Code and applicable Treasury Regulations. Although such qualified 501(c)(3) bonds are not governmental bonds, at the election of the finance director, for purposes of this policy, the finance director shall treat such issue of qualified 501(c)(3) bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of this policy. Alternatively, in cases where compliance activities are reasonably within the control of the relevant 501(c)(3)

organization, the finance director may determine that all or some portion of compliance responsibilities described in this policy shall be assigned to the relevant organization.

The city may also issue tax-exempt bonds, the proceeds of which are loaned to certain private entities, including qualified 501(c)(3) organizations (referred to as “conduit bonds”). The city will require, as part of approval of any conduit bonds that the borrower assumes the duties of post-issuance debt compliance as described in this policy, including provisions for reporting to the city.

Capital Improvements

The city shall maintain buildings, infrastructure, utilities, parks, facilities, and other assets in a manner that protects the investment and minimizes future maintenance and replacement costs. The finance director shall annually prepare and submit a CIP to the Council covering the following five fiscal years.

At a minimum, the CIP will include a description of the proposed improvement, the estimated cost, timing and potential sources of funding. If applicable, the CIP will identify implications for the operating budget created by the proposed improvement.

In most cases, private developers will be responsible for the construction of streets, sanitary sewer, watermain, and storm water collection systems needed to serve new development. The city may install infrastructure and assess property owners when this approach provides the best alternative. The city will finance street and utility oversizing and trunk utility systems.

The city shall maintain a system of capital charges for sanitary sewer, storm water, and water services. The charges will be collected when undeveloped land is platted and when new users connect to the system. Revenues from the capital charges will be accumulated and used to pay for the capital investment related to the maintenance and expansion of the utility system.

The city will strive to maximize the revenues collected from capital charges to protect existing utility users from bearing the costs associated with growth. The City Council will work with the Utilities Commission to set capital charges for the water system at appropriate levels. In not less than three-year intervals, city staff shall evaluate the amount of all capital charges and recommend necessary changes to the Council and the Commission.

The city will maintain an equipment acquisition and replacement program. The city will annually update the plan to provide funding for all equipment purchases over \$25,000 to be made in the next five fiscal years. The city shall attempt to fund the program without the use of debt. It is recognized that state-imposed levy limits may create the need to incur debt for equipment acquisition.

The city shall establish and maintain a program for the construction and maintenance of the municipal storm water management system. Financial projections for the storm water management system shall be updated annually.

The city shall establish and maintain a program for the maintenance of the municipal street system. The initial sealcoating in new subdivisions will be financed with monies collected for this purpose at the time of original development. Other sealcoating will be financed through the Pavement Management Fund and other maintenance activities will be financed through the General Fund.

The city shall prepare an ongoing plan for the reconstruction of all city streets and will provide a sustainable source of funding for the street reconstruction program. The city will annually prepare cash flow projections for street reconstruction projects to ensure adequate and ongoing funding.

Capital Assets and Capitalization Thresholds

A capital asset is a tangible asset that has a life expectancy of more than one year. For financial statement reporting purposes, the city reports capital assets in the following categories and has established a capitalization threshold for each category:

<u>Category</u>	<u>Capitalization Threshold</u>
Land	\$10,000
Buildings	\$25,000
Other Improvements	\$25,000
Machinery and equipment	\$10,000
Vehicles	\$10,000
Infrastructure	\$100,000
Construction in progress	Accumulate all costs and capitalize if over \$100,000 when completed
Other assets	\$10,000

Another criterion for recording capital assets is capital-related debt. Capital assets purchased with debt proceeds should be capitalized and depreciated over their estimated useful life.

The amount to record for a capital asset is any cost incurred to put the asset into its usable condition. Donated capital assets should be reported at fair value at the time of acquisition.

Risk Management

1. The city shall maintain a Risk Management Program to minimize the impact of legal liabilities, natural disasters or other emergencies through the following activities:
 - a. Loss Prevention - Prevent negative occurrences.
 - b. Loss Control - Reduce or mitigate expenses of a negative occurrence.
 - c. Loss Financing - Provide a means to finance losses.
 - d. Loss Information Management - Collect and analyze relevant data to make prudent loss prevention, loss control and loss financing decisions.
2. The city shall maintain an active Safety Committee comprised of city employees.
3. The city will periodically conduct educational safety and risk avoidance programs, through its Safety Committee and with the participation of its insurers, within its various departments.

4. The city will maintain the highest deductible amount, considering the relationship between cost and the city’s ability to sustain the loss.

Purchasing

The goal of the Purchasing Policy is to ensure all purchases are consistent with Minnesota statutes, to establish internal controls, to maintain the appropriate documentation, and to ensure the best value for the public money.

Purchasing Authority

Purchasing and budgetary control is the responsibility of each department director/division manager. The department/division leader may designate the authority to make certain purchases to department staff in compliance with the annual budget. This designation must be communicated to the Finance Department. Final approval of all purchases must be evidenced by the department/division leader’s signature on the invoice and/or receipt.

Purchasing Thresholds

All expenditures up to \$50,000 must be within the limits established by the department budget. The thresholds of dollar amounts that have been established either by policy, city code, or statutory authority for the purpose of purchasing city goods are identified as follows:

Purchase Level	Process Required	Approving Authority	Notes
Less than \$5,000	None	Department Director or Designee	<ul style="list-style-type: none"> ● Purchase must be within annual budget.
\$5,000 - \$24,999	Open Market Purchase or Obtain two or more quotes if practicable	Department Director	<ul style="list-style-type: none"> ● Purchase must be within annual budget or CIP. ● Quotes should be kept on file for at least one year.
\$25,000 - \$49,999	Purchase Order and Obtain two or more quotes if practicable	City Administrator	<ul style="list-style-type: none"> ● Purchase must be within annual budget or CIP. ● Quotes should be kept on file for at least one year.
\$50,000 - \$175,000	Obtain two or more written quotes, bids, or proposals	City Council	<ul style="list-style-type: none"> ● Purchase must be within annual budget or CIP. ● Quotes, bids, or proposals must be kept on file for at least one year.
Above \$175,000	Competitive Bids	City Council	<ul style="list-style-type: none"> ● Purchase must be within annual budget or CIP.

Note: If a cooperative purchasing agreement is in place, quotations are not needed. EDA/HRA staff will follow the purchasing policies but seek approval from their respective boards.

Exceptions to Competitive Bidding

The following are some of the more common exceptions to the competitive bidding requirements:

- Contracts less than \$175,000
- Cooperative purchasing programs
- Intergovernmental contracts
- Real estate contracts
- Professional services including:
 - Architectural
 - Auditing
 - Engineering
 - Legal
 - Group Insurance
 - Banking Services
 - Investment Services
 - Financial Service Providers
 - Construction Management
 - Surveying
- Emergency Purchases

Contractor's Bond

The city is required to obtain both a payment and performance bond for all public work contracts over \$175,000. Payment and performance bonds protect the city as well as subcontractors and persons providing labor and materials. When the public work contract is let, the amount of the bond needs to be equal to the contract price. If the contract price increases due to change orders, unforeseen conditions, cost overruns or any other reason after the contract is signed, the city has the option of increasing the amount of the contractor's bond. Consideration may be given for the percentage of the contract that is complete in relation to the contractor's bond and the increase in the contract price.

Professional Services

Contracts for professional services such as provided by engineers, attorneys, architects, accountants, and other services requiring technical, scientific or professional training are exempt from the competitive bidding requirements. However, the goals remain the same: to ensure all purchases are consistent with Minnesota statutes, to establish internal controls, to maintain the appropriate documentation, and to ensure the best value for the public money.

The following chart identifies the required procedures for professional services contracts.

Purchase Level	Process Required	Approving Authority	Notes
\$0 – \$24,999	Quotes	Department Director	<ul style="list-style-type: none"> At least two written quotes shall be obtained where there is more than one feasible source. In cases where the city has established a pool of qualified consultants, the consultant may be selected from the existing pool.
\$25,000- And above	Council Approval	City Council	<ul style="list-style-type: none"> Where there is more than one feasible source, the city shall request written price quotations in the form of a Request For Proposal from at least two sources. The quotes shall be submitted in written format. The standard contract shall be awarded to the service provider with the best qualifications and proposal for the specific project. Total cost shall not be the only consideration but must be included in the analysis of the proposal.

Note: EDA/HRA staff will follow the purchasing policy but seek approval from their respective boards.

Emergency Purchases

Under Minnesota’s Emergency Management Act, the city has the authority to enter into contracts during an emergency without following many normally required procedures. An emergency is defined as *an unforeseen combination of circumstances that calls for immediate action to prevent a disaster from developing or occurring. A disaster is a situation that creates an actual or imminent serious threat to the health and safety of persons, or a situation that has resulted or is likely to result in catastrophic loss to property or the environment, and for which traditional sources of relief and assistance within the affected area are unable to repair or prevent the injury or loss.*

During an emergency or disaster, the City Council may waive compliance with the time-consuming procedures or formalities concerning:

1. The performance of public work
2. Contracting
3. Incurring obligations
4. Renting equipment
5. Purchasing supplies and materials

Emergency purchases will only be allowed when the mayor issues a proclamation declaring an emergency, and the steps listed in Minn. Stat. §12.29 are completed.

Credit Card Use

According to Minn. Stat. §471.382, the City Council may authorize the use of a credit card by any city officer or employee otherwise authorized to make a purchase on behalf of the city. The purpose of this policy is to establish criteria for who may be issued a credit card and the specific use of the credit card.

Authority for Credit Card Holder

Employees having authority to make certain purchases will be eligible credit cardholders. A department director may request a credit card for city-authorized purchasers when there is a demonstrated efficiency to be gained. The finance director must review and approve each request before the card is issued. Such requests must include the following information:

1. The name of the specific user
2. The general reason and types of purchases they will be making
3. Any other information necessary to complete the credit card process

The department director is responsible for notifying the finance director when any changes occur to the cardholder's status.

Types of Purchases Allowed by Credit Card

A purchase must comply with all statutes, rules, and city policies applicable to city purchases. Specifically:

1. Must be made by the authorized card holder.
2. Must comply with the city's policy for quotes and bids.
3. All expenditures must be within the limits established by the department budget.

Types of Purchases Prohibited

Use of a city credit card is prohibited for the following purchases:

1. Personal purchases of any kind.
2. Alcoholic beverages of any kind.
3. Employee meal purchases (ie, while attending conferences/workshops)
4. Uniform purchases.

An employee making a purchase inconsistent with this policy and/or is not approved by the Council, s/he is personally liable for the amount of the purchase.

Procedures and Documentation

Finance will receive the monthly bill and the cardholder will receive a copy of the monthly statement of their charges. The cardholder will code and attach invoices and receipts for all charges on the statement and submit all of the documentation to the department director or designee by the due date. Payment will be made if the billing matches all completed credit card statements and receipts.

Violations

Failure to comply with any portion of this policy may result in disciplinary action (up to and including termination), cancellation of the credit card, and legal and financial consequences.

Public Purchase Expenditures

Pursuant to the statutes and laws of the State of Minnesota which regulate the expenditure of public funds for public purposes, the Council believes it is necessary and appropriate to provide assistance and guidance to the officials, employees, and representatives of Elk River to aid in the determination of when public funds may be spent for a public purpose.

To provide that assistance and guidance, the Council adopted these public purpose guidelines for the establishment of operating policies and procedures and the appropriate expenditures of public funds. Based on these guidelines, the Council authorizes the city administrator, elected officials and appointed department directors to establish administrative policies and procedures that are consistent with these guidelines and the adopted city policies which implement these guidelines.

Definition: A public purpose expenditure is one which relates to the purpose for which the City of Elk River exists and the duties and responsibilities of Elk River, its elected and appointed officials, employees, and other representatives.

Public Purpose Expenditure Guidelines

The following are hereby approved and recognized to serve a public purpose:

Training and development programs for employees when said programs are directly related to the performance of the employees' job-related duties and are directly related to the programs/services for which the city is responsible.

Payment of employee work-related expenses including travel, lodging, and meal expenses when said expenses are necessarily incurred by employees in connection with their actual work assignments or official duties and those expenses are directly related to the performance of the governmental functions for which the city has responsibility.

1. Appropriate safety and health programs for employees because they result in healthier and more productive employees and reduce certain costs to the city and the taxpayers including various costs associated with workers compensation and disability benefit claims, insurance premiums, and lost time from employee absences.
2. Employee and volunteer recognition programs because formally recognizing employees and volunteers who make significant contributions and demonstrate their commitment during the performance of their duties results in higher morale and productivity among all city employees and volunteers and therefore helps the city to fulfill its responsibilities efficiently and more cost effectively.
3. Food and refreshments associated with official city functions when the provision is an integral part of an official city function and is necessary to ensure meaningful participation by the participants.
4. For appropriate community and customer outreach and similar activities when those expenditures are necessary to ensure the efficient operation of programs/services, promote the availability and use of city resources, and promote coordinated, cooperative planning activities among and between the public and the private sectors.

Specific Programs and Expenditures

City expenditures shall be valid based upon the public purpose for which it is expended. These line-items are approved annually by the City Council as a part of the overall budget approval process which includes a public hearing on the proposed budget.

The following items are deemed to meet the Council definition of public purpose expenditures.

Meetings: Food/Meals/Refreshments

The City Council recognizes that situations in which city business needs to be discussed can and do occur during meal hours (i.e. luncheon meetings). In addition, there are public and employee meetings and events in which reasonable refreshments may add to the success of the meeting and/or event and create a more productive workforce. Meals are allowed at training or meetings only when they are part of a meeting or training involving official city business and when it is the only practical time to meet.

The following items are deemed to meet the Council's definition of public purpose expenditures in regard to food/meals/refreshments and shall be allowed.

1. City meetings and events for the purpose of discussing city issues. These meetings would normally have a pre-planned agenda and would involve predominately non-city employees.
2. As part of the structured agenda for an offsite conference, workshop, seminar, training session, or meeting in which the city administrator or a department director has authorized the employee to attend for training and development purposes. This does not include routine staff meetings.
3. When part of a breakfast/lunch/dinner meeting for official city business when it is the only practical time to meet and when it involves non-city employee participants (i.e. business developers or business representatives). Payment for fees relating to a special event, such as a Chamber of Commerce event, may also be allowed when approved by the city administrator and when attendance is deemed to meet the public purpose guidelines for community or customer outreach and marketing of the city.
4. During non-routine, official meetings of the City Council, Council Committees, advisory boards/commissions, and taskforces.
5. Where employees or volunteers are participating in a City Council-sponsored or authorized special event or in an outside event as an official representative of the city.
6. At department-sponsored meetings, conferences or workshops where the majority of invited participants are not city employees.
7. Cookies and coffee allowed for city employees' monthly safety meetings sponsored by the Safety Committee.
8. Annual safety training lunch where lunch is provided at a minimal cost while safety training is being held.
9. Dinner meals for staff during performance of election-related duties on Election Day.
10. Coffee for employees and guests at city buildings.
11. Light refreshments for employees who separate from employment after 10 years of service.

Alcoholic Beverages

The city will not purchase or reimburse any employee, councilmember, volunteer, or agent for the purchase of alcoholic beverages.

Employee Recognition Program

The City Council recognizes the effort and service performed by city employees through a formal Employee Recognition Program. The Council believes the benefits of attracting, retaining and motivating employees through this program supports job satisfaction, which in turn impacts cooperation and productivity. The result is to provide excellent public and customer service to better serve the interests of the community.

No provisions of this policy, or its administration, shall be subject to review under the grievance or arbitration provisions of any collective bargaining agreement.

The Program will include:

1. Annual Employee Recognition Celebration. Annually, the city will sponsor an Employee Recognition Celebration for city employees according to the Employee Recognition Program Policy.
2. Recognition Plaques. The city supports recognition plaques in recognition of retirement. The employee shall receive a plaque thanking them for their dedicated years of service to the community.

Volunteer Recognition Program/Events

The City Council recognizes the hard work and service performed by volunteers through a formal Volunteer Recognition Program. This program promotes teamwork and coordination amongst the Council, staff, board/commission members, police reserves, and parks and recreation volunteers. The Program will include:

1. Volunteer Recognition Program for Board/Commission Members. Annually, the city will sponsor a dinner (which may also include minimal entertainment) for invited participants and their guests. This dinner and a token gift for the volunteers will serve as *de minimus* compensation for the service provided by the volunteers and employees serving in a volunteer capacity or purpose. Employees working directly or indirectly with the volunteer groups being recognized shall be invited along with their guest to the event and have the cost of their meals paid for by the city.
2. Police Reserves/Parks and Recreation Volunteers. Annually, the city will sponsor an event or picnic for invited participants and their guests.

Other Events

The city supports other events that are planned and paid for by employees. Examples of such events include holiday gatherings and monthly birthday recognition.

Refreshments and Food for Emergency Response Staff

Because emergency personnel are often called to perform for extended periods of time where refreshments are important to duty performance, firefighters, police officers, and other emergency

response personnel may be provided refreshments or food when it is deemed appropriate by the city administrator or department director to assure the delivery of quality emergency response service.

Employee Training

The Council supports employee training and allows for reasonable reimbursement of registration, tuition and travel expense for conferences, seminars, workshops, and approved city employment-related course work in accordance with the City of Elk River Personnel Policy.

The Personnel Policy also contains guidelines for an education reimbursement program. Job-related advanced education meets the public purpose guidelines of this policy.

Employee Wellness and Safety Programs

The City Council recognizes the importance of employee fitness and health as it relates to the overall work and life satisfaction of the employee and the impact on the city's health insurance program. As such, the Council supports the Health Rewards Program, which has been designed to educate employees on fitness/health issues. Also, in an effort to promote wellness, the city maintains a fitness room equipped with exercise equipment that is available to all staff 24/7.

The city also supports programs that provide discounts to employees when participating in parks and recreation wellness-related activities.

The Employee Safety Program and programs created by the Safety Committee to promote and retain a safe work environment are supported by the City of Elk River. *Refer to Meetings: Food/Meals/Refreshments.*

Membership, Dues, and Donations

The Council determined the city will fund memberships and dues for the city, Councilmembers and its employees in professional organizations and city social and community organizations when the primary purpose is to promote, advertise, improve or develop the city's resources and advantages and not personal interest or gain. Said memberships shall be approved by the department director and city administrator.

The Council determined it serves a public purpose for the Economic Development Authority (EDA) to maintain membership in the Elk River Chamber of Commerce as a means of promoting, advertising, improving, and developing the economic resources and advantages of the city.

The Council determined it serves a public purpose for the City of Elk River to donate to the Annual Independence Day Celebration wherein the event promotes the resources and advantages of the city.

The City Council determined it serves a public purpose for the city to purchase candy for distribution during the local high school homecoming and county fair parades.

Clothing and Other Sundry Items

Employees may receive T-shirts, and other sundry items of nominal value when these items are made available to the general public or if these items are determined by the city administrator to be important to the successful involvement of employees in special city-sponsored or supported events (i.e. Night To Unite, etc.).

For purposes of city identification to the public, city councilmembers may be provided with city logo clothing up to \$75 per year.

Trinkets or Marketing Items

The Council determined it serves a public purpose for the city to distribute items of a nominal nature for the purpose of educating or promoting city provided programs.

Sympathy Gifts

The cost of flowers or other similar items as a sign of sympathy shall not be paid for by public funds; except sympathy cards for regular full-time and regular part-time employees upon the death of the following: Husband, wife, mother, father, son, daughter, brother, sister, stepmother, stepfather, stepson, stepdaughter, stepbrother, and stepsister.

Gifts for Employees, Consultants and Others

The city shall not pay for gifts to employees, consultants, or similar persons working with or for the city.

Conclusion

The Council reserves the right to not fund any item of expenditure described in this policy. No provision of this policy, or its administration, shall be construed as a benefit or condition of employment by or for any employee of the city, nor is any provision of this policy to be considered a provision of the City's Personnel Policy.

OMB Uniform Grant Guidance

Internal Controls

All grants must comply with the city's internal controls and policies, in addition to any state and federal guidelines. A copy of the grant agreement should be readily available for review and compliance. The City of Elk River Federal Grant Information Checklist should be filled out and filed with the finance department.

Travel

All travel costs to be charged against the grant must follow the city's expense and travel reimbursement policy and must be on an actual cost basis or per diem for overnight travel in accordance with the travel reimbursement policy.

Financial Management and Accounting Records

The city's general ledger will identify all federal awards by CFDA# and title, Federal Award ID and year, name of federal awarding agency, and pass-through entity's name. The general ledger will be supplemented by the City of Elk River Federal Grant Information Checklist.

All disbursements will follow the city's internal control policies and procedures. In addition, the city's purchasing policy will be followed to ensure competitively priced purchases are obtained when applicable.

Allowable costs will be determined by grant agreements and the department director will be responsible to ensure costs are approved according to grant agreements.

The city, upon any advance of payments, will ensure disbursements or transfer of funds happens within a reasonable time upon proper disbursement approvals.

Personnel Compensation Documentation

Actual timesheets and payroll records will be maintained to support personnel compensation. These costs will reflect actual activities and costs related to the grant award/program. If multiple grants are awarded, the city will allocate time according to timesheets or activities related to the grant/program.

Procurement

The city Purchasing Policy will be used for all purchases unless additional requirements (state and federal) are required with the grant agreement. A contractor must provide certification regarding debarment, suspension, ineligibility, and voluntary exclusion.

A contract will only be with responsible contractors that can perform successfully meeting the requirements and terms and conditions of the contract award based on:

- Contractor integrity
- Compliance with public policy
- Record of past performance
- Financial and technical resources

All contractors who are awarded projects must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in the grant award. The list should indicate the name of the entity, the relationship, and a discussion of the conflict.

Report Certification

The city's authorizing official will sign a certification on the annual and final fiscal reports or vouchers requesting payments that states:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the

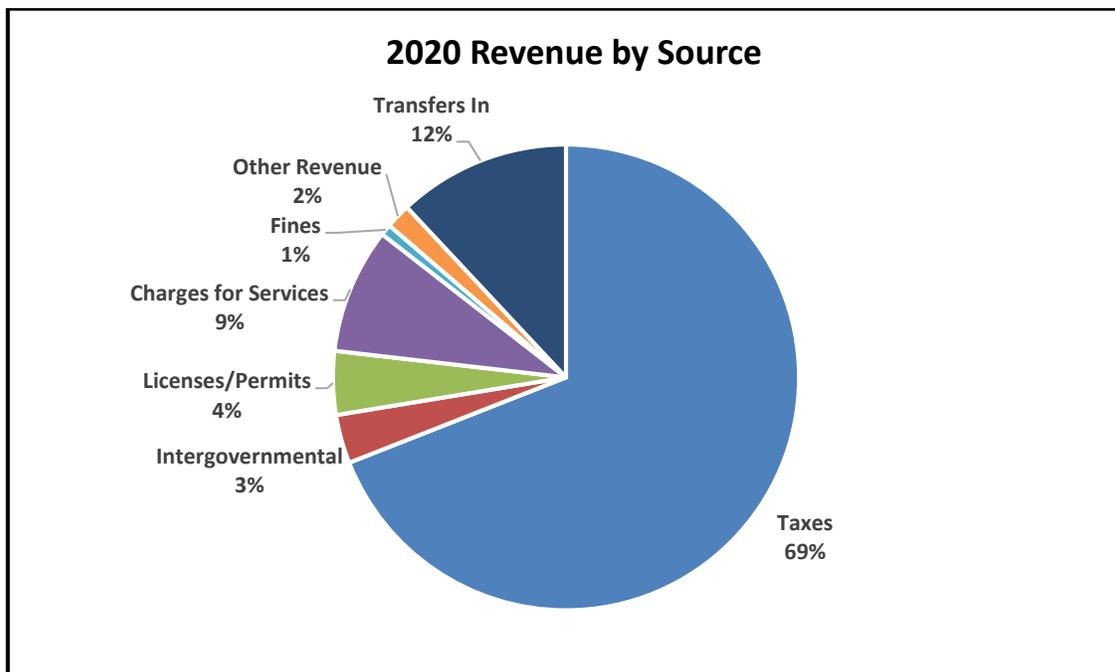
purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-32730 and 3801-3812).

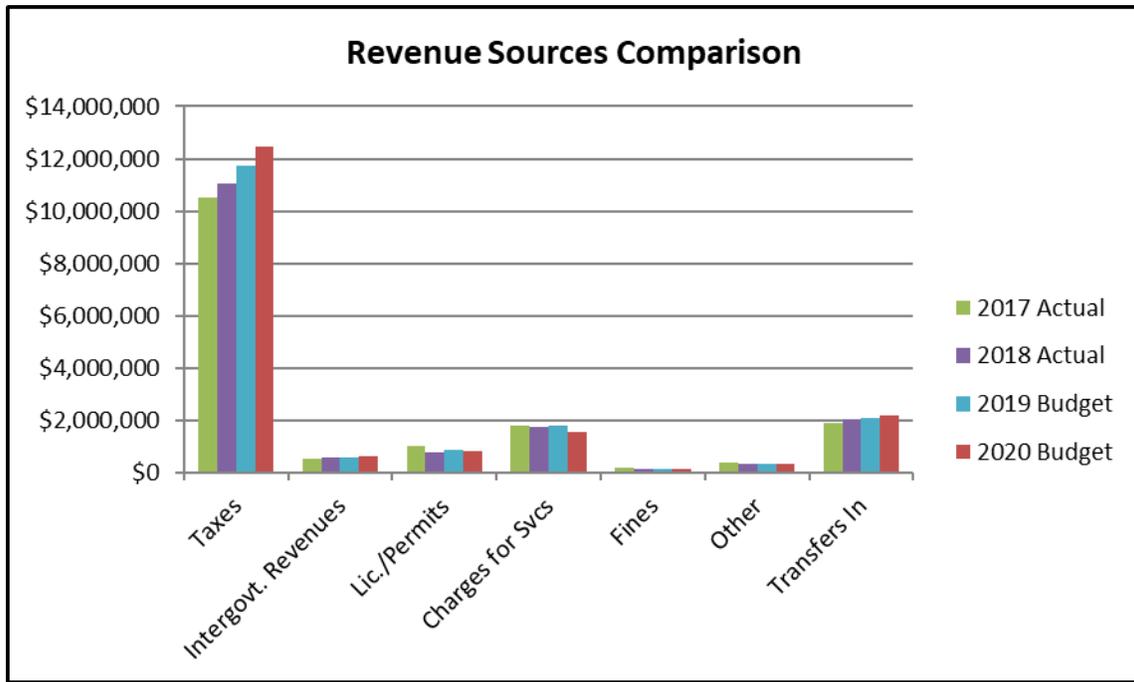
Revenue Sources, Trends and Assumptions

The City of Elk River maintains a number of funds for recording fiscal transactions. The city's revenues are estimated and budgeted conservatively based on relevant revenue history, stability or expected volatility, and economic trends. All these assumptions are programmed into the city long-range financial model to see how the assumptions work together for forecasting. In addition, a master fee schedule is adopted annually that reviews rates and charges to ensure they are appropriate.

The following is a summary of major revenue sources, trends, and assumptions for fiscal year 2020.

Governmental Fund Revenues





Taxes – The city relies on property taxes to support the basic functions such as general government, public safety, streets, parks, recreation, library, debt service, and tax abatement. The 2020 property tax levy is \$12,865,770 of which \$11,938,300 is budgeted in the General Fund, \$619,920 to debt service funds, \$69,000 to library operations, \$138,550 to tax abatement payments, and \$100,000 for Lake Orono dredging. The goal of the 2020 budget for property taxes was the commitment to maintain stability of the city tax rate in a manner consistent with the needs of the organization and financial sustainability, yet acknowledging community economic concerns. The property tax revenue does increase 7.8% as compared to 2019. The city levies market value rate levies for Economic Development and Housing Redevelopment Authorities, in addition to a YMCA debt service levy.

Intergovernmental Revenues represent distributions of state aid for police and fire and various grant funding from other government agencies. Budgeted revenues from the state are susceptible to the overall State of Minnesota budget conditions.

Licenses & Permits include business licenses, building-related permits and fees, and other non-business licenses and permits in the General Fund. Building and plumbing/heating permits are the largest category and account for \$585,000 or 73% of this category. Building permit revenues for residential development activity have remained stable for the past several years. Building permits issued in 2019 is reflective of the building and development activity prior to 2008 and this trend is expected to continue into 2020.

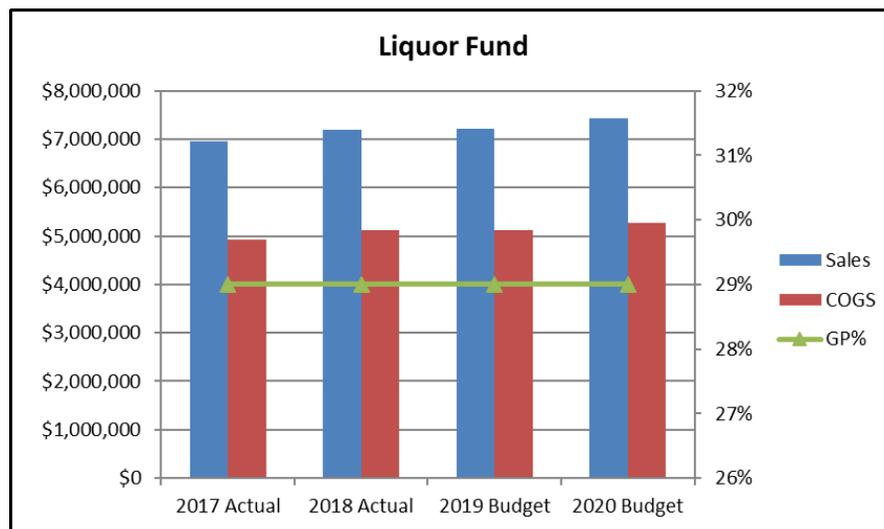
Charges for Services comes from a variety of sources such as administrative charges, recreation program fees, ice rentals, police and fire services, project engineering, plat review fees, and facility use fees. Ice rental revenues were decreased about \$215,000 due to construction of the multipurpose recreation facility and only one sheet of ice for most of 2020. Other charges for services have remained relatively stable and is expected to continue in 2020.

Fines are a revenue source in the General Fund only. Court fines for traffic violations and criminal offenses are collected through the state court system and remitted to the city monthly. The 2020 budget for fine collections remains stable and is fairly consistent from year to year.

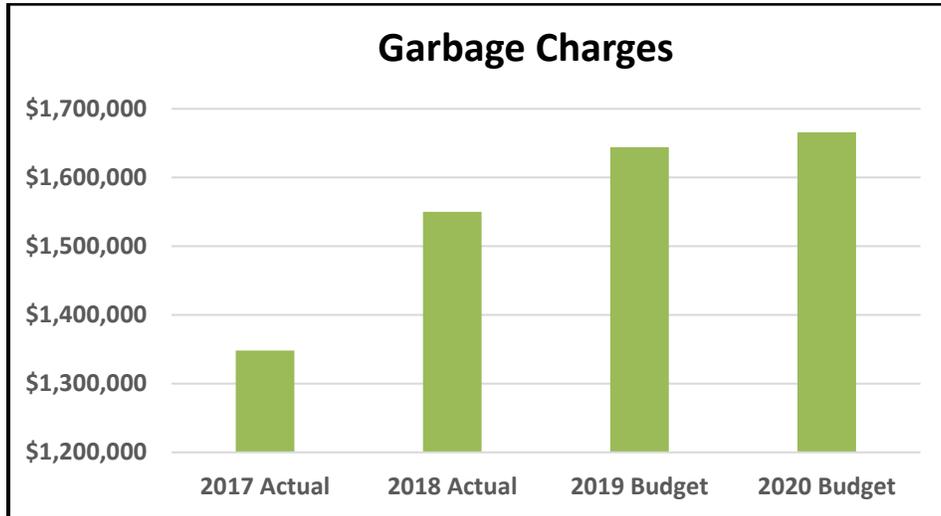
Other Revenue includes interest income, reimbursement for services provided to Elk River Municipal Utilities and sponsorships/donations for recreation programs and special events. The 2020 budget is consistent with prior years.

Transfers In includes revenues from other funds used to cover services provided by the General Fund and Special Revenue funds to offset operating budgets. The payment in lieu of tax transfer from Elk River Municipal Utilities increased from 3% in 2019 to 4% for 2020.

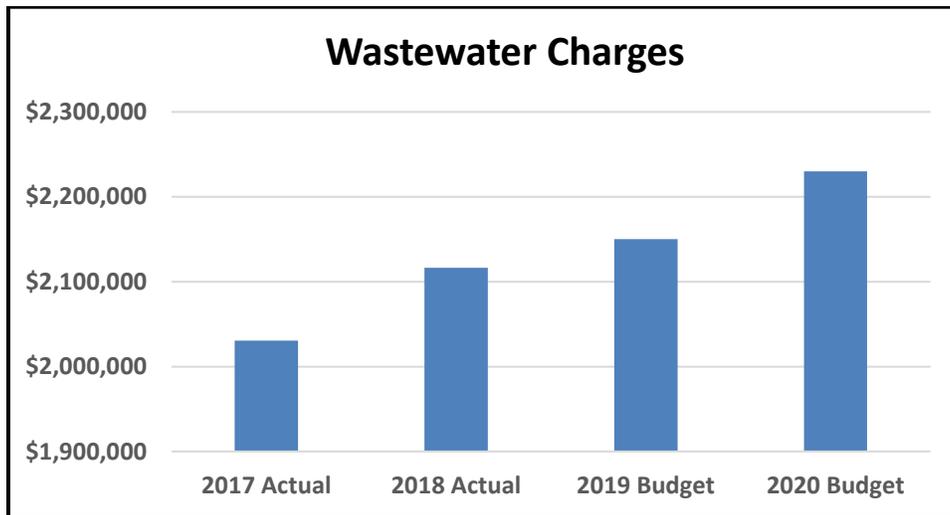
Proprietary – Enterprise Fund Revenues



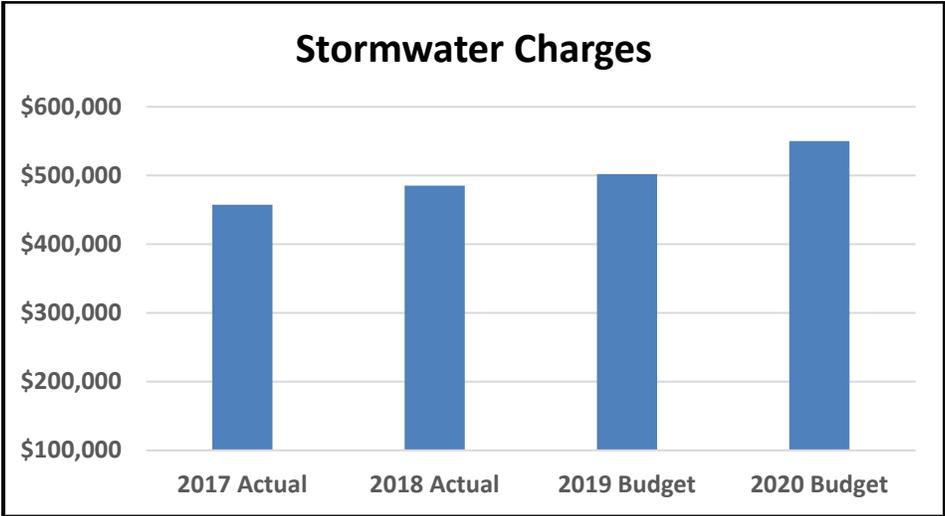
Municipal Liquor Fund sales are the main revenue source for the Liquor fund and sales are expected to increase about 3% in 2020. Cost of goods sold is expected to see a corresponding increase. Gross profit has remained consistent at 29% over the past few years and that trend is expected to continue in 2020.



Garbage Fund charges in 2020 are expected to be approximately \$1.66 million. The slight increase in revenue is related to the number of customers as garbage rates remain unchanged for 2020. This is due to the closure of the garbage burning facility in early 2019 and the reduction in disposal fees charged by the landfill.



Wastewater Fund user charges are expected to be \$2.2 million in 2020. A 3.5% customer charge rate increase has been budgeted for 2020 and was projected in the long-term financial planning of the Sewer fund.



Stormwater Fund utility charges are expected to be approximately \$550,000 which is a 10% rate increase. In 2019, the stormwater impact fee was eliminated resulting in the adjustment of the stormwater rate to account for the change in the fee structure.

Property Tax

In 2020, the city is proposed to receive approximately 36% of the taxes on a residential property within the city. The following chart indicates the allocation of property tax dollars by government type based on proposed 2020 tax capacity rates.



36%
City

37%
County

25%
School

2%
Other

Tax Levy, Tax Capacity, and Tax Impact

The total tax levy for 2020 is \$12,865,770 which is \$927,005 more than the 2019 tax levy. The increase in the general fund levy relates to new positions, wages and benefits, and general operating expenditure adjustments. The library levy increase is the result of additional library hours open to the public. The increased debt service levy reflects the scheduled debt service payments and reduces reliance on city reserves. The decrease in the tax abatement levy is due to business subsidy agreements that have been approved. The Lake Orono dredging levy is the city's share of the 2020 improvement project costs.

The following table summarizes the 2020 tax levy:

Program or Service	2019 Actual Levy	2020 Actual Levy	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 11,187,400	\$ 11,938,300	\$ 750,900	6.71%
Library	66,000	69,000	3,000	4.55%
Debt Service	470,130	619,920	149,790	31.86%
Tax Abatement	160,235	138,550	(21,685)	-13.53%
Government Building Reserve	55,000	-	(55,000)	-
Lake Orono Dredging	-	100,000	100,000	-
Total	\$ 11,938,765	\$ 12,865,770	\$ 927,005	7.76%

The city-wide tax capacity represents the taxable property value within the city. It is determined by applying the state-wide property tax formula for each parcel, then adding each parcel's tax capacity. The citywide tax capacity is then applied to the proposed levy to determine the local tax rate.

The following table summarizes the local tax rate.

	2019 Actual	2020 Estimated
Gross Net Tax Capacity	\$ 26,205,677	\$ 28,080,320
Less Captured Tax Increment	(199,061)	(214,848)
Net Tax Capacity for Levy	26,006,616	27,865,472
Tax Levy	\$ 11,938,765	\$ 12,865,770
Local Tax Rate	45.91%	46.17%

The following table summarizes the estimated tax impact on residential homes, based on the 2020 tax levy and estimates provided by Sherburne County, and assuming no change in property valuation.

Value of Home	2019 Actual	2020 Estimated	\$ Increase (decrease)	% Increase (decrease)
\$150,000	\$579.81	\$583.14	\$3.33	0.57%
175,000	704.67	708.72	4.05	0.57%
200,000	830.00	834.77	4.77	0.57%
225,000	954.87	960.36	5.49	0.57%
250,000	1,080.19	1,086.40	6.21	0.57%

The median value residential property increased from \$229,900 to \$241,200 which is a value increase of 4.9% and as a result will see an increase of \$63 or a 6.4% change.

The following table summarizes the estimated tax impact on commercial property, based on the 2020 tax levy and estimates provided by Sherburne County, and assuming no change in property valuation.

Value of Property	2019 Actual	2020 Estimated	\$ Increase (decrease)	% Increase (decrease)
\$500,000	\$4,246.40	\$4,270.82	\$24.42	0.58%
1,000,000	8,837.10	8,887.92	50.82	0.58%

Long-Term Financial Planning

The City Council and staff are committed to utilizing public resources in the most cost-effective and economical manner possible. Fiscal strategies used to forecast funding needs and tax implications to ensure the financial stability in providing city services need to be monitored constantly.

As part of the budget planning process, a long-range financial model is used to determine the long-term impacts of present day expenditure and financing decisions to ensure that key short-term fiscal targets are in line with long-term financial projections. The development of a long-range financial model identifies anticipated trends in community growth and financial resources, designates appropriate capital resources to future city needs, and establishes a link between fiscal targets and budgetary expenditure goals. This is done in conjunction with the Capital Improvement Plan (CIP) which is a five-year forecast with funding sources identified.

The financial planning is segregated into two portions; operations (General Fund) and capital investments (CIP).

General Fund (Operations)

Conservative assumptions are utilized for growth in the community, inflationary factors, interest rates, and other factors. Population growth and commercial development are driving factors in determining the city's budget. City policy establishes a fiscal goal of the General Fund balance for working capital in the range of 40-45% of next year's budgeted expenditures.

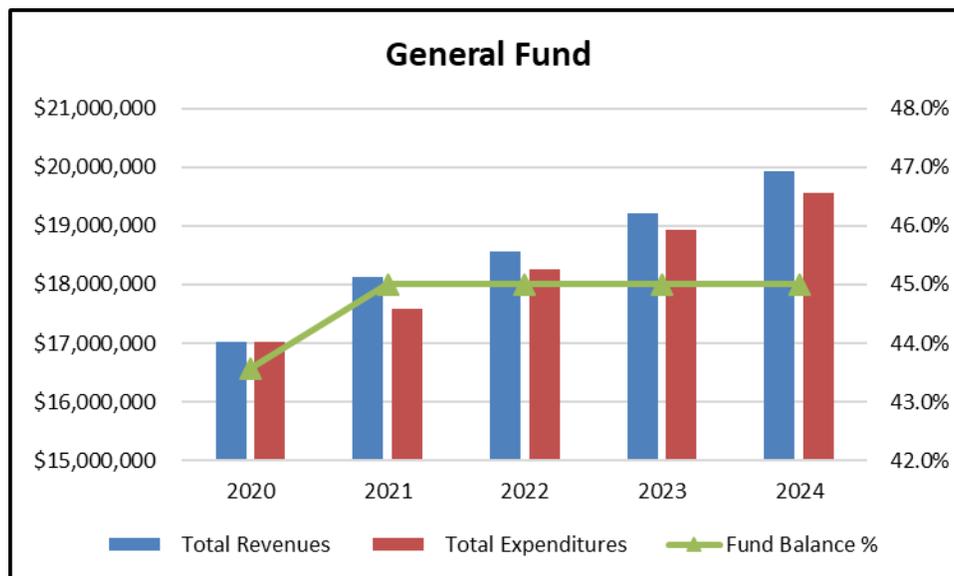
The forecast is adjusted as each year's final results are known and as new years are budgeted. It assumes the city will continue to provide the same level of service as it currently does and does not presume future decision of the Council.

Based on the five-year trend information, operations are projected to increase about 3.5% per year and projected property taxes averaging about 4.5% per year over the next five years. The forecast is adjusted as each year's final results are known and as new years are

Below is a summary of the first five years of the ten-year financial management plan:

**General Fund
Long-Term Financial Projections 2020-2024**

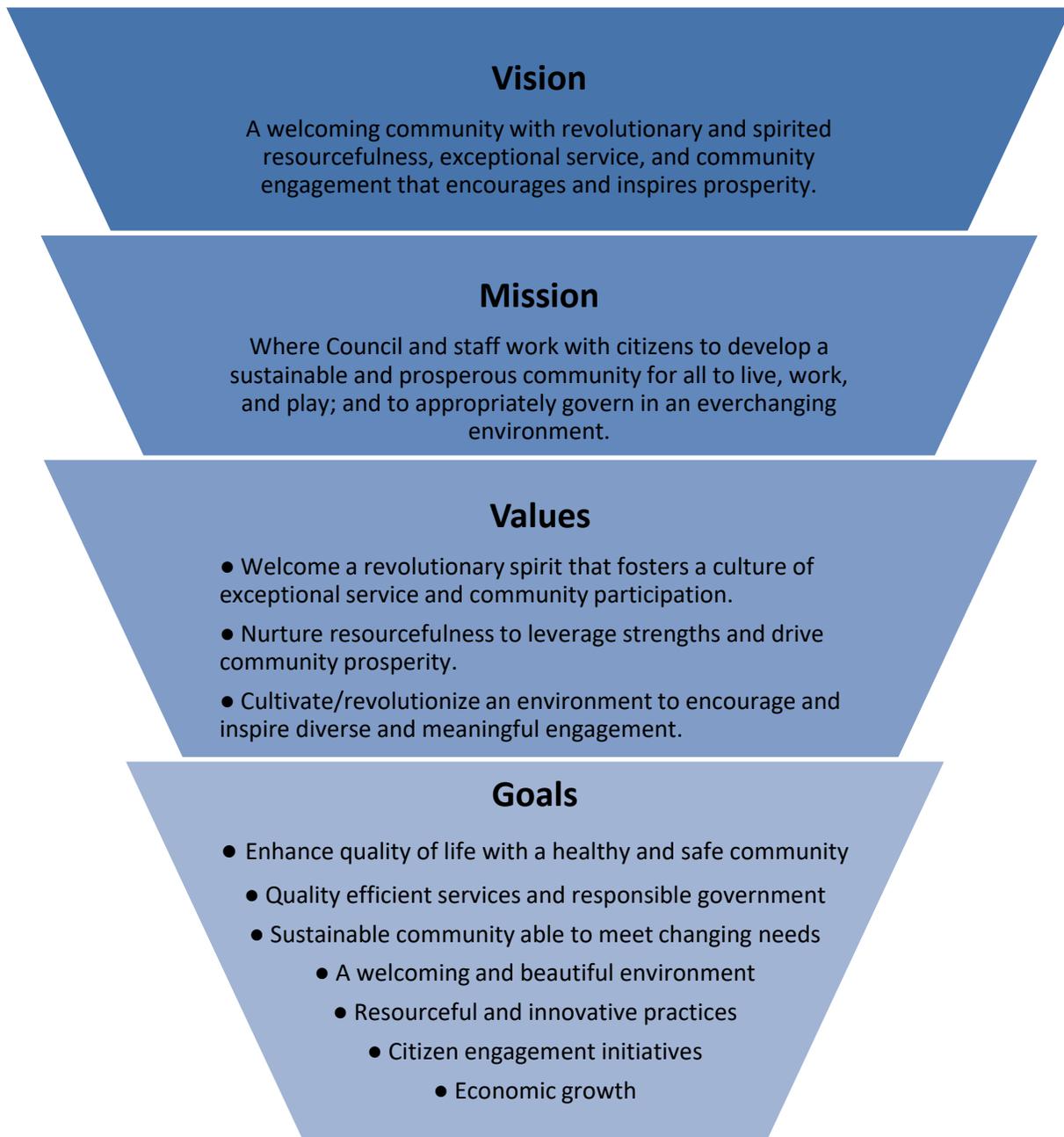
	2020 Budget	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Revenues:					
Property Taxes	\$ 11,938,300	\$ 13,007,216	\$ 13,368,665	\$ 13,962,273	\$ 14,610,840
Other Taxes	140,000	141,400	142,815	144,240	145,685
Licenses & Permits	798,500	814,470	830,760	847,375	864,320
Intergovernmental Revenues	611,500	617,615	623,790	630,030	636,330
Charges for Services	980,200	956,975	966,545	976,210	985,970
Fines & Forfeitures	140,000	141,400	142,810	144,240	145,685
Other Revenue	276,500	277,865	279,245	280,635	282,040
Transfers In	2,134,600	2,178,265	2,201,105	2,226,155	2,251,550
Total Revenues	\$ 17,019,600	\$ 18,135,206	\$ 18,555,735	\$ 19,211,158	\$ 19,922,420
Expenditures:					
General Government	\$ 2,894,850	\$ 3,005,429	\$ 3,107,213	\$ 3,206,221	\$ 3,315,284
Community Development	1,266,700	1,288,041	1,331,663	1,374,095	1,420,836
Public Safety	7,585,350	7,864,420	8,193,095	8,514,725	8,827,985
Public Works	4,349,750	4,477,585	4,635,825	4,800,095	4,942,940
Culture & Recreation	922,950	946,585	986,800	1,028,660	1,055,340
Total Expenditures	\$ 17,019,600	\$ 17,582,060	\$ 18,254,595	\$ 18,923,795	\$ 19,562,385
Change in Fund Balance	\$ -	\$ 553,146	\$ 301,140	\$ 287,363	\$ 360,035
Fund Balance Beginning	\$ 7,661,417	\$ 7,661,417	\$ 8,214,563	\$ 8,515,703	\$ 8,803,066
Fund Balance Ending	\$ 7,661,417	\$ 8,214,563	\$ 8,515,703	\$ 8,803,066	\$ 9,163,101
Fund Balance %	43.6%	45.0%	45.0%	45.0%	45.0%



Strategic Planning

As a city, it is essential for us to periodically evaluate where we are, where we want to go, and determine the best way to get there. Strategic planning encourages us to prioritize, to examine ideas and possible projects, and to plan ahead.

City staff and Council members have established the vision, mission, values, and goals for Elk River and continue to meet regularly to identify, review, and refine previously established values and goals to produce the best results possible for our community. This framework highlights key initiatives for the upcoming years.



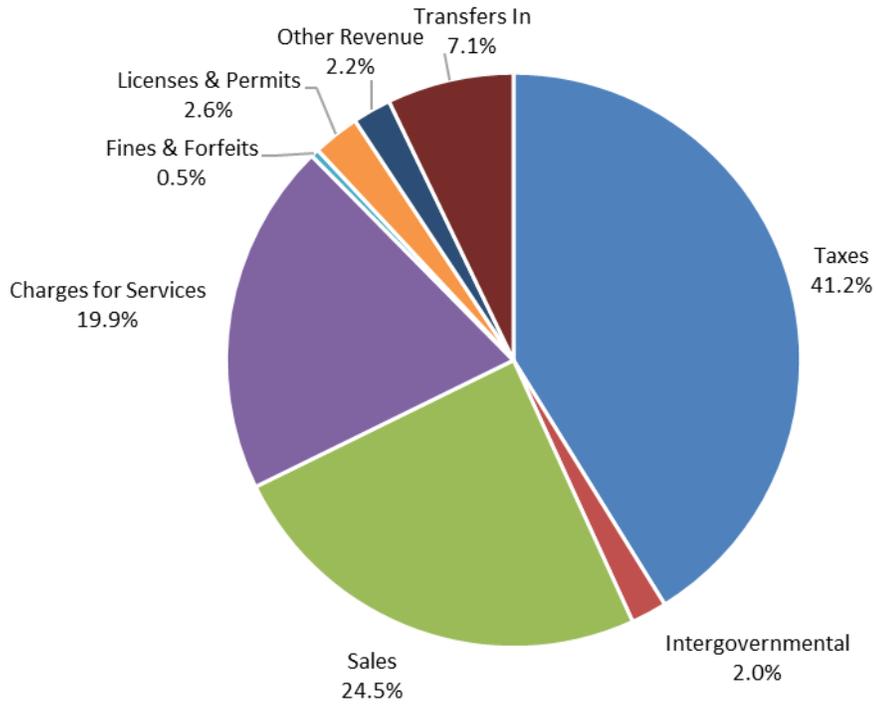
2020 BUDGET SUMMARY - ALL BUDGETED FUNDS

	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Revenues:				
Taxes	\$ 10,499,421	\$ 11,075,976	\$ 11,728,500	\$ 12,481,750
Intergovernmental	710,125	578,520	571,500	611,500
Sales	6,947,768	7,201,031	7,216,450	7,441,000
Charges for Services	5,721,651	5,912,533	6,136,500	6,020,900
Fines & Forfeits	178,671	137,114	154,500	140,000
Licenses & Permits	1,007,543	790,831	857,000	798,500
Other Revenue	1,555,466	1,818,421	1,059,100	657,100
Transfers In	1,977,688	2,138,977	2,068,600	2,162,600
Total Revenues	\$ 28,598,333	\$ 29,653,403	\$ 29,792,150	\$ 30,313,350
Expenditures by Fund:				
General Fund	\$ 14,457,309	\$ 15,052,953	\$ 16,221,200	\$ 17,019,600
Special Revenue Funds:				
Library	81,151	97,923	116,000	115,100
Ice Arena	727,454	799,018	783,950	766,300
Economic Development	327,251	276,427	332,600	342,950
Enterprise Funds:				
Liquor	6,741,839	6,922,874	7,115,850	7,291,250
Garbage	1,567,953	1,635,706	1,646,750	1,581,150
Wastewater	3,507,828	3,654,489	4,040,600	4,078,200
Stormwater	1,486,136	669,072	1,340,350	1,057,100
Total Expenditures by Fund	\$ 28,896,921	\$ 29,108,462	\$ 31,597,300	\$ 32,251,650
Expenditures by Category:				
Personal Services	\$ 12,810,041	\$ 13,387,247	\$ 14,692,650	\$ 15,651,450
Cost of Goods Sold	4,925,531	5,119,654	5,119,200	5,280,000
Supplies	2,030,838	1,559,791	1,492,300	1,505,250
Services & Charges	5,417,732	5,593,006	6,170,850	5,953,650
Depreciation	2,140,636	2,216,124	2,151,000	2,222,000
Capital Outlay	-	21,919	352,500	10,000
Debt Service	261,430	253,197	667,800	669,300
Transfers Out	1,310,713	957,524	951,000	960,000
Total Expenditures by Category	\$ 28,896,921	\$ 29,108,462	\$ 31,597,300	\$ 32,251,650
Net Change in Fund Balance	\$ (298,588)	\$ 544,941	\$ (1,805,150)	\$ (1,938,300)
Fund Balance, January 1	\$ 55,339,515	\$ 55,040,927	\$ 55,585,868	\$ 53,780,718
Fund Balance, December 31	\$ 55,040,927	\$ 55,585,868	\$ 53,780,718	\$ 51,842,418

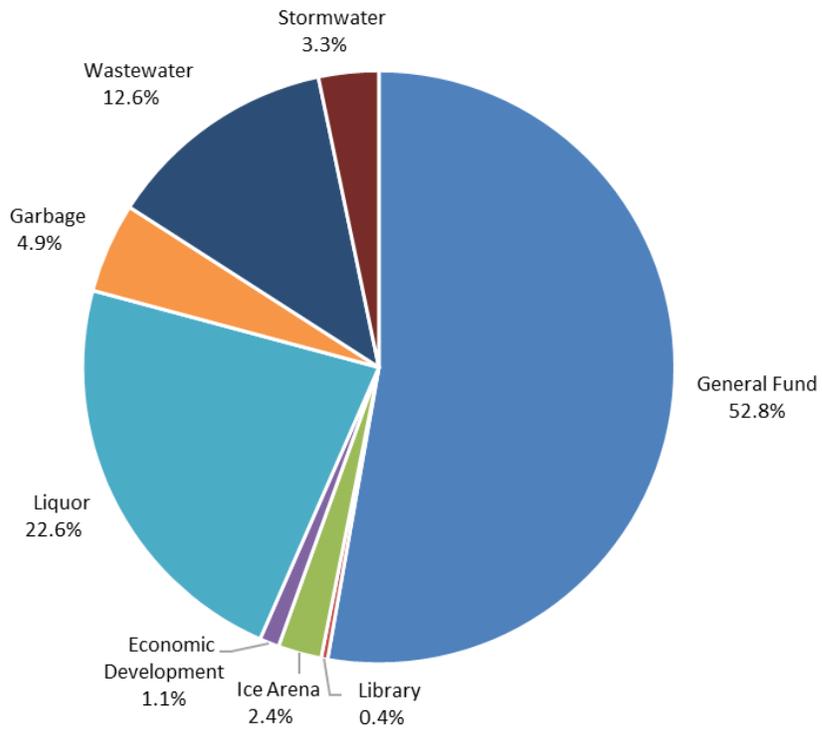
2020 BUDGET SUMMARY - BY FUND TYPE

	General	Special Revenue	Enterprise	Total
Revenues:				
Taxes	\$ 12,078,300	\$ 403,450	\$ -	\$ 12,481,750
Intergovernmental Revenues	611,500	-	-	611,500
Sales	-	-	7,441,000	
Charges for Services	980,200	594,700	4,446,000	6,020,900
Fines & Forfeits	140,000	-	-	140,000
Licenses & Permits	798,500	-	-	798,500
Other Revenue	276,500	36,200	344,400	657,100
Total Revenues	\$ 14,885,000	\$ 1,034,350	\$ 12,231,400	\$ 28,150,750
Expenditures:				
Personal Services	\$ 13,239,750	\$ 659,200	\$ 1,752,500	\$ 15,651,450
Cost of Goods Sold	-	-	5,280,000	5,280,000
Supplies	1,146,550	97,800	260,900	1,505,250
Services & Charges	2,633,300	417,850	2,902,500	5,953,650
Depreciation	-	-	2,222,000	2,222,000
Capital Outlay	-	10,000	-	10,000
Debt Service	-	-	669,300	669,300
Total Expenditures:	\$ 17,019,600	\$ 1,184,850	\$ 13,087,200	\$ 31,291,650
Other Sources/(Uses)				
Transfers In	\$ 2,134,600	\$ 28,000	\$ -	\$ 2,162,600
Transfers Out	-	(39,500)	(920,500)	(960,000)
Total Other Sources/(Uses)	\$ 2,134,600	\$ (11,500)	\$ (920,500)	\$ 1,202,600
Net Change in Fund Balance	\$ -	\$ (162,000)	\$ (1,776,300)	\$ (1,938,300)
Fund Balance, January 1	\$ 7,661,417	\$ 2,442,706	\$ 43,676,595	\$ 53,780,718
Fund Balance, December 31	\$ 7,661,417	\$ 2,280,706	\$ 41,900,295	\$ 51,842,418

Total Revenues - \$30,313,350



Total Expenditures - \$32,251,650



FTE Summary

	2018 Budget	2019 Budget	2020 Budget
General Fund			
General Government:			
Administrative Services	5.0	5.0	5.0
Communications	3.6	3.6	3.6
Human Resources	2.0	2.0	2.0
Finance	4.8	4.8	4.8
Information Technology ¹	3.0	3.0	3.5
Total General Government	18.40	18.40	18.90
Community Development:			
Community Development	1.0	1.0	1.0
Planning ²	4.0	3.5	3.0
Building Safety	7.0	5.0	5.0
Code Enforcement ³	1.0	1.5	1.5
Environmental ⁴	0.3	0.3	0.5
Energy City ⁴	0.3	0.3	0.2
Total Community Development	13.60	11.60	11.20
Public Safety			
Police ⁵	43.0	43.0	44.0
Fire	3.0	5.0	5.0
Total Public Safety	46.00	48.00	49.00
Public Works:			
Street Maintenance ⁶	11.0	11.5	10.5
Equipment Maintenance	2.0	2.0	2.0
Engineering	2.0	3.0	3.0
Park Maintenance ⁶	7.0	6.5	7.5
Building Maintenance	7.0	7.0	7.0
Total Public Works	29.00	30.00	30.00
Culture & Recreation:			
Recreation ⁷	5.8	5.9	5.4
Senior Citizen Programs ⁷	2.4	2.4	1.9
Total Culture & Recreation	8.20	8.30	7.30
Total General Fund	115.20	116.30	116.40
Special Revenue Funds			
Ice Arena ⁷	8.2	8.2	9.2
Economic Development Authority	1.2	1.2	1.2
Total Special Revenue Funds	9.4	9.4	10.4
Enterprise Funds			
Wastewater Treatment Plant	7.0	7.0	7.0
Liquor ⁸	12.0	12.5	13.5
Garbage ⁴	0.3	0.3	0.3
Stormwater	1.0	1.0	1.0
Total Enterprise Funds	20.3	20.8	21.8
Grand Total	144.9	146.5	148.6

- 1) Additional .5 IT Manager due to phased retirement
- 2) Planner replaced with PT intern in 2019, intern eliminated in 2020
- 3) Added PT intern
- 4) Adjusted Environmental staff time allocated between Environmental, Energy City, and Garbage
- 5) Investigative assistant added
- 6) Superintendent allocated to Streets and Parks, vacant maintenance position moved from Streets to Parks
- 7) Recreation and Senior Citizen staff allocated to Ice Arena
- 8) Additional liquor store manager

2020 General Fund Budget

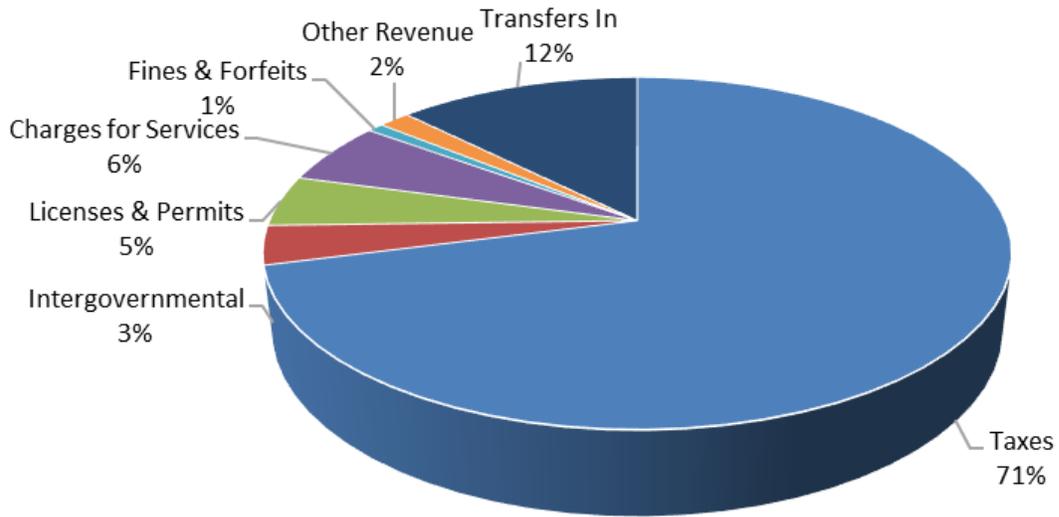
DEFINITION:

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the city such as general government, community development, public safety, public works, and culture and recreation. Revenue is recorded by source, for example, general property taxes, licenses and permits, fines, and charges for services. General Fund expenditures are made primarily for current day-to-day operations and operating equipment and are recorded by major functional classifications and operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

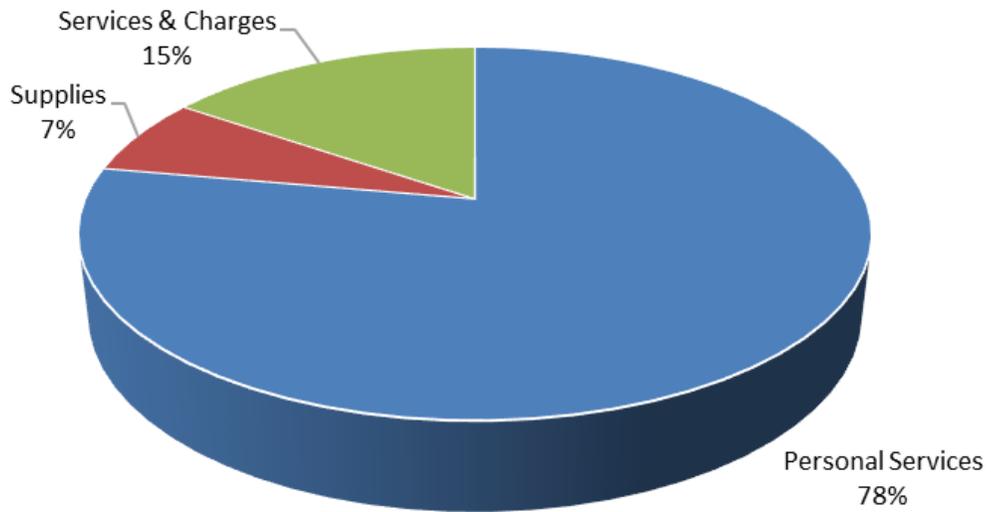
2020 BUDGET - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

	2017 Actual	2018 Actual	2019 Budget	2020 Budget
Revenues:				
Taxes	\$ 10,087,400	\$ 10,646,232	\$ 11,337,400	\$ 12,078,300
Intergovernmental	546,362	578,324	571,500	611,500
Licenses & Permits	1,007,543	790,831	857,000	798,500
Charges for Services	1,033,053	960,294	1,000,700	980,200
Fines & Forfeits	178,671	137,114	154,500	140,000
Other Revenue	271,663	275,751	259,500	276,500
Total Revenues	\$ 13,124,692	\$ 13,388,546	\$ 14,180,600	\$ 14,885,000
Other Sources:				
Transfers In	1,872,050	2,028,314	2,040,600	2,134,600
Total Revenues & Other Sources	\$ 14,996,742	\$ 15,416,860	\$ 16,221,200	\$ 17,019,600
Expenditures:				
Personal Services	\$ 10,904,822	\$ 11,478,531	\$ 12,525,400	\$ 13,239,750
Supplies	947,373	1,117,733	1,094,850	1,146,550
Services & Charges	2,297,217	2,443,789	2,600,950	2,633,300
Capital Outlay	-	12,900	-	-
Total Expenditures	\$ 14,149,412	\$ 15,052,953	\$ 16,221,200	\$ 17,019,600
Other Uses:				
Transfers Out	307,897	-	-	-
Total Expenditures & Other Uses	\$ 14,457,309	\$ 15,052,953	\$ 16,221,200	\$ 17,019,600
Net Change in Fund Balance	\$ 539,433	\$ 363,907	\$ -	\$ -
Fund Balance, January 1	\$ 6,758,077	\$ 7,297,510	\$ 7,661,417	\$ 7,661,417
Fund Balance, December 31	\$ 7,297,510	\$ 7,661,417	\$ 7,661,417	\$ 7,661,417

General Fund Revenues



Expenditures by Category



GENERAL FUND REVENUES

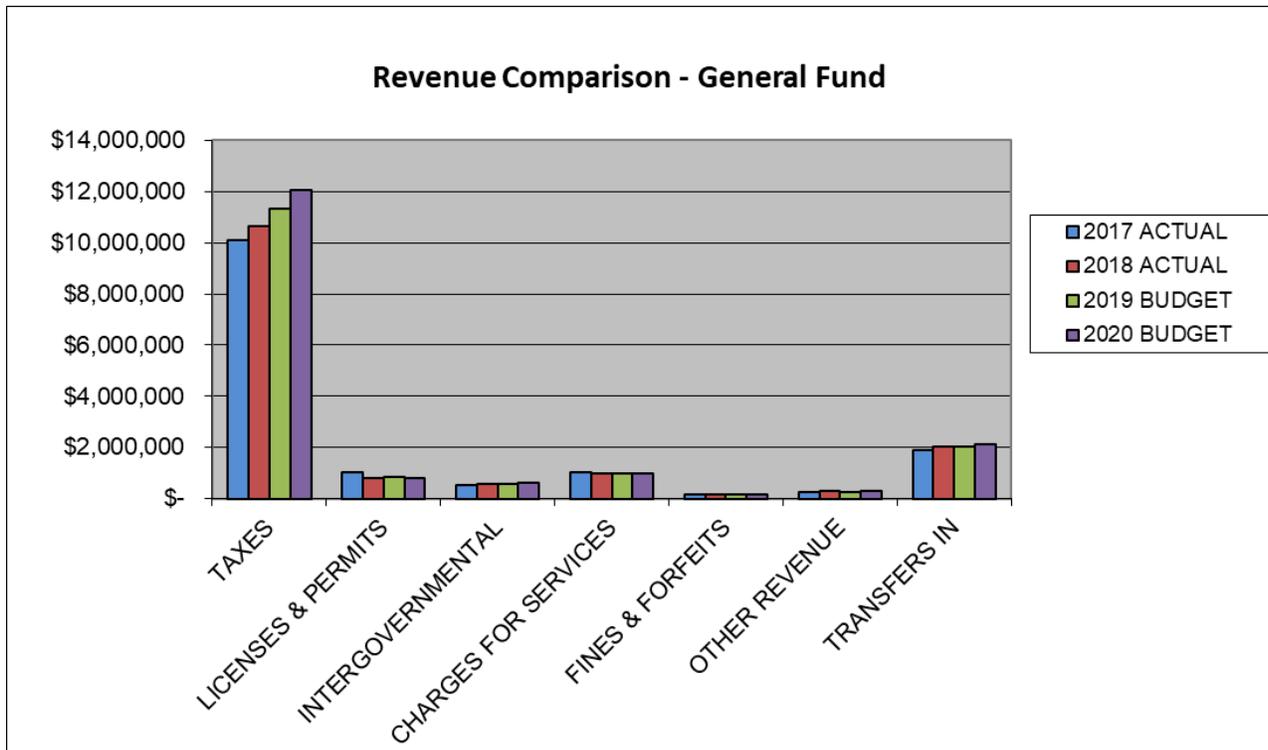
Revenues:	2017 Actual	2018 Actual	2019 Budget	2020 Budget	% Change
Taxes					
Property Taxes	\$ 9,943,268	\$ 10,508,700	\$ 11,187,400	\$ 11,938,300	6.7%
Gravel Tax	144,132	137,532	150,000	140,000	-6.7%
Total Taxes	10,087,400	10,646,232	11,337,400	12,078,300	6.5%
Intergovernmental					
MV Credit	5,930	5,788	5,500	5,500	0.0%
PERA Aid	13,984	13,984	14,000	-	-100.0%
Fire State Aid	181,297	188,502	182,000	200,000	9.9%
Police State Aid	273,612	269,703	275,000	295,000	7.3%
Police Training Reimb	11,174	30,624	30,000	30,000	0.0%
State Crime Prevention Grant	60,365	62,473	65,000	60,000	-7.7%
Other Grants	-	7,250	-	21,000	0.0%
Total Intergovernmental	546,362	578,324	571,500	611,500	7.0%
Licenses & Permits					
Liquor License	73,069	76,170	75,000	76,000	1.3%
Cigarette License	3,475	3,075	3,000	3,000	0.0%
Rental License	66,565	54,156	65,000	65,000	0.0%
Mining License	18,604	25,227	25,000	25,000	0.0%
Garbage Hauler License	2,100	2,090	2,000	2,000	0.0%
Other Business License/Permit	15,470	10,635	14,000	12,000	-14.3%
NPDES Permit	19,600	26,600	18,000	20,000	11.1%
Building Permit	541,994	468,632	480,000	475,000	-1.0%
Plumbing/Heating Permit	246,991	106,573	160,000	110,000	-31.3%
Permit Surcharge	930	271	1,000	500	-50.0%
Animal License	4,500	3,592	5,000	-	-100.0%
Other Non-Business Lic/Permit	14,710	13,810	9,000	10,000	11.1%
Total Licenses & Permits	1,007,543	790,831	857,000	798,500	-6.8%
Charges for Services					
Planning & Zoning Fees	33,985	26,793	32,000	30,000	-6.3%
Plan Check Fee	262,578	227,767	200,000	215,000	7.5%
Special Assessment Search	1,050	300	800	500	-37.5%
Copies	2,906	3,283	2,500	3,000	20.0%
Other General Govt Services	27,841	31,129	33,000	34,200	3.6%
Lockout Fees	6,125	5,280	6,000	5,500	-8.3%
Police Services	16,760	9,958	10,000	15,000	50.0%
School Liaison	123,624	130,084	130,000	149,000	14.6%
Animal Impound Fee	4,500	4,500	4,000	4,000	0.0%
Fire Contracts	252,362	274,936	275,000	277,000	0.7%
Fire Services	1,906	8,904	2,000	2,000	0.0%
Street Services	13,206	22,788	12,000	18,000	50.0%
Engineering Services Reimb	134,131	65,923	130,000	75,000	-42.3%
Recreation Fees	60,682	68,914	78,000	80,000	2.6%

GENERAL FUND REVENUES

Revenues:	2017 Actual	2018 Actual	2019 Budget	2020 Budget	% Change
Sr Center Activities	43,673	31,858	44,000	40,000	-9.1%
Park Use Fee	27,066	31,317	27,000	20,000	-25.9%
Building Rent	2,400	2,400	2,400	-	-100.0%
Sewer Inspection Fee	11,440	12,925	11,000	11,000	0.0%
Contractor License Check	1,035	1,235	1,000	1,000	0.0%
Total Charges for Services	1,033,053	960,294	1,000,700	980,200	-2.0%
Fines & Forfeits					
Court Fines	173,236	126,079	145,000	135,000	-6.9%
Parking Fines	5,360	10,460	9,500	5,000	-47.4%
Ordinance Violations	75	575	-	-	-
Total Fines & Forfeits	178,671	137,114	154,500	140,000	-9.4%
Other Revenue					
Interest Income	120,645	130,484	100,000	115,000	15.0%
Refunds & Reimbursements	130,003	114,548	130,000	130,000	0.0%
Contributions	16,000	21,336	23,000	25,000	8.7%
Miscellaneous Revenue	5,015	9,383	6,500	6,500	0.0%
Total Other Revenue	271,663	275,751	259,500	276,500	6.6%
Total Revenues	13,124,692	13,388,546	14,180,600	14,885,000	5.0%
Other Sources					
Transfers In	1,872,050	2,028,314	2,040,600	2,134,600	4.6%
Total Revenues & Other Sources	\$ 14,996,742	\$ 15,416,860	\$ 16,221,200	\$ 17,019,600	4.9%

REVENUE COMPARISON - GENERAL FUND

	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
TAXES	\$ 10,087,400	\$ 10,646,232	\$ 11,337,400	\$ 12,078,300	6.5%
LICENSES & PERMITS	1,007,543	790,831	857,000	798,500	-6.8%
INTERGOVERNMENTAL	546,362	578,324	571,500	611,500	7.0%
CHARGES FOR SERVICES	1,033,053	960,294	1,000,700	980,200	-2.0%
FINES & FORFEITS	178,671	137,114	154,500	140,000	-9.4%
OTHER REVENUE	271,663	275,751	259,500	276,500	6.6%
TRANSFERS IN	1,872,050	2,028,314	2,040,600	2,134,600	4.6%
TOTAL REVENUES	\$ 14,996,742	\$ 15,416,860	\$ 16,221,200	\$ 17,019,600	4.9%

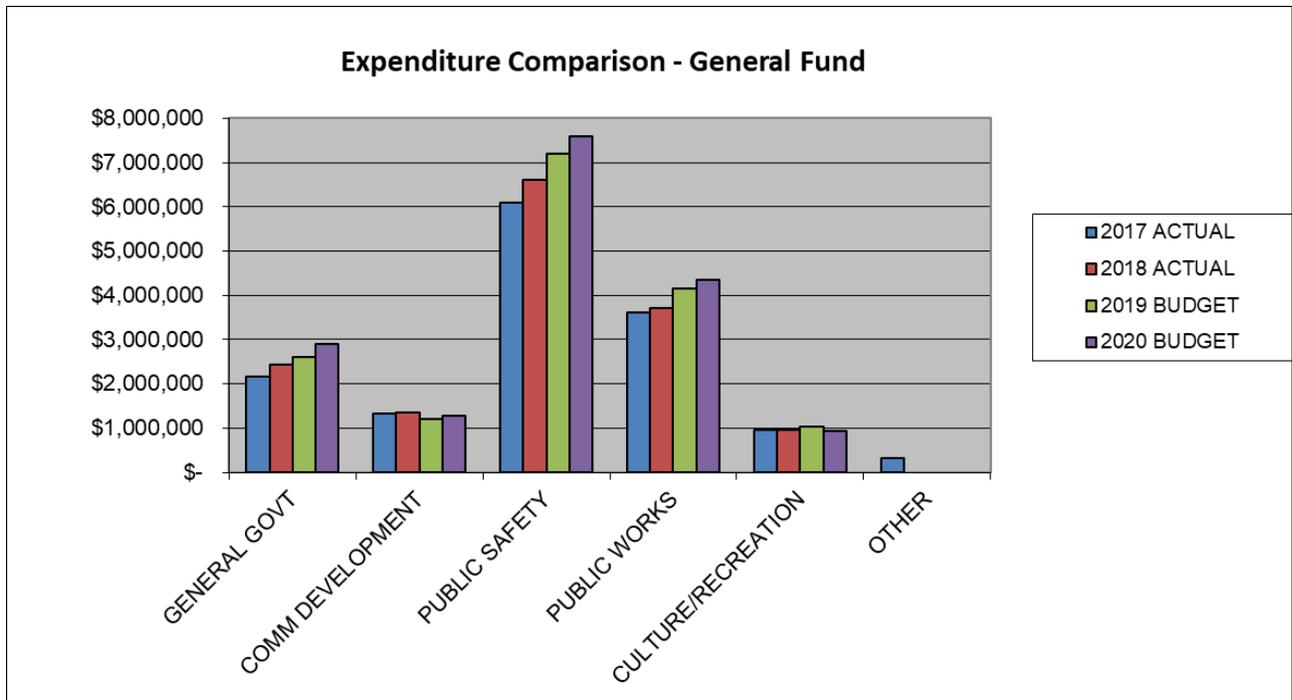


GENERAL FUND EXPENDITURES

Expenditures:	2017 Actual	2018 Actual	2019 Budget	2020 Budget	% Change
General Government					
Personal Services	\$ 1,478,331	\$ 1,648,606	\$ 1,832,850	\$ 2,055,200	12.1%
Supplies	32,053	43,144	35,100	52,050	48.3%
Services & Charges	659,907	738,866	741,150	787,600	6.3%
Total General Government	<u>2,170,291</u>	<u>2,430,616</u>	<u>2,609,100</u>	<u>2,894,850</u>	<u>11.0%</u>
Community Development					
Personal Services	1,259,742	1,260,951	1,143,400	1,158,650	1.3%
Supplies	23,219	26,897	15,700	26,750	70.4%
Services & Charges	45,924	57,069	49,000	81,300	65.9%
Total Community Development	<u>1,328,885</u>	<u>1,344,917</u>	<u>1,208,100</u>	<u>1,266,700</u>	<u>4.9%</u>
Public Safety					
Personal Services	5,040,423	5,411,164	5,973,650	6,355,100	6.4%
Supplies	385,527	435,586	444,050	437,100	-1.6%
Services & Charges	660,798	740,133	792,850	793,150	0.0%
Capital Outlay	-	12,900	-	-	-
Total Public Safety	<u>6,086,748</u>	<u>6,599,783</u>	<u>7,210,550</u>	<u>7,585,350</u>	<u>5.2%</u>
Public Works					
Personal Services	2,419,822	2,408,559	2,781,500	2,950,650	6.1%
Supplies	472,891	584,006	561,300	593,450	5.7%
Services & Charges	723,747	717,937	808,250	805,650	-0.3%
Total Public Works	<u>3,616,460</u>	<u>3,710,502</u>	<u>4,151,050</u>	<u>4,349,750</u>	<u>4.8%</u>
Culture & Recreation					
Personal Services	706,504	749,251	794,000	720,150	-9.3%
Supplies	33,683	28,100	38,700	37,200	-3.9%
Services & Charges	206,841	189,784	209,700	165,600	-21.0%
Total Culture & Recreation	<u>947,028</u>	<u>967,135</u>	<u>1,042,400</u>	<u>922,950</u>	<u>-11.5%</u>
Total Expenditures	14,149,412	15,052,953	16,221,200	17,019,600	4.9%
Other Uses:					
Transfers Out	307,897	-	-	-	-
Total Expenditures & Other Uses	<u>\$ 14,457,309</u>	<u>\$ 15,052,953</u>	<u>\$ 16,221,200</u>	<u>\$ 17,019,600</u>	<u>4.9%</u>

**EXPENDITURE COMPARISON - GENERAL FUND
BY DEPARTMENT**

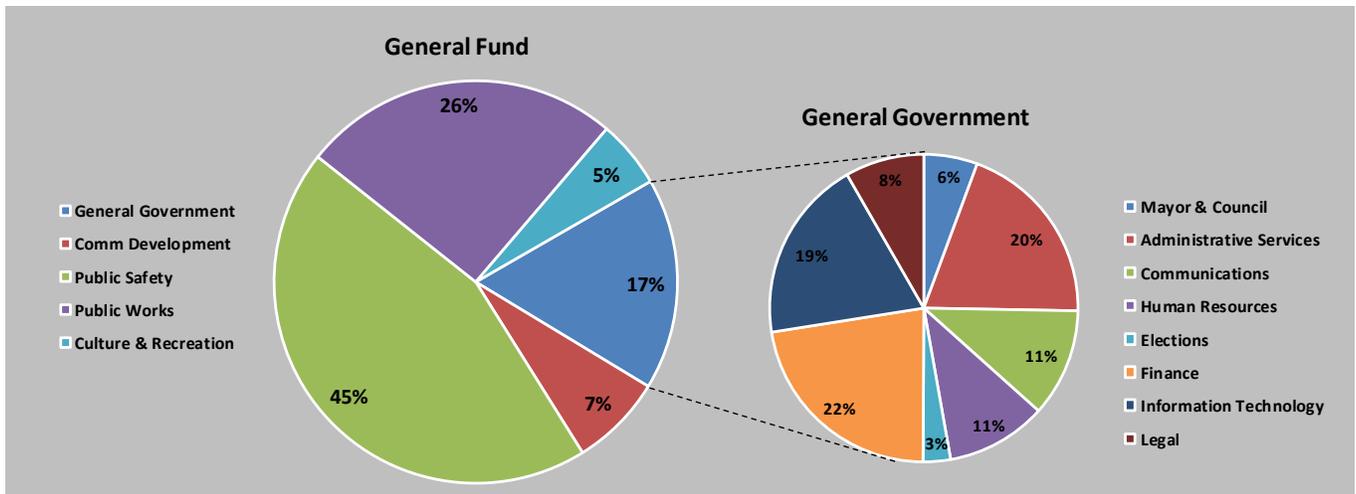
	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
GENERAL GOVERNMENT	\$ 2,170,291	\$ 2,430,616	\$ 2,609,100	\$ 2,894,850	11.0%
COMMUNITY DEVELOPMENT	1,328,885	1,344,917	1,208,100	1,266,700	4.9%
PUBLIC SAFETY	6,086,748	6,599,783	7,210,550	7,585,350	5.2%
PUBLIC WORKS	3,616,460	3,710,502	4,151,050	4,349,750	4.8%
CULTURE & RECREATION	947,028	967,135	1,042,400	922,950	-11.5%
TRANSFERS OUT	307,897	-	-	-	0.0%
TOTAL EXPENDITURES	\$ 14,457,309	\$ 15,052,953	\$ 16,221,200	\$ 17,019,600	4.9%



General Government Summary

	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	Increase/ (Decrease)
<u>Division:</u>					
Mayor & Council	\$ 131,449	\$ 149,224	\$ 149,050	\$ 163,050	\$ 14,000
Administrative Services	572,320	490,436	531,850	568,850	37,000
Communications	97,917	253,786	326,350	328,950	2,600
Human Resources	219,419	255,559	280,500	305,800	25,300
Elections	6,300	37,614	6,800	83,200	76,400
Finance	558,727	605,934	644,550	648,700	4,150
Information Technology	362,127	364,601	440,000	556,300	116,300
Legal	222,032	273,462	230,000	240,000	10,000
Total	<u>\$ 2,170,291</u>	<u>\$ 2,430,616</u>	<u>\$ 2,609,100</u>	<u>\$ 2,894,850</u>	<u>\$ 285,750</u>

<u>Category:</u>					
Personal Services	\$ 1,478,331	\$ 1,648,606	\$ 1,832,850	\$ 2,055,200	\$ 222,350
Supplies	32,053	43,144	35,100	52,050	16,950
Services & Charges	659,907	738,866	741,150	787,600	46,450
Total	<u>\$ 2,170,291</u>	<u>\$ 2,430,616</u>	<u>\$ 2,609,100</u>	<u>\$ 2,894,850</u>	<u>\$ 285,750</u>



Fund: General
Department: General Government
Division: Mayor and Council

Description of Services

The Mayor and Council budget provides for legislative and policy making activities of the city on behalf of the citizens of Elk River. The city operates under a statutory form of government consisting of a four-member City Council and a Mayor, who is a voting member. Council members are elected by ward to a four-year term with two Council members elected every four years. The Mayor serves a four-year term. They establish public policy, provide direction to the City Administrator, and provide for the planning and control of all financial activities including approving the tax levy, fees and rates, and under

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (1 Mayor, 4 Council)	5	5	5

Budget Summary

- Provides funding for a city-sponsored event in 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 41,340	\$ 41,210	\$ 41,500	\$ 41,400	\$ (100)	-0.24%
Supplies	619	625	700	700	-	0.00%
Services & Charges	89,490	107,389	106,850	120,950	14,100	13.20%
Total	\$ 131,449	\$ 149,224	\$ 149,050	\$ 163,050	\$ 14,000	9.39%

Fund: General
Department: General Government
Division: Administrative Services

Description of Services

The Administrative Services Division is responsible for the execution of city policy as adopted by the City Council, prepares and maintains official records, provides for the licensing of local businesses and activities as required by state law or city ordinance. The City Administrator coordinates and directs all city operations, projects, and programs for the community.

Goals for 2020 budget

- Enhance recordkeeping through digitization
- Enhance customer service and streamline administrative processes for municipal government

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Licenses Issued	526	350	250
Volume of paper records eliminated	132 cubic feet	100 cubic feet	90 cubic feet

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	5	5	5

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 532,763	\$ 462,264	\$ 497,100	\$ 532,200	\$ 35,100	-6.69%
Supplies	3,699	3,371	5,300	7,900	2,600	43.28%
Services & Charges	35,858	24,801	29,450	28,750	(700)	-17.87%
Total	\$ 572,320	\$ 490,436	\$ 531,850	\$ 568,850	\$ 37,000	6.46%

Fund: General
Department: General Government
Division: Communications

Description of Services

The Communications Division is responsible for the distribution of important information to its citizens and staff about city news, projects, events, and more. Communications staff utilizes e-government resources to promote community engagement and strengthen the community’s image and identity. Social media continues to be one of the most effective communication tools available in providing up-to-date information on a variety of topics.

Goals for 2020 budget

- Enhance community awareness and engagement, public education, and transparency through effective media campaigns

Performance Measures	2018 Actual	2019 Estimate	2020 Projected
Number of pages viewed on website	425,768	430,000	435,000
Number of visitors to website	218,546	222,000	230,000
Facebook “Likes”	1,784	2,600	3,600
Twitter followers	194	320	500
Total cable production hours	514	550	550
Total number of productions	52	55	55

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	3.60	3.60	3.60

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 95,232	\$ 202,322	\$ 288,750	\$ 294,900	\$ 6,150	2.13%
Supplies	1,633	8,328	4,500	3,500	(1,000)	-22.22%
Services & Charges	1,052	43,136	33,100	30,550	(2,550)	-7.70%
Total	\$ 97,917	\$ 253,786	\$ 326,350	\$ 328,950	\$ 2,600	0.80%

Fund: General

Department: General Government

Division: Human Resources

Description of Services

The Human Resources Division provides support and direction to other departments by coordinating employee recruitment, selection, and development. The division is also responsible for managing the benefits and compensation programs, policy development, labor relations, job evaluation, worker's compensation, employee wellness program, drug and alcohol testing, and maintaining compliance with state and federal employment laws.

Goals for 2020 budget

- Continue to improve human resources efficiency
- Update policies and HR manuals
- Foster a safe and healthy workplace environment
- Develop opportunities to promote future workforce

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Retention Rate	88%	92%	93%
Positions Filled/Employees Hired:	74	95	82
• Regular FT & PT	23	18	12
• Seasonal	51	77	70
Job applications processed	988	625	800

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	2	2	2

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 144,183	\$ 175,190	\$ 191,450	\$ 213,250	\$ 21,800	11.39%
Supplies	1,021	3,515	6,200	1,200	(5,000)	-80.65%
Services & Charges	74,215	76,854	82,850	91,350	8,500	10.26%
Total	\$ 219,419	\$ 255,559	\$ 280,500	\$ 305,800	\$ 25,300	9.02%

Fund: General
Department: General Government
Division: Elections

Description of Services

The Elections budget provides funds needed to conduct the national, state, and local elections in accordance with statutory requirements.

Goals for 2020 budget

- Prepare for the first ever presidential primary election

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Number of people voting in elections:			
• Primary	2,741	Non-election year	2,900
• General	10,969		12,200
People who registered to vote on election day			
• Primary	85		80
• General	637		700
Percentage of registered voters voting:			
• Primary	18%		15%
• General	73%		80%

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	-	-	-

Budget Summary

- Elections for 2020 consist of national, state, and local elections

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ -	\$ 24,287	\$ -	\$ 59,000	\$ 59,000	-
Supplies	-	4,970	-	14,350	14,350	-
Services & Charges	6,300	8,357	6,800	9,850	3,050	44.85%
Total	\$ 6,300	\$ 37,614	\$ 6,800	\$ 83,200	\$ 76,400	1123.53%

Fund: General

Department: General Government

Division: Finance

Description of Services

The Finance Division is responsible for financial reporting and budgeting, assessments, cash receipts, accounts receivable, accounts payable, payroll processing, debt service management, and investment of all city funds.

Goals for 2020 budget

- Enhance transparency of public finances
- Evaluate processes/procedures to enhance efficiencies and streamline operations through technology
- Develop funding plan to provide financial sustainability for capital needs
- Enhance employee development

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
City Bond Rating	AA+	AA+	AA+
Average rate of return	3.04%	2.50	2.50%
Accounts payable disbursements	4,784	4,800	4,900
Accounts payable ACH vendors	68	75	85

Staffing Levels

Number of Employees (FTEs)

2018

4.8

2019

4.8

2020

4.8

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 450,293	\$ 497,072	\$ 530,050	\$ 529,550	\$ (500)	-0.09%
Supplies	3,162	5,421	4,100	2,600	(1,500)	-36.59%
Services & Charges	105,272	103,441	110,400	116,550	6,150	5.57%
Total	\$ 558,727	\$ 605,934	\$ 644,550	\$ 648,700	\$ 4,150	0.64%

Fund: General
Department: General Government
Division: Information Technology

Description of Services

The Information Technology Division manages and maintains the voice and data systems for the city and provides technical support to staff on computer issues.

Goals for 2020 budget

- Implementation of the Information Security Policy
- Maintain network reliability
- Ensure network security/recovery
- Implement technology to create efficiencies and improve user experience

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Number of physical servers	8	9	9
Number of virtual servers	40	44	46
Number of computers	200	205	205
Number of tablets	53	55	55
Number of data cards	52	54	55
Number of wireless access points	25	26	27
Number of desk phones	290	295	300
Number of cell phones	120	125	126
Support tickets	700	750	800

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	3	3	3.5

Budget Summary

- Addition of .5 IT manager position in 2020 due to a phased retirement

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 214,520	\$ 246,261	\$ 284,000	\$ 384,900	\$ 100,900	35.53%
Supplies	21,919	16,914	14,300	21,800	7,500	52.45%
Services & Charges	125,688	101,426	141,700	149,600	7,900	5.58%
Total	\$ 362,127	\$ 364,601	\$ 440,000	\$ 556,300	\$ 116,300	26.43%

Fund: General

Department: General Government

Division: Legal

Description of Services

The Legal budget provides for legal counsel to the City Council and city staff, reviews ordinances, resolutions, contracts, and other legal documents. The budget also provides for prosecution services.

Budget Summary

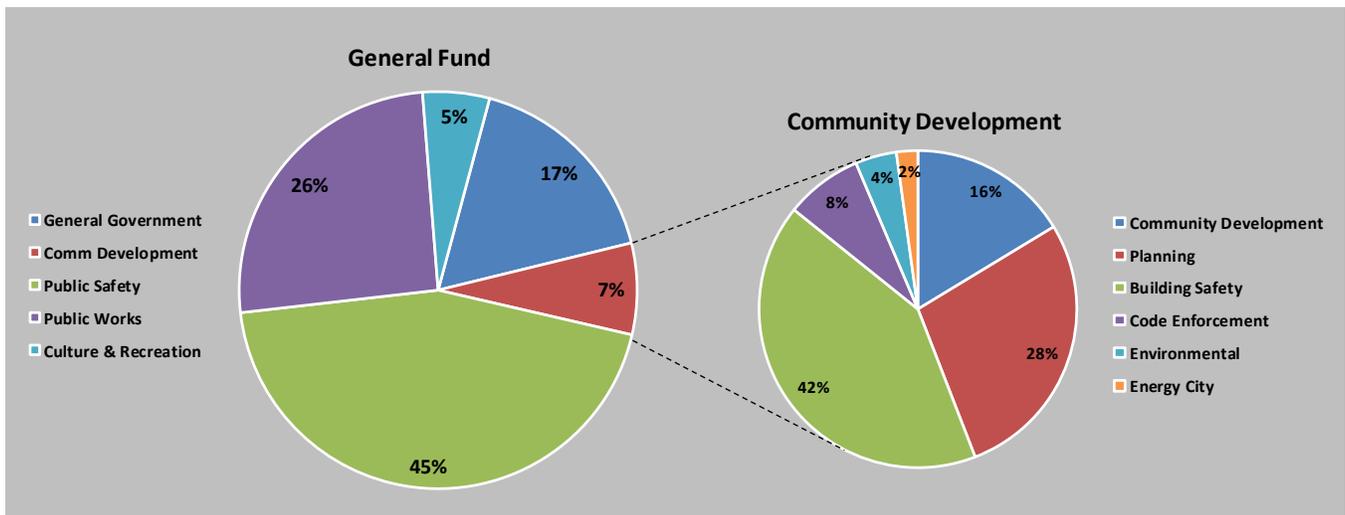
- The City’s prosecution services are provided by Hawkins & Baumgartner and other legal services are provided by Beck Law Office and Campbell Knutson.

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Services & Charges	\$ 222,032	\$ 273,462	\$ 230,000	\$ 240,000	\$ 10,000	4.35%

Community Development Summary

	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	Increase/ (Decrease)
<u>Division:</u>					
Community Development	\$ 233,669	\$ 159,737	\$ 162,750	\$ 206,650	\$ 43,900
Planning	297,610	344,685	352,550	352,350	(200)
Building Safety	646,877	672,567	513,500	527,550	14,050
Code Enforcement	89,462	95,493	115,700	99,450	(16,250)
Environmental	28,216	42,443	32,450	53,150	20,700
Energy City	33,051	29,992	31,150	27,550	(3,600)
Total	<u>\$ 1,328,885</u>	<u>\$ 1,344,917</u>	<u>\$ 1,208,100</u>	<u>\$ 1,266,700</u>	<u>\$ 58,600</u>

<u>Category:</u>					
Personal Services	\$ 1,259,742	\$ 1,260,951	\$ 1,143,400	\$ 1,158,650	\$ 15,250
Supplies	23,219	26,897	15,700	26,750	11,050
Services & Charges	45,924	57,069	49,000	81,300	32,300
Total	<u>\$ 1,328,885</u>	<u>\$ 1,344,917</u>	<u>\$ 1,208,100</u>	<u>\$ 1,266,700</u>	<u>\$ 58,600</u>



Fund: General

Department: Community Development

Division: Community Development

Description of Services

The Community Development Division is responsible for the administration and implementation of programs for the divisions of Planning, Building Safety, Code Enforcement, Environmental, Energy City, and Garbage.

Goals for 2020 budget

- Implement process improvements to provide quality service delivery levels
- Complete the transition to an integrated e-government community development software

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	1	1	1

Budget Summary

- Subscription fees for the community development software is included for 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 229,356	\$ 155,028	\$ 159,050	\$ 165,950	\$ 6,900	4.34%
Supplies	1,106	557	500	2,900	2,400	480.00%
Services & Charges	3,207	4,152	3,200	37,800	34,600	1081.25%
Total	\$ 233,669	\$ 159,737	\$ 162,750	\$ 206,650	\$ 43,900	26.97%

Fund: General
Department: Community Development
Division: Planning

Description of Services

The Planning Division is responsible for facilitating the public and private improvement of property toward the city’s established vision using the comprehensive plan and zoning ordinance.

Goals for 2020 budget

- Expand interactive planning information to improve customer experience
- Evaluate city ordinances to streamline process and reduce regulations for applicants

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Land use applications (excluding plats)	77	80	75
Plats	16	20	15
Building permits reviewed	516	450	400

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	4	3.5	3

Budget Summary

- A part-time Planning Intern replaced a vacant Planner position in 2019 and was eliminated in the 2020 budget

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 277,646	\$ 330,001	\$ 332,600	\$ 331,950	\$ (650)	-0.20%
Supplies	4,296	3,908	2,100	5,000	2,900	138.10%
Services & Charges	15,668	10,776	17,850	15,400	(2,450)	-13.73%
Total	\$ 297,610	\$ 344,685	\$ 352,550	\$ 352,350	\$ (200)	-0.06%

Fund: General

Department: Community Development

Division: Building Safety

Description of Services

The Building Safety Division is responsible for adopting and enforcing new and existing codes, issuing permits, and all inspections involved in the codes.

Goals for 2020 budget

- Implement technology to provide quality customer service
- Ensure life safety of housing and commercial building stock

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
New residential permits	152	140	130
Number of permits issued	2,320	2,300	2,000
Number of inspections	6,701	6,500	7,000

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	7	5	5

Budget Summary

- Building Safety was re-organized in 2019 with 2 inspector positions moved to the Fire division

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 616,879	\$ 638,067	\$ 489,450	\$ 503,100	\$(186,450)	-27.04%
Supplies	14,174	18,589	8,800	11,900	(2,150)	-15.30%
Services & Charges	15,824	15,911	15,250	12,550	(5,750)	-31.42%
Total	\$ 646,877	\$ 672,567	\$ 513,500	\$ 527,550	\$(194,350)	-26.92%

Fund: General
Department: Community Development
Division: Code Enforcement

Description of Services

The Code Enforcement Division is responsible for enforcing city ordinances to protect the quality of life and public health.

Goals for 2020 budget

- Proactively address highly visible code violations to improve community aesthetics
- Provide thorough, consistent, and fair enforcement of code violations
- Increase awareness of common code violations through community education and outreach

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Inspections completed	253	300	350

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	1	1.5	1.5

Budget Summary

- Code enforcement officer retired in 2019 which results in the Personal Services savings for 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 87,098	\$ 89,596	\$ 109,100	\$ 91,200	\$ (17,900)	-16.41%
Supplies	1,073	3,518	2,550	4,050	1,500	58.82%
Services & Charges	1,291	2,379	4,050	4,200	150	3.70%
Total	\$ 89,462	\$ 95,493	\$ 115,700	\$ 99,450	\$ (16,250)	-14.04%

Fund: General
Department: Community Development
Division: Environmental

Description of Services

The Environmental Division is responsible for enforcing environmental regulations to protect the quality of life and public health.

Goals for 2020 budget

- Increase public education on environmental topics via social media
- Improve water quality of Lake Orono through project development
- Identify and create wetland bank site for city projects requiring wetland mitigation
- Protect wetlands by utilizing volunteers to clean wetlands and stormwater ponds

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Wetland applications	13	15	15
Shoreland permit applications	4	4	5

Staffing Levels	2018	2019	2020
Number of Employees (FTEs)	.30	.30	.50

Budget Summary

- The 2020 budget reflects the reallocation of staff time for the Environmental Coordinator

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 21,223	\$ 24,273	\$ 26,750	\$ 47,550	\$ 20,800	77.76%
Supplies	2,511	278	750	400	(350)	-46.67%
Services & Charges	4,482	17,892	4,950	5,200	250	5.05%
Total	\$ 28,216	\$ 42,443	\$ 32,450	\$ 53,150	\$ 20,700	63.79%

Fund: General

Department: Community Development

Division: Energy City

Description of Services

The Energy City Division is responsible for demonstrating efficient and renewable energy products, services, and technologies.

Goals for 2020 budget

- Increase education and outreach to promote energy programs and waste reduction
- Implement sustainability and climate mitigation projects and programs
- Expand role of Energy City Commission and utilize community partnerships

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Energy City tours	7	8	10
Energy City tour participants	134	175	250

Staffing Levels

Number of Employees (FTEs)

2018

.30

2019

.30

2020

.20

Budget Summary

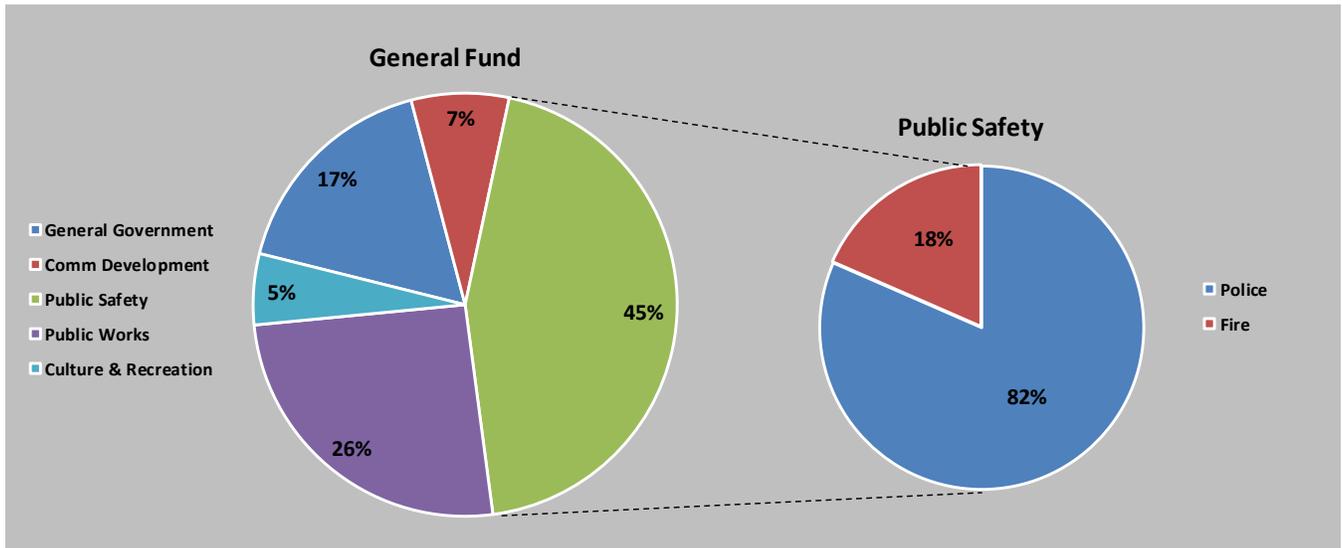
- The 2020 budget reflects the reallocation of staff time for the Environmental Coordinator

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 27,540	\$ 23,986	\$ 26,450	\$ 18,900	\$ (7,550)	-28.54%
Supplies	59	47	1,000	2,500	1,500	150.00%
Services & Charges	5,452	5,959	3,700	6,150	2,450	66.22%
Total	\$ 33,051	\$ 29,992	\$ 31,150	\$ 27,550	\$ (3,600)	-11.56%

Public Safety Summary

<u>Division:</u>	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	Increase/ (Decrease)
Police	\$ 5,015,951	\$ 5,462,953	\$ 5,856,650	\$ 6,186,750	\$ 330,100
Fire	1,070,797	1,136,830	1,353,900	1,398,600	44,700
Total	<u>\$ 6,086,748</u>	<u>\$ 6,599,783</u>	<u>\$ 7,210,550</u>	<u>\$ 7,585,350</u>	<u>\$ 374,800</u>

<u>Category:</u>	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	Increase/ (Decrease)
Personal Services	\$ 5,040,423	\$ 5,411,164	\$ 5,973,650	\$ 6,355,100	\$ 381,450
Supplies	385,527	435,586	444,050	437,100	(6,950)
Services & Charges	660,798	740,133	792,850	793,150	300
Capital Outlay	-	12,900	-	-	-
Total	<u>\$ 6,086,748</u>	<u>\$ 6,599,783</u>	<u>\$ 7,210,550</u>	<u>\$ 7,585,350</u>	<u>\$ 374,800</u>



Fund: General

Department: Public Safety

Division: Police

Description of Services

The Police Department is responsible for the protection of life and property and an atmosphere of community security through the deterrence of criminal activity by visible patrols; the enforcement of traffic laws; the apprehension of criminal offenders; emergency response services; and the delivery of other community services such as animal control and school liaison. The department provides for the investigation of criminal incidents and the apprehension of criminal offenders through the gathering, analysis, preservation, and presentation of evidence.

Goals for 2020 budget

- Educate the motoring public on the newly enacted hands-free law to eliminate distracted driving
- Maximize use of the investigative staff with the addition of an administrative investigative assistant
- Increase traffic enforcement to reduce traffic accidents by 20%
- Ensure a highly trained force compliant with new POST mandates
- Maintain adequate staffing consistent with workload

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Business Watch participants	56	60	70
Social Media followers	7,800	9,000	10,000

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	43	43	44

Budget Summary:

- The 2020 budget includes the addition of an investigative assistant position

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 4,273,553	\$ 4,628,253	\$ 4,957,800	\$ 5,292,400	\$ 334,600	8.99%
Supplies	266,910	295,559	313,800	309,950	(3,850)	-1.23%
Services & Charges	475,488	526,241	585,050	584,400	(650)	-0.11%
Capital Outlay	-	12,900	-	-	-	-
Total	\$ 5,015,951	\$ 5,462,953	\$ 5,856,650	\$ 6,186,750	\$ 330,100	5.74%

Fund: General
Department: Public Safety
Division: Fire

Description of Services

The Fire Division is responsible for fire suppression to minimize personal injury, loss of life, and property damage. The department conducts fire inspections and reviews and recommends fire related items on building plans to comply with fire protection codes. The department provides fire education and prevention programs.

Goals for 2020 budget

- Continued growth and success of the Elk River Fire Academy by collaborating with regional fire departments to identify and meet training needs
- Ensure adequate coverage throughout the entire fire district and reduce response times
- Continue to develop and enhance current and future leaders of the organization

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Emergency responses	480	490	500
Paid on-call staff	43	45	45

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	3	5	5

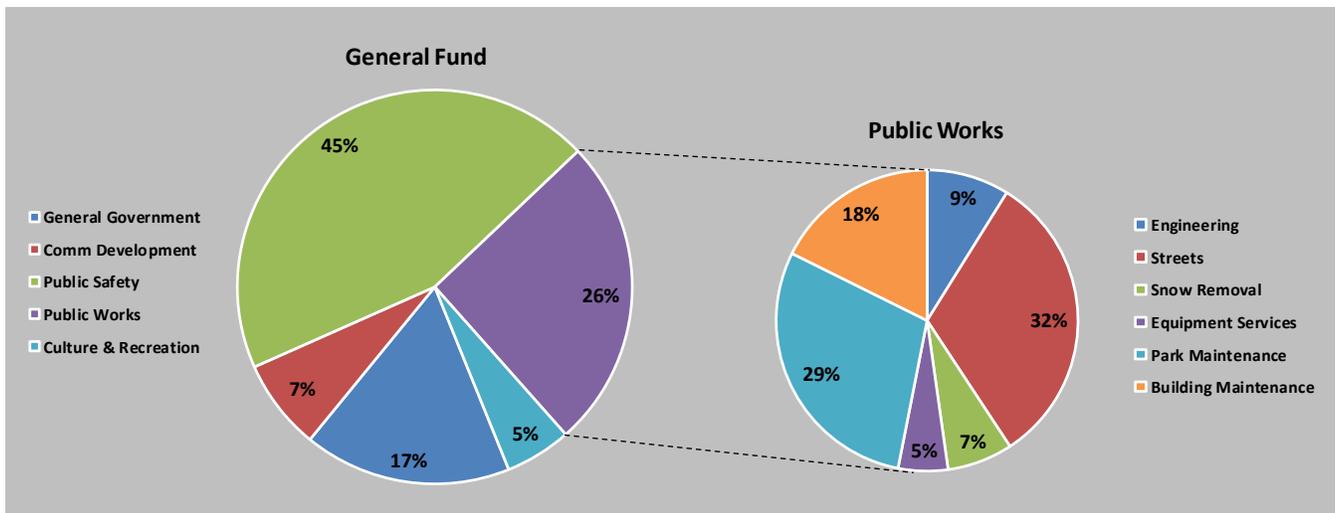
Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 766,870	\$ 782,911	\$1,015,850	\$1,062,700	\$ 46,850	4.61%
Supplies	118,617	140,027	130,250	127,150	(3,100)	-2.38%
Services & Charges	185,310	213,892	207,800	208,750	950	0.46%
Total	\$1,070,797	\$1,136,830	\$1,353,900	\$1,398,600	\$ 44,700	3.30%

Public Works Summary

	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	Increase/ (Decrease)
Division:					
Engineering	\$ 222,770	\$ 206,926	\$ 357,750	\$ 385,500	\$ 27,750
Streets	1,384,149	1,213,910	1,418,150	1,386,700	(31,450)
Snow Removal	182,674	279,936	279,600	305,900	26,300
Equipment Services	184,600	208,273	221,400	231,200	9,800
Park Maintenance	1,018,081	1,130,649	1,147,600	1,272,700	125,100
Building Maintenance	624,186	670,808	726,550	767,750	41,200
Total	<u>\$ 3,616,460</u>	<u>\$ 3,710,502</u>	<u>\$ 4,151,050</u>	<u>\$ 4,349,750</u>	<u>\$ 198,700</u>

	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	Increase/ (Decrease)
Category:					
Personal Services	\$ 2,419,822	\$ 2,408,559	\$ 2,781,500	\$ 2,950,650	\$ 169,150
Supplies	472,891	584,006	561,300	593,450	32,150
Services & Charges	723,747	717,937	808,250	805,650	(2,600)
Total	<u>\$ 3,616,460</u>	<u>\$ 3,710,502</u>	<u>\$ 4,151,050</u>	<u>\$ 4,349,750</u>	<u>\$ 198,700</u>



Fund: General
Department: Public Works
Division: Engineering

Description of Services

The Engineering budget covers engineering functions not charged to specific projects. The City Engineer oversees all engineering including working with the Minnesota Department of Transportation, maintaining mapping and GIS data, responding to citizen and staff requests, and general engineering functions.

Goals for 2020 budget

- Identify opportunities for development/redevelopment of community improvements
- Increase asset management system citywide

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Active engineering projects	15	19	20
Completed engineering projects	8	8	10

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	2	3	3

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 213,366	\$ 200,253	\$ 344,650	\$ 370,250	\$ 25,600	7.43%
Supplies	4,397	1,224	4,650	4,900	250	5.38%
Services & Charges	5,007	5,449	8,450	10,350	1,900	22.49%
Total	\$ 222,770	\$ 206,926	\$ 357,750	\$ 385,500	\$ 27,750	7.76%

Fund: General
Department: Public Works
Division: Street Maintenance

Description of Services

The Street Maintenance Division is responsible for maintaining city streets, sidewalks, boulevards, and the stormwater collection system.

Goals for 2020 budget

- Maintain bituminous surfaces in good condition to extend pavement life

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Centerline miles of bituminous roadway	152	153	153
Crack seal miles	16	20	20
Street sweeping	2	2	2
ROW maintenance	2	2	2
Parking lots	20	21	21

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	11.1	11.1	10.6

Budget Summary

- Superintendent position shared between Streets and Parks divisions for 2020
- Maintenance position moved from Streets to Parks for 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 859,045	\$ 665,453	\$ 859,700	\$ 835,000	\$ (24,700)	-0.39%
Supplies	182,156	238,315	215,450	227,350	11,900	5.52%
Services & Charges	342,948	310,142	343,000	324,350	(18,650)	-5.44%
Total	\$ 1,384,149	\$ 1,213,910	\$ 1,418,150	\$ 1,386,700	\$ (31,450)	-2.25%

Fund: General
Department: Public Works
Division: Snow Removal

Description of Services

The Snow Removal budget provides for snow removal and for ice control on city streets, parking lots, and pathways.

Goals for 2020 budget

- Maintain safe winter driving surfaces within approved snow removal timelines
- Reduce road salt usage through utilization of new equipment and chemical application

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	-	-	-
(Provided by the Street and Park Maintenance Divisions)			

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 92,394	\$ 177,853	\$ 171,300	\$ 191,500	\$ 20,200	11.79%
Supplies	90,280	102,083	108,300	114,400	6,100	5.63%
Total	\$ 182,674	\$ 279,936	\$ 279,600	\$ 305,900	\$ 26,300	9.41%

Fund: General
Department: Public Works
Division: Equipment Maintenance

Description of Services

The Equipment Maintenance Division is responsible for the repair and maintenance of the city fleet.

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	2	2	2

Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 155,556	\$ 168,954	\$ 178,550	\$ 192,350	\$ 13,800	10.90%
Supplies	19,924	31,245	22,850	22,850	-	0.00%
Services & Charges	9,120	8,074	20,000	16,000	(4,000)	-20.00%
Total	\$ 184,600	\$ 208,273	\$ 221,400	\$ 231,200	\$ 9,800	4.53%

Fund: General

Department: Public Works

Division: Park Maintenance

Description of Services - The Park Maintenance Division is responsible for the maintenance of all city parks and facilities. These parks and facilities include playgrounds, shelters, ball fields, and trails.

Goals for 2020 budget

- Integrate asset management software to include mapping park amenities and work order management.
- Conduct inspections of park amenities to maintain a safe park system.
- Maintenance and improvements to landscapes, irrigation systems, and park amenities to maximize life expectancy and maintain highest level of aesthetics
- Enhance playability and safety of fields through advance maintenance techniques.

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Athletic fields maintained	18	18	20
Court surfaces maintained	19	19	19
Playgrounds maintained	17	17	17
Miles of sidewalks maintained	25	25	25
Miles of trails maintained	36	36	36
Park acres maintained	1,392	1,392	1,392

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	7	7	7.5

Budget Summary

- Superintendent position shared between Streets and Parks divisions for 2020
- Maintenance position moved from Streets to Parks for 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 622,463	\$ 685,183	\$ 679,100	\$ 775,250	\$ 96,150	16.30%
Supplies	149,511	175,913	174,250	183,950	9,700	5.57%
Services & Charges	246,107	269,553	294,250	313,500	19,250	6.54%
Total	\$ 1,018,081	\$ 1,130,649	\$ 1,147,600	\$1,272,700	\$ 125,100	11.02%

Fund: General
Department: Public Works
Division: Building Maintenance

Description of Services

The Building Maintenance Division is responsible for cleaning city buildings and the repair and maintenance of all building systems.

Goals for 2020 budget

- Maintain clean and safe facilities for city staff and the public
- Implement new technologies to improve building operations and efficiency
- Improve preventative maintenance work order completion rates

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Buildings maintained	12	12	11
Square feet cleaned daily	180,000	180,000	180,000
Work order requests	2,374	2,500	2,500
PM work order completion rate	12%	15%	20%

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	7	7	7

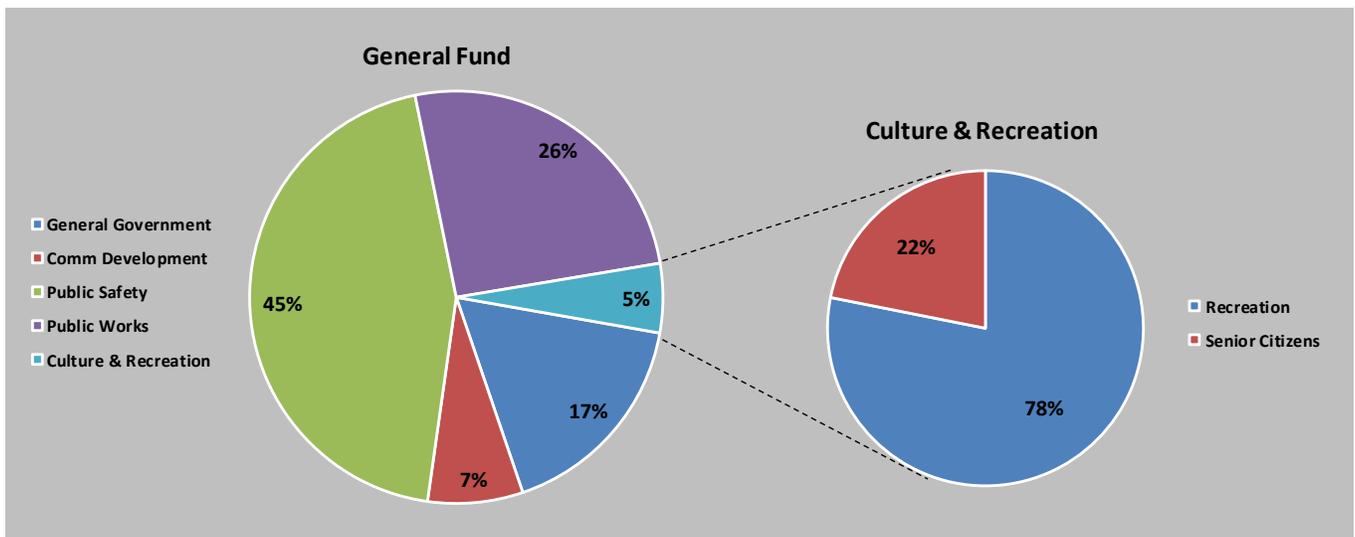
Budget Summary

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 476,998	\$ 510,863	\$ 548,200	\$ 586,300	\$ 38,100	9.37%
Supplies	26,623	35,226	35,800	40,000	4,200	11.73%
Services & Charges	120,565	124,719	142,550	141,450	(1,100)	-0.77%
Total	\$ 624,186	\$ 670,808	\$ 726,550	\$ 767,750	\$ 41,200	5.77%

Culture & Recreation Summary

Division:	2017 Actual	2018 Actual	2019 Budget	2020 Budget	Increase/ (Decrease)
Recreation	\$ 696,248	\$ 739,982	\$ 792,000	\$ 721,100	\$ (70,900)
Senior Citizens	250,780	227,153	250,400	201,850	(48,550)
Total	<u>\$ 947,028</u>	<u>\$ 967,135</u>	<u>\$ 1,042,400</u>	<u>\$ 922,950</u>	<u>\$ (119,450)</u>

Category:	2017 Actual	2018 Actual	2019 Budget	2020 Budget	Increase/ (Decrease)
Personal Services	\$ 706,504	\$ 749,251	\$ 794,000	\$ 720,150	\$ (73,850)
Supplies	33,683	28,100	38,700	37,200	(1,500)
Services & Charges	206,841	189,784	209,700	165,600	(44,100)
Total	<u>\$ 947,028</u>	<u>\$ 967,135</u>	<u>\$ 1,042,400</u>	<u>\$ 922,950</u>	<u>\$ (119,450)</u>



Fund: General
Department: Culture & Recreation
Division: Recreation

Description of Services

The Recreation Division is responsible for administrative services for the Culture and Recreation Department, the coordination of park facility use, and providing leisure programs for the community.

Goals for 2020 budget

- Evaluate program offerings within available resources that will engage and serve the community desires
- Balance programs offered as a service with programs that produce revenue
- Promote the public health and wellness benefits through various marketing media
- Analyze and develop a fee structure for recreation participants and association groups

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
YMCA gym use hours (weekly average)	12	15	15
Number of community events	40	41	41
Recreation program participants	28,500	29,000	29,500

Staffing Levels	2018	2019	2020
Number of Employees (FTEs)	5.8	5.9	5.4

Budget Summary

- Recreation manager allocated to the multi-purpose recreation facility for the second half of 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 533,815	\$ 591,580	\$ 622,450	\$ 594,850	\$ (27,600)	-4.43%
Supplies	25,520	19,329	27,800	27,600	(200)	-0.72%
Services & Charges	136,913	129,073	141,750	98,650	(43,100)	-30.41%
Total	\$ 696,248	\$ 739,982	\$ 792,000	\$ 721,100	\$ (70,900)	-8.95%

Fund: General

Department: Culture & Recreation

Division: Senior Citizen Programs

Description of Services

The Senior Citizen Programs budget is for the planning, establishment, and administration of senior programs designed to enhance the quality of life, promote wellness, and sustain independence and creative potential through life-long learning.

Goals for 2020 budget

- Maintain and develop programs, trips, and services that enhance and engage the diverse senior population within the community
- Engage in marketing to the senior population regarding programs and services offered
- Evaluate membership and program fees

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Optional Membership purchases	436	450	500
Activity Center RecTrac attendance	26,897	27,000	28,000

Staffing Levels	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	2.4	2.4	1.9

Budget Summary

- Senior coordinator position allocated to the multi-purpose recreation facility for the second half of 2020

Category	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Personal Services	\$ 172,689	\$ 157,671	\$ 171,550	\$ 125,300	\$ (46,250)	-26.96%
Supplies	8,163	8,771	10,900	9,600	(1,300)	-11.93%
Services & Charges	69,928	60,711	67,950	66,950	(1,000)	-1.47%
Total	\$ 250,780	\$ 227,153	\$ 250,400	\$ 201,850	\$ (48,550)	-19.39%



2020 Special Revenue Funds

Definition:

Special Revenue funds are established to justify revenue sources to finance particular functions or projects.

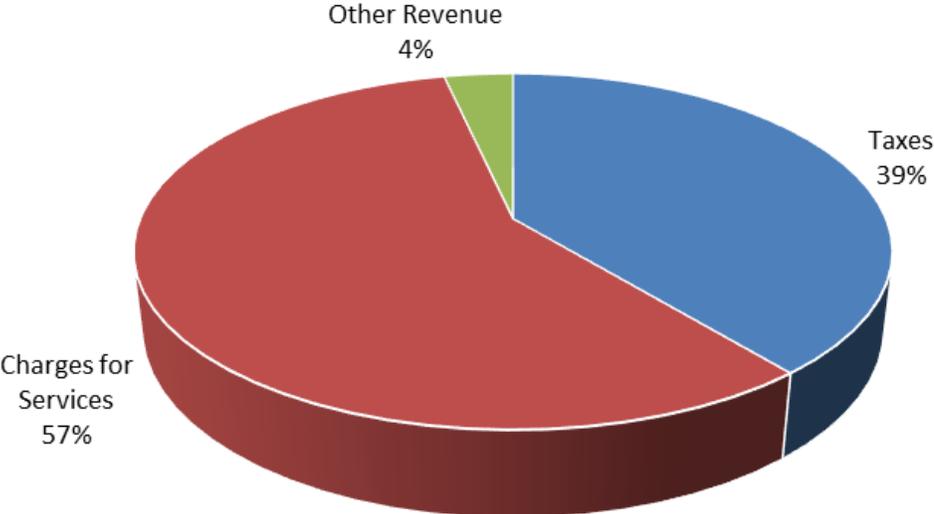
Revenue for these funds can come from a variety of sources such as taxes, fees, and grants or contributions from other local governmental agencies. Expenditures from these funds are normally restricted by statute, local ordinance, or grant agreements. The funds may be used for either operations or capital outlay as legal restrictions mandate.

The budgeted special revenue funds for the City of Elk River are: Library, Ice Arena, and Economic Development Authority.

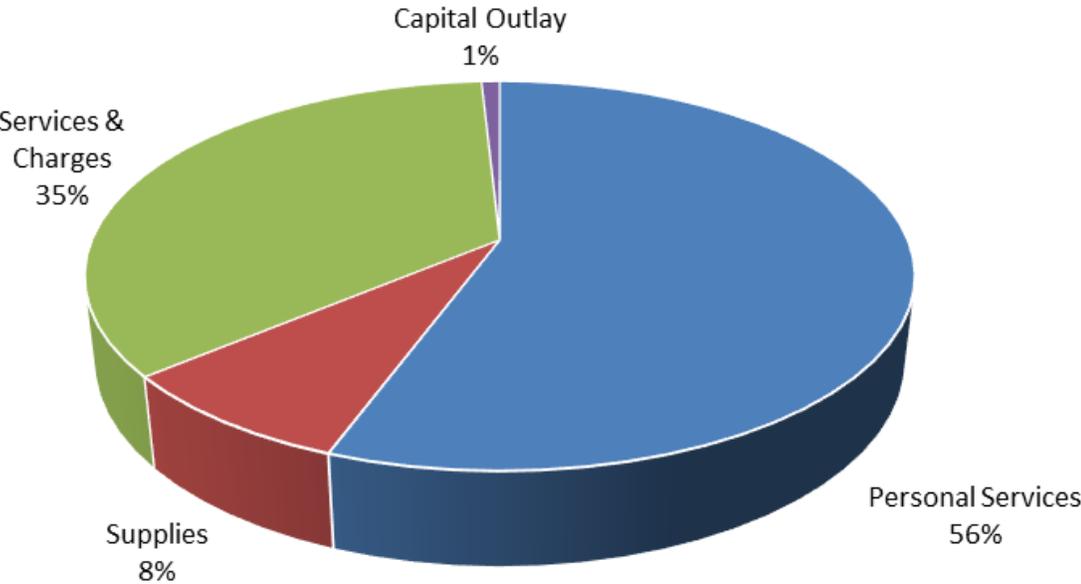
2020 BUDGET SUMMARY - SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

	2017	2018	2019	2020
	Actual	Actual	Budget	Budget
Revenues:				
Taxes	\$ 412,021	\$ 429,744	\$ 391,100	\$ 403,450
Intergovernmental Revenues	202	196	-	-
Charges for Services	801,462	800,323	809,800	594,700
Other Revenue	75,451	51,425	46,900	36,200
Total Revenues	\$ 1,289,136	\$ 1,281,688	\$ 1,247,800	\$ 1,034,350
Other Sources:				
Transfers In	28,350	28,350	28,000	28,000
Total Revenues & Other Sources	\$ 1,317,486	\$ 1,310,038	\$ 1,275,800	\$ 1,062,350
Expenditures:				
Personal Services	\$ 497,667	\$ 534,812	\$ 556,550	\$ 659,200
Supplies	144,879	165,511	144,650	97,800
Services & Charges	392,510	427,426	468,850	417,850
Capital Outlay	-	9,019	24,500	10,000
Total Expenditures	\$ 1,035,056	\$ 1,136,768	\$ 1,194,550	\$ 1,184,850
Other Uses:				
Transfers Out	100,800	36,600	38,000	39,500
Total Expenditures & Other Uses	\$ 1,135,856	\$ 1,173,368	\$ 1,232,550	\$ 1,224,350
Net Change in Fund Balance	\$ 181,630	\$ 136,670	\$ 43,250	\$ (162,000)
Fund Balance, January 1	\$ 2,081,156	\$ 2,262,786	\$ 2,399,456	\$ 2,442,706
Fund Balance, December 31	\$ 2,262,786	\$ 2,399,456	\$ 2,442,706	\$ 2,280,706

Special Revenue Funds - Revenues



Special Revenue Funds - Expenditures



Fund: Library
Department: Culture & Recreation
Division: Library

Description of Services

The Library budget provides for all expenditures for the maintenance of the building and grounds. Great River Regional Library provides staff and circulation materials.

Goals for 2020 budget

- Provide a welcoming and engaging environment for community use
- Provide enhanced programming to promote community involvement and engagement

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Circulation total (items checked out)	263,223	244,549	234,400
Participation in programs	10,316	10,509	11,750
Door count (number through door)	100,308	101,192	101,400

Budget Summary

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Taxes	\$ 53,443	\$ 54,113	\$ 66,000	\$ 69,000	\$ 3,000	4.55%
Other Revenue	8,380	8,845	7,500	8,100	600	8.00%
Transfers In	28,350	28,350	28,000	28,000	-	0.00%
Total Revenues	\$ 90,173	\$ 91,308	\$ 101,500	\$ 105,100	\$ 3,600	3.55%
Expenditures:						
Personal Services	\$ 160	\$ -	\$ -	\$ -	\$ -	0.00%
Supplies	5,845	8,374	8,100	8,500	400	4.94%
Services & Charges	75,146	80,530	93,400	96,600	3,200	3.43%
Capital Outlay	-	9,019	14,500	10,000	(4,500)	-31.03%
Total Expenditures	\$ 81,151	\$ 97,923	\$ 116,000	\$ 115,100	\$ (900)	-0.78%
Net Change	\$ 9,022	\$ (6,615)	\$ (14,500)	\$ (10,000)	\$ 4,500	N/A

Fund: Ice Arena

Department: Culture & Recreation

Division: Ice Arena

Description of Services

The Ice Arena budget provides for the management, operation, and programming of the recreation facility.

Goals for 2020 budget

- Maintain customer service and provide accessibility to the facility during construction
- Expand existing programs and highlight new programs
- Promote the new multi-purpose facility as a destination offering amenities for all ages of the community to enjoy

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Ice hours sold	4,113	3,150	3,375
Break Away Hockey registrations	311	325	350
Learn to Skate participants	281	300	325

Staffing Levels

Number of Employees (FTEs)

2018

8.2

2019

8.2

2020

9.2

Budget Summary

- Construction of the multi-purpose facility started in the fall of 2019 with completion anticipated for late 2020
- Recreation and Sr. Citizen staff allocated in 2020 to provide programming support

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Charges for Services	\$ 797,962	\$ 796,823	\$ 806,300	\$ 591,200	\$ (215,100)	-26.68%
Other Revenue	35,287	34,204	35,400	23,100	(12,300)	-34.75%
Total Revenues	\$ 833,249	\$ 831,027	\$ 841,700	\$ 614,300	\$ (227,400)	-27.02%
Expenditures:						
Personal Services	\$ 368,972	\$ 393,819	\$ 408,950	\$ 505,650	\$ 96,700	23.65%
Supplies	137,682	155,857	134,250	86,650	(47,600)	-35.46%
Services & Charges	220,800	249,342	230,750	174,000	(56,750)	-24.59%
Capital Outlay	-	-	10,000	-	(10,000)	0.00%
Total Expenditures	\$ 727,454	\$ 799,018	\$ 783,950	\$ 766,300	\$ (17,650)	-2.25%
Net Change	\$ 105,795	\$ 32,009	\$ 57,750	\$ (152,000)	\$ (209,750)	N/A

Fund: Economic Development
Department: General Government
Division: Economic Development Authority

Description of Services

The Economic Development Authority is responsible for promoting and facilitating economic development within the city. The EDA considers business development proposals and uses a broad range of competitive financing programs to achieve its development goals of enhancing the tax base, diversifying the economic base, and the creation of higher paying jobs in the city.

Goals for 2020 budget

- Grow and maintain an inventory of private and public properties available for future development
- Conduct “Business Retention and Expansion” visits to celebrate and grow our existing businesses
- Develop and expand microloan program to encourage 50 new green collar jobs by 2024
- Work to relocate businesses that may be impacted by the Hwy 169 Redefine project

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Conduct BR & E visits	24	24	24
Facilitate site visits	2	3	4

Staffing Levels	2018	2019	2020
Number of Employees (FTEs)	1.2	1.2	1.2

Budget Summary

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Taxes	\$ 358,578	\$ 375,631	\$ 325,100	\$ 334,450	\$ 9,350	2.88%
Intergovernmental	202	196	-	-	-	0.00%
Charges for Services	3,500	3,500	3,500	3,500	-	0.00%
Other Revenue	31,784	8,376	4,000	5,000	1,000	25.00%
Total Revenues	\$ 394,064	\$ 387,703	\$ 332,600	\$ 342,950	\$ 10,350	3.11%
Expenditures:						
Personal Services	\$ 128,535	\$ 140,993	\$ 147,600	\$ 153,550	\$ 5,950	4.03%
Supplies	1,352	1,280	2,300	2,650	350	15.22%
Services & Charges	96,564	97,554	144,700	147,250	2,550	1.76%
Transfers Out	100,800	36,600	38,000	39,500	1,500	3.95%
Total Expenditures	\$ 327,251	\$ 276,427	\$ 332,600	\$ 342,950	\$ 10,350	3.11%
Net Change	\$ 66,813	\$ 111,276	\$ -	\$ -	\$ -	N/A



2020 Enterprise Funds

Definition:

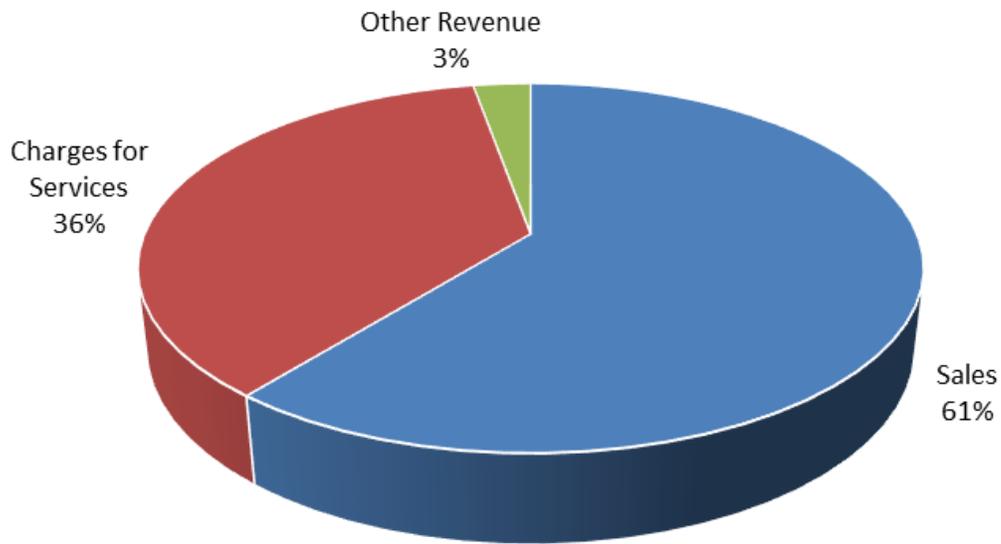
Enterprise funds are established to account for activities that consist of rendering services or providing goods to the public for which a fee is collected.

The budgeted Enterprise funds for the City of Elk River are: Liquor, Garbage, Wastewater, and Stormwater.

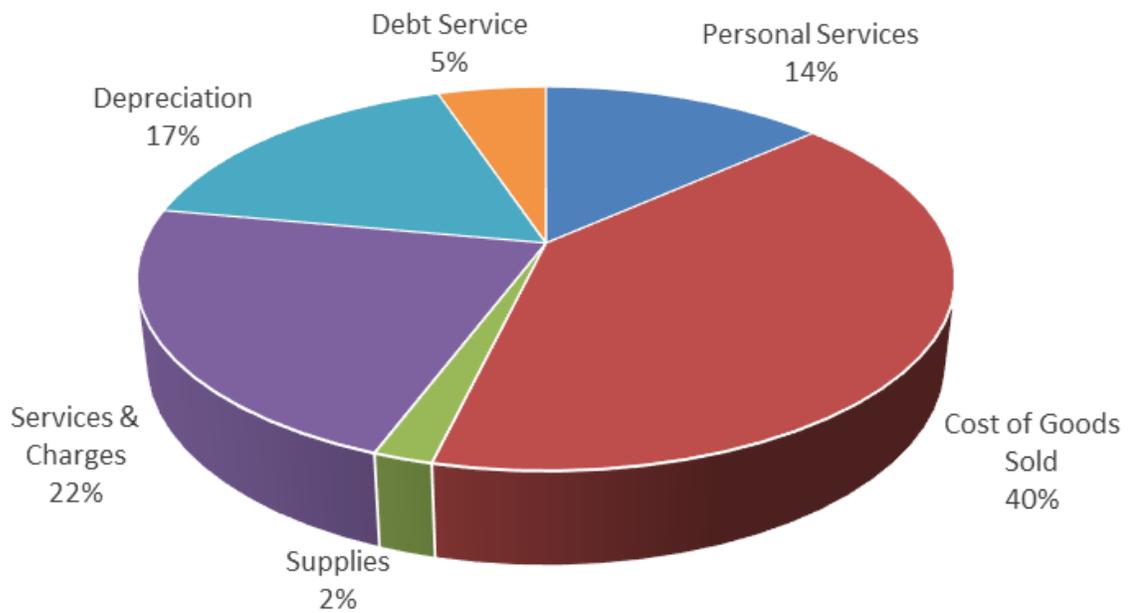
2020 BUDGET SUMMARY - ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

	2017	2018	2019	2020
	Actual	Actual	Budget	Budget
Revenues:				
Intergovernmental	\$ 163,561	\$ -	\$ -	\$ -
Sales	6,947,768	7,201,031	7,216,450	7,441,000
Charges for Services	3,887,136	4,151,916	4,326,000	4,446,000
Other Revenue	1,208,352	1,491,245	752,700	344,400
Total Revenues	\$ 12,206,817	\$ 12,844,192	\$ 12,295,150	\$ 12,231,400
Expenditures:				
Personal Services	\$ 1,407,552	\$ 1,373,904	\$ 1,610,700	\$ 1,752,500
Cost of Goods Sold	4,925,531	5,119,654	5,119,200	5,280,000
Supplies	938,586	276,547	252,800	260,900
Services & Charges	2,728,005	2,721,791	3,101,050	2,902,500
Depreciation	2,140,636	2,216,124	2,151,000	2,222,000
Capital Outlay	-	-	328,000	-
Debt Service	261,430	253,197	667,800	669,300
Total Expenditures	\$ 12,401,740	\$ 11,961,217	\$ 13,230,550	\$ 13,087,200
Income (loss) before transfers	(194,923)	882,975	(935,400)	(855,800)
Transfers In	77,288	82,313	-	-
Transfers Out	(902,016)	(920,924)	(913,000)	(920,500)
Change in Net Assets	\$ (1,019,651)	\$ 44,364	\$ (1,848,400)	\$ (1,776,300)
Net Assets, January 1	\$ 46,500,282	\$ 45,480,631	\$ 45,524,995	\$ 43,676,595
Net Assets, December 31	\$ 45,480,631	\$ 45,524,995	\$ 43,676,595	\$ 41,900,295

Enterprise Funds - Revenues



Enterprise Funds - Expenditures



Fund: Liquor

Description of Services

The Liquor budget provides for the total operation of the two municipal liquor stores as authorized by Minnesota State Law and the Elk River City Council. The municipal liquor stores also generate revenue for transfer to other city funds.

Goals for 2020 budget

- Promote the community value of municipal liquor operations
- Improve customer experience with more tastings and promotional events
- Recruit and retain staff

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Customer count	284,368	284,000	285,000
Average sale per customer	\$27.63	\$28.00	\$28.00
Gross profit	29%	28%	28%
Labor costs as % of sales	10%	11%	12%

Staffing Levels	2018	2019	2020
Number of Employees (FTEs)	12	12.5	13.5

Budget Summary

- The 2020 budget includes the addition of a liquor store manager

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Sales	\$ 6,947,768	\$ 7,201,031	\$ 7,216,450	\$ 7,441,000	\$ 224,550	3.11%
Cost of Sales	4,925,531	5,119,654	5,119,200	5,280,000	160,800	3.14%
Gross Profit	2,022,237	2,081,377	2,097,250	2,161,000	63,750	3.04%
Interest Income	44,010	55,235	60,000	60,000	-	0.00%
Miscellaneous	4,220	2,124	2,700	4,900	2,200	81.48%
Total Revenues	\$ 2,070,467	\$ 2,138,736	\$ 2,159,950	\$ 2,225,900	\$ 65,950	3.05%
Expenditures:						
Personal Services	\$ 710,239	\$ 716,243	\$ 794,950	\$ 902,050	\$ 107,100	13.47%
Supplies	13,563	15,850	20,000	18,200	(1,800)	-9.00%
Services & Charges	262,454	262,767	260,700	268,000	7,300	2.80%
Depreciation	119,186	119,186	121,000	123,000	2,000	1.65%
Capital Outlay	-	-	100,000	-	(100,000)	-
Transfers Out	710,866	689,174	700,000	700,000	-	0.00%
Total Expenditures	\$ 1,816,308	\$ 1,803,220	\$ 1,996,650	\$ 2,011,250	\$ 14,600	0.73%
Net Change	\$ 254,159	\$ 335,516	\$ 163,300	\$ 214,650	\$ 51,350	N/A

Fund: Garbage

Description of Services

The Garbage budget provides for the proper disposal of garbage and recycling to the residents of Elk River as well as programs to educate the residents on proper ways to reduce the amount of garbage produced and ways to recycle.

Goals for 2020 budget

- Decrease amount of waste going to landfill and increase recycling participation
- Promote and expand waste reduction and recycling education to local businesses

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Residential Recycling participants	83	85	87
Organics participation (# households)	290	280	300
Organics (tons)	26	28	30
Recycle Coach subscribers	192	770	3,372

Staffing Levels	2018	2019	2020
Number of Employees (FTEs)	.3	.3	.3

Budget Summary

- There is no rate increase for garbage customers in 2020
- Garbage disposal rates decreased \$13/ton and garbage hauler rates increased 3%

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Charges for Services	\$ 1,348,001	\$ 1,550,274	\$ 1,644,000	\$ 1,666,000	\$ 22,000	1.34%
Special Assessments	3,783	2,674	3,000	2,000	(1,000)	-33.33%
Other Revenue	9,097	5,415	6,500	4,000	(2,500)	-38.46%
Transfers In	44,030	45,000	-	-	-	-
Total Revenues	\$ 1,404,911	\$ 1,603,363	\$ 1,653,500	\$ 1,672,000	\$ 18,500	1.12%
Expenditures:						
Personal Services	\$ 18,569	\$ 25,887	\$ 26,500	\$ 28,350	\$ 1,850	6.98%
Supplies	16,049	16,169	18,400	19,400	1,000	5.43%
Services & Charges	1,487,185	1,546,900	1,553,850	1,483,400	(70,450)	-4.53%
Transfers Out	46,150	46,750	48,000	50,000	2,000	4.17%
Total Expenditures	\$ 1,567,953	\$ 1,635,706	\$ 1,646,750	\$ 1,581,150	\$ (65,600)	-3.98%
Net Change	\$ (163,042)	\$ (32,343)	\$ 6,750	\$ 90,850	\$ 84,100	N/A

Fund: Wastewater

Description of Services

The Wastewater budget provides for the administration, operation, and maintenance of the sanitary sewer system and lift stations for the treatment of household, commercial, and industrial waste.

Goals for 2020 budget

- Maintain an efficient plant and collection system

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Flow rate (MGD)	1.34	1.35	1.40
Tons of bio-solids landfilled	2,153	2,229	2,300
Total gallons of leachate treated	11,727,002	12,568,809	13,500,000
# of pump station callouts	22	16	18
# of pump stations	21	21	21
# of plant and collection callouts	13	12	12

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	7	7	7

Budget Summary

- The 2020 budget includes a 3.5% sanitary sewer rate increase for customers
- Other revenue of sewer connection fees decreased based on recent activity

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Charges for Services	\$ 2,030,475	\$ 2,116,555	\$ 2,150,000	\$ 2,230,000	\$ 80,000	3.72%
Intergovernmental	163,561	-	-	-	-	-
Other Revenue	1,146,027	1,421,700	675,500	270,500	(405,000)	-59.96%
Total Revenues	\$ 3,340,063	\$ 3,538,255	\$ 2,825,500	\$ 2,500,500	\$ (325,000)	-11.50%
Expenditures:						
Personal Services	\$ 600,646	\$ 536,657	\$ 697,250	\$ 723,700	\$ 26,450	3.79%
Supplies	212,455	244,354	211,400	221,000	9,600	4.54%
Services & Charges	734,675	830,820	681,150	668,200	(12,950)	-1.90%
Depreciation	1,568,622	1,639,461	1,575,000	1,641,000	66,000	4.19%
Capital Outlay	-	-	58,000	-	(58,000)	-100.00%
Debt Service	261,430	253,197	667,800	669,300	1,500	0.22%
Transfers Out	130,000	150,000	150,000	155,000	5,000	3.33%
Total Expenditures	\$ 3,507,828	\$ 3,654,489	\$ 4,040,600	\$ 4,078,200	\$ 37,600	0.93%
Net Change	\$ (167,765)	\$ (116,234)	\$ (1,215,100)	\$ (1,577,700)	\$ (362,600)	N/A

Sewer Bonds

SEWER BONDS							
JANUARY 1, 2020							
	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Retired</u>	<u>Outstanding</u>	<u>Due in 2020</u>	
						<u>Principal</u>	<u>Interest</u>
GO Sewer Revenue Bonds, Series 2014B	2.00-3.50	2/1/2035	\$10,000,000	\$1,640,000	\$8,360,000	\$430,000	\$239,305

DEBT SCHEDULE			
SEWER BONDS			
Year	Principal	Interest	Total
2020	\$430,000	\$239,305	\$669,305
2021	440,000	230,605	670,605
2022	450,000	221,705	671,705
2023	455,000	211,518	666,518
2024	465,000	200,018	665,018
2025	480,000	188,205	668,205
2026	490,000	175,468	665,468
2027	500,000	161,230	661,230
2028	520,000	145,930	665,930
2029	530,000	130,180	660,180
2030	550,000	113,293	663,293
2031	570,000	94,665	664,665
2032	585,000	75,030	660,030
2033	610,000	54,715	664,715
2034	630,000	33,635	663,635
2035	655,000	11,462	666,462
Total	\$8,360,000	\$2,286,964	\$10,646,964

Fund: Stormwater

Description of Services

The Stormwater budget provides for the stormwater needs of residents and businesses.

Goals for 2020 budget

- Maintain Municipal Separate Storm Sewer System (MS4) permit to ensure compliance in protecting and improving water quality

Performance Measures	2018 Actual	2019 Estimated	2020 Projected
Active projects reviewed	20	19	20
Completed stormwater projects	5	8	14
Inspections related to water quality protection	205	235	235
Stormwater basins cleaned out	1	1	1
Stormwater basin % performance:			
• <70% - needs considerable maintenance	6	5	5
• 70-80% - needs notable maintenance	17	17	15
• 80-90% - needs some maintenance	93	93	93
• >90% - needs little to no maintenance	206	211	215
Permit application reviews	351	360	365

Staffing Levels

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Number of Employees (FTEs)	1	1	1

Budget Summary

- 10% stormwater rate increase due to restructured fee schedule
- Major stormwater and pond cleaning projects are conducted every odd year

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Charges for Services	\$ 508,660	\$ 485,087	\$ 532,000	\$ 550,000	\$ 18,000	3.38%
Other Revenue	1,215	4,097	5,000	3,000	(2,000)	-40.00%
Transfers In	33,258	37,313	-	-	-	0.00%
Total Revenues	\$ 543,133	\$ 526,497	\$ 537,000	\$ 553,000	\$ 16,000	2.98%
Expenditures:						
Personal Services	\$ 78,098	\$ 95,117	\$ 92,000	\$ 98,400	\$ 6,400	6.96%
Supplies	696,519	174	3,000	2,300	(700)	-23.33%
Services & Charges	243,691	81,304	605,350	482,900	(122,450)	-20.23%
Depreciation	452,828	457,477	455,000	458,000	3,000	0.66%
Capital Outlay	-	-	170,000	-	(170,000)	-100.00%
Transfers Out	15,000	35,000	15,000	15,500	500	3.33%
Total Expenditures	\$ 1,486,136	\$ 669,072	\$ 1,340,350	\$ 1,057,100	\$ (283,250)	-21.13%
Net Change	\$ (943,003)	\$ (142,575)	\$ (803,350)	\$ (504,100)	\$ 299,250	N/A

2020 Debt Service Summary

Definition

The Debt Service funds account for the accumulation of resources and the payment of general long-term principle and interest. Repayment of the debt through principal and interest payments to bond holders is backed by the full faith and credit of the government unit.

The Debt Service funds repay the city’s outstanding debt obligations. Debt Service funds use the modified accrual basis of accounting; however, the cash basis of accounting will be used for budgetary purposes only. The cash basis is used for budgeting to ensure that sufficient cash will be available to make the required payments on the city’s bonded indebtedness.

The city’s debt consists of general obligation improvement bonds. The following schedule depicts the city’s outstanding debt as of 1/1/2020.

**CITY OF ELK RIVER, MINNESOTA
Schedule of Governmental Debt
As of January 1, 2020**

Debt (1) Supported By:	Interest Rates %	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding	Due in 2020	
							Principal	Interest
Property Tax								
G.O. Capital Improvement Bonds, Series 2010A	2.00-4.00	4/21/2010	2/1/2023	\$ 6,105,000	\$ 3,965,000	\$ 2,140,000	\$ 505,000	\$ 75,500
G.O. Capital Improvement Bonds, Series 2012A	1.00-2.50	3/15/2012	2/1/2033	6,975,000	1,815,000	5,160,000	320,000	113,375
G.O. Refunding Bonds, Series 2013A	2.00-3.00	2/12/2013	2/1/2033	9,685,000	1,020,000	8,665,000	525,000	199,988
Sales Tax								
G.O. Sales Rax Revenue Bonds, Series 2019A	2.50-5.00	9/19/2019	12/1/2044	32,715,000	-	32,715,000	550,000	1,367,205
Total Governmental Debt (2)				<u>\$ 55,480,000</u>	<u>\$ 6,800,000</u>	<u>\$ 48,680,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,756,068</u>

- (1) General Obligation (GO) debt issues are backed by the full faith and credit of the City.
- (2) Enterprise Fund debt is shown in its appropriate fund

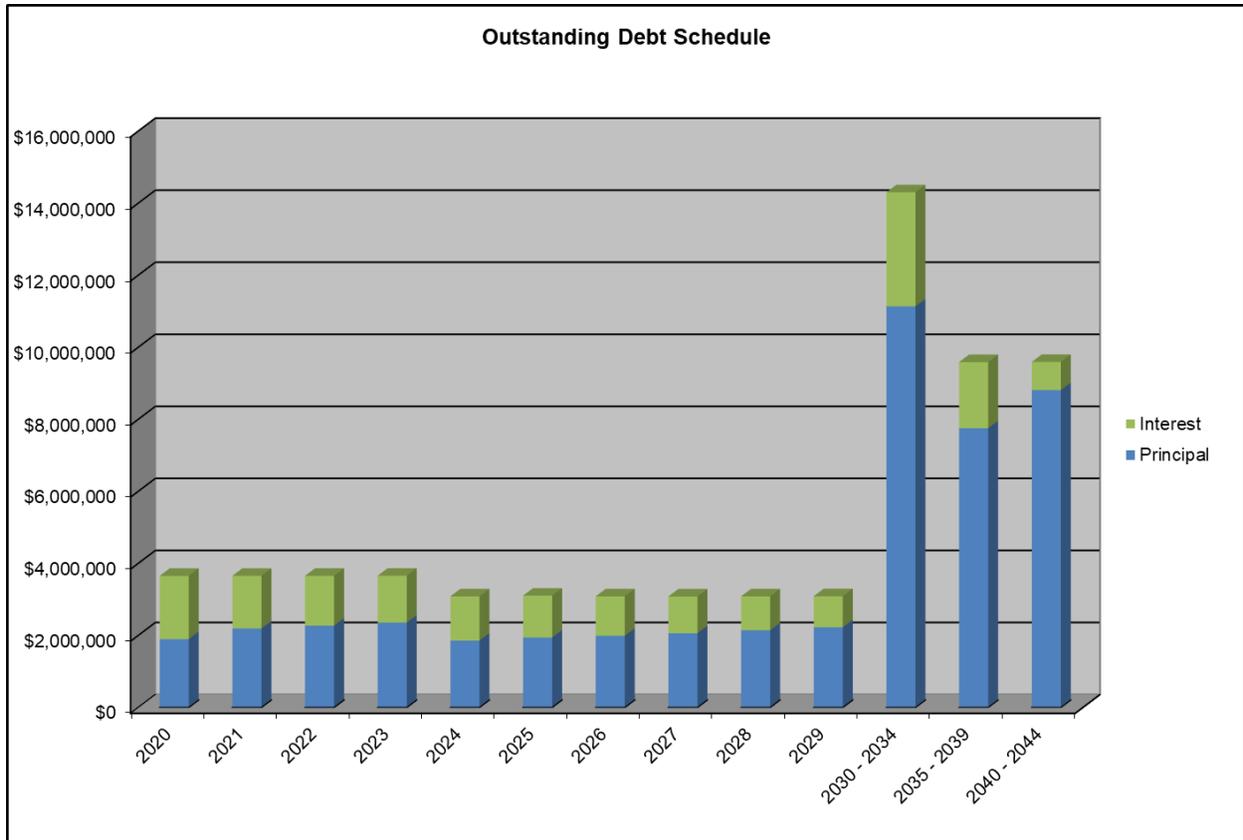
Debt on a per capita basis * \$641
Population 24,891

* Excludes general obligation sales tax revenue debt

The following table depicts the city’s debt service payments by year.

Year	Principal	Interest	Total
2020	\$1,900,000	\$1,756,067	\$3,656,067
2021	2,195,000	1,463,000	3,658,000
2022	2,275,000	1,383,850	3,658,850
2023	2,360,000	1,301,500	3,661,500
2024	1,860,000	1,227,400	3,087,400
2025	1,945,000	1,161,950	3,106,950
2026	1,995,000	1,092,400	3,087,400
2027	2,065,000	1,019,719	3,084,719
2028	2,145,000	942,644	3,087,644
2029	2,230,000	860,962	3,090,962
2030 - 2034	11,140,000	3,167,356	14,307,356
2035 - 2039	7,755,000	1,838,244	9,593,244
2040 - 2044	8,815,000	782,400	9,597,400
Total	\$48,680,000	\$17,997,492	\$66,677,492

The following graph depicts the remaining balance of the city’s outstanding debt by year.



Legal Debt Limit

Minnesota State Statutes Section 475.51 limits net debt to no more than 3% of the assessor's market value of the taxable property within the municipality. Bond issues covered by this limit are those financed by property taxes unless at least 20% of the annual debt service costs are financed by special assessments of tax increments. At present the city has \$14,220,000 in debt that is subject to the debt limit. The city's current legal debt limit and debt margin is as follows:

Legal Debt Limit (3% of Estimated Market Value)	\$74,569,410
Less: Outstanding Debt Subject to Limit	(13,076,667)
Add: Available Debt Service Monies	<u>1,702,812</u>
Legal Debt margin as of January 1, 2020	<u><u>\$63,195,555</u></u>

Bond Rating

The city maintains a credit rating of AA+ from Standard & Poor's for general obligation debt. The rating reflects a stable outlook and is based on the following assessment:

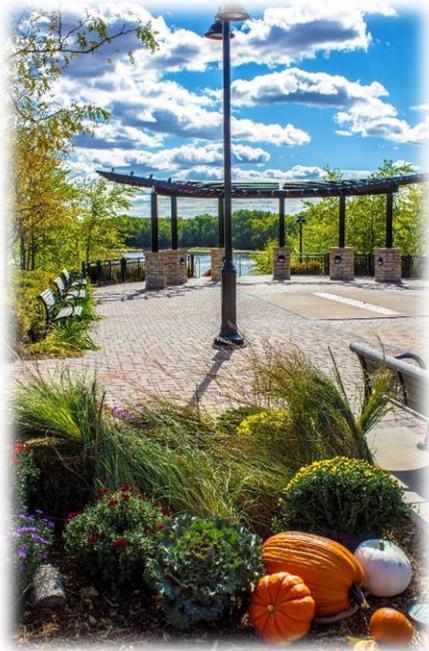
- Strong economy, with access to two broad and diverse MSAs;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2018;
- Very strong budgetary flexibility, with a high available fund balance in fiscal 2018 of 78% of operating expenditures;
- Very strong liquidity, with total government available cash at 2.7x total governmental fund expenditures and 28.4x governmental debt service, and access to external liquidity we consider strong;
- Very weak debt and contingent liability profile, with debt service carrying charges at 9.5% of expenditures and net direct debt that is 213.7% of total governmental fund revenue; and
- Strong institutional framework score.

Impact on Operations

The city's property tax levy attributable to debt is at \$619,920. The city's debt on a per capita basis at the end of 2019 is \$641. All existing debt will be retired in 2044.

Other Items

All bonds issued by the city's enterprise funds are reported in the individual budgets.



Capital Improvement Plan

The Capital Improvement Plan (CIP) is a planning tool used to identify needed capital projects and to coordinate the timing and financing of those projects. Capital projects for Elk River's CIP are defined as major equipment purchases and construction projects estimated to cost in excess of \$25,000. The 2020-2024 CIP was adopted by the City Council on November 18, 2019.

The CIP identifies the allocation of the city's financial resources and maximizes the use of non-tax revenue to finance the improvements. Municipal state aid street funds, franchise fees, and other revenue sources are vital elements to financing city improvements. The use of these revenue sources reduces the reliance on property taxes to finance these improvements.

The CIP represents a significant financial, engineering, and development undertaking for the city in the years ahead. The CIP is also consistent with the city's Comprehensive Plan.

Categories

Street Improvements include all roads, streets, traffic signals, intersection enhancements, and annual sealcoating within the city. Major funding sources include municipal state aid, franchise fees, and street improvement reserves.

Utilities infrastructure includes the construction, expansion, and major maintenance of the sanitary and storm sewer system. Elk River Municipal Utilities maintains the water system in the city. The primary source of financing is connection charges when property develops or with the issuance of a building permit. The ongoing maintenance is funded through user charges.

Landscaping/Boulevards include median enhancements and wayfinding signage throughout the city.

Parks system includes neighborhood parks as well as trails and recreation facilities. Major resources include park dedication fees collected when property develops, state and federal grants and our Liquor Store Enterprise Fund. Maintenance projects are financed with property taxes and other revenue sources.

Technology includes city-wide replacement and acquisition of software and technology. The primary revenue sources include property taxes and capital outlay reserves.

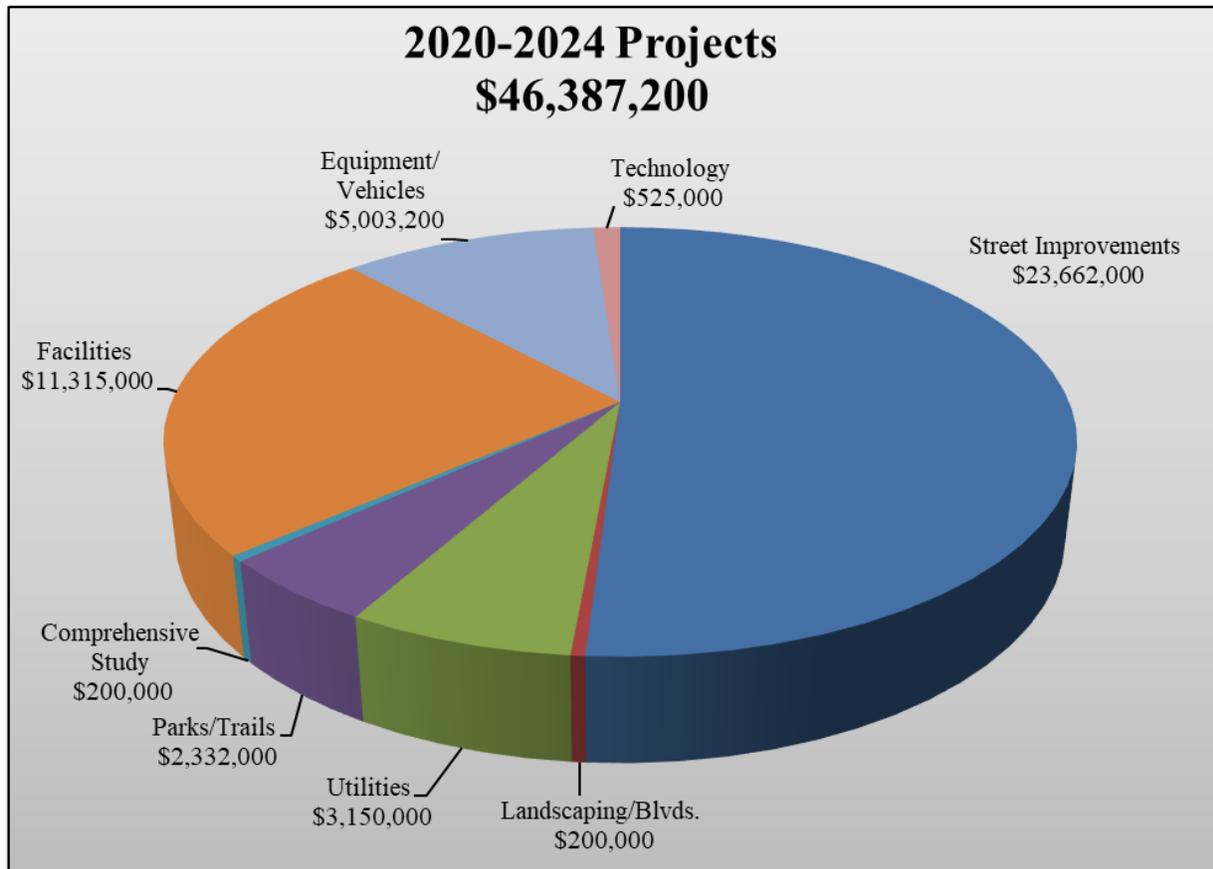
Facilities include the city hall, police and fire stations, maintenance facility, senior activity center, library and other municipal buildings. Primary revenue sources will include, but not limited to, Government Building Fund and bond proceeds. The ongoing maintenance is funded through property taxes and other revenue sources.

Equipment/Vehicles include all major equipment acquisitions such as dump trucks, police cars, fire trucks, and vehicle replacements. Primary revenue sources include the Equipment Replacement Fund, state aid, and sale of assets.

Program Summary

The majority of capital investments over the next several years are in the street infrastructure and the expansion of public safety/fire facilities. The total budgeted capital expenditures by category are shown below.

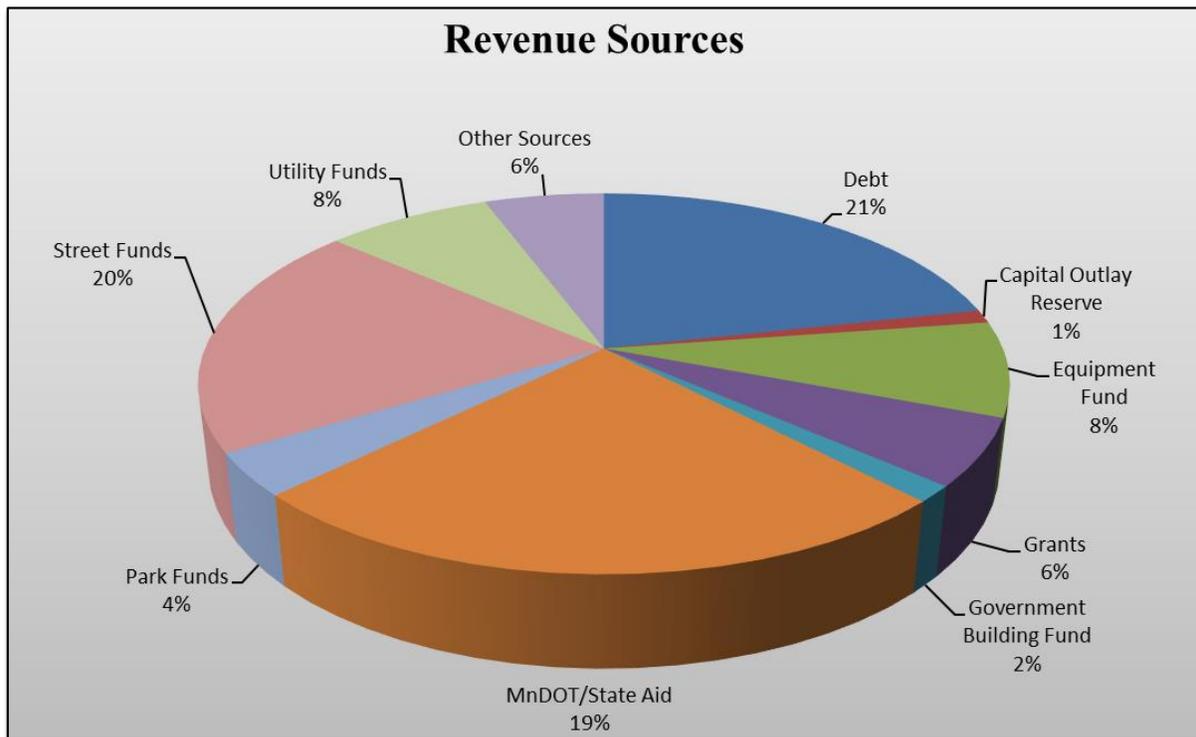
Expenditures					
Category	2020	2021	2022	2023	2024
Street Improvements	\$ 2,737,000	\$ 13,225,000	\$ 3,800,000	\$ 3,600,000	\$ 300,000
Utilities	400,000	2,500,000	-	250,000	-
Comprehensive Study	200,000	-	-	-	-
Landscaping/Blvds.	200,000	-	-	-	-
Parks/Trails	672,000	1,190,000	200,000	140,000	130,000
Technology	180,000	165,000	95,000	25,000	60,000
Facilities	1,055,000	10,000,000	160,000	100,000	-
Equipment/Vehicles	913,700	1,753,000	753,500	902,000	681,000
Total	\$ 6,357,700	\$ 28,833,000	\$ 5,008,500	\$ 5,017,000	\$ 1,171,000



Financing Summary

The projects are financed from diverse revenue sources. A summary is shown below.

Revenue Sources					
Source	2020	2021	2022	2023	2024
Bonds	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -
Capital Outlay Reserve	172,600	165,000	95,000	25,000	60,000
City Development Fund	75,000	-	-	-	-
Elk River Municipal Utilities	65,000	-	-	-	-
Equipment Replacement Fund	856,100	553,000	753,500	902,000	681,000
Government Building Fund	645,000	-	-	-	-
Grants	-	2,640,000	-	-	-
GRE Reserve Fund	600,000	1,060,000	-	-	-
Ice Arena	-	140,000	160,000	-	-
Library	10,000	-	-	-	-
Liquor Fund	-	-	-	100,000	-
MnDOT/Municipal State Aid	1,978,000	6,625,000	1,950,000	1,000,000	-
Park Dedication Fund	20,000	320,000	-	-	-
Park Improvement Fund	652,000	230,000	200,000	140,000	130,000
Pavement Management Fund	359,000	3,850,000	1,750,000	2,550,000	300,000
Special Assessments	-	500,000	-	-	-
Storm Sewer	200,000	250,000	100,000	300,000	-
Street Improvement Reserve	475,000	-	-	-	-
Trunk Utilities	250,000	2,500,000	-	-	-
Total	\$ 6,357,700	\$ 28,833,000	\$ 5,008,500	\$ 5,017,000	\$ 1,171,000



Impact of the Capital Improvement Plan on the Operating Budget

Capital improvements typically result in ongoing expenses for routine operation, repair and maintenance upon completion or acquisition. Existing city facilities and equipment will eventually require rehabilitation or renovations to accommodate new uses or address needed improvements.

All capital projects must show the operating budget impact at the time the projects are submitted for consideration in the Capital Improvement Plan. Some capital projects may add operating expenditure such as new streets needing more staff to plow snow while some capital items like technology may make the department more efficient, therefore reducing annual operating costs. In addition, if a new revenue source is associated with the expenditure there may be no operating impact. Our city departments are committed to performing maintenance to extend and/or maintain the longest life cycle for all our assets.

Most capital projects are recurring and do not add operating costs to the budget. Recurring capital expenditures are those that are included regularly in the budget and have no significant impact on the operating budget. Most of the capital items are recurring and help to maintain the city's investment in assets and infrastructure. For other project, additional costs are minimal for any operations and maintenance. As part of the budget process, staff added additional amounts to the budget. In addition in future budget, amounts will need to be increased or decreased as staff gain more experience.

Most of the city's capital improvements/maintenance will be for street maintenance with the intention of preventing higher future costs. For example; the city may perform less costly street overlays every ten years to allow for deferring costly street reconstructions every 25-30 years. Annually, our pavement management plan is updated with new road condition ratings and a long-term dedicated funding source for the ongoing maintenance of our streets was implemented and approved by City Council. Our new plan will provide for the complete funding of our pavement management plan when combined with municipal state aid allotment.

Vehicles are held until maintenance cost and condition reach an established threshold for replacement. These decisions and recommendations are made by the city's Fleet Committee which is represented by each department.

As the city develops new parks, the on-going costs associated with the improvements may actually increase as new items will eventually be replaced. The Council established our Park Improvement Fund to provide dedicated funding for the replacement and maintenance of our assets.

The City Council, City Administrator and staff remain committed to the maintenance and funding of city infrastructure, equipment and improvements.

City of Elk River, Minnesota

Capital Improvement Plan

2020 thru 2024

PROJECTS BY FUNDING SOURCE

Source	Project #	2020	2021	2022	2023	2024	Total
Capital Improvement Bonds							
Fire Station #3	FS-03		6,000,000				6,000,000
Public Safety Building	PS-03		4,000,000				4,000,000
Capital Improvement Bonds Total			10,000,000				10,000,000
Capital Outlay Reserve							
Building Safety Equipment	BZ-02	15,000					15,000
Election Equipment	EL-01	15,600					15,600
Fire Department/EOC Equipment	FD-10	27,000					27,000
Annual Technology Upgrades	TC-01	115,000	165,000	95,000	25,000	60,000	460,000
Capital Outlay Reserve Total		172,600	165,000	95,000	25,000	60,000	517,600
City Development Fund							
Comprehensive Plan	Plan-02	75,000					75,000
City Development Fund Total		75,000					75,000
Equipment Replacement Fund							
Administration - Vehicles	AD-03	3,600					3,600
Building Maint. - Vehicles/Equipment	BM-01	75,000		40,000			115,000
Fire - Vehicles	FD-01			50,000	55,000		105,000
Fire Trucks	FD-02	65,000	52,000		52,000		169,000
Fire - Mobile Equipment	FD-07				20,000		20,000
Police - Marked Squads	PD-01	187,500	62,500		125,000	125,000	500,000
Police - Unmarked Squads	PD-02		35,000	105,000	70,000	70,000	280,000
Police - CSO Vehicles	PD-03		43,500	43,500			87,000
Parks - Pickup Trucks	PK-18		40,000	30,000	70,000		140,000
Parks - Mobile Equipment	PK-19	15,000			90,000	66,000	171,000
Streets - Pickup Trucks	ST-01		65,000		160,000	50,000	275,000
Streets - Dump Trucks	ST-02	510,000	255,000	260,000	260,000		1,285,000
Streets - Mobile Equipment	ST-03			225,000		370,000	595,000
Equipment Replacement Fund Total		856,100	553,000	753,500	902,000	681,000	3,745,600
ERMU							
Annual Technology Upgrades	TC-01	65,000					65,000
ERMU Total		65,000					65,000
Federal Grants							
Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection	II-08		2,000,000				2,000,000

Source	Project #	2020	2021	2022	2023	2024	Total
Trail Development - TH 10 Extension	PF-64		640,000				640,000
Federal Grants Total			2,640,000				2,640,000
Government Buildings Reserve							
City Hall	BL-10	95,000					95,000
Fire Station #3	FS-03	300,000					300,000
Public Safety Building	PS-03	250,000					250,000
Government Buildings Reserve Total		645,000					645,000
GRE Reserve							
Radio Communications Upgrade	EP-02		460,000				460,000
Fire Trucks - Engines	FD-03		600,000				600,000
Ice Arena - Building	IA-02	400,000					400,000
Wayfinding Signage	II-34	200,000					200,000
GRE Reserve Total		600,000	1,060,000				1,660,000
Ice Arena							
Ice Arena - Equipment	IA-01		140,000				140,000
Ice Arena - Building	IA-02			160,000			160,000
Ice Arena Total			140,000	160,000			300,000
Library							
Library - Equipment	LB-03	10,000					10,000
Library Total		10,000					10,000
Liquor Fund							
Northbound Liquor Store	LS-01				100,000		100,000
Liquor Fund Total					100,000		100,000
MnDOT Cooperative Funds							
Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection	II-08		1,000,000				1,000,000
MnDOT Cooperative Funds Total			1,000,000				1,000,000
Municipal State Aid							
Hwy 169 Frontage/Backage Road Improvements	II-00			1,950,000			1,950,000
Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection	II-08	1,800,000	3,000,000				4,800,000
School Street Traffic Enhancements	II-22	178,000					178,000
Pavement Management Program	PM-01		2,500,000		1,000,000		3,500,000
Traffic Control - Twin Lakes Rd & 181st Ave	ST-12		125,000				125,000
Municipal State Aid Total		1,978,000	5,625,000	1,950,000	1,000,000		10,553,000
Park Dedication							
Trail Development - TH 10 Extension	PF-64	20,000	320,000				340,000

Source	Project #	2020	2021	2022	2023	2024	Total
Park Dedication Total		20,000	320,000				340,000
Park Improvement Fund							
2020 Park Improvement Projects	PIF-20	652,000					652,000
2021 Park Improvement Projects	PIF-21		230,000				230,000
2022 Park Improvement Projects	PIF-22			200,000			200,000
2023 Park Improvement Projects	PIF-23				140,000		140,000
2024 Park Improvement Projects	PIF-24					130,000	130,000
Park Improvement Fund Total		652,000	230,000	200,000	140,000	130,000	1,352,000
Pavement Management Fund							
Hwy 169 Frontage/Backage Road Improvements	II-00		500,000	1,450,000			1,950,000
School Street Traffic Enhancements	II-22	59,000					59,000
Pavement Management Program	PM-01	300,000	3,350,000	300,000	2,550,000	300,000	6,800,000
Pavement Management Fund Total		359,000	3,850,000	1,750,000	2,550,000	300,000	8,809,000
Special Assessments							
Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection	II-08		500,000				500,000
Special Assessments Total			500,000				500,000
Storm Water							
Hwy 169 Frontage/Backage Road Improvements	II-00			100,000			100,000
Pavement Management Program	PM-01		250,000		50,000		300,000
Storm Water projects	STM-1	200,000			250,000		450,000
Storm Water Total		200,000	250,000	100,000	300,000		850,000
Street/Capital Improvement							
Hwy 169 Frontage/Backage Road Improvements	II-00	400,000					400,000
Comprehensive Plan	Plan-02	75,000					75,000
Street/Capital Improvement Total		475,000					475,000
Trunk Utility Fund							
Hwy 169 Utility Modifications	II-36	200,000	2,500,000				2,700,000
Comprehensive Plan	Plan-02	50,000					50,000
Trunk Utility Fund Total		250,000	2,500,000				2,750,000
GRAND TOTAL		6,357,700	28,833,000	5,008,500	5,017,000	1,171,000	46,387,200

City of Elk River, Minnesota

Capital Improvement Plan

2020 thru 2024

PROJECTS BY YEAR

Project Name	Department	Project #	Project Cost
2020			
Administration - Vehicles	Administration	AD-03	3,600
City Hall	Public Buildings	BL-10	95,000
Building Maint. - Vehicles/Equipment	Building Maintenance	BM-01	75,000
Building Safety Equipment	Building & Safety	BZ-02	15,000
Election Equipment	Elections	EL-01	15,600
Fire Trucks	Fire	FD-02	65,000
Fire Department/EOC Equipment	Fire	FD-10	27,000
Fire Station #3	Fire Stations	FS-03	300,000
Ice Arena - Building	Ice Arena	IA-02	400,000
Hwy 169 Frontage/Backage Road Improvements	Infrastructure Improvements	II-00	400,000
Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection	Infrastructure Improvements	II-08	1,800,000
School Street Traffic Enhancements	Infrastructure Improvements	II-22	237,000
Wayfinding Signage	Infrastructure Improvements	II-34	200,000
Hwy 169 Utility Modifications	Infrastructure Improvements	II-36	200,000
Library - Equipment	Library	LB-03	10,000
Police - Marked Squads	Police	PD-01	187,500
Trail Development - TH 10 Extension	Park Development/Improvement	PF-64	20,000
2020 Park Improvement Projects	Park Improvement Fund	PIF-20	652,000
Parks - Mobile Equipment	Park Maintenance	PK-19	15,000
Comprehensive Plan	Planning	Plan-02	200,000
Pavement Management Program	Infrastructure Improvements	PM-01	300,000
Public Safety Building	Public Safety Building	PS-03	250,000
Streets - Dump Trucks	Streets	ST-02	510,000
Storm Water projects	Storm Water	STM-1	200,000
Annual Technology Upgrades	Technology/Communications	TC-01	180,000
Total for 2020			6,357,700
2021			
Radio Communications Upgrade	Emergency Management	EP-02	460,000
Fire Trucks	Fire	FD-02	52,000
Fire Trucks - Engines	Fire	FD-03	600,000
Fire Station #3	Fire Stations	FS-03	6,000,000
Ice Arena - Equipment	Ice Arena	IA-01	140,000
Hwy 169 Frontage/Backage Road Improvements	Infrastructure Improvements	II-00	500,000
Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection	Infrastructure Improvements	II-08	6,500,000
Hwy 169 Utility Modifications	Infrastructure Improvements	II-36	2,500,000
Police - Marked Squads	Police	PD-01	62,500
Police - Unmarked Squads	Police	PD-02	35,000
Police - CSO Vehicles	Police	PD-03	43,500
Trail Development - TH 10 Extension	Park Development/Improvement	PF-64	960,000
2021 Park Improvement Projects	Park Improvement Fund	PIF-21	230,000
Parks - Pickup Trucks	Park Maintenance	PK-18	40,000
Pavement Management Program	Infrastructure Improvements	PM-01	6,100,000
Public Safety Building	Public Safety Building	PS-03	4,000,000

Project Name	Department	Project #	Project Cost
Streets - Pickup Trucks	Streets	ST-01	65,000
Streets - Dump Trucks	Streets	ST-02	255,000
Traffic Control - Twin Lakes Rd & 181st Ave	Infrastructure Improvements	ST-12	125,000
Annual Technology Upgrades	Technology/Communications	TC-01	165,000
Total for 2021			28,833,000
2022			
Building Maint. - Vehicles/Equipment	Building Maintenance	BM-01	40,000
Fire - Vehicles	Fire	FD-01	50,000
Ice Arena - Building	Ice Arena	IA-02	160,000
Hwy 169 Frontage/Backage Road Improvements	Infrastructure Improvements	II-00	3,500,000
Police - Unmarked Squads	Police	PD-02	105,000
Police - CSO Vehicles	Police	PD-03	43,500
2022 Park Improvement Projects	Park Improvement Fund	PIF-22	200,000
Parks - Pickup Trucks	Park Maintenance	PK-18	30,000
Pavement Management Program	Infrastructure Improvements	PM-01	300,000
Streets - Dump Trucks	Streets	ST-02	260,000
Streets - Mobile Equipment	Streets	ST-03	225,000
Annual Technology Upgrades	Technology/Communications	TC-01	95,000
Total for 2022			5,008,500
2023			
Fire - Vehicles	Fire	FD-01	55,000
Fire Trucks	Fire	FD-02	52,000
Fire - Mobile Equipment	Fire	FD-07	20,000
Northbound Liquor Store	Liquor Fund	LS-01	100,000
Police - Marked Squads	Police	PD-01	125,000
Police - Unmarked Squads	Police	PD-02	70,000
2023 Park Improvement Projects	Park Improvement Fund	PIF-23	140,000
Parks - Pickup Trucks	Park Maintenance	PK-18	70,000
Parks - Mobile Equipment	Park Maintenance	PK-19	90,000
Pavement Management Program	Infrastructure Improvements	PM-01	3,600,000
Streets - Pickup Trucks	Streets	ST-01	160,000
Streets - Dump Trucks	Streets	ST-02	260,000
Storm Water projects	Storm Water	STM-1	250,000
Annual Technology Upgrades	Technology/Communications	TC-01	25,000
Total for 2023			5,017,000
2024			
Police - Marked Squads	Police	PD-01	125,000
Police - Unmarked Squads	Police	PD-02	70,000
2024 Park Improvement Projects	Park Improvement Fund	PIF-24	130,000
Parks - Mobile Equipment	Park Maintenance	PK-19	66,000
Pavement Management Program	Infrastructure Improvements	PM-01	300,000
Streets - Pickup Trucks	Streets	ST-01	50,000
Streets - Mobile Equipment	Streets	ST-03	370,000
Annual Technology Upgrades	Technology/Communications	TC-01	60,000
Total for 2024			1,171,000
GRAND TOTAL			46,387,200

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # AD-03
 Project Name Administration - Vehicles

Type Vehicle Department Administration
 Useful Life Unassigned Contact Building & Env. Admin.
 Category Vehicles



Description

Lease of an electric pool vehicle.

Justification

In support of the Energy City initiatives and the EV charging station program.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles	3,600					3,600
Total	3,600					3,600

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund	3,600					3,600
Total	3,600					3,600

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # BM-01
 Project Name Building Maint. - Vehicles/Equipment

Type Vehicle Department Building Maintenance
 Useful Life Unassigned Contact Building Maintenance Supv.
 Category Vehicles



Description

Replacement vehicles/equipment for building maintenance division:
 2020 - Genie lift & trailer
 2021 - 2008 Ford F350

Justification

Based on annual condition assessment

Expenditures	2020	2021	2022	2023	2024	Total
Equipment	75,000					75,000
Vehicles			40,000			40,000
Total	75,000		40,000			115,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund	75,000		40,000			115,000
Total	75,000		40,000			115,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # BZ-02
 Project Name Building Safety Equipment

Type Equipment Department Building & Safety
 Useful Life 10 years Contact Building Official
 Category Office Equipment



Description

Plan review table

Justification

Ability to review plans electronically to improve efficiency and access and eliminate paper submission processes as identified by the City Council in their goal for business friendly operations.

Expenditures	2020	2021	2022	2023	2024	Total
Equipment	15,000					15,000
Total	15,000					15,000

Funding Sources	2020	2021	2022	2023	2024	Total
Capital Outlay Reserve	15,000					15,000
Total	15,000					15,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # EL-01
 Project Name Election Equipment

Type Equipment Department Elections
 Useful Life Unassigned Contact City Clerk
 Category Equipment



Description

Election equipment

Justification

Cost share agreement with Sherburne County payable in annual installments 2017 - 2020

Expenditures	2020	2021	2022	2023	2024	Total
Equipment	15,600					15,600
Total	15,600					15,600

Funding Sources	2020	2021	2022	2023	2024	Total
Capital Outlay Reserve	15,600					15,600
Total	15,600					15,600

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # EP-02
 Project Name Radio Communications Upgrade

Type Equipment Department Emergency Management
 Useful Life 10 years Contact Fire Chief
 Category Equipment



Description

Upgrade portable radios for police and fire

Justification

Replace obsolete portable radios that are 15-20 years old. Current radios are no longer manufactured so support is limited and parts are difficult to obtain.

Expenditures	2020	2021	2022	2023	2024	Total
Equipment		460,000				460,000
Total		460,000				460,000

Funding Sources	2020	2021	2022	2023	2024	Total
GRE Reserve		460,000				460,000
Total		460,000				460,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # FD-01
 Project Name Fire - Vehicles

Type Vehicle Department Fire
 Useful Life 10 years Contact Fire Chief
 Category Vehicles



Description

Replace fire vehicles as follows:
 2022 - 2013 Chev Tahoe - Fire Marshal
 2023 - 2015 Chev Tahoe - Fire Chief

Justification

Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles			50,000	55,000		105,000
Total			50,000	55,000		105,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund			50,000	55,000		105,000
Total			50,000	55,000		105,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # FD-02
 Project Name Fire Trucks

Type Vehicle Department Fire
 Useful Life 15 years Contact Fire Chief
 Category Vehicles



Description

2020 - 2002 Ford F350 Utility 1
 2021 - 2004 Ford F350 Grass 3
 2023 - 2006 Ford F350 Grass 4

Justification

Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles	65,000	52,000				117,000
Buildings				52,000		52,000
Total	65,000	52,000		52,000		169,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund	65,000	52,000		52,000		169,000
Total	65,000	52,000		52,000		169,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project #	FD-03
Project Name	Fire Trucks - Engines

Type	Vehicle	Department	Fire
Useful Life	20 years	Contact	Fire Chief
Category	Vehicles		



Description

Fire Engine replacements as follows:
 2021 - 2001 Pierce Engine 3

Justification

Based on annual condition assessment. The fire engines are the primary front-line response units.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles		600,000				600,000
Total		600,000				600,000

Funding Sources	2020	2021	2022	2023	2024	Total
GRE Reserve		600,000				600,000
Total		600,000				600,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # FD-07
 Project Name Fire - Mobile Equipment

Type Equipment Department Fire
 Useful Life Unassigned Contact Fire Chief
 Category Equipment



Description

2023 - 2004 Polaris UTV

Justification

Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Equipment				20,000		20,000
Total				20,000		20,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund				20,000		20,000
Total				20,000		20,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project #	FD-10
Project Name	Fire Department/EOC Equipment

Type	Equipment	Department	Fire
Useful Life	6 years	Contact	Fire Chief
Category	Equipment		



Description
 Audio/video equipment upgrade for Emergency Operations Center.

Justification
 The audio/video equipment in the EOC is used for trainings and meeting and is of the age where technical issues have been experienced more frequently.

Expenditures	2020	2021	2022	2023	2024	Total
Equipment	27,000					27,000
Total	27,000					27,000

Funding Sources	2020	2021	2022	2023	2024	Total
Capital Outlay Reserve	27,000					27,000
Total	27,000					27,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # FS-03
 Project Name Fire Station #3

Type Building Department Fire Stations
 Useful Life 50 years Contact Fire Chief
 Category Buildings



Potential Fire Station Site on City Owned Property at 191st St, Ave NW and Cleveland St, NW

Description

Construct Fire Station #3 to decrease call time for eastern part of City.

Justification

Based on current population growth, a station will be needed in the eastern area as an enhancement for response time.

Expenditures	2020	2021	2022	2023	2024	Total
Design	300,000					300,000
Construction		6,000,000				6,000,000
Total	300,000	6,000,000				6,300,000

Funding Sources	2020	2021	2022	2023	2024	Total
Capital Improvement Bonds		6,000,000				6,000,000
Government Buildings Reserve	300,000					300,000
Total	300,000	6,000,000				6,300,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # IA-01
 Project Name Ice Arena - Equipment

Type Equipment Department Ice Arena
 Useful Life 10 years Contact Ice Arena Manager
 Category Equipment



Description

2021 - Replace 2008 Zamboni

Justification

Expenditures	2020	2021	2022	2023	2024	Total
Equipment		140,000				140,000
Total		140,000				140,000

Funding Sources	2020	2021	2022	2023	2024	Total
Ice Arena		140,000				140,000
Total		140,000				140,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # IA-02
 Project Name Ice Arena - Building



Type Building Department Ice Arena
 Useful Life 20 years Contact Ice Arena Manager
 Category Buildings

Description

2020 - Construction of the multipurpose lease space.
 2022 - Replace the dehumidifier/furnace with a new HVAC system for the new field house.

Justification

The dehumidifier/furnace for the new field house is over 25 years old and was overhauled seven years ago. Since then, the unit has experienced several major repairs.

Expenditures	2020	2021	2022	2023	2024	Total
Buildings	400,000		160,000			560,000
Total	400,000		160,000			560,000

Funding Sources	2020	2021	2022	2023	2024	Total
GRE Reserve	400,000					400,000
Ice Arena			160,000			160,000
Total	400,000		160,000			560,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # II-00
 Project Name Hwy 169 Frontage/Backage Road Improvements

Type Infrastructure Department Infrastructure Improvements
 Useful Life 25 years Contact Public Works Director
 Category Street Construction



Description

Design and implement improvements to the frontage and backage road system east and west of the Hwy 169 Redefine project (this replaces the Line Ave improvements)

Justification

Improvements to the local road connections to Hwy 169 to assure the successful completion of connecting commercial uses along both the east and west sides of Hwy 169 from the railroad north to 197th Ave

Expenditures	2020	2021	2022	2023	2024	Total
Design	100,000	100,000				200,000
Land Acquisition	300,000	400,000				700,000
Construction			3,500,000			3,500,000
Total	400,000	500,000	3,500,000			4,400,000

Funding Sources	2020	2021	2022	2023	2024	Total
Municipal State Aid			1,950,000			1,950,000
Pavement Management Fund		500,000	1,450,000			1,950,000
Storm Water			100,000			100,000
Street/Capital Improvement	400,000					400,000
Total	400,000	500,000	3,500,000			4,400,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # II-08
 Project Name Kelley Pkwy/Twin Lakes Rd/TH 10 Intersection

Type Improvement Department Infrastructure Improvements
 Useful Life 25 years Contact Public Works Director
 Category Street Construction



Description
 Complete frontage road Kelley Parkway and Twin Lakes Road extension to new signalized intersection on TH 10/169 at 168th Avenue

Justification
 System expansion and access control on TH 10/169 corridor from 171st Avenue to 165th Avenue

Expenditures	2020	2021	2022	2023	2024	Total
Design	600,000					600,000
Land Acquisition	1,200,000					1,200,000
Construction		6,500,000				6,500,000
Total	1,800,000	6,500,000				8,300,000

Funding Sources	2020	2021	2022	2023	2024	Total
Federal Grants		2,000,000				2,000,000
MnDOT Cooperative Funds		1,000,000				1,000,000
Municipal State Aid	1,800,000	3,000,000				4,800,000
Special Assessments		500,000				500,000
Total	1,800,000	6,500,000				8,300,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # II-22
 Project Name School Street Traffic Enhancements

Type Maintenance Department Infrastructure Improvements
 Useful Life 15 years Contact Public Works Director
 Category Street Maintenance



Description

Upgrade two School Street flashing pedestrian crossings west of Freeport Ave and east of Jackson Ave and upgrade pedestrian ramps along the corridor, relocate the traffic signal at School Street and Lions Park Drive to the west.

Justification

Existing flashing pedestrian crossings and pedestrian ramps do not meet current design standards. The existing traffic signal at the School Street and Lions Park Drive intersection will be relocated.

Expenditures	2020	2021	2022	2023	2024	Total
Land Acquisition	12,000					12,000
Design/Construction	225,000					225,000
Total	237,000					237,000

Funding Sources	2020	2021	2022	2023	2024	Total
Municipal State Aid	178,000					178,000
Pavement Management Fund	59,000					59,000
Total	237,000					237,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # II-34
 Project Name Wayfinding Signage

Type Improvement Department Infrastructure Improvements
 Useful Life 25 years Contact City Clerk
 Category Landscaping/Boulevards



Description

The Wayfinding Master Plan is a blueprint for creating an easy to follow system of signs for entrance identification, directional signs for various modes of transportation, parking, parks, interpretive, and kiosks.

Justification

Enhance overall brand of the community, establish identity, ease navigation, market city amenities, and promote economic development.

Expenditures	2020	2021	2022	2023	2024	Total
Improvements	200,000					200,000
Total	200,000					200,000

Funding Sources	2020	2021	2022	2023	2024	Total
GRE Reserve	200,000					200,000
Total	200,000					200,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # II-36
 Project Name Hwy 169 Utility Modifications

Type Infrastructure Department Infrastructure Improvements
 Useful Life 20 years Contact Public Works Director
 Category Utilities



Description

Trunk sanitary sewer system modifications to accommodate Hwy 169 Redefine project

Justification

Relocate utilities in the MNDOT ROW

Expenditures	2020	2021	2022	2023	2024	Total
Design	200,000					200,000
Utilities		2,500,000				2,500,000
Total	200,000	2,500,000				2,700,000

Funding Sources	2020	2021	2022	2023	2024	Total
Trunk Utility Fund	200,000	2,500,000				2,700,000
Total	200,000	2,500,000				2,700,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # LB-03
 Project Name Library - Equipment



Type Equipment Department Library
 Useful Life Unassigned Contact Park & Rec. Director
 Category Building Maintenance

Description

Improvements to the Library building and grounds:
 2020 - Furniture/shelving

Justification

Beautification and maintenance of the library building and grounds.

Expenditures	2020	2021	2022	2023	2024	Total
Equipment	10,000					10,000
Total	10,000					10,000

Funding Sources	2020	2021	2022	2023	2024	Total
Library	10,000					10,000
Total	10,000					10,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # LS-01
 Project Name Northbound Liquor Store

Type Maintenance Department Liquor Fund
 Useful Life 20 years Contact Liquor Store Manager
 Category Building Maintenance



Description

2023 - Northbound roof replacement

Justification

Built in 1996, Northbound liquor store is of the age where the roof will need replacement.

Expenditures	2020	2021	2022	2023	2024	Total
Building Maintenance				100,000		100,000
Total				100,000		100,000

Funding Sources	2020	2021	2022	2023	2024	Total
Liquor Fund				100,000		100,000
Total				100,000		100,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PD-01
 Project Name Police - Marked Squads

Type Vehicle Department Police
 Useful Life 4 years Contact Police Captain
 Category Vehicles



Description
 2020 - 2015 Ford Utility (3)
 2021 - 2014 Ford Utility (1)
 2023 - 2016/2017 Ford Utility (2)
 2024 - 2017 Ford Utility (2)

Justification
 Based on annual condition assessment

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles	187,500	62,500		125,000	125,000	500,000
Total	187,500	62,500		125,000	125,000	500,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund	187,500	62,500		125,000	125,000	500,000
Total	187,500	62,500		125,000	125,000	500,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PD-02
 Project Name Police - Unmarked Squads

Type Vehicle Department Police
 Useful Life 7 years Contact Police Captain
 Category Vehicles



Description
 2021 - 2012 Chev Impala
 2022 - 2012 Chev Impala, 2012/2013 Chev Tahoe
 2023 - 2014 Ford Utility, 2015 Chev Equinox
 2024 - 2016 Ford Taurus, 2016 Ford Utility

Justification
 Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles		35,000	105,000	70,000	70,000	280,000
Total		35,000	105,000	70,000	70,000	280,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund		35,000	105,000	70,000	70,000	280,000
Total		35,000	105,000	70,000	70,000	280,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PD-03
 Project Name Police - CSO Vehicles

Type Vehicle Department Police
 Useful Life 6 years Contact Police Captain
 Category Vehicles



Description

2021 - 2014 Ford Utility
 2022 - 2014 Ford Utility

Justification

Based on annual condition assessment

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles		43,500	43,500			87,000
Total		43,500	43,500			87,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund		43,500	43,500			87,000
Total		43,500	43,500			87,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PF-64
 Project Name Trail Development - TH 10 Extension

Type Improvement Department Park Development/Improvement
 Useful Life 20 years Contact Public Works Director
 Category Trail Improvements



Description
 TH 10 Trail Extension - Design and install lighted trail from Gary St to Morton Ave

Justification
 The bulk of this project will be constructed with the MNDOT TH 10 resurfacing project expected in 2021. The project is partially funded with a federal grant.

Expenditures	2020	2021	2022	2023	2024	Total
Design	20,000					20,000
Construction		960,000				960,000
Total	20,000	960,000				980,000

Funding Sources	2020	2021	2022	2023	2024	Total
Federal Grants		640,000				640,000
Park Dedication	20,000	320,000				340,000
Total	20,000	960,000				980,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PIF-20
 Project Name 2020 Park Improvement Projects

Type Maintenance Department Park Improvement Fund
 Useful Life Unassigned Contact Park & Rec. Director
 Category Park Improvements



Description

2020 projects include:
 Houlton restoration (FMR match) - \$10,000
 Lions Park Master Plan - \$15,000
 Woodland Trails Grant Match - \$387,000
 Woodland Trails Amenities - \$90,000 (Well, shelter/shelter pads, trails, picnic tables)
 YAC dugouts - \$150,000

Justification

Annual maintenance/repairs of our park system.

Expenditures	2020	2021	2022	2023	2024	Total
Improvements	652,000					652,000
Total	652,000					652,000

Funding Sources	2020	2021	2022	2023	2024	Total
Park Improvement Fund	652,000					652,000
Total	652,000					652,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PIF-21
 Project Name 2021 Park Improvement Projects



Type Maintenance Department Park Improvement Fund
 Useful Life Unassigned Contact Park & Rec. Director
 Category Park Improvements

Description

2021 park projects include:
 Country Crossing basketball court - \$50,000
 Fresno Park basketball court - \$30,000
 Trott Brook tennis court - \$150,000

Justification

Annual maintenance/repairs of our park system.

Expenditures	2020	2021	2022	2023	2024	Total
Improvements		230,000				230,000
Total		230,000				230,000

Funding Sources	2020	2021	2022	2023	2024	Total
Park Improvement Fund		230,000				230,000
Total		230,000				230,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PIF-22
 Project Name 2022 Park Improvement Projects

Type Maintenance Department Park Improvement Fund
 Useful Life Unassigned Contact Park & Rec. Director
 Category Park Improvements



Description

2022 park projects include:
 Lions Park playground - \$200,000

Justification

Annual maintenance/repairs of our park system.

Expenditures	2020	2021	2022	2023	2024	Total
Improvements			200,000			200,000
Total			200,000			200,000

Funding Sources	2020	2021	2022	2023	2024	Total
Park Improvement Fund			200,000			200,000
Total			200,000			200,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PIF-23
 Project Name 2023 Park Improvement Projects

Type Maintenance Department Park Improvement Fund
 Useful Life Unassigned Contact Park & Rec. Director
 Category Park Improvements



Description

2023 projects include:
 Sport court resurfacing - \$40,000
 Woodland Trails storage garage - \$100,000

Justification

Annual maintenance/repairs of our park system.

Expenditures	2020	2021	2022	2023	2024	Total
Improvements				140,000		140,000
Total				140,000		140,000

Funding Sources	2020	2021	2022	2023	2024	Total
Park Improvement Fund				140,000		140,000
Total				140,000		140,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PIF-24
 Project Name 2024 Park Improvement Projects



Type Maintenance Department Park Improvement Fund
 Useful Life Unassigned Contact Park & Rec. Director
 Category Park Improvements

Description

2024 projects include:
 Country Crossing playground - \$100,000
 Ridgewood Park basketball court - \$30,000

Justification

Annual maintenance/repairs of our park system.

Expenditures	2020	2021	2022	2023	2024	Total
Improvements					130,000	130,000
Total					130,000	130,000

Funding Sources	2020	2021	2022	2023	2024	Total
Park Improvement Fund					130,000	130,000
Total					130,000	130,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PK-18
 Project Name Parks - Pickup Trucks



Type Vehicle Department Park Maintenance
 Useful Life Unassigned Contact Parks Supt.
 Category Vehicles

Description

2021 - 2007 GMC 3500
 2022 - 2001 Chev 1500
 2023 - 2005 Chev 2500, 2008 Ford F250

Justification

Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles		40,000	30,000	70,000		140,000
Total		40,000	30,000	70,000		140,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund		40,000	30,000	70,000		140,000
Total		40,000	30,000	70,000		140,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PK-19
 Project Name Parks - Mobile Equipment

Type Equipment Department Park Maintenance
 Useful Life Unassigned Contact Parks Supt.
 Category Equipment



Description
 2020 - 2006 Toro Groundsmaster
 2023 - 2009 John Deere Tractor
 2024 - 2006 FEMA Trailer, 1999 Mower Trailer, 2006 Mower Trailer

Justification
 Based on annual condition assessment

Expenditures	2020	2021	2022	2023	2024	Total
Equipment	15,000			90,000	66,000	171,000
Total	15,000			90,000	66,000	171,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund	15,000			90,000	66,000	171,000
Total	15,000			90,000	66,000	171,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project #	Plan-02
Project Name	Comprehensive Plan

Type	Study	Department	Planning
Useful Life	Unassigned	Contact	Public Works Director
Category	City-Wide Development		

Description

Update the Comprehensive Plan, which includes the transportation plan and urban services district study, as part of the Hwy 169 Redefine project.

Justification

With the Hwy 169 Redefine project an updated comprehensive and transportation plan and a study of urban services will aid all city departments in their prospective future planning.

Expenditures	2020	2021	2022	2023	2024	Total
Study	200,000					200,000
Total	200,000					200,000

Funding Sources	2020	2021	2022	2023	2024	Total
City Development Fund	75,000					75,000
Street/Capital Improvement	75,000					75,000
Trunk Utility Fund	50,000					50,000
Total	200,000					200,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PM-01
 Project Name Pavement Management Program

Type Improvement Department Infrastructure Improvements
 Useful Life 25 years Contact Public Works Director
 Category Street Construction



Description

Preventative maintenance on our streets includes sealcoating, crackfilling and small overlay projects.
 Street improvement projects to replace, overlay or rehabilitate aged and deteriorated streets, storm drainage, and adjacent walks will be completed every other year.

Justification

Individual street pavement conditions will dictate what pavement management technique will be utilized to extend the life of that specific street segment. These techniques may range from preventative maintenance to a full reconstruction of the surface and aggregate base. As they are implemented, the prescribed techniques will continually be gauged to assure their performance is proper in extending the life of our pavements.

Expenditures	2020	2021	2022	2023	2024	Total
Design	100,000		100,000		100,000	300,000
Construction		5,900,000		3,400,000		9,300,000
Preventative Maintenance	200,000	200,000	200,000	200,000	200,000	1,000,000
Total	300,000	6,100,000	300,000	3,600,000	300,000	10,600,000

Funding Sources	2020	2021	2022	2023	2024	Total
Municipal State Aid		2,500,000		1,000,000		3,500,000
Pavement Management Fund	300,000	3,350,000	300,000	2,550,000	300,000	6,800,000
Storm Water		250,000		50,000		300,000
Total	300,000	6,100,000	300,000	3,600,000	300,000	10,600,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # PS-03
 Project Name Public Safety Building

Type Building Department Public Safety Building
 Useful Life 20 years Contact Police Chief
 Category Buildings



Description

Public safety building projects include:
 - Additional garage space and 2nd floor build out for Police department
 - Expansion of Fire Station #2

Justification

Expansion of the Police Department includes buildout of the 2nd floor and additional garage space to accommodate space needs and traffic flow.
 Expansion of Fire Station #2 is needed to accommodate space for gear, equipment, personal decontamination, and growth in the training program.

Expenditures	2020	2021	2022	2023	2024	Total
Design	250,000					250,000
Construction		4,000,000				4,000,000
Total	250,000	4,000,000				4,250,000

Funding Sources	2020	2021	2022	2023	2024	Total
Capital Improvement Bonds		4,000,000				4,000,000
Government Buildings Reserve	250,000					250,000
Total	250,000	4,000,000				4,250,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # ST-01
 Project Name Streets - Pickup Trucks

Type Vehicle Department Streets
 Useful Life 10 years Contact Street Supt.
 Category Vehicles



Description
 2021 - 2008 Ford F550
 2023 - 1988 Ford F350, 2002 Dodge Ram 1500, 2010 Ford F550,
 2024 - 2011 Dodge 5500

Justification
 Based on annual condition assessment

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles		65,000		160,000	50,000	275,000
Total		65,000		160,000	50,000	275,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund		65,000		160,000	50,000	275,000
Total		65,000		160,000	50,000	275,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # ST-02
 Project Name Streets - Dump Trucks

Type Vehicle Department Streets
 Useful Life 15 years Contact Street Supt.
 Category Heavy Equipment



Description
 2020 - 2003 Sterling Dump Truck, 2006 International Dump Truck
 2021 - 2007 International Dump Truck
 2022 - 2009 Sterling Dump Truck
 2023 - 2007 International Dump Truck

Justification
 Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Vehicles	510,000	255,000	260,000	260,000		1,285,000
Total	510,000	255,000	260,000	260,000		1,285,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund	510,000	255,000	260,000	260,000		1,285,000
Total	510,000	255,000	260,000	260,000		1,285,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # ST-03
 Project Name Streets - Mobile Equipment

Type Equipment Department Streets
 Useful Life 15 years Contact Street Supt.
 Category Heavy Equipment



Description

2022 - 2008 Cat Loader
 2024 - 2012 JD Tractor, 2012 Elgin Sweeper

Justification

Based on annual condition assessment.

Expenditures	2020	2021	2022	2023	2024	Total
Equipment			225,000		370,000	595,000
Total			225,000		370,000	595,000

Funding Sources	2020	2021	2022	2023	2024	Total
Equipment Replacement Fund			225,000		370,000	595,000
Total			225,000		370,000	595,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # ST-12
 Project Name Traffic Control - Twin Lakes Rd & 181st Ave

Type Improvement Department Infrastructure Improvements
 Useful Life 20 years Contact Public Works Director
 Category Street Construction



Description

Install a revised traffic control system at the intersection of Twin Lakes Rd & 181st Avenue.

Justification

Continued traffic demands at this intersection will warrant a change in traffic control in the near future. Actual year for construction will be based on traffic warrant criteria being met. Costs reflect 1/4 of the cost of the system as Sherburne County will participate in their 3 legs of the intersection.

Expenditures	2020	2021	2022	2023	2024	Total
Design		125,000				125,000
Total		125,000				125,000

Funding Sources	2020	2021	2022	2023	2024	Total
Municipal State Aid		125,000				125,000
Total		125,000				125,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # STM-1
 Project Name Storm Water projects

Type Maintenance Department Storm Water
 Useful Life Unassigned Contact Storm Water Coordinator
 Category Maintenance Projects



Description

Bi-annual pond cleaning, stormwater repairs, BMP inventory.
 2020 - Dodge Ave south of 8th St - Basin 197
 2023 - Trott Brook
 (Storm water infrastructure projects combined with street projects are included on the pavement management CIP sheet.)

Justification

These projects include the testing, removal, and disposal of sediment deposits from our stormwater ponds. This is needed to assure the storm water system is functioning as designed and achieving the water quality standards of our NPDES permit.
 The smaller stormwater repairs include minor pipe upsizing, culvert replacement, manhole and catch basin repairs and fixing of washout areas.

Expenditures	2020	2021	2022	2023	2024	Total
Construction/Maintenance	200,000			250,000		450,000
Total	200,000			250,000		450,000

Funding Sources	2020	2021	2022	2023	2024	Total
Storm Water	200,000			250,000		450,000
Total	200,000			250,000		450,000

Capital Improvement Plan
 City of Elk River, Minnesota

2020 *thru* 2024

Project # TC-01
 Project Name Annual Technology Upgrades



Type Technology Department Technology/Communications
 Useful Life Unassigned Contact IT Coordinator
 Category Technology/Communications

Description

Technology upgrades include:
 2020 - Infrastructure upgrade (\$180,000)
 2021 - Network upgrades (\$130,000), Enterprise backup (\$25,000), Laptops/Council (\$10,000)
 2022 - Squad camera storage (\$40,000), Virus software (\$25,000), Wireless network (\$30,000)
 2023 - Microsoft server (\$25,000)
 2024 - Security camera system (\$60,000)

Justification

Annual replacement and upgrade of information technology software/hardware.

Expenditures	2020	2021	2022	2023	2024	Total
Software/Hardware	180,000	165,000	95,000	25,000	60,000	525,000
Total	180,000	165,000	95,000	25,000	60,000	525,000

Funding Sources	2020	2021	2022	2023	2024	Total
Capital Outlay Reserve	115,000	165,000	95,000	25,000	60,000	460,000
ERMU	65,000					65,000
Total	180,000	165,000	95,000	25,000	60,000	525,000

2020 Housing and Redevelopment Authority

DEFINITION

The Housing and Redevelopment Authority (HRA) is a separate legal entity created for the purpose of undertaking certain types of housing and redevelopment projects within the city's jurisdiction. Projects may include such activities as planning, acquisition, clearance, rehabilitation and construction for the provision of safe housing for persons of low and moderate income. Project may also include the improvement and restoration of stagnant and underdeveloped land. The board consists of five commissioners appointed by the City Council, comprised of one City Council member and four citizens. The term of office is for five years. The City Council has the ability to approve the HRA's budget.

****This budget is provided for informational purposes only.****

Fund: Housing & Redevelopment Authority

Description of Services

The Housing & Redevelopment Authority is responsible for undertaking redevelopment and housing activities that will result in the preservation and enhancement of residential and commercial areas of the city.

Goals for 2020 budget

- Promote the HRA Rehab Loan Program to preserve the city's housing stock
- Promote a vital downtown through beautification and façade improvement programs
- Enhance redevelopment opportunities for blighted commercial/industrial properties

Staffing Levels	2018	2019	2020
Number of Employees (FTEs)	.8	.8	.8

Budget Summary

- Additional funding for the housing rehab loan program for 2020

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	\$ Change	% Change
Revenues:						
Taxes	\$ 290,146	\$ 290,055	\$ 316,450	\$ 370,250	\$ 53,800	17.00%
Intergovernmental	164	152	-	-	-	0.00%
Other Revenue	8,670	10,200	8,000	8,000	-	0.00%
Total Revenues	\$ 298,980	\$ 300,407	\$ 324,450	\$ 378,250	\$ 53,800	16.35%
Expenditures:						
Personal Services	\$ 77,056	\$ 85,660	\$ 89,350	\$ 93,400	\$ 4,050	4.53%
Supplies	43	-	5,000	5,000	-	0.00%
Services & Charges	121,796	143,831	195,100	235,650	40,550	20.78%
Capital Outlay	-	271,312	-	-	-	0.00%
Transfers Out	28,250	33,500	35,000	44,200	9,200	26.29%
Total Expenditures	\$ 227,145	\$ 534,303	\$ 324,450	\$ 378,250	\$ 53,800	16.18%
Net Change	\$ 71,835	\$ (233,896)	\$ -	\$ -	\$ -	N/A

HRA Rehab Loan Program



Before



After

**CITY OF ELK RIVER, MINNESOTA
PRINCIPAL TAXPAYERS**

	2019	
	Net Tax Capacity	Percentage of Total Net Tax Capacity
Great River Energy	\$ 850,795	3.27%
JPM Capital Corporation	364,100	1.40%
Target Corp.	252,326	0.97%
BRE Retail Residual Owner, LLC	235,078	0.90%
Minnegasco	222,964	0.86%
Walmart Stores	199,136	0.77%
Broadstone STI Minnesota, LLC	135,018	0.52%
Menards, Inc	132,604	0.51%
Home Depot	110,342	0.42%
Meritex Elk River, LLC	106,244	0.41%
TOTAL	\$ 2,608,607	10.03%

Source: Sherburne County Assessor

**CITY OF ELK RIVER, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS**

Fiscal Year	Population¹	Personal Income (in thousands)	Per Capita Income²	Median Age³	School Enrollment⁴	Unemployment Rate⁵
2009	23,633	\$ 692,376	\$ 29,297	33	13,073	9.0%
2010	22,974 ³	687,129	29,909	33	13,036	8.1%
2011	23,101	681,179	29,487	34	13,117	7.3%
2012	23,147	696,794	30,103	34	13,255	6.4%
2013	23,370	691,962	29,609	35	13,367	5.5%
2014	23,730	767,666	32,350	36	13,627	4.1%
2015	23,987	782,528	32,623	35	13,751	4.0%
2016	24,368	815,597	33,470	36	14,077	3.4%
2017	24,567	832,784	33,899	36	14,294	4.0%
2018	25,003	858,278	34,327	36	14,448	3.8%

Data Sources:

¹ State Demographer

² Bureau of Economic Analysis

³ US Census Bureau

⁴ School District

⁵ Minnesota Department of Employment and Economic Development

na - not available

Glossary of Budget Terms

Account

A term used to identify an individual asset, liability, expenditure controls, revenue control, or fund balance.

Accrual Basis of Accounting

The method of accounting under which revenues are recorded when they are earned and expenditures are recorded when goods and services are received.

Activity

A specific and distinguishable line of work performed by one or more organizational components of a governmental unit for the purpose of accomplishing a function for which the governmental unit is responsible. For example, "Code Enforcement" is an activity performed in the discharge of the "Planning" function.

Adoption

The formal action taken by the City Council to authorize or approve the budget.

Appropriation

An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is limited in amount to the time it may be expended.

Assessed Valuation

Value placed upon real estate or other property as a basis for levying taxes.

Assigned Fund Balance

Amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority.

Audit

The examination of documents, records, reports, systems of internal control, accounting and financial procedures, and other evidence for one or more of the following purposes:

- a) To ascertain whether the statements prepared from the accounts present fairly the financial position and the results of financial operations of the constituent funds and balanced account groups of the governmental unit in accordance with generally accepted accounting principles applicable to governmental units and on a basis consistent with that of the preceding year.
- b) To determine the propriety, legality, and mathematical accuracy of a governmental unit's financial transactions.
- c) To ascertain whether all financial transactions have been properly recorded.
- d) To ascertain the stewardship of public officials who handle and are responsible for the financial resources of a governmental unit.

Balanced Budget

Annual appropriations do not exceed the total of the estimated annual revenue.

Bond

A written promise, generally under seal, to pay a specified sum of money, called the face value or principal amount, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically.

Bonded Indebtedness

Outstanding debt by issues of bonds, which is paid by ad valorem or other revenue.

Budget

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budget Document

The official written statement prepared by the Administrator and Finance Director of the City which presents the proposed budget to the City Council.

Budget Message

A general discussion of the proposed budget presented in writing as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Administrator and Finance Director.

Budget Calendar

The schedule of key dates, which a government follows in the preparation and adoption of the budget.

Budgetary Control

The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitation of available appropriations and available revenues.

Capital Assets

Assets with a value of \$10,000 or more.

Capital Improvement Program

A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

Capital Outlay

A level of budgetary appropriations which include expenses for acquiring capital assets, including land or buildings, improvements of grounds, and equipment.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities.

Cash Basis

The method of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.

Certified Levy

Total tax levy of a jurisdiction, which is certified to the County Auditor.

Charges for Services

Charges for current services rendered.

Chart of Accounts

The classification system used by a City to organize the accounting for various funds.

Committed Fund Balance

Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Contingency

Budget for expenditures which cannot be placed in departmental budgets, primarily due to uncertainty about the level or timing of expenditures when the budget is adopted. The contingency also serves as a hedge against shortfalls in revenues or unexpected expenditures.

Culture and Recreation

To account for costs related to recreational activities, programs, and facilities including maintenance of City parks.

Current

A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods.

Debt

An Obligation resulting from the borrowing of money or from the purchase of goods and services.

Debt Margin

The amount of available debt, which may be issued by a governmental unit before reaching its debt limit.

Debt Service Funds

To account for the accumulation of resources for payment of general long-term debt.

Department

Basic organizational unit of government, responsible for carrying out related functions.

Enterprise Funds

To account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing services are to be recovered primarily on a user-charge basis to the general public.

Estimated Market Value

Represents the selling price of a property if it were on the market. Estimated market value is converted to tax capacity before property taxes are levied.

Expenditure

Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of good received or services rendered whether cash payment have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

Fines & Forfeitures

Revenues from penalties imposed for violation of laws or regulations.

Fiscal Policy

A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal Policy provides an agreed-upon set of principles for the planning and programming of budgets and their funding.

Fiscal Year

The budget and accounting year that begins on the first day of January and ends on the last day of December of each year.

Full Time Equivalent (FTE)

The number of employee hours (2080) needed to be equal to one full-time employee. Several part-time employees may be combined to make one full-time equivalent.

Function

A group of related activities aimed at accomplishing a major service or regulatory program for which the government unit is responsible.

Fund

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance

The difference between assets and liabilities reported in a governmental fund.

General Government

Expenditures, which represents a set of accounts, to which are charged the expenditures for operating the city.

General Obligation Bonds

When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds.

Goal

A statement of broad direction, purpose, or intent based on the need of a community. A goal is general and timeless; that is it is not concerned with a specific achievement in a given period.

Governmental Accounting

The composite of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governmental units and agencies.

Governmental Fund Types

Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities – except those accounted for in proprietary funds and fiduciary funds. In essence, these funds are accounting segregation of financial resources. Under current GAAP, there are four governmental funds types: general, special revenue, debt service, and capital projects.

Improvement Bonds

Bonds payable from the proceeds of special assessments from properties benefiting from an improvement.

Interfund Transfers

Amounts transferred from one fund to another.

Infrastructure

Assets which are immovable and of value only to the governmental unit (i.e. roads, gutters, sewer lines).

Intergovernmental Revenues

Revenues from other governments in the form of grants, entitlement, or shared revenues.

Investments

Securities held for the production of income in the form of interest.

Levy

(Verb) To impose taxes, special assessments, or service charges for the support of governmental activities.

(Noun) The total amount of taxes special assessments, or service charges imposed by a governmental unit.

Licenses & Permits

Revenues received from the sale of business and non-business licenses.

Local Government Aid (LGA)

Intergovernmental revenue from the state to municipalities to help fund general expenditures.

Long-Term Debt

Debt with a maturity of more than one year after the date of issuance.

Market Value Homestead Credit (MVHC)

State paid property tax reduction on owner occupied homes based on the properties market value.

Miscellaneous

Revenues or expenditures not classified in any other revenue or expenditure category.

Modified Accrual Basis

The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash, except for material and/or available revenues, which should be accrued to reflect properly the tax levied and revenue earned.

Net Assets

The difference between a fund's assets and liabilities of proprietary funds that consists of capital assets less both accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of those assets.

Nonspendable Fund Balance

Amounts that are not in a spendable form or are required to be maintained intact.

Objective

Desired output-oriented accomplishments, which can be measured and achieved within a given time frame.

Operating Budget

A plan of financial operation embodying an estimate of proposed expenditures for the calendar year and the proposed means of financing them.

Operating Transfers

Amounts transferred from one fund to another, shown as expenditure in the originating fund and revenue in the receiving fund.

Other Charges & Services

A level of budgetary appropriations which include expenses for outside professional services, advertising, insurance, utility costs, repairs maintenance, and miscellaneous costs.

Personal Services

A level of budgetary appropriations which include expenses for salaries, wages, and related employee benefits such as the City's share of retirement and insurance.

Program

A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the governmental unit is responsible.

Proprietary Accounts

Those accounts which show actual financial position and operation, such as actual assets, liabilities, reserve, fund balances, revenues, and expenditures, as distinguished from budgetary accounts.

Public Safety

To account for expenditures related to the protection of persons and property.

Public Works

To account for expenditures for the maintenance of City property.

Reimbursement

Cash or other assets received as a repayment of the cost of work or services performed or of other expenditures made for or on behalf of another governmental unit or department or for an individual, firm, or corporation.

Reserve

An account which records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

Resolution

A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources

The actual assets of a governmental unit, such as cash, plus contingent assets such as estimated revenues applying to the current fiscal year not accrued or collected, and bonds authorized and not issued.

Restricted Fund Balance

Amounts subject to externally enforceable legal restrictions.

Revenue

The term designates an increase to a fund's assets which: 1) does not increase a liability; 2) does not represent a repayment of an expenditure already made; 3) does not represent a cancellation of certain liabilities; and 4) does not represent an increase in contributed capital.

Revenue Bond

A bond that is backed by a particular revenue source such as sewer user fees and municipal liquor store sales.

Special Assessment

A compulsory levy made by a local government against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be of general benefit to the public and of special benefit to such properties.

Special Revenue Fund

To account for revenue derived from specific revenue sources that are legally restricted for specific purposes.

Supplies

A level of budgetary appropriations which include expenses for commodities which are used such as office supplies, operating supplies, and repair and maintenance supplies.

Tax Capacity

An amount determined by a percentage of a property's market value, which is then applied to the tax rates of taxing jurisdictions affecting the property to determine the amount of property taxes owed.

Tax Capacity Rate

Tax rate applied to tax capacity to generate property tax revenue. The rate is obtained by dividing the property tax levy by the available tax capacity.

Tax Classification Rate

Rate at which estimated market values are converted into the property tax base. The classification rates are assigned to properties depending on their type (residential, commercial, farm, etc.) and, in some cases there are two tiers of classification rates, with the rate increasing as the estimated market value increases.

Tax Increment Financing (TIF)

Financing tool originally intended to combat severe blight in areas, which would not be redeveloped “but for” the availability of government subsidies derived from locally generated property tax revenues.

Tax Levy

The total amount to be raised by general property taxes for the purpose stated in the resolution certified to the county auditor.

Tax Rate

The amount applied to properties tax capacity to determine the taxes generated by the property.

Taxes

Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

Trust Fund

A fund consisting of resources received and held by the governmental unit as trustee, to be expended or invested in accordance with the conditions of the trust.

Unassigned Fund Balance

Residual amounts that are available for any purpose in the general fund.

Unrestricted Fund Balance

The total of committed fund balance, assigned fund balance, and unassigned fund balance.

User Fees

The payment of a charge for direct receipt of a public service by the party benefiting from the service.

Acronyms

CAFR	Comprehensive Annual Financial Report
CIP	Capital Improvement Plan
EDA	Economic Development Authority
EMV	Estimated Market Value
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers' Association
GIC	Guaranteed Investment Contract
GO	General Obligation
HRA	Housing and Redevelopment Authority
LGA	Local Government Aid
MVHC	Market Value Homestead Credit
SAC	Sewer Availability Charge
SIPC	Securities Investor Protection Corporation
TIF	Tax Increment Financing