



2020 Adopted General Fund Budget

City of Big Lake
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2020 General Fund

City Officials



Seth Hansen
Council Member
Term Expires 12/31/2020



Rose Johnson
Council Member
Term Expires 12/31/2020



Mike Wallen
Mayor
Term Expires 12/31/2020



Paul Knier
Council Member
Term Expires 12/31/2022



Scott Zettervall
Council Member
Term Expires 12/31/2020

City Management

Name	Position
Clay Wilfahrt	City Administrator
Gina Wolbeck	City Clerk
Deb Wegeleben	Finance Director
Hanna Klimmek	Community Development Director
Joel Scharf	Chief of Police
Matt Hayen	Deputy Chief of Police
Vacant	Fire Chief
Layne Otteson	City Engineer/Public Works Director
Dan Childs	Water/Wastewater Superintendent
Nick Abel	Street/Parks Superintendent
Greg Zurbey	Liquor Store Manager
Lisa Miller	Assistant Liquor Store Manager

City Organizational Chart – by Services



Budget Message



Honorable Mayor and Council Members:

Annually, the City Finance Director, at the direction of 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.

The Adopted 2020 Budget includes the operations of the General Fund and Debt Service Funds that are supported by property taxes and the budgets for the Special Revenue, Capital Project, and Enterprise Funds. The City Council reviewed the budget in work sessions beginning in August of 2019 and adopted the preliminary property tax levy on September 9, 2019. The 2020 Budget and final property tax levy were adopted at the December 11, 2019, City Council meeting and the final property tax levy was submitted to Sherburne County on December 16, 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 including the Comprehensive Plan, Parks Master Plan and strategic updates. These plans are guiding documents that are periodically reviewed and updated.

After much discussion and planning, the Wayfinding Plan was adopted to add improved community signage in McDowall Park and Big Lake.

The city began to see the impacts of an improving economy with our largest number of new residential housing starts since 2009. The commercial/industrial sector has experienced modest growth, expansion and reinvestment as well. It is anticipated that residential development will continue to rebound in 2020.

Highlights of the Past Year

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

- The City of Big Lake was voted safest city, in the state of Minnesota, for city population over 10,000 but less than 20,000
- Received a \$1,000,000 appropriation from the 2018 legislative session for the Big Lake treatment facility expansion
- The City of Big Lake issued 77 new single family building permits

- The City of Big Lake welcomed the beginning of the development of a 38 townhome rental unit, a 105 rental unit as well as a 12-unit development project
- The City of Big Lake welcomed Williams Dingmann Funeral Home, Ice-O-Metric, French Twist, Minnco Credit Union, and Caribou Coffee
- The City of Big Lake welcomed the expansion of Lake Café, Cargill Kitchen, Third Rail Bar & Grill, and Lupulin Brewery
- The City of Big Lake saw an increase in the Farmers Market and ECFE in the Park
- The City of Big Lake credit rating increased to a AA in 2018
- The City of Big Lake tax capacity continues to increase, due to the increase in development. In 2019, the Cities tax capacity increased by 9.41%. This was the third highest in Sherburne County
- The City of Big Lake continues to budget for future projects

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 9.4% and a tax rate of 50.62%. 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 11.51% over the adopted 2019 budget. The increases are attributed to the following:

- Market increase to pay scale
- Step increases to employees with positive performance review
- Increase in insurance rates
- Potential increase of staff in Public Safety and Public Works Departments
- Increase of cost for general liability insurance
- Increase in contracted services
- Increase in rates for City’s charge of water/sewer usage
- Future computer replacements, parks and trail projects and street projects

Currently 59% of all revenues received that are used to provide city services, come from property taxes. This is consistent through the prior years. The City is budgeting a transfer of \$450,000 from the projected 2020 profits of the liquor store. These funds are used to help support city services as well as future projects. Thank you to all who support the City liquor store as without the support the City would not be able to budget this transfer.

The 2020 General Fund budget is allocated for the following services:

- 49% for public safety, which includes our police, fire and building divisions; which maintains the safety of our community
- 16% for general government; which is general services and administration of the City
- 14% for culture, which includes parks, the library and community events; which promotes quality of life
- 13% for public works; which maintains the infrastructure of the community
- 6% for transfers; which are used for future projects or equipment

- 2% for EDA; which is used to promote Big Lake

Capital Improvements

The detailed 2020-2024 Capital Improvement Plan (CIP) was approved as a planning document at the December 11, 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 197.

Major highlights of the Capital Improvement Plan for 2020 include:

- 2020 street improvement project
- Police car replacement
- Public Work equipment replacement
- Safe route to School sidewalks
- Lake side parking lot improvements
- Wastewater expansion
- Water meters and wells

Enterprise Funds

The enterprise funds include Water, Sanitary Sewer, Storm Sewer, and Municipal Liquor.

Water Fund

The Water Fund revenue is expected to increase 7.25% with a proposed 6% non-industrial customer rate increase and an 8% industrial customer rate increase.

The operating budget includes the new superintendent position, and two additional water/wastewater operator positions (all personnel is split 50% water and 50% sanitary sewer) in addition to many maintenance-related and capital expenditures.

Sanitary Sewer Fund

The Sanitary Sewer Fund revenue is expected to increase 10.85% with a proposed 5% non-industrial customer rate increase and an 8% industrial customer rate increase, along with the additional disposal fee revenue.

The operating budget includes the new superintendent position, and two additional water/wastewater operator positions (all personnel is split 50% water and 50% sanitary sewer) in addition to many maintenance-related and capital expenditures.

Storm Sewer Fund

The Storm Sewer revenue is expected to increase about 2% and this reflects the new development.

Liquor Fund

The City's municipal liquor store has a projected sales volume of \$4.49 million and a projected gross profit of 27%. Sales in 2020 are projected to remain comparable to 2019.

The operating budget for 2020 is projected to decrease by 4.31% due to a reduction of a \$150,000 in the budgeted transfer to general fund.

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

<u>Purpose</u>	<u>2020</u>
General Fund support	\$450,000

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,



Deb Wegeleben
City Finance Director



Clay Wilfahrt
City Administrator

Budget Process and Calendar

The City of Big Lake budget development is not just an annual process that occurs at a set time every year. In actuality, the entire process is an on-going approach that fits into an overall framework of the four primary principles of sound local government budgeting, which are:

1. Establish broad goals to guide government decision making
2. Develop approaches to achieve goals
3. Develop a budget consistent with approaches to achieve goals
4. Evaluate performance and make adjustments.

The City's budget process is built on a strong foundation of financial policies and goal setting. The City's budget process begins with a review of the City's Financial Management Plan which is the policy document that provides the framework for financial decision making. The strategic planning defines the Council's, staff and community goals for the City of Big Lake.

In June the Finance Director provides budget worksheets to each department director with projections in revenues and expenditures for the next five years and the impact on the levy. In July the Finance Director and City Administrator meets with each department and discusses any changes needed from the preliminary budget documents provided by finance. In August during the budget workshops, Council reviews the preliminary needs and revenue sources of each department to determine if needs reflect that of the strategic planning and City Council priorities.

Each year the City Council is required to adopt a maximum tax levy ceiling and preliminary budget by September 30. The tax levy figures establish the maximum tax levy increase that the Council can consider for the next budget year and is the amount used for the individual parcel specific Truth-in-Taxation notices. Historically, the City has used the maximum tax levy as a means for preserving flexibility in decision making until later in the year when considering final budget adoption.

The City Council will meet on November 26 to review the recommended 2020 budget in preparation for the final budget adoption of the budget. The meeting is open to the public and the public is invited to comment on the budget. A review of the City's 2020 budget is available on the City's website.

On December 11, the City Council will consider adoption of the final budget.

Council and staff at the City of Big Lake strive to make responsible financial decisions, preparing for the future and providing high-quality services to residents and businesses. The community expects this of its City government and the City staff, with the encouragement of City Council, works hard to make those expectations reality. City staff takes pride in our efforts to provide high-quality services cost effectively, and this is reflected in the 2020 budgeted adopted December 11, 2019.

City Tax Levy Information

Taxable Market Value

For 2020, the City's Taxable Market Value, which is the estimated market value of all properties (real estate and personal property) within the city less any applicable market value exclusion, increased by 9.87%, from \$759 million in 2019 to \$833 million for 2020. When the City's Taxable Market Value changes, there is an impact to the City's Tax Rate. Since 2015, the City's Taxable Market Value has increased by 44%.

Net Tax Capacity Value

The County Assessor determines the market value for each parcel by January 2 of the year before taxes are payable. In addition, each parcel is assigned a class rate based on the use of the property as determined by the legislature. The legislature can change the classification system which would shift property tax burden from one type of property to another.

The City's Net Tax Capacity Value (net tax capacity of all taxable parcels within the city, excluding property located in a tax increment financing district) is used to calculate the City's tax rate. As the taxable market value increases the City's net tax capacity will increase. Since 2015 the City's tax capacity has increased by 29%. For 2020, the City's tax capacity has increased by 9.4% to \$9,034,647.

City Tax Rate

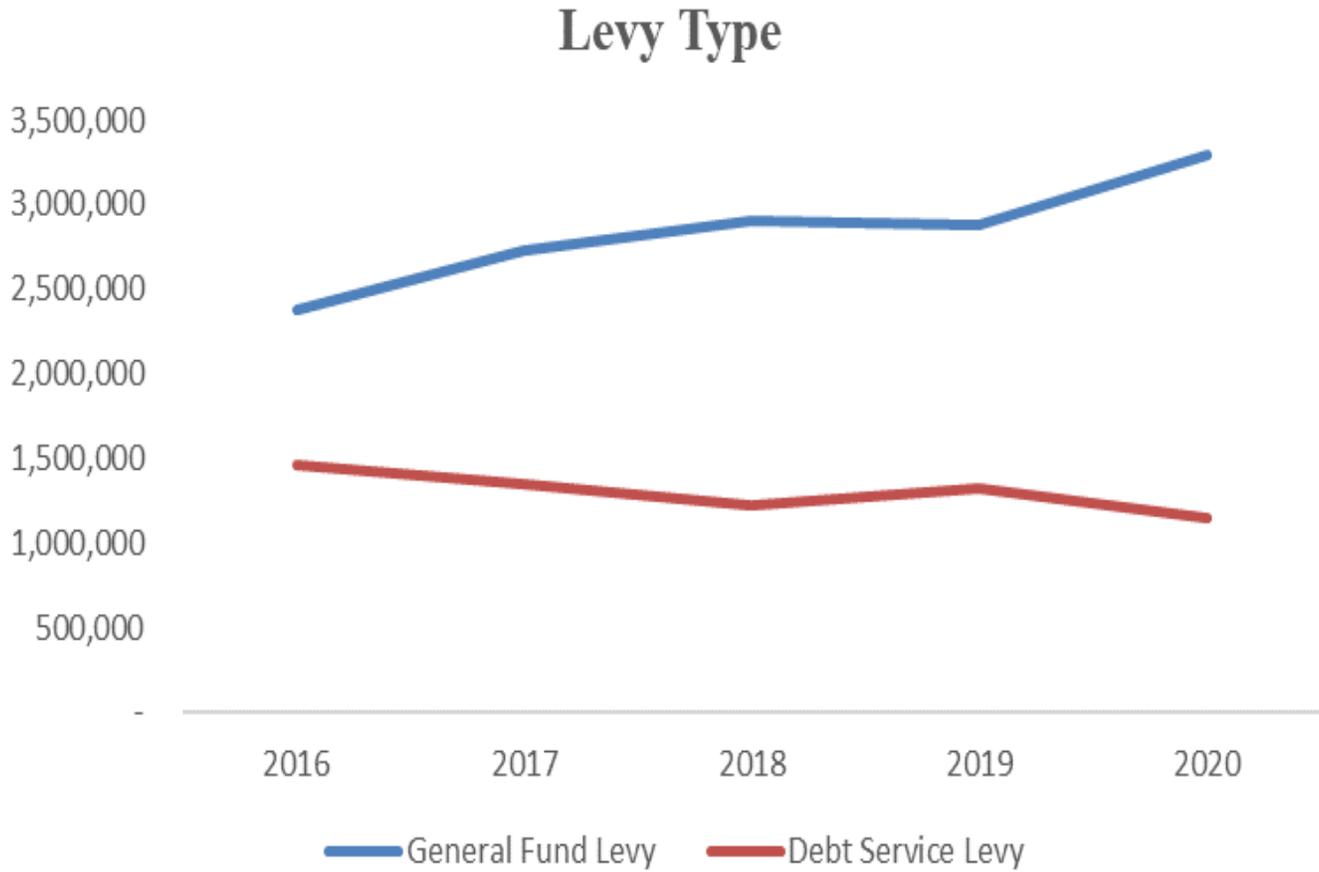
Local Governments do not directly set the tax rate, but instead the tax rate is a function of the levy and the local tax base. The City's tax rate is calculated based on the total levy amount (funds needed to cover city services) divided by the city's net tax capacity for that year. For 2020 even though the total levy increased by \$236,543 the city's tax rate will decrease by 1.85%.

2020 Projected City Tax Rate 50.62



City Tax Levy

The total levy for the City has increased an average of 4.5% per year from 2015 through 2020. The general fund levy, these are the funds that are used to provide the services to the tax payers, has increased since 2015. This increase is a reflection of the population increase of 13% since 2015 and the inflationary increase of 8.7%. The Debt Service levy has decreased since 2015 by 23%.



Before setting the actual levy, the City must estimate the expected city expenditures during the next calendar year. This is done through the preparation of the City Budget, which begins each June and continues on until the final budget is adopted in December. After taking into consideration, all anticipated non-property tax revenues, including various state aids, the city subtracts the total anticipated non-property tax revenues from the anticipated expenditures, this leaves a substantial amount of money that the City will need to collect through the property tax levy.

In 2020, the total property tax levy will be \$4,565,953, of which \$3,291,711 is needed to balance the General Fund budget, \$1,144,242 will be allocated for the 2020 Debt Service payments, and the remaining \$130,000 is for the Big Lake Economic Development Authority. For 2020 the Levy per Capital for the City Big Lake is \$393 and for the 2020 General Fund Budget the cost per capita to the tax payers of the City of Big Lake is \$418.

Long-Term Approach to Financial Management

One of the strengths of the Council’s budgeting process is that it considers budget data not only for the upcoming year but also projections for subsequent years. Council understands that decisions it makes today will have a financial impact not just on next year’s budget, but also for the future. Council strives to keep its focus on the policy level – the big picture – and to rely on staff to effectively and efficiently carry out its policy goals with the resources provided. The Council’s vision reflects the commitment to keep Big Lake a thriving community – a great community to live and work. Staff ties it work to the Council adopted Strategic Plan, which guides our work.

The Five-Year Plans prepared for each City Fund are intended to provide information on the fund’s present financial condition, including the impact of prior actions and decisions and plans, as well as projections for the fund’s performance over the next years. The Plans are a source of information for the Council to identify where the need or desire for policy change may exist. Below are key issues by fund detailing assumption for long-term planning.

General Fund

The Five-Year plan for the General Fund reflects tax levy increases necessary to deliver the current scope of services and capital replacement plans, assuming normal budget “pressures”.

Health Insurance – The City’s five-year plan reflects a 10 percent increase each year to the budget, which is consistent with past practices.

Wages – The City’s five-year plan reflects a 6 percent increase each year to the budget to reflect step increases as well as market value increases to the total pay plan to remain competitive in the market. It also reflects additional staffing needs.

Building Permits – The City’s five-year plan reflects growth to be slow and steady with only 50 new home permits a year.

Operational Expenditures – The City’s five-year plan reflects a three percent increase in some operation expenditures such as supplies and utilities to reflect trends.

Transfers to other funds – The City’s five-year plan reflects a yearly transfer, of \$25,000, to the Industrial Park fund to be applied to the outstanding Sewer Interfund loan. In addition, beginning year 2023, the plan reflects a \$350,000 transfer to the Street Maintenance fund for future projects.

2020 Budget Overview

The 2020 Adopted and 2021 - 2024 Concept budget is the fourth, four-year budget cycle for the City. The use of a four-year projection for budget purposes assists in long-term planning and provides a more stable accounting of city revenues and expenditures. Economic challenges in the past years have made long-range planning even more important for the City. This budget is a comprehensive decision-making document, reflecting an accurate description of the city's operations.

Work began on the 2020 Budget in June of 2019. Four budget workshops were held with council, as well as several additional department meetings to identify additional revenue sources, non-core services that could be cut or reduced, and review of future debt payment requirements. For the 2016 budgets and beyond, the City has decided to budget capital improvements and replacements in a separate capital asset fund. In addition, the City has decided to allocate the Local Government Aid, State Aid, excess fund balance as well as a portion of the transfer from the Liquor Store to the capital improvement fund to fund the budgeted improvements and replacements.

A public hearing to solicit resident input was held on November 26, 2019. The public hearing replaces the former Truth-In-Taxation Hearing, which was repealed by the state legislature.

Council adopted the Budgets, and the Capital Improvement Plan, as well as the 2020 Levy, on December 11, 2019.

Conclusion

The remaining portions of this budget document provide a summary on the funding sources and uses. The City sincerely hopes that all interested parties will find this document useful in evaluating the City's programs and services. Supplemental information may be obtained from the Finance Department.



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SUMMARY BUDGET, OVERVIEW & ANALYSIS

2020 General Fund Summary Budget

General Fund 2020 Adopted Budget			
	2018	2019	2020 Adopted
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Property Taxes	\$ 2,873,463	\$ 2,717,153	\$ 3,190,691
Special Assessments	2,955	500	2,000
Licenses & Permits	554,781	364,100	541,490
Intergovernmental	452,504	402,450	431,453
Franchise Fees	422,562	415,273	429,962
Charges for Services	258,421	251,057	257,854
Fines & Forfeitures	51,563	46,525	51,750
Investment Income	(30,464)	31,500	31,500
Contributions/Donations	63,227	6,000	3,000
Miscellaneous Revenue	3,442	7,000	4,000
Transfer In from other Funds	375,000	600,000	450,000
Total - Current Year Revenues	\$ 5,027,454	\$ 4,841,558	\$ 5,393,700
Prior year donations - Designed Fund Balance	8,322	15,640	22,362
TOTAL GENERAL FUND REVENUES BUDGET	\$ 5,035,776	\$ 4,857,198	\$ 5,416,062
<u>Expenditures</u>			
<u>General Government</u>			
Mayor/Council	\$ 34,445	\$ 33,773	\$ 34,171
Planning	158,431	172,160	156,016
Elections	15,703	3,400	24,550
Administration/Finance	525,726	725,891	542,979
IT - Computer/Software	-	77,786	78,300
Big Lake Community Service Center/Library	61,956	64,383	69,491
Economic Development	169,693	120,222	104,528
Building	186,684	195,566	204,529
Engineering	58,023	60,636	86,135
Streets	536,726	616,485	631,019
Parks	497,759	543,931	590,739
Police	1,776,234	1,871,602	2,054,458
Fire	293,668	269,617	416,460
Community - Recreation (other)	85,192	101,745	102,783
Transfers Out to other Funds	640,124	273,990	319,904
TOTAL GENERAL FUND EXPENDITURE BUDGET	\$ 5,040,364	\$ 5,131,187	\$ 5,416,062
Increase (Decrease) In Fund Balance	\$ (4,588)		\$ -
Property Tax Levy Requirement to Fund This Budget	\$ 2,899,510	\$ 2,878,446	\$ 3,291,711

2020 General Fund Budget Comparison

STATEMENT OF REVENUES AND EXPENDITURES - SUMMARY BUDGET - GENERAL FUND					
ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2018, AND BUDGET FOR THE YEARS ENDED DECEMBER 31, 2019, and 2020					
	Actual		Budget		+/- to last year
	2017	2018	2019	2020	
REVENUE					
Taxes	\$ 2,625,717	\$ 2,873,463	\$ 2,717,153	\$ 3,190,691	\$ 473,538
Special assessments	2,149	2,955	500	2,000	1,500
Licenses and permits	646,793	554,781	364,100	541,490	177,390
Intergovernmental revenues	375,599	452,504	402,450	431,453	29,003
Franchise Fees	434,945	422,562	415,273	429,962	14,689
Charges for services	328,328	258,421	251,057	257,854	6,797
Fines and forfeitures	49,273	51,563	46,525	51,750	5,225
Interest earnings	37,181	(30,464)	31,500	31,500	-
Contributions/Donations	50,370	63,227	6,000	3,000	(3,000)
Miscellaneous revenue	29,153	3,442	7,000	4,000	(3,000)
Transfer In from Other Funds	300,000	375,000	600,000	450,000	(150,000)
Total Current year revenues	<u>4,879,508</u>	<u>5,027,454</u>	<u>4,841,558</u>	<u>5,393,700</u>	<u>552,143</u>
Prior year Donations - Designed Fund Balance	<u>-</u>	<u>8,322</u>	<u>15,640</u>	<u>22,362</u>	<u>6,722</u>
TOTAL GENERAL FUND REVENUES BUDGET	<u>4,879,508</u>	<u>5,035,776</u>	<u>4,857,198</u>	<u>5,416,062</u>	<u>558,865</u>
EXPENDITURES					
Mayor/Council	33,885	34,445	33,773	34,171	398
Planning and Zoning	116,903	158,431	172,160	156,448	(15,712)
Elections	1,226	15,703	1,400	24,550	23,150
Administration and Finance	526,751	525,726	513,741	542,979	29,238
IT - Computer/Software/Maintenance	-	-	77,786	78,300	514
BLCSC	61,041	61,956	64,383	69,491	5,108
EDA	139,539	169,693	120,222	104,528	(15,694)
Building Inspection	242,875	186,684	195,566	203,664	8,098
Engineering	44,217	58,023	60,636	86,568	25,932
Streets	463,665	536,726	580,485	631,019	50,534
Parks	472,846	497,759	532,231	590,739	58,508
Police	1,590,136	1,776,234	1,865,962	2,054,458	188,496
Fire	306,028	293,668	263,117	416,460	153,343
Community - Recreation	18,356	85,192	101,745	102,783	1,038
Transfers out	657,335	640,124	273,990	319,904	45,914
TOTAL GENERAL FUND EXPENDITURES	<u>4,674,802</u>	<u>5,040,364</u>	<u>4,857,198</u>	<u>5,416,062</u>	<u>558,865</u>
NET REVENUE OVER (UNDER) EXPENSE	<u>\$ 204,706</u>	<u>\$ (4,589)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 0</u>
Unassigned Fund Balance - Projected	\$ 3,054,570	\$ 3,049,981	\$ 3,049,980	\$ 3,049,980	
Percentage of Expenditures:					
Unassigned Fund Balance must remain 50%	60.60%	62.79%	56.31%	55.54%	

City Wide Budgets

In reviewing the budgets, it is important to note the strong role the City Council plays in creating the budgets. The Council governs by providing strategic leadership and articulating a collective community vision. The Council reviews budget information at a policy level by concentrating on achieving desired results within a broad context of what the community can afford.

As in previous years, the budget reflects the hard work and dedication of many. The attention to detail and demonstrated interest in quality services ensures that the recommended budget exists as a realistic target, striving to fulfill Council's broadest and highest policy directives. The Council provides specific direction annually on the maximum amount of property tax that the Council will consider. The Council is sensitive to fee levels in addition to the property tax.

Revenue Sources

The 2020 total General Fund Revenues budget is \$5,416,062, an increase of \$558,865 over 2019. Property taxes are the largest revenue source for the City which makes up 59 percent of the City's revenue. The transfer from the Liquor store represents 8 percent of the City's revenue. Without the continued growth of Lake Liquor, the City would not be able to transfer the funds and would either have to increase the levy or cut services offered. Other sources consist of franchise fees, licenses and permits, intergovernmental sources, charges for services, fines and forfeits, donations and investment income.

Property Taxes

The adopted tax levy is \$4,565,953 is a 5.46 percent increase over the 2019 levy. This increase is inclusive of all City Council adopted levies as well as the Economic Development Authority (EDA) special levy. This is the maximum property tax levy the Council adopted in September. The levy includes a decrease of \$176,722 for the Debt Service levy, no change for the EDA levy, and an increase of \$416,265 to the General levy.

Tax Rates

The Council certifies to the County the property taxes to be collected from the taxpayers. How this tax burden is then distributed between commercial and industrial, apartments, and residential is based on decisions made by the state as well as changes in property values driven by market conditions and other factors.

Annual changes to the property tax capacity rate are driven by the following factors: 1) changes to the certified property tax levy; 2) changes in assessed property valuations; and 3) changes to tax increment. The Council certainly has a significant impact on the property tax capacity rate by what is certified for the tax levy, but the Council has no control over how taxes are spread across the various properties in the City. The State made a significant change in 2012 eliminating Market Value Homestead Credit and replacing it with Market Value Homestead Exclusion for residential property thus changing the distribution of taxes among properties by reducing the total taxable value within the city.

Based on the proposed increase in the tax levy, the City's 2020 property tax capacity rate is estimate to be 50.62 percent compared to 52.47 for 2019, including EDA. This is not a final number for 2020 at this time. The Council does not set the property tax capacity rate. The City's tax rate is calculated by Sherburne County once the City certifies a final levy. There was a net increase in total valuation of properties within the City. Most of the valuation increase was due to a net increase of existing residential and apartment properties and with a small net increase in valuation of commercial and industrial properties. Total valuation increase on existing properties was 9.87 percent with residential valuations increasing about 8

percent, apartments valuations increased by 4.3 percent, commercial increased by 2 percent, and Agricultural decreased by 6 percent. Of the total valuation increase 1.63 percent was due to new construction.

Transfer in from Other Funds

The budgeted transfer for 2020 from Lake Liquor, is \$450,000. This is a decrease of \$150,000 over 2019. In 2019, additional funds were budgeted to pay for the resurfacing of McDowall trail. In 2020, the City does not anticipate any special projects. Once again the City needs to thank the citizens of Big Lake for supporting Lake Liquor, as without the continued growth the City would not be able to budget for the transfer and would have to either eliminate services or increase the levy.

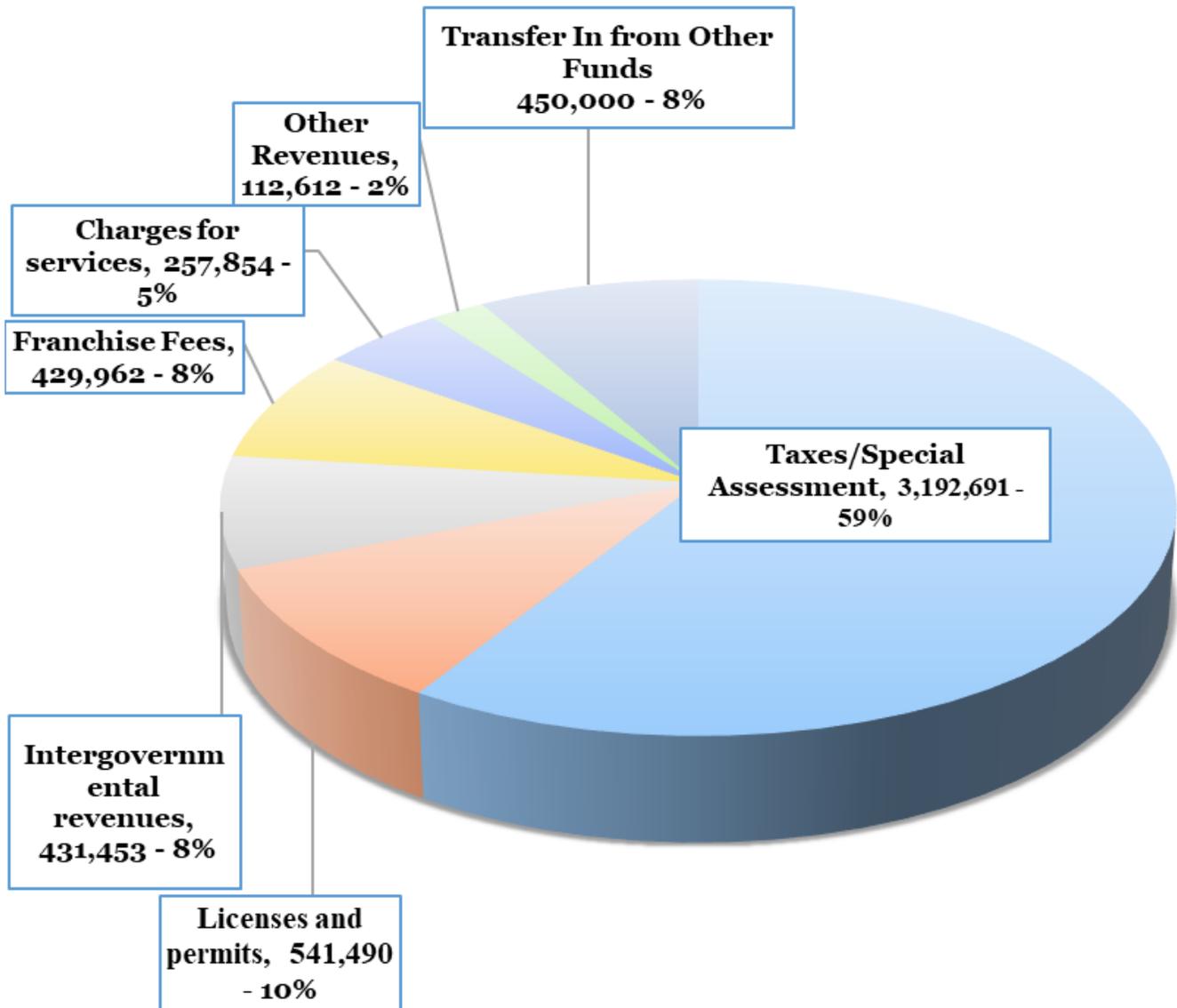
Franchise Fees

The City of Big Lake adopted the Franchise Ordinance in 2014, this ordinance allows the City to charge public utility providers for the continued use and maintenance of City-owned Right of Way. The fees are charged to utility providers, who pass the fee along to their account holders. While many feel that Franchise Fees are simply another form of taxation, this alternate method of revenue collection will impact more than just tax payers. Those that are typically exempt from property taxes but still benefit from essential City services, such as renters, non-profits, and schools will all pay the same fees. All revenues collected from the franchise fees are dedicated to the General Fund and help offset the cost of providing various services to the community. The current rate the utility providers charge their customers are \$4.00 per month for residential accounts and \$8.00 per month for Commercial accounts. As with the transfer from the liquor store, without the adoption of the Franchise Ordinance, the City would have to eliminate services or raise the tax levy. The slight increase for 2020 budget represents the new development within the City.

License and Permits

For the 2020 General Fund budget, license and permits are budgeted for an increase of \$177,390. This is to reflect the normal trend of 50 new home permits plus additional commercial development. The prior two years, the City had budgeted for 100 new home permits. However, to be more conservative the City will only budget for 50 homes for 2019 – 2020 and then for 2021-2023 will budget for only 40 new home permits. The City is predicting a modest increase in population of 3% per year and taking that into consideration when budgeting for revenues. All other revenue sources are budgeted for slight increases.

2020 General Fund Revenues by Category



Expenditures by category

For 2020 the General Fund Expenditures budget is \$5,416,062 which is the same amount budgeted for revenues, so therefore the City has a balance budget and will not be using any unassigned fund balance. The anticipated unassigned fund balance for 2020 is 55.54 percent of expenditures. This is above the 50 percent required per the City's financial policies.

Employee Services

Of the total budget about 64 percent or \$3.483 million is for personnel costs, this would be expected as the main purpose of the City is to provide services to the citizens and businesses of Big Lake. Personnel cost are comprised of wages, health and dental insurance costs, and other benefits such as employer taxes, employer pension contribution, workers' compensation insurance, disability insurance, life insurance and wellness program. The personnel budget increased over 2019 by \$339,925. The main reasons for the increase are as follows:

- Market increase to the pay plan, to remain competitive, of 2.5 percent for police and non-union employees
- Market increase to the pay plan for public works union member of 3 percent per contract
- Step increase of 3 percent to employees with positive performance reviews that are not at the top of the 9 step pay plan
- Potential increase of staff in Public Safety and Public Works Departments
- 10 percent increase in insurance rates

The City does not pay a percent of family health insurance premiums but rather a fixed dollar amount toward the benefit. Management annually reviews this fixed dollar contribution and recommend to the Council during the budget process a proposed amount for the City contribution. When premiums increase, it does not mean the employer contribution towards benefits automatically increase.

Operations Expenditures

Of the total budget about 25% or \$1.35 million is for operational expenditures. The operational expenditures increased over 2019 by \$137,327. The main reasons for the increase are as follows:

- Increase of cost for general liability insurance
- Increase in rates for municipal water/sewer fees
- Increase in contracted services

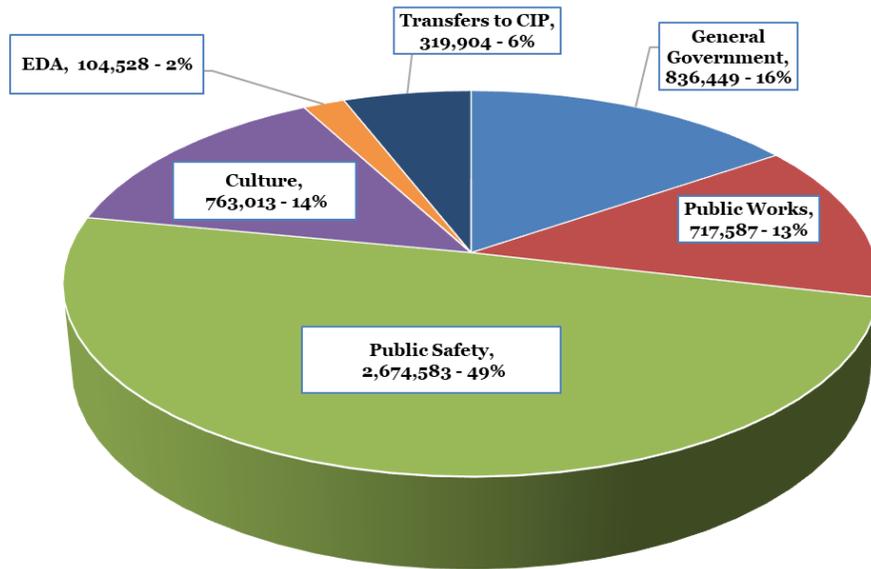
Transfers

Of the total budget 6% of \$319,049 is for transfers to other funds. This is an increase of \$45,914 over 2019. These transfer are to the Capital Replacement and Infrastructure funds for future projects such as computer and other equipment replacements, parks and trail projects, building improvements, and future street projects.

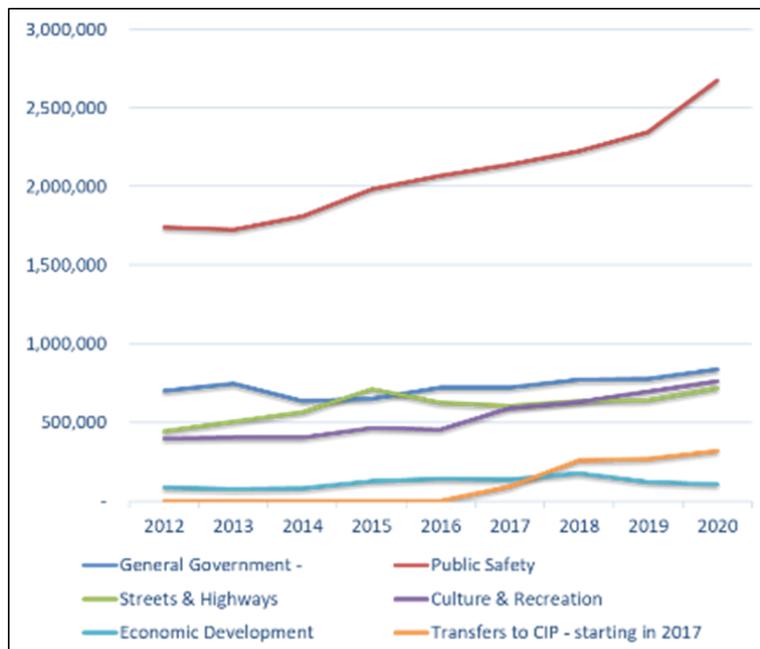
Expenditures by services

Of the 2020 budget, \$2,674,583 or 49 percent is allocated to public safety, this includes the Police Department, Fire Department and Building Division, which is one reason Big Lake is a very safe community and great place to live and work, 16% for general government; this is general services and administration of the city, 14% for culture; this includes parks, the library and community events which promotes quality of life, 13% for public works; which maintains the infrastructure of the community, 6% for transfers; which are used for future projects or equipment, and 2% for EDA; which is used to promote Big Lake.

2020 General Fund Expenditures by Service



Reviewing further, the breakdown per type of service, as the population has increased through the years so has the city services, which then the budget per services also increased. The City did not start transferring funds to the Capital Improvement fund for future projects until 2017. The only services that is showing a decrease is the EDA and this is because part of the staff's wages and benefits are allocated to the Big Lake Economic Development Authorities budget considering that staff member is also the Authorities executive director. Public Safety is showing a larger increase due to the proposed positions within both the police and fire departments.



General Fund Expenditures by Service for 2017 – 2024 Concept

Service			2019-2020				2021 Concept Budget	2022 Concept Budget	2023 Concept Budget	2024 Concept Budget	
	2017 Actual	2018 Actual	2019 Final	2020							
			Budget	Adopted Budget	\$ Change	% Change					
<u>General Government</u>											
Mayor/Council	\$ 33,885	\$ 34,445	\$ 33,773	\$ 34,171	\$ 398	1.18%	\$ 34,195	\$ 34,221	\$ 34,246	\$ 34,273	
Planning	116,903	158,431	172,160	156,448	(15,712)	-9.13%	166,669	175,384	184,676	194,561	
Elections	3,726	15,703	3,400	24,550	21,150	622.06%	3,800	24,700	3,800	26,700	
Administration/Finance	957,010	1,082,600	720,891	774,843	53,952	7.48%	604,152	633,366	1,015,113	1,049,537	
IT - Computer/Software/Maintenance	-	-	85,786	101,700	15,914	18.55%	108,431	109,640	110,877	112,145	
Total General Government	1,111,524	1,291,179	1,016,010	1,091,712	75,701	7.45%	917,247	977,311	1,348,713	1,417,216	
<u>Public Safety</u>											
Police	1,638,118	1,785,234	1,868,602	2,057,098	188,496	10.09%	2,178,217	2,303,133	2,437,744	2,579,908	
Fire	360,028	293,668	269,617	419,460	149,843	55.58%	432,721	444,631	459,290	471,248	
Building	252,375	186,684	195,566	203,664	8,098	4.14%	216,871	226,000	238,361	239,615	
Total Public Safety	2,250,521	2,265,586	2,333,785	2,680,223	346,437	14.84%	2,827,809	2,973,763	3,135,396	3,290,772	
<u>Streets & Highways</u>											
Engineering	47,311	58,023	60,636	86,568	25,932	42.77%	92,119	97,421	103,083	109,107	
Streets	573,665	566,726	616,485	666,020	49,535	8.04%	690,378	716,877	715,374	709,804	
Total Streets & Highways	620,976	624,749	677,121	752,588	75,467	11.15%	782,497	814,298	818,457	818,911	
<u>Culture & Recreation</u>											
Parks	472,846	540,009	543,931	614,739	70,808	13.02%	673,308	741,184	826,507	842,602	
BLCS	61,041	61,956	64,383	69,491	5,108	7.93%	72,428	75,878	80,000	85,009	
Community - Recreation (other)	18,356	85,192	101,745	102,783	1,038	1.02%	107,208	111,648	116,373	121,435	
Total Culture & Recreation	552,243	687,157	710,059	787,013	76,954	10.84%	852,944	928,709	1,022,880	1,049,046	
<u>Economic Development</u>											
	139,539	171,693	120,222	104,528	(15,694)	-13.05%	110,528	116,273	122,404	128,903	
Total General Fund Expenditures	\$ 4,674,803	\$ 5,040,364	\$ 4,857,199	\$ 5,416,062	\$ 558,864	11.51%	\$ 5,491,024	\$ 5,810,353	\$ 6,447,849	\$ 6,704,847	
	**election year				**election year					**election year	

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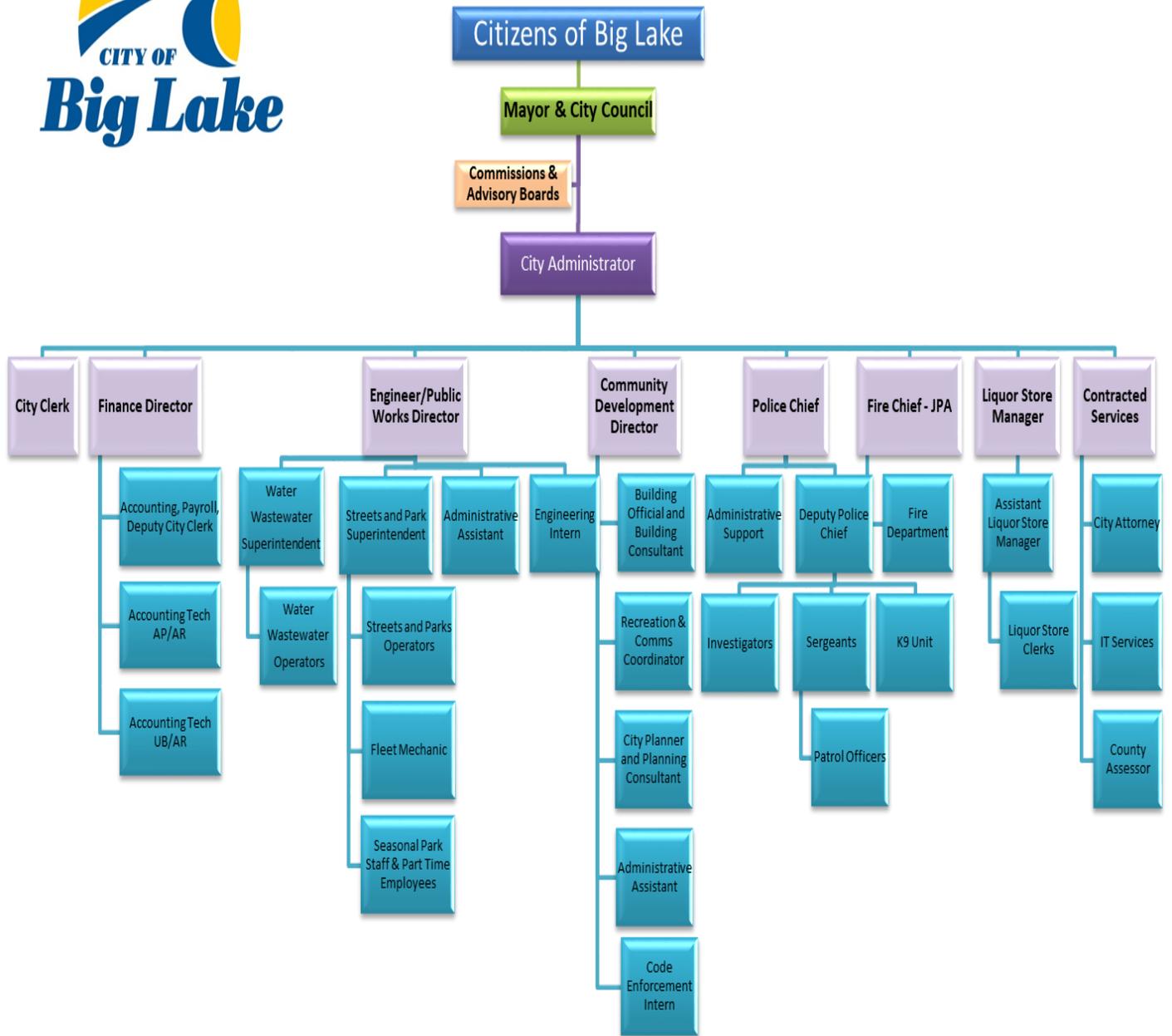


General Fund Expenditure Summary Budgets

Department Management

Name	Position
Clay Wilfahrt	City Administrator
Gina Wolbeck	City Clerk
Deb Wegeleben	Finance Director
Hanna Klimmek	Community Development Director
Joel Scharf	Chief of Police
Matt Hayen	Deputy Chief of Police
Vacant	Fire Chief – Paid on call
Layne Otteson	City Engineer/Public Works Director
Dan Childs	Water/Wastewater Superintendent
Nick Abel	Street/Parks Superintendent
Greg Zurbey	Liquor Store Manager
Lisa Miller	Assistant Liquor Store Manager

City Organization Chart – by department



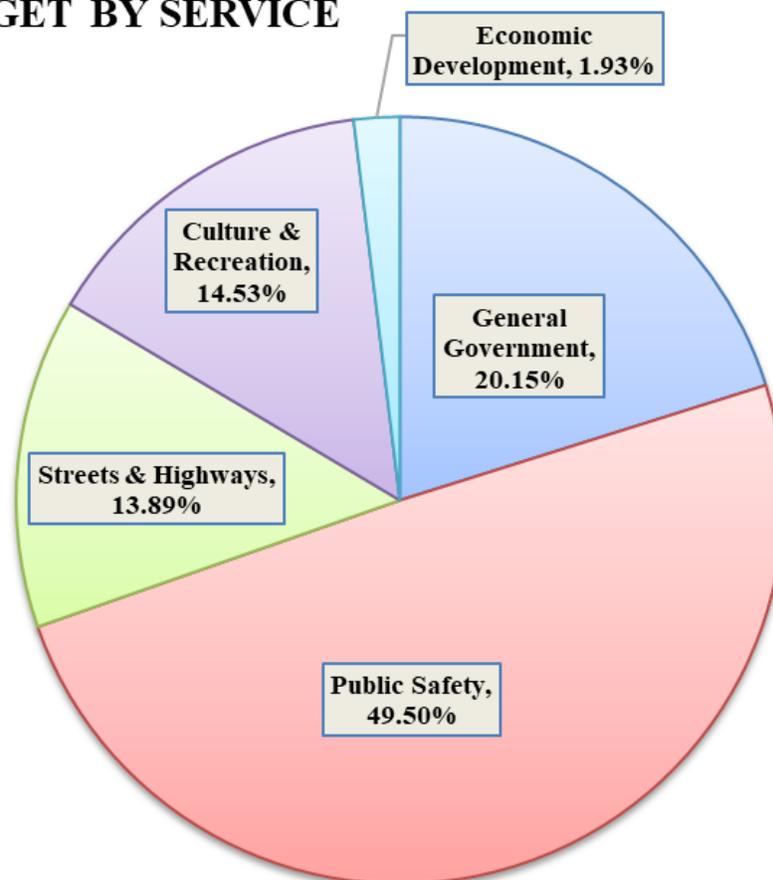
General Fund Expenditure Budget Summary by Category

Category:	2019-2020			
	2019 Final Budget	2020 Adopted Budget	\$ Change	% Change
Personnel	\$ 3,125,009	\$ 3,464,934	\$ 339,925	10.88%
Personnel - Elections	-	18,000	18,000	100.00%
Professional Services	140,853	156,452	15,599	11.07%
Operations	1,217,346	1,354,673	137,327	11.28%
Marketing	3,000	5,100	2,100	70.00%
Animal Control	1,000	1,000	-	0.00%
Pass Through Expenditures	96,000	96,000	-	0.00%
Interfund/Lease payment	-	-	-	0.00%
Transfers to other Funds	273,990	319,904	45,914	16.76%
Total - Budget	\$4,857,199	\$ 5,416,062	\$ 558,865	11.51%
	-	-		
% of budget	2019	2020		
Personnel	64.34%	63.98%		
Personnel - Elections	0.00%	0.33%		
Professional Services	2.90%	2.89%		
Operations	25.06%	25.01%		
Marketing	0.06%	0.09%		
Animal Control	0.02%	0.02%		
Pass Through Expenditures	1.98%	1.77%		
Interfund/Lease payment	0.00%	0.00%		
Transfers to other Funds	5.64%	5.91%		
	100.00%	100.00%		

General Fund Expenditure Budget Summary by Service

Service	2019	2020	2019-2020	
	Adopted Budget	Proposed Budget	\$ Change	% Change
General Government	\$ 1,016,010	\$ 1,091,710	\$ 75,699	7.45%
Public Safety	2,333,785	2,680,223	346,437	14.84%
Streets & Highway	677,121	752,589	75,468	11.15%
Culture & Recreation	710,059	787,013	76,954	10.84%
Economic Development	120,222	104,528	(15,694)	-13.05%
Total General Fund Budget	\$ 4,857,198	\$ 5,416,062	558,866	11.51%

2020 BUDGET BY SERVICE



General Fund Expenditure Budget Summary by Service Reason for Change

Service	2019	2020	2019-2020		% Total Budget	Reason for change
	Adopted Budget	Adopted Budget	\$ Change	% Change		
<u>General Government</u>						
Mayor/Council	\$ 33,773	\$ 34,171	\$ 398	1.18%		Increase in Liability Insurance
Planning	172,160	156,448	(15,712)	-9.13%		Personnel (Step Increases + Insurance Increases)
Elections	3,400	24,550	21,150	622.06%		Election year in 2020
Administration/Finance	720,891	774,841	53,950	7.48%		Personnel (Step Increases + Insurance Increases)
IT - Computer/Software	85,786	101,700	15,914	18.55%		Increase in transfer for Computer replacement fund
<u>Total General Government</u>	1,016,010	1,091,710	59,785	5.88%	20.16%	
<u>Public Safety</u>						
Police	1,868,602	2,057,098	188,496	10.09%		Personnel (Step Increases + Insurance Increases)+ new position
Fire	269,617	419,460	149,843	55.58%		Potential new position + increase pay for firefighters
Building	195,566	203,664	8,098	4.14%		Personnel (Step Increases + Insurance Increases)
<u>Total Public Safety</u>	2,333,785	2,680,223	346,437	14.84%	49.49%	
<u>Streets & Highways</u>						
Engineering	60,636	86,568	25,932	42.77%		Personnel (Step Increases + Insurance Increases)+ new position
Streets	616,485	666,020	49,535	8.04%		Personnel + increase in contractors hired
<u>Total Streets & Highways</u>	677,121	752,589	75,467	11.15%	13.90%	
<u>Culture & Recreation</u>						
Parks	543,931	614,739	70,808	13.02%		Personnel (Step Increases + Insurance Increases)
BLCSC	64,383	69,491	5,108	7.93%		Additional repairs and equipment needed
Recreational-Community (Other)	101,745	102,783	1,038	1.02%		Personnel -allocated 12% to Farmers Market Fund
<u>Total Culture & Recreation</u>	710,059	787,013	76,954	10.84%	14.53%	
<u>Economic Development</u>	120,222	104,528	(15,694)	-13.05%	1.93%	Personnel -allocated 50% of Director Wages & Fringe to Big Lake Economic Development Authority
<u>Total General Fund Expenditures</u>	\$ 4,857,198	\$ 5,416,062	\$ 558,865	11.51%		



General Fund Expenditure Budget Summary by Category

Division/Category:	2019-2020			
	2019 Final Budget	2020 Adopted Budget	\$ Change	% Change
Mayor/Council				
Personnel	\$ 27,198	\$ 27,201	\$ 3	0.01%
Professional Services	500	500	-	
Operations	6,075	6,470	395	6.50%
Total - Mayor/Council:	\$ 33,773	\$ 34,171	\$ 398	1.18%
Planning				
Personnel	\$ 151,122	\$ 126,379	\$ (24,743)	-16.37%
Professional Services	7,561	16,361	8,800	116.39%
Operations	13,477	13,708	231	1.71%
Total -Planning:	\$ 172,160	\$ 156,448	\$ (15,712)	-9.13%
Elections				
Personnel - Elections	\$ -	\$ 18,000	\$ 18,000	100.0%
Operations	1,400	6,550	5,150	367.86%
Transfer to CIP Fund	2,000	-	(2,000)	-100.00%
Total -Elections	\$ 3,400	\$ 24,550	\$ 21,150	622.06%
Administration/Finance				
Personnel	\$ 333,175	\$ 347,813	\$ 14,638	4.39%
Professional Services	49,605	51,879	2,274	4.58%
Operations	130,961	143,287	12,326	9.41%
Transfer to Debt Services	7,150	7,831	681	9.52%
Transfer to CIP Fund	200,000	224,033	24,033	12.02%
Total - Administration	\$ 720,891	\$ 774,843	\$ 53,952	7.48%
Big Lake Community Services Center				
Personnel	\$ 10,092	\$ 7,843	\$ (2,249)	-22.28%
Professional Services	100	100	-	
Operations	54,191	61,548	7,357	13.58%
Total - BLCSC:	\$ 64,383	\$ 69,491	\$ 5,108	7.93%
Economic Development				
Personnel	\$ 104,176	\$ 86,236	\$ (17,940)	-17.22%
Professional Services	3,221	5,221	2,000	62.09%
Operations	9,825	7,971	(1,854)	-18.87%
Marketing	3,000	5,100	2,100	70.00%
Total - Economic Development	\$ 120,222	\$ 104,528	\$ (15,694)	-13.05%
Building				
Personnel	\$ 159,988	\$ 164,727	\$ 4,739	2.96%
Professional Services	1,221	821	(400)	-32.76%
Operations	34,357	38,116	3,759	10.94%
Total - Building:	\$ 195,566	\$ 203,664	\$ 8,098	4.14%

General Fund Expenditure Budget Summary by Category – Continued

Division/Category:	2019-2020			
	2019 Final Budget	2020 Adopted Budget	\$ Change	% Change
Engineering				
Personnel	\$ 53,450	\$ 75,832	\$ 22,382	41.87%
Professional Services	461	1,361	900	195.23%
Operations	6,725	9,375	2,650	39.41%
Total - Engineering	\$ 60,636	\$ 86,568	\$ 25,932	42.77%
Streets				
Personnel	\$ 276,285	\$ 296,307	\$ 20,022	7.25%
Professional Services	9,955	9,905	(50)	-0.50%
Operations	294,245	324,807	30,562	10.39%
Transfers to other funds	36,000	35,000	(1,000)	-2.78%
Total - Streets:	\$ 616,485	\$ 666,019	\$ 49,534	8.03%
Parks				
Personnel	\$ 318,134	\$ 328,027	\$ 9,893	3.11%
Professional Services	5,024	5,024	-	-
Operations	209,073	257,688	48,615	23.25%
Transfers to other funds	11,700	24,000	12,300	105.13%
Total - Parks:	\$ 543,931	\$ 614,739	\$ 70,808	13.02%
Police				
Personnel	\$ 1,616,554	1,788,000	\$ 171,446	10.61%
Professional Services	28,105	29,180	1,075	3.82%
Operations	220,303	236,278	15,975	7.25%
Animal Control	1,000	1,000	-	-
Transfers to other funds	2,640	2,640	-	-
Total - Police:	\$ 1,868,602	\$ 2,057,098	\$ 188,496	10.09%
Fire				
Personnel	\$ 4,000	149,336	\$ 145,336	3633.40%
Operations	163,117	171,124	8,007	4.91%
Expenditures	96,000	96,000	-	-
Transfers to other funds	6,500	3,000	(3,500)	-53.85%
Total - Fire:	\$ 269,617	\$ 419,460	\$ 149,843	55.58%
Community				
Personnel	\$ 70,835	\$ 67,233	\$ (3,602)	-5.09%
Professional Services	100	100	-	-
Operations	30,810	35,450	4,640	15.06%
Total - Community:	\$ 101,745	\$ 102,783	\$ 1,038	1.02%
IT- Computer/Software/Maintenance				
Personnel	\$ -	\$ -	\$ -	-
Professional Services	35,000	36,000	1,000	2.86%
Operations	42,786	42,300	(486)	-1.14%
Transfers to other funds	8,000	23,400	15,400	192.50%
Total - IT	\$ 85,786	\$ 101,700	\$ 15,914	18.55%
Total - General Fund:	\$ 4,857,198	\$ 5,416,062	\$ 558,865	11.51%

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