



## DEBT SERVICE FUNDS

City of Big Lake  
160 Lake Street North  
Big Lake, MN 55309

Phone: (763) 263-2107

Fax: (763) 263-0133

Website: [www.biglakemn.org](http://www.biglakemn.org)

Page Left Blank Intentionally

# Table of Contents

---

DEBT SERVICE FUNDS.....	- 1 -
City Officials .....	4
City Management.....	5
General Obligation Debt Fund .....	6
Source of Funds .....	6
Use of Funds and Fund Balance .....	6
Debt Management .....	7
Bond Rating .....	9
Five-Year Financial Plan – Debt Service Funds.....	10
Debt Obligation – Including Enterprise Funds .....	11
Debt Service Outstanding Balance – Including Enterprise Funds .....	12
Debt Service Yearly Payments – Including Enterprise Funds.....	12
Debt Service Projections with Future Projects – Including Enterprise Funds.....	13

## 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 Zetervall**  
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

---

# General Obligation Debt Fund

## Fund Description

The General Obligation Debt Funds account for the payment of general obligation bonds and improvement bonds. A separate debt service fund is established for each bond issue.

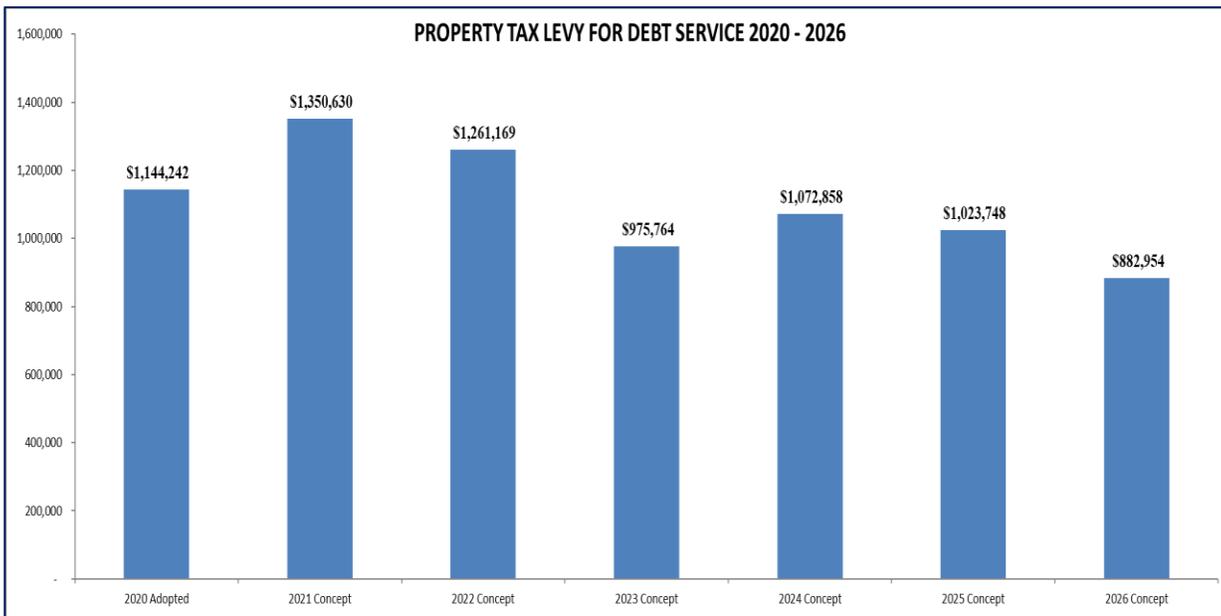
## Background

General obligation bonds are secured by the full faith and credit of the City. The City has the authority to levy property taxes for repayment of these bonds.

For this plan, the amounts projected in the Capital Improvement Program (CIP) to be funded by General Obligation Improvement Bonds are assumed to be bonded. The proposed debt structure is consistent with the City's debt management policies. Interest rates are estimated conservatively.

## Source of Funds

The principal sources of revenue are property taxes (debt service levies), special assessment and State Aid payments. Other sources of revenue include transfers from other funds. The chart below reflects the projected debt service levies for the next five years and takes into consideration any new debt that will be levied. Currently the City Council has directed staff to not levy for any new debt pertaining to the street rehabilitation program, but instead sources from the municipal state aid funds, local government aid, special assessment and transfers from the general fund.

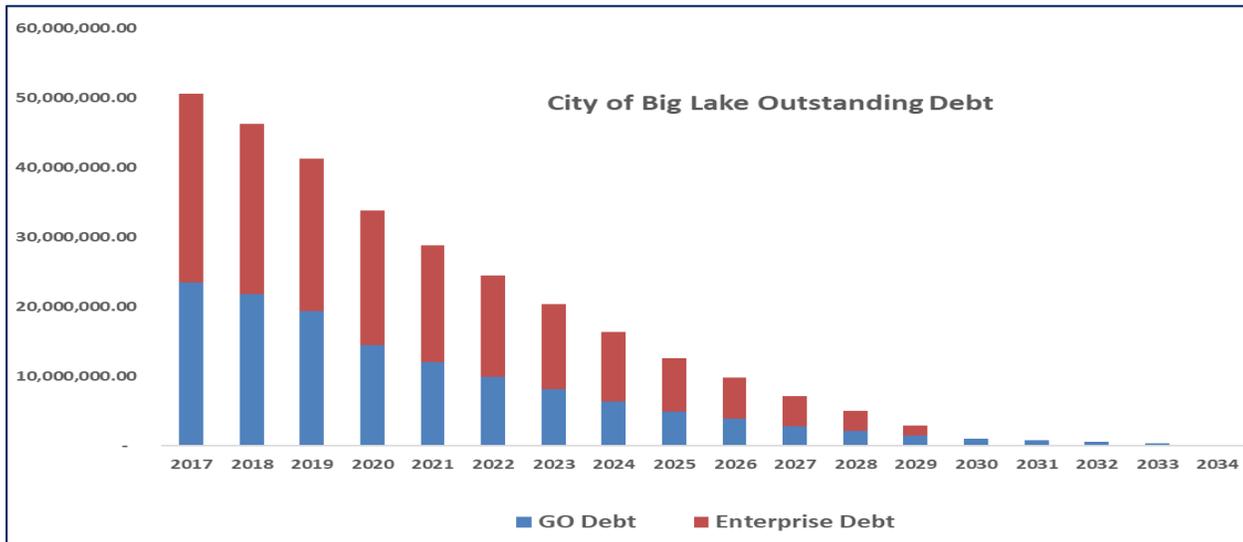
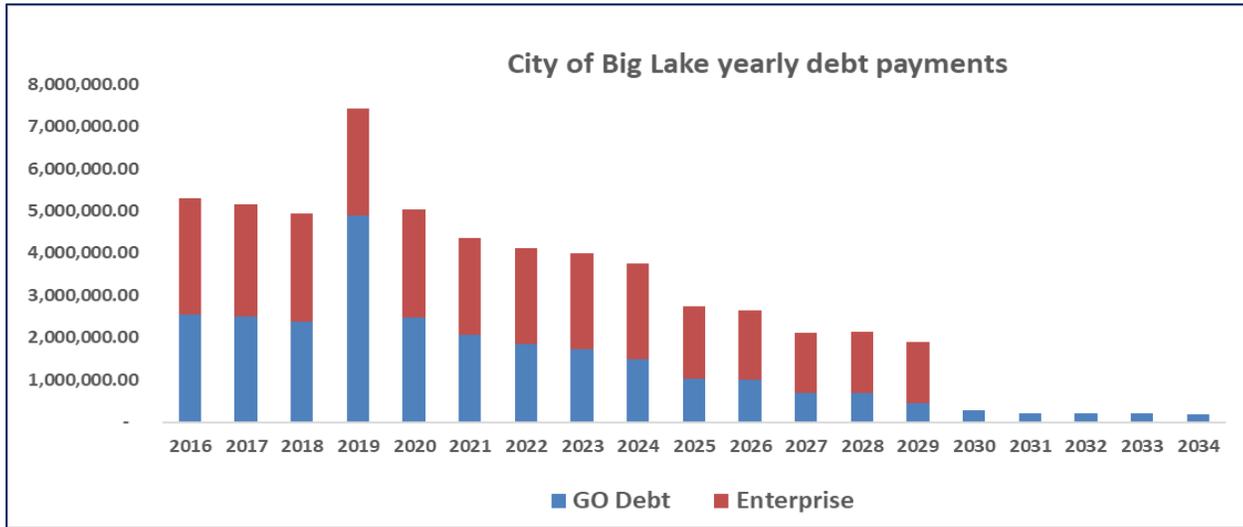


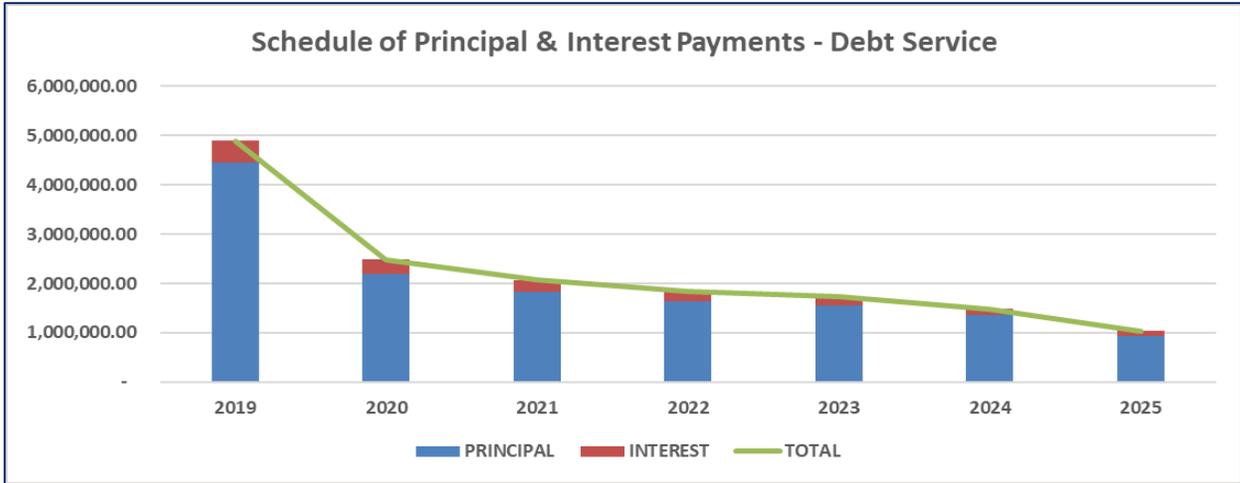
## Use of Funds and Fund Balance

According to State Statute, proceeds from the debt service levies and fund balance can only be used for redemption of debt. Additional information is available in the existing and projected debt schedule presented in the Capital Improvement Plan.

## Debt Management

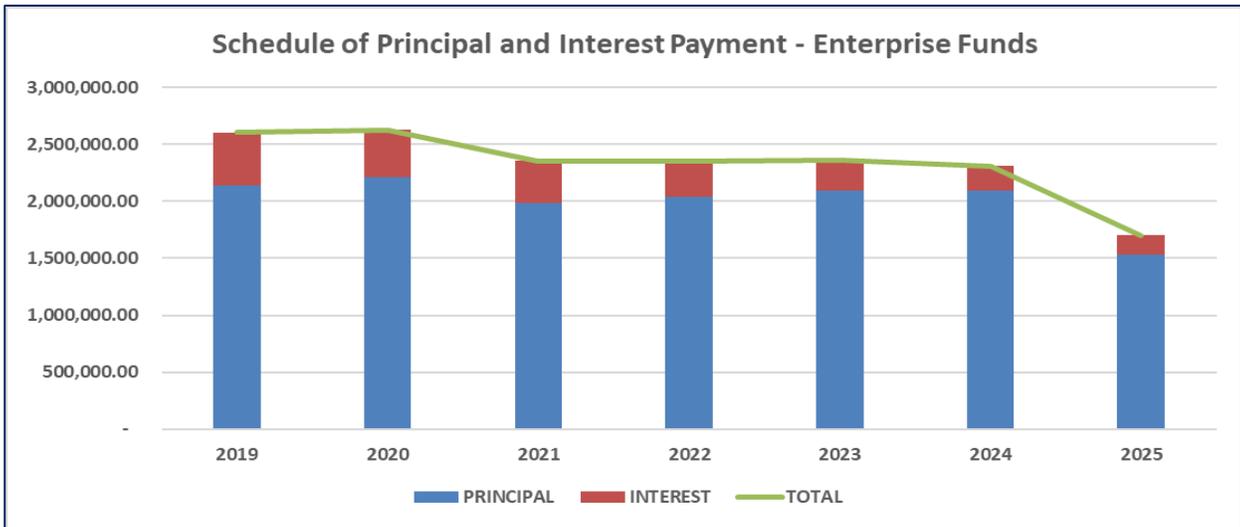
The graph below shows the City's principal and interest payments in the current budget year and beyond. As the graph shows the debt payments for the G.O. Debt spike in 2019, this is due to an advance refunding done 2016 that saved the City \$1.8 Million in interest. The second graph shows the total outstanding debt for the City of Big Lake. This graph also shows the decline in outstanding debt.





### General Obligation Debt - Debt Service Funds

Year	2019	2020	2021	2022	2023	2024	2025
<b>Principal</b>	\$ 4,444,330	\$ 2,189,063	\$ 1,821,063	\$ 1,638,063	\$ 1,556,430	\$ 1,349,430	\$ 927,796
<b>Interest</b>	450,775	296,608	248,227	205,422	165,699	131,938	106,883
<b>Total</b>	<b>\$ 4,895,105</b>	<b>\$ 2,485,671</b>	<b>\$ 2,069,290</b>	<b>\$ 1,843,485</b>	<b>\$ 1,722,128</b>	<b>\$ 1,481,367</b>	<b>\$ 1,034,679</b>



### General Obligation Debt - Enterprise Funds (includes Revenue Bonds and PFA Loans)

Year	2019	2020	2021	2022	2023	2024	2025
<b>Principal</b>	\$ 2,139,092	\$ 2,213,359	\$ 1,989,359	\$ 2,036,359	\$ 2,092,993	\$ 2,094,926	\$ 1,533,571
<b>Interest</b>	467,103	416,195	366,302	317,637	267,428	214,263	167,695
<b>Total</b>	<b>\$ 2,606,195</b>	<b>\$ 2,629,554</b>	<b>\$ 2,355,661</b>	<b>\$ 2,353,996</b>	<b>\$ 2,360,421</b>	<b>\$ 2,309,189</b>	<b>\$ 1,701,266</b>

## Bond Rating



### Rationale

S&P Global Ratings raised its rating on Big Lake, Minn.'s general obligation (GO) debt to 'AA' from 'AA-'. The outlook is stable. The upgrade reflects our view of the combination of the city's ongoing maintenance of extremely strong available reserves, steady growth in the city's economic base, market value in particular, and the adoption of more robust financial policies and practices, as reflected its now-"strong" Financial Management Assessment (FMA) and very strong overall management.

The 'AA' rating reflects S&P view of the city's:

- Adequate economy, with access to a broad and diverse metropolitan statistical area (MSA)
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment (FMA) methodology
- Strong budgetary performance, with an operating surplus in the general fund but a slight operating deficit at the total governmental fund level in fiscal 2017
- Very strong budgetary flexibility, with a high available fund balance in fiscal 2017 of 93% of operating expenditures
- Very strong liquidity, with total government available cash at 1.5x total governmental fund expenditures and 5.1 x governmental debt service, and access to external liquidity we consider strong
- Weak debt and contingent liability position, with debt service carrying charges at 30.0% of expenditures and net direct debt that is 186.1% of total governmental fund revenue, but rapid amortization, with 86.5% of debt scheduled to be retired in 10 years
- Strong institutional framework score

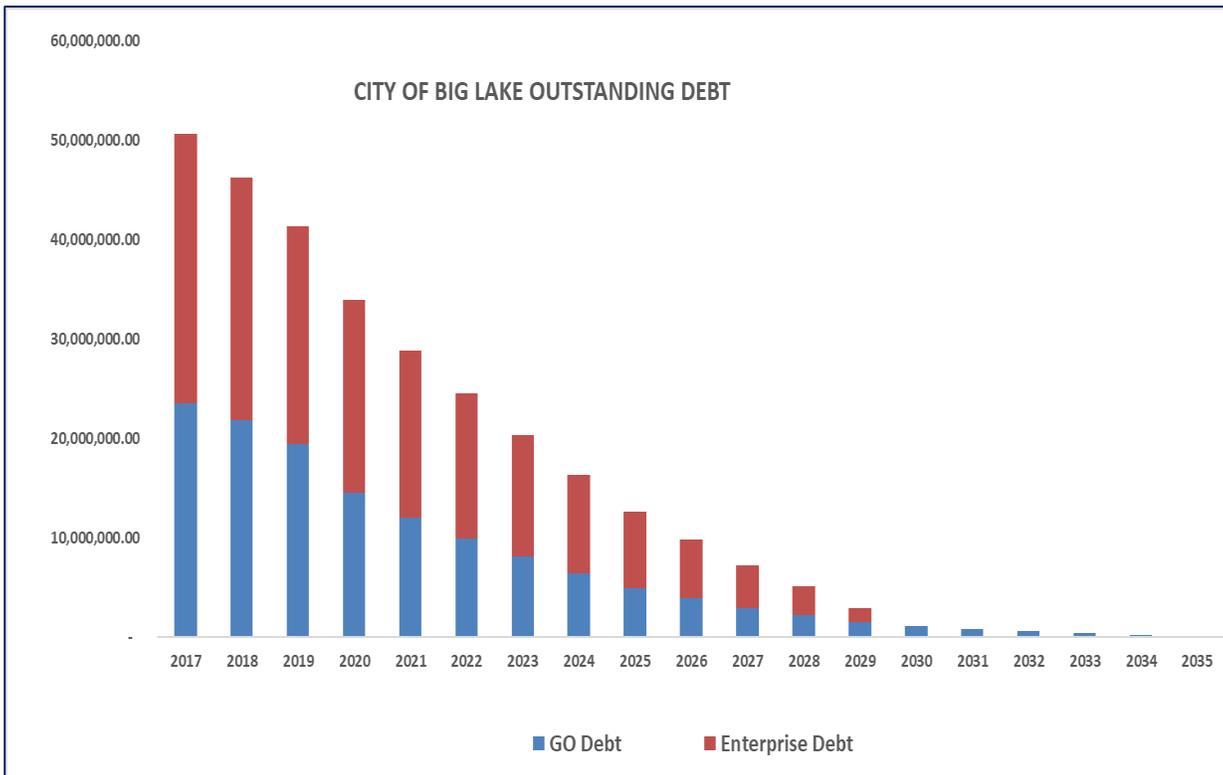
## Five-Year Financial Plan – Debt Service Funds

<b>TOTAL DEBT PAYMENT O/S</b>							
<b>REVENUES</b>							
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025-2041</b>
<b>Description</b>	<b>Budget</b>	<b>Proposed Budget</b>	<b>Concept Budget</b>				
Property Taxes	\$ 1,320,965	\$ 1,144,242	\$ 1,304,566	\$ 1,252,492	\$ 1,307,699	\$ 1,331,858	\$ 13,203,792
Tax Increment	42,000	42,000	42,000	42,000	42,000	42,000	210,000
Special Assessments	236,101	219,671	159,386	130,042	268,109	250,912	4,273,170
State Aid	152,122	151,913	151,669	151,391	151,078	151,722	757,758
Intergovernmental	94,708	43,659	47,984	47,206	46,357	45,427	190,341
Refunding Bond Proceeds/Escrow Funds	2,470,000	-	-	-	-	-	-
Investment Interest	9,984	9,361	1,967	1,787	1,858	1,819	5,068
<b>Total Revenues</b>	<b>4,325,880</b>	<b>1,610,846</b>	<b>1,707,572</b>	<b>1,624,918</b>	<b>1,817,101</b>	<b>1,823,738</b>	<b>18,640,129</b>
<b>EXPENDITURES</b>							
Debt Principal Payments	4,494,330	2,189,063	1,821,063	1,638,063	1,556,430	1,349,430	4,488,796
Debt Interest Payments	341,149	296,610	248,226	205,422	165,701	131,939	424,134
Other (Interfund Loans & Escrow payments)	72,469	43,863	41,968	39,768	38,620	37,570	168,998
2020A GO Improvement Bonds - Streets - Estimate	-	-	360,650	363,750	366,550	364,050	4,018,550
2022A GO Improvement Bonds - Streets - Estimate	-	-	-	-	234,194	226,975	2,959,950
2024A GO Improvement Bonds - Streets - Estimate	-	-	-	-	-	-	4,136,808
2026A GO Improvement Bonds - Streets - Estimate	-	-	-	-	-	-	2,792,643
<b>Total Expenditures</b>	<b>4,907,948</b>	<b>2,529,536</b>	<b>2,471,907</b>	<b>2,247,003</b>	<b>2,361,495</b>	<b>2,109,964</b>	<b>18,989,879</b>
<b>OTHER USES</b>							
<b>Transfers In</b>	<b>178,822</b>	<b>287,239</b>	<b>289,213</b>	<b>290,990</b>	<b>281,380</b>	<b>217,202</b>	<b>1,500,000</b>
Transfers Out	(723,972)	(50,927)	(51,781)	(79,483)	(77,490)	(77,345)	(806,832)
<b>Total Other Uses</b>	<b>(545,150)</b>	<b>236,312</b>	<b>237,432</b>	<b>211,507</b>	<b>203,890</b>	<b>139,857</b>	<b>693,168</b>
Net Change	\$ (1,127,218)	\$ (682,378)	\$ (526,903)	\$ (410,578)	\$ (340,504)	\$ (146,369)	\$ 343,418
Fund Equity, Beginning	4,391,001	3,263,783	2,581,405	2,054,502	1,643,924	1,303,420	1,157,051
Fund Equity, Ending	\$ 3,263,783	\$ 2,581,405	\$ 2,054,502	\$ 1,643,924	\$ 1,303,420	\$ 1,157,051	\$ 1,500,469

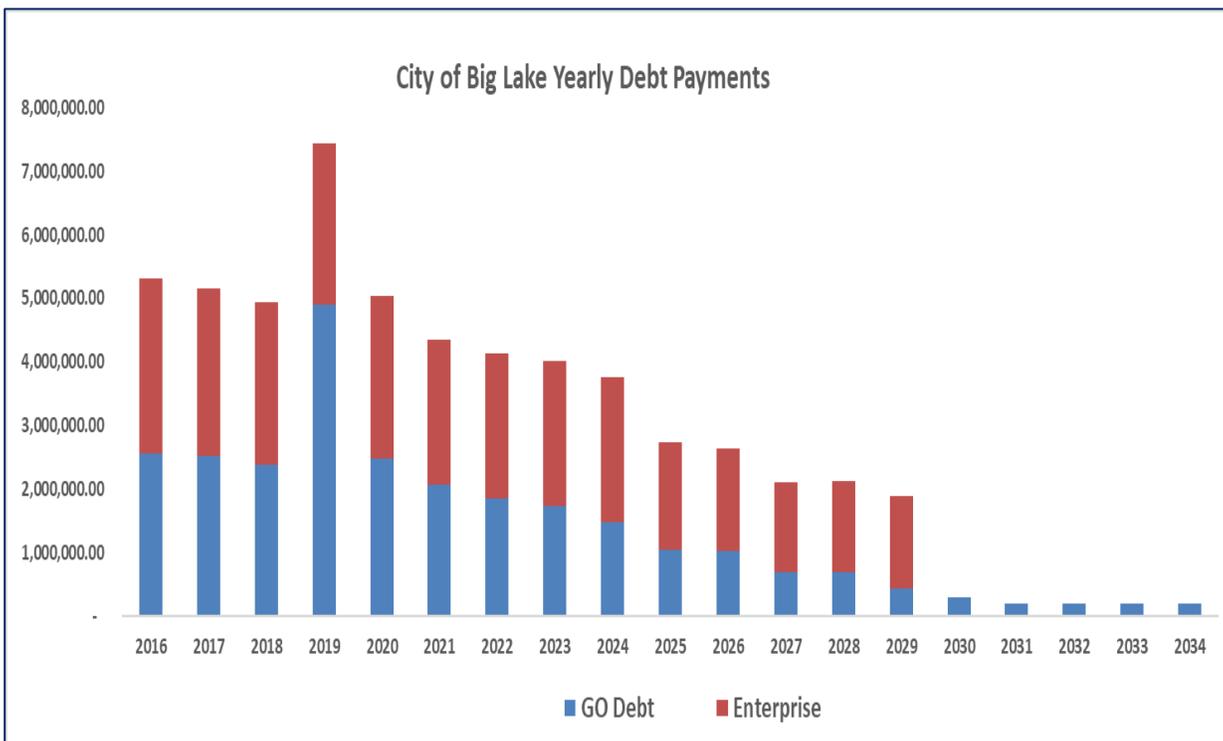
## Debt Obligation – Including Enterprise Funds

		TOTAL DEBT PAYMENT O/S							
Fund	Series	PROJECT	2020	2021	2022	2023	2024	2025 - 2041	Total O/S
301	2004 PFA Water MPFA Loan	Water Expansion	580,082	580,129	579,846	579,235	579,235	-	2,898,527
401	2009 MPFA Loan Wastewater Expansion	Wastewater Expansion	981,135	980,475	980,380	980,827	980,791	4,904,102	9,807,710
211	2010 PFA Loan	10/25 Intersection	153,026	152,799	152,538	152,243	152,912	764,023	1,527,541
214	2011A G.O. Improvement Refunding Bonds	Street Projects	415,023	-	-	-	-	-	415,023
216	2011B G.O. Improvement Refunding Bonds	Street Projects	447,440	441,750	223,080	-	-	-	1,112,270
217	2012A G.O. Refunding Bonds	Fire Hall/Street Projects	503,813	236,750	236,969	237,020	192,241	380,125	1,786,918
221	2014A GO Tax Abatement Bonds	Liquor Store	124,525	122,325	119,988	122,313	119,438	121,500	730,088
222	2015A GO Refunding Bonds	Street Projects	1,041,662	1,030,337	1,033,337	1,045,287	853,112	2,141,933	7,145,668
223	2016A Taxable G.O. Refunding Bonds	TIF 1-3 & TIF 1-4 Industrial Park	301,478	316,918	311,720	315,940	309,500	971,001	2,526,556
224	2016B G.O. CIP BOND	790 Minnesota Ave	57,900	57,275	56,525	50,813	55,101	219,450	497,064
226	2016C GO Refunding Bond	Street Projects	235,500	236,450	232,350	327,250	326,100	663,100	2,020,750
227	2018A GO Improvement Bonds	2018 Streets Reconstruction	200,200	196,300	197,325	198,200	194,000	1,952,182	2,938,207
	2020A GO Improvement Bonds - ESTIMATE	2020 Streets Reconstruction	-	74,811	329,150	327,488	325,663	3,903,538	4,960,650
	2022A GO Improvement Bonds - ESTIMATE	2022 Streets Reconstruction	-	-	-	307,281	237,711	3,090,230	3,635,222
	2024A GO Improvement Bonds - ESTIMATE	2024 Streets Reconstruction	-	-	-	-	-	4,323,620	4,323,620
	2024A GO Improvement Bonds - ESTIMATE	2026 Streets Reconstruction	-	-	-	-	-	3,356,435	3,356,435
301	2020 GO Revenue Bonds	Water Meters/Wells	-	96,831	392,528	395,676	393,499	2,748,631	4,027,165
401	2025 GO Revenue Bonds	WWTP Expansion	-	-	-	-	1,396,434	30,075,218	31,471,652
<b>SUBTOTAL DEBT SERVICE FUNDS</b>			<b>\$5,041,784</b>	<b>\$4,523,149</b>	<b>\$4,845,736</b>	<b>\$ 5,039,572</b>	<b>\$ 6,115,737</b>	<b>\$59,615,088</b>	<b>\$ 85,181,066</b>
<b>PORTION PAID BY ENTERPRISE FUNDS</b>									
301	2004 PFA Water MPFA Loan	Water Expansion	580,082	580,129	579,846	579,235	579,235	-	2,898,527
401	2009 MPFA Loan Wastewater Expansion	Wastewater Expansion	981,135	980,475	980,380	980,827	980,791	4,904,102	9,807,710
301	2012A G.O. Refunding Bonds	197/166 Utility	123,330	121,086	121,874	122,562	123,033	243,281	855,164
401	2012A G.O. Refunding Bonds	197/166 Utility	331,973	68,111	68,554	68,941	69,206	136,844	743,628
501	2014A GO Tax Abatement Bonds	Liquor Store	90,492	88,894	87,195	88,885	86,796	88,294	530,556
301	2015A GO Refunding Bonds	CR43 Interceptor/Well 7,Tower #4	106,914	104,341	106,694	108,896	107,079	316,442	850,366
401	2015A GO Refunding Bonds	CR 8/Utility Expansion	342,186	339,184	336,032	337,654	334,921	1,859,336	3,549,313
301	2020 GO Revenue Bonds - ESTIMATE	Water Meters/Wells	-	96,831	392,528	395,676	393,499	2,748,631	4,027,165
401	2025 GO Revenue Bonds - ESTIMATE	WWTP Expansion	-	-	-	-	1,396,434	30,075,218	31,471,652
<b>SUBTOTAL ENTERPRISE FUNDS</b>			<b>\$2,556,112</b>	<b>\$2,379,050</b>	<b>\$2,673,103</b>	<b>\$ 2,682,675</b>	<b>\$ 4,070,994</b>	<b>\$40,372,148</b>	<b>\$ 54,734,082</b>
<b>TOTAL PAID BY DEBT SERVICE FUND (LEVY/ASSESSMENTS/TRANSFERS)</b>			<b>\$2,485,672</b>	<b>\$2,144,099</b>	<b>\$2,172,633</b>	<b>\$ 2,356,897</b>	<b>\$ 2,044,743</b>	<b>\$19,242,940</b>	<b>\$ 30,446,984</b>

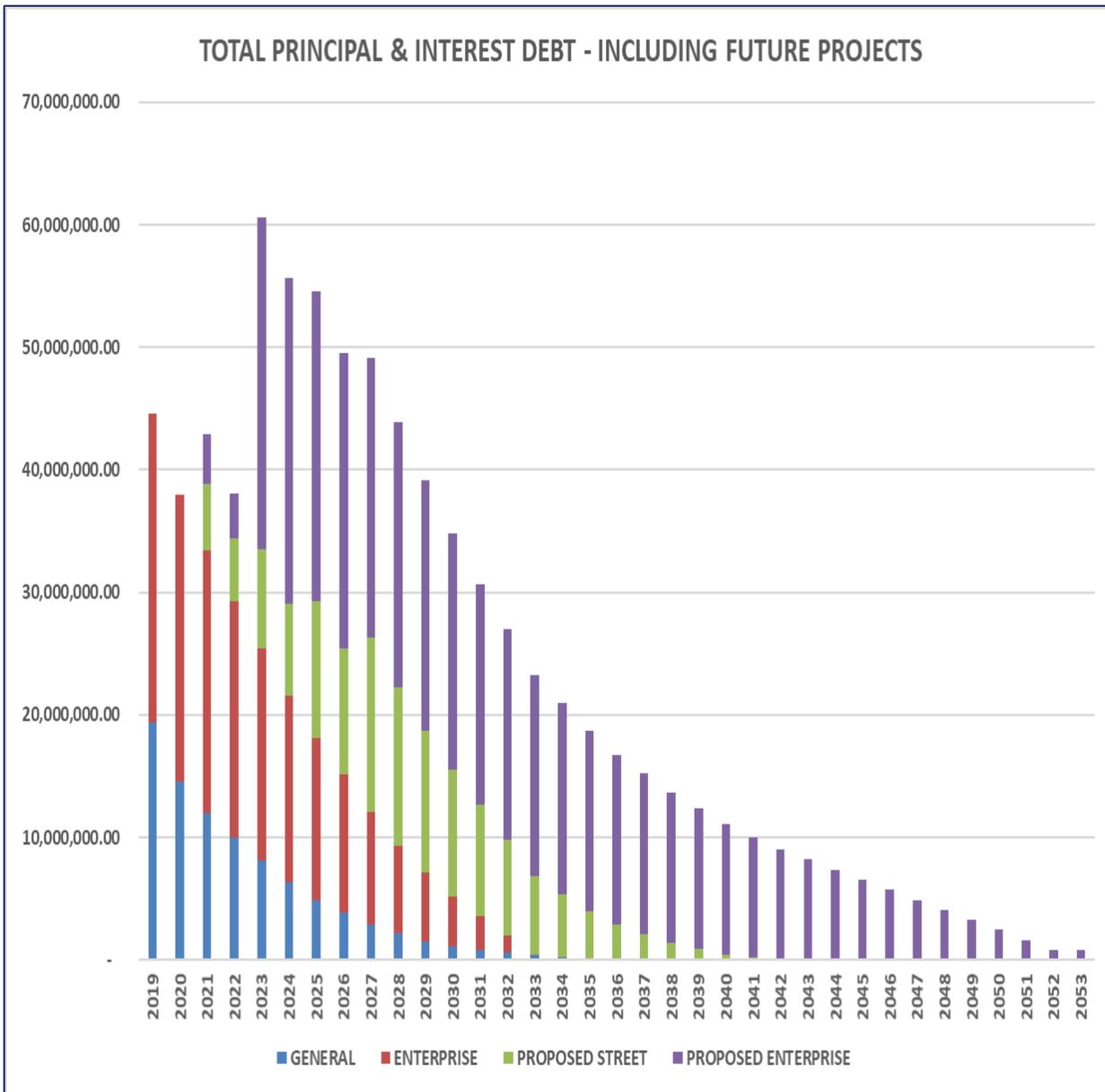
## Debt Service Outstanding Balance – Including Enterprise Funds



## Debt Service Yearly Payments – Including Enterprise Funds



## Debt Service Projections with Future Projects – Including Enterprise Funds



This chart indicates future projects that could be funded by debt. Those proposed projects are in the green and purple on the chart above. These are not guaranteed debt, just used for future financial planning.

Page Left Blank Intentionally

