



City of
**Elk
River**

Minnesota

2016 Adopted Budget



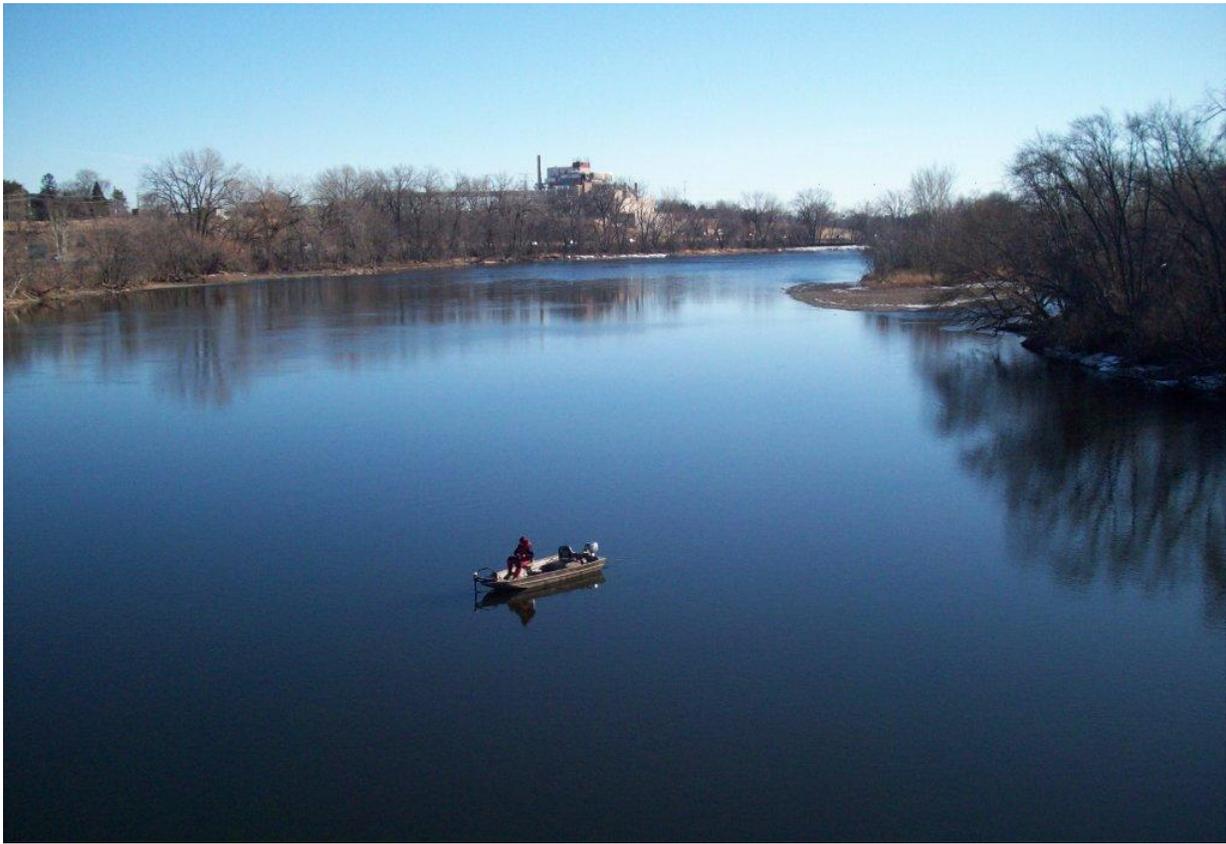
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City of Elk River, Minnesota

2016 Budget

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Guide to the Document

A budget serves many purposes. It is the City's annual financing and spending plan, providing a means for allocating resources to meet the needs and desires of the residents of the City. The budget balances City revenues with community priorities and requirements. The annual budget serves as a communication device, a policy document, a resource allocation tool, an accountability tool, and a management tool.

Pertinent Information about Elk River

This section includes a list of public officials and an organizational chart. There is also a brief history of our community and area maps. Our vision statement and goals are also included.

Budget Message

The City Administrator and Finance Director's Budget Message summarizes the budget by outlining critical issues and challenges for the fiscal year and accomplishments of the prior year. The budget overview summarizes the financial components of the city, including revenue trends and significant new expenditures.

Summary Information

This section of the budget contains summary information about the structure of the city government. It includes budget practices and policies, the city's budget process, as well as summary financial tables.

Staffing

This section contains a list of all authorized positions for the city by department and provides historical staffing information.

General Fund

The accounts of the city are organized on the basis of funds and account groups. These funds and account groups are organized to segregate and account for restricted resources. Each fund and account group is a separate accounting entity. The General Fund is the primary revenue source for most services cities typically offer; these include public safety (police and fire), street maintenance, parks and recreation, and community services. Department detail is included.

Other Funds

The other funds section contains non-general fund sources of revenues. These funds are grouped into Special Revenue funds and Enterprise funds. Each fund type is described in this section and a financial summary is provided for each.

Debt Service

This section contains information about the city's outstanding debt and repayment of those obligations.

Capital Improvement Plan

The capital improvement projects scheduled for funding in the budget year are summarized in this section.

Policies

This section contains financial policies and procedures adopted by the City Council and followed by staff.

Appendix

This section contains information of interest such as the budget for a discretely presented component unit (Housing and Redevelopment Authority) and statistical information.

Glossary

Budget terms and acronyms used in the budget document are provided for the reader's reference.

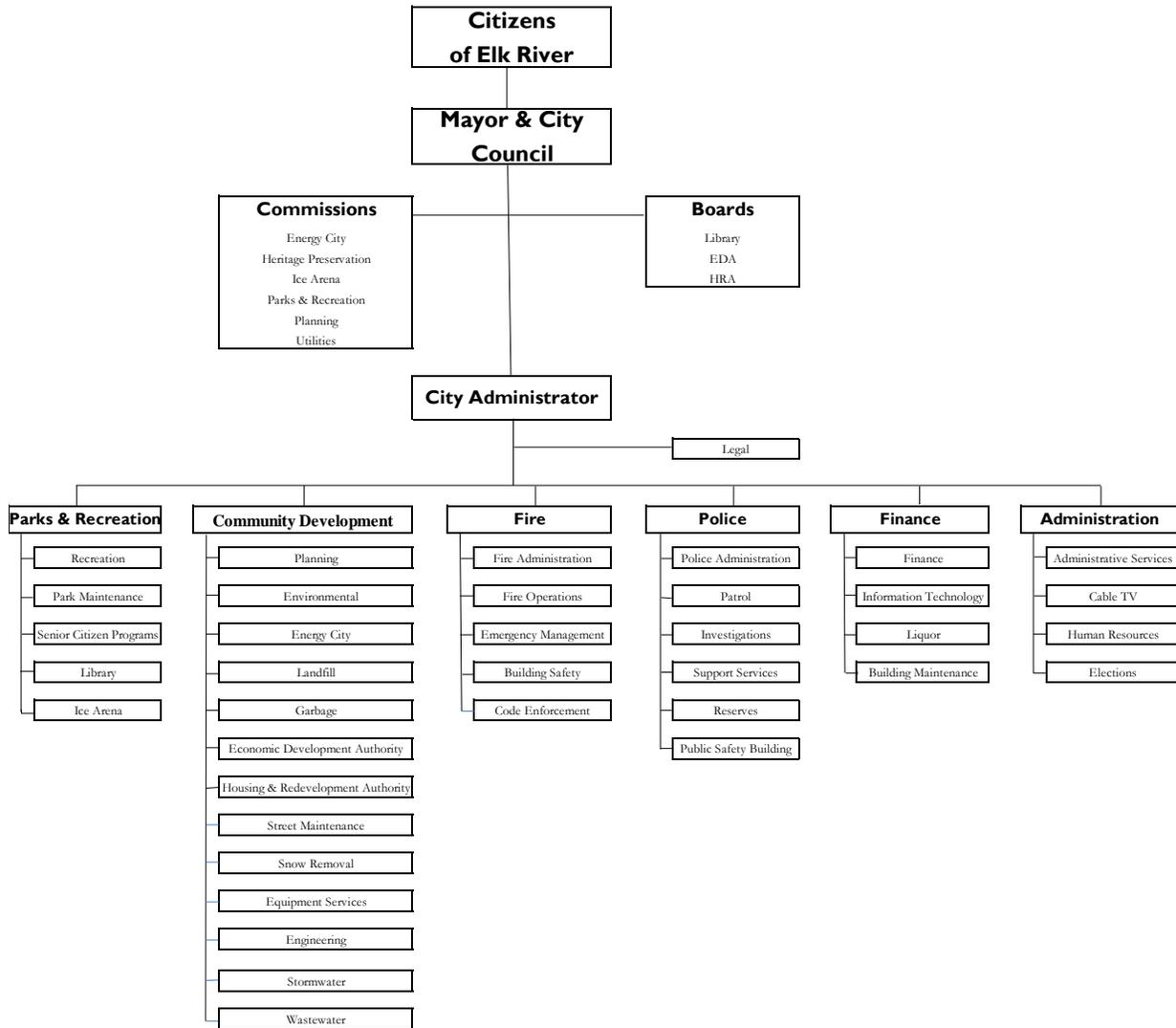
City Officials

| | Term of Office Expires <u>December 31st</u> |
|--|---|
| Mayor..... John Dietz | 2018 |
| Councilperson Ward 1 Jerry Olson | 2018 |
| Councilperson Ward 2 Matthew Westgaard | 2016 |
| Councilperson Ward 3 Barbara Burandt | 2016 |
| Councilperson Ward 4 Jennifer Wagner | 2018 |

Appointed Personnel

| | |
|---|--------------------|
| City Administrator..... | Calvin Portner |
| Police Chief..... | Ron Nierenhausen |
| Fire Chief..... | T. John Cunningham |
| Finance Director..... | Tim Simon |
| Parks and Recreation Director..... | Michael Hecker |
| Community Operations & Development Director.... | Suzanne Fischer |

City of Elk River Organizational Chart



FTE Summary

| | 2014 <u>Actual</u> | 2015 <u>Actual</u> | 2016 <u>Budget</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | |
| General Government | | | |
| Administrative Services | 6.00 | 6.00 | 6.00 |
| Cable TV | 1.25 | 1.60 | 1.60 |
| Human Resources | 1.00 | 2.00 | 2.00 |
| Finance | 4.80 | 4.80 | 4.80 |
| Information Technology | 3.00 | 3.00 | 3.00 |
| Community Development | 3.00 | 3.00 | 2.00 |
| Planning | 2.00 | 2.00 | 3.00 |
| Building Maintenance | 7.10 | 7.10 | 7.10 |
| Energy City* | <u>0.10</u> | <u>0.10</u> | <u>0.15</u> |
| Total General Government | 28.25 | 29.60 | 29.65 |
| Public Safety | | | |
| Building Safety | 7.00 | 7.00 | 7.00 |
| Code Enforcement | 1.00 | 1.00 | 1.00 |
| Environmental* | 0.40 | 0.40 | 0.45 |
| Police | 40.00 | 41.00 | 41.00 |
| Fire | <u>2.70</u> | <u>2.70</u> | <u>3.00</u> |
| Total Public Safety | 51.10 | 52.10 | 52.45 |
| Public Works | | | |
| Street Maintenance | 12.20 | 12.20 | 12.20 |
| Equipment Maintenance | 2.00 | 2.00 | 2.00 |
| Engineering | <u>2.00</u> | <u>2.00</u> | <u>2.00</u> |
| Total Public Works | 16.20 | 16.20 | 16.20 |
| Culture & Recreation | | | |
| Park Maintenance | 9.75 | 9.75 | 9.75 |
| Recreation | 8.75 | 8.50 | 8.50 |
| Senior Citizen Programs | <u>2.00</u> | <u>2.10</u> | <u>2.10</u> |
| Total Culture & Recreation | 20.50 | 20.35 | 20.35 |
| Total General Fund | <u>116.05</u> | <u>118.25</u> | <u>118.65</u> |
| Special Revenue Funds | | | |
| Library | 0.00 | 0.00 | 0.00 |
| Ice Arena | 8.20 | 8.20 | 8.20 |
| Pinewood Golf Course | 1.00 | 0.00 | 0.00 |
| Landfill* | 0.10 | 0.10 | 0.10 |
| Economic Development Authority | <u>1.20</u> | <u>1.20</u> | <u>1.20</u> |
| | 10.50 | 9.50 | 9.50 |
| Enterprise Funds | | | |
| Wastewater Treatment Plant | 6.20 | 6.20 | 6.20 |
| Liquor | 11.50 | 11.50 | 11.50 |
| Garbage* | 0.40 | 0.40 | 0.30 |
| Stormwater* | <u>0.05</u> | <u>1.05</u> | <u>1.00</u> |
| | 18.15 | 19.15 | 19.00 |
| Grand Total | <u>144.70</u> | <u>146.90</u> | <u>147.15</u> |

*Environmental Staff time allocated between Environmental, Energy City, Landfill, and Garbage is adjusted annually.

**Changes for 2016: Planner added, Fire Administrative Assistant became full-time and Assistant Community Operations & Development Director removed.

A Brief History

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.

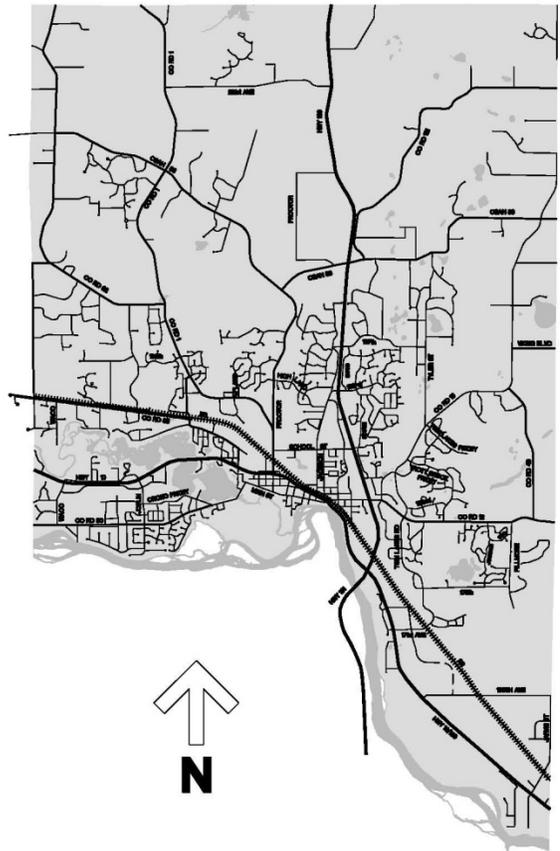
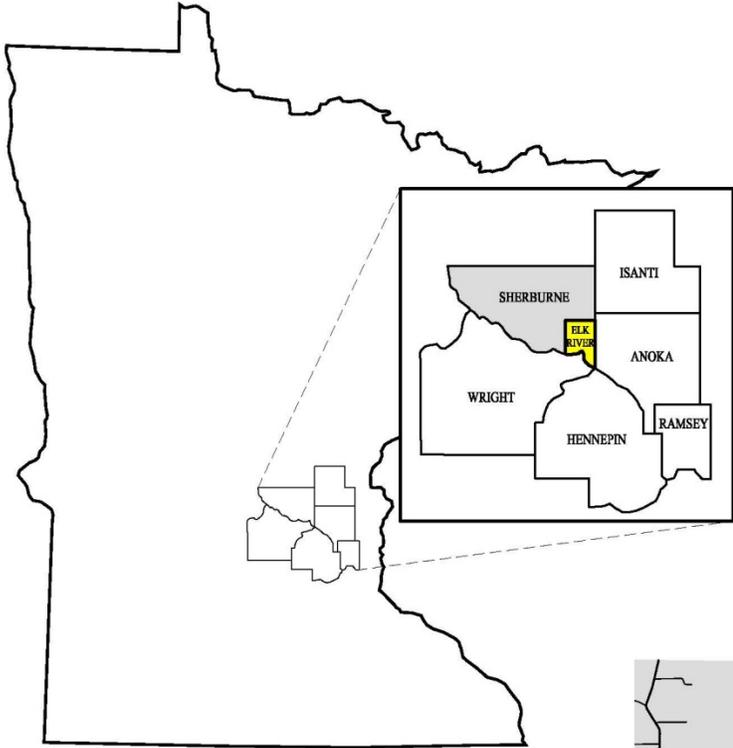
The Orono Dam was destroyed by an ice storm in 1912, but hydropower gave a new incentive to dam the Elk River in 1915. This new dam created the four lobes of Lake Orono as we know it today. In 1916, the Village of Elk River received electricity for the first time. The entire township of Elk River would 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. The future will present a challenge to maintain Elk River's small town atmosphere and unique heritage.



Strategic Planning

Various city staff members continue to meet regularly to identify, review, and refine tasks that help meet previously established Goals and Action steps for Elk River. The vision statement and goals identified below were approved by the City Council in October 2010. City staff worked on the creation of a plan, comprised of action steps and tasks to be completed to assist in meeting the goals. On February 1, 2016, the City Council reviewed the goals, action steps, and tasks framework and no changes were made. This framework highlighted key initiatives to be completed in upcoming years.

City of Elk River Vision

Abounding in natural beauty, Elk River is a vibrant, historic river town that promotes an active lifestyle in an innovative and involved community offering unlimited opportunities.

Goals

Innovation

Develop new programs and services to meet the needs of the community.

Community Development

Enhance and expand community involvement and public participation through a variety of innovative outlets.

Beautification

Have attractive, welcoming streetscapes at city entrances and primary corridors.
Enforce zoning ordinances.

Opportunities

Foster a pro-business atmosphere that provides incentives and other opportunities for new and existing business growth.

Planning and Positioning

Employ resources toward long-range benefit to the community.

Action Steps

Innovation

- A1 - Evaluate existing programs and services
- A2 – Redefining government as customer service
- A3 – Foster collaborative opportunities
- A4 – Enhance communication
- A5 – Explore and develop new programs and services

Community Development

- B1 – Evaluate, enhance and expand communication
- B2 – Enhance, expand and diversify public education and outreach
- B3 – Build community spirit
- B4 – Promote community brand
- B5 – Increase volunteerism

Beautification

- C1 – Improve, revitalize and invest in streetscaping along primary corridors and entrances
- C2 – Improve water quality
- C3 – Provide consistent and expanded signage

Opportunities

- D1 – Position land for development
- D2 – Facilitate development and redevelopment to support rapidly changing technological advances
- D3 – Promote and amend existing programs and services
- D4 – Address the housing needs of current and future Elk River residents

Planning and Positioning

- E1 – Complete comprehensive plans
- E2 – Legislative advocacy
- E3 – Preservation of assets
- E4 – Employee development and retention
- E5 – Positioning to improve services and value to community



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 2016, except the water and electric utilities.

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

The Adopted 2016 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, Capital Project, and Enterprise funds. The City Council reviewed the budget in work sessions beginning in June of 2015 and adopted the preliminary property tax levy on September 21, 2015. The 2016 Budget and final property tax levy were adopted at the December 7, 2015, City Council meeting and the final property tax levy was submitted to Sherburne County on December 8, 2015.

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 2016 and beyond. Some highlights of the 2016 budget are as follows:

City Initiatives

In recent years, we have thoroughly reviewed and updated a number of the city's long-term strategic planning documents including the *Comprehensive Plan*, *Mississippi Connections*, the redevelopment framework for downtown Elk River, *Parks Master Plan*, and the *171st Avenue Focused Area Study* (FAST). Last year, the city also completed the Gravel Mining Area Study to shape the future of this highly developable 2,600-acre segment along US Highway 169. In 2016, the city will also complete the master planning process for William H. Houlton Conservation Area and Bailey Point Nature Preserve.

We are expecting the city's first significant residential development in more than five years while the commercial/industrial sector growth is expected to include notable expansion and reinvestment.

A taskforce opened 2016 with a feasibility study of city facilities to evaluate the Elk River Ice Arena, 55+ Activity Center (the old library), and Lions Park Center to determine if they should be renovated, replaced or consolidated into a centrally-located, multi-generational, multipurpose facility.

With the Council's emphasis on keeping taxes low, no significant new initiatives are slated for 2016. Staff will continue to focus on providing excellent service at current levels with the same resources. The 2016 budget was adopted with the same intent; the city will be in a very good financial position at the end of 2016.

Impact of Legislation

The State Legislature briefly discussed property tax rates, however they did not enact property tax levy limits or classification changes for 2016. This will be the second year of the three-year phase in of minimum wage increases.

Highlights of the Past Year

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

- Implemented a long-term funding plan for our storm water needs with the creation of an Enterprise fund financed by user charges to comply with increased requirements for new storm water regulations.
- Completed the second year of a multi-year wastewater treatment facility expansion to comply with new pollution control regulations and to more efficiently manage bio solids, which will add capacity for future economic development and community growth.
- Coachman Ridge apartments opened near the Northstar train station.
- ERMU reached an agreement with Connexus Energy to transfer the remaining 7,680 acres of Connexus electric service territory within Elk River to ERMU over five years.
- Three Natures Edge Business Center II lots were sold to Sportech, Inc., Morrell Transfer, and GATR Truck Center to build new facilities.
- Earned our 7th consecutive GFOA *Distinguished Budget Presentation Award*.
- Earned our 26th consecutive GFOA *Award for Excellence in Financial Reporting*.

Budget Initiatives

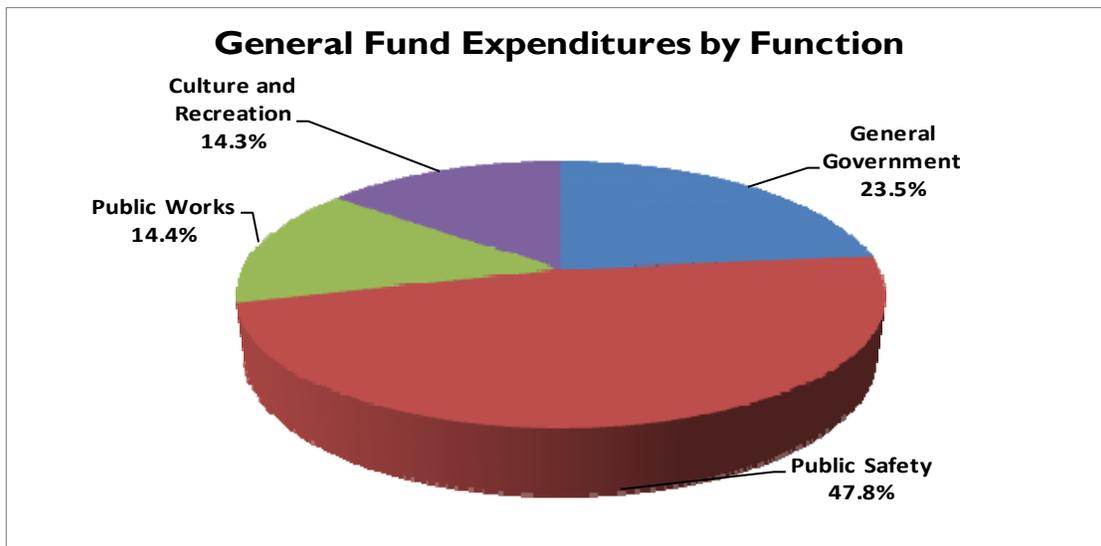
The General Fund and all other tax-supported budgets were developed based on the revenue generated from a net tax capacity increase of 4.14% and a target tax rate of 46.0%. The Enterprise fund budgets are not supported by tax revenue and were developed using estimated revenues from sales, connection fees, and customer charges.

Following is a summary of the highlights and major initiatives undertaken for 2016:

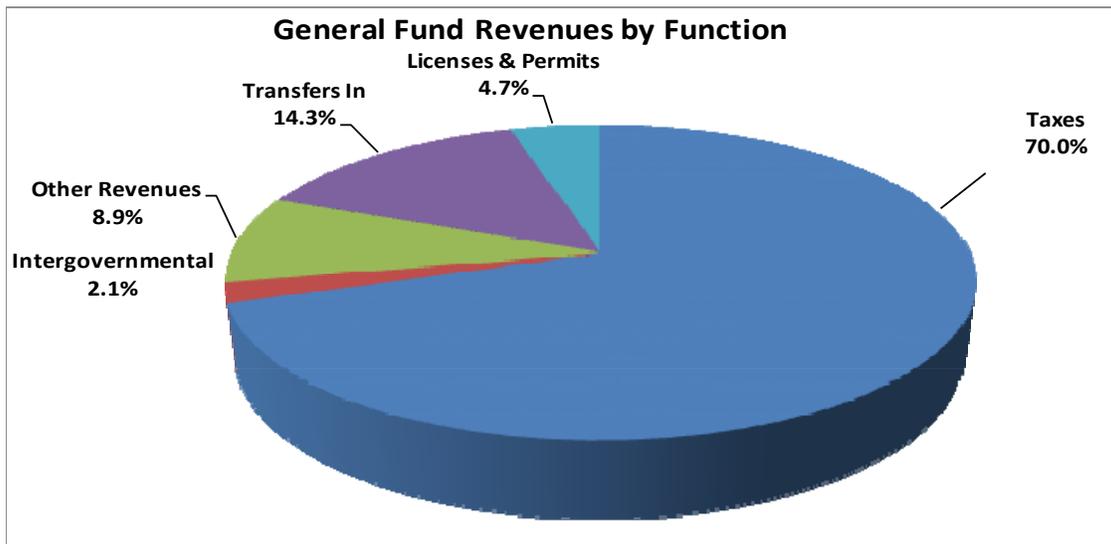
General Fund

The overall General Fund budget increased 4.30% over the adopted 2015 budget. The increase is attributed to the following:

- Inflationary increases occurred in operating expenditures (less than 0.5%), with some expenditure line items reduced due to the state sales tax exemption.
- 2016 adjustment for donated electricity from ERMU which will be recognized as an expenditure incurred with offsetting revenue adjustment (1.66%).
- Increased personal service costs, including health insurance premium contribution and a 2% salary adjustment.



The major functions are financed with a combination of revenues with property taxes as the largest source.



Capital Improvements

The detailed 2016-2020 Capital Improvement Plan (CIP) was approved as a planning document at the December 21, 2015 City Council meeting.

The CIP coordinates the financing and timing of improvement projects, and the acquisition of capital equipment. The 2016-2020 projects are included in the CIP section of this document.

Enterprise Funds

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

Garbage Fund

The Garbage fund budget is consistent with 2015. No rate changes were proposed and the organics program will continue in 2016 with the implementation of the *Blue Bag Organics Recycling* program.

Sanitary Sewer Fund

The Sanitary Sewer fund revenue is expected to increase slightly with a proposed customer rate and connection fee increase of 3%. In addition, interest income is expected to increase slightly. No additional staff positions were planned.

The operating budget includes many maintenance-related and capital expenditures, including facility improvement and expansion due to new pollution control limits and added treatment capacity to meet the needs of the users. The multi-year expansion has approximately \$5 million of construction remaining in 2016 with an estimated facility life of over 20 years.

Storm Water Fund

The Storm Water fund proposes no customer rate change from 2015.

The operating budget includes many items related to the new storm water requirements including pond maintenance, education, compliance, and testing.

Liquor Fund

The city's two municipal liquor stores have a combined sales volume of more than \$6.9 million and project a gross profit of 29%. Sales in 2016 are expected to increase by 1% over 2015.

No significant changes in operating expenditures and no additional staff positions are funded for 2016.

The net income derived from the stores is used to fund operations and projects to benefit the community. The 2016 transfers are as follows:

| <u>Purpose</u> | <u>2016</u> |
|-----------------------|-------------|
| General Fund support | \$438,950 |
| Park Improvement fund | \$280,000 |

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, 2015.

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 very positive financial position through sound management and by adhering to its financial policies. This strong financial condition can be sustained going forward.

The 2016 budget continues the tradition of keeping the tax rate low while providing valuable services to our residents. The Council and staff are committed to providing quality 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



Tim Simon
Finance Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Elk River
Minnesota**

For the Fiscal Year Beginning

January 1, 2015

Executive Director

Budget 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 15. This meeting must occur at or after 6:00 p.m. between November 25 and December 26. The city must not adopt a final budget until after this meeting.

The City Administrator and Finance Department are responsible for the development of the annual budget. 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 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 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. The long-range planning supports the goals and vision of the city. The Finance Department is involved in helping other city departments implement their action steps and tasks.

Amending the Budget

Generally, department heads can make amendments from one line item to another within their department budget by submitting a completed budget adjustment form to the Finance Department. These adjustments are approved by the Finance Director and City Administrator. 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.

City of Elk River 2016 Budget Schedule

| | |
|-----------------------|--|
| May 4, 2015 | Budget forms and instructions to department directors |
| June 1, 2015 | Department Director proposed budgets due to Finance Department |
| June 2015 | Staff budget meetings with City Administrator and Finance Director |
| July 6, 2015 | General budget discussion on tax levy, goals, staffing and other policy items. |
| July 20, 2015 | Presentation of Community Operations and Development (Planning, COD, Environmental, Energy City, Landfill), Finance, Information Technology, and Building Maintenance budgets to Council |
| August 3, 2015 | Presentation of Administration, Cable TV, Mayor & Council, Elections, Legal, Human Resources, Streets, Snow Removal, Equipment Maintenance, Engineering, and Library budgets to Council |
| August 10, 2015 | Presentation of Police, Fire, Building Safety, Parks and Recreation, and Equipment Replacement fund budgets to Council |
| August 17, 2015 | Presentation of Liquor, Garbage, Storm Water, and Wastewater budgets to Council |
| September 8, 2015 | EDA/HRA levies |
| September 14, 2015 | Budget review and any remaining budget presentations |
| September 21, 2015 | Council adopts maximum property tax levy |
| September 30, 2015 | Certify city maximum property tax levy to Sherburne County |
| October/November 2015 | Final adjustments/budget revisions and review Capital Improvement Plan (CIP) funds/projects |
| December 7, 2015 | City Council adopts the final 2016 budget and property tax levy |
| December 21, 2015 | City Council adopts the 2016-2020 CIP |

Budget Practices & Policies

General Description and Form of Government

The City of Elk River is located in Sherburne County. The city provides a full range of municipal services authorized by State Statute. These services include police and fire protection, construction and maintenance of streets and sanitary sewer, recycling, recreation programs and activities, maintenance and development of a park system, community development activities (planning and zoning), inspection services, and general administrative services.

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.

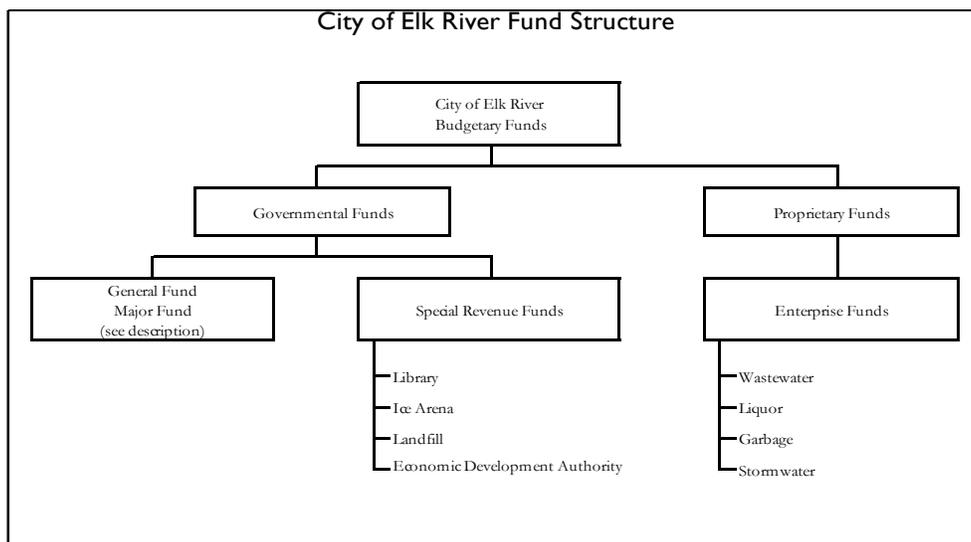
Fund Accounting

A fund is a separate fiscal and accounting entity with a separate set of accounting records. For example, a separate fund is used to account for the funds received by the city for park dedication fees.

The use of fund accounting is one of the basic requirements of generally accepted accounting principles (GAAP) for government and one of the major differences between government and private-sector accounting. It requires separate record keeping for each individual fund that a government uses.

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

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



The budgeted funds of the city are grouped into two broad categories as follows:

- **Governmental Funds** – Governmental funds are used to account for “government-type” activities of the city (e.g., activities that receive a significant portion of their funding from property taxes, state aids, and various grants). The governmental funds budgeted for the city are the General fund and Special Revenue funds.
- **Proprietary Funds** – Proprietary funds are used to account for the “business-type” activities of the city (e.g., activities that receive a significant portion of their funding through user charges). The proprietary funds budgeted by the city are the Enterprise funds.

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.

General Fund

The General Fund is the primary revenue source and operating fund for most services cities typically offer. These include public safety (police and fire), street maintenance, parks and recreation, and community services, etc. In addition, the City Council, Administrative Services, and Legal budgets are predominately funded by the General Fund. These activities are financed through general tax dollars from property taxes and by revenues generated from permits, fees, and investment earnings.

Special Revenue Funds

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 four Special Revenue funds:

- **Library** – The city maintains a library that is part of the Great River Regional Library system.
- **Ice Arena** – The city owns and operates an ice arena with two rinks.
- **Landfill** – The Landfill fund segregates solid waste surcharge revenues used for landfill abatement and other environmental issues.
- **Economic Development Authority** – The EDA guides economic development within the city.

Enterprise Funds

These funds account for city activities that operate as public enterprises. Revenues come from fees charged to programs, customers, or other department users. The city currently has four Enterprise funds (Wastewater, Liquor, Garbage, and Stormwater) that represent separate business activities for the city.

- **Wastewater** – The city provides wastewater/sewer service to its citizens and commercial entities.
- **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.
- **Stormwater** – The city provides stormwater service to its citizens and commercial entities.

Accounting Practices

The accounting and reporting policies of the city conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental

Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The section entitled “Financial Policies” summarizes the policies and practices used by the city.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types use the modified accrual basis of accounting. Under this method, revenues are recognized when they become available and measurable. “Measurable” means the amount can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which they fund liability is incurred.

All enterprise fund types use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Budgetary Basis of Accounting

The budgetary basis of accounting determines when a government charges expenditures to a budget appropriation or when it credits revenue to its funds for budgeting purposes. Although the city presents financial statements in its Comprehensive Annual Financial Report (CAFR) in accordance with GAAP, the budget is adopted on a modified cash basis. The major difference between the two basis or accounting is as follows:

- For budgetary purposes, revenues are recorded when received. Under GAAP, revenues are recorded when susceptible to accrual.
- For budgetary purposes, interfund loans and repayments are recorded as revenues and expenditures. Under GAAP, the transactions are classified as increases or reductions in the “due to/due from” accounts.
- Capital expenditures are budgeted as an expense in the enterprise funds. Under GAAP these expenditures are reclassified as capital assets.

Budgeting

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 will use financial forecasts as a tool for planning. 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 budget shall be adjusted as needed to recognize significant deviations from original budget expectations. The City Council shall consider budget amendments each December. Budget amendments are intended to recognize changes made by the City 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 revenues and expenditures.

Administrative budget amendments may be made throughout the year by department heads to adjust line item budgets within their department as long as the total departmental budget does not change. These 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.

The city will not use short-term borrowing, internal or external, to balance the budget for any fund.

The city will not sell assets or use one-time accounting principle changes to balance the budget for any fund.

The city will provide ample time and opportunity for public input into its budget setting deliberations each year, including any required public hearings.

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.

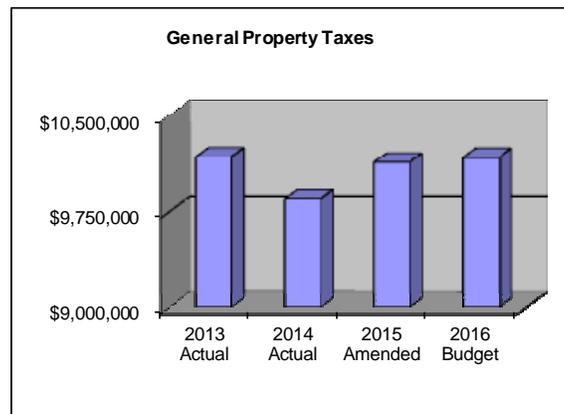
Revenue Sources, Trends and Assumptions

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 the individual revenue source's history, stability or expected volatility. 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/charges to ensure they are appropriate.

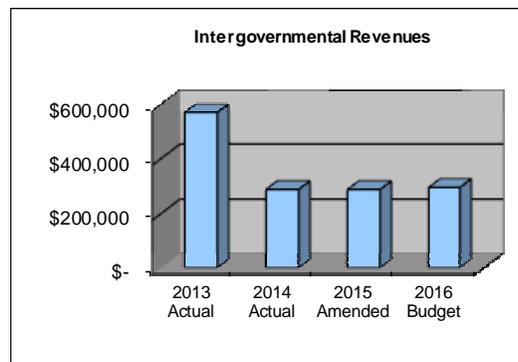
The following is a summary of major revenue sources, trends, and assumptions for fiscal year 2016.

Governmental Fund Revenues

General Property Taxes – The city relies on property taxes to support the basic functions such as general government, public safety, streets, recreation, library, debt service, and tax abatement. The 2016 property tax levy is \$10,171,733 of which \$9,596,850 is budgeted in the General Fund, \$370,626 to debt service funds, \$59,400 to library operations, and \$144,857 to tax abatement payments. The city levies market value rate levies for Economic Development and Housing Redevelopment Authorities, in addition to a YMCA debt service levy.

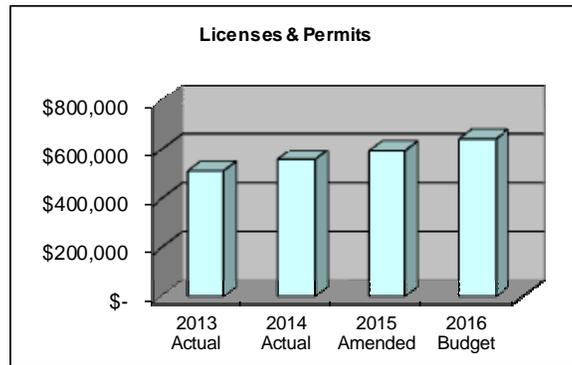


Intergovernmental Revenues include state aid for police and grant funding. These budget items are susceptible to overall State of Minnesota budget conditions. The street maintenance aid was moved to the Pavement Management fund in 2014.

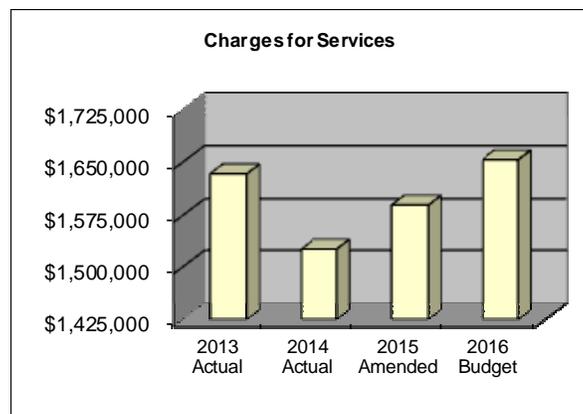


Licenses & Permits include business licenses, building-related permits and fees, and other non-business licenses and permits. Building and plumbing/heating permits are the largest category and

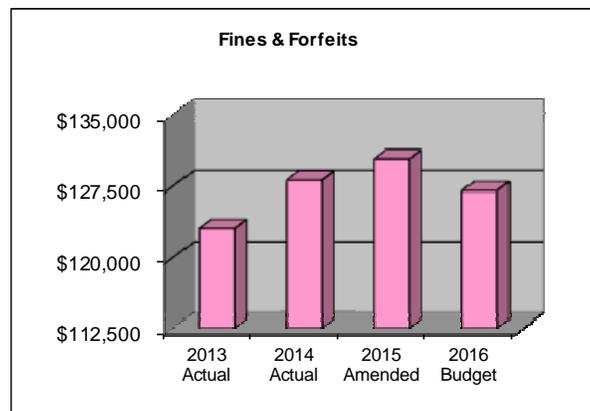
account for \$477,000 or 74% of this category in the General Fund. Building permit revenues had been increasing for the past several years for residential, but in 2015 increased revenues were due to increased commercial/industrial activity and renovations to existing commercial and school buildings. The 2016 budget expects this trend to continue.



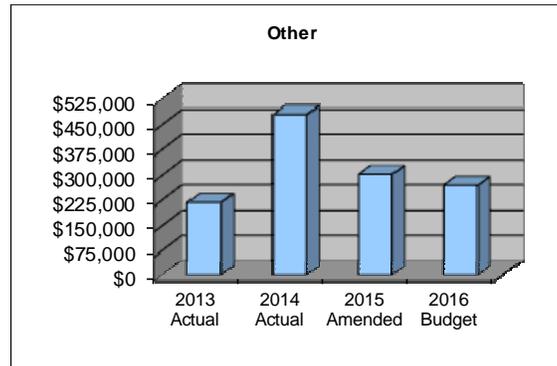
Charges for Services include administrative charges, recreation program fees, police and fire services, and facility use fees. An increase is expected in this category due to plan check fees related to development activity.



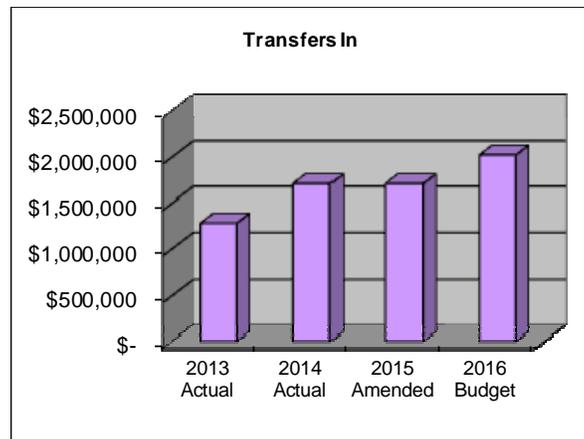
Fines & Forfeits include fines paid for traffic violations and criminal offenses occurring within the city limits. No significant changes are expected for 2016.



Other Revenue includes interest income, payment for services provided to Elk River Municipal Utilities and donations for recreation programs and special events. A slight decrease is expected to contributions in 2016.

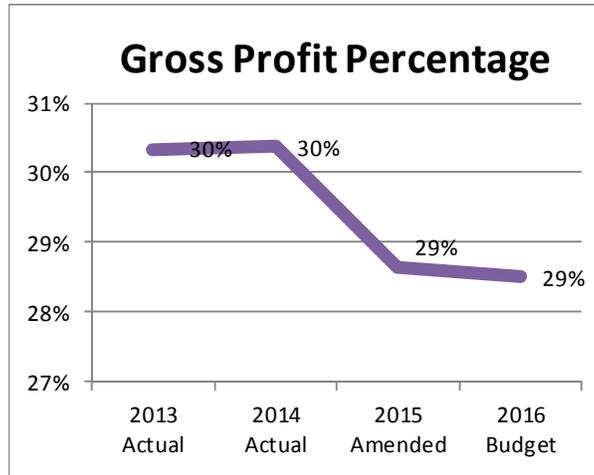


Transfers In includes revenues from other funds used to cover services provided by the General Fund and Special Revenue funds to offset operating budgets. The amounts are expected to increase slightly from the Municipal Liquor fund and an increased transfer from Elk River Municipal Utilities (3% of electric sales to 4%) in the General Fund to account for no longer donating electricity to non-revenue producing city buildings.

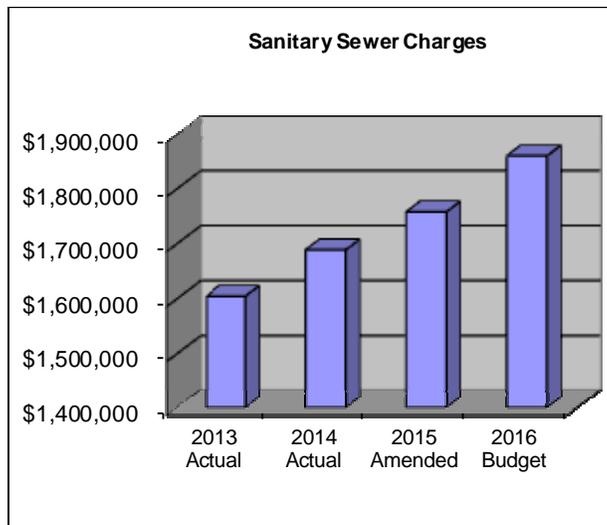


Proprietary – Enterprise Fund Revenues

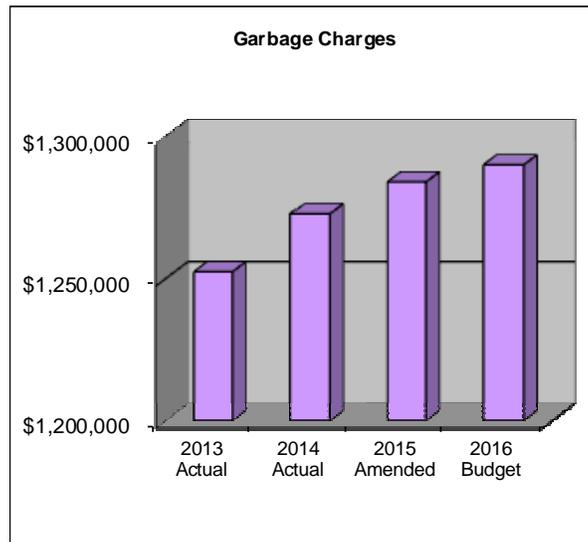
Municipal Liquor Fund – sales are the main revenue source for the Liquor fund and sales are expected to increase slightly in 2016. Cost of goods sold could see an increase of slightly more than 2%. Gross profit has remained fairly consistent around 29%-30% over the past couple of years and we expect that trend to continue in 2016.



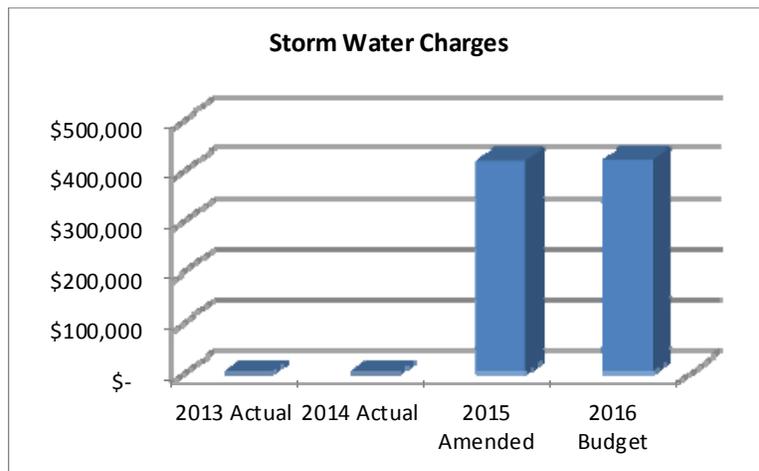
Sanitary Sewer Fund charges in 2016 are expected to be approximately \$1.85 million. A 3% customer charge rate increase has been budgeted in 2016 and was anticipated in the long-term financial planning of the Sewer fund.



Garbage Fund charges in 2016 are expected to be approximately \$1.3 million, which is fairly consistent with 2015 expected collections. No customer rate changes have been budgeted in 2016.

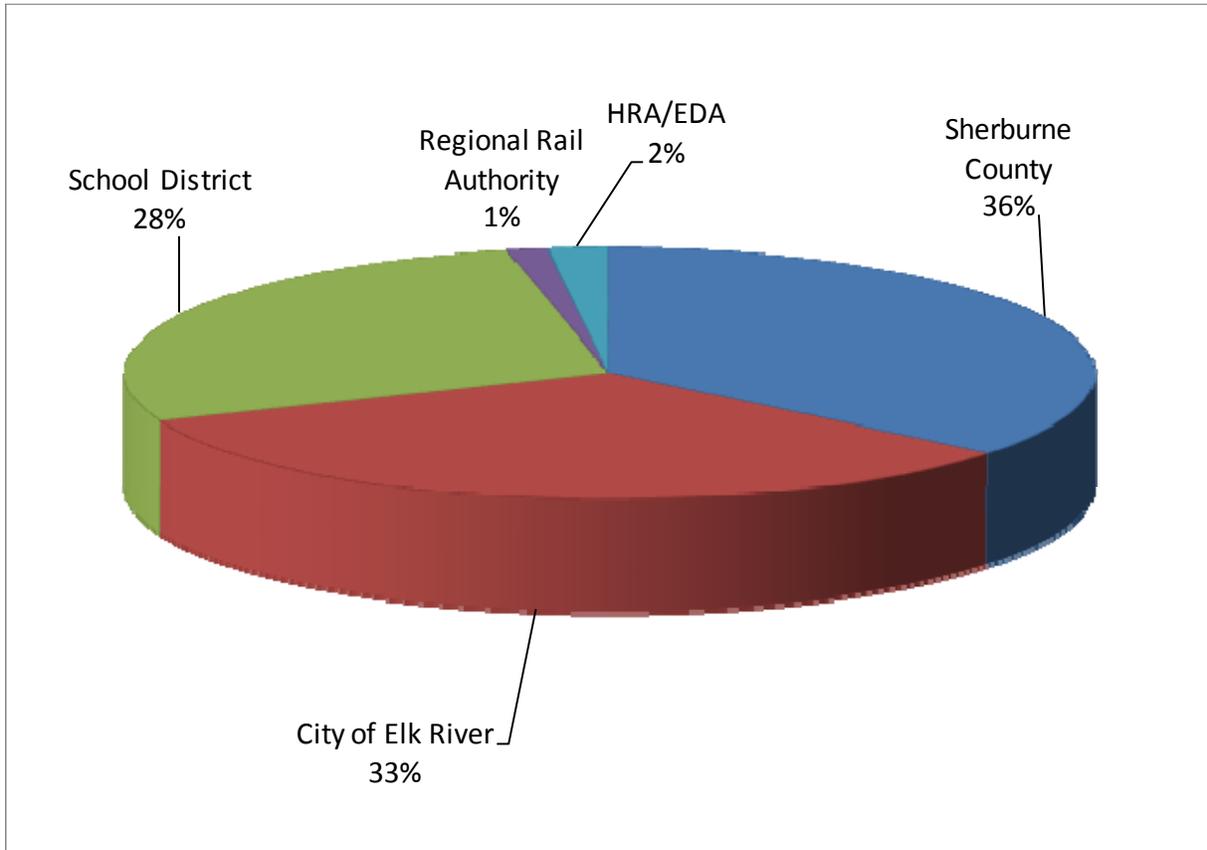


Storm Water Fund charges in 2016 are expected to be approximately \$420,000, which is consistent with 2015. 2016 will be the second year of the newly created fund.



Property Tax

In 2016, the city as proposed will receive approximately 33% of the taxes on property within the city on residential property. The following chart indicates the allocation of property tax dollars by government type based on proposed 2016 tax capacity rates.



Tax Levy, Tax Capacity, and Tax Impact

The total tax levy for 2016 is \$10,171,733 which is \$154,376 more than the 2015 tax levy. The reduction in tax abatement levy is due to updated property values of commercial property. The debt service levy remains consistent with prior years. The increase in the General Fund levy relates to wages and benefits, pension changes, and general operating expenditure adjustments.

The following table summarizes the 2016 tax levy.

| Program or Service | 2015 Actual Levy | 2016 Actual Levy | \$ Increase (decrease) | % Increase (decrease) |
|----------------------|---------------------|---------------------|---------------------------|--------------------------|
| General Fund | \$ 9,420,700 | \$ 9,596,850 | \$ 176,150 | 1.87% |
| Library | 63,100 | 59,400 | (3,700) | -5.86% |
| General Debt Service | 377,107 | 370,626 | (6,481) | -1.72% |
| Tax Abatement | 156,450 | 144,857 | (11,593) | -7.41% |
| | | | | |
| Total | \$ 10,017,357 | \$ 10,171,733 | \$ 154,376 | 1.54% |

The citywide 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.

| | 2015 Actual | 2016 Estimated |
|-----------------------------|---------------|----------------|
| Gross Net Tax Capacity | \$ 21,426,935 | \$ 22,313,958 |
| Less Captured Tax Increment | (198,997) | (201,466) |
| Net Tax Capacity for Levy | 21,227,938 | 22,112,492 |
| Tax Levy | 10,017,357 | 10,171,733 |
| Local Tax Rate | 47.19% | 46.00% |

The following table summarizes the estimated tax impact on residential homes, based on the 2016 tax levy and budget, estimates provided by Sherburne County, and assuming no change in property tax valuation.

| Value of Home | 2015 Actual | 2016 Estimated | \$ Increase (decrease) | % Increase (decrease) |
|---------------|----------------|-------------------|---------------------------|--------------------------|
| \$ 150,000 | \$ 595.82 | \$ 580.80 | \$ (15.02) | -2.52% |
| 175,000 | 724.41 | 706.15 | (18.26) | -2.52% |
| 200,000 | 853.01 | 831.50 | (21.51) | -2.52% |
| 225,000 | 981.60 | 956.85 | (24.75) | -2.52% |
| 250,000 | 1,110.19 | 1,082.20 | (27.99) | -2.52% |

The median value residential property increased from \$178,800 to \$189,400 which is a value increase of 5.93% and as a result will see an increase of \$34.39 or 4.62% change.

The following table summarizes the estimated tax impact on commercial property, based on the 2016 tax levy and budget, estimates provided by Sherburne County, and assuming no change in property valuation.

| Value of Property | 2015 Actual | 2016 Estimated | \$ Increase (decrease) | % Increase (decrease) |
|-------------------|----------------|-------------------|---------------------------|--------------------------|
| \$ 500,000 | \$ 4,365.08 | \$ 4,255.00 | \$ (110.08) | -2.52% |
| 1,000,000 | 9,084.08 | 8,855.00 | (229.08) | -2.52% |

Long-Term Financial Planning

Prior to the start of the budget process, the City Council reviews a long-range financial model on the city's General Fund. 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).

It is important to note the city policy is to maintain fund balance at 45% of next year's budgeted expenditures.

General Fund (Operations)

The city's general operations include public safety, culture and recreation, general government, and streets maintenance. Over the next several years, the operations are projected to collectively grow 3% per year. This assumes the city will continue providing the same level of services as it currently does. The projections incorporate increases in personnel, supplies and materials, and other operating costs including professional services.

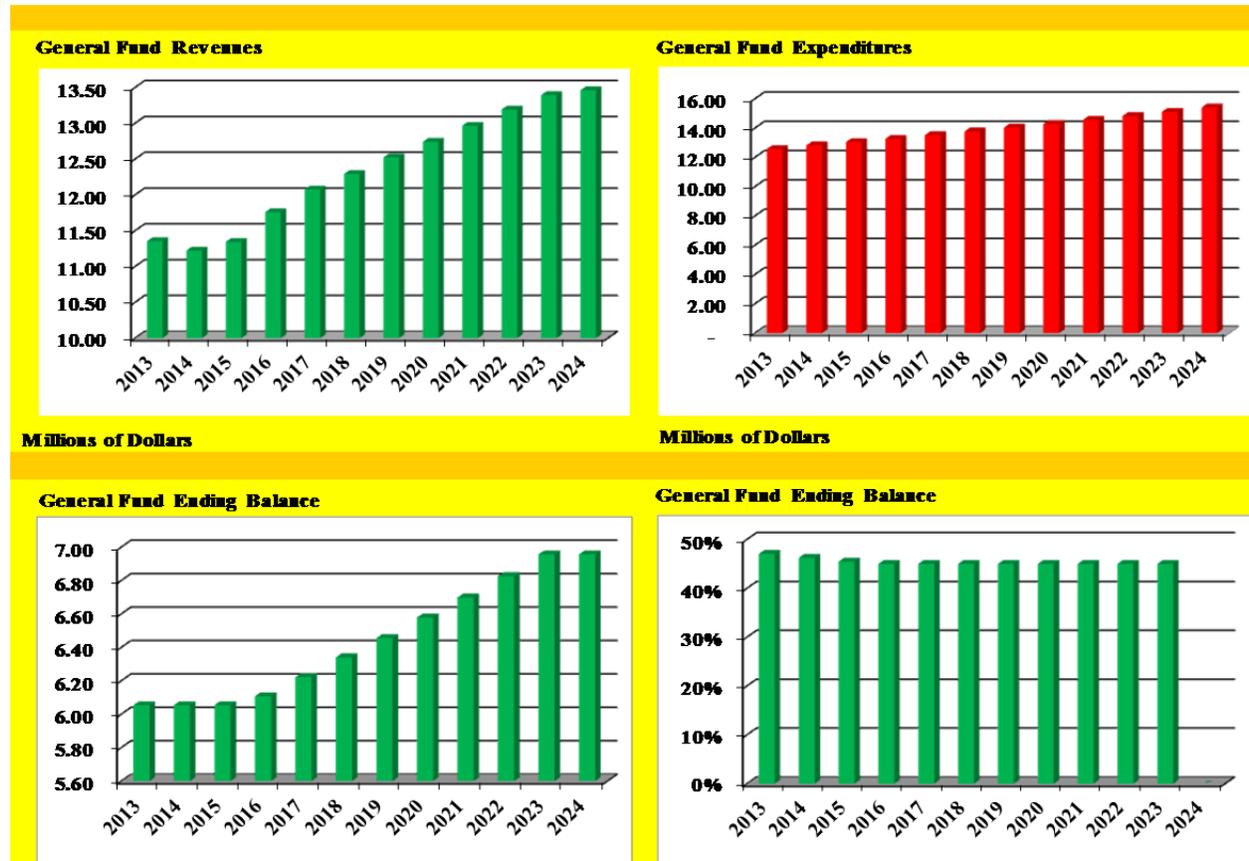
Projected cost increases by major category for the general-purpose functions are as follows:

- Personnel costs – 2%
- Materials and supplies – 1%
- Services and charges – 1%

To accommodate these additional costs, operating revenues will need to increase by a corresponding amount as follows:

- Property taxes – 3%
- Licenses and Permits – 2%
- Charges for services – 1%
- Other – 1%

Below is a summary from the dashboard of the financial model.



2016 BUDGET SUMMARY - ALL FUNDS

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Difference | Percent Change |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-------------------|
| Revenues & Other Sources | | | | | | | |
| General Fund | | | | | | | |
| Taxes | \$ 9,264,268 | \$ 9,391,373 | \$ 9,545,750 | \$ 9,660,750 | \$ 9,723,850 | \$ 63,100 | 0.65% |
| Intergovernmental Revenues | 557,990 | 286,851 | 286,550 | 286,550 | 288,350 | 1,800 | 0.63% |
| Charges for Services | 740,756 | 816,556 | 854,450 | 854,450 | 915,800 | 61,350 | 7.18% |
| Fines & Forfeitures | 122,985 | 128,131 | 125,000 | 130,400 | 127,000 | (3,400) | -2.61% |
| Licenses & Permits | 513,779 | 559,286 | 599,400 | 599,400 | 646,550 | 47,150 | 7.87% |
| Other Revenue | 170,066 | 175,281 | 217,000 | 217,000 | 213,500 | (3,500) | -1.61% |
| Transfers In | 1,216,000 | 1,625,550 | 1,684,650 | 1,684,650 | 1,969,750 | 285,100 | 16.92% |
| Total General Fund: | \$ 12,585,844 | \$ 12,983,028 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 | \$ 451,600 | 3.36% |
| Special Revenue Funds | | | | | | | |
| Taxes | \$ 351,494 | \$ 362,567 | \$ 408,850 | \$ 408,850 | \$ 419,500 | \$ 10,650 | 2.60% |
| Intergovernmental Revenues | 12,255 | 2,560 | 2,500 | 2,500 | 8,200 | 5,700 | 228.00% |
| Charges for Services | 749,191 | 731,466 | 758,350 | 758,350 | 762,350 | 4,000 | 0.53% |
| Other Revenue | 18,590 | 305,355 | 86,100 | 86,100 | 56,400 | (29,700) | -34.49% |
| Transfers In | 3,500 | 3,500 | 3,500 | 3,500 | 31,850 | 28,350 | 810.00% |
| Total Special Revenue Funds: | \$ 1,135,030 | \$ 1,405,448 | \$ 1,259,300 | \$ 1,259,300 | \$ 1,278,300 | \$ 19,000 | 1.51% |
| Enterprise Funds | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 2,800,000 | \$ 1,800,000 | \$ 800,000 | \$ (1,000,000) | 0.00% |
| Charges for Services | 2,876,970 | 2,979,531 | 3,060,200 | 3,060,200 | 3,170,000 | 109,800 | 3.59% |
| Other Revenue | 308,461 | 1,056,797 | 783,550 | 783,550 | 626,950 | (156,600) | -19.99% |
| Sales | 6,753,521 | 6,823,719 | 7,333,650 | 7,333,650 | 7,405,500 | 71,850 | 0.98% |
| Transfers In | 13,245 | 146,378 | 1,014,600 | 1,014,600 | 36,600 | (978,000) | -96.39% |
| Total Enterprise Funds: | \$ 9,952,197 | \$ 11,006,425 | \$ 14,992,000 | \$ 13,992,000 | \$ 12,039,050 | \$ (1,952,950) | -13.96% |
| Total Revenues & Other Sources: | \$ 23,673,071 | \$ 25,394,901 | \$ 29,564,100 | \$ 28,684,500 | \$ 27,202,150 | \$ (1,482,350) | -5.17% |

2016 BUDGET SUMMARY - ALL FUNDS

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Difference | Percent Change |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Expenditures & Other Uses | | | | | | | |
| General Fund | | | | | | | |
| Personal Services | \$ 9,170,682 | \$ 9,831,566 | \$ 10,318,400 | \$ 10,318,400 | \$ 10,575,550 | \$ 257,150 | 2.49% |
| Supplies | 1,130,842 | 1,132,140 | 1,059,300 | 1,149,100 | 1,040,700 | (108,400) | -9.43% |
| Other Services & Charges | 2,131,813 | 1,807,774 | 1,935,100 | 1,965,700 | 2,268,550 | 302,850 | 15.41% |
| Capital Outlay | 101,573 | 10,900 | - | - | - | - | 0.00% |
| Transfers Out | 172,843 | 58,269 | - | - | - | - | 0.00% |
| Total General Fund: | \$ 12,707,753 | \$ 12,840,649 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 | \$ 451,600 | 3.36% |
| Special Revenue Funds | | | | | | | |
| Personal Services | \$ 451,605 | \$ 427,057 | \$ 488,850 | \$ 488,850 | \$ 492,650 | \$ 3,800 | 0.78% |
| Supplies | 112,847 | 144,257 | 143,800 | 147,800 | 136,200 | (11,600) | -7.85% |
| Other Services & Charges | 405,302 | 650,722 | 450,300 | 486,700 | 448,150 | (38,550) | -7.92% |
| Capital Outlay | 76,168 | 52,790 | 11,500 | 11,500 | 275,350 | 263,850 | 2294.35% |
| Transfers Out | 73,245 | 661,232 | 100,550 | 100,550 | 108,400 | 7,850 | 7.81% |
| Total Special Revenue Funds: | \$ 1,119,167 | \$ 1,936,058 | \$ 1,195,000 | \$ 1,235,400 | \$ 1,460,750 | \$ 225,350 | 18.24% |
| Enterprise Funds | | | | | | | |
| Personal Services | \$ 1,149,611 | \$ 1,119,580 | \$ 1,265,260 | \$ 1,265,260 | \$ 1,296,050 | \$ 30,790 | 2.43% |
| Supplies | 4,836,891 | 4,913,710 | 5,154,050 | 5,150,050 | 5,225,200 | 75,150 | 1.46% |
| Other Services & Charges | 3,269,772 | 3,086,386 | 3,821,250 | 3,821,250 | 4,551,100 | 729,850 | 19.10% |
| Capital Outlay | - | - | 11,055,100 | 10,905,100 | 5,012,000 | (5,893,100) | -54.04% |
| Debt Service | 22,649 | 117,469 | 261,050 | 261,050 | 672,400 | 411,350 | 157.58% |
| Transfers Out | 812,289 | 846,859 | 819,950 | 969,950 | 868,950 | (101,000) | -10.41% |
| Total Enterprise Funds: | \$ 10,091,212 | \$ 10,084,004 | \$ 22,376,660 | \$ 22,372,660 | \$ 17,625,700 | \$ (4,746,960) | -21.22% |
| Total Expenditures & Other Uses: | \$ 23,918,132 | \$ 24,860,711 | \$ 36,884,460 | \$ 37,041,260 | \$ 32,971,250 | \$ (4,070,010) | -10.99% |
| Change in Fund Balance | \$ (245,061) | \$ 534,190 | \$ (7,320,360) | \$ (8,356,760) | \$ (5,769,100) | \$ 2,587,660 | -30.96% |
| Fund Balance, January 1 | \$ 40,484,256 | \$ 40,239,195 | \$ 40,773,385 | \$ 40,773,385 | \$ 32,416,625 | | |
| Fund Balance, December 31 | \$ 40,239,195 | \$ 40,773,385 | \$ 33,453,025 | \$ 32,416,625 | \$ 26,647,525 | | |



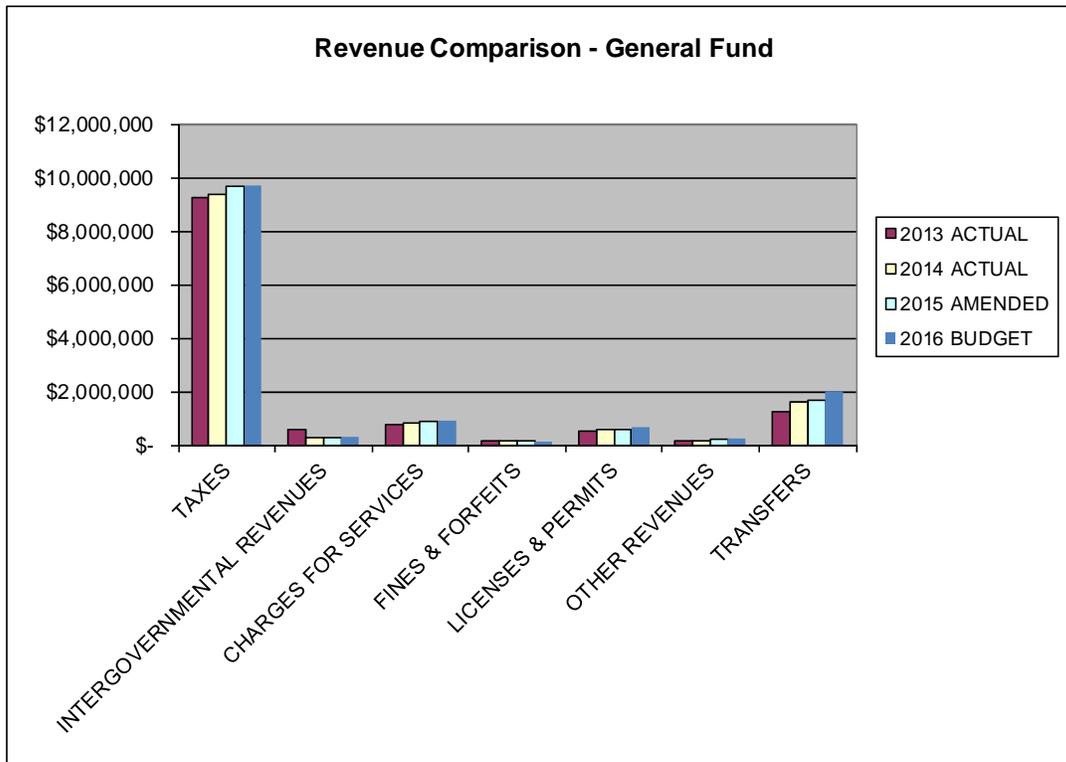
2016 General Fund Budget

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, public safety, public works, and parks 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.

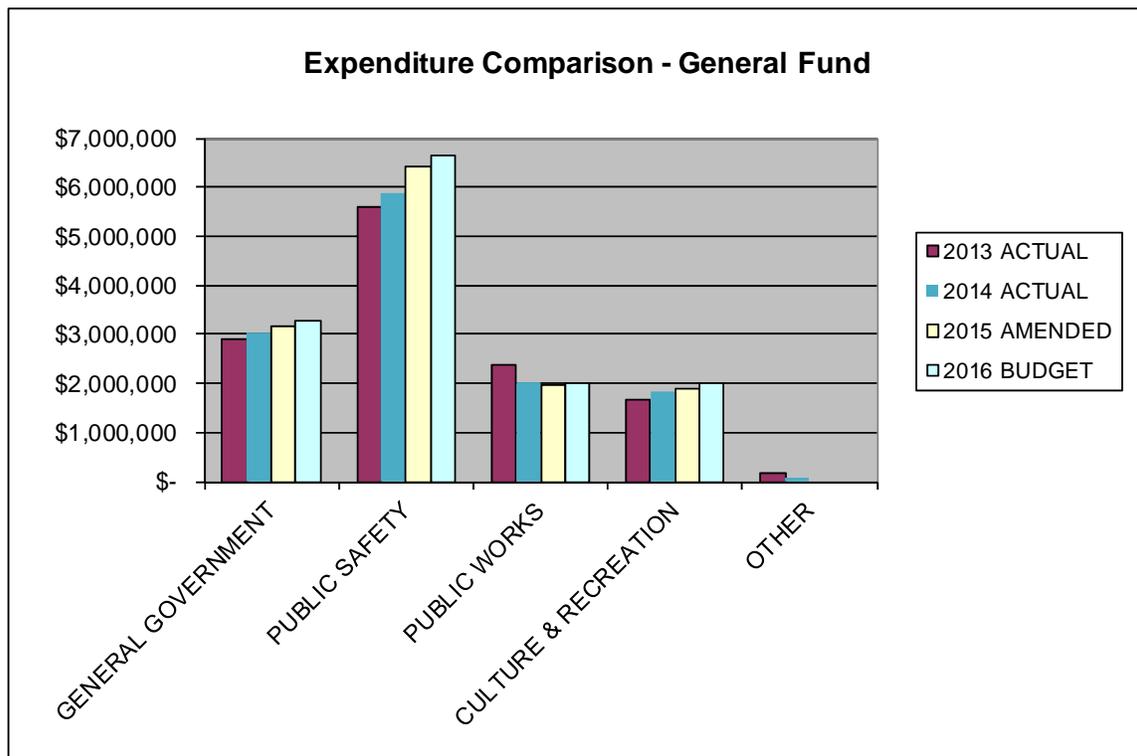
REVENUE COMPARISON - GENERAL FUND

| | 2013 ACTUAL | 2014 ACTUAL | 2015 ADOPTED | 2015 AMENDED | 2016 BUDGET |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| TAXES | \$ 9,264,268 | \$ 9,391,373 | \$ 9,545,750 | \$ 9,660,750 | \$ 9,723,850 |
| INTERGOVERNMENTAL REVENUES | 557,990 | 286,851 | 286,550 | 286,550 | 288,350 |
| CHARGES FOR SERVICES | 740,756 | 816,556 | 854,450 | 854,450 | 915,800 |
| FINES & FORFEITS | 122,985 | 128,131 | 125,000 | 130,400 | 127,000 |
| LICENSES & PERMITS | 513,779 | 559,286 | 599,400 | 599,400 | 646,550 |
| OTHER REVENUES | 170,066 | 175,281 | 217,000 | 217,000 | 213,500 |
| TRANSFERS | 1,216,000 | 1,625,550 | 1,684,650 | 1,684,650 | 1,969,750 |
| TOTAL REVENUES | \$ 12,585,844 | \$ 12,983,028 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 |



EXPENDITURE COMPARISON - GENERAL FUND

| | 2013 ACTUAL | 2014 ACTUAL | 2015 ADOPTED | 2015 AMENDED | 2016 BUDGET |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL GOVERNMENT | \$ 2,888,939 | \$ 3,045,341 | \$ 3,161,200 | \$ 3,164,600 | \$ 3,260,550 |
| PUBLIC SAFETY | 5,598,989 | 5,865,383 | 6,368,950 | 6,401,450 | 6,636,000 |
| PUBLIC WORKS | 2,371,353 | 2,019,410 | 1,900,950 | 1,963,600 | 1,995,750 |
| CULTURE & RECREATION | 1,675,629 | 1,852,246 | 1,881,700 | 1,903,550 | 1,992,500 |
| OTHER - TRANSFERS OUT | 172,843 | 58,269 | - | - | - |
| TOTAL EXPENDITURES | \$ 12,707,753 | \$ 12,840,649 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 |





2016 BUDGET - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

| Description | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | |
| Taxes | \$ 9,264,268 | \$ 9,391,373 | \$ 9,545,750 | \$ 9,660,750 | \$ 9,723,850 |
| Intergovernmental Revenues | 557,990 | 286,851 | 286,550 | 286,550 | 288,350 |
| Charges for Services | 740,756 | 816,556 | 854,450 | 854,450 | 915,800 |
| Fines & Forfeitures | 122,985 | 128,131 | 125,000 | 130,400 | 127,000 |
| Licenses & Permits | 513,779 | 559,286 | 599,400 | 599,400 | 646,550 |
| Other Revenue | 170,066 | 175,281 | 217,000 | 217,000 | 213,500 |
| Total Revenues: | \$ 11,369,844 | \$ 11,357,478 | \$ 11,628,150 | \$ 11,748,550 | \$ 11,915,050 |
| Other Sources | | | | | |
| Transfers In | 1,216,000 | 1,625,550 | 1,684,650 | 1,684,650 | 1,969,750 |
| Total Revenues & Other Sources: | \$ 12,585,844 | \$ 12,983,028 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 |
| Expenditures | | | | | |
| Personal Services | \$ 9,170,682 | \$ 9,831,566 | \$ 10,318,400 | \$ 10,318,400 | \$ 10,575,550 |
| Supplies | 1,130,842 | 1,132,140 | 1,059,300 | 1,149,100 | 1,040,700 |
| Other Services & Charges | 2,131,813 | 1,807,774 | 1,935,100 | 1,965,700 | 2,268,550 |
| Capital Outlay | 101,573 | 10,900 | - | - | - |
| Total Expenditures: | \$ 12,534,910 | \$ 12,782,380 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 |
| Other Uses | | | | | |
| Transfers Out | 172,843 | 58,269 | - | - | - |
| Total Expenditures & Other Uses: | \$ 12,707,753 | \$ 12,840,649 | \$ 13,312,800 | \$ 13,433,200 | \$ 13,884,800 |
| Change in Fund Balance | \$ (121,909) | \$ 142,379 | \$ - | \$ - | \$ - |
| Fund Balance, January 1 | \$ 6,205,313 | \$ 6,083,404 | \$ 6,225,783 | \$ 6,225,783 | \$ 6,225,783 |
| Fund Balance, December 31 | \$ 6,083,404 | \$ 6,225,783 | \$ 6,225,783 | \$ 6,225,783 | \$ 6,225,783 |

Fund: General
Department: Administration
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. They provide for the planning and control of all financial activities including approving the tax levy, fees and rates, and approval of expenditures.

Performance Measures:

| | 2014 Actual | 2015 Estimate | 2016 Projected |
|------------------|-------------|---------------|----------------|
| Regular Meetings | 24 | 24 | 24 |
| Closed Meetings | 9 | 7 | 6 |
| Special Meetings | 5 | 5 | 5 |
| Total | 38 | 36 | 35 |

Staffing Levels:

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|
| Number of Employees (1 Mayor, 4 Council) | 5 | 5 | 5 |

Budget Summary:

There are no major budget changes for 2016.

Revenues/Expenditures by Use:

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 40,804 | \$ 41,752 | \$ 43,450 | \$ 43,450 | \$ 43,450 | \$ - | 0.00% |
| Supplies | 1,118 | 732 | 1,200 | 1,200 | 1,000 | (200) | -16.67% |
| Other Svcs & Chgs | 86,981 | 84,881 | 96,400 | 96,400 | 101,400 | 5,000 | 5.19% |
| Total | \$ 128,903 | \$ 127,365 | \$ 141,050 | \$ 141,050 | \$ 145,850 | \$ 4,800 | 3.40% |

Fund: General
Department: Administration
Division: Cable TV

Description of Services - The Cable TV Division is responsible for the broadcast of government meetings over the government cable access channel. Cable TV staff produces informational programming highlighting city events, issues, and departments.

Goals for 2016 budget

- Communications Planner roll-out to staff.
- Assist cable operator in understanding her role in the organization.
- Continue work on public education campaigns.

Performance Measures

| | 2014 Actual | 2015 Estimate | 2016 Projected |
|------------------------------------|-------------|---------------|----------------|
| Number of In-House Productions | 59 | 61 | 65 |
| Number of On Demand web views | 8,865 | 8,900 | 9,000 |
| Total number of On Air productions | 192 | 200 | 200 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 1.25 | 1.60 | 1.60 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 83,838 | \$ 87,073 | \$ 106,100 | \$ 106,100 | \$ 108,250 | \$ 2,150 | 2.03% |
| Supplies | 379 | 280 | 750 | 750 | 500 | (250) | -33.33% |
| Other Svcs & Chgs | 914 | 1,319 | 1,550 | 1,550 | 950 | (600) | -38.71% |
| Total | \$ 85,131 | \$ 88,672 | \$ 108,400 | \$ 108,400 | \$ 109,700 | \$ 1,300 | 1.20% |

Fund: General
Department: Administration
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. Also responsible for communications via the city newsletter, website, and community resource guide.

Goals for 2016 budget

- Complete a community survey to establish a metric system for the evaluation of city programs.
- Assist other departments in getting their records into the city electronic management system (Laserfiche)
- Communication Planner roll-out to staff.
- Wayfinding program.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---------------------------|-------------|----------------|----------------|
| Licenses Issued | 758 | 745 | 760 |
| Adopted Ordinances | 22 | 21 | 21 |
| Adopted Resolutions | 82 | 78 | 75 |
| # pages viewed on website | 499,042 | 500,000 | 501,000 |
| Visitors to website | 157,968 | 160,000 | 162,000 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 6 | 6 | 6 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|------------|-----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 497,902 | \$ 523,617 | \$ 528,800 | \$ 528,800 | \$ 539,100 | \$ 10,300 | 1.95% |
| Supplies | 8,165 | 8,925 | 13,000 | 15,400 | 7,300 | (8,100) | -52.60% |
| Other Svcs & Chgs | 57,442 | 52,969 | 58,200 | 58,200 | 59,100 | 900 | 1.55% |
| Capital Outlay | 13,481 | - | - | - | - | - | 0.00% |
| Total | \$ 576,990 | \$ 585,511 | \$ 600,000 | \$ 602,400 | \$ 605,500 | \$ 3,100 | 0.51% |

Fund: General
Department: Administration
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 2016 budget

- Continue to explore innovative ways to streamline processes.
- Identify and schedule needed training sessions for staff development.
- Continue to manage and monitor new laws and related changes.
- Manage/coordinate successful employee recognition and health rewards programs that bring value to employees.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------|----------------|
| Retention Rate | 93% | 91% | 96% |
| Positions Filled | 29 | 50 | 20 |
| # of training hours scheduled – citywide | 21 | 20 | 20 |
| Job applications processed | 511 | 592 | 525 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 1 | 2 | 2 |

Budget Summary

The 2016 budget includes funds for a Leadership Training Program.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 99,500 | \$ 90,095 | \$ 151,650 | \$ 151,650 | \$ 155,050 | \$ 3,400 | 2.24% |
| Supplies | 2,201 | 582 | 4,650 | 4,650 | 1,350 | (3,300) | -70.97% |
| Other Svcs & Chgs | 3,447 | 2,138 | 5,450 | 5,450 | 22,000 | 16,550 | 303.67% |
| Total | \$ 105,148 | \$ 92,815 | \$ 161,750 | \$ 161,750 | \$ 178,400 | \$ 16,650 | 10.29% |

Fund: General
Department: Administration
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 2016 budget

- Prepare for 2016 primary and general local, state and national elections.
- Assist with School District Bond Referendum.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------------|----------------|
| Total number of voters | 8,538 | Non-Election Year | 13,000 |
| Voters registered on election day | 532 | | 1,500 |
| Number of precincts | 8 | | 8 |
| Percentage of registered voters voting | 59% | | 80% |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | - | - | - |

Budget Summary

Election costs are split between two years for consistency.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|
| Personal Services | \$ - | \$ 26,794 | \$ - | \$ - | \$ 15,000 | \$ 15,000 |
| Supplies | - | 3,924 | 2,550 | 2,550 | 1,300 | (1,250) |
| Other Svcs & Chgs | - | 1,931 | 10,800 | 10,800 | 4,200 | (6,600) |
| Total | \$ - | \$ 32,649 | \$ 13,350 | \$ 13,350 | \$ 20,500 | \$ 7,150 |

Fund: General
Department: Finance
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 2016 budget

- Continue update of financial policies.
- Continue CAFR and Budget Award recognition.
- Ensure compliance with state and federal laws.
- Evaluate financial systems.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|----------------------------------|-------------|----------------|----------------|
| City Bond Rating | AA+ | AA+ | AA+ |
| Accounts Payable disbursements | 4,822 | 4,850 | 4,850 |
| Average rate of return | 1.43% | 1.50% | 1.55% |
| ACH bill pay – recurring vendors | 0 | 10 | 15 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 4.8 | 4.8 | 4.8 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 432,707 | \$ 443,555 | \$ 454,300 | \$ 454,300 | \$ 467,400 | \$ 13,100 | 2.88% |
| Supplies | 4,924 | 8,638 | 4,650 | 4,650 | 4,500 | (150) | -3.23% |
| Other Svcs & Chgs | 97,396 | 111,324 | 108,500 | 108,500 | 111,650 | 3,150 | 2.90% |
| Total | \$ 535,027 | \$ 563,517 | \$ 567,450 | \$ 567,450 | \$ 583,550 | \$ 16,100 | 2.84% |

Fund: General
Department: Finance
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 2016 budget

- Upgrade Panasonic Arbitrator system at the police department to include interview rooms and five cameras in squad cars
- Upgrade to a new release of Microsoft Office or Office 365.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|----------------------------------|-------------|----------------|----------------|
| Number of physical servers | 8 | 8 | 9 |
| Number of virtual servers | 25 | 27 | 30 |
| Number of desktop PCs | 167 | 170 | 175 |
| Number of laptops | 30 | 30 | 32 |
| Number of desk phones | 290 | 290 | 290 |
| Number of cell phones | 125 | 125 | 125 |
| Number of data cards | 25 | 27 | 29 |
| Number of tablets | 24 | 37 | 40 |
| Number of wireless access points | 15 | 17 | 17 |
| ERMU computers | 50 | 53 | 57 |
| ERMU tablets | n/a | 11 | 15 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 2.43 | 3 | 3 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 187,786 | \$ 218,937 | \$ 241,900 | \$ 241,900 | \$ 250,450 | \$ 8,550 | 3.53% |
| Supplies | 29,434 | 14,699 | 12,500 | 12,500 | 15,800 | 3,300 | 26.40% |
| Other Svcs & Chgs | 34,909 | 27,776 | 77,750 | 77,750 | 80,100 | 2,350 | 3.02% |
| Capital Outlay | 27,829 | 10,900 | - | - | - | - | 0.00% |
| Total | \$ 279,958 | \$ 272,312 | \$ 332,150 | \$ 332,150 | \$ 346,350 | \$ 14,200 | 4.28% |

Fund: General
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.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|------------|------------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Other Svcs & Chgs | \$ 226,033 | \$ 213,949 | \$ 217,600 | \$ 217,600 | \$ 214,600 | \$ (3,000) | -1.38% |
| Total | \$ 226,033 | \$ 213,949 | \$ 217,600 | \$ 217,600 | \$ 214,600 | \$ (3,000) | -1.38% |

Fund: General

Department: Community Operations & Development

Division: Community Operations & Development

Description of Services - The Community Operations & Development Division is responsible for the administration and implementation of programs for the divisions of Planning, Environmental, Energy City, Landfill, Garbage, Street Maintenance, Engineering, Stormwater, and Wastewater. The department also coordinates the activities of the Housing and Redevelopment Authority and the Economic Development Authority with the other activities within the department.

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 3 | 3 | 2 |

Budget Summary

The Assistant Community Operations & Development Director position was replaced with a Planning Director who is budgeted in the Planning Division for 2016.

Revenues/Expenditures by Use

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2015</u> | <u>2016</u> | <u>Variance</u> | <u>%</u> |
|-------------------|---------------|---------------|----------------|----------------|---------------|-----------------|---------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Adopted</u> | <u>Amended</u> | <u>Budget</u> | <u>+/-</u> | <u>Change</u> |
| Personal Services | \$ 280,874 | \$ 319,486 | \$ 331,200 | \$ 331,200 | \$ 208,550 | \$ (122,650) | -37.03% |
| Supplies | 933 | 701 | 1,200 | 1,200 | 1,100 | (100) | -8.33% |
| Other Svcs & Chgs | 4,388 | 5,976 | 7,200 | 7,200 | 4,100 | (3,100) | -43.06% |
| Total | \$ 286,195 | \$ 326,163 | \$ 339,600 | \$ 339,600 | \$ 213,750 | \$ (125,850) | -37.06% |

Fund: General
Department: Community Operations & 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 2016 budget

- Publish Historic Walking Tour Brochure and participate in Middle School History Fair.
- Design, install, and manage the installation of key landscape projects identified by staff and CIP.
- Review commercial and industrial design standards.
- Complete comprehensive plans.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------|----------------|
| Case file applications (excluding plats) | 80 | 85 | 85 |
| Plats/subdivisions | 8 | 10 | 12 |
| Inquiries | 2,500 | 2,800 | 2,800 |
| Site visits | 150 | 160 | 165 |
| Building permit reviews (zoning) | 219 | 250 | 275 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 2 | 2 | 3 |

Budget Summary

Planning Director position was added for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 131,570 | \$ 168,732 | \$ 177,900 | \$ 177,900 | \$ 278,550 | \$ 100,650 | 56.58% |
| Supplies | 3,140 | 1,380 | 3,350 | 3,350 | 4,950 | 1,600 | 47.76% |
| Other Svcs & Chgs | 14,445 | 20,949 | 14,300 | 14,300 | 13,900 | (400) | -2.80% |
| Total | \$ 149,155 | \$ 191,061 | \$ 195,550 | \$ 195,550 | \$ 297,400 | \$ 101,850 | 52.08% |

Fund: General
Department: Finance
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 2016 budget

- Continue to keep facilities clean.
- Continue to implement recommissioning of city hall recommendations.
- Improve building operation and efficiency.
- Keep up with preventative maintenance and work order requests.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---------------------------|-------------|----------------|----------------|
| Buildings maintained | 12 | 12 | 12 |
| Square feet cleaned daily | 180,000 | 180,000 | 180,000 |
| Work order requests | 874 | 1,000 | 1,200 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 7.10 | 7.10 | 7.10 |

Budget Summary

Increase in utilities expenses due to electric for city hall no longer being donated by Elk River Municipal Utilities in 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2014 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 396,903 | \$ 425,690 | \$ 450,100 | \$ 450,100 | \$ 454,800 | \$ 4,700 | 1.04% |
| Supplies | 30,848 | 34,905 | 38,750 | 38,750 | 34,800 | (3,950) | -10.19% |
| Other Svcs & Chgs | 74,547 | 85,213 | 80,350 | 80,350 | 134,050 | 53,700 | 66.83% |
| Total | \$ 502,298 | \$ 545,808 | \$ 569,200 | \$ 569,200 | \$ 623,650 | \$ 54,450 | 9.57% |

Fund: General
Department: Community Operations & 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 2016 budget

- Continue to advance with Energy City Action Plan.
- Placement of sustainable practices in public areas.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|------------------------------|-------------|----------------|----------------|
| Energy City tours | 18 | 25 | 25 |
| Energy City High Five Awards | 0 | 5 | 10 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | .10 | .10 | .15 |

Budget Summary

Staff time is reallocated annually and the change in personal services is the only major budget change for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 11,887 | \$ 4,182 | \$ 5,500 | \$ 5,500 | \$ 11,500 | \$ 6,000 | 109.09% |
| Supplies | 457 | 38 | 600 | 1,600 | 1,800 | 200 | 12.50% |
| Other Svcs & Chgs | 856 | 1,300 | 4,000 | 4,000 | 3,000 | (1,000) | -25.00% |
| Total | \$ 13,200 | \$ 5,520 | \$ 10,100 | \$ 11,100 | \$ 16,300 | \$ 5,200 | 46.85% |

Fund: General
Department: Administration
Division: Contingency

Description of Services - The Contingency budget is to be used for unforeseen expenditures or for anticipated expenditures of uncertain amounts.

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|--------|--------|-------------|-------------|-------------|----------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ - | \$ - | \$ (95,000) | \$ (95,000) | \$ (95,000) | \$ - | 0.00% |
| Other Svcs & Chgs | 901 | - | - | - | - | - | 0.00% |
| Total | \$ 901 | \$ - | \$ (95,000) | \$ (95,000) | \$ (95,000) | \$ - | 0.00% |

Fund: General
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 2016 budget

- Reinvalidate and update the department’s overall crime prevention programs and strategies.
- Increase measures that promote traffic safety.
- Identify, mentor, and train future police department leaders and recruit high-quality applicants.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---------------------------|-------------|----------------|----------------|
| Total calls for service | 21,585 | 22,500 | 23,490 |
| # citations issued | 1,930 | 2,100 | 2,027 |
| # traffic warnings issued | 2,816 | 2,700 | 2,957 |
| Total accidents | 534 | 550 | 494 |
| # DWIs | 98 | 110 | 125 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 40 | 41 | 41 |

Budget Summary:

Increase in utilities expenses due to electric for the public safety building no longer being donated by Elk River Municipal Utilities in 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 3,684,954 | \$ 3,884,152 | \$ 4,127,700 | \$ 4,127,700 | \$ 4,212,900 | \$ 85,200 | 2.06% |
| Supplies | 286,255 | 272,431 | 294,600 | 301,100 | 303,950 | 2,850 | 0.95% |
| Other Svcs & Chgs | 312,531 | 298,868 | 380,900 | 380,900 | 458,850 | 77,950 | 20.46% |
| Total | \$ 4,283,740 | \$ 4,455,451 | \$ 4,803,200 | \$ 4,809,700 | \$ 4,975,700 | \$ 166,000 | 3.45% |

Fund: General
Department: Fire and Building 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 2016 budget

- Develop and maintain a comprehensive training program that is based on industry standards, best practices and meets applicable state and federal laws to ensure that firefighters maintain an acceptable level of performance.
- Ensure personnel meet minimum standards for participation/training.
- Develop career planning, employee development, and succession planning programs for all employees.
- Plan for long-term emergency response staffing needs.
- Evaluate current records management systems and explore/evaluate products that offer more robust and integrated solutions.
- Continue to explore and expand new contract services with neighboring jurisdictions.
- Provide residents and businesses with greater access to department resources via the internet.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---------------------|-------------|----------------|----------------|
| Emergency responses | 411 | 450 | 475 |
| Paid on-call staff | 38 | 45 | 45 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 2.7 | 2.7 | 3 |

Budget Summary

Administrative Assistant position became full-time for 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|------------|-----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 344,564 | \$ 408,051 | \$ 518,100 | \$ 518,100 | \$ 551,550 | \$ 33,450 | 6.46% |
| Supplies | 101,309 | 116,934 | 113,200 | 143,200 | 112,500 | (30,700) | -21.44% |
| Other Svcs & Chgs | 127,603 | 157,442 | 164,650 | 162,650 | 193,000 | 30,350 | 18.66% |
| Capital Outlay | 16,353 | - | - | - | - | - | 0.00% |
| Total | \$ 589,829 | \$ 682,427 | \$ 795,950 | \$ 823,950 | \$ 857,050 | \$ 33,100 | 4.02% |

Fund: General
Department: Fire and Building Safety
Division: Emergency Management

Description of Services - The Emergency Management Division provides for the preparation of response and survival plans for disasters, for the administration of emergency management training programs, and for implementation of those plans.

Goals for 2016 budget

- Update the city’s Emergency Operations Plan, Emergency Operations Center Manual, and Resource Manual.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|-------------------------|-------------|----------------|----------------|
| EOC partial activations | 0 | 1 | 0 |
| EOC full activations | 0 | 0 | 0 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | - | - | - |

Budget Summary

- Increase in utilities expenses due to electric for the outdoor warning sirens no longer being donated by Elk River Municipal Utilities in 2016.
- The 2016 budget includes funds for a training exercise.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|------------------|------------------|------------------|------------------|------------------|-----------------|---------------|
| Personal Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.00% |
| Supplies | 10,307 | 17,907 | 11,400 | 11,400 | 7,100 | (4,300) | -37.72% |
| Other Svcs & Chgs | 3,017 | 2,961 | 10,000 | 5,500 | 17,700 | 12,200 | 221.82% |
| Capital Outlay | 11,321 | - | - | - | - | - | 0.00% |
| Total | \$ 24,645 | \$ 20,868 | \$ 21,400 | \$ 16,900 | \$ 24,800 | \$ 7,900 | 46.75% |

Fund: General
Department: Fire and Building Safety
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 2016 budget

- To administer all new state codes that became effective in 2015 and to administer new codes consistently, fairly, and with the knowledge of understanding the new codes.
- Improve rental dwelling license compliance, specifically single-family licensing.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|------------------------------------|-------------|----------------|----------------|
| New residential permits | 73 | 60 | 70 |
| Total all permits | 1,893 | 1,600 | 1,800 |
| Total inspections | 5,910 | 6,000 | 6,500 |
| Existing building fire inspections | 59 | 60 | 60 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 7 | 7 | 7 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|------------|-----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 554,742 | \$ 548,150 | \$ 579,550 | \$ 579,550 | \$ 600,800 | \$ 21,250 | 3.67% |
| Supplies | 18,049 | 23,445 | 28,150 | 28,150 | 24,000 | (4,150) | -14.74% |
| Other Svcs & Chgs | 21,555 | 19,715 | 21,250 | 21,250 | 22,950 | 1,700 | 8.00% |
| Total | \$ 594,346 | \$ 591,310 | \$ 628,950 | \$ 628,950 | \$ 647,750 | \$ 18,800 | 2.99% |

Fund: General
Department: Fire and Building Safety
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.

Staffing Levels

| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 1 | 1 | 1 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2015</u> | <u>2016</u> | <u>Variance</u> | <u>%</u> |
|-------------------|---------------|---------------|----------------|----------------|---------------|-----------------|---------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Adopted</u> | <u>Amended</u> | <u>Budget</u> | <u>+/-</u> | <u>Change</u> |
| Personal Services | \$ 81,155 | \$ 81,996 | \$ 83,250 | \$ 83,250 | \$ 84,800 | \$ 1,550 | 1.86% |
| Supplies | 2,233 | 2,630 | 2,700 | 2,700 | 3,450 | 750 | 27.78% |
| Other Svcs & Chgs | 2,494 | 3,924 | 3,350 | 3,350 | 3,350 | - | 0.00% |
| Total | \$ 85,882 | \$ 88,550 | \$ 89,300 | \$ 89,300 | \$ 91,600 | \$ 2,300 | 2.58% |

Fund: General
Department: Community Operations & 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 2016 budget

- Produce wetland buffer signage.
- Review floodplain ordinance for updates.
- Lake Orono sedimentation study.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---------------------------------------|-------------|----------------|----------------|
| Wetland Conservation Act applications | 9 | 12 | 12 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | .40 | .40 | .45 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|-----------|-----------|-----------|-----------|-----------|----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 16,433 | \$ 22,914 | \$ 26,350 | \$ 26,350 | \$ 34,600 | \$ 8,250 | 31.31% |
| Supplies | 2,105 | 323 | 1,200 | 3,700 | 650 | (3,050) | -82.43% |
| Other Svcs & Chgs | 2,010 | 3,542 | 2,600 | 2,600 | 3,850 | 1,250 | 48.08% |
| Total | \$ 20,548 | \$ 26,779 | \$ 30,150 | \$ 32,650 | \$ 39,100 | \$ 6,450 | 19.75% |

Fund: General
Department: Community Operations & Development
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 2016 budget

- Maintain pavement condition index of 80 or higher.
- Maintain aggressive crackseal program.
- Maintain high quality street signing shop.
- Keep right of way in proper condition.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|------------------------------------|--------------|----------------|----------------|
| Pavement Condition Index | 81 | 80 | 82 |
| Sealcoat miles (single and double) | 5.16 | 9.46 | 10 |
| Crack seal miles | 24.17 | 25 | 25 |
| Signing: | | | |
| Regulatory | 95 | 100 | 100 |
| Warning | 60 | 70 | 70 |
| Miscellaneous | 15 | 100 | 100 |
| ROW maintenance: | | | |
| Sweep all streets | 2 times/year | 2 times/year | 2 times/year |
| Trash pick up | As needed | As needed | As needed |
| Roadside mowing | 1 time/year | 2 times/year | 2 times/year |
| Tree trimming | 150 hours | 500 hours | 500 hours |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 12.2 | 12.2 | 12.2 |

Budget Summary

Increase in utilities expenses due to electric for the public works building no longer being donated by Elk River Municipal Utilities in 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|--------------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 657,451 | \$ 675,552 | \$ 732,750 | \$ 732,750 | \$ 763,850 | \$ 31,100 | 4.24% |
| Supplies | 281,116 | 251,794 | 196,150 | 196,150 | 209,550 | 13,400 | 6.83% |
| Other Svcs & Chgs | 680,256 | 327,317 | 258,400 | 295,500 | 336,600 | 41,100 | 13.91% |
| Capital Outlay | 18,153 | - | - | - | - | - | - |
| Total | \$ 1,636,976 | \$ 1,254,663 | \$ 1,187,300 | \$ 1,224,400 | \$ 1,310,000 | \$ 85,600 | 6.99% |

Fund: General
Department: Community Operations & Development
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 2016 budget

- Maintain safe winter driving conditions.
- Continue pre-storm brining applications.
- Efficient and cost-effective salt application using data from salt controllers.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|--|--|--|
| Hours to remove majority of snow after event | 24 | 24 | 24 |
| Miles of streets plowed | 151 | 151 | 155 |
| Cul-de-sacs plowed | 220 | 220 | 222 |
| # of parking lots plowed | 20 | 20 | 20 |
| Tons of salt/chemicals | 600 road salt 800 treated salt 1,000 salt/sand mix | 600 road salt 960 treated salt 750 salt/sand mix | 500 road salt 1,500 treated salt 400 salt/sand mix |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|
| Number of Employees (FTEs) (Provided by the Street and Park Maintenance Divisions) | - | - | - |

Budget Summary

Reduced the amount budgeted for road salt for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 165,565 | \$ 238,475 | \$ 202,050 | \$ 202,050 | \$ 209,100 | \$ 7,050 | 3.49% |
| Supplies | 121,087 | 136,132 | 95,500 | 121,050 | 72,450 | (48,600) | -40.15% |
| Capital Outlay | 14,436 | - | - | - | - | - | 0.00% |
| Total | \$ 301,088 | \$ 374,607 | \$ 297,550 | \$ 323,100 | \$ 281,550 | \$ (41,550) | -12.86% |

Fund: General
Department: Community Operations & Development
Division: Equipment Maintenance

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

Goals for 2016 budget

- Provide high quality service and repairs for entire city fleet in a timely manner.
- Provide high quality service and repairs for outside agencies in a timely manner.
- Maintain a proactive preventative maintenance schedule.
- Track costs with appropriate software to assist fleet decisions.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--------------------------|-------------|----------------|----------------|
| Misc. services completed | 61 | 57 | 70 |
| Light duty services | 364 | 313 | 375 |
| Heavy duty services | 88 | 58 | 95 |
| Contracted services | 109 | 119 | 115 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 2 | 2 | 2 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 208,251 | \$ 150,842 | \$ 158,150 | \$ 158,150 | \$ 151,850 | \$ (6,300) | -3.98% |
| Supplies | 27,835 | 32,002 | 25,250 | 25,250 | 19,250 | (6,000) | -23.76% |
| Other Svcs & Chgs | 3,875 | 2,875 | 13,150 | 13,150 | 15,150 | 2,000 | 15.21% |
| Total | \$ 239,961 | \$ 185,719 | \$ 196,550 | \$ 196,550 | \$ 186,250 | \$ (10,300) | -5.24% |

Fund: General
Department: Community Operations & Development
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 2016 budget

- Continue Quiet Zone implementation.
- Cartegraph support.
- Engineering standard updates.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---|-------------|----------------|----------------|
| Active engineering projects | 14 | 13 | 13 |
| Completed engineering projects | 4 | 6 | 6 |
| Infrastructure Asset Management System upgrades | 3 | Maintenance | maintenance |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 2 | 2 | 2 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 181,989 | \$ 192,938 | \$ 201,100 | \$ 201,100 | \$ 199,350 | \$ (1,750) | -0.87% |
| Supplies | 2,348 | 2,458 | 2,100 | 2,100 | 4,250 | 2,150 | 102.38% |
| Other Svcs & Chgs | 8,990 | 9,025 | 16,350 | 16,350 | 14,350 | (2,000) | -12.23% |
| Total | \$ 193,327 | \$ 204,421 | \$ 219,550 | \$ 219,550 | \$ 217,950 | \$ (1,600) | -0.73% |

Fund: General
Department: Parks & Recreation
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 2016 budget

- Continue to maintain athletic fields at a high standard.
- Continue to improve on safety and maintenance throughout the park and trail system.
- Continue to improve and maintain landscapes and irrigation.
- Continue to maintain park amenities to gain the longest life expectancy possible.
- Develop a parks maintenance plan.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------|----------------|
| City parks maintained | 44 | 44 | 45 |
| Athletic fields maintained | 17 | 17 | 17 |
| Playgrounds maintained | 18 | 18 | 18 |
| Miles of paved trails maintained | 31 | 31 | 32 |
| Miles of grass trail maintained | 11 | 11 | 11 |
| Miles of mountain bike trails maintained | 8 | 8 | 8 |
| Total acreage mowed | 251 | 251 | 253 |
| City building grounds maintained | 2 | 2 | 2 |
| Park acres maintained | 1,180 | 1,180 | 1,525 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 9.75 | 9.75 | 9.75 |

Budget Summary

Increase in utilities expenses due to electric for the park facilities no longer being donated by Elk River Municipal Utilities in 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|-------------|-----------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 510,293 | \$ 636,369 | \$ 615,950 | \$ 615,950 | \$ 638,600 | \$ 22,650 | 3.68% |
| Supplies | 142,678 | 157,863 | 152,450 | 166,800 | 154,450 | (12,350) | -7.40% |
| Other Svcs & Chgs | 172,869 | 182,804 | 198,750 | 198,750 | 245,050 | 46,300 | 23.30% |
| Total | \$ 825,840 | \$ 977,036 | \$ 967,150 | \$ 981,500 | \$1,038,100 | \$ 56,600 | 5.77% |

Fund: General
Department: Parks & Recreation
Division: Recreation

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

Goals for 2016 budget

- Research Otsego Recreation opportunity.
- Enhance program opportunities at Elk River YMCA gymnasium.
- Lions Park Center upgrade.
- Grow citywide volunteer program.
- Update department policies, including recreation facility usage for both parks and buildings.
- Complete department reorganization needs to coordinate opportunities for staff growth and enhancement to effectively provide city resources.
- Research marketing methods and explore options such as moving towards an electronic version of the program guide.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|-------------------------------|-------------|----------------|----------------|
| Weekly YMCA gym use hours | 22 | 22 | 24 |
| New marketing outlet methods | 2 | 2 | 2 |
| Recreation class participants | 3,100 | 3,100 | 3,200 |
| Community event participation | 24,000 | 26,000 | 27,000 |
| New volunteer positions | 2 | 2 | 2 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 8.75 | 8.5 | 8.5 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|----------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Charges for Services | \$ 115,152 | \$ 106,621 | \$ 119,400 | \$ 119,400 | \$ 122,800 | \$ 3,400 | 2.85% |
| Total | \$ 115,152 | \$ 106,621 | \$ 119,400 | \$ 119,400 | \$ 122,800 | \$ 3,400 | 2.85% |

| Expenditures | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 474,577 | \$ 502,193 | \$ 521,650 | \$ 521,650 | \$ 528,600 | \$ 6,950 | 1.33% |
| Supplies | 39,007 | 33,981 | 41,500 | 49,000 | 38,200 | (10,800) | -22.04% |
| Other Svcs & Chgs | 140,007 | 139,958 | 135,800 | 135,800 | 144,650 | 8,850 | 6.52% |
| Total | \$ 653,591 | \$ 676,132 | \$ 698,950 | \$ 706,450 | \$ 711,450 | \$ 5,000 | 0.71% |

Fund: General
Department: Parks & 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 2016 budget

- Plan and evaluate programs and services to meet the needs of the “Silver Tsunami” increase in senior demographics.
- Continue to work on program pricing to more accurately reflect program costs.
- Explore new marketing strategies to increase awareness of the center to growing senior population.
- Continue to assess major capital improvements (carpet, roof, HVAC).

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|-----------------------|-------------|----------------|----------------|
| Memberships | 408 | 450 | 450 |
| Overall participation | 20,500 | 24,000 | 25,000 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 2 | 2.1 | 2.1 |

Budget Summary

Increase in utilities expenses due to electric for the activity center building no longer being donated by Elk River Municipal Utilities in 2016.

Revenues/Expenditures by Use

| Revenues | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|----------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Charges for Services | \$ 28,781 | \$ 31,288 | \$ 28,000 | \$ 28,000 | \$ 29,000 | \$ 1,000 | 3.57% |
| Total | \$ 28,781 | \$ 31,288 | \$ 28,000 | \$ 28,000 | \$ 29,000 | \$ 1,000 | 3.57% |

| | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ 126,937 | \$ 140,023 | \$ 155,900 | \$ 155,900 | \$ 162,450 | \$ 6,550 | 4.20% |
| Supplies | 14,914 | 9,436 | 11,900 | 11,900 | 16,500 | 4,600 | 38.66% |
| Other Svcs & Chgs | 54,347 | 49,618 | 47,800 | 47,800 | 64,000 | 16,200 | 33.89% |
| Total | \$ 196,198 | \$ 199,077 | \$ 215,600 | \$ 215,600 | \$ 242,950 | \$ 27,350 | 12.69% |

Fund: General
Division: Transfers

Description of Services - The Transfers budget shows the amounts transferred from the General Fund to other funds.

Budget Summary

There will be no transfers for 2016.

Revenues/Expenditures by Use

| | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-----------|------------|-----------|---------|---------|--------|----------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Transfers | \$ 172,843 | \$ 58,269 | \$ - | \$ - | \$ - | \$ - | 0.00% |
| Total | \$ 172,843 | \$ 58,269 | \$ - | \$ - | \$ - | \$ - | 0.00% |

2016 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, gifts, 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, Landfill, and Economic Development Authority.



2016 BUDGET SUMMARY - SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

| Description | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | |
| Taxes | \$ 351,494 | \$ 362,567 | \$ 408,850 | \$ 408,850 | \$ 419,500 |
| Intergovernmental Revenues | 12,255 | 2,560 | 2,500 | 2,500 | 8,200 |
| Charges for Services | 749,191 | 731,466 | 758,350 | 758,350 | 762,350 |
| Other Revenue | 18,590 | 305,355 | 86,100 | 86,100 | 56,400 |
| Total Revenues: | \$ 1,131,530 | \$ 1,401,948 | \$ 1,255,800 | \$ 1,255,800 | \$ 1,246,450 |
| Other Sources | | | | | |
| Transfers In | 3,500 | 3,500 | 3,500 | 3,500 | 31,850 |
| Total Revenues & Other Sources: | \$ 1,135,030 | \$ 1,405,448 | \$ 1,259,300 | \$ 1,259,300 | \$ 1,278,300 |
| Expenditures | | | | | |
| Personal Services | \$ 451,605 | \$ 427,057 | \$ 488,850 | \$ 488,850 | \$ 492,650 |
| Supplies | 112,847 | 144,257 | 143,800 | 147,800 | 136,200 |
| Other Services & Charges | 405,302 | 650,722 | 450,300 | 486,700 | 448,150 |
| Capital Outlay | 76,168 | 52,790 | 11,500 | 11,500 | 275,350 |
| Total Expenditures: | \$ 1,045,922 | \$ 1,274,826 | \$ 1,094,450 | \$ 1,134,850 | \$ 1,352,350 |
| Other Uses | | | | | |
| Transfers Out | 73,245 | 661,232 | 100,550 | 100,550 | 108,400 |
| Total Expenditures & Other Uses: | \$ 1,119,167 | \$ 1,936,058 | \$ 1,195,000 | \$ 1,235,400 | \$ 1,460,750 |
| Change in Fund Balance | \$ 15,863 | \$ (530,610) | \$ 64,300 | \$ 23,900 | \$ (182,450) |
| Fund Balance, January 1 | \$ 2,516,074 | \$ 2,531,937 | \$ 2,001,327 | \$ 2,001,327 | \$ 2,025,227 |
| Fund Balance, December 31 | \$ 2,531,937 | \$ 2,001,327 | \$ 2,065,627 | \$ 2,025,227 | \$ 1,842,777 |



Fund: Library
Department: Parks & 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 2016 budget

- Increase meeting room use.
- Increase program attendance.
- Increase use of express checkout machine.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|----------------------------|-------------|----------------|----------------|
| Circulation total | 303,053 | 275,800 | 251,000 |
| Meeting room use | 97 | 110 | 120 |
| Total program registration | 5,482 | 5,800 | 6,200 |
| Use of Express Checkout | 28% | 32% | 34% |
| WiFi connections | 4,656 | 5,800 | 7,200 |

Budget Summary

The 2016 budget includes funds to update the parking lot lights.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|---------------|-----------|-----------|-----------|-----------|-----------|------------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Taxes | \$ 62,200 | \$ 63,375 | \$ 63,100 | \$ 63,100 | \$ 59,400 | \$ (3,700) | -5.86% |
| Other Revenue | 31,399 | 33,406 | 35,300 | 35,300 | 4,000 | (31,300) | -88.67% |
| Transfers In | - | - | - | - | 28,350 | 28,350 | 0.00% |
| Total | \$ 93,599 | \$ 96,781 | \$ 98,400 | \$ 98,400 | \$ 91,750 | \$ (2,950) | -3.00% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|-----------|------------|-----------|------------|------------|------------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ - | \$ - | \$ - | \$ - | \$ 500 | \$ 500 | 0.00% |
| Supplies | \$ 7,738 | \$ 13,342 | \$ 16,300 | \$ 16,300 | \$ 14,750 | \$ (1,550) | -9.51% |
| Other Svcs & Chgs | 91,752 | 106,650 | 82,100 | 103,100 | 76,500 | (26,600) | -25.80% |
| Capital Outlay | - | - | - | - | 19,000 | 19,000 | 0.00% |
| Total | \$ 99,490 | \$ 119,992 | \$ 98,400 | \$ 119,400 | \$ 110,750 | \$ (8,650) | -7.24% |

Fund: Ice Arena
Department: Parks & Recreation
Division: Ice Arena

Description of Services - The Ice Arena budget provides for the management of the entire operation of the Elk River ice arena.

Goals for 2016 budget

- Increase numbers for the Learn to Skate and Break Away programs.
- Find an advertiser for the new Zamboni.
- Expand summer ice sales.
- Renovate the heating and ventilation system for the Barn’s locker rooms.
- Sell the 1999 Zamboni.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|------------------------------|-------------|----------------|----------------|
| Ice hours sold | 4,481 | 4,525 | 4,575 |
| Hockey participants | 254 | 275 | 300 |
| Skating program participants | 327 | 350 | 375 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 8.2 | 8.2 | 8.2 |

Budget Summary

The 2016 budget contains funds for several capital items including a Zamboni, heating and ventilation repairs/upgrades and locker room expansion.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|----------------------|------------|------------|------------|------------|------------|----------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Charges for Services | \$ 745,691 | \$ 731,466 | \$ 758,350 | \$ 758,350 | \$ 762,350 | \$ 4,000 | 0.53% |
| Other Revenue | 25,728 | 40,323 | 26,800 | 26,800 | 28,400 | 1,600 | 5.97% |
| Total | \$ 771,419 | \$ 771,789 | \$ 785,150 | \$ 785,150 | \$ 790,750 | \$ 5,600 | 0.71% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|------------|------------|----------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 321,499 | \$ 324,861 | \$ 359,600 | \$ 359,600 | \$ 362,300 | \$ 2,700 | 0.75% |
| Supplies | 96,859 | 125,573 | 110,850 | 110,850 | 109,650 | (1,200) | -1.08% |
| Other Svcs & Chgs | 201,739 | 197,849 | 224,150 | 224,150 | 226,400 | 2,250 | 1.00% |
| Capital Outlay | 76,168 | 52,790 | 11,500 | 11,500 | 256,350 | 244,850 | 2129.13% |
| Total | \$ 696,265 | \$ 701,073 | \$ 706,100 | \$ 706,100 | \$ 954,700 | \$ 248,600 | 35.21% |

Fund: Landfill
Department: Community Operations & Development
Division: Landfill

Description of Services - The Landfill budget provides for the monitoring of the Elk River Landfill to ensure compliance with the city license and conditional use permit requirements and provides for the ongoing investigation and verification of the Elk River Landfill compliance with the Minnesota Pollution Control Agency (MPCA) corrective action directive.

Goals for 2016 budget

- Increase participation/amount recycled at Clean Up Day.
- Increase participation/fixes items at Fix It Clinic.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|------------------------------|-------------|----------------|----------------|
| # Clean Up Day participants | 350 | 466 | 475 |
| # Fix It Clinic participants | 23 | 25 | 30 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | .1 | .1 | .1 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|-------------|-----------|-----------|-----------|-----------|----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Intergovernmental | \$ 10,986 | \$ 2,450 | \$ 2,500 | \$ 2,500 | \$ 8,200 | \$ 5,700 | 228.00% |
| Other Revenue | (42,250) | 46,345 | 19,500 | 19,500 | 19,500 | - | 0.00% |
| Total | \$ (31,264) | \$ 48,795 | \$ 22,000 | \$ 22,000 | \$ 27,700 | \$ 5,700 | 25.91% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|-----------|------------|------------|------------|------------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 32,095 | \$ 8,073 | \$ 10,850 | \$ 10,850 | \$ 7,850 | \$ (3,000) | -27.65% |
| Supplies | 5,854 | 575 | 4,800 | 8,800 | 2,600 | (6,200) | -70.45% |
| Other Svcs & Chgs | 28,732 | 17,898 | 21,200 | 21,200 | 20,600 | (600) | -2.83% |
| Transfers Out | 48,245 | 61,332 | 68,550 | 68,550 | 73,600 | 5,050 | 7.37% |
| Total | \$ 114,926 | \$ 87,878 | \$ 105,400 | \$ 109,400 | \$ 104,650 | \$ (4,750) | -4.34% |

Fund: Economic Development
Department: Community Operations & Development
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 2016 budget

- Pursue purchasing properties for Data Centers and market sites for recruitment.
- Market retail, tap rooms and other highly desirable businesses to the downtown area.
- Promote incentive programs and available land.
- Maximize and leverage DEED and Initiative Foundation monies as often as appropriate.
- Contact and network directly with real estate developers and target industry decision makers.
- Obtain shovel ready certification status on North Star and newly identified business/industrial parks.
- Assist in reducing the barriers for construction.
- Encourage business growth within the commercial/industrial sector by creating a sound business environment.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------|----------------|
| Business Retention & Expansion visits | 7 | 12 | 24 |
| Businesses contacted about micro loans | 7 | 6 | 24 |
| Data Center recruitment attempts | 3 | 3 | 5 |
| Publicity via city newsletters | 2 | 3 | 4 |
| Advertising in national publications | 3 | 3 | 3 |
| Advertising in global publications | 0 | 2 | 2 |
| Personally connect with new partners | 150 | 150 | 250 |

Staffing Levels

| | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 1.2 | 1.2 | 1.2 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|----------------------|------------|------------|------------|------------|------------|-----------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Taxes | \$ 289,294 | \$ 299,192 | \$ 345,750 | \$ 345,750 | \$ 360,100 | \$ 14,350 | 4.15% |
| Intergovernmental | 1,269 | 110 | - | - | - | - | 0.00% |
| Charges for Services | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | - | 0.00% |
| Other Revenue | 3,713 | 185,281 | 4,500 | 4,500 | 4,500 | - | 0.00% |
| Total | \$ 297,776 | \$ 488,083 | \$ 353,750 | \$ 353,750 | \$ 368,100 | \$ 14,350 | 4.06% |

| Expenditures | 2013 | 2014 | 2014 | 2015 | 2016 | Variance | % |
|-------------------|------------|-------------|------------|------------|------------|------------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 98,011 | \$ 94,123 | \$ 118,400 | \$ 118,400 | \$ 122,000 | \$ 3,600 | 3.04% |
| Supplies | 2,396 | 4,767 | 11,850 | 11,850 | 9,200 | (2,650) | -22.36% |
| Other Svcs & Chgs | 83,079 | 328,325 | 122,850 | 138,250 | 124,650 | (13,600) | -9.84% |
| Transfers Out | 25,000 | 599,900 | 32,000 | 32,000 | 34,800 | 2,800 | 8.75% |
| Total | \$ 208,486 | \$1,027,115 | \$ 285,100 | \$ 300,500 | \$ 290,650 | \$ (9,850) | -3.28% |



2016 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: Wastewater, Liquor, Garbage, and Stormwater.



2016 BUDGET SUMMARY - ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

| Description | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 2,800,000 | \$ 1,800,000 | \$ 800,000 |
| Charges for Services | 2,876,970 | 2,979,531 | 3,060,200 | 3,060,200 | 3,170,000 |
| Other Revenue | 308,461 | 1,056,797 | 783,550 | 783,550 | 626,950 |
| Sales | 6,753,521 | 6,823,719 | 7,333,650 | 7,333,650 | 7,405,500 |
| Total Revenues: | \$ 9,938,952 | \$ 10,860,047 | \$ 13,977,400 | \$ 12,977,400 | \$ 12,002,450 |
| Other Sources | | | | | |
| Transfers In | 13,245 | 146,378 | 1,014,600 | 1,014,600 | 36,600 |
| Total Revenues & Other Sources: | \$ 9,952,197 | \$ 11,006,425 | \$ 14,992,000 | \$ 13,992,000 | \$ 12,039,050 |
| Expenditures | | | | | |
| Personal Services | \$ 1,149,611 | \$ 1,119,580 | \$ 1,265,260 | \$ 1,265,260 | \$ 1,296,050 |
| Supplies | 4,836,891 | 4,913,710 | 5,154,050 | 5,150,050 | 5,225,200 |
| Other Services & Charges | 3,269,772 | 3,086,386 | 3,821,250 | 3,821,250 | 4,551,100 |
| Capital Outlay | - | - | 11,055,100 | 10,905,100 | 5,012,000 |
| Debt Service | 22,649 | 117,469 | 261,050 | 261,050 | 672,400 |
| Total Expenditures: | \$ 9,278,923 | \$ 9,237,145 | \$ 21,556,710 | \$ 21,402,710 | \$ 16,756,750 |
| Other Uses | | | | | |
| Transfers Out | 812,289 | 846,859 | 819,950 | 969,950 | 868,950 |
| Total Expenditures & Other Uses: | \$ 10,091,212 | \$ 10,084,004 | \$ 22,376,660 | \$ 22,372,660 | \$ 17,625,700 |
| Change in Net Assets | \$ (139,015) | \$ 922,421 | \$ (7,384,660) | \$ (8,380,660) | \$ (5,586,650) |
| Net Assets, January 1 | \$ 31,762,870 | \$ 31,623,855 | \$ 32,546,276 | \$ 32,546,276 | \$ 24,165,616 |
| Net Assets, December 31 | \$ 31,623,855 | \$ 32,546,276 | \$ 25,161,616 | \$ 24,165,616 | \$ 18,578,966 |

Fund: Wastewater
Department: Community Operations & Development
Division: Wastewater

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

Goals for 2016 budget

- Effective and efficient treatment of wastewater.
- Implement a preventative maintenance program for lift stations.
- Ensure Tier I FSE/FMP's are in compliance with the FOG ordinance.
- Successful plant upgrade.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------|----------------|
| % of "acceptable" samples submitted to MPCA | 100 | 100 | 100 |
| % of PM work orders completed to total scheduled | n/a | 30 | 80 |
| Tier I compliance rate after site visits | 0 | 50% | 75% |
| Attend monthly construction site update meetings | 0 | 12 | 12 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 6.2 | 6.2 | 6.2 |

Budget Summary

The 2015 and 2016 budgets include funds for the expansion.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|----------------------|--------------|--------------|--------------|--------------|--------------|----------------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Charges for Services | \$ 1,604,673 | \$ 1,689,080 | \$ 1,758,200 | \$ 1,758,200 | \$ 1,860,000 | \$ 101,800 | 5.79% |
| Intergovernmental | - | - | 2,800,000 | 1,800,000 | 800,000 | (1,000,000) | -55.56% |
| Other Revenue | 404,724 | 902,841 | 734,000 | 734,000 | 576,000 | (158,000) | -21.53% |
| Transfers In | - | 138,196 | 1,000,000 | 1,000,000 | - | (1,000,000) | 0.00% |
| Total | \$ 2,009,397 | \$ 2,730,117 | \$ 6,292,200 | \$ 5,292,200 | \$ 3,236,000 | \$ (2,056,200) | -38.85% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|--------------|--------------|---------------|---------------|--------------|----------------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 500,867 | \$ 464,622 | \$ 526,560 | \$ 526,560 | \$ 532,650 | \$ 6,090 | 1.16% |
| Supplies | 130,128 | 136,169 | 217,700 | 217,700 | 217,800 | 100 | 0.05% |
| Other Svcs & Chgs | 1,667,099 | 1,438,010 | 1,448,500 | 1,448,500 | 1,941,550 | 493,050 | 34.04% |
| Capital Outlay | - | - | 10,875,100 | 10,875,100 | 5,012,000 | (5,863,100) | -53.91% |
| Debt Service | 22,649 | 117,469 | 261,050 | 261,050 | 672,400 | 411,350 | 157.58% |
| Transfers Out | 115,000 | 118,650 | 120,000 | 120,000 | 100,000 | (20,000) | -16.67% |
| Total | \$ 2,435,743 | \$ 2,274,920 | \$ 13,448,910 | \$ 13,448,910 | \$ 8,476,400 | \$ (4,972,510) | -36.97% |

WWTP Bonds

| SEWER BONDS JANUARY 1, 2016 | | | | | | | |
|--------------------------------------|---------------------|------------------|--------------------------|---------|--------------|-------------|-----------|
| | Interest Rates % | Maturity Date | Authorized and Issued | Retired | Outstanding | Due in 2016 | |
| | | | | | | Principal | Interest |
| GO Sewer Revenue Bonds, Series 2014B | 2.00-3.50 | 02/01/2035 | \$10,000,000 | \$0 | \$10,000,000 | \$400,000 | \$272,405 |

| WWTP Debt Schedule Sewer Bonds | | | |
|-----------------------------------|--------------|-------------|--------------|
| Year | Principal | Interest | Total |
| 2016 | \$400,000 | \$272,405 | \$672,405 |
| 2017 | 405,000 | 264,355 | 669,355 |
| 2018 | 415,000 | 256,155 | 671,155 |
| 2019 | 420,000 | 247,805 | 667,805 |
| 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 | \$10,000,000 | \$3,327,684 | \$13,327,684 |

Fund: Liquor
Department: Finance
Division: Liquor

Description of Services - The Liquor budget provides for the total operation of the Elk River 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 2016 budget

- Maintain current level of fund transfers.
- Continue to promote value of liquor operation to our community.
- Prepare operation for future retirements of staff.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---------------------|-------------|----------------|----------------|
| Customer count | 275,497 | 279,000 | 281,000 |
| Average sale | \$24.76 | \$24.85 | \$25.00 |
| Gross profit | 30% | 29% | 28% |
| Labor as % of sales | 9.3% | 10% | 10% |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | 11.5 | 11.5 | 11.5 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|----------------------|--------------|--------------|--------------|--------------|--------------|-----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Sales | \$ 6,753,521 | \$ 6,822,133 | \$ 6,864,050 | \$ 6,864,050 | \$ 6,932,700 | \$ 68,650 | 1.00% |
| Cost of Sales | 4,705,979 | 4,750,195 | 4,898,950 | 4,898,950 | 4,957,300 | 58,350 | 1.19% |
| Gross Profit | 2,047,542 | 2,071,938 | 1,965,100 | 1,965,100 | 1,975,400 | 10,300 | 0.52% |
| Other Revenue | | | | | | | |
| Interest Income | (87,003) | 105,639 | 25,000 | 25,000 | 25,000 | - | 0.00% |
| Miscellaneous | 3,060 | 3,210 | 3,500 | 3,500 | 3,000 | (500) | -14.29% |
| Total | \$ 1,963,599 | \$ 2,180,787 | \$ 1,993,600 | \$ 1,993,600 | \$ 2,003,400 | \$ 9,800 | 0.49% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|--------------|--------------|--------------|--------------|--------------|------------|--------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 628,933 | \$ 634,571 | \$ 624,900 | \$ 624,900 | \$ 659,850 | \$ 34,950 | 5.59% |
| Supplies | 26,507 | 57,604 | 53,400 | 53,400 | 53,700 | 300 | 0.56% |
| Other Svs & Chgs | 345,341 | 334,503 | 344,250 | 344,250 | 354,950 | 10,700 | 3.11% |
| Transfers Out | 672,289 | 685,059 | 656,000 | 656,000 | 718,950 | 62,950 | 9.60% |
| Total | \$ 1,673,070 | \$ 1,711,737 | \$ 1,678,550 | \$ 1,678,550 | \$ 1,787,450 | \$ 108,900 | 6.49% |

Fund: Garbage
Department: Community Operations & Development
Division: Garbage

Description of Services - The Garbage budget is for providing 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 2016 budget

- Continue to promote and increase organics recycling.
- Encourage recycling and organics composting at community events.

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|---|-------------|----------------|----------------|
| Residential Recycling: | | | |
| Fibers (tons) | 1,025.68 | 1,080.00 | 1,100.00 |
| Containers (tons) – glass, plastic, metal | 686.78 | 750.00 | 800.00 |
| % participation | 87.3% | 87.9% | 88.2% |
| Organics participation | 376 | 400 | 410 |
| Event recycling | 0 | 2 | 5 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | .4 | .4 | .3 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|----------------------|--------------|--------------|--------------|--------------|--------------|-----------|---------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Charges for Services | \$ 1,272,297 | \$ 1,290,451 | \$ 1,302,000 | \$ 1,302,000 | \$ 1,310,000 | \$ 8,000 | 0.61% |
| Special Assessments | 10,034 | 11,422 | 12,000 | 12,000 | 13,000 | 1,000 | 8.33% |
| Other Revenue | (22,354) | 35,271 | 9,750 | 9,750 | 9,750 | - | 0.00% |
| Transfers In | 13,245 | 8,182 | 14,600 | 14,600 | 36,600 | 22,000 | 150.68% |
| Total | \$ 1,273,222 | \$ 1,345,326 | \$ 1,338,350 | \$ 1,338,350 | \$ 1,369,350 | \$ 31,000 | 2.32% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|--------------|--------------|--------------|--------------|--------------|------------|----------|
| | Actual | Actual | Adopted | Amended | Budget | +/- | Change |
| Personal Services | \$ 19,811 | \$ 20,387 | \$ 26,650 | \$ 26,650 | \$ 22,900 | \$ (3,750) | -14.07% |
| Supplies | 7,077 | 3,080 | 5,900 | 1,900 | 26,400 | 24,500 | 1289.47% |
| Other Svcs & Chgs | 1,224,532 | 1,280,475 | 1,315,250 | 1,315,250 | 1,380,700 | 65,450 | 4.98% |
| Transfers Out | 25,000 | 43,150 | 43,950 | 43,950 | 45,000 | 1,050 | 2.39% |
| Total | \$ 1,276,420 | \$ 1,347,092 | \$ 1,391,750 | \$ 1,387,750 | \$ 1,475,000 | \$ 87,250 | 6.29% |

Fund: Stormwater
Department: Community Operations & Development
Division: Stormwater

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

Goals for 2016 budget

- Continue stormwater program guide updates and implementation.
- Cartegraph support.
- Maintain, plan and install stormwater BMPs.
- Stormwater management education for the public (MS4).

Performance Measures

| | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|-------------|----------------|----------------|
| Active projects reviewed | 4 | 8 | 10 |
| Completed projects | 4 | 5 | 6 |
| Inspections related to water quality protection | 430 | 90 | 100 |
| % of active site inspections in compliance | 65% | 70% | 70% |
| Stormwater basins cleaned out to original construction | 0 | 2 | 3 |
| Stormwater basin % performance: | | | |
| <70% - needs considerable maintenance | 7 | 7 | 6 |
| 70-80% - needs notable maintenance | 19 | 17 | 18 |
| 80-90% - needs some maintenance | 93 | 93 | 93 |
| >90% - needs little to no maintenance | 194 | 196 | 196 |

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | .05 | 1.05 | 1 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|----------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Charges for Services | \$ - | \$ - | \$ 468,000 | \$ 468,000 | \$ 471,500 | \$ 3,500 | 0.75% |
| Other Revenue | - | - | 900 | 900 | 1,500 | 600 | 66.67% |
| Total | \$ - | \$ - | \$ 468,900 | \$ 468,900 | \$ 473,000 | \$ 4,100 | 0.87% |

| Expenditures | 2013 Actual | 2014 Actual | 2015 Adopted | 2015 Amended | 2016 Budget | Variance +/- | % Change |
|-------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-------------|
| Personal Services | \$ - | \$ - | \$ 87,150 | \$ 87,150 | \$ 80,650 | \$ (6,500) | -7.46% |
| Supplies | - | - | 14,600 | 14,600 | 7,000 | (7,600) | -52.05% |
| Other Svcs & Chgs | - | - | 676,750 | 676,750 | 836,900 | 160,150 | 23.66% |
| Capital Outlay | - | - | 180,000 | 30,000 | - | (30,000) | -100.00% |
| Transfers Out | - | - | - | 150,000 | 5,000 | (145,000) | -96.67% |
| Total | \$ - | \$ - | \$ 958,500 | \$ 958,500 | \$ 929,550 | \$ (28,950) | -3.02% |

2016 Debt Service Funds

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 1) general obligation improvement bonds and 2) general obligation special assessment bonds. The following schedule depicts the city's outstanding debt as of 1/1/2016.

| Debt (1) Supported By: | Interest Rates % | Issue Date | Maturity Date | Authorized and Issued | Retired | Outstanding | Due in 2016 | |
|---|------------------|------------|---------------|-----------------------|---------------------|----------------------|---------------------|-------------------|
| | | | | | | | Principal | Interest |
| Property Taxes | | | | | | | | |
| G.O. Capital Improvement Bonds, Series 2006C | 3.80-4.05 | 12/14/2006 | 02/01/2027 | \$ 3,220,000 | \$ 960,000 | \$ 2,260,000 | \$ 2,260,000 | \$ 41,552 |
| EDA G.O. Bonds, Series 2007 | 3.80-4.30 | 11/08/2007 | 02/01/2033 | 10,000,000 | - | 10,000,000 | 380,000 | 403,179 |
| EDA G.O. Bonds, Series 2008 | 3.375 | 02/20/2008 | 02/01/2015 | 2,000,000 | 2,000,000 | - | - | - |
| G.O. Capital Improvement Bonds, Series 2010A | 2.00-4.00 | 04/21/2010 | 02/01/2023 | 6,105,000 | 2,120,000 | 3,985,000 | 445,000 | 142,663 |
| G.O. Capital Improvement Bonds, Series 2012A | 1.00-2.50 | 03/15/2012 | 02/01/2033 | 6,975,000 | 585,000 | 6,390,000 | 300,000 | 137,425 |
| G.O. Refunding Bonds, Series 2013A | 2.00-3.00 | 02/12/2013 | 02/01/2033 | 9,685,000 | - | 9,685,000 | - | 225,638 |
| Total debt supported primarily by property taxes | | | | <u>37,985,000</u> | <u>5,665,000</u> | <u>32,320,000</u> | <u>3,385,000</u> | <u>950,457</u> |
| Special Assessments | | | | | | | | |
| G.O. Improvement Refunding Bonds, Series 2012B | 2.00 | 03/15/2012 | 02/01/2018 | 1,525,000 | 625,000 | 900,000 | 305,000 | 14,950 |
| Total debt supported primarily by special assessments | | | | <u>1,525,000</u> | <u>625,000</u> | <u>900,000</u> | <u>305,000</u> | <u>14,950</u> |
| Total Governmental Debt (2) | | | | <u>\$ 39,510,000</u> | <u>\$ 6,290,000</u> | <u>\$ 33,220,000</u> | <u>\$ 3,690,000</u> | <u>\$ 965,407</u> |

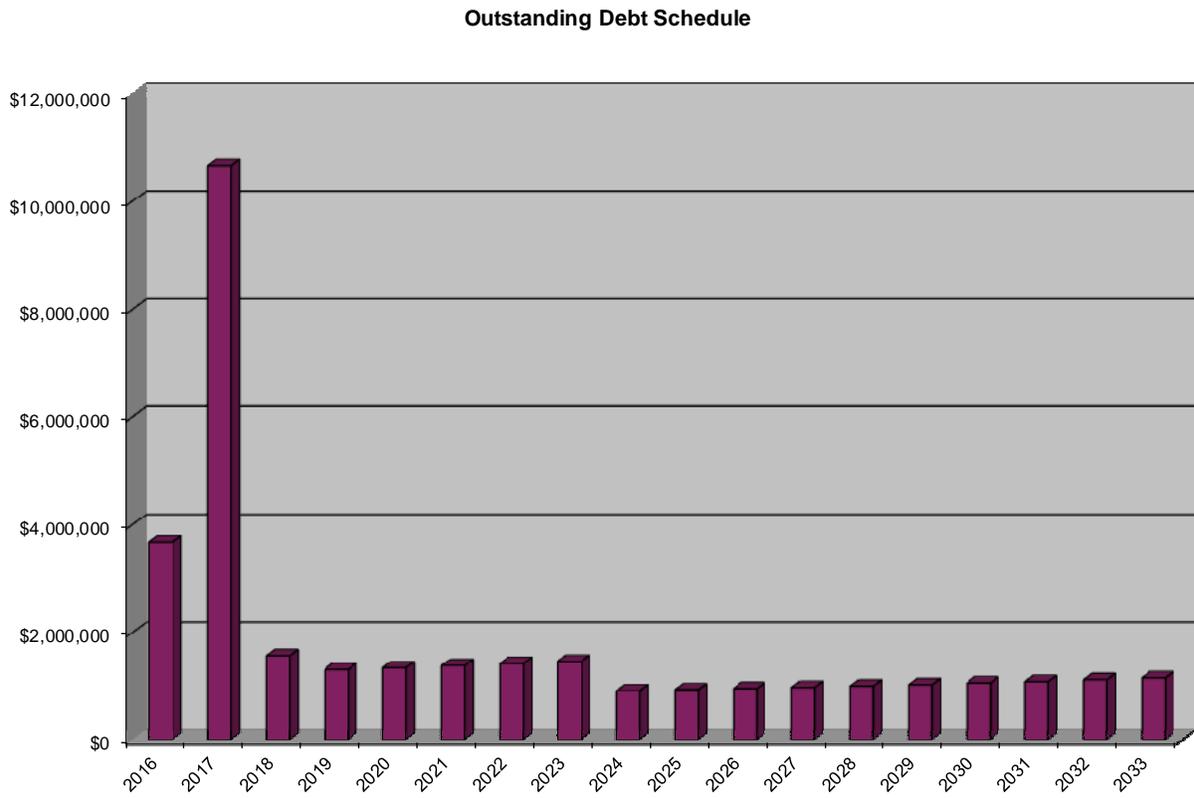
- (1) General Obligation (GO) debt issues are backed by the full faith and credit of the City.
(2) Enterprise Fund debt is shown in its appropriate fund

| | |
|----------------------------|---------|
| Debt on a per capita basis | \$1,400 |
| Population | 23,730 |

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

| Year | Principal | Interest | Total |
|-------|--------------|-------------|--------------|
| 2016 | \$3,690,000 | \$968,406 | \$4,658,406 |
| 2017 | 10,675,000 | 694,992 | 11,369,992 |
| 2018 | 1,575,000 | 463,813 | 2,038,813 |
| 2019 | 1,315,000 | 425,413 | 1,740,413 |
| 2020 | 1,350,000 | 388,863 | 1,738,863 |
| 2021 | 1,390,000 | 351,163 | 1,741,163 |
| 2022 | 1,430,000 | 312,263 | 1,742,263 |
| 2023 | 1,470,000 | 272,163 | 1,742,163 |
| 2024 | 925,000 | 242,563 | 1,167,563 |
| 2025 | 945,000 | 223,863 | 1,168,863 |
| 2026 | 965,000 | 204,313 | 1,169,313 |
| 2027 | 985,000 | 183,131 | 1,168,131 |
| 2028 | 1,010,000 | 160,056 | 1,170,056 |
| 2029 | 1,035,000 | 135,125 | 1,170,125 |
| 2030 | 1,070,000 | 107,969 | 1,177,969 |
| 2031 | 1,095,000 | 79,200 | 1,174,200 |
| 2032 | 1,130,000 | 48,738 | 1,178,738 |
| 2033 | 1,165,000 | 16,412 | 1,181,412 |
| | | | |
| Total | \$33,220,000 | \$5,278,446 | \$38,498,446 |

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 \$32,320,000 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) | \$59,585,748 |
| Less: Outstanding Debt Subject to Limit | (32,320,000) |
| Add: Available Debt Service Monies | <u>11,104,140</u> |
| Legal Debt margin as of January 1, 2016 | <u>\$38,369,888</u> |

Bond Rating

The city maintains a bond rating of AA+ from Standard & Poor's for general obligation debt.

Impact on Operations

The city's property tax levy attributable to debt is at \$366,405. The city's debt on a per capita basis at the end of 2015 is \$1,400. All existing debt will be retired by 2033.

The city issued advanced refunding bonds for the YMCA project for interest savings. The bonds will be called on February 1, 2017. The city will also consider refunding opportunities for existing debt.

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 projects. Capital expenditures for Elk River's CIP are defined as equipment purchases over \$10,000 and construction projects estimated to cost in excess of \$25,000. The 2016-2020 CIP was adopted by the City Council on December 21, 2015.

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 Infrastructure and Maintenance includes all roads, streets, traffic signals, intersection enhancements, quiet zones, business park development and annual sealcoating within the city. Major funding sources include municipal state aid, franchise fees, and street improvement reserves.

Utility infrastructure includes the construction, expansion, and major maintenance of the sanitary 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 and Boulevards includes 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 Enterprise fund. Maintenance projects are financed with property taxes and other revenue sources.

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

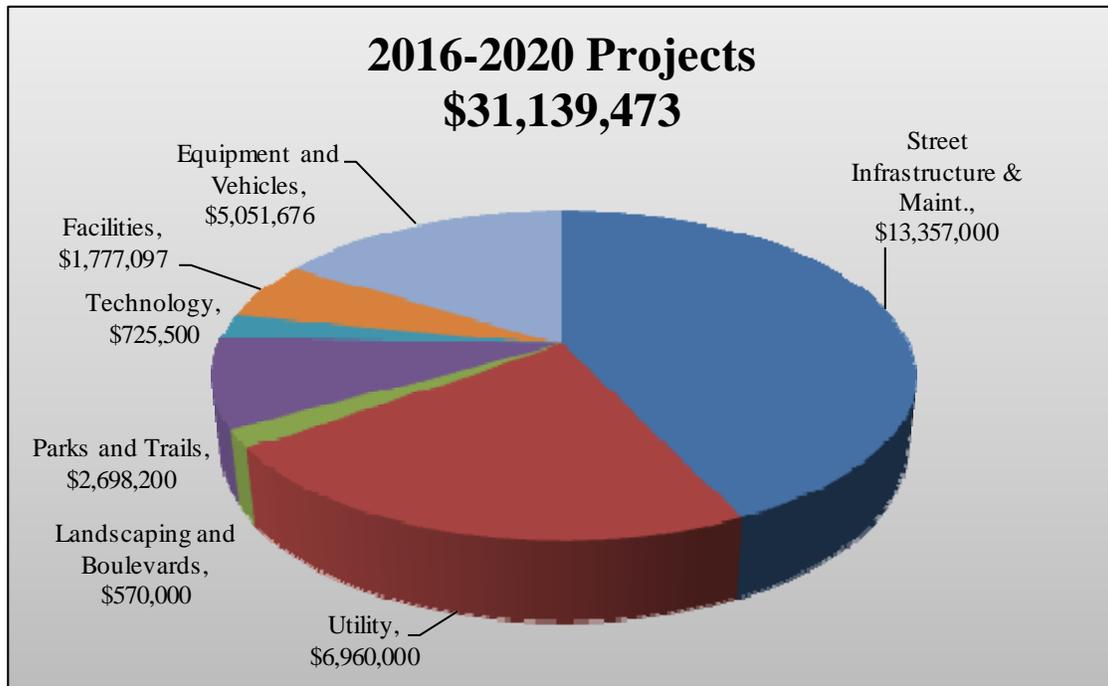
Facilities include the city hall, police and fire stations, maintenance facility, senior activity center, library and other municipal buildings. Primary revenue sources include, but not limited to, Government Building fund and contributions. The ongoing maintenance is funded through property taxes and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

Equipment and Vehicles includes all major equipment acquisitions such as dump trucks, generators, police cars, fire trucks and replacement. Primary revenue sources include the Equipment Replacement fund, state aid, ice arena and sale of assets.

Program Summary

The majority of capital investments over the next several years are in the street infrastructure and expansion of our sewer treatment facility. The total budgeted capital expenditures by category are shown below.

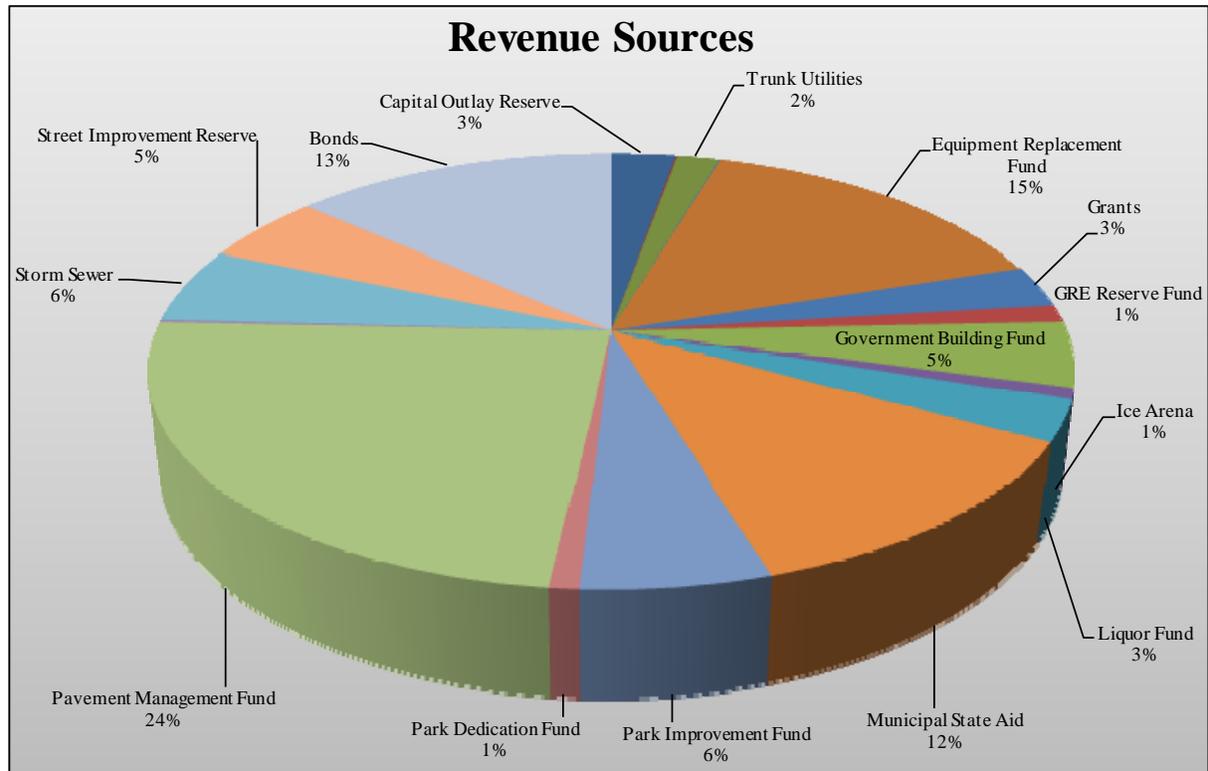
| Category | Expenditures | | | | |
|---|---------------|--------------|--------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Street Infrastructure & Maint. | \$ 1,927,000 | \$ 5,330,000 | \$ 550,000 | \$ 4,975,000 | \$ 575,000 |
| Utility | 5,638,000 | 483,000 | 313,000 | 213,000 | 313,000 |
| Landscaping/Boulevards | 220,000 | 160,000 | 110,000 | 80,000 | - |
| Parks and Trails | 1,537,200 | 331,000 | 230,000 | 270,000 | 330,000 |
| Technology | 275,500 | 125,000 | 145,000 | 30,000 | 150,000 |
| Facilities | 562,097 | 170,000 | 520,000 | 500,000 | 25,000 |
| Equipment and Vehicles | 712,192 | 895,400 | 1,334,592 | 1,239,342 | 870,150 |
| Total | \$ 10,871,989 | \$ 7,494,400 | \$ 3,202,592 | \$ 7,307,342 | \$ 2,263,150 |



Financing Summary

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

| Source | Revenue Sources | | | | |
|-------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Capital Outlay Reserve | \$ 365,500 | \$ 150,000 | \$ 149,000 | \$ 30,000 | \$ 150,000 |
| Trunk Utilities | 300,000 | 250,000 | - | - | - |
| Equipment Replacement Fund | 488,192 | 895,400 | 1,291,592 | 1,239,342 | 870,150 |
| Elk River Municipal Utilities | 12,000 | - | 4,000 | - | - |
| Grants | 960,000 | - | - | - | - |
| GRE Reserve Fund | 158,340 | 80,000 | 80,000 | 80,000 | - |
| Government Building Fund | 404,597 | 40,000 | 520,000 | 500,000 | 25,000 |
| Ice Arena | 248,500 | - | - | - | - |
| Library | 19,000 | 5,000 | - | - | - |
| Liquor Fund | 850,000 | 100,000 | - | - | - |
| Municipal State Aid | 351,457 | 1,358,486 | 365,656 | 1,372,969 | 380,428 |
| Park Improvement Fund | 588,500 | 331,000 | 230,000 | 270,000 | 330,000 |
| Park Dedication Fund | 259,135 | - | - | - | - |
| Pavement Management Fund | 198,543 | 3,421,514 | 184,344 | 3,452,031 | 194,572 |
| Sanitary Sewer | 25,200 | - | 35,000 | - | - |
| Storm Sewer | 355,135 | 383,000 | 313,000 | 363,000 | 313,000 |
| Street Improvement Reserve | 1,087,890 | 480,000 | 30,000 | - | - |
| Bonds | 4,200,000 | - | - | - | - |
| Total | \$ 10,871,989 | \$ 7,494,400 | \$ 3,202,592 | \$ 7,307,342 | \$ 2,263,150 |



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 expenditures such as new streets needing more staff to snow plow 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 of the city's significant recurring 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 of city infrastructure, equipment and improvements.

Summary of significant nonrecurring capital expenditures:

- Quite Zone improvements to silence train horns at BNSF street crossings. Funding Source: Street Improvement reserve, and Municipal liquor enterprise funds. 2016 - \$1,350,000
- River's Edge Commons Park expansion to fix retaining walls and seating expansion. Funding Source: GRE reserve, Storm Water, Park Dedication funds. 2016 - \$428,700
- Waste Water Treatment Plant Expansion to comply with MPCA permit requirements. Fund Source: Sewer enterprise fund. 2016 - \$5,000,000
- Public Safety building garage expansion for police department. Funding Source: Government Building fund. 2018 - \$500,000
- Public Safety building 2nd floor space buildout for police department. Funding Source: Government Building fund. 2019 - \$500,000

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------------|
| Project # | AD-05 |
| Project Name | Council Chamber Upgrades |

| | | | |
|--------------------|----------------------|-------------------|----------------|
| Type | Maintenance | Department | Administration |
| Useful Life | Unassigned | Contact | City Clerk |
| Category | Building Maintenance | Priority | n/a |

Description

Upgrades to the Council Chambers:
 1) Replace carpet and chairs in the Council Chambers

Justification

The Council Chambers is one of the most used space for the public in the city. The carpet is starting to show wear. Glue is showing thru on the carpet on the walls.

The City has received franchise fees from the cable commission to be used for technology and Council Chamber upgrades.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|-------------|---------------|-------------|-------------|-------------|---------------|
| Construction/Maintenance | | 20,000 | | | | 20,000 |
| Equipment | | 5,000 | | | | 5,000 |
| Total | | 25,000 | | | | 25,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|-------------|---------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | | 25,000 | | | | 25,000 |
| Total | | 25,000 | | | | 25,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--------------------------------------|
| Project # | AD-06 |
| Project Name | Administration space redesign |

| | | | |
|--------------------|------------------|-------------------|----------------|
| Type | Maintenance | Department | Administration |
| Useful Life | Unassigned | Contact | City Clerk |
| Category | Office Equipment | Priority | n/a |

| |
|--|
| Description |
| Administration department space redesign |

| |
|--|
| Justification |
| Current furniture parts are running low and it is unlikely that building maintenance will find the needed parts for offices to match what we have currently. The administration department has requested for several years to expand the workspace area. By ordering the same cubicles as the finance department, building maintenance will be able to take the old cubicles and maintain a supply for other department modifications. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment | 18,000 | | | | | 18,000 |
| Total | 18,000 | | | | | 18,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Government Buildings Reserve | 18,000 | | | | | 18,000 |
| Total | 18,000 | | | | | 18,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # BZ-01
Project Name Vehicle Replacement

Type Vehicle
Useful Life 10 years
Category Vehicles
Department Building & Safety
Contact Building Official
Priority n/a



Description
 Replacement vehicles for building inspectors/code enforcement/environmental division based on 10 year useful life, mileage and general condition.
 2016 - 2004 Ford Explorer
 2017 - 2005 Ford Explorer

Justification
 The building safety department is looking at replacing the vehicle with a hybrid/smaller SUV type replacement.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|---------------|-------------|-------------|-------------|---------------|
| Vehicles | 27,500 | 27,500 | | | | 55,000 |
| Total | 27,500 | 27,500 | | | | 55,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|---------------|-------------|-------------|-------------|---------------|
| Equipment Replacement Fund | 27,500 | 27,500 | | | | 55,000 |
| Total | 27,500 | 27,500 | | | | 55,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|----------------------------|
| Project # | CH-04 |
| Project Name | Vehicle replacement |

| | | | |
|--------------------|------------|-------------------|----------------------------|
| Type | Vehicle | Department | City Hall Maintenance |
| Useful Life | Unassigned | Contact | Building Maintenance Supv. |
| Category | Vehicles | Priority | n/a |

| |
|--|
| Description |
| 2017 Replace John Deere Gator 2019 Replace 2001 F250 pickup truck |

| |
|--|
| Justification |
| The Gator is used for many building maintenance activities in the winter and summer months. Pickups are regularly used for building maintenance activities all year round. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|---------------|-------------|---------------|-------------|---------------|
| Vehicles | | 15,000 | | 35,000 | | 50,000 |
| Total | | 15,000 | | 35,000 | | 50,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|-------------|---------------|-------------|---------------|-------------|---------------|
| Equipment Replacement Fund | | 15,000 | | 35,000 | | 50,000 |
| Total | | 15,000 | | 35,000 | | 50,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-------------------------------|
| Project # | CH-06 |
| Project Name | LED parking lot lights |

| | | | |
|--------------------|----------------------|-------------------|----------------------------|
| Type | Equipment | Department | City Hall Maintenance |
| Useful Life | Unassigned | Contact | Building Maintenance Supv. |
| Category | Maintenance projects | Priority | n/a |

| |
|---|
| Description |
| LED parking lot lights and exterior building light fixtures |

| |
|---|
| Justification |
| Replace old non-efficient metal halide fixtures that are failing with LED. This will reduce energy costs and maintenance time not having to change bulbs. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment | 10,000 | | | | | 10,000 |
| Total | 10,000 | | | | | 10,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 10,000 | | | | | 10,000 |
| Total | 10,000 | | | | | 10,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------|
| Project # | EL-01 |
| Project Name | Election Equipment |

| | | | |
|--------------------|------------|-------------------|------------|
| Type | Equipment | Department | Elections |
| Useful Life | Unassigned | Contact | City Clerk |
| Category | Equipment | Priority | n/a |

| |
|-------------------------|
| Description |
| New elections equipment |

| |
|--|
| Justification |
| Sherburne County is going out for an RFP to replace the county-wide elections equipment. They are paying a large share of the cost. The current equipment is showing its wear with increasing equipment failures. Newer equipment will provide faster results. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment | 45,000 | | | | | 45,000 |
| Total | 45,000 | | | | | 45,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 45,000 | | | | | 45,000 |
| Total | 45,000 | | | | | 45,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-----------------------------|
| Project # | STM-1 |
| Project Name | Storm Water projects |

| | | | |
|--------------------|----------------------|-------------------|-------------|
| Type | Maintenance | Department | Engineering |
| Useful Life | Unassigned | Contact | Engineer |
| Category | Maintenance projects | Priority | n/a |

Description

Annual pond cleaning, stormwater repairs, BMP inventory.

Storm Water infrastructure projects combined with street projects are included on the pavement management CIP sheet.

Justification

These annual projects include the testing, removal, and disposal of sediment deposits from our stormwater ponds. This is needed to assure these devices are 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 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Construction/Maintenance | 338,000 | 233,000 | 313,000 | 213,000 | 313,000 | 1,410,000 |
| Total | 338,000 | 233,000 | 313,000 | 213,000 | 313,000 | 1,410,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Storm Water | 338,000 | 233,000 | 313,000 | 213,000 | 313,000 | 1,410,000 |
| Total | 338,000 | 233,000 | 313,000 | 213,000 | 313,000 | 1,410,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # FD-01
Project Name Vehicle Replacement

Type Vehicle
Useful Life Unassigned
Category Vehicles
Department Fire
Contact Fire Chief
Priority n/a



Description

Replace fire vehicles as follows:
 2017 - Duty Officer/command vehicle (2005 Ford Expedition)
 2017 - Inspector 2 (2006 Ford Explorer)

Justification

Fire Prevention Truck originally received on a FEMA grant to be used with the FEMA trailer. Replacement truck will be more of a multi-purpose vehicle.
 Duty Officer vehicle is the primary response vehicle and first on the scene to assess the additional vehicles to follow. This vehicle will be 12 years old in 2017.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|---------------|-------------|-------------|-------------|---------------|
| Vehicles | | 77,000 | | | | 77,000 |
| Total | | 77,000 | | | | 77,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|-------------|---------------|-------------|-------------|-------------|---------------|
| Equipment Replacement Fund | | 77,000 | | | | 77,000 |
| Total | | 77,000 | | | | 77,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--|
| Project # | FD-07 |
| Project Name | Fire Department-Other equipment |

| | | | |
|--------------------|------------|-------------------|------------|
| Type | Equipment | Department | Fire |
| Useful Life | Unassigned | Contact | Fire Chief |
| Category | Equipment | Priority | n/a |

Description

Mobile Data Computers are for the replacement of older obsolete units that are currently in fire vehicles.

Justification

The computers allow for direct communications with Sherburne County Sheriff's Dispatch. They give the department mapping, hazards or alerts on file, etc. while enroute or on scenes. Without the updates of computers, some software or programs will not function properly.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment | 10,000 | | | | | 10,000 |
| Total | 10,000 | | | | | 10,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment Replacement Fund | 10,000 | | | | | 10,000 |
| Total | 10,000 | | | | | 10,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------------|
| Project # | FD-10 |
| Project Name | Thermal imager ladder #1 |

| | | | |
|--------------------|------------|-------------------|------------|
| Type | Equipment | Department | Fire |
| Useful Life | Unassigned | Contact | Fire Chief |
| Category | Equipment | Priority | n/a |

| |
|--------------------------|
| Description |
| Thermal imager ladder #1 |

| |
|---|
| Justification |
| To increase capability of crews responding in Ladder 1 after refurbishment in 2015. Safety of firefighters entering IDLH atmosphere with zero visibility. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment | 11,000 | | | | | 11,000 |
| Total | 11,000 | | | | | 11,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 11,000 | | | | | 11,000 |
| Total | 11,000 | | | | | 11,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|------------------------|
| Project # | FS-01 |
| Project Name | Fire Station #1 |

| | | | |
|--------------------|----------------------|-------------------|---------------|
| Type | Maintenance | Department | Fire Stations |
| Useful Life | 25 years | Contact | Fire Chief |
| Category | Building Maintenance | Priority | n/a |

Description

2016 - Master planning study on fire facilities and replacement of the backup generator.

Justification

Fire Station #1 was constructed in 1972 and based on age and condition requires repair and replacement costs.

The purpose of the study is to lay the foundation for fire station facilities, specifically fire station #1 which was built in 1972. The study will provide short and long range planning options to explore facility construction options for existing and possibly future fire station locations.

The generator is an old federal surplus that is in need of replacement. It does not have an automatic transfer switch requiring the firefighters or staff to manually convert the station over to generator by hand. Parts are becoming obsolete to make repairs.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Planning/Design | 40,000 | | | | | 40,000 |
| Equipment | 40,000 | | | | | 40,000 |
| Total | 80,000 | | | | | 80,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Government Buildings Reserve | 80,000 | | | | | 80,000 |
| Total | 80,000 | | | | | 80,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # IA-01
Project Name Ice Arena Equipment

Type Equipment
Useful Life 10 years
Category Equipment
Department Ice Arena
Contact Park & Rec. Director
Priority n/a



Description

2016 - 1999 Electric Ice Resurfacer

Justification

The existing electric machine was purchased in 1999 and will have over 5,000 hours of use on it. By establishing an ice resurfacer replacement plan the Arena will operate smoothly without unexpected problems arising.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|----------------|-------------|-------------|-------------|-------------|----------------|
| Equipment | 120,000 | | | | | 120,000 |
| Total | 120,000 | | | | | 120,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|----------------|-------------|-------------|-------------|-------------|----------------|
| Ice Arena | 120,000 | | | | | 120,000 |
| Total | 120,000 | | | | | 120,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-------------------------------|
| Project # | II-00 |
| Project Name | Line Avenue cul-de-sac |

| | | | |
|--------------------|---------------------|-------------------|-----------------------------|
| Type | Infrastructure | Department | Infrastructure Improvements |
| Useful Life | 25 years | Contact | Engineer |
| Category | Street Construction | Priority | n/a |

Description

Study and implement improvements to cul-de-sac Line Avenue north of Main St.

Justification

This proposed enhancement project is being considered to improve traffic flow and safety of the transportation system in the area.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|---------------|----------------|-------------|-------------|-------------|----------------|
| Construction/Maintenance | | 400,000 | | | | 400,000 |
| Preliminary Design | 15,000 | | | | | 15,000 |
| Total | 15,000 | 400,000 | | | | 415,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|----------------|-------------|-------------|-------------|----------------|
| Street Improvement Reserve | 15,000 | 400,000 | | | | 415,000 |
| Total | 15,000 | 400,000 | | | | 415,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------|
| Project # | II-34 |
| Project Name | Wayfinding signage |

| | | | |
|--------------------|------------------------|-------------------|-----------------------------|
| Type | Improvement | Department | Infrastructure Improvements |
| Useful Life | 25 years | Contact | City Clerk |
| Category | Landscaping/Boulevards | Priority | n/a |

Description

Install gateway identification signage at major city entrances. Locations include east and west side of Highway 10 and south and north sides of Highway 169 at city boundaries (4 major city entrances)

Justification

Enhance overall brand of the community, ease navigation, reinforce key destinations, and promote economic development. Define a sense of place and meet Council's goal of Community Development and Beautification in the Visioning Plan.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|---------------|---------------|---------------|---------------|-------------|----------------|
| Construction/Maintenance | 80,000 | 80,000 | 80,000 | 80,000 | | 320,000 |
| Total | 80,000 | 80,000 | 80,000 | 80,000 | | 320,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|---------------|---------------|---------------|-------------|----------------|
| GRE reserve | 80,000 | 80,000 | 80,000 | 80,000 | | 320,000 |
| Total | 80,000 | 80,000 | 80,000 | 80,000 | | 320,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-------------------------------|
| Project # | II-39 |
| Project Name | Proctor Ave water main |

| | | | |
|--------------------|-------------------------------|-------------------|-----------------------------|
| Type | Infrastructure | Department | Infrastructure Improvements |
| Useful Life | 20 years | Contact | Engineer |
| Category | Street & Utility Construction | Priority | n/a |

| |
|--|
| Description |
| Add new water main connecting Highland Road to Proctor Ave near the public works building. |

| |
|--|
| Justification |
| Increase system capacity to the north. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|-------------|----------------|-------------|-------------|-------------|----------------|
| Construction/Maintenance | | 250,000 | | | | 250,000 |
| Total | | 250,000 | | | | 250,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|-------------|----------------|-------------|-------------|-------------|----------------|
| Trunk Utility Fund | | 250,000 | | | | 250,000 |
| Total | | 250,000 | | | | 250,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-----------------------------|
| Project # | II-42 |
| Project Name | Well #9 Filter Plant |

| | | | |
|--------------------|-------------------------------|-------------------|-----------------------------|
| Type | Infrastructure | Department | Infrastructure Improvements |
| Useful Life | 20 years | Contact | Engineer |
| Category | Street & Utility Construction | Priority | n/a |

| |
|------------------------------|
| Description |
| ERMU well #9 filter project. |

| |
|---|
| Justification |
| This project is the third and final phase of a multi-year water capacity improvement plan to provide added capacity to serve growth in Natures Edge Business Center and the eastern areas of the urban services district. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|----------------|-------------|-------------|-------------|-------------|----------------|
| Construction/Maintenance | 300,000 | | | | | 300,000 |
| Total | 300,000 | | | | | 300,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|----------------|-------------|-------------|-------------|-------------|----------------|
| Trunk Utility Fund | 300,000 | | | | | 300,000 |
| Total | 300,000 | | | | | 300,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--------------------|
| Project # | QZ |
| Project Name | Quiet Zones |

| | | | |
|--------------------|---------------------|-------------------|-----------------------------|
| Type | Infrastructure | Department | Infrastructure Improvements |
| Useful Life | 25 years | Contact | Engineer |
| Category | Street Construction | Priority | n/a |

Description

Establish a quiet zone at all street crossings along the BNSF rail line.

Justification

This project will involve the installation of supplemental safety measures and wayside horns to qualify the entire rail corridor through Elk River as a quiet zone.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|------------------|-------------|-------------|-------------|-------------|------------------|
| Construction/Maintenance | 1,350,000 | | | | | 1,350,000 |
| Total | 1,350,000 | | | | | 1,350,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|------------------|-------------|-------------|-------------|-------------|------------------|
| Liquor Fund | 850,000 | | | | | 850,000 |
| Street Improvement Reserve | 500,000 | | | | | 500,000 |
| Total | 1,350,000 | | | | | 1,350,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--|
| Project # | SC-03 |
| Project Name | Pavement Preventative Maintenance |

| | | | |
|--------------------|--------------------|-------------------|-----------------------------|
| Type | Maintenance | Department | Infrastructure Improvements |
| Useful Life | 7 years | Contact | Street Supt. |
| Category | Street Maintenance | Priority | n/a |

Description

Preventative maintenance on our streets includes sealcoating, crackfilling and small overlay projects.

Justification

It is important to complete annual preventative maintenance on our pavements to extend their service life. This investment is completed on segments between larger comprehensive reconditioning or reconstruction.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Construction/Maintenance | 450,000 | 450,000 | 450,000 | 475,000 | 475,000 | 2,300,000 |
| Total | 450,000 | 450,000 | 450,000 | 475,000 | 475,000 | 2,300,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Municipal State Aid | 351,457 | 358,486 | 365,656 | 372,969 | 380,428 | 1,828,996 |
| Pavement Management Fund | 98,543 | 91,514 | 84,344 | 102,031 | 94,572 | 471,004 |
| Total | 450,000 | 450,000 | 450,000 | 475,000 | 475,000 | 2,300,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|------------------------------|
| Project # | SL-09 |
| Project Name | Signal Light Painting |

| | | | |
|--------------------|--------------------|-------------------|-----------------------------|
| Type | Improvement | Department | Infrastructure Improvements |
| Useful Life | 20 years | Contact | Engineer |
| Category | Street Maintenance | Priority | n/a |

| |
|---|
| Description |
| Paint signal systems at School/Jackson Avenue and School/Lions Park Drive |

| |
|--|
| Justification |
| According to MNDOT/City signal agreements it is the responsibility of the City to repaint signal systems as needed to preserve our assets. The last 2 systems will be scheduled for painting in 2016 or as their condition requires. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Construction/Maintenance | 12,000 | | | | | 12,000 |
| Total | 12,000 | | | | | 12,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Street Improvement Reserve | 12,000 | | | | | 12,000 |
| Total | 12,000 | | | | | 12,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # LB-03
Project Name Library Facility

Type Improvement **Department** Library
Useful Life Unassigned **Contact** Park & Rec. Director
Category Building Maintenance **Priority** n/a

Description
Improvements to the Library Building and grounds:
2016 - Permanent curbs in parking lot and LED light replacements in parking lot.
2017 - Parking Ballard's improvement.

Justification
Beautification and maintenance of the library grounds and building.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|--------------|-------------|-------------|-------------|---------------|
| Parking Lot | 19,000 | 5,000 | | | | 24,000 |
| Total | 19,000 | 5,000 | | | | 24,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|--------------|-------------|-------------|-------------|---------------|
| Library | 19,000 | 5,000 | | | | 24,000 |
| Total | 19,000 | 5,000 | | | | 24,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--|
| Project # | LS-01 |
| Project Name | Northbound Building Maintenance |

| | | | |
|--------------------|----------------------|-------------------|----------------------|
| Type | Maintenance | Department | Liquor Fund |
| Useful Life | 20 years | Contact | Liquor Store Manager |
| Category | Building Maintenance | Priority | n/a |

| |
|---|
| Description |
| Roof replacement at Northbound Liquor Store |

| |
|--|
| Justification |
| The original roof from 1997 is starting to experience several leaks a year. We continue to perform minor roof patches, but frequency seems to be increasing. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------|-------------|----------------|-------------|-------------|-------------|----------------|
| Building Maintenance | | 100,000 | | | | 100,000 |
| Total | | 100,000 | | | | 100,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|-------------|----------------|-------------|-------------|-------------|----------------|
| Liquor Fund | | 100,000 | | | | 100,000 |
| Total | | 100,000 | | | | 100,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------------------|
| Project # | PIF-18 |
| Project Name | 2018 park improvement projects |

| | | | |
|--------------------|-------------------|-------------------|-----------------------|
| Type | Maintenance | Department | Park Improvement Fund |
| Useful Life | Unassigned | Contact | Park & Rec. Director |
| Category | Park Improvements | Priority | n/a |

| |
|---|
| Description |
| 2018 projects include: trail repairs and replacement (\$110,000) Deerfield improvements (\$60,000) Woodland Trails Park (\$60,000) |

| |
|--|
| Justification |
| Annual maintenance/repairs of our park system. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|-------------|----------------|-------------|-------------|----------------|
| Park Improvements | | | 230,000 | | | 230,000 |
| Total | | | 230,000 | | | 230,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|-------------|-------------|----------------|-------------|-------------|----------------|
| Park Improvement Fund | | | 230,000 | | | 230,000 |
| Total | | | 230,000 | | | 230,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------------------|
| Project # | PIF-19 |
| Project Name | 2019 park improvement projects |

| | | | |
|--------------------|-------------------|-------------------|-----------------------|
| Type | Maintenance | Department | Park Improvement Fund |
| Useful Life | Unassigned | Contact | Park & Rec. Director |
| Category | Park Improvements | Priority | n/a |

| |
|---|
| Description |
| 2019 projects include: Trail repairs & connections (\$270,000) |

| |
|--|
| Justification |
| Annual maintenance/repairs of our park system. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|-------------|-------------|----------------|-------------|----------------|
| Park Improvements | | | | 270,000 | | 270,000 |
| Total | | | | 270,000 | | 270,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|-------------|-------------|-------------|----------------|-------------|----------------|
| Park Improvement Fund | | | | 270,000 | | 270,000 |
| Total | | | | 270,000 | | 270,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---------------------------------------|
| 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 | Priority | n/a |

| |
|---|
| Description |
| 2020 projects include: Trott Brook Park playground (\$150,000) Woodland Trails Park (\$180,000) |

| |
|--|
| Justification |
| Annual maintenance/repairs of our park system. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|-------------|-------------|-------------|----------------|----------------|
| Park Improvements | | | | | 330,000 | 330,000 |
| Total | | | | | 330,000 | 330,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|-------------|-------------|-------------|-------------|----------------|----------------|
| Park Improvement Fund | | | | | 330,000 | 330,000 |
| Total | | | | | 330,000 | 330,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--|
| Project # | PK-19 |
| Project Name | 2019 Park Maintenance Equipment |

| | | | |
|--------------------|------------|-------------------|----------------------|
| Type | Equipment | Department | Park Maintenance |
| Useful Life | Unassigned | Contact | Park & Rec. Director |
| Category | Equipment | Priority | n/a |

| |
|--|
| Description |
| Replace tractor attachments \$11,000 2003 ATV replacement \$6,000 Replace 2008 Ford F250 Replace 2011 Ford F550 |

| |
|---|
| Justification |
| Annual replacement of parks equipment based on usage, age, and reliability. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|-------------|-------------|---------------|-------------|---------------|
| Equipment | | | | 97,800 | | 97,800 |
| Total | | | | 97,800 | | 97,800 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|-------------|-------------|-------------|---------------|-------------|---------------|
| Equipment Replacement Fund | | | | 97,800 | | 97,800 |
| Total | | | | 97,800 | | 97,800 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # PD-01
Project Name Marked Squad Replacement & Additions



Type Vehicle
Useful Life 4 years
Category Vehicles
Department Police
Contact Police Chief
Priority n/a

Description

Routine replacement of vehicles at or near 100,000 miles. Includes all equipment and setup.
 2016 - 2 replacement
 2017 - 3 replacement
 2018 - 2 replacement
 2019 - 3 replacement
 2020 - 3 replacement

Justification

Annual replacement (3-4 years) of vehicles with over 100,000 miles or high miles and excessive maint. cost.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|----------------|---------------|----------------|----------------|----------------|
| Vehicles | 76,000 | 117,000 | 70,000 | 105,000 | 105,000 | 473,000 |
| Total | 76,000 | 117,000 | 70,000 | 105,000 | 105,000 | 473,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|----------------|---------------|----------------|----------------|----------------|
| Equipment Replacement Fund | 76,000 | 117,000 | 70,000 | 105,000 | 105,000 | 473,000 |
| Total | 76,000 | 117,000 | 70,000 | 105,000 | 105,000 | 473,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # PD-02
Project Name Unmarked Squad Replacement & Additions

Type Vehicle
Useful Life 7 years
Category Vehicles
Department Police
Contact Police Chief
Priority n/a



Description

2016 - 2 replacement
 2017 - None
 2018 - 1 replacement
 2019 - 2 replacement
 2020 - 3 replacement

Justification

Annual replacement of high mileage unmarked vehicles. (100,000 plus or over 7-years old)

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|---------------|---------------|---------------|----------------|
| Vehicles | 54,000 | | 27,000 | 62,000 | 81,000 | 224,000 |
| Total | 54,000 | | 27,000 | 62,000 | 81,000 | 224,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|-------------|---------------|---------------|---------------|----------------|
| Equipment Replacement Fund | 54,000 | | 27,000 | 62,000 | 81,000 | 224,000 |
| Total | 54,000 | | 27,000 | 62,000 | 81,000 | 224,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # PD-03
Project Name CSO Vehicle Replacement & Additions

Type Vehicle
Useful Life 6 years
Category Vehicles
Department Police
Contact Police Chief
Priority n/a



Description

CSO vehicle replacement and additions as follows:
 2016 - 1 replacement
 2019 - 1 replacement
 2020 - 1 replacement

Justification

Annual replacement of vehicles with over 100,000 miles or over 6-years old.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|---------------|---------------|----------------|
| Vehicles | 34,000 | | | 34,000 | 34,000 | 102,000 |
| Total | 34,000 | | | 34,000 | 34,000 | 102,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|-------------|-------------|---------------|---------------|----------------|
| Equipment Replacement Fund | 34,000 | | | 34,000 | 34,000 | 102,000 |
| Total | 34,000 | | | 34,000 | 34,000 | 102,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # PD-07
Project Name Special Operation Truck

Type Equipment
Useful Life 20 years
Category Equipment
Department Police
Contact Police Chief
Priority n/a



Description

2016 SWAT van to compliment the 1993 International truck transferred from the Fire Department in 2011.
 The department will evaluate the replacement of the 1993 international truck in 2019.

Justification

The Special Operations van will be a multi-purpose vehicle used in the following circumstances:
 SWAT team and Crisis Negotiators for personnel and equipment transport during critical incidents.
 Mobile Command Post (police station on wheels) during Critical Incidents (see above), major incidents (storms, large fire scenes, major crashes etc.), and major community events (4th of July, etc).
 Major Crime Scene response- It is equipped with investigative supplies and equipment enabling detectives to operate more effectively at scenes they will be at for an extended period of time.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|----------------|-------------|----------------|
| Vehicles | 40,000 | | | 150,000 | | 190,000 |
| Total | 40,000 | | | 150,000 | | 190,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|---------------|-------------|-------------|----------------|-------------|----------------|
| Equipment Replacement Fund | 40,000 | | | 150,000 | | 190,000 |
| Total | 40,000 | | | 150,000 | | 190,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---|
| Project # | PD-08 |
| Project Name | Arbitrator Interview Room System |

| | | | |
|--------------------|---------------------------|-------------------|--------------|
| Type | Equipment | Department | Police |
| Useful Life | Unassigned | Contact | Police Chief |
| Category | Technology/Communications | Priority | n/a |

| |
|--|
| Description |
| Panasonic arbitrator interview room system |

| |
|---|
| Justification |
| Install new cameras and software system for the four interview rooms. The current system is experiencing some issues and the new panasonic system will match the ones used in the squad cars. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Software/Hardware | 34,500 | | | | | 34,500 |
| Total | 34,500 | | | | | 34,500 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 34,500 | | | | | 34,500 |
| Total | 34,500 | | | | | 34,500 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---|
| Project # | BL-03 |
| Project Name | Multi-purpose community center feasibility study |

| | | | |
|--------------------|------------|-------------------|----------------------|
| Type | Study | Department | Public Buildings |
| Useful Life | Unassigned | Contact | Park & Rec. Director |
| Category | Buildings | Priority | n/a |

Description

Multi-purpose community center feasibility study

Justification

Several facilities including Ice Arena, Activity Center, Lion's park are in need of some significant renovations/repairs in the near future. The study will determine the appropriate future use of those facilities and the possibility of creating one multi-purpose building.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Planning/Design | 50,000 | | | | | 50,000 |
| Total | 50,000 | | | | | 50,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Government Buildings Reserve | 50,000 | | | | | 50,000 |
| Total | 50,000 | | | | | 50,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|------------------------|
| Project # | BL-07 |
| Project Name | Activity Center |

| | | | |
|--------------------|-------------|-------------------|----------------------|
| Type | Maintenance | Department | Public Buildings |
| Useful Life | Unassigned | Contact | Park & Rec. Director |
| Category | Buildings | Priority | n/a |

Description

2016 projects include roof replacement, ventilation system, carpet, boilers, AC unit replacement, doors, lighting/ceiling tiles, EMS controls and replacing the exterior lighting with LED.

Justification

The activity center was built in 1975 and functioned as a library prior to it becoming the activity center. Projects will be prioritized pending facility plan review.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------|----------------|-------------|-------------|-------------|-------------|----------------|
| Building Maintenance | 237,597 | | | | | 237,597 |
| Total | 237,597 | | | | | 237,597 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------------|----------------|-------------|-------------|-------------|-------------|----------------|
| Government Buildings Reserve | 237,597 | | | | | 237,597 |
| Total | 237,597 | | | | | 237,597 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-------------------------------|
| Project # | BL-14 |
| Project Name | Fitness room equipment |

| | | | |
|--------------------|------------|-------------------|------------------|
| Type | Equipment | Department | Public Buildings |
| Useful Life | Unassigned | Contact | Police Captain |
| Category | Equipment | Priority | n/a |

| |
|------------------------------------|
| Description |
| Fitness room equipment replacement |

| |
|--|
| Justification |
| The equipment is becoming outdated and in some cases obsolete and in need of replacement. A wellness room committee which was chaired by Patrol Captain Darren McKernan has provided recommendations on various replacements with the goal of increased room usage and ease of use that provides a full range of workouts. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|--------------|-------------|-------------|---------------|
| Equipment | 24,000 | | 8,000 | | | 32,000 |
| Total | 24,000 | | 8,000 | | | 32,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|--------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 12,000 | | 4,000 | | | 16,000 |
| ERMU | 12,000 | | 4,000 | | | 16,000 |
| Total | 24,000 | | 8,000 | | | 32,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|---|
| Project # | PS-03 |
| Project Name | Public Safety Building maintenance |

| | | | |
|--------------------|----------------------|-------------------|----------------------------|
| Type | Maintenance | Department | Public Safety Building |
| Useful Life | Unassigned | Contact | Building Maintenance Supv. |
| Category | Building Maintenance | Priority | n/a |

| |
|--|
| Description |
| <p>2016 - Turnout gear washer (fire side, carried over from 2015), front office cubicle redesign (police) 2017 - Carpet replacement in the remaining Police and Fire department 2017 - Additional garage space (2018), with engineering starting in (2017) 2018 - 2nd floor buildout of the public safety building (2019), with engineering starting in (2018) 2019 - floor tile replacement</p> |

| |
|--|
| Justification |
| <p>The Public Safety building was built in 2002 and the traffic volume from staff and visitors has started to wear on the carpet and tiles. Due to additional traffic and space needs the Police department is in need of additional garage space and to help with flow of traffic. The 2nd floor of the Police department is not built out and the department is starting to plan for the eventual buildout of the 2nd floor.</p> |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------|---------------|---------------|----------------|----------------|---------------|------------------|
| Planning/Design | | 20,000 | 20,000 | | | 40,000 |
| Equipment | 19,000 | | | | | 19,000 |
| Building Maintenance | | 20,000 | | | 25,000 | 45,000 |
| Design/Construction | | | 500,000 | 500,000 | | 1,000,000 |
| Total | 19,000 | 40,000 | 520,000 | 500,000 | 25,000 | 1,104,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------------|---------------|---------------|----------------|----------------|---------------|------------------|
| Government Buildings Reserve | 19,000 | 40,000 | 520,000 | 500,000 | 25,000 | 1,104,000 |
| Total | 19,000 | 40,000 | 520,000 | 500,000 | 25,000 | 1,104,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|----------------------------|
| Project # | WW-06 |
| Project Name | Vehicle Replacement |

| | | | |
|--------------------|----------|-------------------|---------------------------|
| Type | Vehicle | Department | Sewer Department |
| Useful Life | 10 years | Contact | Chief Wastewater Operator |
| Category | Vehicles | Priority | n/a |

| |
|--|
| Description |
| 2016 - replace 1998 Chevy 1/2 ton with 2010 Ford Explorer from Police dept. 2018 - replace 2001 Ford. |

| |
|---|
| Justification |
| Annual replacement of vehicles after approximately 10 years and is adjusted based on maintenance costs and condition of vehicles. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|---------------|-------------|-------------|---------------|
| Vehicles | 12,000 | | 35,000 | | | 47,000 |
| Total | 12,000 | | 35,000 | | | 47,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|---------------|-------------|-------------|---------------|
| Sewer Fund | 12,000 | | 35,000 | | | 47,000 |
| Total | 12,000 | | 35,000 | | | 47,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|------------------------------------|
| Project # | WW-17 |
| Project Name | Plant Expansion Master Plan |

| | | | |
|--------------------|-----------------|-------------------|------------------|
| Type | Improvement | Department | Sewer Department |
| Useful Life | Unassigned | Contact | Engineer |
| Category | Plant Expansion | Priority | n/a |

Description

Modification to the existing WWTF. These modifications will increase the treatment capacity and meet the limits of our MPCA discharge permit. The improvements are currently being designed according to growth projections, permit requirements and findings of the approved Facility Plan.

 Project started in 2014.

Justification

In addition to the increased flow projections expected as the City grows, treatment limits of our reissued MPCA permit continue to require additional equipment and treatment processes to meet the MPCA requirements.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|------------------|-------------|-------------|-------------|-------------|------------------|
| Construction/Maintenance | 5,000,000 | | | | | 5,000,000 |
| Total | 5,000,000 | | | | | 5,000,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|------------------|-------------|-------------|-------------|-------------|------------------|
| Bond Proceeds | 4,200,000 | | | | | 4,200,000 |
| State grants | 800,000 | | | | | 800,000 |
| Total | 5,000,000 | | | | | 5,000,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # ST-01
Project Name Vehicle Replacement - pickup trucks



Type Vehicle
Useful Life 10 years
Category Vehicles
Department Streets
Contact Street Supt.
Priority n/a

Description

Street department pickup truck replacements.
 2018 - replace 2008 Ford F250 and 2007 Ford F550 dump box truck
 2019 - replace 2008 Ford F550 dump box truck
 2020 - replace 2010 Ford F250 and 2010 Ford F550 flatbed

Justification

Annual replacement of streets equipment based on usage, age, and reliability.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|-------------|----------------|---------------|----------------|----------------|
| Vehicles | | | 110,000 | 78,000 | 110,000 | 298,000 |
| Total | | | 110,000 | 78,000 | 110,000 | 298,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|-------------|-------------|----------------|---------------|----------------|----------------|
| Equipment Replacement Fund | | | 110,000 | 78,000 | 110,000 | 298,000 |
| Total | | | 110,000 | 78,000 | 110,000 | 298,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

Project # ST-02
Project Name Dump Truck Replacement

Type Equipment
Useful Life 15 years
Category Heavy Equipment

Department Streets
Contact Street Supt.
Priority n/a



Description

Dump truck replacement and additions. Includes all plow equipment.
 2018 - 1 Tandem Axle with plow, replaces 2003 Tandem Axle plow truck
 2019 - 1 Tandem Axle with plow, replaces 2004 Tandem Axle plow truck
 2020 - 1 Tandem Axle with plow, replaces 2005 Tandem Axle plow truck

Justification

Annual replacement of streets equipment based on usage, age, and reliability.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|-------------|-------------|----------------|----------------|----------------|----------------|
| Equipment | | | 245,000 | 245,000 | 245,000 | 735,000 |
| Total | | | 245,000 | 245,000 | 245,000 | 735,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|----------------------------|-------------|-------------|----------------|----------------|----------------|----------------|
| Equipment Replacement Fund | | | 245,000 | 245,000 | 245,000 | 735,000 |
| Total | | | 245,000 | 245,000 | 245,000 | 735,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|------------------------------------|
| Project # | ST-17 |
| Project Name | Truck mounted message board |

| | | | |
|--------------------|------------|-------------------|--------------|
| Type | Equipment | Department | Streets |
| Useful Life | Unassigned | Contact | Street Supt. |
| Category | Equipment | Priority | n/a |

| |
|-----------------------------|
| Description |
| Truck mounted message board |

| |
|--|
| Justification |
| To help control traffic during mobile workzone construction and maintenance. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Equipment | 12,000 | | | | | 12,000 |
| Total | 12,000 | | | | | 12,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 12,000 | | | | | 12,000 |
| Total | 12,000 | | | | | 12,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|-----------------------------------|
| Project # | TC-01 |
| Project Name | Annual Technology Upgrades |

| | | | |
|--------------------|---------------------------|-------------------|---------------------------|
| Type | Equipment | Department | Technology/Communications |
| Useful Life | Unassigned | Contact | IT Coordinator |
| Category | Technology/Communications | Priority | n/a |

Description

2016 - Enterprise backup system, fiber network enhancements, security camera replacements, arbitrator storage upgrade, mobile management system and Microsoft refresh
 2017 - Enterprise backup system, virtualization upgrade/blade, financial software upgrade/replacement and fiber network enhancements
 2018 - Laserfiche upgrade, hardware/enterprise switch/UPS, fiber network enhancements and virtual desktop
 2019 - Security camera replacement and fiber network enhancements
 2020 - Enterprise backup system, fiber network enhancements, laptops/computers council and Microsoft refresh

Justification

Annual replacement and upgrade of information technology software/hardware.

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Equipment | 166,000 | 125,000 | 145,000 | 30,000 | 150,000 | 616,000 |
| Total | 166,000 | 125,000 | 145,000 | 30,000 | 150,000 | 616,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Capital Outlay Reserve | 166,000 | 125,000 | 145,000 | 30,000 | 150,000 | 616,000 |
| Total | 166,000 | 125,000 | 145,000 | 30,000 | 150,000 | 616,000 |

Capital Improvement Plan
City of Elk River, Minnesota

2016 *thru* 2020

| | |
|---------------------|--|
| Project # | TC-04 |
| Project Name | Human Resource Information System (HRIS) Software |

| | | | |
|--------------------|------------|-------------------|---------------------------|
| Type | Technology | Department | Technology/Communications |
| Useful Life | Unassigned | Contact | Human Resource Rep |
| Category | Software | Priority | n/a |

| |
|---|
| Description |
| Human Resource Information System (HRIS) Software Carried forward from 2015. |

| |
|--|
| Justification |
| With over 125 full-time employees software automation will streamline many processes. This software will be used for on-line applications, applicant tracking, onboarding, performance evaluations, training tracking, performance management, and more. This will help to automate many aspects of Human Resources and make information accessible to staff and supervisors. In addition, this will include the payroll processing to provide a seamless interface and eliminate many data redundancies and errors. For 2017, if approved we will eliminate payroll processing software with our financial system and a secondary timekeeping system for non police staff and adjust staffing accordingly. We anticipate about a 6 month transition including running duplicate payrolls to ensure data is correct and has transferred. |

| Expenditures | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Software/Hardware | 75,000 | | | | | 75,000 |
| Total | 75,000 | | | | | 75,000 |

| Funding Sources | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|------------------------|---------------|-------------|-------------|-------------|-------------|---------------|
| Capital Outlay Reserve | 75,000 | | | | | 75,000 |
| Total | 75,000 | | | | | 75,000 |

Financial Policies

Purpose

The City of Elk River is responsible to its citizens to manage its resources wisely and 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 in the past and have helped maintain financial stability over the past years. These financial policies will be reviewed periodically to determine if changes are necessary.

Objectives

- Providing sound principles to guide the decisions of the City Council and management.
- 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 for years to come.
- Protecting and enhancing the city's credit rating and prevent default on any municipal obligations.
- To protect the City Council's policy-making ability by ensuring that important policy decisions are not constrained by financial problems or emergencies.

Revenue and Expenditure

- The city will provide long-term financial stability through sound short and long term financial planning.
- The city will estimate its annual revenues and expenditures in a conservative manner so as to reduce exposure to unforeseen circumstances.
- The city will project revenues and expenditures for the next five years and will update these projections each budget process.
- Whenever user charges and fees are determined to be appropriate and the direct benefits are identifiable, the city will establish user charges and fees at a level related to the cost of providing the service (operating, direct, indirect, and capital). Fees will be reviewed annually.
- To the extent feasible, one-time revenues will be applied toward one-time expenditures or placed 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 and garbage collection. The Utilities Commission sets fees and charges for the water and electric utilities. The city will encourage the Utilities Commission to adopt financial management policies similar to the policies stated in this section.
- The city will strive to set users fees for municipal utilities at a level that creates financially sustaining enterprises.
- The fee structure for municipal 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.
- 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.

- All utility rates should be reviewed every year to minimize the impacts of rate changes and to insure adequate long-term funding.
- Elk River Municipal Utilities will make an annual contribution to the city. The cash contribution will be based on 3% 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 and the Equipment Replacement fund.
- The City Council will determine the chargeback to the Sewer, Storm water, and Garbage fund for administration of the sanitary sewer system, storm water, and garbage collection.
- Any operating transfer not included in the budget must be approved by the City Council.

Cash Management

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

Investments

It is the policy of the City of Elk River to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity while conforming to 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 Annual Financial Report and include all city funds with the exception of the Water and Electric funds which fall under the investment policy adopted by the Elk River Utilities Commission.

Investments shall be made with judgment and care under circumstances then prevailing 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. **Maintaining 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 municipality's ability to govern effectively.

Authority to manage the City of Elk River'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 of Elk River'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:

A. **Repurchase Agreements**

Repurchase agreements consisting of collateral allowable in Section 118A.04.

B. **United States Securities**

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.

High risk mortgage-backed securities are as follows:

1. interest-only or principal-only mortgage-backed securities; or,
2. any mortgage derivative security that:
 - a. has an expected average life greater than ten years;
 - b. has an expected average life that:
 - i. 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
 - ii. will 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
 - iii. will have an estimated change in price of more than 17 percent as the result of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

C. 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.

D. State and Local Securities

State and local government obligations as follows:

1. 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;
2. 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,
3. 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.

E. 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.

F. Time Deposits

Time deposits that are fully insured by the Federal Deposit Insurance Corporation. Bankers acceptances of United States banks.

G. 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 of Elk River will follow Minnesota statutes regarding the use of collateral requirements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be at least ten percent 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 government entity 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 of Elk River.

Any collateral pledged shall be accompanied by a written assignment to the government entity from the financial institution. The written assignment shall recite that, upon default, the financial institution shall release to the government entity 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 government entity 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 United States 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 of Elk River will diversify its investments by security type and institution. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- A. 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.

- B. 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.
- C. The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City of Elk River's investment risk constraints and cash flow needs.
- D. The Finance Director shall prepare an investment report directed to the City Council on a quarterly basis including:
 - 1. Listing of individual securities held at the end of the reporting period.
 - 2. Listing of investments by maturity date.
 - 3. Percentage of the total portfolio which each type of investment represents.
 - 4. Market to market analysis.
 - 5. 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 giving the city sufficient funds to meet contingency and cash-flow timing needs. In establishing an appropriate fund balance, the city needs to consider the demands of cash flow, need for emergency reserves, ability to manage fluctuations of major revenue sources, credit rating and long-term fiscal health.

- A. **Classification of Fund Balance/Procedures**
 - 1. **Nonspendable**

Amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or prepaid items.
 - 2. **Restricted**

Amounts subject to externally enforceable legal restrictions. Examples include grants, tax increment and bond proceeds.
 - 3. **Unrestricted**

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

 - **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.
 - **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.
 - **Unassigned fund balance** – residual amounts that are 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.

B. General Fund

- The city will maintain an unassigned General fund balance of not less than 40-45% of budgeted operating expenditures; however, this need could fluctuate with each year's budget objectives.
- Annual proposed General fund budgets shall include this benchmark policy. Council shall review the amounts in fund balance in conjunction with the annual budget approval, and make adjustments as necessary to meet expected cash-flow needs.
- 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.
- The City Council may consider appropriating (for authorized purposes) year-end fund balance in excess of the policy level or increasing the minimum fund balance. An example of preferred use of excess fund balance would be for one-time expenditures, such as:
 - to fund an expenditure of significant long-term benefit or legacy to the community
 - to fund a one-time (non-recurring) expenditure or grant match opportunity
 - to provide catch-up funding or long-term obligations not previously recognized
 - to fund a one-time unplanned revenue shortfall
 - to fund an unplanned expenditure due to an emergency or disaster
 - to retire existing debt
 - to fund policy shifts by other governmental entities having a negative impact on the city
 - to moderate property taxes
- 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.
- 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.
- 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.
- 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.

C. Enterprise Funds

The city will 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 which takes into consideration the following:

- Cash Flow
 - Six months of projected operation expenditures (Sewer, Storm Water and Garbage)
 - One year of projected operation expenditures (Liquor)
 - Debt service obligations – 100% of next year's principal and interest
- Contingency
 - Potentially volatile revenue sources
 - Unforeseen natural or man-made disasters and emergencies
- Savings
 - Planned one-time expenditures and grant matching opportunities
 - Impact of significant capital projects identified in a long-term plan
- Other Factors
 - Impact on city' bond rating
 - Requirements by external funding source

D. Special Revenue Funds

The city will maintain reserves in the Special Revenue funds at levels sufficient to provide working capital for current expenditure needs plus an amount that is estimated to be needed 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 city's annual CIP.

E. Debt Service Funds

The city will maintain reserves in the Debt Service funds at levels sufficient to provide working capital for current expenditure needs plus an amount that is estimated to be needed to meet legal restrictions and requirements by external funding sources.

F. Capital Project Funds

The city will maintain reserves in the Capital Project funds at levels sufficient to provide working capital for current expenditure needs plus an amount that is estimated to be needed 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 city's annual CIP.

G. 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 City Council in conjunction with the development of the annual budget and/or other long-term financial planning documents such as the CIP.

The city will annually review the adequacy of the reserve balances.

The city will periodically review updates to rating agency methodologies and medians to make sure that the reserve policy is consistent to ensure maintaining its existing rating or that it positions itself for an upgrade.

Debt

The City of Elk River has chosen, by policy, to guide its issuance of debt by following the guidelines listed below. These practices were identified through examination of materials from state statutes, bond rating agencies, and the Government Finance Officers Association (GFOA). This policy can be amended in the future by the City Council, but is consistent with general municipal practices at the time of its adoption.

In accordance with the authorities cited in the background section, the City of Elk River will use the following policies in determining when and how to use debt for financing capital and equipment needs.

A. Debt Limits

1. Legal Limits:

- a. Minnesota Statutes, Section 475 prescribes the statutory debt limit that outstanding principal of debt cannot exceed 3% of taxable market value. This limitation applies only to debt that is wholly tax-supported. The type of debt included is either general obligation debt of any size bond issue (G.O.) or lease revenue bond issues that were over \$1,000,000 at the time of issuance. However, there are also several other types of debt that do not count against the limit. G.O. tax increment, G.O. abatement G.O. special assessment, G.O. utility revenue, and most HRA or EDA-issued debt is considered to have a separate revenue source other than just taxes and so are excluded from the legal debt limit calculation. HRA and EDA public project revenue bonds or lease revenue bonds with financing lease agreement with a city or county do count against the statutory debt limit.
- b. Local ordinances do not limit the city's ability to issue debt.

2. Policy Limits:

- a. Uses of Debt: Debt will be used only for capital costs. The city will not utilize debt for cash flow borrowing, even though this is allowed by state statutes.
- b. CIP and Financial Planning: The city's capital improvement plan shall contain debt assumptions which match this policy and requires a commitment to long range financial planning which looks at multiple years of capital and debt needs.
- c. Tax Increment Bonds: The city shall use G.O. tax increment bonds only when the development merits special consideration.

3. Financial Limits:

- a. Bond issues may require a special debt levy. The city hereby adopts a policy to limit the amount of the city's property tax levy dedicated to debt service (principal and interest plus 5% for G.O. 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.
- b. Pure revenue bond debt for the city 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.

- B. Use of Variable Rate Debt and Derivatives
 - a. Variable Rate Debt. The city shall use variable rate debt only if total principal and interest of the debt constitutes less than 20% of the city's total debt payments and only 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. Derivatives. The city will not use derivative based debt.

- C. Debt Structuring Practices
 - 1. Term: State law limits general obligation debt to 30 years in most circumstances. The city shall not exceed 25 years in term of debt.
 - 2. Term for Equipment: The city has a goal of paying for all capital equipment with a useful life of five years or less from cash reserves or annual operating budgets. State law does allow cities to issue debt (known as equipment certificates or capital notes) with a term of ten years or the useful life of the equipment if it is at least 10 years. The city would prefer, 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 ten years.
 - 3. The city's collective debt goal shall be to amortize at least 50% of its principal within 10 years.
 - 4. The city shall usually issue debt with level principal and interest payments; or to align with a specific revenue stream.
 - 5. 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.

- D. Debt Issuance Practices
 - 1. Rating Agencies: The city utilizes a rating agency for all of its debt issuance of more than \$1M or longer than 3 years in term.
 - 2. Method of Sale: 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 2 bids.
 - 3. Refunding:
 - a. Advance refunding bonds shall not be utilized unless present value savings of 4% to 5% of refunded principal is achieved and unless the call date is within 4 years. The state law minimum is 3% of refunded principal. Bonds shall not be advance refunded if there is a reasonable chance that revenues will be sufficient to pre-pay the debt at the call date.
 - b. 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.
 - c. Special assessment or revenue debt will not be refunded unless the Finance Director determines that special assessments or other sufficient revenues will not be collected soon enough to pay off the debt fully at that call date.
 - 4. Professional Services. The city shall use an outside bond attorney and an independent financial advisor to structure the sale.

- E. Debt Management Practices
1. Investment of bond proceeds. The city shall invest bond proceeds in a capital project fund.
 2. Disclosure: The city shall comply 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.
 3. Arbitrage Rebate: The city shall complete an arbitrage rebate report for each issue no less than every five years after its date of issuance.
 4. Communication: The city will maintain 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.
- F. Post issuance debt compliance policy
- The City Council (the "Council") of the City of Elk River, Minnesota (the "City") has chosen, by policy, to take steps to help ensure that all obligations will be in compliance with all applicable state and federal regulations. This policy may be amended, as necessary, in the future.

Background

The Internal Revenue Service (IRS) is responsible for enforcing compliance with the Internal Revenue Code (the "Code") and related regulations governing certain obligations (for example: 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.

Post-Issuance Debt Compliance Policy Objective

The City desires to monitor these obligations to ensure compliance with the IRS Code and related regulations governing such obligations. To help ensure compliance, the City has developed the following policy (the "Post-Issuance Debt Compliance Policy"). 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 of the City is designated as the City's agent who is responsible for post-issuance compliance of these obligations. However, to the extent obligations are issued for municipal utility purposes, the Finance Director/Office Manager of Elk River Municipal Utilities assumes the duties of post-issuance debt compliance as described in this Post-Issuance Debt Compliance Policy instead of the Finance Director.

The Finance Director shall assemble all relevant documentation, records and activities required to ensure post-issuance debt compliance as further detailed in corresponding procedures (the "Post-Issuance Debt Compliance Procedures"). At a minimum, the Post-Issuance Debt Compliance Procedures for each qualifying obligation will address the following:

1. General post-issuance compliance;
2. Proper and timely use of bond proceeds and bond-financed property;

3. Arbitrage yield restriction and rebate;
4. Timely filings and other general requirements;
5. Additional undertakings or activities that support points 1 through 4 above;
6. Other requirements that become 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 Post-Issuance Debt Compliance Policy and Procedures are updated on a regular and as needed basis.

The Finance Director or any other individuals responsible for assisting the Finance Director in maintaining records needed to ensure post-issuance debt compliance, are authorized to expend funds as needed to attend training or secure use of other educational resources for ensuring compliance such as consulting, publications, and compliance assistance.

Most of the provisions of this Post-Issuance Debt Compliance Policy are not applicable to governmental bonds, the interest on which is includable in gross income for federal income tax purposes. On the other hand, if an issue of taxable governmental bonds 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 of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of tax-exempt governmental bonds then, for purposes of this Post-Issuance Debt Compliance Policy, the Finance Director shall treat the issue of taxable governmental bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of this Post-Issuance Debt Compliance 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 to be owned by the City but which may be used, in whole or in substantial part, by a nongovernmental organization that is exempt from federal income taxation under Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code (the "501(c)(3) Organization"), 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 Post-Issuance Debt Compliance 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 Post-Issuance Debt Compliance Policy with respect to such qualified 501(c)(3) bonds. 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 Post-Issuance Debt Compliance 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 Post-Issuance Debt Compliance Policy, including provisions for reporting to the City.

Capital Improvements

The city will 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 will annually prepare and submit to the City Council a Capital Improvements Plan (CIP) for the next 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 will 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 in order 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, the city staff shall evaluate the amount of all capital charges and recommend necessary changes to the City Council and the Utilities 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 incur debt for equipment acquisition.

The city will 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 will 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 will prepare an on-going plan for the reconstruction of all city streets. The city 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 will maintain a Risk Management Program that will minimize the impact of legal liabilities, natural disasters or other emergencies through the following activities:
 - Loss Prevention. Prevent negative occurrences.
 - Loss Control. Reduce or mitigate expenses of a negative occurrence.
 - Loss Financing. Provide a means to finance losses.
 - Loss Information Management. Collect and analyze relevant data to make prudent loss prevention, loss control and loss financing decisions.
2. The city will 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.

Accounting, Auditing, and Financial Reporting

- The city will establish and maintain the highest standard of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP).
- The city will attempt to maintain the GFOA Certificate of Excellence in Financial Reporting.
- The city will arrange for an annual audit of all funds and account groups by independent certified public accountants or by the State Auditor’s Office.

- Regular monthly reports present a summary of financial activity by major type of funds 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.

Operating Budget

- The City Administrator, when submitting the proposed budget to the City Council, will submit 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.
- The city will annually appropriate a contingency appropriation in the General fund budget, not to exceed .5% of the total budget, to provide for unanticipated expenditures of a non-recurring nature.
- In the event there is an unanticipated shortfall of revenues in a current year budget, the Finance Director may recommend the use of a portion of the General fund balance, not to exceed the amount of available cash or reserved for working capital or already appropriated to the General fund current budget.
- The budget will provide for adequate maintenance of buildings and equipment, and for their orderly replacement.
- The Finance Director will prepare regular 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 City Council.
- The operating budget will describe the major goals to be achieved and the services and programs to be delivered for the level of funding provided.
- Before adding a new program or service, the city will consider the cost benefit analysis of using outside contractors versus in-house provided services.
- The city will attempt to maintain the GFOA Distinguished Budget Presentation Award.
- The city will not sell assets or use one-time accounting principle changes to balance the budget for any fund.
- The city will provide ample time and opportunity for public input into its budget setting deliberations each year, including any required public hearings.
- 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.
- The budget shall be adjusted as needed to recognize significant deviations from original budget expectations. The council shall consider budget amendments each December. 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.
- 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. These 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.

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

The department/division director for which the service, equipment, or supplies are ordered must recommend the order be placed. The department/division director may designate the authority to make certain purchases to department staff. This designation must be communicated to the Finance Department. Final approval of all purchases must be evidenced by the department/division director's signature on the purchase order, invoice and/or receipt. Purchase orders must be completed prior to acquisition to insure accountability, provide amount verification, and avoid a misunderstanding with respect to cost between the vendor and the city.

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 | | Department Director or Designee | <ul style="list-style-type: none"> Written quotes are not required, but verbal quotes are recommended. At the point of sale, the receipt must be signed by the individual purchasing the item. The receipt/invoice must also be signed and coded by the department director |
| \$5,000 - \$24,999 | Purchase Order/ Quotes | Department Director | <ul style="list-style-type: none"> When there is more than one feasible source of supply for an item, the city shall request written price quotations from at least two sources and shall place the order at the lowest price quoted, provided the items are of comparable quality. Quote information should be attached to the purchase order. |
| \$25,000 - \$49,999 | P.O./Quotes | City Administrator | <ul style="list-style-type: none"> When there is more than one feasible source of supply for an item, the city shall request written price quotations from at least two sources and shall place the order at the lowest price quoted, provided the items are of comparable quality. Quote information should be attached to the purchase order. |
| \$50,000 - \$100,000 | Council Approval | City Council | <ul style="list-style-type: none"> Check the availability of an item through a cooperative purchasing program before obtaining quotes. When there is more than one feasible source of supply for an item, the city shall request written price quotations from at least two sources and shall place the order at the lowest price quoted, provided the items are of comparable quality. |
| Above \$100,000 | Bids/Cooperative Agreements | City Council | <ul style="list-style-type: none"> There are three processes available that would satisfy statutory requirements for purchases above \$100,000. (See "Purchases Exceeding \$100,000" section below for more details.) |

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

Purchases Exceeding \$100,000

There are three processes available that would satisfy statutory requirements for purchases that are above \$100,000:

1. **Purchases through Cooperative Purchasing Organizations:**

The city is a member of various cooperative purchasing organizations

2. **Purchases Made Outside of the Cooperative Bidding Process:**

If the amount of the contract is estimated to exceed \$100,000, and funds are appropriated within the current operating budget or capital improvement program, sealed bids shall be solicited by public notice at least 10 calendar days before scheduled bid opening following preparation of bid specifications as authorized by the City Council. The successful bid is to be awarded by the City Council to the lowest responsible bidder.(Minnesota Statutes 471.345)

3. **Non-Competitive Supplies or Equipment:**

If the city is purchasing a product or service which is available from only one source, the acquisition will be made in the same fashion as a purchase between \$50,000 and \$100,000 except that no other quotes are required.

Exceptions to Competitive Bidding

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

- Contracts less than \$100,000
- Cooperative purchasing organizations
- Intergovernmental contracts
- Noncompetitive supplies and equipment
- Real estate purchases
- 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 \$100,000. 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 those provided by engineers, attorneys, architects, accountants, and other services requiring technical, scientific or professional training are exempt from competitive bidding requirements. However, the goals to secure professional services 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"> • When 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 proposals. |

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. A 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

City staff 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 by credit card must comply with all statutes, rules, and city policies applicable to city purchases. Specifically:

1. All purchases must be made by the authorized card holder.
2. All credit card purchases must comply with the city's Purchasing Policy guidelines 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.

If a city employee makes a purchase by credit card that is inconsistent with this policy and/or is not approved by the Council, the employee 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 Elk River City 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 Elk River City 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 City Council authorizes the City Administrator, elected officials and appointed department heads 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 Guidelines

1. Training and development programs for Elk River employees serve a public purpose when those training and development 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.
2. Payment of employee work-related expenses, including travel, lodging and meal expenses, serves a public purpose when those expenses are necessarily incurred by Elk River 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 Elk River has responsibility.
3. Appropriate safety and health programs for Elk River employees serve a public purpose because they result in healthier and more productive employees and reduce certain costs to the city and the taxpayers of Elk River, including various costs associated with workers compensation and disability benefit claims, insurance premiums, and lost time from employee absences.
4. Public expenditures for appropriate Elk River employee and volunteer recognition programs serve a public purpose 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 Elk River employees and volunteers, and therefore helps the city to fulfill its responsibilities efficiently and more cost effectively.
5. Public expenditures for food and refreshments associated with official Elk River functions serve a public purpose when the provision of food or refreshments is an integral part of an official Elk River function and the provision of food or refreshment is necessary to ensure meaningful participation by the participants.
6. Public expenditures for appropriate community and customer outreach and similar activities serve a public purpose when those expenditures are necessary for Elk River to ensure the efficient operation of its 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

Every City of Elk River expenditure must 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 regards to food/meals/refreshments.

- a. Allowed at city meetings and events that have the purpose of discussing city issues. These meetings would normally have a pre-planned agenda and would involve predominately non-city employees.
- b. Allowed when they are 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.
- c. Allowed when they are 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.
- d. Allowed during non-routine, official meetings of the City Council, council committees, advisory boards/commissions, and taskforces.
- e. Allowed 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.
- f. Allowed for department sponsored meetings, conferences or workshops where the majority of invited participants are not city employees.
- g. Cookies and coffee allowed for city employees' monthly safety meetings sponsored by the Safety Committee.
- h. Annual safety training lunch where lunch is provided at a minimal cost while safety training is being held.
- i. A dinner meal to be allowed for staff during performance of election related duties on Election Day.
- j. Coffee is provided by the city for employees and guests at city buildings.
- k. Light refreshments may be provided for employees that separate employment after 10 years of service.

Alcoholic Beverages

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

Employee Recognition Program

The City of Elk River City Council recognizes the hard work and service performed by the employees of the City of Elk River through a formal Employee Recognition Program. The City Council believes the benefits of attracting, retaining and motivating employees through an Employee Recognition Program support employee 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 citizens 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:

- a. Annual Employee Recognition Celebration. Annually the city will sponsor an Employee Recognition Celebration for City employees according to the Employee Recognition Program Policy.
- b. 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 of Elk River City Council recognizes the hard work and service performed by the volunteers of the City of Elk River through a formal Volunteer Recognition Program. This Program promotes teamwork and coordination amongst the City Council, staff, board/commission members, Police Reserves, and parks and recreation volunteers.

The Program will include:

- a. 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.
- b. 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 City 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 City Council supports the Employee Wellness 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 and Dues

The City Council has determined that 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.

Membership in the Local Chamber of Commerce

The City Council has determined that 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.

Donations to Organizations

The City Council has determined that 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 has determined that it serves a public purpose for the City of Elk River 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 (\$5.00) 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. Nite To Unite, etc.).

Trinkets or Marketing Items

The City Council has determined that it serves a public purpose for the City of Elk River 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 City 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 being 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.

The Elk River City Council has determined that the above expenditures are valid expenditures and serve a public purpose.

Expense and Travel Reimbursement

This policy establishes guidelines and procedures for the payment and reimbursement of travel and other expenses incurred by employees and city officials in the conduct of approved official city business. This policy applies to all employees and city officials including temporary, regular full and part-time employees, the mayor, council members, and members of city commissions or committees.

Authorization

Unless otherwise required by law, the following conditions must be met in order to qualify for reimbursement:

- The expenditure must qualify as a public purpose expenditure as determined by state law and the Elk River City Council for which the city may use tax money.
- Employees must receive supervisor or City Administrator approval for reimbursement of expenses.

Elected Official Out-of-State Travel

The City of Elk River recognizes that its Elected Officials may at times receive value from traveling out of the state for workshops, conferences, events and other assignments. This policy sets forth the conditions under which out-of-state travel will be reimbursed by the city:

1. The event, workshop, conference or assignment must be approved in advance by the City Council at an open meeting and must include an estimate of the cost of the travel. In evaluating the out-of-state travel request, the Council will consider the following:
 - Whether the Elected Official will be receiving training on issues relevant to the city or to his or her role as the Mayor or as a Council Member.
 - Whether the Elected Official will be meeting and networking with other elected officials from around the country to exchange ideas on topics of relevance to the city or on the official roles of local elected officials.
 - Whether the Elected Official will be viewing a city facility or function that is similar in nature to one that is currently operating at, or under consideration by the city where the purpose for the trip is to study the facility or functions to bring back ideas for the consideration of the full Council.
 - Whether the Elected Official has been specifically assigned by the Council to testify on behalf of the city at the United States Congress or to otherwise meet with federal officials on behalf of the city.
 - Whether the city has sufficient funding available in the budget to pay the cost of the trip.

2. No reimbursements will be made for attendance at events sponsored by or affiliated with political parties.
3. Limitations may be imposed on paying for expenses for a Council Member who has announced his/her intention to resign, not to seek reelection, or who has been defeated in an election.
4. The Council may request an oral or written report from the Elected Official on the results of the trip.
5. The city will reimburse for travel, lodging, meals, and registration using the same procedures, limitations and guidelines outlined in this expense and travel reimbursement policy.
6. The City Council may make exceptions to the policy depending upon circumstances unique to the trip and/or Elected Official.

Expense Reimbursement Procedure

Reimbursement shall be made in accordance with the rules stated in this policy. No reimbursement shall be made unless the reimbursement request meets the following criteria and the proper documentation is included with the reimbursement request.

1. All reimbursement requests shall be submitted to Finance within 60 days of the date incurred for processing.
2. The City Administrator may, under unique circumstances, approve reimbursement for items submitted after the 60 day limit.
3. Expense reimbursements \$25.00 or less may be submitted to petty cash for payment with a detailed vendor receipt.
4. Expense reimbursements in excess of \$25.00 will be paid by vendor check.
5. Employees shall submit a completed expense reimbursement request form to their supervisor for written approval with detailed documentation (i.e. original itemized receipts, mileage form, etc.). Reimbursement shall not be made when receipts are not submitted as required.
6. Upon approval, supervisors shall submit the form to Finance for payment.

Travel

1. Supervisors shall only approve mileage reimbursement to conduct official city business when a city vehicle is not available, a staff vehicle does not meet the intended work objective, or when a specific employment agreement prevails. Carpooling should be used whenever feasible.
2. Reimbursement shall be at the standard IRS mileage rate.
3. When an employee travels directly to a conference or seminar site, mileage will be computed from the employee's home or normal place of work, whichever is less.
4. Travel to and from the worksite (commuting) is not eligible for reimbursement, including evening and weekends.
5. If out of state travel is required, costs shall generally be based on a comparison between the cost and convenience of the lowest available air fare and travel by personally owned vehicle or city vehicle with associated meals, lodging, and loss of work time costs.
 - a. Employees should select the most economical airfare that fits the conference or meeting schedule.
 - b. An employee may elect to drive for personal reasons instead of utilizing air transportation with the following provisions:
 - i. Prior written approval must be received from the department director and city administrator.
 - ii. On the date permission is received to drive, the employee must get a written quote for airfare based on the lowest round trip rate available

that fits the conference or meeting schedule. The quote must include the departure and arrival times and be attached to the reimbursement request.

- iii. Reimbursement will be made based on a comparison between the cost and convenience of the lowest available airfare and travel by personal vehicle, with associated lodging and meals, whichever is less.
- iv. Travel time above that required for air travel, will be on the employee's personal time.

Lodging

1. The City will pay for reasonable hotel accommodations appropriate to the purpose of the trip.
2. Rates for accommodations shall be comparable to those of other facilities in the area. The hotel hosting a convention shall be deemed an appropriate accommodation.
3. The city will pay the single rate if the employee or official is accompanied by a guest or family member.

Meals

Meal expenses incurred must be paid directly by the employee. City credit cards cannot be used to purchase employee meals. Each employee must submit their own receipt for reimbursement.

1. No overnight stay required:
 - a. Meal expenses shall be reimbursed for city-required attendance at day-long training/workshops with morning and afternoon sessions when no meal is provided between the two sessions. Meals before or after the event are not reimbursable.
 - b. Expenses for meals, including maximum gratuity of 18%, will be reimbursed with an **original itemized** receipt (credit card receipts are not acceptable) up to the Minnesota Standard per diem rate in accordance with the U.S. General Services Administration (GSA) Standard per diem rates (www.gsa.gov).
 - c. Reimbursement for alcoholic beverages is prohibited.
 - d. Reimbursement shall not be made for meals included in the conference or meeting fee.
2. Overnight stay required:
 - a. No meals are to be charged to the hotel/motel room.
 - b. Expenses for meals, including gratuity, will be reimbursed in accordance with the U.S. General Services Administration (GSA) per diem rates which may be found at www.gsa.gov.
 - c. Per Diem meal expenses at the applicable daily rate does not require receipts, but the employee must provide adequate substantiation verifying the date, time and location of the event or meeting and the business purpose of the trip.
 - d. When a trip includes meals that are already paid for by the city (such as through a registration fee for a conference), those meals would be deducted from the per diem daily meal reimbursement amount.
 - e. Reimbursement for alcoholic beverages is prohibited.
3. Meals for Others:

Elected officials, the city administrator, department directors, or other designated city employees serving as representatives of the city may occasionally provide a meal for other persons who have official business with the city. The cost of providing such meals,

including tax and a reasonable gratuity, will be reimbursed provided the following conditions are met:

- The name and official capacity of each person attending must be listed
- The public benefit of the meeting must be described
- Reimbursement for alcoholic beverages is prohibited
- Original itemized receipts must be provided
- Must comply with the City's Public Purpose Expenditure Policy.
- The amount reimbursed per person will follow the amounts listed in accordance with U.S. General Services Administration (GSA) standard per diem rates (www.gsa.gov)

Advance Expense Check

If requested, an advance expense check may be issued for estimated travel expenses. The advance shall be issued pursuant to Minnesota Statute 471.97.

- A signed Reimbursement Request with receipts must be submitted within 30 days of travel.
- The city shall determine the estimated travel expense amount to be advanced.
- Any additional reimbursement due to the employee shall be paid by the city based on the receipts submitted.
- Any refund due from the employee shall be paid to the city within 10 days of submission of the Reimbursement Request. The refund due from the employee shall be based on the actual receipts submitted.
- All other provisions of this travel policy apply to determine the expenses eligible for reimbursement.

Other

- All reimbursements will be subject to tax as required by IRS regulations.
- Only actual expenses for the employee shall be submitted and reimbursed. The employee is responsible for all lodging, meal, travel, and other expenses of anyone accompanying the employee.
- By signing the Reimbursement Request, the employee acknowledges and agrees that all items included in the Reimbursement Request are legally eligible for reimbursement and meet all of the provisions of this travel policy and other applicable laws.

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.

Allowability of 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).



Appendix



2016 Housing and Redevelopment Authority

DEFINITION

The Housing and Redevelopment Authority (HRA) is a separate legal entity created for the purpose of providing redevelopment within the government's jurisdiction. The board consists of five council appointed members, one of which is a council member. The City Council has the ability to approve the HRA's budget.

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



Fund: Housing & Redevelopment Authority
Department: Community Operations & Development
Division: 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 2016 budget

- Promote Small Cities Development Program (SCDP) Grant program.
- Promote new Elk River HRA Rehabilitation Program.
- Update 2012 Market Housing Study.
- Research first-time homebuyers program.
- Work to expand senior housing options.
- Downtown Redevelopment Plan.
- Update website

Staffing Levels

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|
| Number of Employees (FTEs) | .8 | .8 | .8 |

Budget Summary

There are no major budget changes for 2016.

Revenues/Expenditures by Use

| Revenues | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|------------|------------|------------|------------|------------|-----------|--------|
| | Actual | Actual | Adopted | Amended | Budgeted | +/- | Change |
| Taxes | \$ 254,710 | \$ 234,516 | \$ 274,600 | \$ 274,600 | \$ 300,250 | \$ 25,650 | 9.34% |
| Intergovernmental | 105 | 86 | - | - | - | - | 0.00% |
| Other Revenue | 4,274 | 4,788 | 4,500 | 4,500 | 4,500 | - | 0.00% |
| Total | \$ 259,089 | \$ 239,390 | \$ 279,100 | \$ 279,100 | \$ 304,750 | \$ 25,650 | 8.42% |

| Expenditures | 2013 | 2014 | 2015 | 2015 | 2016 | Variance | % |
|-------------------|-----------|------------|------------|------------|------------|-------------|--------|
| | Actual | Actual | Adopted | Amended | Budgeted | +/- | Change |
| Personal Services | \$ 52,203 | \$ 53,109 | \$ 69,500 | \$ 69,500 | \$ 72,150 | \$ 2,650 | 3.81% |
| Supplies | - | 187 | 1,400 | 1,400 | 1,400 | - | 0.00% |
| Other Svcs & Chgs | 11,200 | 35,486 | 221,800 | 221,800 | 202,950 | (18,850) | -8.50% |
| Transfers Out | 21,700 | 26,350 | 26,750 | 26,750 | 28,250 | 1,500 | 5.61% |
| Total | \$ 85,103 | \$ 115,132 | \$ 319,450 | \$ 319,450 | \$ 304,750 | \$ (14,700) | -4.60% |

**CITY OF ELK RIVER, MINNESOTA
PRINCIPAL TAXPAYERS
DECEMBER 31, 2015**

| <u>Taxpayer</u> | 2015 | |
|---------------------------------|-----------------------------|---|
| | <u>Net Tax Capacity</u> | <u>Percentage of Total Net Tax Capacity</u> |
| Great River Energy | \$ 1,071,962 | 5.01 % |
| JPM Capital Corporation | 379,972 | 1.77 |
| Walmart Stores | 269,158 | 1.26 |
| Target Corporation | 267,192 | 1.25 |
| BRE Retail Residual Owner 5 LLC | 262,808 | 1.23 |
| Menards, Inc | 176,714 | 0.83 |
| Minnegasco | 143,730 | 0.67 |
| Envision Company LLC | 142,754 | 0.67 |
| Home Depot | 137,068 | 0.64 |
| ARHC ERELKMN01 LLC | 108,140 | 0.50 |
| TOTAL | <u>\$ 2,959,498</u> | <u>13.83 %</u> |

Source: Sherburne County

**CITY OF ELK RIVER, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| <u>Fiscal Year</u> | <u>Population¹</u> | <u>Personal Income (in thousands)</u> | <u>Per Capita Income²</u> | <u>Median Age³</u> | <u>School Enrollment⁴</u> | <u>Unemployment Rate⁵</u> |
|--------------------|-------------------------------|---------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| 2005 | 21,548 | \$ 593,906 | \$ 27,562 | 32 | 12,259 | 4.7% |
| 2006 | 22,550 | 632,911 | 28,067 | 32 | 12,735 | 4.4% |
| 2007 | 23,187 | 684,689 | 29,529 | 32 | 13,058 | 5.6% |
| 2008 | 23,888 | 742,439 | 31,080 | 33 | 13,031 | 8.2% |
| 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 | na | na | 36 | 13,627 | 4.1% |

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.

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 |