

Buffalo

CITY OF BUFFALO, MINNESOTA

2019 Capital and Operating Budget Published November 2018



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PUBLISHED ACCORDING TO DISTINGUISHED BUDGET
PRESENTATION AWARD CRITERIA AS ADOPTED BY THE
GOVERNMENT FINANCE OFFICERS ASSOCIATION

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EXECUTIVE SUMMARY

Sometimes to fully understand the benefits and beauty of the place you live, you must change your perspective. Having a change of view enables you to take in the whole picture. With a better perspective you can see the entire forest and not just the trees. With a change of perception in mind, we are proud to open this document with a brief video about your community – it is an aerial viewpoint of Buffalo. It emphasizes our community-wide attributes and assets that otherwise might not be apparent from a ground view. The high-level view brings in all our natural beauty; from the many lakes, green athletic fields and well-kept lawns, to our vast and mature tree canopy.

The video emphasizes the important rooted values of our community. We strive for a community that is safe, healthy, has a well-maintained infrastructure, diversified employment opportunities providing well-paying jobs, and a recognition of the importance of providing a strong education system for our children. We hope you see your community from a different outlook than you did before.

2019 Budget Document

The 2019 Budget Document begins a new chapter in Budget Presentation for the City of Buffalo. The City has always used the Government Finance Officers Association Template for Budget presentation. In 2019 we go further with that template with the hope of making the City of Buffalo budget more understandable and more complete. Want to know what the definition of a “Special Revenue Fund” is? Our new format will let you know. You will be able to see more operational detail and an explanation of financing of the individual departments operated by the City.

It is the City’s “Core Function” to provide certain services such as streets, water, wastewater, public safety, and parks to the Citizens of Buffalo. The people of Buffalo expect these services to be delivered in an efficient and effective manner. The services provided by the City should focus on and enhance the quality of life of the Citizens of Buffalo. We strive to assure a safe and peaceful environment for our citizens. The Budget can be read as a “biography” of the community. The “biography” should reflect the goals, values, and needs of the community – it should reflect its personality. To that end this budget is presented.

Budget Environment

City of Buffalo (referred to as COB from this point on) has issued 41 new single-family home permits in 2018 compared to 40 in 2017. The total value of all 2018 permits (including commercial) is \$58,822,886 vs. \$27,735,056 in 2017. What this means to the local property tax payer is that the tax “bill” of the city is spread to more value. This potentially results in a softening of tax burden for individual property owners. Increased values and new construction in 2018 will most likely affect pay 2019/20 taxes.

One of the more exciting economic components of our City is the enhanced activity of residential and commercial sectors. It includes proposed expansion of our important industrial base. We have several proposals of new residential development meant to include every residential segment of our citizen demographic. Four new residential subdivisions were proposed in 2018 with the capacity of over 300 new homes.

High density residential with mixed use commercial is making for transformative activity in the Central Business District. This type of activity will assist in creating the density that is needed to support new commercial ventures in this area.

The result of more development in commercial and industrial uses is more jobs and higher tax capacity. Tax capacity rates are backwards looking (the tax paid in 2019 will be based upon 2018 values). Total individual property taxes are affected by value increases, improvements on the property, changes in value, and changes in property tax policy by the state legislature and the local tax levy by the COB, District 877, and Wright County.

The City tax levy was increased by 1.5%. Combined with an increase in valuation, this has resulted in a reduced tax rate when compared to previous years. The rate for 2019 is 57.147 versus 60.06 in 2018. The Council continues to seek economic development opportunities to enable common sense levies to fund city operations and goals in future years.

Please let us know if you have any questions regarding the City of Buffalo budget or operations. Thank you.

Merton Auger
City Administrator

DEMOGRAPHICS

Incorporated:

April 1887

Population Growth

<u>Year</u>	<u>City</u>	<u>% Increase</u>
1970	3,275	
1980	4,560	39%
1990	6,856	44%
2000	10,097	47%
2010	15,543	54%**
2018	16,259	4.5%*

Form of Government:

Age Distribution

Statutory Type A

<u>Age</u>	<u>City</u>
Under 5	903
5-9	788
10-14	774
15-19	752
20-24	609
24-34	1,706
35-44	1,607
45-54	1,147
55-59	371
60-64	298
65-74	473
75-84	424
85 & over	245

Population:

**Census 2000

Median Age: **32.1**

Fire Protection:

Buffalo Volunteer Fire Department

Police Protection:

Buffalo Police Department

<u>Persons**</u>	<u>City</u>
Household Size	
Total Households	5,887*
Avg. Household Size	2.68
Avg. Family Size	3.17

Ethnic Characteristics**

	<u>City</u>
White	9,768
Black	53
Asian	136
American Indian Alaska Native	49
Some other Race	31
Two or more Races	128

*State Demographer Est. as of April 1, 2018

**Some Data Based on U.S. Census of 2000

STATEMENT OF LEVY, TAX CAPACITY AND FUND BALANCES

<u>Certified Years</u>	<u>Total Tax Levy</u>	<u>Market Capacity</u>	<u>City Value</u>	<u>Tax Rate</u>
2010	\$4,866,596	\$13,522,256	\$1,142,777,800	35.901
2011	\$4,759,916	\$12,376,480	\$1,046,606,500	38.459
2012	\$5,214,025	\$11,185,773	\$1,036,294,000	47.037
2013	\$5,326,183	\$10,275,800	\$ 937,655,775	51.834
2014	\$5,246,724	\$10,606,539	\$ 963,575,700	49.976
2015	\$5,839,678	\$11,286,006	\$1,047,609,600	51.769
2016	\$6,515,502	\$11,883,841	\$1,080,912,800	54.838
2017	\$7,336,615	\$12,309,099	\$1,092,279,500	59.604
2018	\$7,906,723	\$13,164,521	\$1,200,484,050	60.06
2019	\$8,027,464	\$14,047,044	\$1,230,989,900	57.147*

*Proposed

GENERAL FUND OF THE CITY OF BUFFALO AUDITED YEAR-END FUND BALANCES

	<u>GENERAL FUND BALANCE</u>	<u>A PERCENTAGE OF REVENUES</u>
December 31, 2009	1,989,073	28.5%
December 31, 2010	2,283,780	37.0%
December 31, 2011	2,643,458	44.1%
December 31, 2012	2,555,358	45.0%
December 31, 2013	3,979,600	42.0%
December 31, 2014	4,122,060	57.0%
December 31, 2015	4,246,090	58.0%
December 31, 2016	4,635,960	57.0%
December 31, 2017	4,986,993	61.2%
December 31, 2018	5,230,471	60.0%*

*Estimated/Unaudited

DIRECTORY OF OFFICIALS, BOARDS AND COMMISSIONS

City Council

Term Expires

Mayor Teri Lachermeier	December 31, 2018
Council Member Eric Anderson	December 31, 2018
Council Member Steve Downer	December 31, 2020
Council Member Scott Enter	December 31, 2018
Council Member Linda Kittock	December 31, 2020

Boards and Commissions

Planning Commission

Housing and Redevelopment Authority of Buffalo

Airport Advisory Board

Library Advisory Board

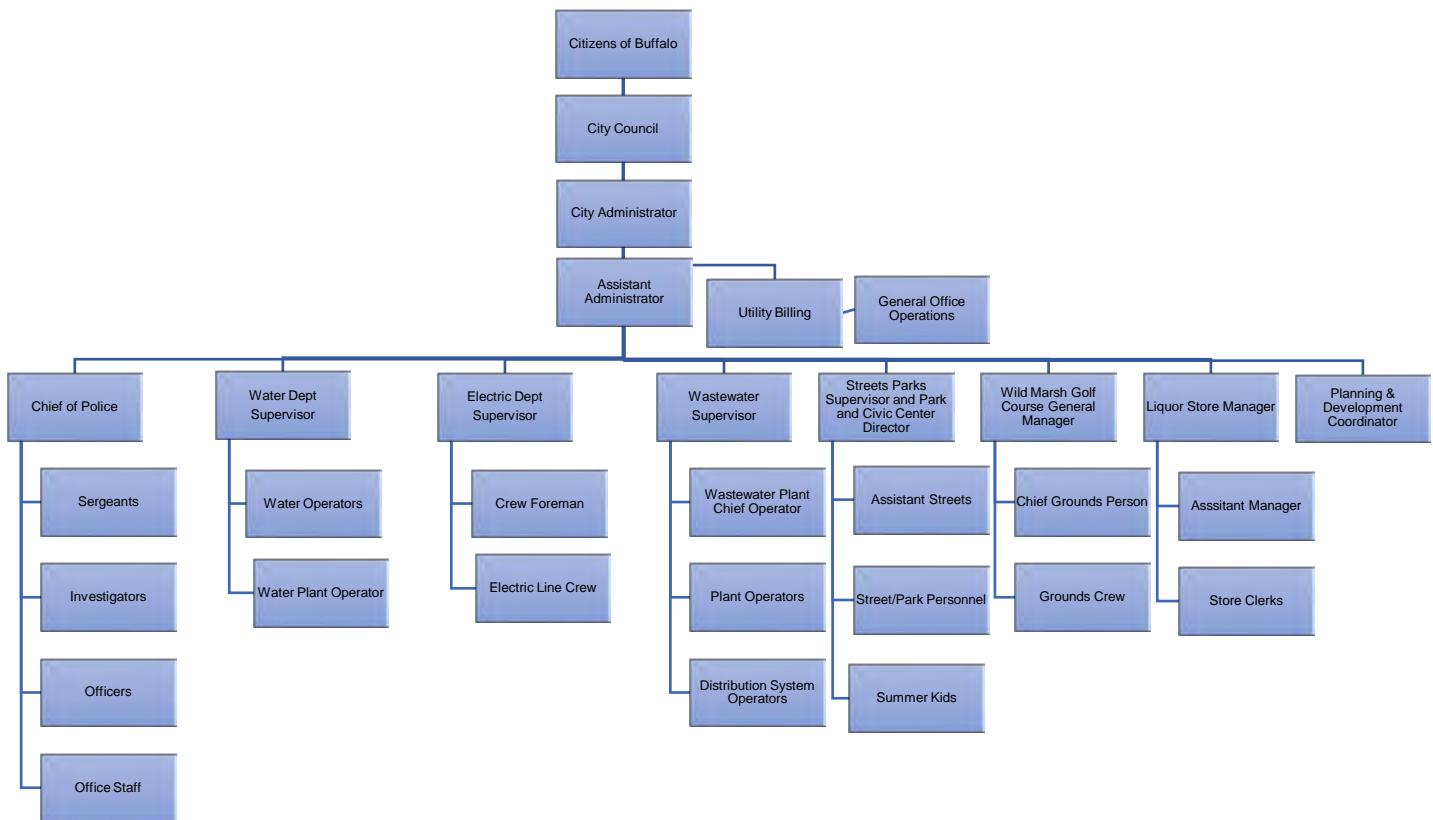
Parks Advisory Board

Wild Marsh Golf Course Advisory Board

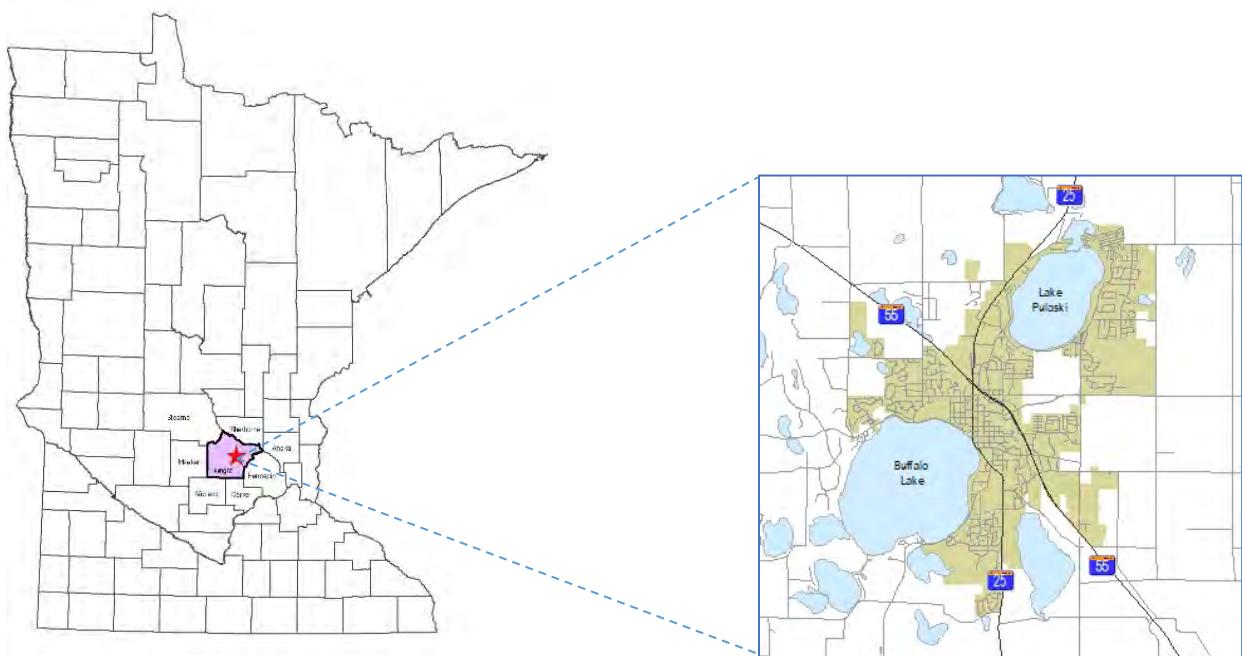
Administration

Merton Auger	City Administrator
Laureen Bodin	Assistant City Administrator
Jennifer Nash	Planning & Development Coordinator
Pat Budke	Police Chief
Joseph Steffel	Utilities Director
Lee Ryan	Parks and Recreation Director
Jason Swanson	Liquor Store Manager
John Harnois	Fire Chief
Ashley Hansen	Finance Officer
Suzanne Kolbinger	Community Center Director
Eric Ritter	Golf Course General Manager

ORGANIZATIONAL CHART



GEOGRAPHIC LOCATION



Buffalo is a mix of small community charm and suburban amenities with a charming downtown area and various large retail located on the main highways of Highway 55 and Highway 25. Buffalo is located just outside the Twin Cities Metro area about 42 miles northwest of downtown Minneapolis and also a convenient drive to the St. Cloud Metro area. Buffalo is the county seat of the growing Wright County and a regional destination for shopping, services and leisure.

2019 Full & Part Time Employees by Department

	<u>Full</u>	<u>Part Time</u>
Planning & Zoning, Finance, Admin	7	3
Engineering Tech/GIS	1	
MIS	1.5	
PD-Office	3	
PD-Officers/Chief/Sergeants	17	
Community Service Officer	1	
Streets/Parks	10	5
Fire (Volunteer)		31
Community Center	1	1
Electric Department	7	
Utility Billing	3	1
BWIG/Quantum Help Desk/Network	1.5	
Water Department	4	1
Wastewater Department	6	1
Liquor Store	6	14
Services/Marketing/Airport Manager	1	
Civic Center	2	7
Wild Marsh Proshop/Maintenance	3	26
Total Full and Part Time	75	90

FUNDS AND FUND STRUCTURE

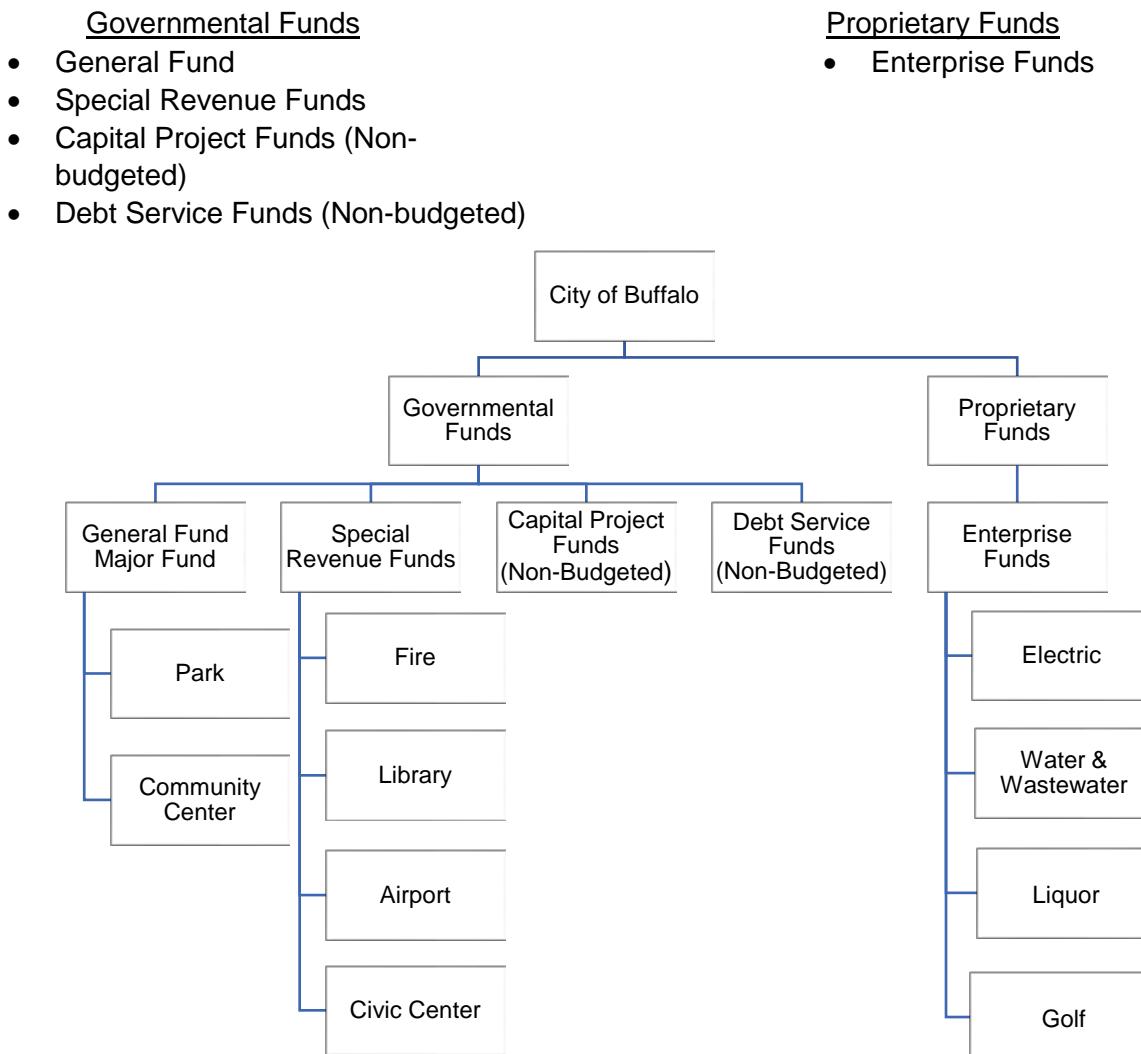
Fund Accounting

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.

A fund is a separate fiscal and accounting entity with a separate set of self-balancing accounting records. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

Fund Structure

The City's funds are grouped into five generic fund types and two broad categories as follows:



City of Buffalo Fund Structure

Governmental Funds – Governmental funds are maintained to account for the city's "government-type" operating and financing activities (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.

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 operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund supports the primary core of governmental services from administrative, financial and legislative functions to infrastructure maintenance, recreation and public safety services.

Special Revenue Funds

Special Revenue funds are established to account for services and expenditures where revenue is restricted for a designated purpose. The city currently budgets for four Special Revenue funds:

- Fire Fund – The city supports a volunteer fire department.
- Library Fund – The city maintains a library that is part of the Great River Regional Library system.
- Airport Fund – The city owns and operates a municipal airport.
- Civic Center Fund – The city owns and operates an ice arena with two rinks.

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure, other than those financed by proprietary or special revenue funds.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Note: The City has additional funds that are audited, but not included in the budget. The City does not adopt annual budgets for its Capital Project Funds or General Debt Service Funds. Capital Project budgets and funding are approved by the City council on a project-by-project basis.

Proprietary Funds – Proprietary funds are used to account for the ongoing "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.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

The city currently has four Enterprise funds that represent separate business activities for the city.

- Electric Utility Fund – The city provides electric, fiber, and internet service to its citizens and commercial entities.
- Water & Wastewater Utilities Fund – The city provides water & wastewater service to its citizens and commercial entities.
- Liquor Fund – The city owns and operates two municipal off-sale liquor stores. Each store is internally maintained in its own fund but externally reported together.
- Golf Fund – The city owns and operates Wild Marsh, an 18-hole public golf course.

Major vs. Nonmajor

Major funds represent the significant activities of the City and basically include any fund whose revenues or expenditures, excluding other financing sources and uses, constitutes more than 10% of the revenues or expenditures of the appropriated budget. This definition for budgetary purposes differs than that used for financial reporting purposes pursuant to generally accepted accounting principles (GAAP). The major and nonmajor budgeted funds of the City are as follows:

Major Governmental Funds

The main operating fund for the City of Buffalo, the *General Fund* is a major fund of the City and is used to account for the resources devoted to funding services traditionally associated with local government.

Major Proprietary Funds

Account for the acquisition, operation and maintenance of government facilities and services, which are entirely self-supported by user charges. The major funds of this type include the *Electric Utility Fund* and the *Water and Sewer Fund*.

Nonmajor Special Revenue Funds

Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include: Fire Fund, Library Fund, Airport Fund and Civic Center Fund.

Nonmajor Proprietary Funds

Account for the acquisition, operation and maintenance of government facilities and services, which are entirely self-supported by user charges. Funds include: Highway Liquor Fund, Downtown Liquor Fund and the Golf Fund.

Fund Balance

Fund balance is generally defined as the difference between a fund's assets and liabilities. An adequate fund balance is necessary for numerous reasons, such as to have funds available in case of an emergency or unexpected event, to maintain or enhance the City's financial position and related bond ratings, to provide cash for operations prior to receipt of property tax revenues, and to maximize investment earnings.

Classification of Fund Balance

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

- 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.

Classifications & Terminology

Revenues and Other Financing Sources

In governmental funds, the primary classification of governmental fund revenues is by fund and source. Major revenue source classifications are taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeits, special assessments, and miscellaneous. Also included are account numbers for other financial inflows, including other financing sources, special items, extraordinary items and capital contributions.

Taxes

The City relies on property taxes to support the basic functions of local government. These functions include general government, public safety, street maintenance, parks and recreation, library, debt service, and tax abatement. The amount is determined based on the availability of other revenue sources and the expenditure level necessary to conduct City business in accordance with Council directives. The City also levies a market rate levy for the Housing and Redevelopment Authority.

Licenses and Permits

This revenue source is only found in the General Fund and includes business licenses, building-related permits and fees, and other non-business licenses and permits. Building permits make up the majority of this type of revenue and is volatile depending on new construction and remodeling projects.

Intergovernmental

The City receives distributions of various aid and grant funding from other governmental agencies (Federal, State, & County). Budgeted revenues in the General Fund primarily come from the State of Minnesota and include LGA (Local Government Aid), municipal state aid for street maintenance, and aid for police and fire pensions. The Airport Fund also receives aid from the State of Minnesota for maintenance and operation. Budgeted revenues from the State are susceptible to the overall State of Minnesota budget conditions.

Charges for Services

This revenue category comes from a variety of sources. Charges for services in the General Fund include administration charges, project engineering, plat review fees, police services, recreation program fees (boat, park shelter, athletic field rentals), and user fees for garbage, recycling, and storm water. Special Revenue Fund charges for services include fire charges billed out to neighboring townships, airport fuel sales and hangar/lot leases, ice rentals and facility use fees.

Fines and Forfeitures

Court fines make up this revenue category and consist of fines paid for traffic and criminal offenses occurring within the City of Buffalo. This revenue represents only the City's portion of each fine with the State and County receiving their share of each fine as well. This revenue source is only found in the General Fund.

Special Assessments

Charges assessed on properties within a specific area which benefit directly from public improvements such as pavements (sidewalks), roads, sewers & street lights.

Investment Income

Interest earned on investments is allocated monthly to all funds based on average cash balances. Revenue from this source is dependent on interest rates, cash balances available for investment, and unrealized gains or losses due to fair value adjustments.

Other Revenue

Other Revenues include reimbursement for services provided by the City, disbursement of cable franchise fees collected by Sherburne Wright County Cable Communication Commission (SWC4), and donations for recreation programs and special events.

Other Financing Sources

This type of revenue consists of capital lease proceeds and any gain on the sale of property or equipment.

Transfers In

Transfers In includes revenue from the enterprise funds to cover services provided by the General Fund and Special Revenue Funds. The City's general fund tax levy would be significantly higher without these transfers of excess profits.

Sales (Proprietary Funds)

In addition to the revenue types used by governmental funds, proprietary funds also include Sales of services and merchandise. This includes electric, BWIG, Fiber, Water and Sewer Charges, merchandise at the Liquor Stores and Golf Course and Green Fees.

Expenditure/Expense

Governmental expenditures are classified according to character, function (or program), activity and object. The expenditure accounts provide the classification by function and activity, and the object code provides the character and object classification. This method of describing expenditures (use of both expenditure accounts and object code) permits analysis and aggregation of data in different ways and for different purposes.

Function/Activity Classification

The primary classification of expenditures is by function and activity. The major functions and sub-functions used to describe activities are:

Function

Sub-function

General Government

- Legislative (Council)
- Executive
- City/Town Clerk
- Financial Administration
- Law
- Personnel Administration
- Other

Public Works

- Highways, Streets and Roadways
- Sanitation

Culture-Recreation

- Recreation
- Parks
- Libraries

Public Safety

- Police
- Fire
- Building Inspection
- Civil Defense
- Animal Control
- Other Protection

Debt Service

Miscellaneous

Character & Object Classification

In addition to the function/activity classification, expenditures should be classified according to character and object class. The character designates the fiscal period that the expenditures are presumed to benefit, and the object indicates the type of item purchased or service obtained. These can be used in both governmental and proprietary funds.

Character Classification

Current Operating Expenditures

These are expenditures that benefit the current fiscal period.

Capital Outlays

These are expenditures that benefit both the current and future fiscal periods.

Debt Service Expenditures

These expenditures are in the form of debt principal payments, periodic interest payments, and related service charges that benefit prior fiscal periods, as well as current fiscal periods.

Intergovernmental Revenues

This object of expenditures includes outlays that result in the acquisition of or additions to capital assets.

Object Classification

Personal Services

This object of expenditure includes expenses for salaries, wages, and related employee benefits provided for all persons employed by the city. Employee benefits include employer contributions to social security, Medicare, PERA, health, life, disability insurance, health care savings plan and worker's compensation.

Supplies

This object of expenditure includes articles and commodities that are consumed or materially altered when used, such as office supplies, operating supplies, repair and maintenance supplies, and small tools and minor equipment.

Other Services & Charges

This object of expenditure includes expenses for services other than personal services. Examples of such charges include professional services, communication, training, insurance, utility services, repair and maintenance, rentals and depreciation.

Capital Outlay

This object of expenditures includes outlays that result in the acquisition of or additions to capital assets.

Debt Service

This object of expenditure includes interest, principal payments and related charges of the city's bond payments and certificate of indebtedness.

Other Financing Uses

This object of expenditure includes transfers to other funds.

MATRIX OF FUNDS AND BUDGET UNITS

This matrix illustrates the relationship between the various functional units used for budgeting (e.g., departments, programs) and the fund structure used for accounting and financial reporting purposes.

Department/ Division	Funds										
	General	Park	Fire	Library	Airport	Community Center	Electric	Water & Sewer	Liquor	Civic Center	Golf
GENERAL GOVERNMENT:											
City Council/Boards	X										
Planning & Zoning	X										
Election	X										
Administration	X	X	X	X	X	X	X	X	X	X	X
Engineering	X	X			X		X	X			
MIS	X	X	X	X	X	X	X	X	X	X	X
PUBLIC SAFETY:											
Police	X										
Fire	X		X								
Civil Defense	X										
PUBLIC WORKS:											
Street Maintenance	X										
Storm Sewer	X										
Trail Maintenance	X										
Snow Removal	X										
Compost	X										
Sanitation	X										
Electric							X				
BWIG							X				
Fiber Optic							X				
Water								X			
Wastewater								X			
CULTURE & RECREATION:											
Parks		X									
Library			X								
Airport				X							
Community Center						X					
Civic Center										X	
Golf											X
MISCELLANEOUS:											
Transportation	X										
Liquor									X		
OTHER FINANCING USES:	X						X		X		

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.

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 Annual Financial Report in accordance with GAAP, the budget is adopted on a modified cash basis. The major difference between the two basis of 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.
- Capital Lease proceeds are budgeted as a revenue in the enterprise funds. Under GAAP these revenue sources are accounted for as a liability.
- For external reporting purposes, the General Fund includes revenues, expenditures, and other financing sources and uses, and fund balances of other internally maintained funds: Park & Community Center. The General Fund, however, is budgeted based on the internally maintained General Fund.
- For budgetary purposes, Net Assets is used for the enterprise funds (Net Assets = Assets – Liabilities). Under GAAP, Net position is used (Net Position = Assets + Deferred Outflows – Liabilities – Deferred Inflows)

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 wherever possible. 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. City Council and staff will determine the financial forecasts needed to support decision-making.

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

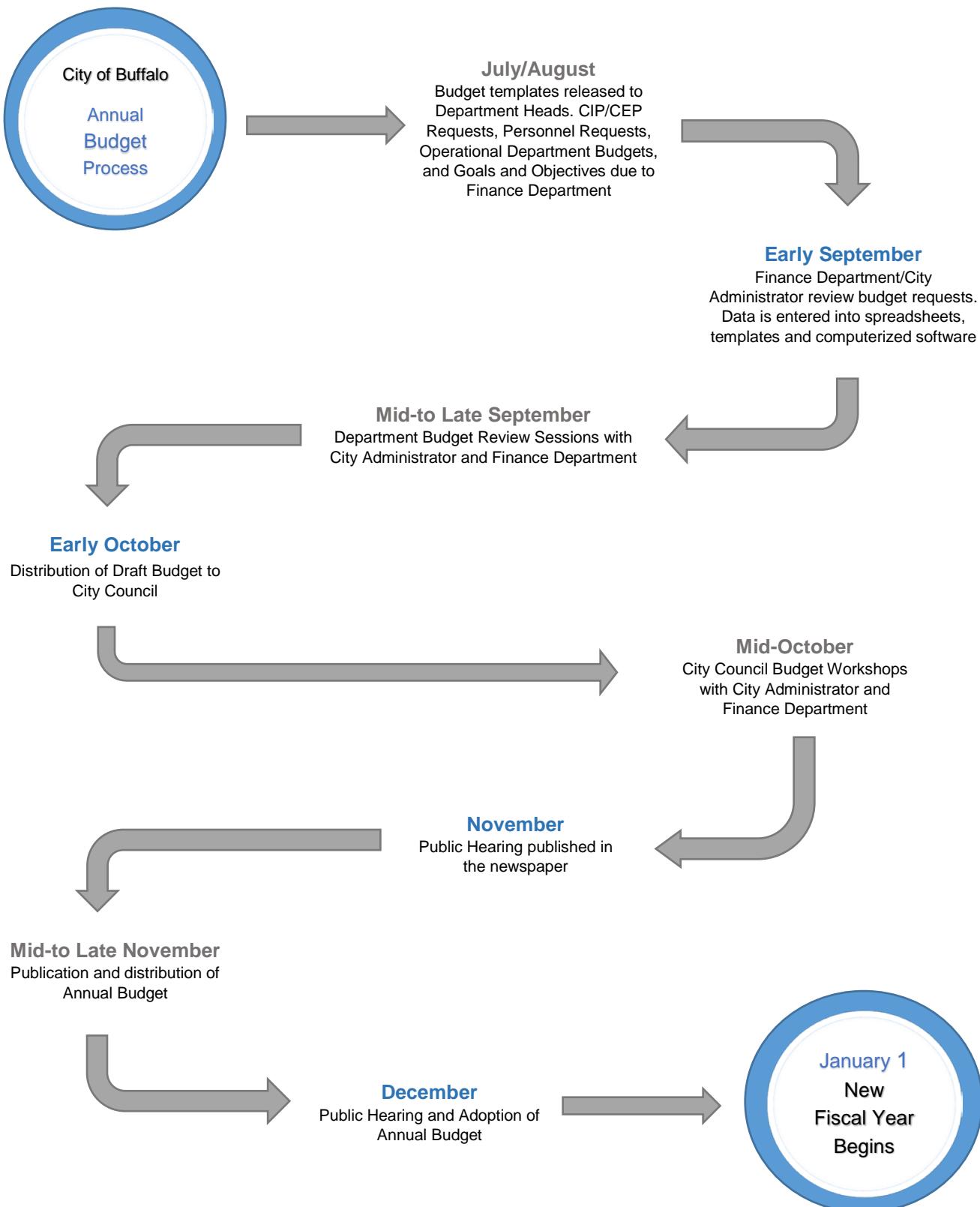
Department heads will be responsible for administration of their departmental operating budget. Requests for budget adjustments must be submitted and approved before any program incurs cost overruns for the annual budget period.

Budget Amendments

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 and approved by the City Administrator and Finance Officer. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

BUDGET PROCESS



2019 BUDGET CALENDAR

Event	Dates	Function
Budget templates released to Department Heads	July 15	Provides information including Council Goals & relevant data for Department Heads to utilize for budget preparation
Budget requests submitted to City Administrator and Finance Department	August 1	City Administrator to comment and recommend changes
Finance Department compiles Budget	August 1 – September 30	Finance Department reviews requests and prepares proper format for budget
Adoption and Certification of Preliminary Tax Levies to Wright County	September 17	Resolution to authorize the necessary tax levies
Draft Budget submitted to City Council	October 10	Allows elected officials to review the budget in detail
Budget Workshop(s)	October 15	Allows for discussion, rationale and changes to budget
Produce and Distribute Budget Document	August 1 – November	Allows for review of preliminary budget prior to adoption
Notice of Public Hearing Published	November 27	Notifies public of time, date and location of public hearing
Public Hearing	December 3	Allows for public discussion and approval of 2019 Budget and Final Tax Levies
Adoption of 2019 Budget & Final Tax Levies	December 17	Resolution to authorize final tax levies and adopted budget for 2019
Certification of Final Levies to Wright County, Adopted Budget information reported to State of Minnesota	By December 28	Certification of final levy to county auditor and reporting final budget to State of Minnesota



2019 Annual Budget

Budget Overview

CITY OF BUFFALO, MINNESOTA

2019 BUDGET SUMMARY

REVENUES BY TYPE – ALL BUDGETARY FUNDS

Revenue Type	General Fund			Special Revenue Funds	Enterprise Funds	2019	2018
	General	Park	Community Center			Adopted Budget	Adopted Budget
Taxes	4,758,162	52,383	-	80,628	786,709	5,677,882	5,334,869
Licenses and Permits	357,795	-	-	-	-	357,795	295,580
Intergovernmental	1,203,219	-	-	456,882	-	1,660,101	1,328,714
Charges for Services	1,581,887	55,000	-	1,481,321	23,235,440	26,353,648	25,902,602
Sales	-	-	-	-	5,543,000	5,543,000	5,247,037
Fines & Forfeitures	32,000	-	-	-	-	32,000	33,000
Special Assessments	5,000	-	-	-	-	5,000	5,000
Investment Income	5,500	-	-	2,300	8,600	16,400	11,075
Other Revenue	11,500	16,800	27,500	53,400	646,404	755,604	677,410
Other Financing Sources	547,000	120,000	-	747,546	1,288,628	2,703,174	668,332
Transfers In	900,000	915,000	180,000	465,000	-	2,460,000	2,655,000
 Total Revenue & Other Sources	 \$9,402,063	 \$1,159,183	 \$207,500	 \$3,287,077	 \$31,508,781	 \$45,564,604	 \$42,158,619

EXPENDITURES BY OBJECT – ALL BUDGETARY FUNDS

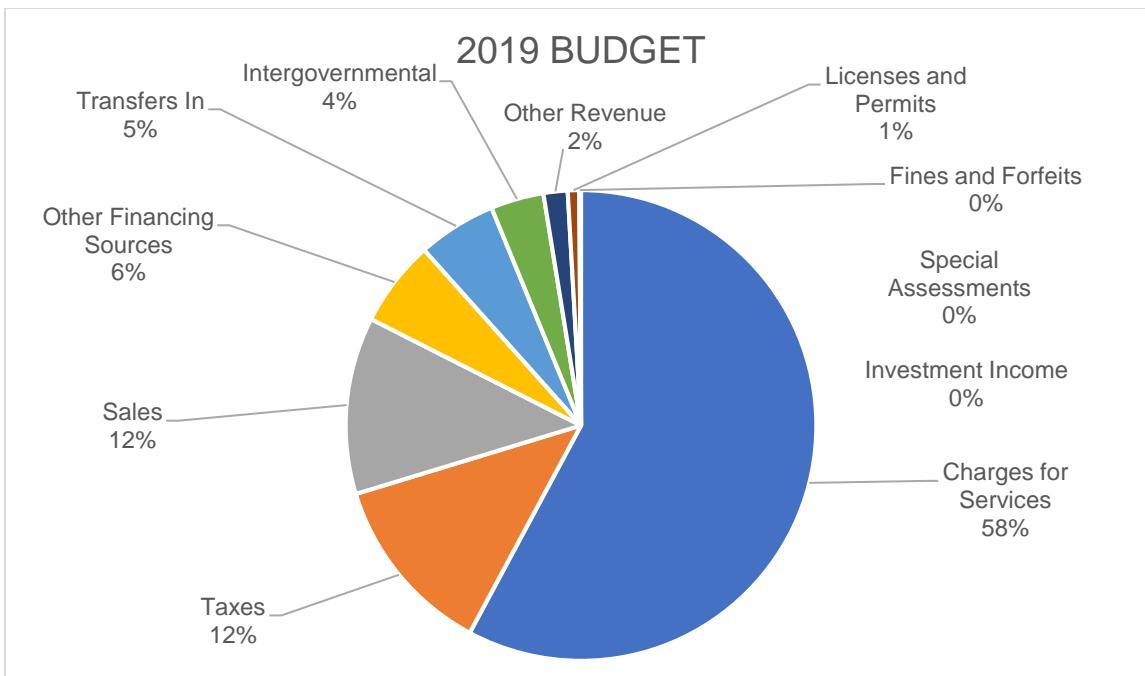
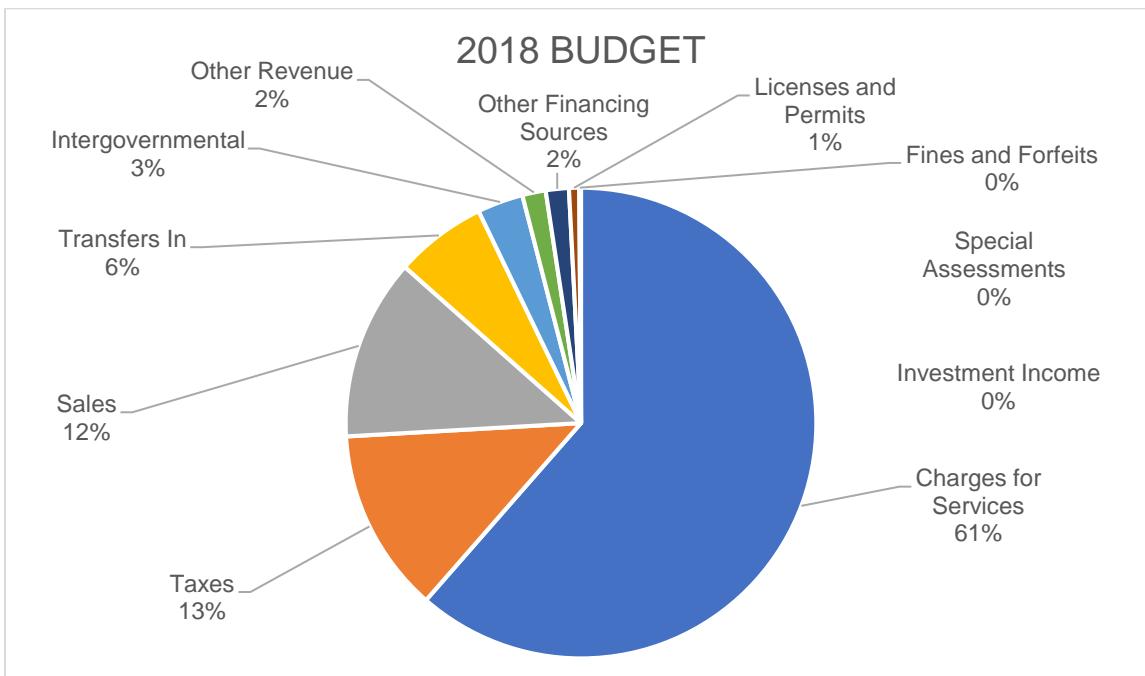
Revenue Type	General Fund			Special Revenue Funds	Enterprise Funds	2019	2018
	General	Park	Community Center			Adopted Budget	Adopted Budget
Personal Services	3,330,476	465,687	129,600	407,243	3,648,176	7,981,182	7,676,644
Supplies	36,500	6,750	1,500	236,200	14,391,835	14,672,785	14,290,950
Other Services & Charges	3,362,504	481,981	76,400	963,538	6,596,006	11,480,429	11,431,472
Capital Outlay	631,759	155,000	-	1,153,316	2,222,471	4,162,546	2,443,710
Debt Service	155,347	49,765	-	190,261	2,312,575	2,707,948	2,672,357
Transfers Out	1,885,477	-	-	150,000	1,475,000	3,510,477	2,672,175
 Total Revenue & Other Sources	 \$9,402,063	 \$1,159,183	 \$207,500	 \$3,100,558	 \$30,646,063	 \$44,515,367	 \$41,187,308

Change in Fund Balance	-	-	-	\$186,519	\$862,718	\$1,049,237	\$971,311
Fund Balance, Jan. 1	\$5,230,471	(\$363,116)	\$36,723	(\$1,534,673)	\$15,878,004	\$19,247,409	\$17,788,016
Fund Balance, Dec. 31	\$5,230,471	(\$363,116)	\$36,723	(\$1,348,154)	\$16,740,722	\$20,296,646	\$18,759,327

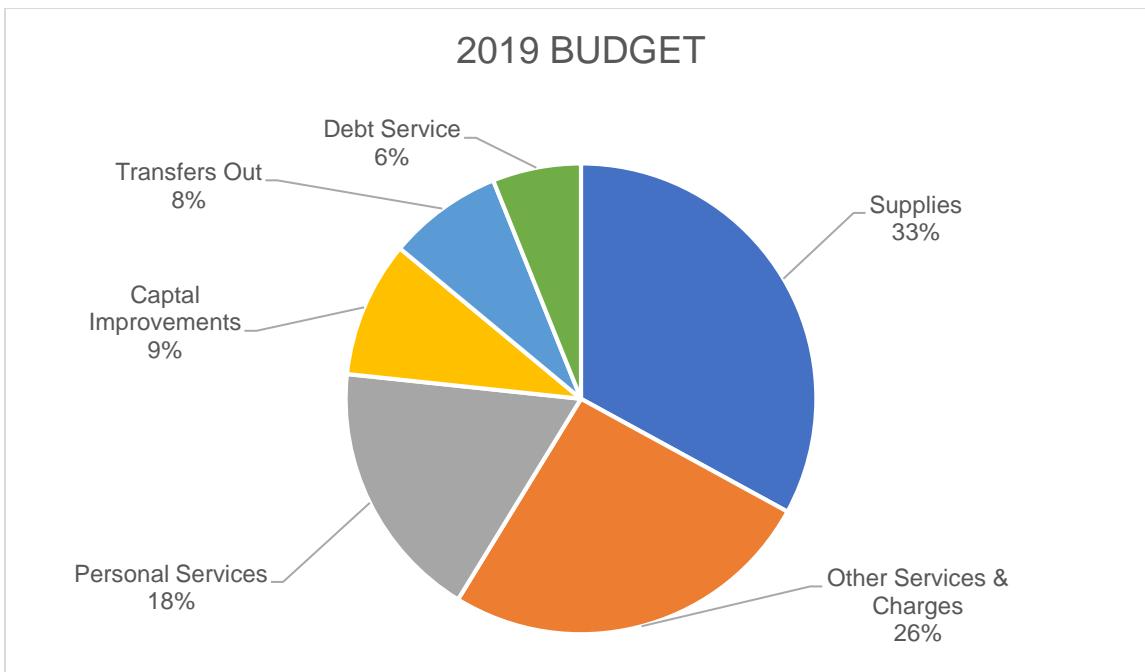
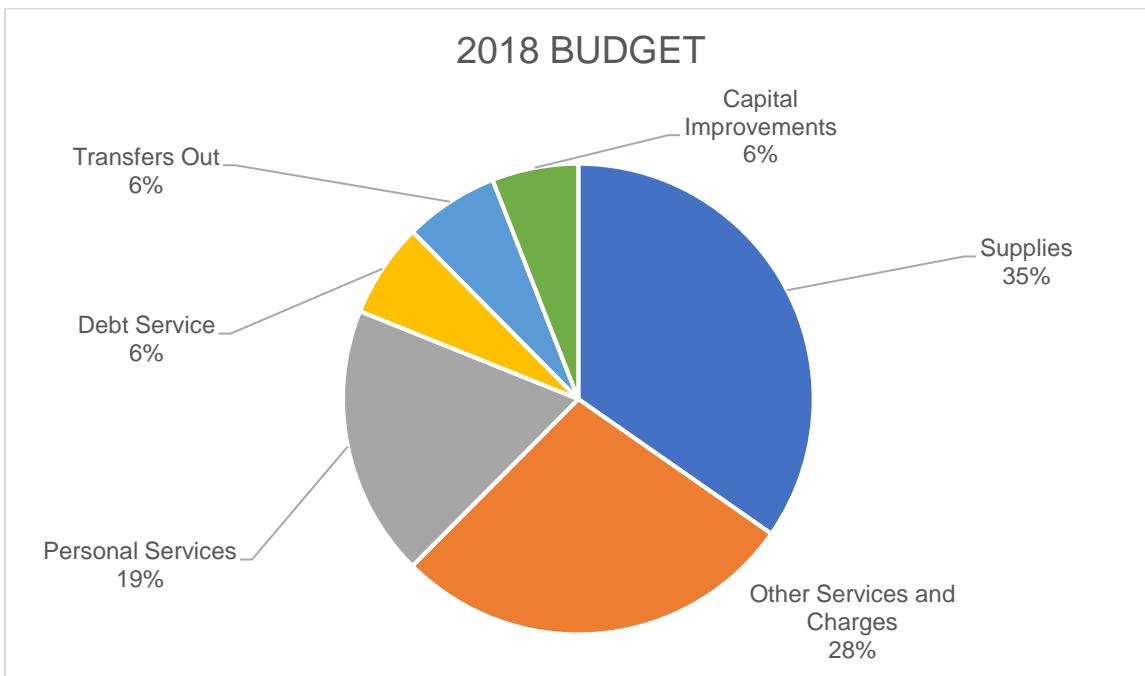
Note: 2019 Beginning Fund balance is estimated and unaudited

BUDGET SUMMARY

REVENUES BY TYPE – ALL BUDGETARY FUNDS



BUDGET SUMMARY
EXPENDITURES BY OBJECT – ALL BUDGETARY FUNDS

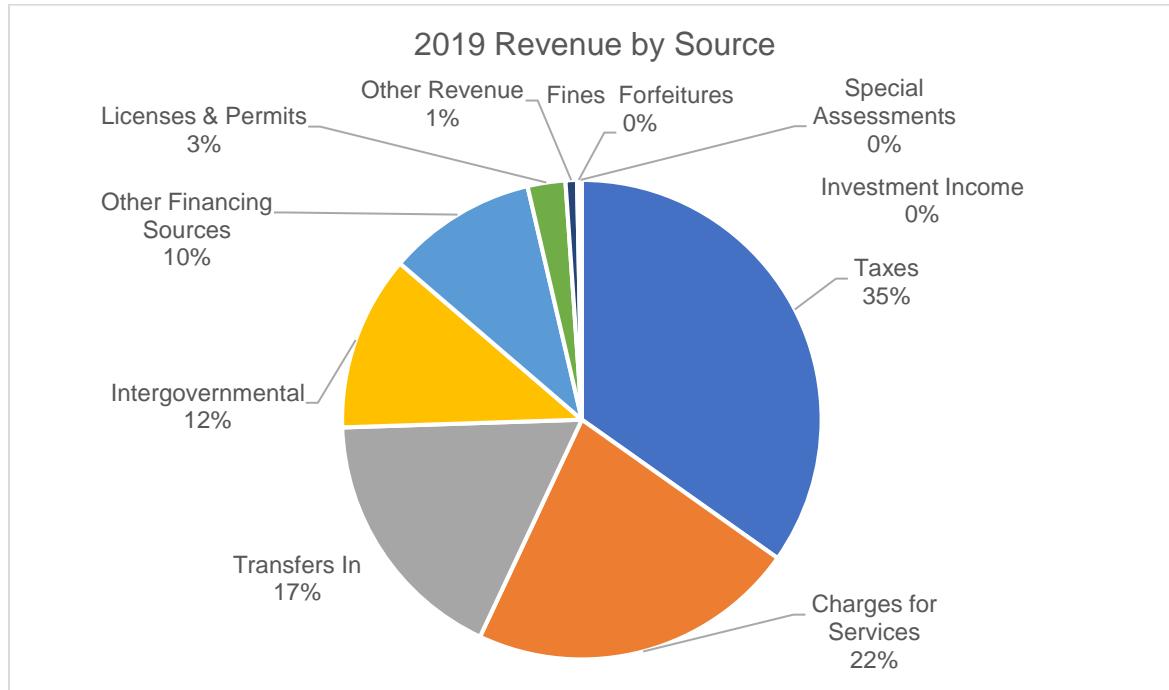
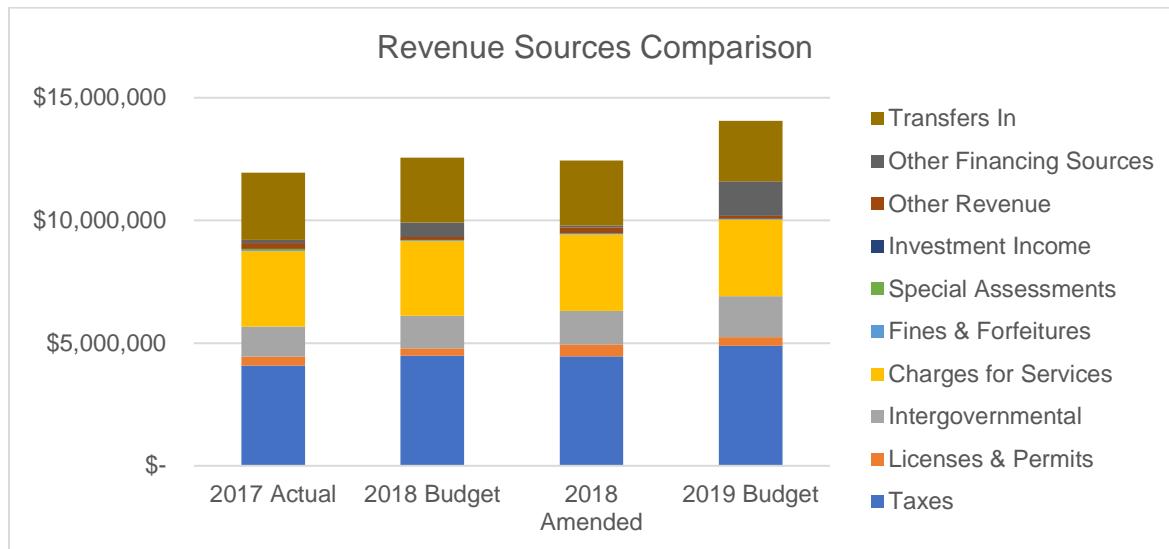


REVENUE SOURCES, TRENDS AND ASSUMPTIONS

The City of Buffalo maintains several funds for recording fiscal transactions. The city's revenues are estimated and budgeted conservatively based on relevant revenue history, stability or expected volatility, and economic trends. 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 2019.

Governmental Fund Revenues



Taxes

The City relies on property taxes to support the basic functions of local government. These functions include general government, public safety, street maintenance, parks and recreation, library, debt service, and tax abatement. The amount is determined based on the availability of other revenue sources and the expenditure level necessary to conduct City business in accordance with Council directives. The 2019 property tax levy is \$8,027,464 of which \$4,760,199 is budgeted in the General Fund, \$3,109,647 to Debt Service funds, \$80,628 to library operations, and \$21,147 to tax abatement payments. The City also levies a market rate levy for the Housing and Redevelopment Authority (HRA). For 2019, the HRA levy is \$242,326.

Licenses and Permits

This revenue source is only found in the General Fund and includes business licenses, building-related permits and fees, and other non-business licenses and permits. Building permits make up the majority of this type of revenue and is volatile depending on new construction and remodeling projects. Building permit revenues have been increasing for the past few years. This trend is expected to continue into 2019.

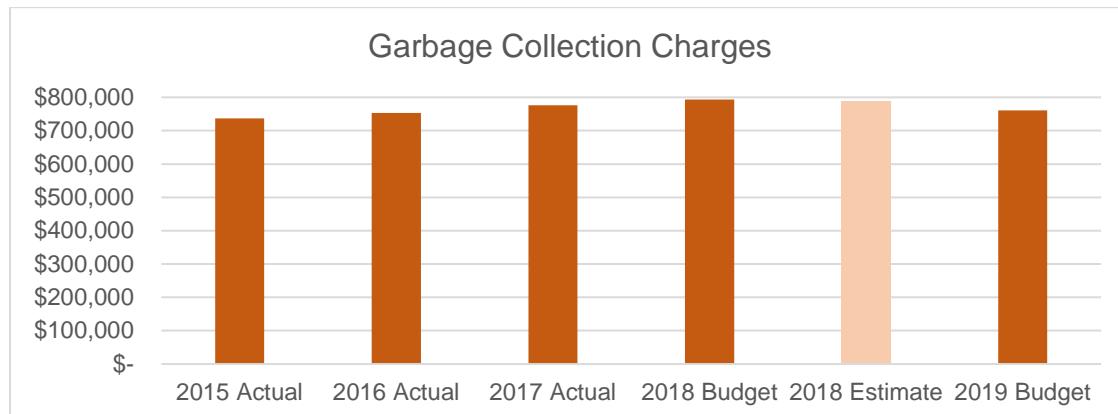
Intergovernmental

The City receives distributions of various aid and grant funding from other governmental agencies (Federal, State, & County). Budgeted revenues in the General Fund primarily come from the State of Minnesota and include LGA (Local Government Aid), municipal state aid for street maintenance, and aid for police and fire pensions. The Airport Fund also receives aid from the State of Minnesota for maintenance and operation. Both Federal and State Aid for the airport is expected in 2019 for larger capital projects. Budgeted revenues from the State are susceptible to the overall State of Minnesota budget conditions.

Charges for Services

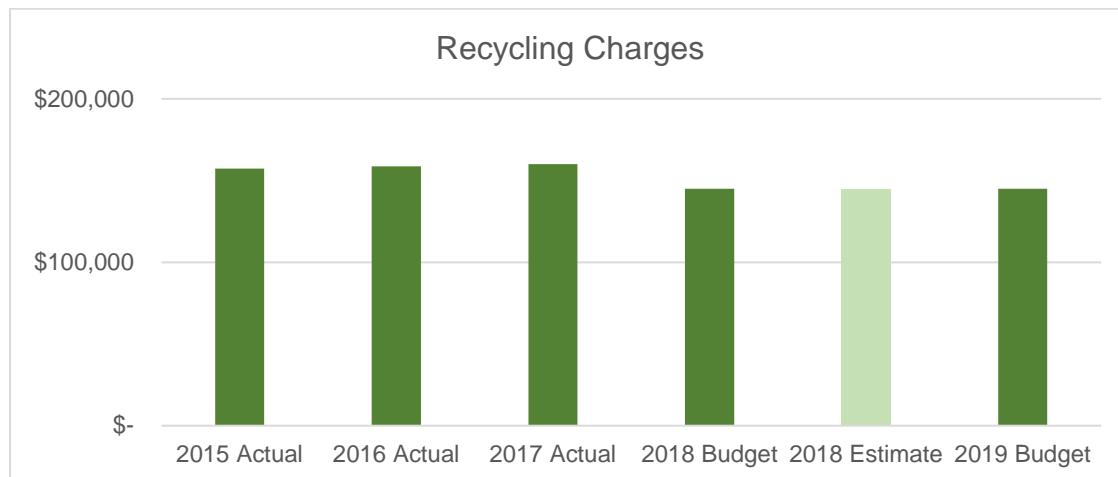
This revenue category comes from a variety of sources. Charges for services in the General Fund include administration charges, project engineering, plat review fees, police services, recreation program fees (boat, park shelter, athletic field rentals), and user fees for garbage, recycling, and storm water. Special Revenue Fund charges for services include fire charges billed out to neighboring townships, airport fuel sales and hangar/lot leases, ice rentals and facility use fees.

Garbage Charges



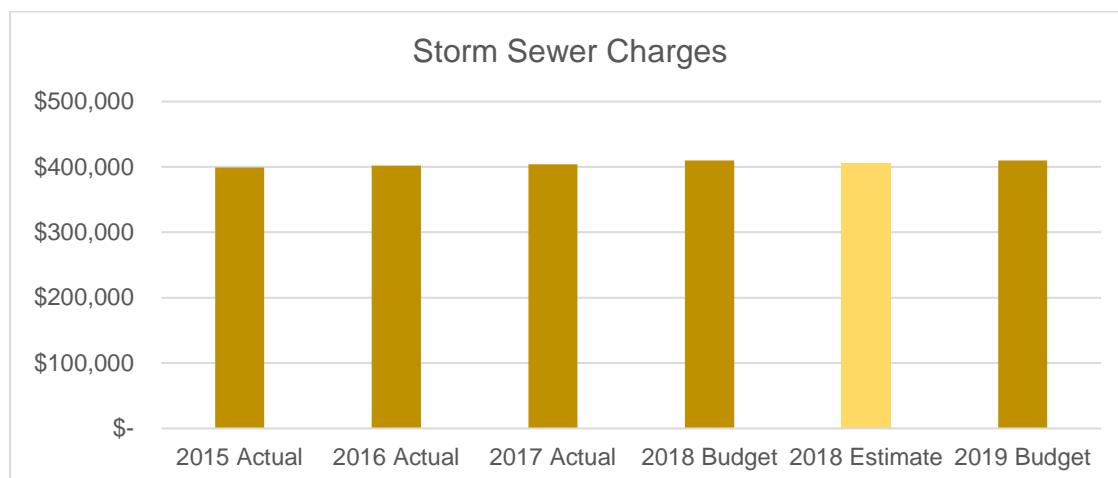
Garbage Collection charges in 2019 are expected to be approximately \$760,500. Revenue fluctuates depending on the number of customers, number of carts and cart size selection. Carts are offered in three sizes with monthly charges ranging from \$6.74 to \$20.74 per month. Rates for garbage collection have remained the same over the last few years. There are no rate increases planned for 2019.

Recycling Charges



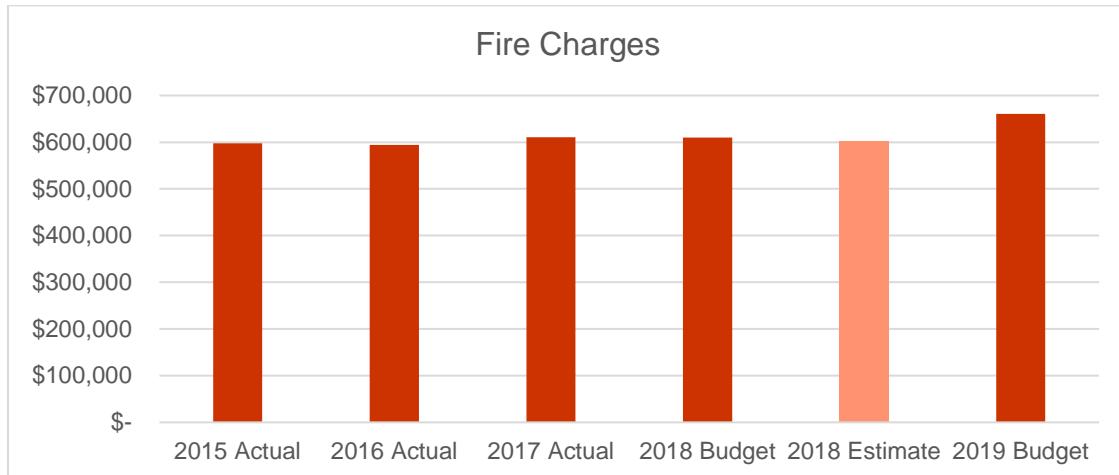
Recycling revenues in 2019 are expected to be approximately \$172,000. To encourage recycling, carts are offered in three sizes with the same monthly charge of \$2.25 per month. There are no rate increases planned for 2019.

Storm Sewer Charges



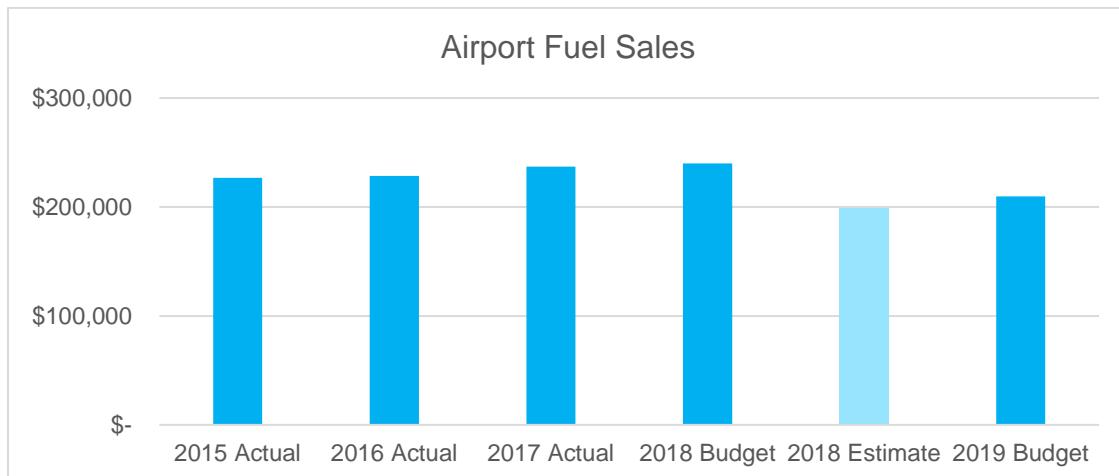
Storm Sewer charges are expected to be approximately \$410,000, which is consistent with the last few years.

Fire Charges



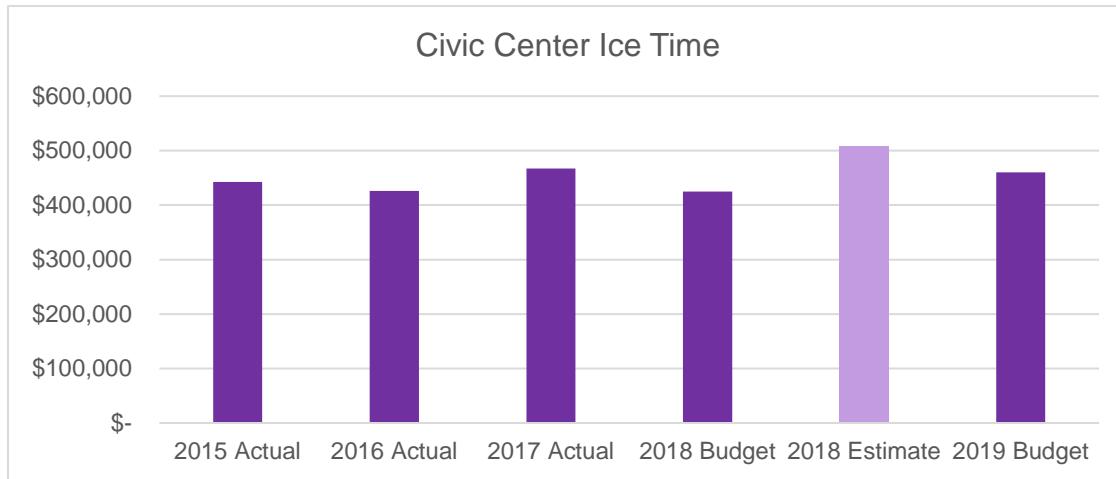
The Buffalo Volunteer Fire Department provides fire protection to the City of Buffalo and four surrounding townships. To cover the operating and capital needs of the department, fire protection services are charged out to these entities based on a 4 year history of market valuation and the number of fire calls. Fire charges have been consistent the last few years. Replacement of a fire truck and construction of a new fire station is planned in 2019. An increase of 8% in fire charges has been budgeted for 2019.

Airport Fuel Sales



Airport Fuel Sales in 2019 are expected to be approximately \$210,000.

Civic Center Ice Time



Civic Center Ice Time revenue in 2019 is expected to be approximately \$460,000, which is consistent with the last few years. Revenues in 2018 were budgeted conservatively but are estimated to exceed the 2017 Actual with additional revenue from new summer programs.

Fines and Forfeitures

Court fines make up this revenue category and consist of fines paid for traffic and criminal offenses occurring within the City of Buffalo. This revenue represents only the City's portion of each fine with the State and County receiving their share of each fine as well. This revenue source is only found in the General Fund.

Special Assessments

Charges assessed on properties within a specific area which benefit directly from public improvements such as pavements (sidewalks), roads, sewers & street lights. In general, the City of Buffalo does not assess for street and utility reconstruction projects. Street and utility reconstruction is part of the general levy.

Investment Income

Interest earned on investments is allocated monthly to all funds based on average cash balances. Revenue from this source is dependent on interest rates, cash balances available for investment, and unrealized gains or losses due to fair value adjustments.

Other Revenue

Other Revenues include reimbursement for services provided by the City, disbursement of cable franchise fees collected by Sherburne Wright County Cable Communication Commission (SWC4), and donations for recreation programs and special events.

Other Financing Sources

This type of revenue consists of capital lease proceeds and any gain on the sale of property or equipment.

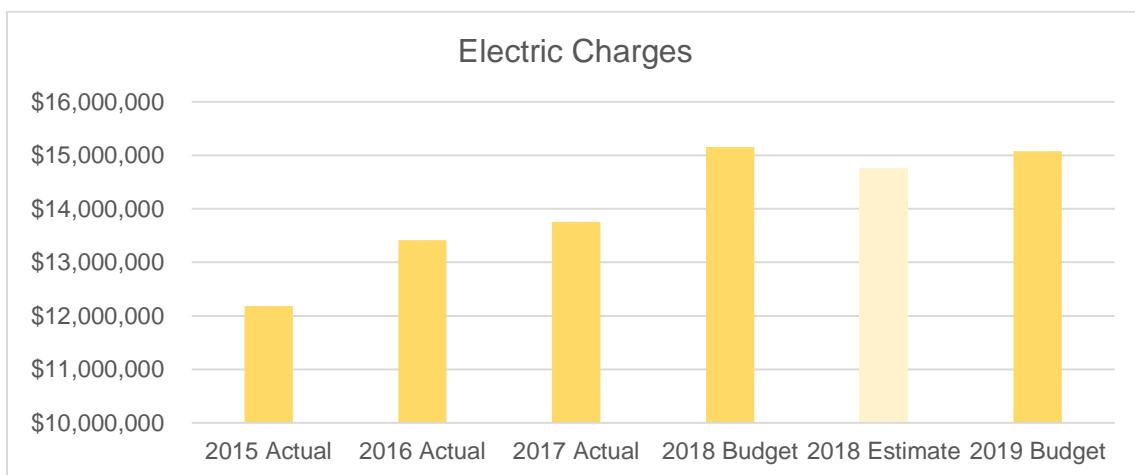
Transfers In

Transfers In includes revenue from the enterprise funds to cover services provided by the General Fund and Special Revenue Funds. The City's general fund tax levy would be significantly higher without these transfers of excess profits. Budgeted transfers from enterprise funds to the General Fund in 2019 include \$900,000 from Electric and \$475,000 from the Liquor Funds to Parks. A \$100,000 transfer from the Electric Fund to the Civic Center Fund is also budgeted in 2019.

Proprietary – Enterprise Fund Revenue

Electric Utility Fund

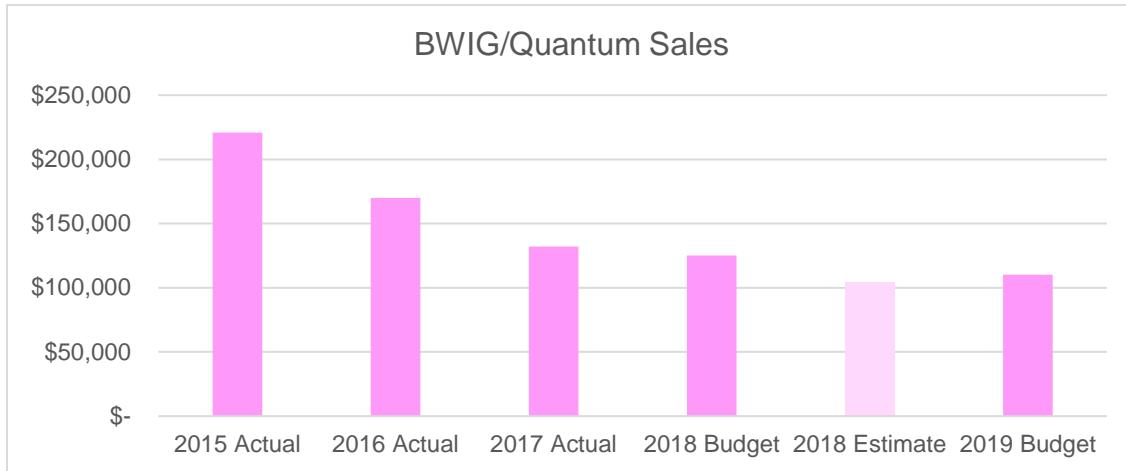
Electric Sales



Electric Sales are expected to be approximately \$15,080,120 in 2019, which is a 3% increase from the 2018 estimate.

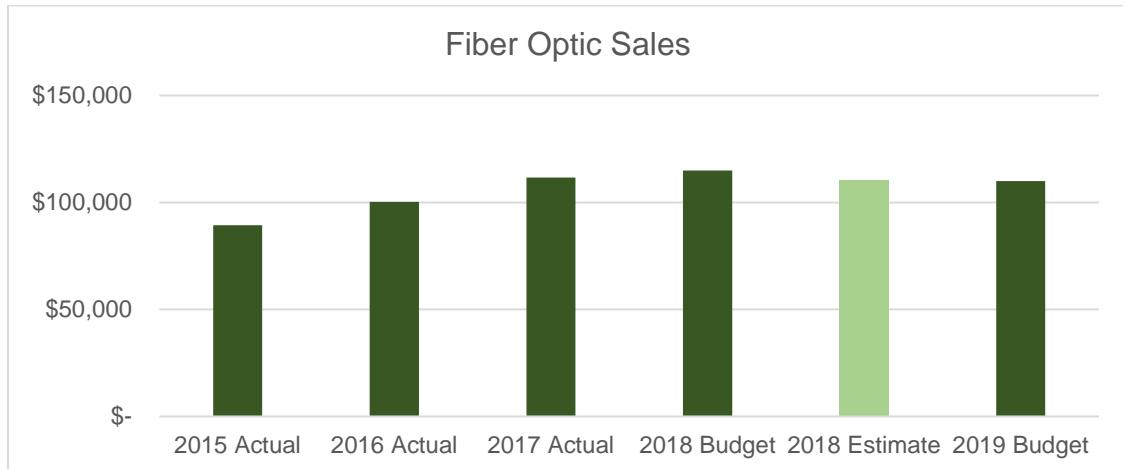
Revenues from electric sales are heavily influenced by weather conditions and consumer demand. When summers are hot and dry, revenue is typically higher with increased air conditioning usage. In contrast, cool and wet summers result in lower revenue. Revenues are also influenced by rate increases, inflation and population growth. The City tries to be conservative when estimating electric revenue. Estimates are based primarily on historical sales and population growth as weather conditions are impossible to predict.

BWIG/Quantum Sales



BWIG/Quantum Sales are expected to be approximately \$110,181. Sales have decreased over the last few years and are expected to continue that trend in 2019.

Fiber Optic Sales



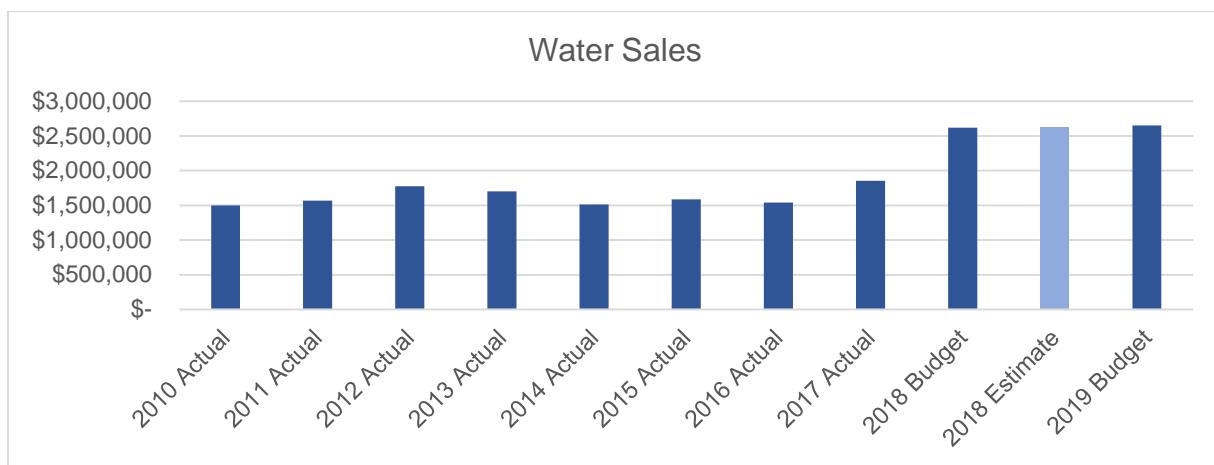
Fiber Optic Sales are expected to be approximately \$110,000. Over the last few years, the City has expanded its commercial customer base. In 2019, efforts are being made to provide fiber to residential customers starting with the new Greenbriar Hills development.

Water and Sewer Utility Fund

In 2017, a utility rate study was conducted to analyze the overall health of the water & sewer fund. To meet the current operating, debt service, and future capital improvement needs, the study recommended an adjustment to the existing rate structure and rate increases in 2018 to stabilize revenues, followed by moderate annual increases thereafter. Prior to 2018, water and sewer rates had remained largely stagnant for the last decade, while costs to operate & maintain the infrastructure increased.

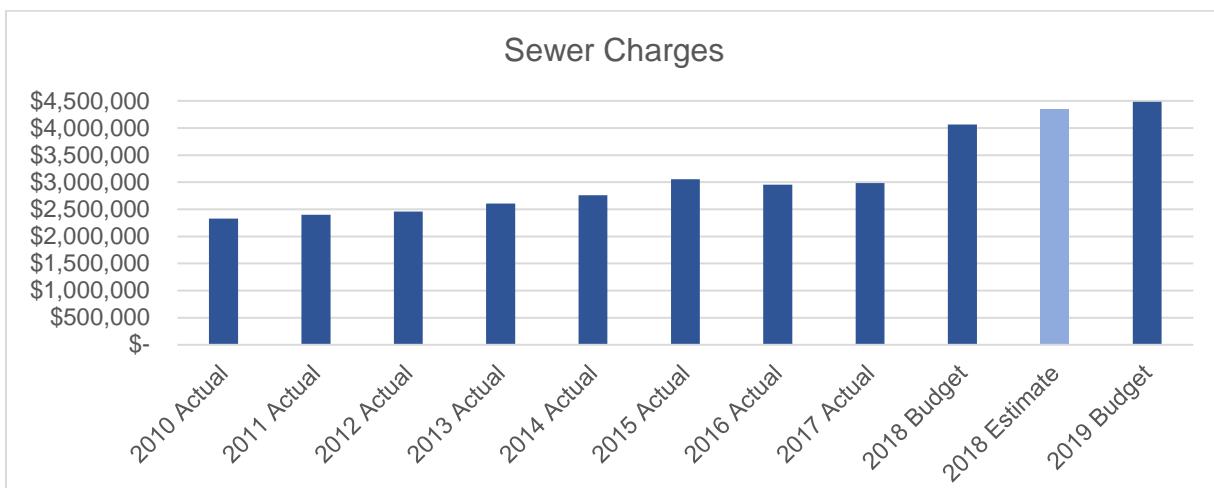
Water Charges

Revenues from water charges are influenced by rate increases, weather conditions and population growth. Since weather conditions are impossible to predict, the projected increase in water charges revenue is based primarily on historical sales and population growth estimates. The 2019 budget also includes a scheduled rate increase of 4%.



Sewer Charges

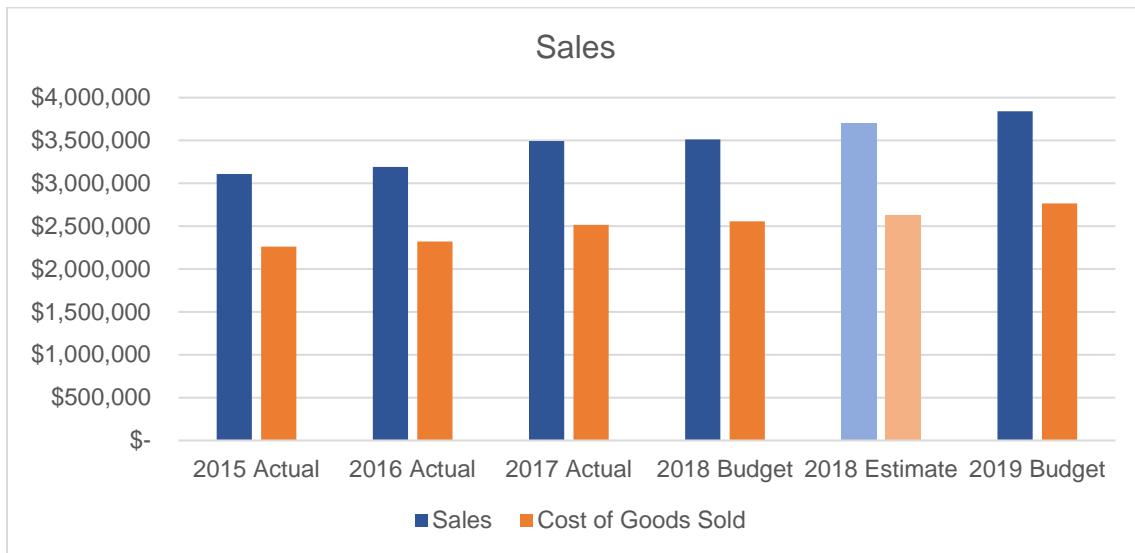
Sewer charge rates are set each year based on water usage in the months of January, February and March. To ensure that sewer rates cover the actual cost of providing the service, a scheduled rate increase of 4% is budgeted for 2019.



Liquor Funds

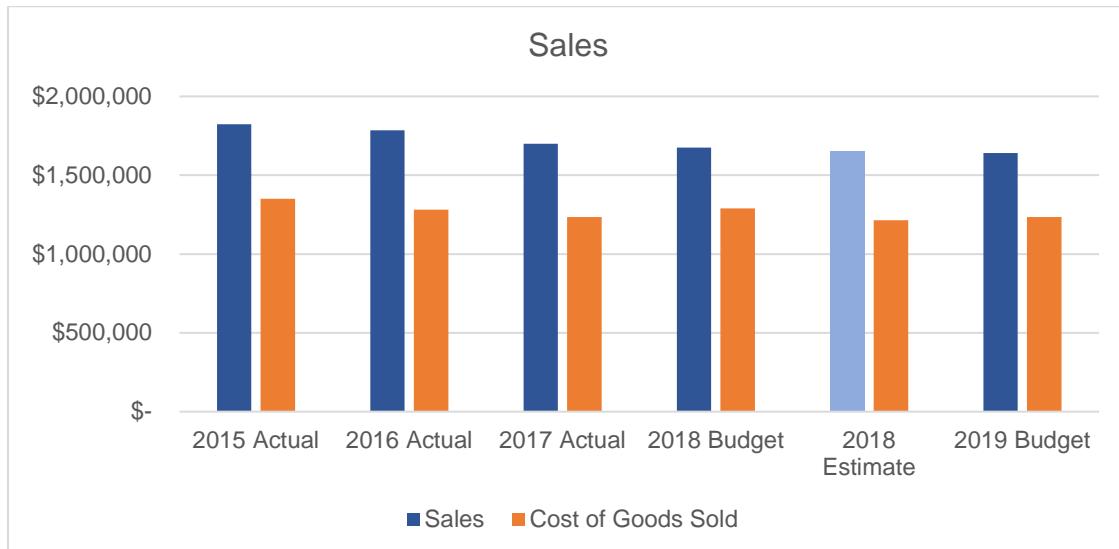
Sales are the main revenue source for the City's two municipal off-sale liquor stores. Sales at the Buffalo Wine & Spirits store are expected to increase slightly in 2019. Sales at the Downtown Wine & Spirits store are expected to decrease slightly until more traffic is brought to the downtown area. Cost of goods sold could see a small increase. Gross profit has ranged fairly consistent around 28-30% over the past few years and that trend is expected to continue in 2019.

Buffalo Wine & Spirits



Sales are expected to be approximately \$3,840,000 in 2019.

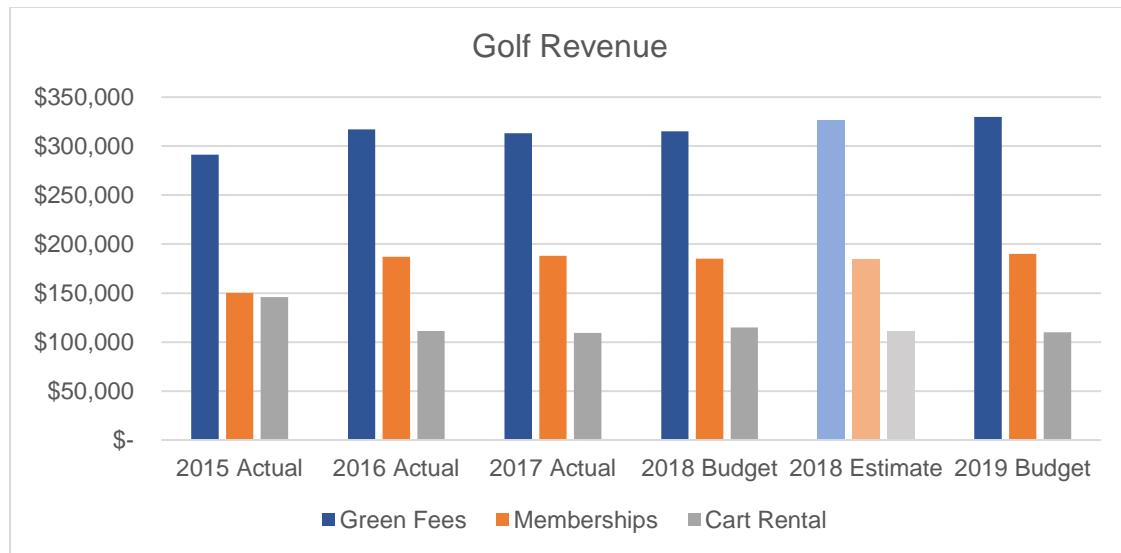
Downtown Wine & Spirits



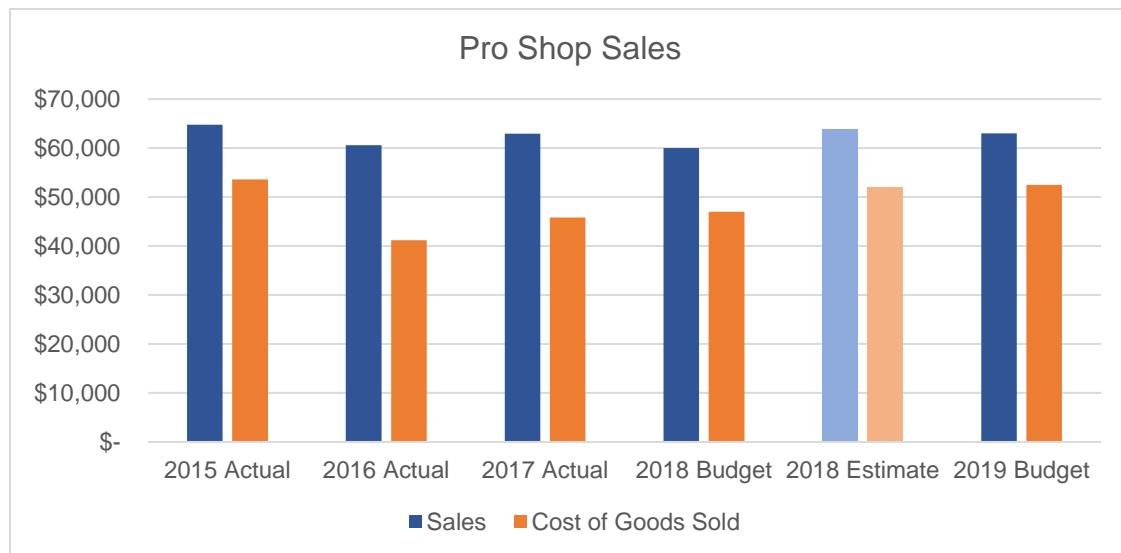
Sales are expected to be approximately \$1,640,000 in 2019.

Golf Fund

Green fees and memberships are the main source of revenue for the City owned Wild Marsh Golf Course. The course is open approximately 7-8 months out of the year, depending on weather conditions. In years with warmer and shorter winters, revenue tends to be higher as golfers have more opportunity to get out on the course. Revenue has increased slightly over the last few years and that trend is expected to continue in 2019.



Revenue is expected to be approximately \$630,000 from green fees, memberships and cart rentals in 2019.



Revenue from pro shop sales is expected to be constant with the last few years at approximately \$63,000.

PROPERTY TAX

Summary of Adopted Tax Levy and Tax Rate Payable 2019

The 2019 Operating Budget has a total levy for City operations equaling \$8,006,317. The levy is the amount of money needed to balance the budget after all revenues and expenditures are considered. The levy for City operations increased \$101,300 (+1.3%), from 2018. The total tax levy increased by \$120,741 (+1.5%), from 2018. The increase in the general fund levy relates to an increase in the amount appropriated for street maintenance.

The following table summarizes the 2019 tax levy for the City:

Program or Service	2018 Actual Levy	2019 Proposed Levy	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$4,025,071	\$4,537,436	\$512,365	12.7%
Debt Service	3,037,374	3,109,647	72,273	2.4%
Library	80,628	80,628	-	0.0%
Payment to Other Government	21,949	-	(21,949)	-100.0%
Lease Purchase	439,995	278,606	(161,389)	-36.7%
Tax Abatement (EDA)	1,706	21,147	19,441	1139.6%
Sewer	300,000	-	(300,000)	-100.0%
Total	\$7,906,723	\$8,027,464	\$120,741	1.5%

The City of Buffalo also adopts a market rate levy for the Buffalo Housing and Redevelopment Authority (HRA). The following table summarizes the 2019 tax levy for the Buffalo HRA:

Program or Service	2018 Actual Levy	2019 Proposed Levy	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$227,996	\$242,326	\$14,330	6.3%
Total	\$227,996	\$242,326	\$14,330	6.3%

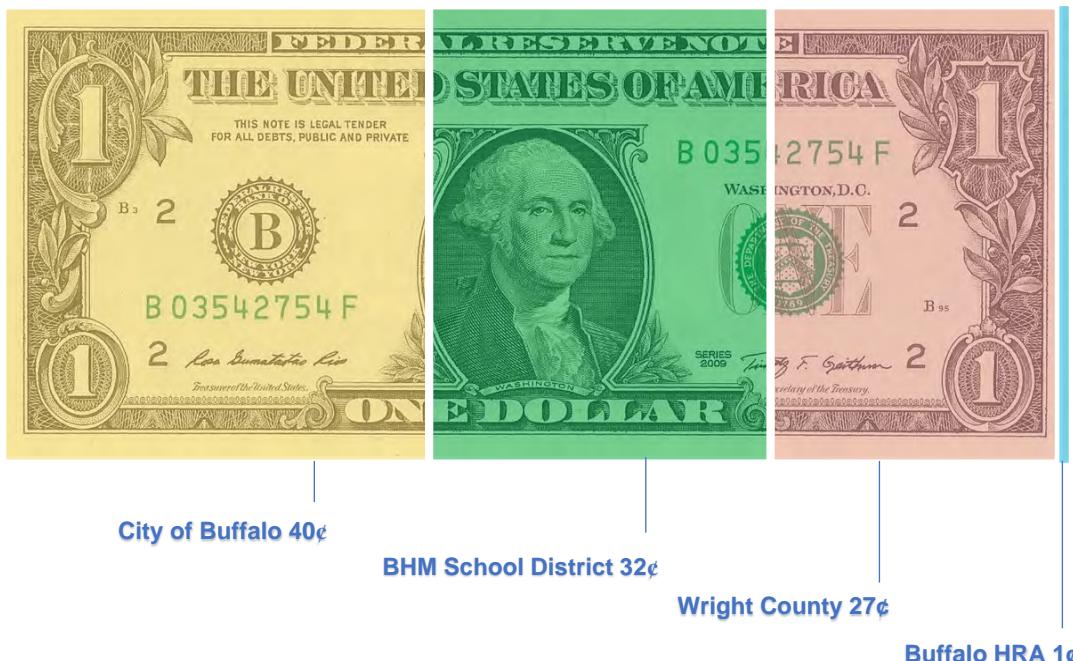
Tax Distribution

The City of Buffalo is only one of several taxing jurisdictions that share property tax dollars, each making their own financial and policy decisions. Tax levies applicable to City of Buffalo property owners are:

- **City of Buffalo General Fund and Debt Levies** – Buffalo City Council approves final tax levies.
- **Buffalo Housing & Redevelopment Authority Special Taxing District (HRA)** – HRA Board recommends tax levy to Buffalo City Council. City Council approves final tax levy.
- **Wright County** – County Commissioners approve final tax levy.
- **Lake Improvement District (LID)** – Properties on Pulaski Lake may be subject to an ad valorem tax to be appropriated and expended on projects of special benefit to the district. Budget recommendations from the LID board are passed through the county board for approval and collection.
- **ISD 877 – Buffalo Hanover Montrose School District** – School District property tax levies are limited by state law. The Minnesota Department of Education computes the levy limitation and the School Board approves the tax levy. Other levies for the School District require voter approval.
- **State General Tax** – applicable mainly to Commercial/Industrial in the City of Buffalo.

The following graphic illustrates the total tax for a residential property as shared by the taxing jurisdictions based on the actual 2018 tax capacity rates. Only 40 percent of the total tax is levied for City activities in 2018.

2018 Tax Dollar Breakdown



Tax Capacity and Tax Impact

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

The following table summarizes the local tax rate.

	2018 Actual	2019 Estimated
Net Tax Capacity for Levy	\$13,160,544	\$14,047,044
Tax Levy	7,906,723	8,027,464
Local Tax Rate	60.079%	57.147%

Note - Amounts from Wright County Auditor's Office

The following table summarizes the estimated tax impact on residential homes, based on the 2019 tax levy and budget. Estimates are provided by Wright County and assume no change in property valuation.

Taxable Market Value of Home	2018 Actual	2019 Estimated	\$ Increase (Decrease)	% Increase (Decrease)
\$150,000	\$901.18	\$857.20	(\$43.98)	-4.9%
\$200,000	\$1,201.58	\$1,142.94	(\$58.64)	-4.9%
\$250,000	\$1,501.97	\$1,428.67	(\$73.30)	-4.9%
\$300,000	\$1,802.37	\$1,714.41	(\$87.96)	-4.9%
\$350,000	\$2,102.76	\$2,000.14	(\$102.62)	-4.9%
\$400,000	\$2,403.16	\$2,285.88	(\$117.28)	-4.9%
\$450,000	\$2,703.55	\$2,571.61	(\$131.94)	-4.9%
\$500,000	\$3,003.95	\$2,857.35	(\$146.60)	-4.9%

Note – Amounts are for City taxes only for a Class 1a Residential Homestead Property. The Class rate changes for properties valued over \$500,000.

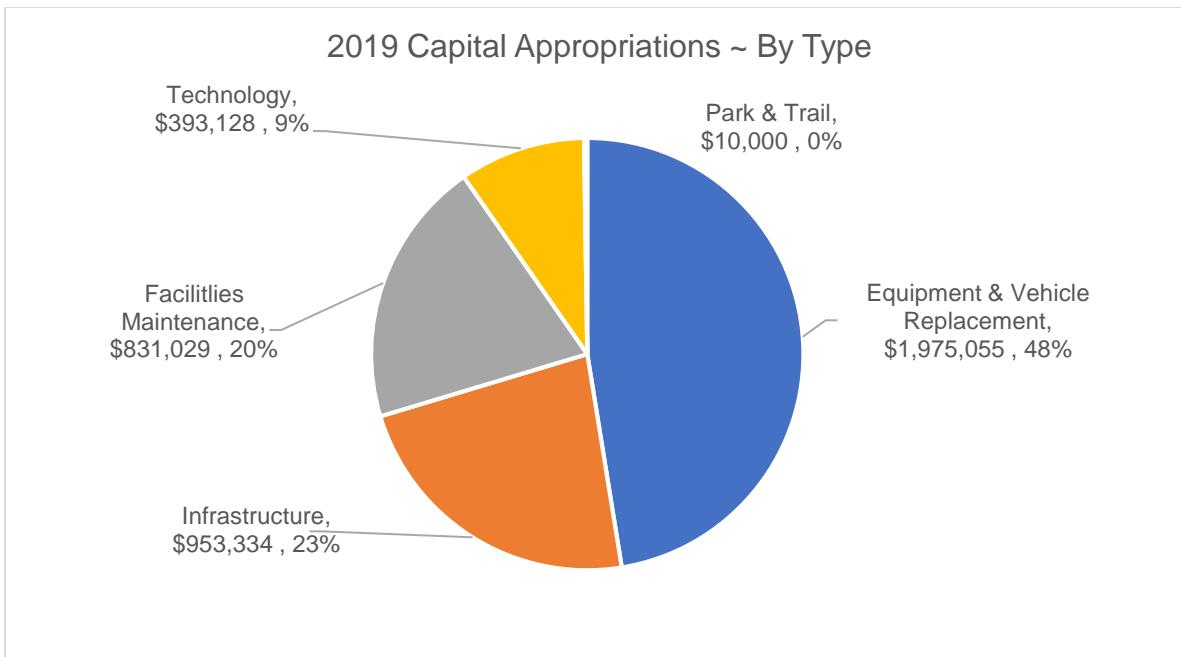
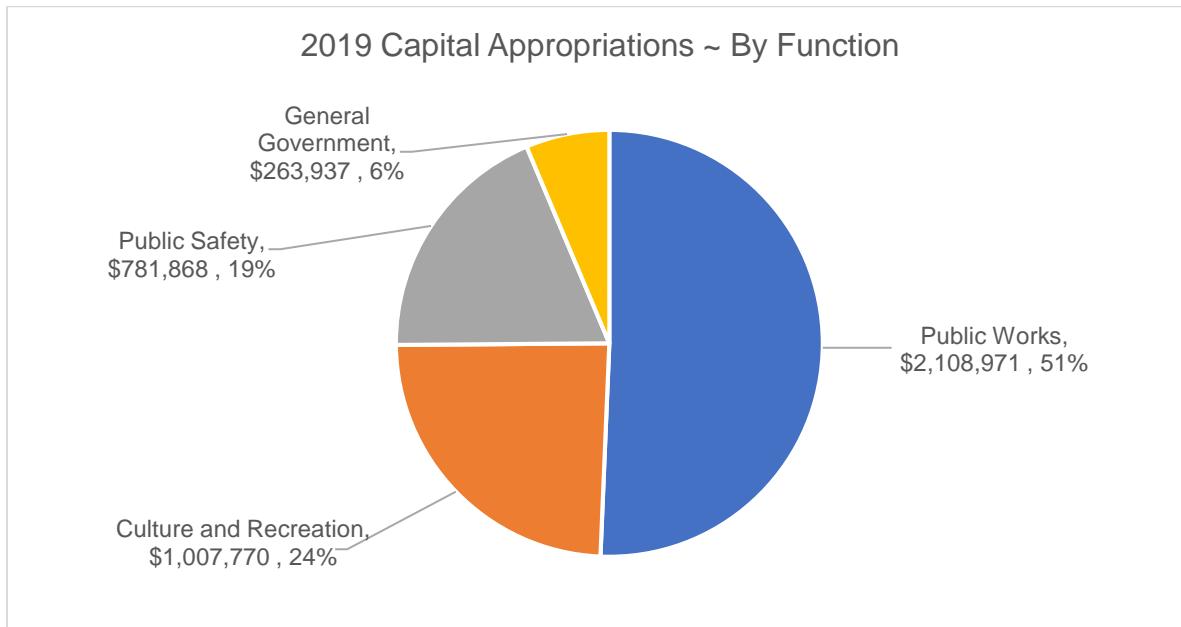
The following table summarizes the estimated tax impact on commercial property, based on the 2019 tax levy and budget. Estimates are provided by Wright County and assume no change in property valuation.

Taxable Market Value of Property	2018 Actual	2019 Estimated	\$ Increase (Decrease)	% Increase (Decrease)
\$500,000	\$5,557.31	\$5,286.10	(\$271.21)	-4.9%
\$1,000,000	\$11,565.21	\$11,000.80	(\$564.41)	-4.9%

CAPITAL IMPROVEMENT OVERVIEW

Annual Appropriations

Within the annual operating budget, the City of Buffalo has appropriated \$4,162,546 for routine capital expenditures in 2019.



Significant Non-recurring Projects

Significant non-recurring projects for larger infrastructure and capital improvements are not included in the annual operating and capital budget. Plans, budget amounts, and funding are approved by City Council on a project by project basis. These projects are accounted for in a capital project fund or the related enterprise fund. The following is a summary of current and potential significant non-recurring projects at this time.

Pre-design Phase:

- Trunk Highway 25 South Reconstruction (2016-9):
Minnesota Department of Transportation currently has tentative improvement plans to reconstruct Highway 25 from south of 1st St S to north of Settlers Parkway/Wright CR 147 in Buffalo in 2022. In conjunction with this project, the City is planning improvements to the underground water, sewer & electrical infrastructure.
- Bellavista 2nd Electric Territory & Distribution (2018-6):
Acquisition of electric service territory for the area known as Bellavista 2nd Addition was acquired in 2018. Electric underground infrastructure will be expanded to this area to provide service for future residential development. Funding is provided by bond proceeds from Series 2018A.
- Dague Avenue & 30th Street Reconstruction (2018-13):
Future improvements to make Dague Avenue a collector road are necessary to accommodate the increased traffic from the upcoming Greenbriar Hills residential development. Federal and State funding is being sought after to aid in the funding of these improvements. This project is in the very early stages and a feasibility study is currently being conducted.

Design Phase:

- Retaining Wall Improvements (2015-7) ~ CSAH 35:
Improvements to the retaining wall on CSAH 35 are planned with Wright County in 2019 and are currently under review by the City's engineer. Current project estimate is \$690,000 with Wright County funding 50%. Funding is provided by bond proceeds from Series 2015A.
- Biosolids Processing Improvements (2017-7):
A number of improvements are planned at the Wastewater Treatment Plant (WWTP) to replace equipment with newer technologies, reducing maintenance and improving efficiencies and operations. The WWTP was upgraded with a drying facility in 2008 that allowed for the processing of biosolids. Some of the existing equipment and infrastructure from 1991 is aging and in need of replacement. Recommended improvements and replacements include:
 - Replacement and upgrade of the biosolids tank mixing system
 - Addition of a wetwell mixer
 - Replacement of a level sensor in the wet cake bunker
 - Seal Replacements
 - Removal of Cladding & Insulation and Inspection of Dryer Coatings
 - Addition of a Filter System for the entire plant
 - Replacement of Pre-Treatment Screen

Total project budget is \$2,256,000. Awarding of bids is scheduled for November 2018 with estimated construction completion November 2019. Funding is provided by bond proceeds from Series 2017B

- Douglas Drive Reconstruction (2018-5A):
Improvements are planned in the Douglas Drive Area to address deficiencies identified in the combined condition of streets, watermain and sanitary sewer system. A full street and utility reconstruction is recommended as the most cost effective, long term solution. The total estimated project cost is \$1,700,000.
- SE Area Phase 3 – 2nd Street S. and 3rd Ave. S. (2018-5B):
Over the past few years, improvements have been made to one of the City's oldest areas, the SE Area. The third and final phase of these improvements is planned for 2019. The watermain and sanitary sewer systems are nearly 80 years old. Due to the combined condition of the streets, watermain and sanitary sewer system in this area, a full street and utility reconstruction is recommended. The total estimated project cost is \$1,600,000.
- Downtown Fire Station (2018-16):
The City has contracted with Short Elliott Hendrickson (SEH) to provide architectural services and project oversight for the design and construction of a new downtown fire station. The existing station no longer meets the needs of the Buffalo Fire Department. Total estimated project cost is \$6.1 million. This project will be partially funded by a reserve of fire charge revenue with bond proceeds covering the remaining amount.
- Street Maintenance Improvements - 2019 (TBD):
In conjunction with the City's pavement management plan, areas are being identified for a pavement management preservation project in 2019.

Construction Phase:

- Retaining Wall Improvements (2015-7) ~ Hillside Lane:
Improvements to Hillside Lane Retaining Wall. Total project estimate \$174,000. Funding is provided by bond proceeds from Series 2015A.
- 2nd Street RR Quiet Zone (2016-12):
Improvements to the railroad crossing at 2nd St S will allow the City of Buffalo to be a quiet zone for trains. Improvements include construction of a concrete median, signing, striping and extension of the existing railroad gates. For pedestrian safety, sidewalk construction includes construction of the sidewalk, pedestrian gate arms and extending the railroad concrete surfacing across the new sidewalk. Total estimated project cost is \$360,000. This project is partially funded by a \$160,422 Federal Railroad Administration Grant .

- Street Maintenance Improvements (2018-1):

In conjunction with the City's pavement management plan, the following areas were identified for a pavement preservation project in 2018:

- **Mill & Overlay:** Innsbrook & Shonhaugen area, Sturges Addition, Pine Meadows Addition and Northwoods Addition. Total project budget \$640,000. Total project cost estimate \$500,000.
- **Sealcoat:** Trappers Pond Addition, Hazelwood East Addition and Whispering Winds Addition. Total Project Budget \$125,000. Total project cost estimate \$95,000.
- Sanitary Sewer Repairs ~ 2nd Av./7th St/ Upplanda St. (2018-2):
Repair lining of sanitary sewer system to address identified deficiencies in the 2nd Ave S, 7th St. S and Upplanda areas. Total project budget is \$360,000. Funding is provided by bond proceeds from Series 2017B.
- Greenbriar Hills Electrical Line Extension (2018-14)
A line extension of electric underground and fiber infrastructure is needed to service the new residential development known as Greenbriar Hills in addition to future development along Dague Ave. Funding is provided by bond proceeds from Series 2018B.

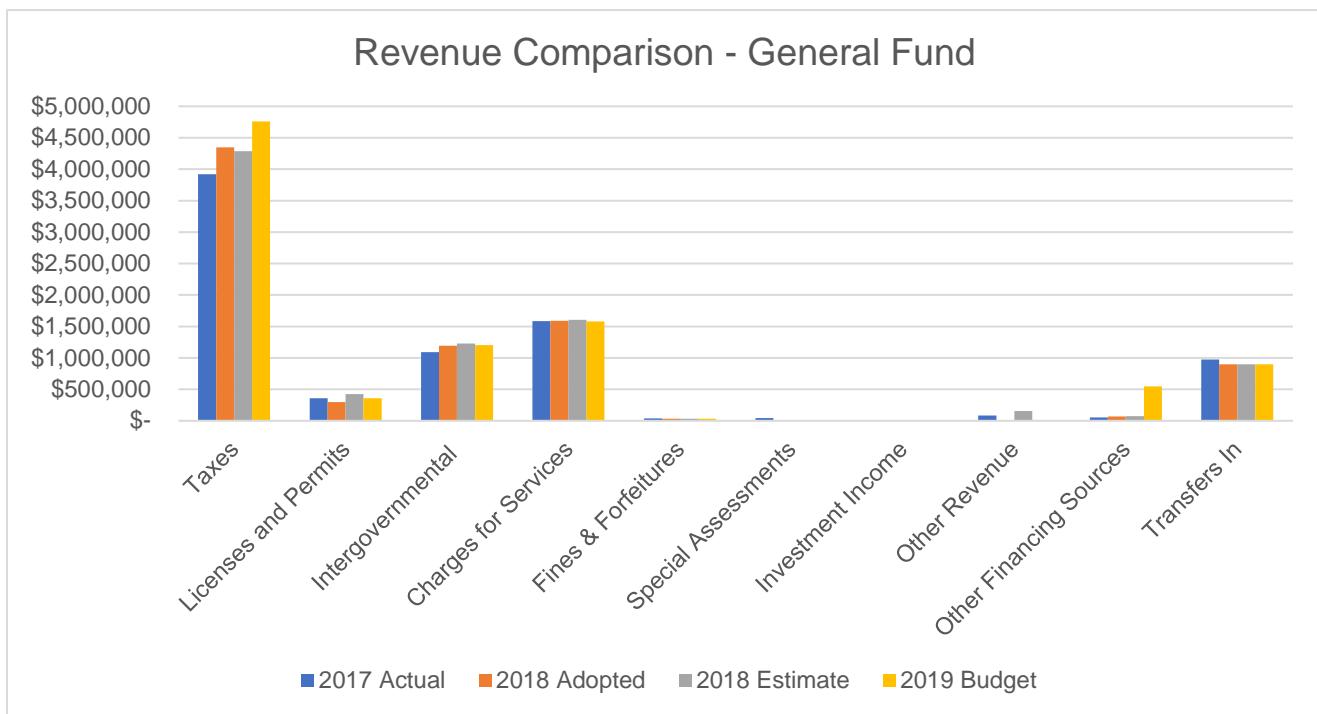


2019 Annual Budget

General Fund

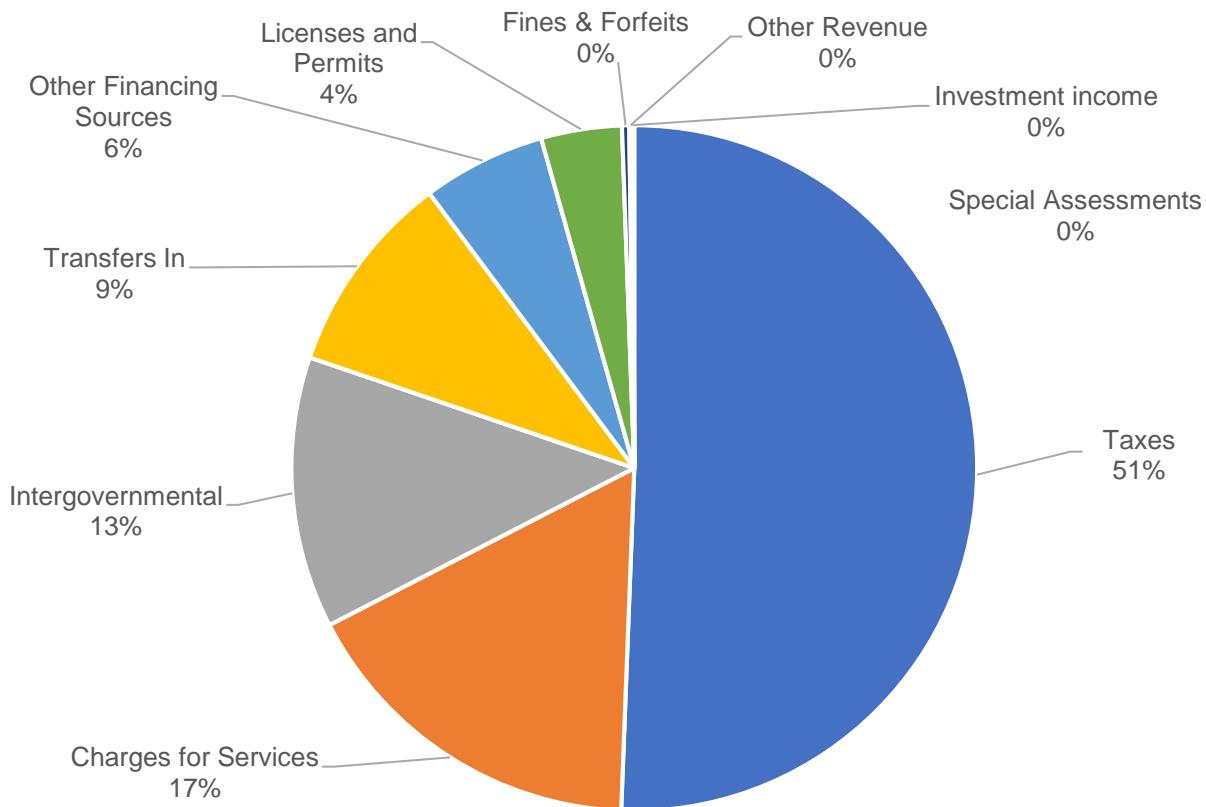
REVENUE COMPARISON – GENERAL FUND (100)

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Taxes	3,918,146	4,346,626	4,287,384	4,758,162
Licenses and Permits	357,043	295,580	425,124	357,795
Intergovernmental	1,093,656	1,190,832	1,227,989	1,203,219
Charges for Services	1,582,934	1,589,391	1,606,213	1,581,887
Fines & Forfeitures	38,815	33,000	34,248	32,000
Special Assessments	43,304	5,000	1,529	5,000
Investment Income	6,382	4,500	9,420	5,500
Other Revenue	82,186	10,000	154,116	11,500
Other Financing Sources	53,011	68,332	71,356	547,000
Transfers In	972,107	900,000	900,305	900,000
Total Revenues & Other Sources	\$8,147,584	\$8,443,261	\$8,717,684	\$9,402,063



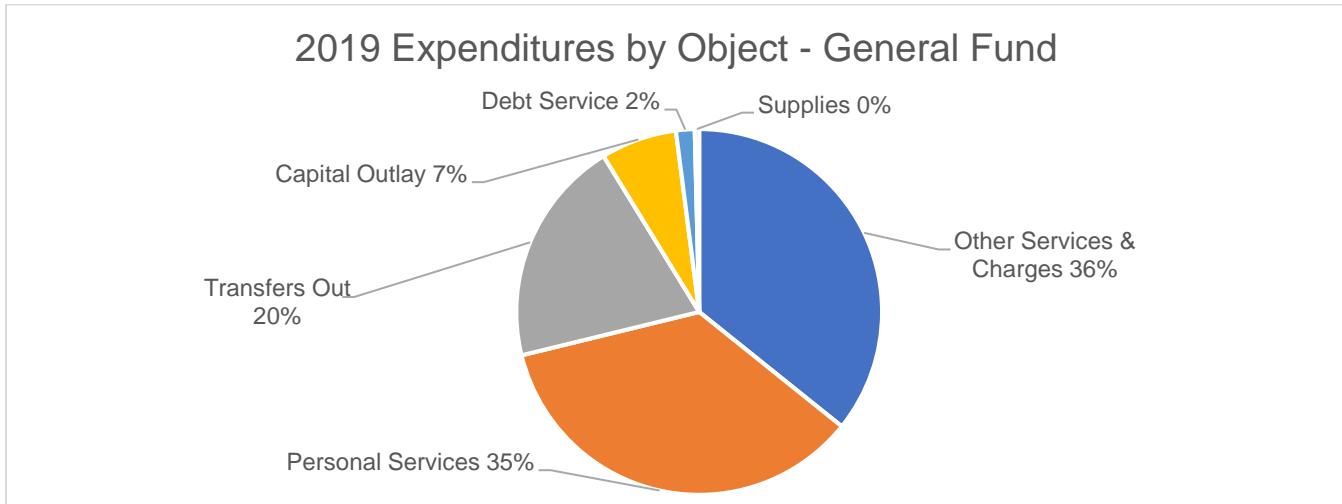
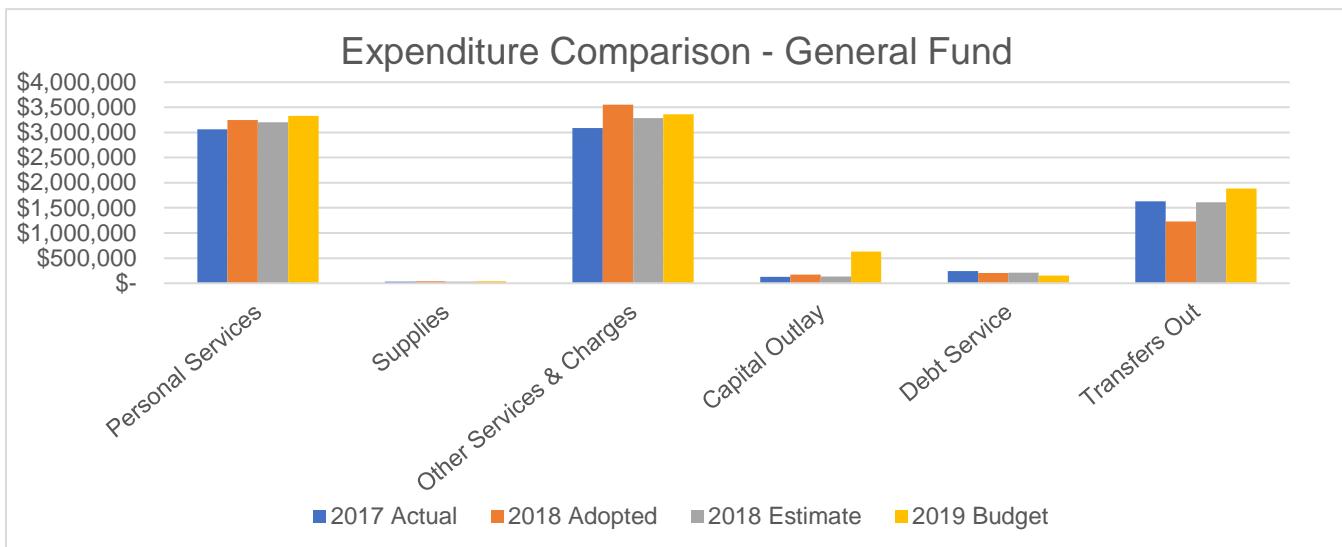
REVENUE COMPARISON – GENERAL FUND (100)

2019 Revenue by Source - General Fund



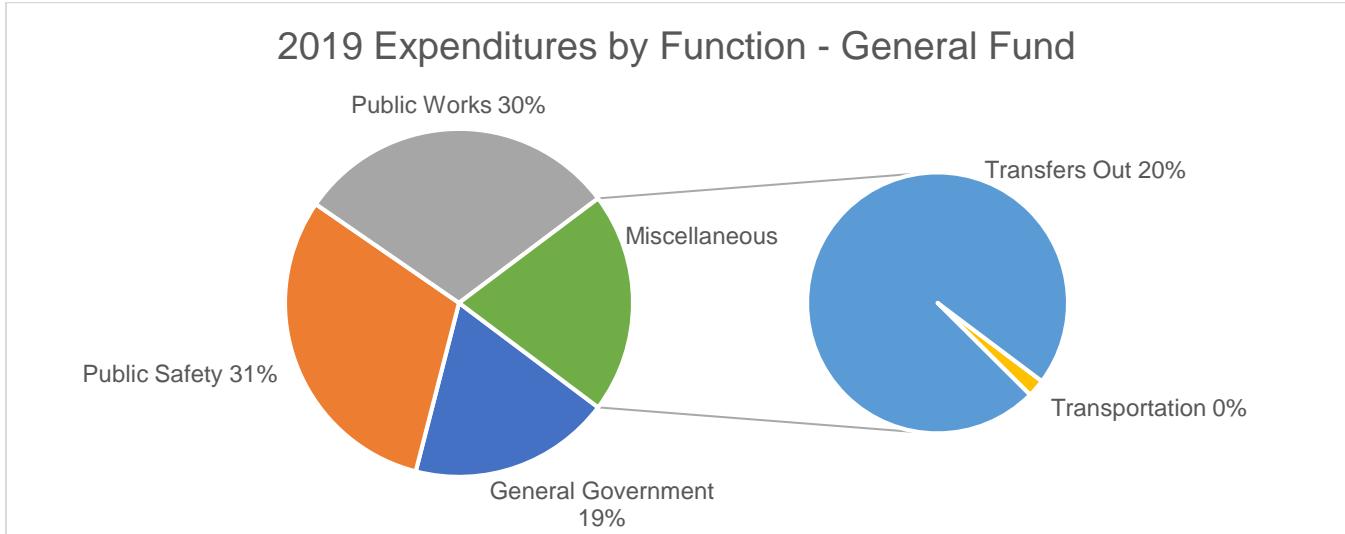
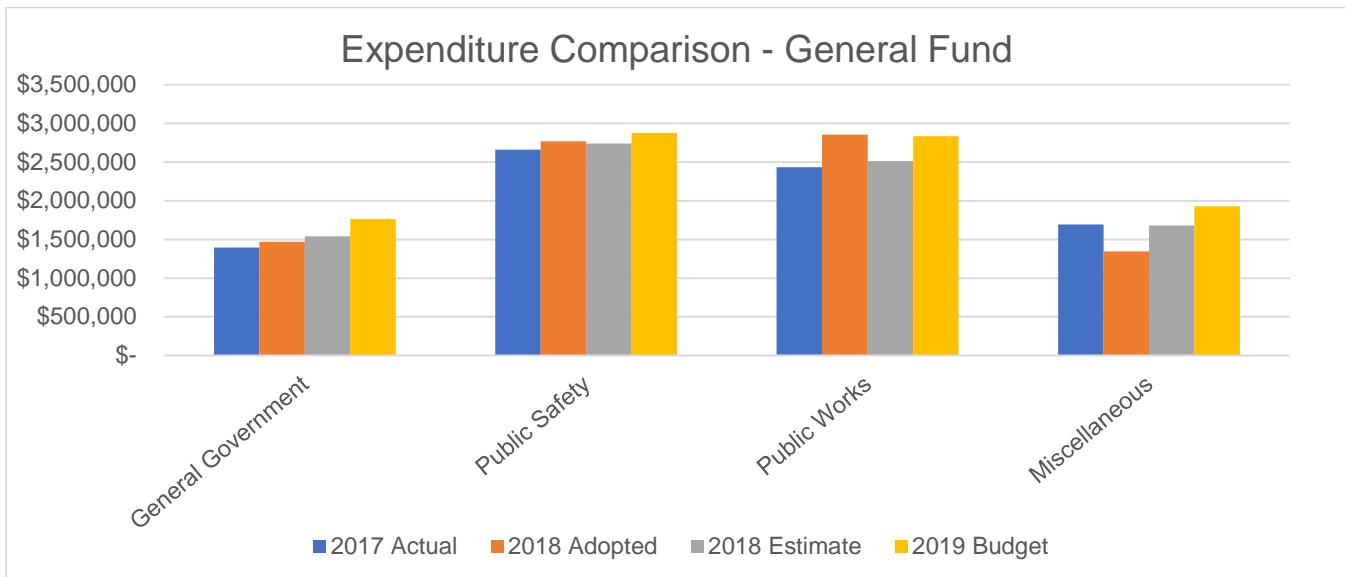
EXPENDITURE COMPARISON – GENERAL FUND (100)
BY OBJECT

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Personal Services	3,063,840	3,246,123	3,200,281	3,330,476
Supplies	29,132	37,200	31,127	36,500
Other Services & Charges	3,086,459	3,553,885	3,282,798	3,362,504
Capital Outlay	126,619	169,832	135,560	631,759
Debt Service	243,192	207,319	210,777	155,347
Transfers Out	1,633,125	1,227,175	1,613,663	1,885,477
Total Expenditures & Other Uses	\$8,182,367	\$8,441,534	\$8,474,206	\$9,402,063



**EXPENDITURE COMPARISON – GENERAL FUND (100)
BY FUNCTION**

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
General Government	1,393,201	1,467,955	1,541,452	1,762,959
Public Safety	2,660,415	2,770,260	2,740,698	2,877,418
Public Works	2,435,454	2,856,485	2,512,643	2,833,809
Miscellaneous	1,693,297	1,346,834	1,679,413	1,927,877
Total Expenditures & Other Uses	\$8,182,367	\$8,441,534	\$8,474,206	\$9,402,063



**2019 BUDGET SUMMARY –GENERAL FUND
FUND 100**

STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN FUND BALANCE

Description	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Revenues				
Taxes	3,918,146	4,346,626	4,287,384	4,758,162
Licenses and Permits	357,043	295,580	425,124	357,795
Intergovernmental	1,093,656	1,190,832	1,227,989	1,203,219
Charges for Services	1,582,934	1,589,391	1,606,213	1,581,887
Fines & Forfeitures	38,815	33,000	34,248	32,000
Special Assessments	43,304	5,000	1,529	5,000
Investment Income	6,382	4,500	9,420	5,500
Other Revenue	82,186	10,000	154,116	11,500
Total Revenues	7,122,466	7,474,929	7,746,023	7,955,063
Other Sources				
Other Financing Sources	53,011	68,332	71,356	547,000
Transfers In	972,107	900,000	900,305	900,000
Total Revenue & Other Sources	\$8,147,584	\$8,443,261	\$8,717,684	\$9,402,063
Expenditures				
Personal Services	3,063,840	3,246,123	3,200,281	3,330,476
Supplies	29,132	37,200	31,127	36,500
Other Services & Charges	3,086,459	3,553,885	3,282,798	3,362,504
Capital Outlay	126,619	169,832	135,560	631,759
Debt Service	243,192	207,319	210,777	155,347
Total Expenditures	6,549,242	7,214,359	6,860,543	7,516,586
Other Uses				
Transfers Out	1,633,125	1,227,175	1,613,663	1,885,477
Total Expenditure & Other Uses	\$8,182,367	\$8,441,534	\$8,474,206	\$9,402,063
Change in Fund Balance	(\$34,783)	\$1,727	\$243,478	-
Fund Balance, January 1	\$5,021,776	\$4,986,993	\$4,986,993	\$5,230,471
Fund Balance, December 31	\$4,986,993	\$4,988,722	\$5,230,471	\$5,230,471

Fund: General - 100

Function: General Government

Department: Mayor and Council

Description of Services:

The legislative body of city government is the City Council. Comprised of four council members and the mayor, the City Council is responsible for enacting ordinances, adopting the yearly budget and establishing basic policies of the city. They are also responsible for appointing the city administrator, and members of the city advisory commissions. The mayor and council members are elected at large. The mayoral term is for two years, while council members are elected for overlapping four-year terms.

Budget Summary:

The \$32,200 appropriated in 2018 for a new Council Dais has been pushed out to 2020. There are no other major changes for the budget in 2019.

Revenues/Expenditures by Use:

Expenditures	2017	2018	2018	2019	% of
	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	35,137	34,986	34,986	34,986	48.93%
Supplies	-	-	-	-	0.00%
Other Service & Charges	66,418	36,100	30,808	36,100	50.49%
Capital Outlay	-	32,200	-	-	0.00%
Debt Service	1,249	1,247	1,247	411	0.57%
Total	\$102,804	\$104,533	\$67,041	\$71,497	100.00%
% Change from Prior Year		1.68%		-31.60%	

Fund: General - 100

Function: General Government

Department: Planning & Zoning

Description of Services:

The Planning and zoning department is responsible for preparing and implementing the comprehensive plan and coordinating the overall development of the City. This includes developing proposals for public improvements, drafting zoning ordinances and processing applications such as rezoning, variances, and conditional use permits.

Budget Summary:

In 2018, the City saw renewed interest in development of both commercial and residential properties, resulting in increased planners fees. To help facilitate these development opportunities, a housing study was conducted, and development framework implemented to aid in updating the City's overall comprehensive plan and housing chapter.

There are no major budget changes for 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	119,102	127,082	121,566	126,361	74.17%
Supplies	-	-	-	-	0.00%
Other Service & Charges	36,152	41,700	68,850	44,000	25.83%
Capital Outlay	-	-	-	-	0.00%
Total	\$155,254	\$168,782	\$190,416	\$170,361	100.00%
% Change from Prior Year		8.71%		0.94%	

Fund: General - 100

Function: Miscellaneous

Department: Transportation

Description of Services:

The City provides a transportation alternative for weeknight transportation within Buffalo City limits through Buffalo Allied Transit (BAT). This program runs in conjunction with Trailblazer Transit. This department also incurs expenditures related to the City's share of Wright County Area Transportation (WCAT) capital costs.

Budget Summary:

Prior to 2018 the BAT program's primary expenditures consisted of bus rental and wages and benefits for two drivers. Going forward, the City has entered into an agreement with Trailblazer Transit/SMART-RIDE to provide both equipment and staff.

The City is expected to see a reduction in its share of WCAT expenditures in 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	16,243	16,759	928	-	0.00%
Supplies	-	-	-	-	0.00%
Other Service & Charges	43,929	102,900	64,822	42,400	100.00%
Capital Outlay	-	-	-	-	0.00%
Total	\$60,172	\$119,659	\$65,750	\$42,400	100.00%
% Change from Prior Year		98.86%		-64.57%	

Fund: General - 100

Function: General Government

Department: Elections

Description of Services:

This department provides for the registration of voters and conducts all elections according to local ordinances and state law. This includes administration of precincts, filing of local offices, proofing ballots, publishing all required legal notices, coordination of election judge staff, provide residents with important voting information and ensure all elections are fair and accurate.

Budget Summary:

The Election budget fluctuates and coincides with election years. To aid in processing absentee ballots and early voters, temporary help was added for the 2018 election. The next election year is 2020. Election expenditures for 2019 are expected to be minimal and pertain to the maintenance of equipment and software.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	-	-	2,474	-	0.00%
Other Service & Charges	2,396	14,000	14,000	2,500	100.00%
Capital Outlay	-	-	-	-	0.00%
Total	\$2,396	\$14,000	\$16,474	\$2,500	100.00%
% Change from Prior Year		484.33%		-82.14%	

Fund: General - 100

Function: General Government

Department: Administration

Description of Services:

The City Administration Department is the general administrative unit of the City government. As such, it oversees all city operations and activities as directed by the City Council. Primary responsibilities include:

- directing the administration of City affairs
- enforcing laws, City ordinances and resolutions as adopted by the governing body.
- ensuring services are delivered in a cost-effective, efficient and high-quality manner.
- prepare the agenda and materials for council meetings as well as regular and special management reports
- advise the Council on policy matters and oversees the preparation of the annual budget and capital improvement plan for adoption by the City Council.
- direct certain facets of personnel; Labor contracts, employment hires, benefit registration, etc.

This department also encompasses financial administration, assessing, building inspection services, general engineering and the City Attorney. The City contracts with Wright County for assessing, Metro West Inspection for building inspections, Bolton & Menk for engineering services and Jovanovich, Kadlec & Athmann for legal services.

Budget Summary:

- The Wright County Assessor's Office increased the per parcel rate 10% in 2018 and 5% in 2019. As a result, the City's cost for assessing increased by 30% from 2017 and is expected to increase for 2019.
- Pending development and planned projects caused an increase in engineering expenditures. This is expected to continue in 2019.
- Administration of the tax abatement agreement entered into in 2016 is included in the department budget. An increase of \$19,441 is planned for 2019.
- The 2019 capital budget includes replacement of 14 year old carpet.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	355,058	354,461	363,663	381,118	39.16%
Supplies	8,357	11,000	8,894	10,000	1.03%
Other Service & Charges	440,934	473,771	550,389	543,280	55.82%
Capital Outlay	-	-	-	38,937	4.00%
Total	\$804,349	\$839,232	\$922,946	\$973,335	100.00%
% Change from Prior Year		4.34%		15.98%	

Fund: General - 100

Function: General Government

Department: Engineering

Description of Services:

The Engineering budget covers engineering functions related to maintaining mapping and GIS data.

The City contracts with Bolton & Menk to perform general engineering services, including working with the State of Minnesota and Wright County, responding to citizen and staff requests, and general engineering functions. This activity is charged out under administration.

Budget Summary:

There are no major budget changes for 2019.

Revenues/Expenditures by Use:

Expenditures	2017	2018	2018	2019	% of
	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	71,927	77,542	75,703	79,335	81.44%
Supplies	436	1,000	1,000	1,000	1.03%
Other Service & Charges	15,720	18,175	11,693	17,075	17.53%
Capital Outlay	-	-	-	-	0.00%
Total	\$88,083	\$96,717	\$88,396	97,410	100.00%
% Change from Prior Year		9.80%		0.72%	

Fund: General - 100

Function: General Government

Department: MIS

Description of Services:

This department is responsible for the continued operations of the city's information technology equipment. The department also aids computer users to provide timely, accurate and meaningful data for program monitoring and decision-making.

Budget Summary:

Personal services expenditures may fluctuate from year to year as the MIS department shares its personnel with both BWIG and Fiber, in addition to aiding other departments. Wages and benefits are allocated according to the amount of time spent in each department.

A \$200,00 increase in the 2019 capital budget is planned to upgrade the City's storage array. There are no other major budget changes for 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	119,448	123,251	136,652	143,533	32.05%
Supplies	611	500	397	500	0.11%
Other Service & Charges	82,858	65,725	88,915	73,575	16.43%
Capital Outlay	-	25,000	-	225,000	50.24%
Debt Service	37,397	30,215	30,215	5,248	1.17%
Total	\$240,314	\$244,691	\$256,179	\$447,856	100.00%
% Change from Prior Year		1.82%		83.03%	

Fund: General - 100

Function: Public Safety

Department: Police Protection

Description of Services:

The City of Buffalo is one of only three cities to operate their own police department in Wright County. 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
- the delivery of other community services such as animal control and school liaison.



Buffalo Police Department is staffed by 21 personnel consisting of 17 Officers, 3 Administrative and 1 Community Service Officer. The officer breakdown is 1 Chief, 2 Sergeants, 2 Detectives and 12 Patrol Officers.

Buffalo Hanover Montrose School District - ISD 877 contracts with the City of Buffalo to provide a licensed police officer to service as a liaison between the school and its students. This is provided at both the high school and middle school.

Budget Summary:

There are no major budget changes for 2019. Capital Outlay includes the acquisition and replacement of two squad vehicles and an upgrade to the facility security system.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of Total Budget
Expenditures	Actual	Adopted	Estimate	Budget	
Personal Services	1,750,594	1,868,557	1,823,622	1,913,602	78.62%
Supplies	13,517	12,500	13,144	12,800	0.53%
Other Service & Charges	335,207	347,250	375,338	358,065	14.71%
Capital Outlay	98,441	77,632	67,632	96,322	3.96%
Debt Service	65,286	63,971	63,971	53,314	2.19%
Total	\$2,263,045	\$2,369,910	\$2,343,707	\$2,434,103	100.00%
% Change from Prior Year		4.72%		2.71%	

Fund: General - 100

Function: Public Safety

Department: Fire Protection

Description of Services:

The Buffalo Fire Department responds to all fire and emergency medical incidents in the City of Buffalo and other surrounding rural areas. The department is supported by paid on-call volunteer firefighters. The City's share of the cost to provide fire protection is expensed in the General Fund and reported as revenue in the Fire Fund. The Fire department's operating revenues, expenditures and capital outlay are also accounted for in the Fire Fund, which is a special revenue fund.

Budget Summary:

Replacement of a fire truck and construction of a new fire station are planned for 2019. To aid in funding, an 8% increase in fire charges is planned with the City's share increasing 10%. The remaining amount of the increase is charged out to the other four townships serviced by the Buffalo Volunteer Fire Department.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Other Service & Charges	397,095	400,000	393,129	440,465	100.00%
Total	\$397,095	\$400,000	\$393,129	\$440,465	100.00%
% Change from Prior Year		0.73%		10.12%	

Fund: General - 100

Function: Public Safety

Department: Civil Defense

Description of Services:

This department maintains a state of emergency preparedness in case of natural disaster, unusual occurrences, or all-out war. Its primary purpose is to coordinate other city departments or governmental units in the safeguarding of life and property during and following such emergencies. While Wright County handles most of the emergency preparedness planning for the area, the City's civil defense budget is for the operation and maintenance of its emergency sirens.

The City of Buffalo Police Chief is responsible for ongoing maintenance, operational and future capital outlay needs. There are six emergency sirens located within the City. Three are owned and operated by the City. The other three are owned and operated by Xcel Energy.

Budget Summary:

Unplanned maintenance and repairs were necessary in 2018. Appropriations are being added in 2019 to allow for future maintenance and repair of the City's sirens.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Other Service & Charges	275	350	3,862	2,850	100.00%
Capital Outlay	-	-	-	-	0.00%
Total	\$275	\$350	\$3,862	\$2,850	100.00%
% Change from Prior Year		27.06%		714.29%	

Fund: General - 100

Function: Public Works

Department: Streets

Division: Street Maintenance

Description of Services:

The street department maintains approximately 72 miles of streets and roadways within the city. Tasks include street surfacing and repairs, street cleaning, snow and ice removal, storm sewers and traffic regulating device installation and maintenance. Staffing for Storm Sewer, Trail Maintenance, Compost and Snow Removal are provided by the Street Department but accounted for in separate divisions.

Budget Summary:

The 2018 budget included \$300,000 earmarked for larger street maintenance and rehabilitation projects accounted for in a capital project fund as part of the City's pavement management plan. This amount was re-appropriated as a transfer out. The amount for 2019 has increased to \$825,000 and moved from the street maintenance budget to transfers out.

Personal services expenditures may fluctuate from year to year as the street department shares its personnel with storm sewer, trail maintenance, compost, snow removal and the parks departments. Personnel also aid other departments. Wages and benefits are allocated according to the amount of time spent in each department.

The 2019 capital budget includes the acquisition of a snowplow and vehicle to replace aging equipment.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of Total Budget
Expenditures	Actual	Adopted	Estimate	Budget	
Personal Services	521,010	533,400	509,302	535,540	32.76%
Supplies	6,211	12,200	7,692	12,200	0.75%
Other Service & Charges	654,774	1,003,000	654,899	719,350	44.00%
Capital Outlay	28,178	35,000	67,928	271,500	16.61%
Debt Service	137,942	110,972	114,430	96,374	5.89%
Total	\$1,348,115	\$1,694,572	\$1,354,251	\$1,634,964	100.00%
% Change from Prior Year		25.70%		-3.52%	

Fund: General - 100

Function: Public Works

Department: Streets

Division: Storm Sewer

Description of Services:

The Street Department is responsible for maintaining the stormwater collection system. Storm sewers collect rain water runoff from streets and other impervious surfaces and drain them into lakes or other natural wetlands. Larger projects relating to storm sewer are accounted for in a capital project fund.

Budget Summary:

Personal services expenditures may fluctuate from year to year as personnel is shared with other departments/divisions. Wages and benefits are allocated according to the amount of time spent in each department.

There are no major budget changes for 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of Total Budget
Expenditures	Actual	Adopted	Estimate	Budget	
Personal Services	4,308	10,364	11,149	12,952	11.51%
Supplies	-	-	-	-	0.00%
Other Service & Charges	74,705	99,744	79,970	99,544	88.49%
Capital Outlay	-	-	-	-	0.00%
Total	\$79,013	\$110,108	\$91,119	\$112,496	100.00%
% Change from Prior Year		39.35%		2.17%	

Fund: General - 100

Function: Public Works

Department: Streets

Division: Trail Maintenance

Description of Services:

The Street Department is responsible for maintaining approximately 45 miles of trails within the city limits.

Budget Summary:

Personal services expenditures may fluctuate from year to year as personnel is shared with other departments/divisions. Wages and benefits are allocated according to the amount of time spent in each department.

There are no major budget changes for 2019.

Revenues/Expenditures by Use:

Expenditures	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Personal Services	1,685	3,570	8,637	10,965	21.52%
Supplies	-	-	-	-	0.00%
Other Service & Charges	27,850	40,000	10,000	40,000	78.48%
Capital Outlay	-	-	-	-	0.00%
Total	\$29,535	\$43,570	\$18,637	\$50,965	100.00%
% Change from Prior year		47.52%		16.97%	

Fund: General - 100

Function: Public Works

Department: Streets

Division: Compost

Description of Services:

The City maintains a compost facility accessible from Spring – Fall. Residents or businesses within the City limits may bring in acceptable deposits and take out composted materials.

Budget Summary:

Personal services expenditures may fluctuate from year to year as personnel is shared with other departments/divisions. Wages and benefits are allocated according to the amount of time spent in each department.

There are no major budget changes for 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	29,228	21,303	19,230	17,236	40.57%
Supplies	-	-	-	-	0.00%
Other Service & Charges	26,014	25,250	22,250	25,250	59.43%
Capital Outlay	-	-	-	-	0.00%
Total	\$55,242	\$46,553	\$41,480	\$42,486	100.00%
% Change from Prior Year		-15.73%		-8.74%	

Fund: General - 100

Function: Public Works

Department: Streets

Division: Snow Removal

Description of Services:

The Street Department provides snow removal services for 72 miles of city streets and 45 miles of trails. Effort is made to clear City streets within 24 hours of the start of a snowfall. This requires approximately 12 hours of operations for a normal snowfall of 2 to 6 inches, beginning with arterials followed by residential and cul-de-sac streets. Ice control is ordered as conditions warrant.



Budget Summary:

Actual expenditures fluctuate heavily depending on the amount and frequency of winter precipitation. There are no major budget changes for 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	40,100	74,848	92,369	74,848	100.00%
Total	\$40,100	\$74,848	\$92,369	\$74,848	100.00%
% Change from Prior Year		86.65%		0.00%	

Fund: General - 100

Function: Public Works

Department: Sanitation

Description of Services:

The City of Buffalo contracts with an outside vendor to facilitate and organize garbage and recycling collection for residential service only. Residents are charged a monthly fee for the disposal of waste material and recycling collected by a third-party refuse hauler. The garbage and recycling fees charged to residents are used to pay the contracted hauling and disposal service and related expenditures. The City handles all customer service duties related to the residential refuse and recycling service.

Budget Summary:

The City currently has an agreement with Randy's Sanitation that runs through December 31, 2021. The overall cost fluctuates based on the number & size of carts being utilized by City of Buffalo residents. There are no rate changes scheduled for 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	-	-	-	-	0.00%
Supplies	-	-	-	-	0.00%
Other Services & Charges	882,132	885,920	913,873	918,050	100.00%
Capital Outlay	-	-	-	-	0.00%
Debt Service	1,318	914	914	-	0.00%
Total	\$883,450	\$886,834	\$914,787	\$918,050	100.00%
% Change from Prior Year		0.38%		3.52%	

Fund: General - 100

Function: Miscellaneous

Department: Transfers Out

Description of Services:

Transfers to other funds are accounted for in this department.

Budget Summary:

The general fund budget typically includes operating transfers to other funds: park, library, airport, and community center. A transfer to the civic center started in 2017.

Transfers to debt service funds are budgeted to pay bonds for which storm sewer revenue was pledged for repayment.

In recent years, \$300,000 has been budgeted under street maintenance but transferred to a capital project fund for large street maintenance and rehabilitation projects. The amount appropriated for these projects has been increased to \$825,000 and budgeted as a transfer out for 2019.

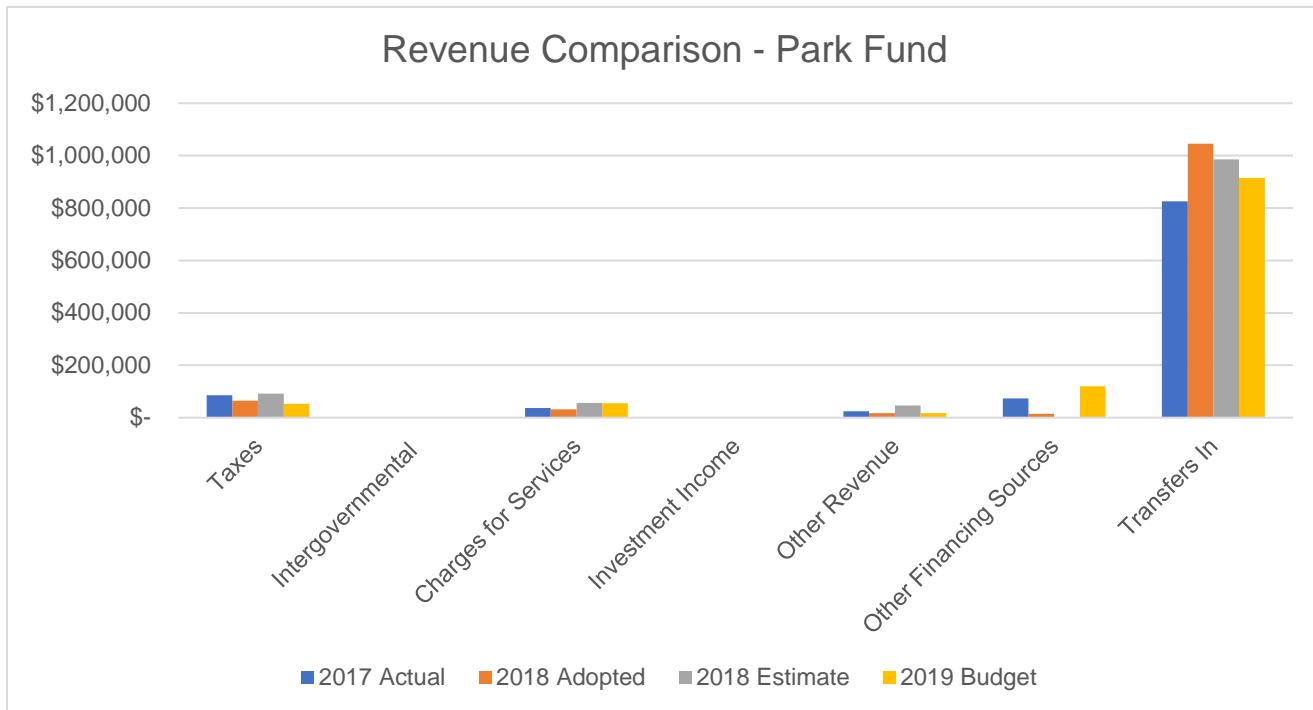
Revenues/Expenditures by Use:

Expenditures	2017	2018	2018	2019	% of
	Actual	Adopted	Estimate	Budget	Total Budget
Transfers out	1,633,125	1,227,175	1,613,663	1,885,477	100.00%
Total	\$1,633,125	\$1,227,175	\$1,613,663	\$1,885,477	100.00%
% Change from Prior Year		-24.86%		53.64%	



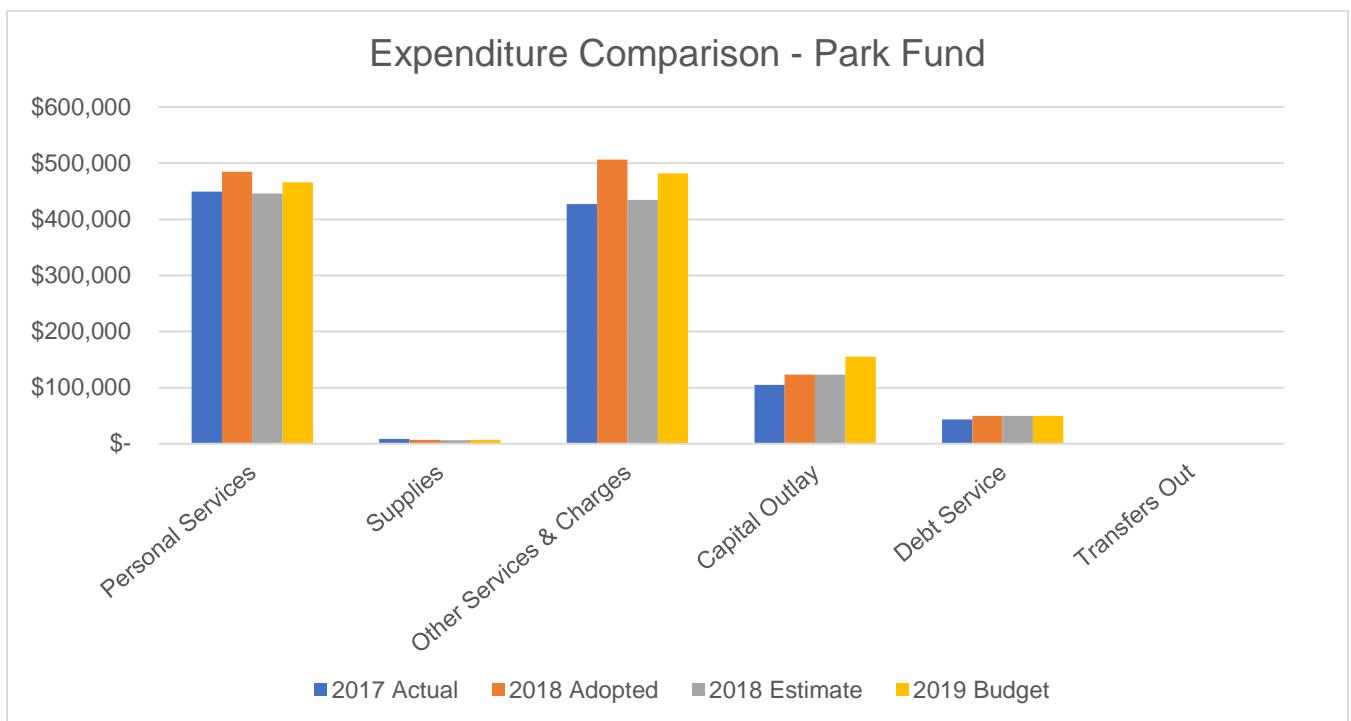
REVENUE COMPARISON – PARK FUND (200)

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Taxes	86,022	64,608	91,363	52,383
Intergovernmental	-	-	-	-
Charges for Services	36,280	31,500	56,714	55,000
Investment Income	-	-	-	-
Other Revenue	25,115	16,800	47,070	16,800
Other Financing Sources	73,452	15,000	1,206	120,000
Transfers In	825,000	1,045,000	985,000	915,000
Total Revenues & Other Sources	\$1,045,869	\$1,172,908	\$1,181,353	\$1,159,183



EXPENDITURE COMPARISON – PARK FUND (200)

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Personal Services	449,344	484,481	445,864	465,687
Supplies	8,585	6,600	6,378	6,750
Other Services & Charges	427,274	506,329	434,660	481,981
Capital Outlay	105,002	123,300	123,300	155,000
Debt Service	43,461	49,766	49,766	49,765
Transfers Out	-	-	-	-
Total Expenditures & Other Uses	\$1,003,666	\$1,170,476	\$1,059,968	\$1,159,183



**2019 BUDGET SUMMARY –GENERAL FUND
FUND 200 (PARK)**

STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN FUND BALANCE

Description	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Revenues				
Taxes	86,022	64,608	91,363	52,383
Intergovernmental	-	-	-	-
Charges for Services	36,280	31,500	56,714	55,000
Investment Income	-	-	-	-
Other Revenue	25,115	16,800	47,070	16,800
Total Revenues	147,417	112,908	195,147	124,183
Other Sources				
Other Financing Sources	73,452	15,000	1,206	120,000
Transfers In	825,000	1,045,000	985,000	915,000
Total Revenue & Other Sources	\$1,045,869	\$1,172,908	\$1,181,353	\$1,159,183
Expenditures				
Personal Services	449,344	484,481	445,864	465,687
Supplies	8,585	6,600	6,378	6,750
Other Services & Charges	427,274	506,329	434,660	481,981
Capital Outlay	105,002	123,300	123,300	155,000
Debt Service	43,461	49,766	49,766	49,765
Total Expenditures	1,003,666	1,170,476	1,059,968	1,159,183
Other Uses				
Transfers Out	-	-	-	-
Total Expenditure & Other Uses	\$1,003,666	\$1,170,476	\$1,059,968	\$1,159,183
Change in Fund Balance	\$12,204	\$2,432	\$121,385	-
Fund Balance, January 1	(\$496,705)	(\$484,501)	(\$484,501)	(\$363,116)
Fund Balance, December 31	(\$484,501)	(\$482,069)	(\$363,116)	(\$363,116)

Fund: General - 200

Function: Culture & Recreation

Department: Parks

Description of Services:

The Parks Department maintains the entire City park system. Maintenance tasks include playground and play structures, ball infields, ice rinks, building and shelters, landscaping, trees and plantings, irrigation systems, painting, blacktop repair, trash and litter control, various construction projects, and all turf and seed upkeep. The City of Buffalo Parks system is comprised of green space consisting of 5 regional parks, 19 neighborhood parks, 11 baseball & softball fields and 7 soccer & lacrosse fields.

Budget Summary:

A new user fee structure was adopted in 2018 for use of the City's athletic fields. Increased revenue from charges for services is expected in 2019. The main source of funding for the City's parks is transfers from other funds. The liquor stores are budgeted to transfer \$475,000 in 2019 with the general fund providing the remaining \$440,000. The 2019 capital budget includes the acquisition of two mowers to replace aging equipment and a dock addition at Pulaski Lake.

Revenues/Expenditures by Use:

Revenues	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Taxes	86,022	64,608	91,363	52,383	4.52%
Intergovernmental	-	-	-	-	0.00%
Charges for Services	36,280	31,500	56,714	55,000	4.74%
Investment Income	-	-	-	-	0.00%
Other Revenue	25,115	16,800	47,070	16,800	1.45%
Other Financing Sources	73,452	15,000	1,206	120,000	10.35%
Transfers In	825,000	1,045,000	985,000	915,000	78.93%
Total	\$1,045,869	\$1,172,908	\$1,181,353	\$1,159,183	100.00%
% Change from Prior Year		12.15%		-1.17%	

Expenditures	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	415,520	457,626	409,976	429,895	38.70%
Supplies	8,216	6,000	5,622	6,000	0.54%
Other Service & Charges	406,010	490,779	417,096	470,131	42.32%
Capital Outlay	105,002	123,300	123,300	155,000	13.95%
Debt Service	43,461	49,766	49,766	49,765	4.48%
Total	\$978,209	\$1,127,471	\$1,005,760	\$1,110,791	100.00%
% Change from Prior Year		15.26%		-1.48%	

Fund: General - 200

Function: Culture & Recreation

Department: Parks

Division: Boat Inspections

Description of Services:

The City of Buffalo is fortunate to have two lakes within its City limits: Buffalo Lake & Pulaski Lake. To aid in the prevention of aquatic invasive species from entering Lake Pulaski, the City hires and staffs inspectors for the boat landing from Memorial Day to Labor Day. Training is provided by the DNR. The cost is shared by the City and the Lake Improvement District.

Budget Summary:

For 2018, the budget only included the city's share of expenditures as it was uncertain if funding would be available from the Lake Improvement District. Grant funds were received, allowing for extended service.

Revenues/Expenditures by Use:

Expenditures	2017	2018	2018	2019	% of
	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	16,487	8,637	18,747	17,646	97.24%
Supplies	349	500	494	500	2.76%
Other Service & Charges	-	-	-	-	0.00%
Total	\$16,836	\$9,137	\$19,241	\$18,146	100.00%
% Change from Prior Year		-45.73%		98.60%	

Fund: General - 200

Function: Culture & Recreation

Department: Parks

Division: Parkshore Pavilion

Description of Services:

The City offers watercraft rentals and operates concession stands during the summer months at both the Pavilion on Buffalo Lake and Griffing Park on Pulaski Lake. Watercraft available for rent consists of 2 pontoons, 4 fishing boats, 4 paddle boats, 3 canoes, 4 kayaks, and 4 stand-up paddle boards.

Budget Summary:

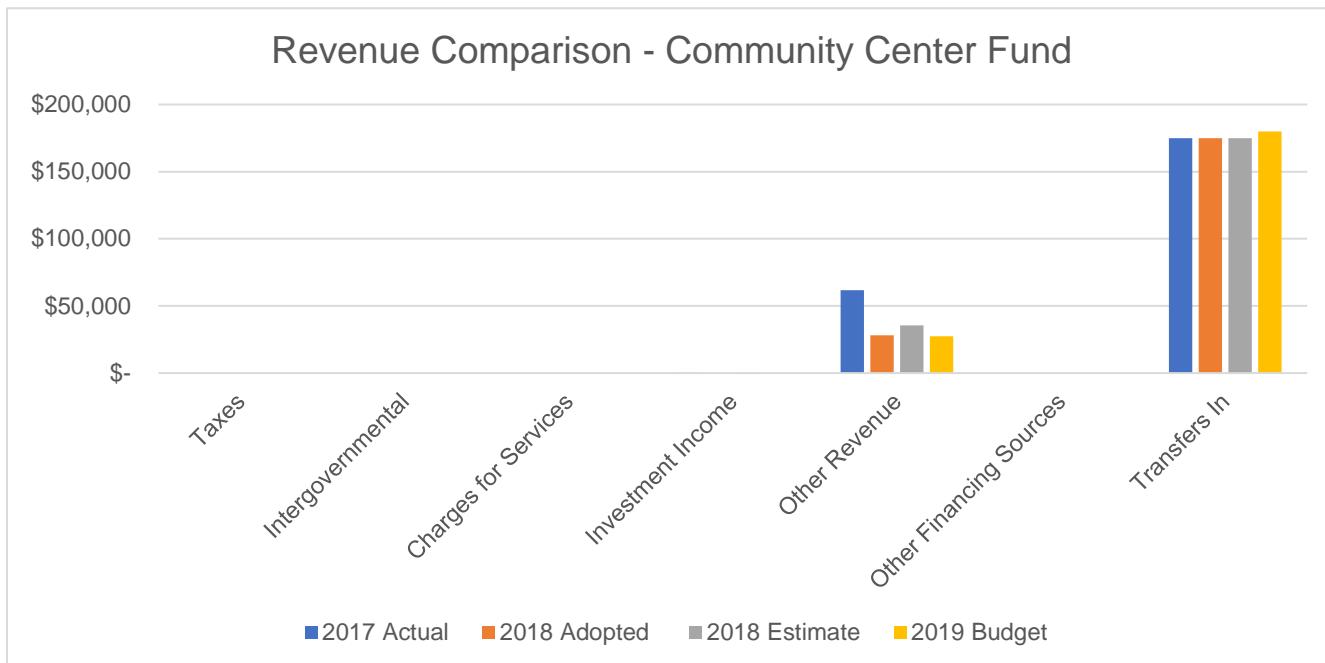
There are no major budget changes for 2019.

Revenues/Expenditures by Use:

Expenditures	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	17,337	18,218	17,141	18,146	59.99%
Supplies	20	100	262	250	0.83%
Other Service & Charges	21,264	15,550	17,564	11,850	39.18%
Capital Outlay	-	-	-	-	0.00%
Total	\$38,621	\$33,868	\$34,967	\$30,246	100.00%
% Change from Prior Year		-12.31%		-10.70%	

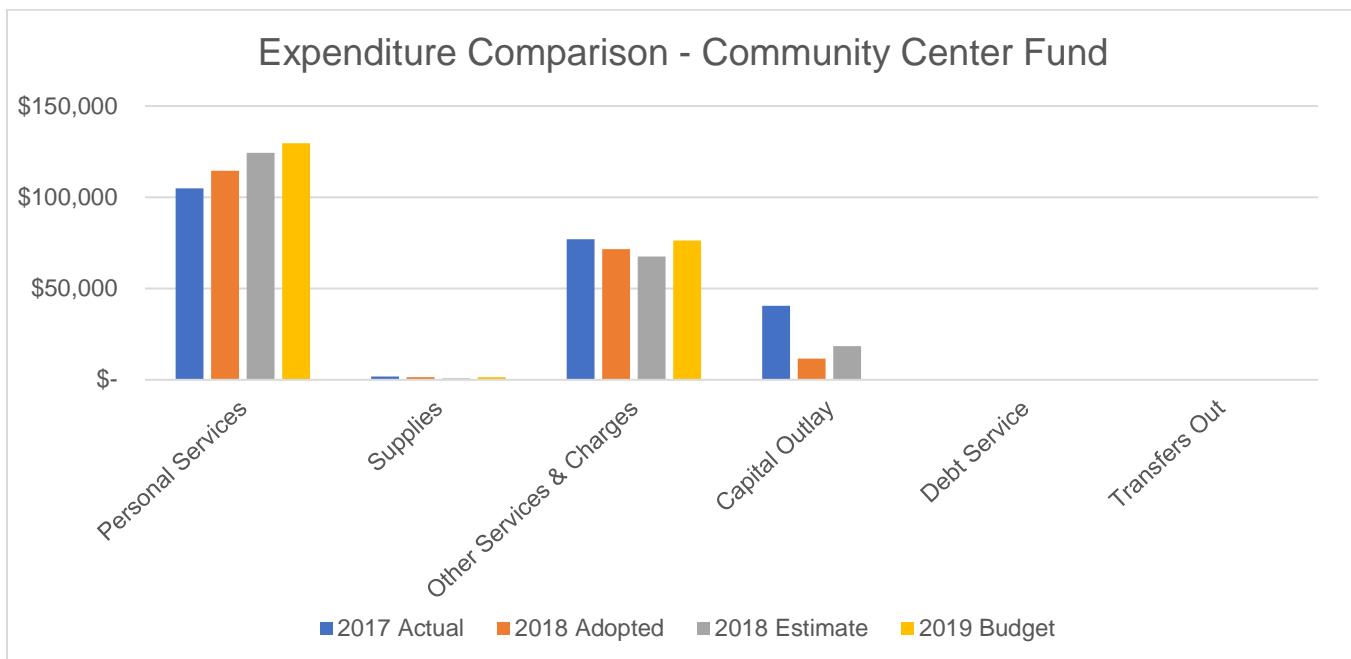
REVENUE COMPARISON – COMMUNITY CENTER FUND (260)

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income	4	-	4	-
Other Revenue	61,683	28,150	35,575	27,500
Other Financing Sources	-	-	-	-
Transfers In	175,000	175,000	175,000	180,000
Total Revenues & Other Sources	\$236,687	\$203,150	\$210,579	\$207,500



EXPENDITURE COMPARISON – COMMUNITY CENTER FUND (260)

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Personal Services	104,840	114,468	124,273	129,600
Supplies	1,891	1,500	750	1,500
Other Services & Charges	76,960	71,675	67,506	76,400
Capital Outlay	40,509	11,595	18,481	-
Debt Service	-	-	-	-
Transfers Out	-	-	-	-
Total Expenditures & Other Uses	\$224,200	\$199,238	\$211,010	\$207,500



**2019 BUDGET SUMMARY –GENERAL FUND
FUND 260 (COMMUNITY CENTER)**

STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN FUND BALANCE

Description	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Revenues				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Income	4	-	4	-
Other Revenue	61,683	28,150	35,575	27,500
Total Revenues	61,687	28,150	35,579	27,500
Other Sources				
Other Financing Sources	-	-	-	-
Transfers In	175,000	175,000	175,000	180,000
Total Revenue & Other Sources	\$236,687	\$203,150	\$210,579	\$207,500
Expenditures				
Personal Services	104,840	114,468	124,273	129,600
Supplies	1,891	1,500	750	1,500
Other Services & Charges	76,960	71,675	67,506	76,400
Capital Outlay	40,509	11,595	18,481	-
Debt Service	-	-	-	-
Total Expenditures	224,200	199,238	\$211,010	207,500
Other Uses				
Transfers Out	-	-	-	-
Total Expenditure & Other Uses	\$224,200	\$199,238	\$211,010	\$207,500
Change in Fund Balance	\$12,487	\$3,912	(\$431)	-
Fund Balance, January 1	\$24,667	\$37,154	\$37,154	\$36,723
Fund Balance, December 31	\$37,154	\$41,064	\$36,723	\$36,723

Fund: General - 260

Function: Culture & Recreation

Department: Community Center

Description of Services:

The community center budget is for the operation and maintenance of the Buffalo Community Center. Senior programs are provided to enhance the quality of life, promote wellness, and sustain independence and creative potential through life-long learning. Programming offered includes exercise classes, Tai Chi, Choir & pianist, Line Dance, Toy shop and Bison Fishing Forever to name a few.

Budget Summary:

In 2018, the community center was able to offer Tai Chi classes with the help of a grant from Allina. Staff would like to continue to offer this program in 2019. Capital Outlay for 2017 and 2018 consisted of a new pontoon, dock and boat lift for the Bison Fishing Forever paid for by donations. There are no other major budget changes for 2019.

Revenues/Expenditures by Use:

Revenues	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Taxes	-	-	-	-	0.00%
Intergovernmental	-	-	-	-	0.00%
Charges for Services	-	-	-	-	0.00%
Investment Income	4	-	4	-	0.00%
Other Revenue	61,683	28,150	35,575	27,500	13.25%
Transfers In	175,000	175,000	175,000	180,000	86.75%
Total	\$236,687	\$203,150	\$210,579	\$207,500	100.00%
% Change from Prior Year		-14.17%		2.14%	

Expenditures	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	104,840	114,468	124,273	129,600	62.46%
Supplies	1,891	1,500	750	1,500	0.72%
Other Service & Charges	76,960	71,675	67,506	76,400	36.82%
Capital Outlay	40,509	11,595	18,481	-	0.00%
Total	\$224,200	\$199,238	\$211,010	\$207,500	100.00%
% Change from Prior Year		-11.13%		4.15%	



2019 Annual Budget

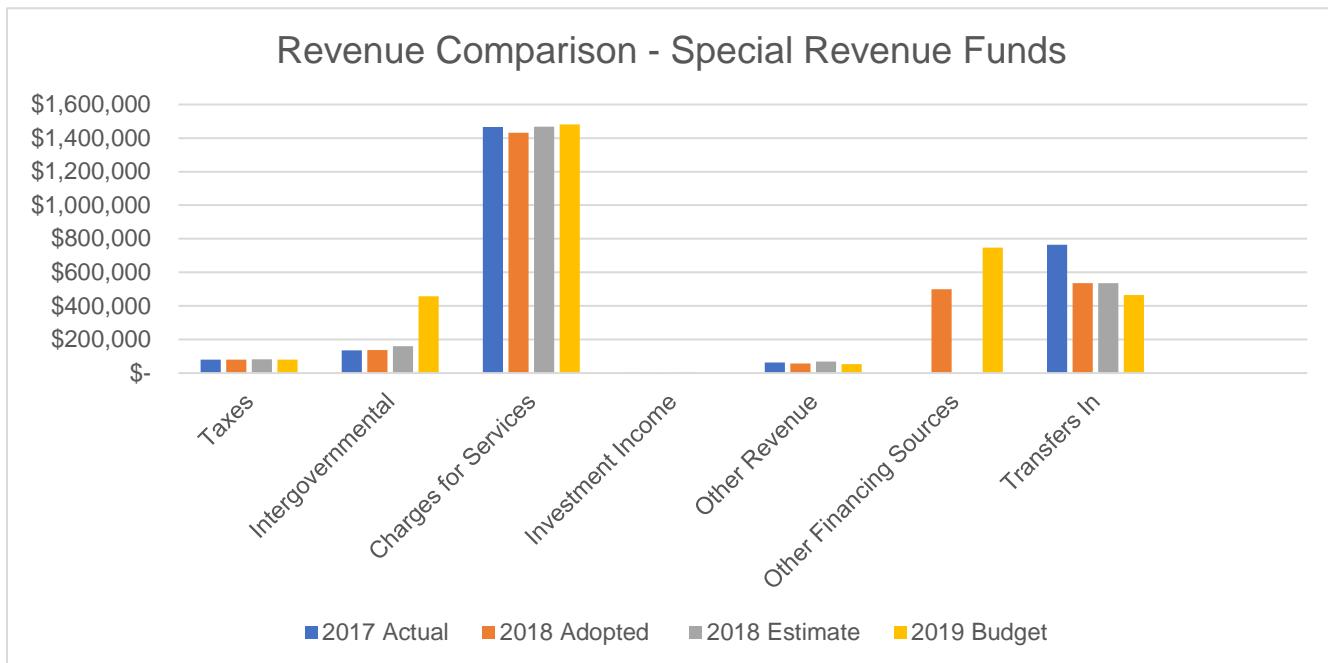
Special Revenue Funds

2019 BUDGET SUMMARY – SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN FUND BALANCE

Description	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Revenues				
Taxes	81,068	80,628	81,837	80,628
Intergovernmental	135,034	137,882	160,973	456,882
Charges for Services	1,466,740	1,432,631	1,467,126	1,481,321
Investment Income	2,402	1,750	4,746	2,300
Other Revenue	63,935	56,500	68,063	53,400
Total Revenues	1,749,179	1,709,391	1,782,745	2,074,530
Other Sources				
Other Financing Sources	-	500,000	-	747,546
Transfers In	765,000	535,000	535,000	465,000
Total Revenue & Other Sources	\$2,514,179	\$2,744,391	\$2,317,745	\$3,287,077
Expenditures				
Personal Services	371,467	383,035	392,274	407,243
Supplies	245,053	240,600	206,296	236,200
Other Services & Charges	924,091	912,008	913,441	963,538
Capital Outlay	46,591	728,000	65,802	1,153,316
Debt Service	139,738	80,262	80,262	190,261
Total Expenditures	1,726,940	2,343,905	1,658,075	2,950,558
Other Uses				
Transfers Out	-	-	1,403,661	150,000
Total Expenditure & Other Uses	\$1,726,940	\$2,343,905	3,061,736	\$3,100,558
Change in Fund Balance	\$787,239	\$400,486	(\$743,991)	\$186,519
Fund Balance, January 1	(\$1,577,921)	(\$790,682)	(\$790,682)	(\$1,534,673)
Fund Balance, December 31	(\$790,682)	(\$390,196)	(\$1,534,673)	(\$1,348,154)

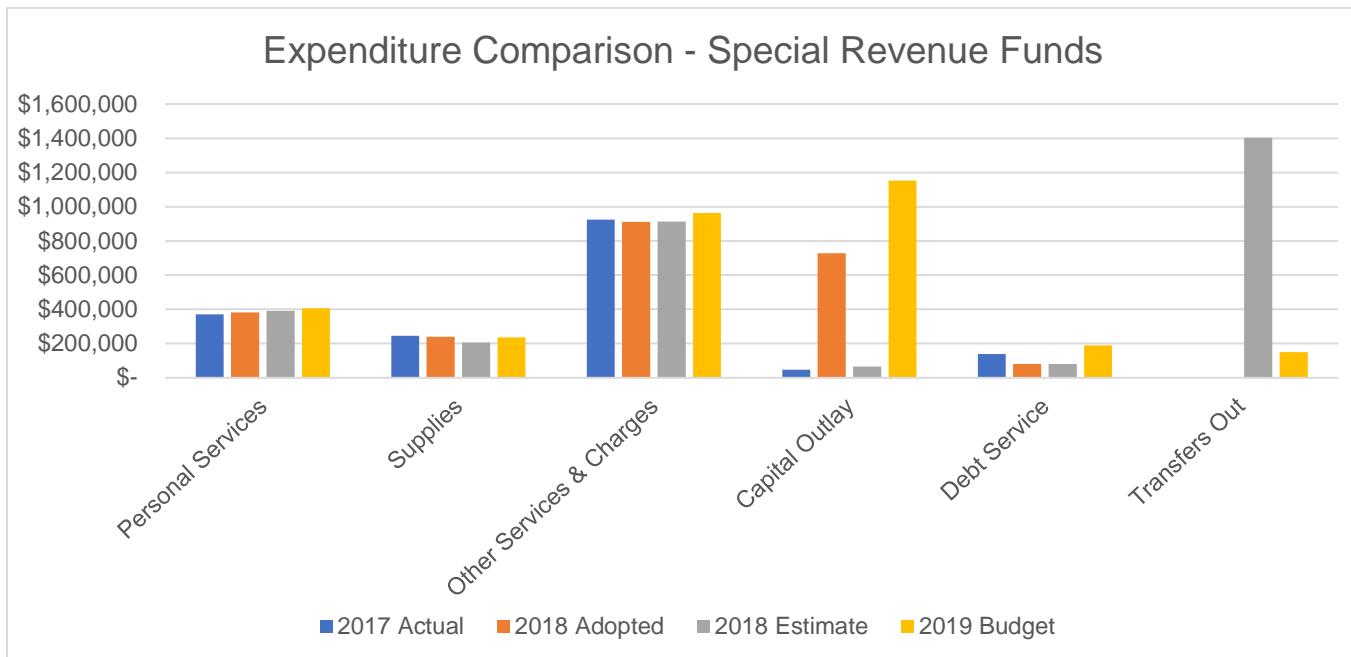
REVENUE COMPARISON – SPECIAL REVENUE FUNDS

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Taxes	81,068	80,628	81,837	80,628
Intergovernmental	135,034	137,882	160,973	456,882
Charges for Services	1,466,740	1,432,631	1,467,126	1,481,321
Investment Income	2,402	1,750	4,746	2,300
Other Revenue	63,935	56,500	68,063	53,400
Other Financing Sources	-	500,000	-	747,546
Transfers In	765,000	535,000	535,000	465,000
Total Revenues & Other Sources	\$2,514,179	\$2,744,391	\$2,317,745	\$3,287,077



EXPENDITURE COMPARISON – SPECIAL REVENUE FUNDS

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Personal Services	371,467	383,035	392,274	407,243
Supplies	245,053	240,600	206,296	236,200
Other Services & Charges	924,091	912,008	913,441	963,538
Capital Outlay	46,591	728,000	65,802	1,153,316
Debt Service	139,738	80,262	80,262	190,261
Transfers Out	-	-	1,403,661	150,000
Total Expenditures & Other Uses	\$1,726,940	\$2,343,905	\$3,061,736	\$3,100,558



Fund: Special Revenue - 210

Function: Public Safety

Department: Buffalo Volunteer Fire Department

Description of Services:

The Fire Department provides three basic services to the community of Buffalo, 1) Responding to Calls, 2) Safety & Fire Inspections and 3) Prevention & Education. The latter two areas help to address and minimize potential problems and risks before a response is needed. The Fire department also serves the Townships of Buffalo, Chatham, Maple Lake, Marysville and Rockford. The rural entities pay fire charges to the City for a portion of the operating and capital expenditures, based on the previous 4-year average percentage of total fire calls and market values for the pay year. The City's portion is expensed in the General Fund.

Budget Summary:

The purchase of a new fire engine/pumper was included in the 2018 capital improvement budget. The purchase was approved by the City Council and an order was placed. The new engine/pumper is scheduled to be completed and delivered in the spring of 2019 and will remain in the budget for 2019.

A new fire station is scheduled to be constructed in 2019. Since 2014, the fire department has been reserving funds to be put towards this fire station. At the end of 2018 they are expected to have approximately \$1,400,000 that will be transferred out to a capital project fund. Additional funding will come from future fire charge revenue and bond proceeds.

Revenues/Expenditures by Use:

Revenues	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Intergovernmental	123,572	116,500	122,256	116,500	7.95%
Charges for Services	610,836	610,122	601,922	660,906	45.11%
Investment Income	2,087	1,500	4,047	2,000	0.14%
Other Revenue	7,568	2,500	-	-	0.00%
Other Financing Sources	-	500,000	-	685,546	46.80%
Total	\$744,063	\$1,230,622	\$728,225	\$1,464,952	100.00%
% Change from Prior Year		65.39%		19.04%	

Expenditures	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Personal Services	115,297	124,965	118,651	119,585	8.16%
Supplies	33,219	34,100	32,124	34,200	2.33%
Other Service & Charges	260,894	278,365	281,419	291,630	19.91%
Capital Outlay	-	659,000	-	685,546	46.80%
Debt Service	133,317	73,992	73,992	183,991	12.56%
Transfers Out	-	-	1,403,661	150,000	10.24%
Total	\$542,727	\$1,170,422	\$1,909,847	\$1,464,952	100.00%
% Change from Prior Year		115.66%		25.16%	

Fund: Special Revenue - 220

Function: Culture and Recreation

Department: 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.

Budget Summary:

Minnesota State Statutes, Chapter 134.34 requires a minimum level of financial support be provided for operating expenses for public library services. This amount is determined each year by the Minnesota Department of Education. The state-certified level of library support for 2019 is: \$71,302.

To ensure enough financial support and reserves for future improvements, the City regularly budgets an operating transfer from the General Fund as well as a separate levy included in the property tax levy.

The 2018 capital budget included appropriations to replace a 30 Ton A/C Condensing Unit. This improvement has been appropriated to 2019.

Revenues/Expenditures by Use:

	2017	2018	2018	2019	% of
Revenues	Actual	Adopted	Estimate	Budget	Total Budget
Taxes	81,068	80,628	81,837	80,628	51.09%
Investment Income	247	200	361	200	0.13%
Other Revenue	184	-	863	-	0.00%
Other Financing Sources	-	-	-	62,000	39.28%
Transfers In	15,000	15,000	15,000	15,000	9.50%
Total	\$96,499	\$95,828	\$98,061	\$157,828	100.00%
% Change from Prior Year		-70%		64.70%	

	2017	2018	2018	2019	% of
Expenditures	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	2,181	2,328	2,352	2,782	1.79%
Supplies	713	1,000	300	1,000	0.64%
Other Service & Charges	77,454	77,350	72,860	79,950	51.41%
Capital Outlay	46,591	62,000	-	71,770	46.15%
Total	\$126,939	\$142,678	\$75,512	\$155,502	100.00%
% Change from Prior Year		12.40%		8.99%	

Fund: Special Revenue - 230

Function: Culture and Recreation

Department: Buffalo Municipal Airport

Description of Services:

The City of Buffalo owns and operates the Buffalo Municipal Airport (CFE). Amenities include a paved runway (18/36) that is 3200' x 75' and self-service 100LL fuel available 24 hours/day. The airport also offers lot and hangar space that can be rented by aircraft owners.



Budget Summary:

The airport capital improvement plan has two large projects scheduled for 2019: Apron Pavement Repairs and NW Area Private Hangar Taxilane Expansion. Funding for the projects is provided mostly from the Federal and State Governments with the City's portion budgeted to be \$39,340. There are no other major budget changes for 2019.

Revenues/Expenditures by Use:

Revenues	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Intergovernmental	11,462	21,382	38,717	340,382	51.12%
Charges for Services	302,980	305,509	269,233	275,415	41.36%
Investment Income	68	50	338	100	0.02%
Other Revenue	763	-	-	-	0.00%
Transfers In	50,000	50,000	50,000	50,000	7.51%
Total	\$365,273	\$376,941	\$358,288	\$665,897	100.00%
% Change from Prior Year		3.19%		76.66%	

Expenditures	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Personal Services	29,804	32,078	38,738	40,879	6.25%
Supplies	195,462	190,250	158,311	185,250	28.31%
Other Service & Charges	55,763	58,650	71,154	70,150	10.72%
Capital Outlay	-	-	18,957	358,000	54.72%
Total	\$281,029	\$280,978	\$287,160	\$654,279	100.00%
% Change from Prior Year		-.02%		132.86%	

Fund: Special Revenue - 630

Function: Culture and Recreation

Department: Civic Center – Ice Arena

Description of Services:

The Buffalo Civic Center is a year-round recreational and meeting facility featuring two indoor, regulation-size ice sheets and an outdoor rink available during the winter months. The facility is available for open skating, youth and adult hockey, figure skating, group rentals, birthday parties, events and meeting space. The Civic Center is home to the Buffalo Bison boys and girls hockey teams, Buffalo Youth Hockey Association and the Buffalo Figure Skating Club



Budget Summary:

Operating transfers to the civic center began in 2017 and are planned to continue until the interfund receivable is eliminated.

Unplanned building improvements were completed in 2018 to take advantage of available rebates for LED lighting.

Revenues/Expenditures by Use:

Revenues	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Charges for Services	552,924	517,000	595,971	545,000	54.59%
Investment Income	-	-	-	-	0.00%
Other Revenue	55,420	54,000	67,200	53,400	5.35%
Transfers In	700,000	470,000	470,000	400,000	40.06%
Total	\$1,308,344	\$1,041,000	\$1,133,171	\$998,400	100.00%
% Change from Prior Year		-20.4%		-4.1%	

Expenditures	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	224,185	223,664	232,533	243,997	29.55%
Supplies	15,659	15,250	15,561	15,750	1.91%
Other Service & Charges	529,980	497,643	488,008	521,808	63.19%
Capital Outlay	-	7,000	46,845	38,000	4.60%
Debt Service	6,421	6,270	6,270	6,270	0.76%
Total	\$776,245	\$749,827	\$789,217	\$825,825	100.00%
% Change from Prior Year		-3.4%		10.1%	



2019 Annual Budget

Enterprise Funds

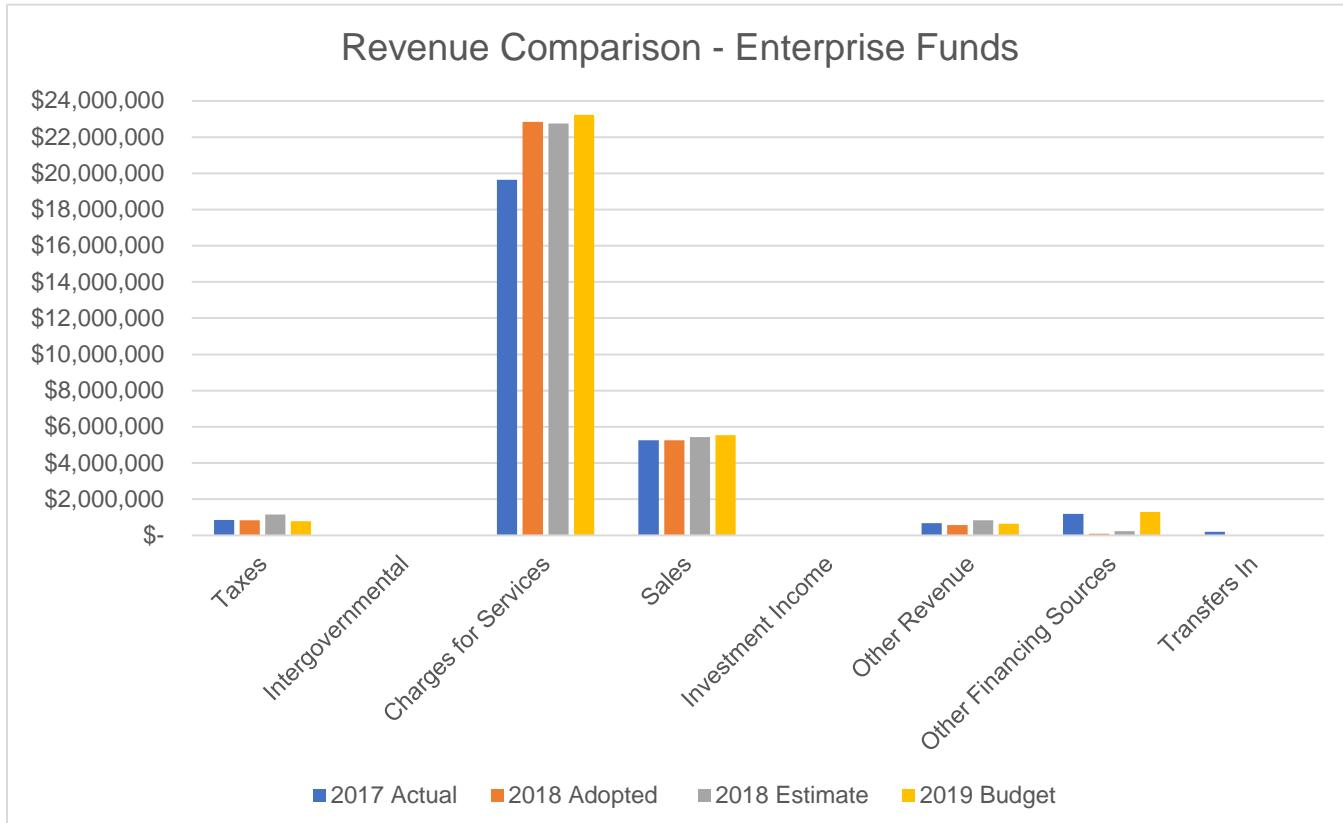
2019 BUDGET SUMMARY – ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

Description	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Revenues				
Taxes	849,075	843,007	1,157,758	786,709
Intergovernmental	-	-	1,754	-
Charges for Services	19,648,409	22,849,080	22,746,235	23,235,440
Sales	5,255,124	5,247,037	5,425,753	5,543,000
Investment Income	17,354	4,825	23,323	8,600
Other Revenue	674,238	565,960	843,484	646,404
Total Revenues	26,444,200	29,509,909	30,198,307	30,220,153
Other Sources				
Other Financing Sources	1,189,906	85,000	229,291	1,288,628
Transfers In	201,027	-	-	-
Total Revenue & Other Sources	\$27,835,133	\$29,594,909	\$30,427,598	\$31,508,781
Expenditures				
Personal Services	3,548,775	3,448,537	3,470,766	3,648,176
Supplies	12,767,683	14,005,050	13,880,625	14,391,835
Other Services & Charges	6,315,977	6,387,575	6,414,995	6,596,006
Capital Outlay	1,127,277	1,410,983	1,037,224	2,222,471
Debt Service	2,553,315	2,335,010	2,340,036	2,312,575
Total Expenditures	26,313,027	27,587,155	27,143,646	29,171,063
Other Uses				
Transfers Out	2,287,528	1,445,000	1,445,000	1,475,000
Total Expenses & Other Uses	\$28,600,555	\$29,032,155	\$28,588,646	\$30,646,063
Change in Net Assets	(\$765,422)	\$562,754	\$1,838,952	\$862,718
Net Assets, January 1	\$14,804,474	\$14,039,052	\$14,039,052	\$15,878,004
Net Assets, December 31	\$14,039,052	\$14,601,806	\$15,878,004	\$16,740,722

Note ~ For budgetary purposes, Other Financing Sources and Capital Outlay are included in the change of net assets. For financial reporting, these items are recorded as assets or liabilities in accordance with GAAP.

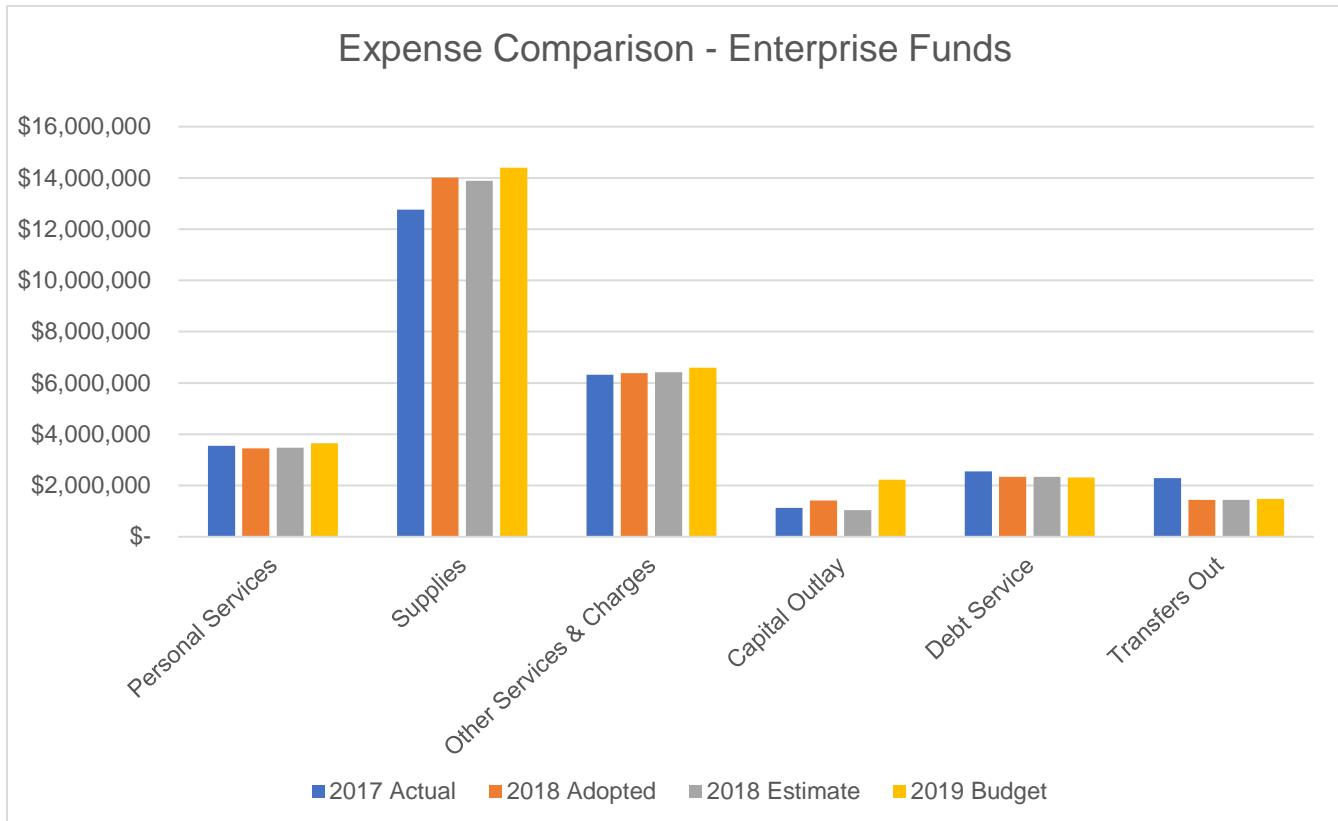
REVENUE COMPARISON – ENTERPRISE FUNDS

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Taxes	849,075	843,007	1,157,758	786,709
Intergovernmental	-	-	1,754	-
Charges for Services	19,648,409	22,849,080	22,746,235	23,235,440
Sales	5,255,124	5,247,037	5,425,753	5,543,000
Investment Income	17,354	4,825	23,323	8,600
Other Revenue	674,238	565,960	843,484	646,404
Other Financing Sources	1,189,906	85,000	229,291	1,288,628
Transfers In	201,027	-	-	-
Total Revenues & Other Sources	\$27,835,133	\$29,594,909	\$30,427,598	\$31,508,781



EXPENSE COMPARISON – ENTERPRISE FUNDS

	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget
Personal Services	3,548,775	3,448,537	3,470,766	3,648,176
Supplies	12,767,683	14,005,050	13,880,625	14,391,835
Other Services & Charges	6,315,977	6,387,575	6,414,995	6,596,006
Capital Outlay	1,127,277	1,410,983	1,037,224	2,222,471
Debt Service	2,553,315	2,335,010	2,340,036	2,312,575
Transfers Out	2,287,528	1,445,000	1,445,000	1,475,000
Total Expenses & Other Uses	\$28,600,555	\$29,032,155	\$28,588,646	\$30,646,063



Fund: Enterprise – 600

Function: Public Works

Department: Electric

Description of Services:

The City of Buffalo owns and operates an electric utility, Buffalo Municipal Electric (BME), currently providing service to over 6,000 customers within a service territory of 7 square miles. BME operates under the direction of the City Council and City Administrator. As a city owned utility, BME is responsive to the community offering a standard of service with favorable response times, competitive rates, and maintaining public safety.

The electric distribution system provides power by 79% underground and 21% overhead transmission and consists of a substation, transmission lines, poles and transformers. BME also maintains and operates 1,505 street lights. Buffalo is a member of the Minnesota Municipal Power Agency (MMPA) and receives all its electric power requirements from MMPA's generation portfolio.

Locally, serving a part of Buffalo's electricity requirement is MMPA's 7 Megawatt (MW) utility-scale solar facility located in Buffalo providing power to local homes and businesses.



Tatanka Solar Farm, Buffalo MN

Budget Summary:

Revenues from electric sales fluctuate as they are heavily influenced by weather conditions and consumer demand.

Personal services & supplies for new construction are included in the budget but are capitalized at the end of the year. The amount for 2019 is budgeted at \$332,684.

The City purchases power from MMPA. This cost makes up most the supplies expense. The amount budgeted in 2019 for purchased power is \$9,911,885.

Capital Outlay includes electric territory payments and new acquisition, replacement of aging equipment, and improvements to the electric distribution infrastructure. This includes upgrades to the general system, low income housing and conversion of overhead to underground transmission.

The electric fund transfers out \$900,000 a year to the general fund which helps reduce the amount required for the general property tax levy. \$100,000 is budgeted as a transfer to the civic center fund.

Fund: Enterprise – 600

Function: Public Works

Department: Electric

Revenues/Expenses by Use:

	2017	2018	2018	2019	% of
Revenues	Actual	Adopted	Estimate	Budget	Total Budget
Taxes	6	-		-	0.00%
Charges for Services	14,066,754	15,460,580	15,030,204	15,364,216	96.10%
Investment Income	7,034	4,500	16,000	8,500	0.05%
Other Revenue	236,933	252,380	288,586	285,204	1.78%
Other Sources	769,966	60,000	60,670	330,500	2.07%
Total	\$15,080,693	\$15,777,460	\$15,395,460	\$15,988,420	100.00%
% Change from Prior Year		4.54%		1.34%	

	2017	2018	2018	2019	% of
Expenses	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	1,268,248	1,253,200	1,277,982	1,323,054	8.61%
Supplies	8,833,068	9,963,000	9,862,268	10,174,885	66.24%
Other Services & Charges	1,769,002	1,834,970	1,924,672	1,908,871	12.43%
Capital Outlay	447,048	832,000	510,535	762,500	4.96%
Debt Service	163,343	138,672	139,668	191,885	1.25%
Transfers Out	1,004,651	970,000	970,000	1,000,000	6.51%
Total	\$13,485,360	\$14,991,842	\$14,685,125	\$15,361,195	100.00%
% Change from Prior Year		11.17%		2.46%	

Fund: Enterprise – 600

Function: Public Works

Department: Electric

Division: BWIG

Description of Services:

The City of Buffalo owns and operates the Buffalo Wireless Internet Group (BWIG) through which it provides broadband Internet service at an affordable price. It is BWIGs goal to make the Internet accessible to as many as possible within the community by means of a wireless network. BWIG offers both residential and business service plans.

Budget Summary:

There are no major budget changes for 2019.

Expenses by Use:

Expenses	2017	2018	2018	2019	% of
	Actual	Adopted	Estimate	Budget	Total Budget
Personal Services	141,898	145,248	149,801	159,486	61.29%
Supplies	635	2,500	163	2,500	0.96%
Other Services & Charges	72,772	93,675	85,738	97,475	37.46%
Capital Outlay	-	-	-	-	0.00%
Debt Service	3,695	1,023	1,023	741	0.28%
Transfers Out	-	-	-	-	0.00%
Total	\$219,000	\$242,446	\$236,725	\$260,202	100.00%
% Change from Prior Year		10.71%		7.32%	

Fund: Enterprise – 600

Function: Public Works

Department: Electric

Division: Fiber Optics

Description of Services:

Buffalo Municipal Utilities has built a fiber optic network with reliability in mind. Fiber optic internet connection services up to 100 mbps to commercial/industrial customers.

Budget Summary:

Additions to the City's Fiber infrastructure are planned in the 2019 capital budget. There are no other major budget changes for 2019.

Expenses by Use:

Expenses	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	3,024	15,864	2,633	15,864	5.72%
Supplies	87	2,500	239	2,500	0.90%
Other Services & Charges	44,998	47,500	41,371	54,800	19.74%
Capital Outlay	541,515	155,000	154,126	200,000	72.06%
Debt Service	4,116	5,809	5,809	4,383	1.58%
Transfers Out	-	-	-	-	0.00%
Total	\$593,740	\$226,673	\$204,178	\$277,547	100.00%
% Change from Prior Year		-61.82%		22.44%	

Fund: Enterprise – 610

Function: Public Works

Department: Water & Wastewater

Description of Services:

The Water/Wastewater Department maintain the City's water and sanitary sewer utilities. The department operates and maintains the public water supply and wastewater collection system.

Budget Summary:

In 2017, a utility rate study was conducted to analyze the overall health of the water & sewer fund. To meet the current operating, debt service, and future capital improvement needs, the study recommended an adjustment to the existing rate structure with rates increases in 2018 to stabilize revenues, followed by moderate annual increases thereafter. Prior to 2018, water and sewer rates had remained largely stagnant for the last decade, while costs to operate & maintain the infrastructure increased.

The 2018 estimate for taxes includes a \$300,000 sewer levy needed to meet the requirements of the City's NPDES/SDS permit pursuant to Minnesota Statute 115.46 that was included in the 2018 tax levy.

The 2019 budget includes a 4% increase to both water and sewer charges. Actual increases seen to individual utility customers are largely dependent on usage patterns.

Revenues by Use:

Revenues	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Taxes	500,815	500,000	810,597	500,000	5.74%
Intergovernmental	-	-	1,754	-	0.00%
Charges for Services	4,944,737	6,768,300	7,069,685	7,236,024	83.12%
Investment Income	10,131	250	6,956	-	0.00%
Other Revenue	431,727	313,280	541,739	361,000	4.15%
Other Financing Sources	354,963	-	90,066	608,128	6.99%
Transfers In	201,027	-	-	-	0.00%
Total	\$6,443,400	\$7,581,830	\$8,520,797	\$8,705,152	100.00%
% Change from Prior Year		15.25%		14.82%	

Fund: Enterprise – 610

Function: Public Works

Department: Water & Wastewater

Division: Water

Description of Services:

The City's public water supply system currently serves approximately 16,000 residents. Licensed personnel work with State and Federal authorities to ensure rules and regulations are followed in all aspects of treatment, sampling and testing. The water supply system consists of the water treatment plant, 5 wells, 5 water towers, 2 boost stations, 1021 hydrants, 99.6 miles of underground watermain and 4,524 water service lines.



Budget Summary:

The 2019 capital budget includes replacement of aging vehicles, equipment and small improvements to the City's water infrastructure & related facilities. There are no other major budget changes for 2019.

Expenses by Use:

Expenses	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	532,400	452,217	452,622	463,831	14.52%
Supplies	123,544	132,500	97,351	132,500	4.15%
Other Services & Charges	1,314,194	1,481,821	1,382,395	1,510,153	47.28%
Capital Outlay	29,657	157,983	202,983	314,971	9.86%
Debt Service	862,192	806,517	806,956	772,893	24.20%
Transfers Out	430,975	-	-	-	0.00%
Total	\$3,292,962	\$3,031,038	\$2,942,307	\$3,194,348	100.00%
% Change from Prior Year		-7.95%		5.39%	

Fund: Enterprise – 610

Function: Public Works

Department: Water & Wastewater

Division: Wastewater

Description of Services:

The City's wastewater collection system consists of the wastewater treatment plant, 27 lift stations, 23 grinder stations, 79 miles of sanitary main, 19 miles of sanitary forcemain, and services approximately 5,155 accounts.

Budget Summary:

The 2019 capital budget includes replacement of aging vehicles, equipment and small improvements to the City's wastewater infrastructure & related facilities. There are no other major budget changes for 2019.

Expenses by Use:

Expenses	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Personal Services	534,405	524,363	572,707	591,708	12.78%
Supplies	61,906	67,450	74,212	74,350	1.61%
Other Services & Charges	2,302,053	2,085,617	2,130,604	2,139,107	46.21%
Capital Outlay	29,657	186,000	90,000	560,000	12.10%
Debt Service	1,422,371	1,297,420	1,297,420	1,264,051	27.31%
Transfers Out	426,902	-	-	-	0.00%
Total	\$4,777,294	\$4,160,850	\$4,164,943	\$4,629,216	100.00%
% Change from Prior Year		-12.90%		11.26%	

Fund: Enterprise – 620

Function: Miscellaneous - Liquor Store

Department: Buffalo Wine & Spirits

Description of Services:

The City of Buffalo owns and operates two municipal off-sale liquor stores. These stores were established to control the sale of off sale liquor in the City of Buffalo and to provide additional revenue to support the City's parks.

Budget Summary:

The City invested in new point-of sale software in 2018. Sales at the highway liquor store have been gradually increasing the last few years. The 2019 budget anticipates a continuance of that trend.

Revenues/Expenses by Use:

Revenues	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Taxes	42,915	42,977	43,654	20,465	0.53%
Sales	3,492,352	3,511,366	3,707,295	3,840,000	99.47%
Investment Income	124	75	364	100	0.00%
Other Revenue	1,108	-	146	-	0.00%
Other Financing Sources	-	-	22,884	-	0.00%
Transfer In	-	-	-	-	0.00%
Total	\$3,536,499	3,554,418	\$3,774,343	3,860,565	100.00%
% Change from Prior Year		0.51%		8.61%	

Expenses	2017	2018	2018	2019	% of Total Budget
	Actual	Adopted	Estimate	Budget	
Personal Services	381,579	369,997	392,918	421,130	11.06%
Supplies	2,483,082	2,522,000	2,592,884	2,730,000	71.73%
Other Services & Charges	225,113	219,992	241,432	254,100	6.68%
Capital Outlay	-	27,500	23,909	-	0.00%
Debt Service	3,066	1,935	2,209	924	0.02%
Transfers Out	350,000	400,000	400,000	400,000	10.51%
Total	\$3,442,840	\$3,541,424	\$3,653,352	\$3,806,154	100.00%
% Change from Prior Year		2.86%		7.48%	

Fund: Enterprise – 621

Function: Miscellaneous - Liquor Store

Department: Downtown Wine & Spirits

Description of Services:

The City of Buffalo owns and operates two municipal off-sale liquor stores. These stores were established to control the sale of off sale liquor in the City of Buffalo and to provide additional revenue to support the City's parks.

Budget Summary:

The City invested in new point-of sale software in 2018. Sales at the downtown liquor store have been gradually declining over the last few years with decreased traffic. A slight decrease in sales and corresponding expenditures is expected in 2019.

Revenues/Expenses by Use:

Revenues	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Taxes	68,300	68,710	69,490	32,719	1.96%
Sales	1,699,821	1,675,671	1,654,600	1,640,000	98.04%
Investment Income	64	-	3	-	0.00%
Other Revenue	1,358	-	279	-	0.00%
Other Financing Sources	-	-	22,884	-	0.00%
Transfer In	-	-	-	-	0.00%
Total	\$1,769,543	\$1,744,381	\$1,747,256	\$1,672,719	100.00%
% Change from Prior Year		-1.42%		-4.11%	

Expenses	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	231,333	203,912	208,511	213,279	12.78%
Supplies	1,217,312	1,263,000	1,197,261	1,218,000	72.97%
Other Services & Charges	155,057	164,750	166,419	161,850	9.70%
Capital Outlay	15,260	27,500	22,884	-	0.00%
Debt Service	4,884	3,089	5,863	1,158	0.07%
Transfers Out	75,000	75,000	75,000	75,000	4.49%
Total	\$1,698,846	\$1,737,251	\$1,675,938	\$1,669,287	100.00%
% Change from Prior Year		2.26%		-3.91%	

Fund: Enterprise – 640

Function: Culture and Recreation

Department: Golf Course

Description of Services:

The City owns and operates an 18 – hole championship golf course known as Wild Marsh.



Budget Summary:

Taxes levied are for debt service payments on bond Series 2016A and not used for general operations.

Capital outlay includes replacement of aging pedestrian bridges on the course.

Revenues/Expenditures by Use:

Revenues	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Taxes	237,039	231,320	234,017	233,525	18.22%
Charges for Services	636,918	620,200	646,346	635,200	49.55%
Sales	62,951	60,000	63,858	63,000	4.91%
Investment Income	1	-	-	-	0.00%
Other Revenue	3,112	300	12,734	200	0.02%
Other Financing Sources	64,977	25,000	32,787	350,000	27.30%
Transfer In	-	-	-	-	0.00%
Total	\$1,004,998	\$936,820	\$989,742	\$1,281,925	100.00%
% Change from Prior Year		-6.91%		36.84%	

Expenses	2017 Actual	2018 Adopted	2018 Estimate	2019 Budget	% of Total Budget
Personal Services	455,888	483,736	413,592	459,824	31.75%
Supplies	48,049	52,100	56,247	57,100	3.94%
Other Services & Charges	432,788	459,250	442,364	469,650	32.43%
Capital Outlay	64,140	25,000	32,787	385,000	26.59%
Debt Service	89,648	80,545	81,088	76,540	5.29%
Transfers Out	-	-	-	-	0.00%
Total	\$1,090,513	\$1,100,631	\$1,026,078	1,448,114	100.00%
% Change from Prior Year		0.93%		31.57%	



2019 Annual Budget

Capital Improvements

DEFINITION

Each year, as part of the annual budgeting process, the City of Buffalo prepares a five-year capital improvement plan (CIP) that includes the following year's capital expenditure budget. The CIP is a planning tool used to identify expenditures that will support existing and projected needs within each budgeted fund as related to the acquisition or construction of capital assets. Expenditures are not approved simply by being included in the CIP as funding sources or City priorities may have changed. All capital expenditures are subject to the City's purchasing policy, requiring quotes/bids and approvals commensurate to the total cost.

Capital Assets are major assets that are used in operations and have initial useful lives extending beyond a single reporting period. Capital assets with an original unit cost of greater than or equal to the City's capitalization threshold of \$5,000, including ancillary costs, and with a useful life of two years or more will be capitalized for financial accounting purposes.

The Airport, Electric and Water & Sewer Funds may include small infrastructure improvements. Larger infrastructure and capital projects are not included in this CIP and are accounted for in a capital project fund or the related enterprise fund. Plans, budget amounts, and funding are approved by City Council on a project by project basis.

SUMMARY

Department	2019	2020	2021	2022	2023
Mayor & Council		32,200			
Election					
Administration	38,937	10,000	10,000	5,000	10,000
Engineering					
MIS	225,000	25,000	235,000	25,000	25,000
Police	96,322	85,000	60,500	60,500	69,000
Civil Defense					
Street	271,500	338,000	450,000	550,000	450,000
Park	155,000	98,000	78,000	117,000	65,000
Community Center					
Fire	685,546				
Library	71,770				
Civic Center	38,000				
Airport	358,000	478,200	305,380	1,390,000	390,600
Electric	762,500	855,000	820,000	915,000	572,000
BWIG					
Fiber	200,000	200,000	200,000	200,000	200,000
Water	314,971	148,334	58,334		
Wastewater	560,000	1,009,000	400,000		
Buffalo Wine & Spirits					
Downtown Wine & Spirits					
Wild Marsh	385,000	262,000	48,000	80,000	80,000
Total	\$4,162,546	\$3,540,734	\$2,665,214	\$3,342,500	\$1,861,600

DEPARTMENT DETAIL

Mayor & Council:

Description	2019	2020	2021	2022	2023
Council Dais	-	32,200	-	-	-
Total	-	\$32,200	-	-	-

Election:

Description	2019	2020	2021	2022	2023
Total	-	-	-	-	-

Administration:

Description	2019	2020	2021	2022	2023
Computer/Monitor Replacement	15,000	10,000	10,000	5,000	10,000
Carpet Replacement	23,937				
Total	\$38,937	\$10,000	\$10,000	\$5,000	\$10,000

Engineering:

Description	2019	2020	2021	2022	2023
Total	-	-	-	-	-

**Indicates existing equipment replacement*

MIS:

Description	2019	2020	2021	2022	2023
Computer/Monitor Replacement	25,000	25,000	25,000	25,000	25,000
Server Replacement	-	-	210,000	-	-
Storage Array	200,000	-	-	-	-
Total	\$225,000	\$25,000	\$235,000	\$25,000	\$25,000

Police:

Description	2019	2020	2021	2022	2023
Ford Police Interceptor SUV*	42,500	42,500	42,500	42,500	42,500
Ford Police Interceptor SUV*	42,500	42,500			
Security Camera System ~ Building	11,322				
Detective SUV or Sedan*			18,000	18,000	
CSO Pickup*					26,500
Total	\$96,322	\$85,000	\$60,500	\$60,500	\$69,000

Civil Defense:

Description	2019	2020	2021	2022	2023
Total	-	-	-	-	-

*Indicates existing equipment replacement

Street:

Description	2019	2020	2021	2022	2023
Dump Truck with plow, sander & underbody*	230,000		240,000		
1 Ton Truck – 8' Box	32,000				
Street Sweeper*		228,000			
Snow Pusher – Loaders*	9,500				
1 ½ Ton Extended Cab Truck with dump box*		70,000			
Mid-Size Loader			110,000		
1 Ton Extended Cab Truck*		40,000	40,000		
Bobcat Tool Carrier			60,000		
Grader*				300,000	
Streets & Parks Facility Addition				250,000	
Vac/Jetter Truck*					450,000
Total	\$271,500	\$338,000	\$450,000	\$550,000	\$450,000

*Indicates existing equipment replacement

Park:

Description	2019	2020	2021	2022	2023
51525R John Deere Tractor & Blower*	120,000				
3 Wheeled Infield Groomer & attachments	25,000				
Dock Addition ~ Pulaski	10,000				
1585 John Deere Mower & attachments		45,000			
GPS Mosquito Sprayer*		12,000			
½ Ton 4x2 Truck ~ 4 Door*		35,000			
Brush Wolf*		6,000			
Security Cameras for Parks			30,000		
Mower & attachments*			48,000		
Track Skid Steer*				80,000	
½ Ton 4x4 Truck ~ 8' Box*				37,000	
Large mower with wings					65,000
Total	\$155,000	\$98,000	\$78,000	\$117,000	\$65,000

*Indicates existing equipment replacement

Community Center:

Description	2019	2020	2021	2022	2023
Total	-	-	-	-	-

Fire:

Description	2019	2020	2021	2022	2023
Fire Engine/Pumper*	685,546				
Total	\$685,546	-	-	-	-

Library:

Description	2019	2020	2021	2022	2023
Replace A/C 30 Ton Condensing Unit	62,000				
New Humidifier	9,770				
Total	\$71,770	-	-	-	-

Civic Center:

Description	2019	2020	2021	2022	2023
Cooling System Efficiency Upgrade	18,000				
Rubber Flooring Replacement	20,000				
Total	\$38,000	-	-	-	-

*Indicates existing equipment replacement

Airport:

Note: Amounts listed are total project costs. Federal, State, and City % share of funding is indicated after each project description.

Description	2019	2020	2021	2022	2023
Apron Pavement Repairs – TLA001 & TLA 002 (90% Fed, 10% City)	240,000				
NW Area Private Hangar Taxilane Expansion (78% Fed, 9% State, 13% City)	118,000				
Runway 18/36, Taxiway & Apron Crack Repair (90% Fed, 10% City)		270,000			
Hangar Area, Taxilane, Entrance Road, Parking Lot Crack Repair (70% State, 30% City)		208,200			
Runway 18/36, Taxiway & Apron Slurry Seal (90% Fed, 10% City)			220,380		
Wildlife Hazard Site Visit (FAA Req) (90% Fed, 10% City)			35,000		
Airside Signing (90% Fed, 5% State, 5% City)			50,000		
8 Unit T-Hangar Site Preparation (70% State, 30% City)				370,000	
8 Unit T-Hangar Construction (90% Fed, 10% City)				1,020,000	
Upgrade Fuel Facility to 10,000 GAL 100LL Tank (70% State, 30% City)					150,000
Jet A Fuel System (70% State, 30% City)					240,600
Total	\$358,000	\$478,200	\$305,380	\$1,390,000	\$390,600

Electric:

A) Capital Distribution Improvements

Description	2019	2020	2021	2022	2023
New Underground ~ Wright County Services	105,000				
Underground Upgrade & Relocation ~ Willow Creek	75,000				
Overhead to Underground Conversion	65,000				
New Underground ~ Casey's General Store	35,000				
LED Light Replacement Program	30,000	20,000	15,000	15,000	15,000
Street Light Pole Rehabilitation	15,000				
Maple Del Apartments Distribution Reconfiguration	5,000				
Overhead to Underground Conversion ~ 6th Ave NE/Solbakken		150,000	150,000		
Line Extension ~ Baker Road South		100,000			
New Underground ~ CSAH 134 to 1st Ave N (Industrial Park)		55,000			
Line Extension ~Territory Acquisition (Hwy 25 North/West)		50,000			
Overhead to Underground ~ 2nd Ave S Phase II		45,000		70,000	70,000
Reconductor OH 3 Phase line ~ Bentfield Mills CSAH 134 to 55			60,000		

(Continued on Next Page)

Description	2019	2020	2021	2022	2023
Distribution Tie ~ 3rd St and 4th Ave NW to Lake Blvd NW			60,000		
Hwy 25 South Improvements			45,000		
Distribution Tie ~ Baker Road				175,000	
Distribution Loop ~ CR12 to Lift Station 2				85,000	
Distribution Tie ~ 17th St				70,000	70,000
Total	\$330,000	\$420,000	330,000	\$415,000	\$155,000

B) Capital Equipment

Description	2019	2020	2021	2022	2023
1 ½ Ton Flat Bed 4x4 Cargo Truck*	65,000				
Diesel Brush Chipper*	63,000				
¾ Ton 4x4 Pick Up*	32,500				
Locator	6,500				
Frost Breaker*	5,500				
Unit#30 Cargo/Dump*		80,000			
Track Skid Steer*		80,000			
Hydro Seeder		15,000			

(Continued on Next Page)

*Indicates existing equipment replacement

Description	2019	2020	2021	2022	2023
36 FT Electric/Fiber Aerial Service Unit			170,000		
Mixing Station Vehicle HDD			60,000		
Digger Derrick/Chassis Unit 12*				220,000	
Equipment Trailer*				20,000	
Underground Radar Fault Locator*					30,000
Locator ½ Ton Pick Up*					50,000
Underground Utility Locator*					7,000
Mini Skid Steer					70,000
Total	\$172,500	\$175,000	\$230,000	\$240,000	\$157,000

C) Electric Service Territory Acquisition

Description	2019	2020	2021	2022	2023
Service Territory	-	-	260,000	260,000	260,000
Total	-	-	\$260,000	\$260,000	\$260,000

BWIG:

Description	2019	2020	2021	2022	2023
Total					

*Indicates existing equipment replacement

Fiber Optics:

Description	2019	2020	2021	2022	2023
Expansion of Fiber	170,000	170,000	170,000	170,000	170,000
Associated Equipment	30,000	30,000	30,000	30,000	30,000
Total	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

Water:

Description	2019	2020	2021	2022	2023
Radio Read Water Meters	90,000	90,000			
Mixing Systems (Water Towers #3 & #4)	35,000				
Filter & Reclaim Valve Replacement	58,334	58,334	58,334		
Water Treatment Plant Landscaping	13,000				
Ford F150 Pickup Truck*	33,357				
PLC Programming Replacement	68,128				
½ Ton Jib Crane	12,152				
Replace HVAC ~ Booster#2	5,000				
Total	\$314,971	\$148,334	\$58,334	-	-

*Indicates existing equipment replacement

Wastewater:

Note: WWTP = Wastewater Treatment Plant

Description	2019	2020	2021	2022	2023
Jetter*	450,000				
WWTP ~ Rehab secondary clarifier #3		350,000			
WWTP ~ VFD & Rewind Motor (Aerator #4)	25,000				
Ford F250 4x4*	45,000				
Lift Station #15 ~ control panel & pump rails	40,000				
WWTP Pretreatment Building ~ Step Screen		200,000			
WWTP ~ Rehab secondary clarifier #4		350,000			
WWTP ~ VFD & Rewind Motor (Aerator #2 & #6)		50,000			
Mower		45,000			
Small UTV: Ranger or Gator		14,000			
WWTP ~ Rehab secondary clarifier #5			350,000		
WWTP ~ VFD & Rewind Motor (Aerator #1 & #5)			50,000		
Total	\$560,000	\$1,009,000	\$400,000	-	-

*Indicates existing equipment replacement

Buffalo Wine & Spirits:

Description	2019	2020	2021	2022	2023
Total					

Downtown Wine & Spirits:

Description	2019	2020	2021	2022	2023
Total					

Wild Marsh Golf:

Description	2019	2020	2021	2022	2023
HD Utility Vehicle	25,000			30,000	30,000
Fairway Mower				50,000	50,000
Triplex Mower		32,000	32,000		
Bunker Machine		15,000			
Reel Grinders	50,000				
Course Renovations ~ Bunker on Hole #2	10,000				
Utility Carts		15,000	15,000		
Bridge Replacement	300,000				
Golf Carts		200,000			
Total	\$385,000	\$262,000	\$48,000	\$80,000	\$80,000



2019 Annual Budget

Appendix

DEBT OVERVIEW

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 \$20,830,000 in debt that is subject to the debt limit. The City's current legal debt limit and debt margin is as follows:

City of Buffalo
Computation of Legal Debt Margin
December 31, 2018
(Unaudited)

Estimated Taxable Market Value (Note A)	<u>\$ 1,200,484,050</u>
Debt Limit: 3% of Market Value	\$ 36,014,521
Total Indebtedness	<u>\$92,668,560</u>
Less:	
Other Deduction Allowed by Law:	
(1) Obligations Payable Wholly or Partly From Special Assessments	8,035,000
(2) Obligations Issued for Acquisition and Improvement of Public Utilities and Conveniences from Which Revenue May be Derived	61,912,661
(3) Obligations Payable Wholly from the Income from Revenue Producing Conveniences	<u>1,890,899</u>
Total Deductions	<u>71,838,560</u>
Total Amount of Debt Applied Against Debt Limit	<u>20,830,000</u>
Legal Debt Margin	<u>\$ 15,184,521</u>

Note A – Source: Wright County Auditor/Treasurer

Bond Rating

The City maintains a bond rating of A+/Stable from Standard & Poor's for general obligation debt.

Impact on Operations

The City's property tax levy attributable to debt is at \$3,388,253. This amount collected in 2019 will be used to make principal and interest payments due in 2020. \$3,109,647 of this total goes to Debt Service funds (\$2,376,122 governmental, \$500,000 water & sewer & \$233,525 golf). The remaining \$278,606 goes to the General Fund and the Liquor Store Funds to cover lease purchase obligations. All existing debt will be retired by 2036.

Annual Debt Service

Debt Service Funds are established to identify and account for long-term, general obligation debt issued by the City other than Enterprise Fund debt. Repayment of issued debt in the form of principal and interest payments to bond holders is backed by the full faith and credit of the government unit.

Debt service payments on Enterprise Fund debt is accounted for in those funds. Most of the bond and interest payments are funded by revenue generated within.

2019 Annual debt service listed by debt issuance:

General Obligation bonds paid out of Debt Service Funds

City

Debt Series	Maturity	2019 Debt Service Payments			Remaining Debt
		Interest	Principal	Total	
2008D	02/2019	3,150	140,000	143,150	-
2009D	08/2025	114,985	30,000	144,985	3,045,000
2009E	08/2024	3,222	14,415	17,637	80,485
2010A	05/2026	5,150	45,000	50,150	100,000
2010C	02/2028	53,520	115,000	168,520	1,515,000
2011A	02/2024	97,022	600,000	697,022	3,245,000
2011A*	02/2027	69,482	165,000	234,482	1,590,000
2012B	03/2020	3,800	160,000	163,800	110,000
2013A	04/2024	40,050	355,000	395,050	1,825,000
2013B	12/2028	12,840	35,000	47,840	375,000
2015A	02/2031	89,992	235,000	324,992	3,365,000
2015C**	05/2036	76,781	145,000	221,781	2,970,000
2016C	02/2032	53,187	150,000	203,187	2,265,000
Total		587,181	2,189,415	2,776,596	20,485,485

*2011A is a Public Facility Lease Revenue Bond between the HRA & the City. Payment is expensed as rent to the Civic Center and receipted to the HRA for payment of the bond.

**2015C Principal & Interest payments are covered by rent collected from Trailblazer Transit.

Housing & Redevelopment Authority (*Paid with HRA Levy*)

Debt		2019 Debt Service Payments			Remaining
Series	Maturity	Interest	Principal	Total	Debt
2008D	02/2019	1,800	80,000	81,800	-
2009A	02/2020	1,494	20,000	21,494	21,000
2012C	02/2033	43,066	75,000	118,066	1,450,000
2017C	02/2020	10,197	-	10,197	330,000
Total		56,557	175,000	231,557	1,801,000

General Obligation & Revenue bonds paid out of Enterprise Funds

Electric

Debt		2019 Debt Service Payments			Remaining
Series	Maturity	Interest	Principal	Total	Debt
2010B	02/2021	16,282	135,000	151,282	380,000
2013A	04/2022	16,200	150,000	166,200	735,000
2014B	02/2025	52,781	30,000	82,781	1,795,000
2015B	02/2022	13,135	175,000	188,135	555,000
2016B	02/2026	18,505	105,000	123,505	820,000
2018A	02/2028	68,419	165,000	233,419	1,600,000
2018B	02/2029	51,586	-	51,586	2,300,000
Total		185,322	760,000	945,322	8,185,000

Water & Sewer

Debt		2019 Debt Service Payments			Remaining
Series	Maturity	Interest	Principal	Total	Debt
2009B*	10/2025	-	-	-	4,712,560
2009E	08/2024	46,323	205,584	251,907	1,159,515
2010A	05/2026	51,112	165,000	216,112	1,325,000
2010C	02/2019	4,550	350,000	354,550	-
2011B	08/2032	97,577	150,000	247,577	2,565,000
2012A	09/2033	157,492	-	157,492	5,610,000
2013B	12/2028	9,870	30,000	39,870	285,000
2014A	11/2028	1,040,295	1,175,000	2,215,295	28,275,000
2017A	06/2033	215,867	-	215,867	6,840,000
2017B	04/2033	70,350	150,000	220,350	3,010,000
Total		1,909,303	2,225,584	4,134,887	53,782,075

*2009B is a Capital Appreciation Bond. Long-Term interest payable is accrued every year. Principal & Interest payments begin 10/2020.

Golf

Debt Series	Maturity	2019 Debt Service Payments			Remaining Debt
		Interest	Principal	Total	
2016A	05/2035	73,855	145,000	218,855	2,845,000
Total		73,855	145,000	218,855	2,845,000

Debt Service requirements to maturity for all existing bond issuances:

Year					Remaining Debt
		Interest	Principal	Total	
2019		2,603,967	5,495,000	8,098,967	87,173,561
2020		3,098,711	6,884,396	9,983,107	80,289,165
2021		3,051,065	6,771,778	9,822,843	73,517,387
2022		2,938,964	7,113,742	10,052,706	66,403,645
2023		2,819,008	6,663,352	9,482,360	59,740,293
2024		2,149,549	8,314,683	10,464,232	51,425,610
2025		1,897,389	8,545,610	10,442,999	42,880,000
2026		1,234,458	7,690,000	8,924,458	35,190,000
2027		1,008,958	7,565,000	8,573,958	27,625,000
2028		780,441	7,550,000	8,330,441	20,075,000
2029		566,905	3,960,000	4,526,905	16,115,000
2030		456,801	3,800,000	4,256,801	12,315,000
2031		344,780	3,915,000	4,259,780	8,400,000
2032		229,939	3,710,000	3,939,939	4,690,000
2033		111,739	3,635,000	3,746,739	1,055,000
2034		26,065	415,000	441,065	640,000
2035		16,146	425,000	441,146	215,000
2036		3,279	215,000	218,279	-
Total		22,908,320	90,368,561	113,276,881	

Note: Future debt issuances or refundings are not reflected in the above schedule.

GLOSSARY OF TERMS

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

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

Accounting System – The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity.

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 to accomplish a function for which the governmental unit is responsible.

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

Amortization – (a) The portion of the cost of a limited-life or tangible asset charged as an expense during a particular period. (b) The reduction of a debt by regular payments of principal and interest sufficient to retire the debt by maturity.

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.

Assets – Property owned by a government that has a monetary value.

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 to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date(s)) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt.

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 budget office and supporting staff that presents the proposed budget to the legislative body.

Budget Message – A general discussion of the proposed budget presented in writing as a part of or supplement to 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 chief executive and budget officer.

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 – Items purchased with an expected life of two years or more and a cost of \$5,000 or more which are held and used. Capital assets are also called fixed assets. For entity-wide financial reporting purposes, these items are included on the statement of net position in the annual financial report and, other than land, are depreciated.

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.

Component Unit – A legally separate entity associated with the primary government

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 – An organizational unit for purposes of administration and budgeting.

Depreciation – The portion of the cost of a capital asset which is charged as an expense during a specific period.

Division – An organizational unit within a department for purposes of administration and accounting.

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 – A sum of money imposed or surrendered as a penalty

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 Faith and Credit – A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

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 Fund – The fund used to account for all financial resources, except those required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the GAAP.

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 Accounting Standards Board (GASB) – The authoritative accounting and financial reporting standard-setting body for government entities.

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

Grant – A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the state and federal governments. Grants are usually made for specified purposes.

Housing and Redevelopment Authority (HRA) – Separate taxing authority created to provide housing redevelopment programs within the city. The HRA may buy, own and sell land for housing and economic development purposes and engage in other housing and redevelopment activities consistent with MN law.

Infrastructure – The basic facilities, equipment, services and installations needed for the growth and functioning of a community. Includes roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

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.

Intergovernmental Revenues – Revenues from other governments in the form of grants, entities, shared revenues or payments in lieu of taxes.

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

Legal Debt Limit – The maximum amount of outstanding gross or net debt legally permitted.

Legal Debt Margin – The legal debt limit less outstanding debt subject to limitation.

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 – An assessor's estimate of what property would be worth on the open market if sold. The market value is set on January 2 of the year before taxes are payable.

Market Value Homestead Credit (MVHC) – a property tax relief program devised by the State government to give local property tax payers relief from the burden of local property taxes by providing a credit or reduction on the amount of property taxes.

Market Value Homestead Exclusion (MVHE) – a property tax relief program devised by the State government to give local property tax payers relief from the burden of local property taxes by excluding a portion of property value from taxation

Maturities – The dates on which the principal or stated value of investments or debt obligations mature and may be reclaimed

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

MMPA – Minnesota Municipal Power Association

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 excess of a fund's assets over liabilities. The term net assets is used in proprietary funds. The term fund balance is used in governmental funds.

Nonspendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact.

Object of Expenditure – Expenditure classification based upon the types or categories of goods and services purchased. Typical objects of expenditure include: - personal services (salaries and wages); - charges and services (utilities, maintenance contracts, travel); - supplies and materials; and, - capital outlay.

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 Expenses – Proprietary fund expenses related directly to the fund's primary activities

Operating Transfer – Routine and/or recurring transfers of assets between funds.

Ordinance – A formal legislative enactment by the government body of a municipality. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

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

PERA – Public Employees Retirement Association

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.

Policy – A set of guidelines used for making decisions.

Program – Group activities, operations or organizational units directed to attaining specific purposes or objectives.

Proprietary Funds – Account for government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination on net income, financial position and changes in financial position. Includes enterprise and internal service funds

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.

Purchased Power – The electricity purchased wholesale to be distributed to consumers within the municipal utility service area.

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.

Revenue – The term designates an increase to a fund's assets which:

- does not increase a liability (e.g., proceeds from a loan);
- does not represent a repayment of an expenditure already made;
- does not represent a cancellation of certain liabilities; and
- 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.

Revenue Estimate – A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year

Restricted Fund Balance – Amounts subject to externally enforceable legal restrictions.

Special Assessment – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified 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.

Taxes – Compulsory charges levied by a government to finance services performed for the common benefit

Tax Capacity – A valuation set upon real estate and certain personal property by the County Assessor as a basis for levying property taxes. The assessor determines the estimated market (resale) value of the property. This value is converted to tax capacity by a formula specified in state law.

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.

Truth in Taxation – The "taxation and notification law" which requires local governments to set estimated levies, inform taxpayers about the impacts, and hold a separate hearing to take taxpayer input.

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.