

# Memorandum

**TO:** City Council  
**FROM:** Kevin Knopik , Finance Director  
**DATE:** December 15, 2025  
**SUBJECT:** Adopt resolution 25-97 approving the 2026-2027 Biennial Budget  
**ITEM NUMBER:** 10.e  
**SECTION:** GENERAL BUSINESS

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## **REQUESTED MOTION**

To adopt resolution number 25-97 approving the biennial budget for the years 2026 and 2027, the benefits and job classification system and pay plan as detailed on the attached pages, and to approve transfers between funds.

## **INTRODUCTION**

The City Council reviewed the budget at workshop meetings from August to November, and the budget hearing was held on December 1. According to State Law, the budget and tax levy must be adopted and certified to the State of Minnesota and the County Auditor no later than December 28, 2025.

## **DISCUSSION**

The attached resolution provides for the adoption of the proposed 2026-2027 biennial budget for the general and special revenue funds. These funds meet the definition in state statutes of funds that must have budgets and that are “legally adopted” by resolution. For practical purposes however, the City prepares budgets for all of the remaining operating funds (debt, utility and internal service) as part of the city’s annual budget document.

The attached table (All Operating Funds Budget) provides a 3-year comparison of budgeted expense and transfers from operating funds (for the years 2025, 2026 and 2027). For 2024 total expense including transfers increases 8.8%. Once transfers out are excluded, total expense increases 8.4%.

## **Job Classification Plan and Wage Adjustment**

*Wage Adjustment:* A 3.0% wage adjustment has been included in the proposed 2026 budget for all regular employees. This percentage increase is consistent with other similar sized cities. The proposed motion makes the increase effective on December 20, 2025. This is consistent with past practice and is the first pay period that 2026 insurance premium amounts will be deducted from an employee’s pay.

## **RECOMMENDATION**

Staff recommends adoption of the attached resolution adopting budgets for the General and Special Revenue Funds for 2026 and 2027; the benefits and job classification system and pay plan effective December 20, 2025, and to approve transfers between funds. Per the City’s

budget policy, the 2026 budget becomes spendable on January 1, 2026, and the 2027 budget does not become spendable until reaffirmed or amended during the normal budget process next year.

**ATTACHMENTS**

[2026 Budget adoption schedule.pdf](#)

[2027 Budget adoption schedule.pdf](#)

[2026 Pay Plan.pdf](#)

[2026 Transfers.pdf](#)

[Res 25-97 2026-2027 Budget Adoption.pdf](#)

[2026-2027 All operating funds budget.pdf](#)