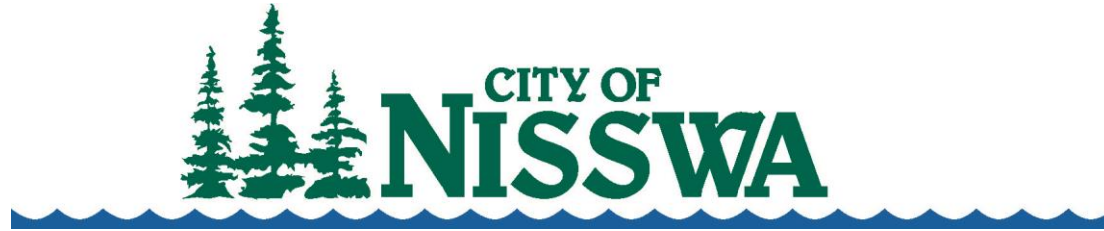


**CITY OF NISSWA
AGENDA – COUNCIL WORK SHOP
TUESDAY, NOVEMBER 27, 2018
6:00 P.M. – CITY HALL**

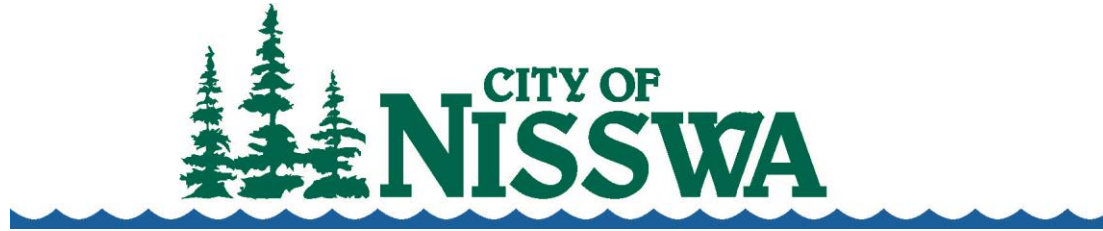
- A. Call to Order
- B. Proposed 2019 Budget & 2018 Pay 2019 Levy Presentation and Council Discussion
- C. Adjourn



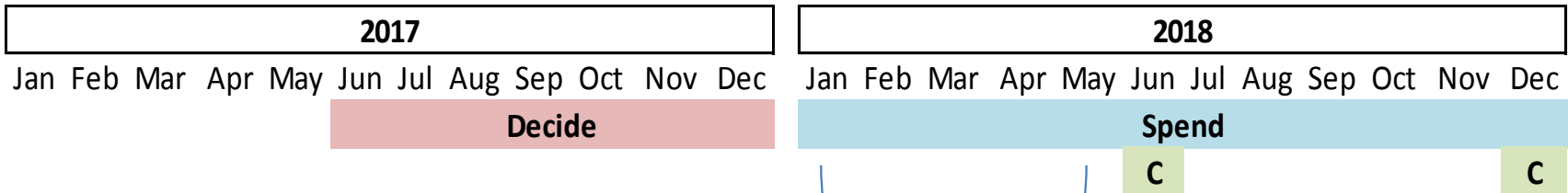
PROPOSED 2019 BUDGET & 2018 Pay 2019 LEVY

Council Work Shop

City of Nisswa, MN
November 27, 2018



Budget / Levy Process & Timeline

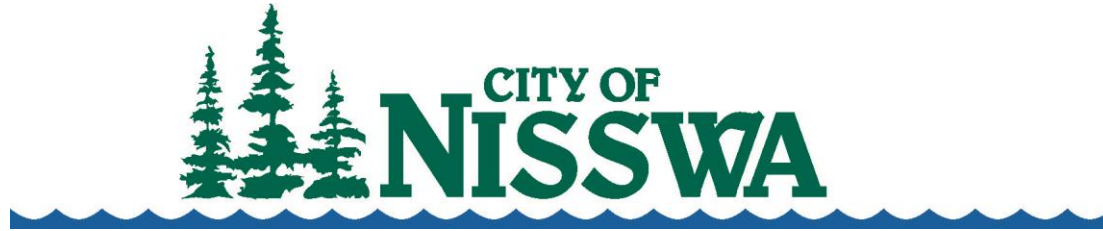


C = Collect levy funds

Fiscal Year: Jan 1 – Dec 31

Deadline to certify final levy to County Auditor – Dec 28th

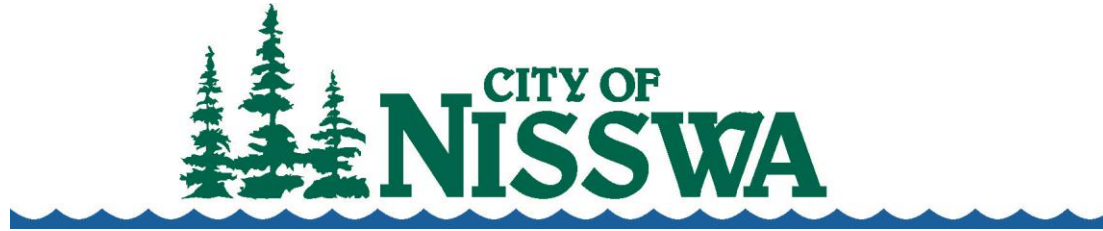
Need to ensure enough fund balance from prior year will carry through to the first payment of 2018



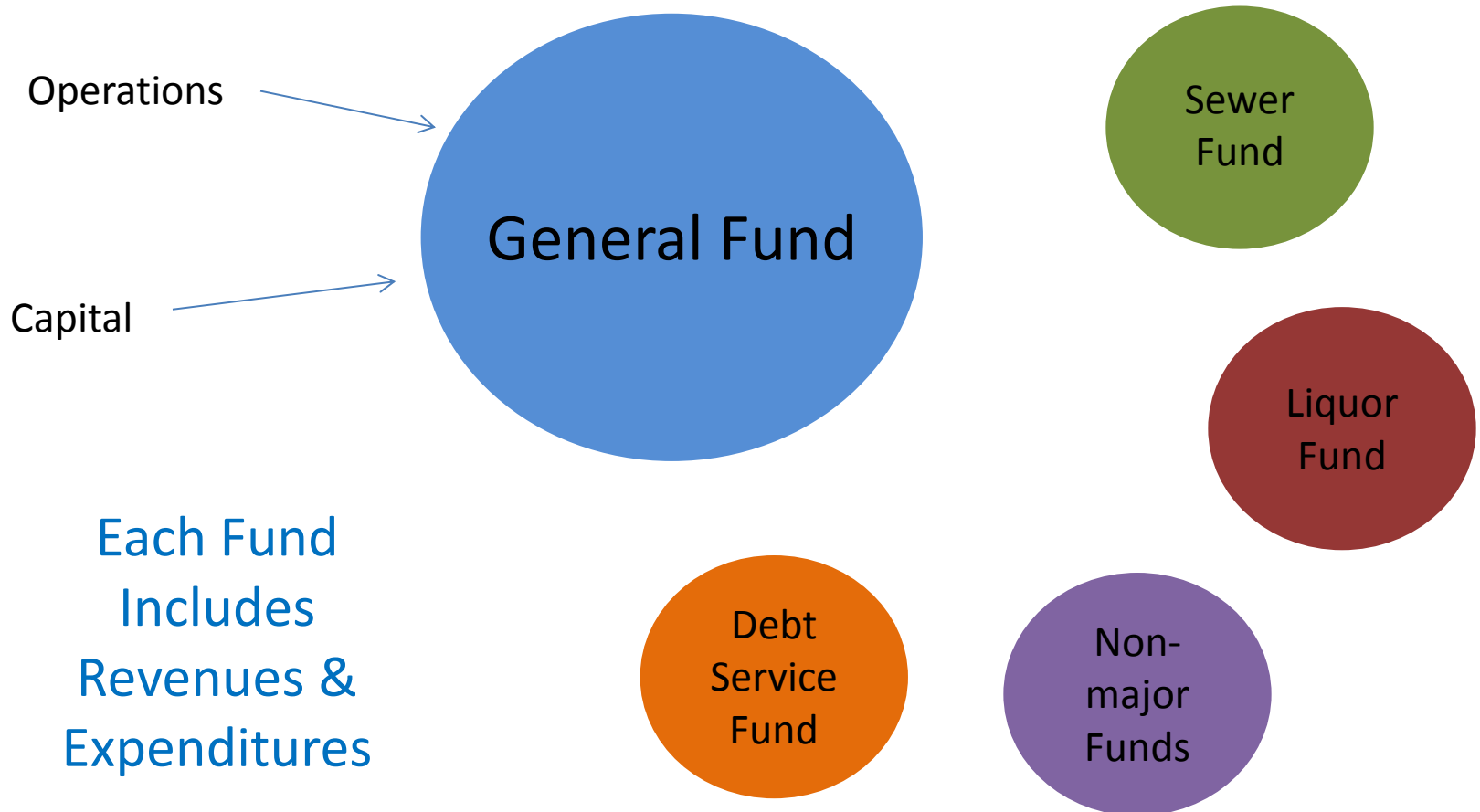
Budgeting

- What to consider when building a budget
 - Revenues
 - Expenditures
 - Future long term planning needs
 - Strategic Plan / Mission / Vision
- What are the knowns and unknowns?





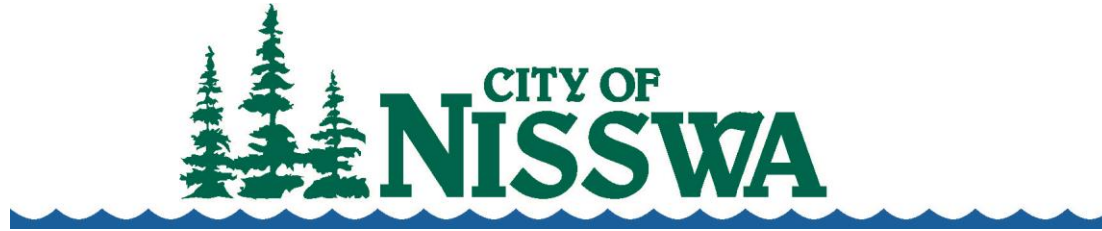
Components of Financial Statements



Fund Balance

- Fund Balance can be classified into 5 categories
 - Nonspendable
 - Restricted
 - Committed
 - Assigned
 - Unassigned





Examples of Fund Balance

- Nonspendable
 - Inventory, prepaids
- Restricted
 - Statute or legislation, Bond proceeds, gifts
- Committed (by resolution)
 - Property tax levy for a specific purpose
- Assigned (by motion)
 - New roof, equipment, technology, future repairs
- Unassigned
 - Any use or need

Most restrictive

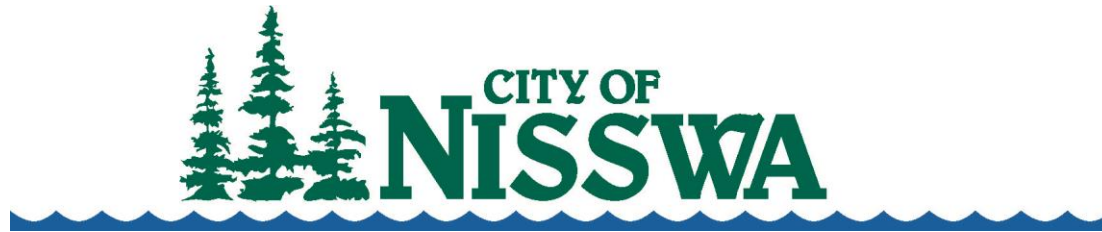


Least restrictive

3.E. FUND BALANCES

At December 31, 2017, governmental fund balances consists of the following:

General Fund	
Restricted for Police Department	\$ 25,226
Restricted for Nisswa Lake Park Trail Development	74,000
Restricted for Parks	74,669
Unassigned	<u>4,656,890</u>
Total General Fund Balance	<u>\$ 4,830,785</u>
Debt Service Fund	
Restricted for Debt Service	<u>\$ 136,492</u>
Nonmajor Governmental Funds	
Restricted for TIF District 1	\$ 50,177
Restricted for TIF District 3	15,520
Restricted for TIF District 10	53,976
Restricted for TIF District 11	4,601
Restricted for TIF District 12	1,582
Committed for Capital Projects	38,237
Assigned for Fire	394,349
Assigned for Park and Recreation	98,133
Unassigned	<u>(36,185)</u>
Total Nonmajor Governmental Funds Balance	<u>\$ 620,390</u>

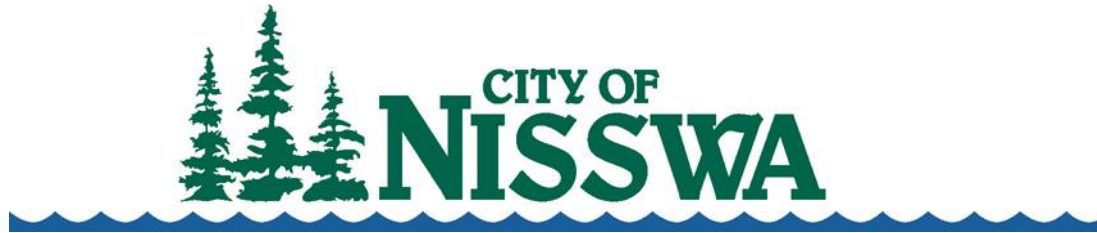


Fund Balance

General Fund

Restricted for Police Department	\$	25,226
Restricted for Nisswa Lake Park Trail Development		74,000
Restricted for Parks		74,669
Unassigned		<u>4,656,890</u>

- Unassigned Fund Balance is approx. 200% of General Fund Expenditures (24 months)
- OSA recommends a minimum of 6 months expenditures in fund balance (approx. \$1.4mil)



Future General Fund Assigned

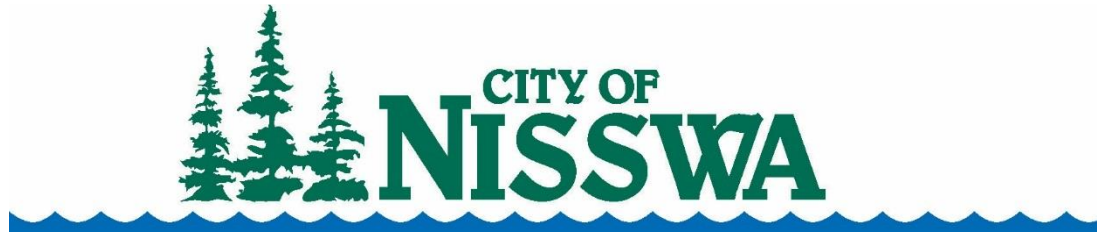
- County Projects = \$50,000
- Plow Truck = \$300,000
- Building Maintenance = TBD
 - Roof, windows, flooring, etc.

Will be included for approval with final 2018 budget in December

CITY OF NISSWA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Liquor Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
CHANGE IN NET POSITION	(109,325)	86,075	(23,250)
NET POSITION - BEG. OF YEAR	<u>470,979</u>	<u>3,279,877</u>	<u>3,750,856</u>
NET POSITION - END OF YEAR	<u><u>\$ 361,654</u></u>	<u><u>\$ 3,365,952</u></u>	<u><u>\$ 3,727,606</u></u>

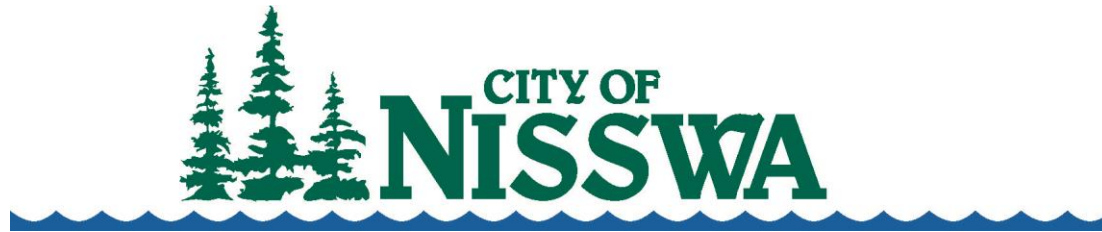
- Liquor Fund – six months of expenditures = approx. \$500,000
- Long term needs for Liquor buildings?



Proposed Final 2018 Levy Payable in 2019

<u>For Year</u>	<u>Final Certified Levy</u>	<u>% increase</u>	<u>\$ Increase</u>	<u>Tax rate</u>
2010	\$1,640,835	6.42%	\$105,362	21.253%
2011	\$1,708,673	3.97%	\$67,838	23.421%
2012	\$1,792,393	4.67%	\$83,720	26.804%
2013	\$1,847,652	2.99%	\$55,259	29.058%
2014	\$1,930,308	4.28%	\$82,656	30.996%
2015	\$1,965,784	1.80%	\$35,476	31.029%
2016	\$1,994,306	1.43%	\$28,522	30.778%
2017	\$2,052,351	2.91%	\$58,045	30.713%
2018	\$2,154,969	5.00%	\$102,618	31.577%
2019	\$2,342,653	8.71%	\$187,684	34.33%

(tax rate approx.)



How does Nisswa compare?

CITY RATES:	2018
Baxter	51.423%
Brainerd Generally	77.420%
Brainerd Rural Service Dist	50.886%
Breezy Point	42.870%
Crosby	103.187%
→ Crosslake	29.088%
Cuyuna	61.128%
Deerwood	90.776%
Emily	41.632%
→ Fifty Lakes	23.452%
→ Fort Ripley	27.577%
Garrison	70.426%
Ironton	108.297%
Jenkins	56.748%
→ Manhattan Beach	23.999%
★ Nisswa	31.577%
Pequot Lakes	57.140%
Riverton	40.409%
Trommald	40.829%

- 5th lowest tax rate for 2018 in Crow Wing County
- 2nd lowest when comparing with “like” Cities

2019 Budget Assumptions

SALARIES

	<u>COLA</u>
Non Union	1.50%
Supervisors	2.00%
Teamsters	1.50%

2018 CPI (12 mos thru Oct) = 2.2%

All full time employees will also receive a step (3.0%) if not currently at the top step

All part time employees will receive a step upon completion of 2,080 hours (as of 1/1/18)

HEALTH INSURANCE

Single	\$ 745.00 per month
Family	\$ 1,150.00 per month

Amounts above reflect a \$0 increase from 2018

UTILITIES

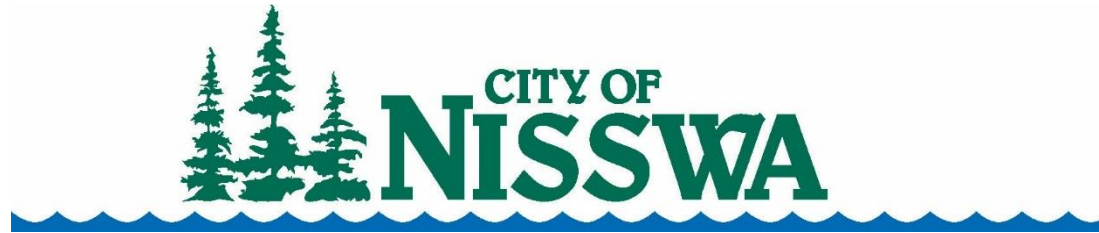
Increase of 3% over current year for electric and gas

SUPPLIES

Maintained as flat as possible

REPAIRS AND MAINTENANCE

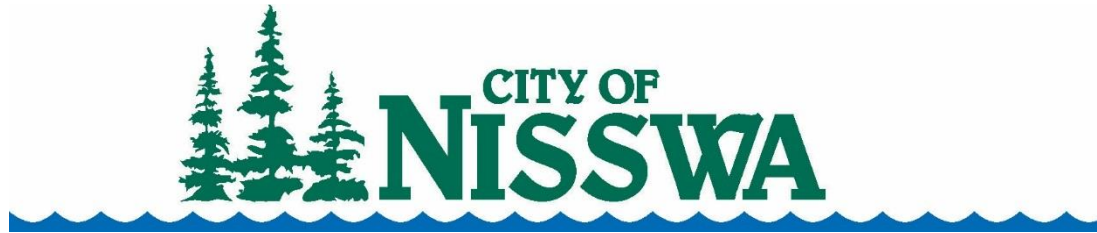
Maintained as flat as possible



Proposed 2019 Budget

Recap since 1st budget meeting in July:

- Balanced budget = 13.12% increase in levy from 2018
- Council approved preliminary levy at max 9% increase
 - Employee wages and bond issuance (= 5.22%)
 - Reductions made to balance GF budget
 - Held City health insurance contribution flat for 2019



Proposed 2019 Budget

Considerations to lower levy:

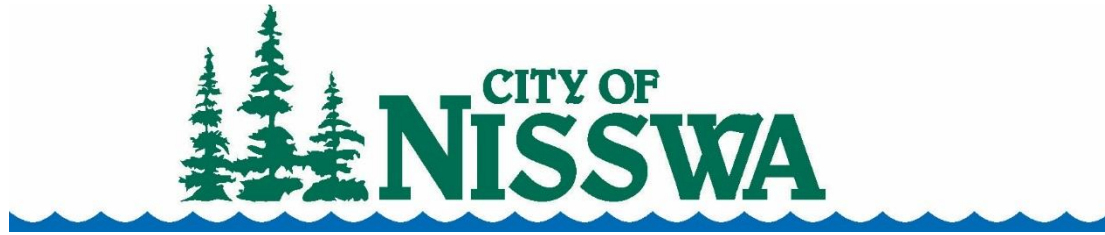
- **Liquor Fund – can more funds be transferred to GF?**
 - Increasing costs and potential legislation could impact liquor fund
 - Need to plan for future building improvements and R&M
- **Police Department 2018 budget remaining?**
 - PD is on budget thru October and no additional funds are available to assign towards 2019 squad
- **Other - Parks Department truck**
 - Any funds remaining in 2018 roll into 2019 towards purchase of truck off state bid instead of purchasing used truck

Note: department budgets are on target for 2018

**CITY OF NISSWA
PROPOSED 2019 BUDGET
BUDGET SUMMARY**

	2017 Prior year Budget	2018 Current year Budget	2019 Future year Budget	18 vs 19 Budget Incr/Decr \$	18 vs 19 Budget Incr/Decr %
General Fund Revenues	\$ 2,543,285	\$ 2,646,902	\$ 2,834,586	187,684	7.09%
Expenditures					
COUNCIL	21,012	21,012	21,012	-	0.00%
MAYOR	6,098	6,098	6,098	-	0.00%
ELECTION	-	2,800	2,000	(800)	-28.57%
CITY CLERK	158,728	198,285	225,901	27,616	13.93%
ACCOUNTING	17,000	18,000	18,000	-	0.00%
ATTORNEY	20,000	20,000	25,000	5,000	25.00%
P & Z	93,071	110,967	118,989	8,022	7.23%
GOVT. BLDGS.	211,038	53,304	66,129	12,825	24.06%
PUBLIC RESTROOM	11,250	10,000	12,780	2,780	27.80%
POLICE	597,848	620,356	642,173	21,817	3.52%
FIRE ADMIN	143,000	143,000	143,000	-	0.00%
PUBLIC SAFETY	1,060	1,060	1,060	-	0.00%
ANIMAL CONTROL	5,800	5,800	5,800	-	0.00%
HWYS & STREETS	821,728	616,493	618,193	1,700	0.28%
STREET LIGHTS	15,750	17,250	18,830	1,580	9.16%
SANITATION	51,000	46,000	46,000	-	0.00%
ECONOMIC DEV	3,795	3,795	3,795	-	0.00%
DEBT SERVICE	69,358	499,594	559,277	59,683	11.95%
CEMETERY	13,850	10,450	10,650	200	1.91%
UNALLOCATED EXP	281,899	281,899	289,899	8,000	2.84%
General Fund Expenditures	\$ 2,543,285	\$ 2,686,164	\$ 2,834,586	\$ 148,422	5.53%
Net Surplus/(Deficit)	\$ -	\$ (39,262)	\$ -	→ Balanced!	

Proprietary / Nonmajor Funds		2017	2018	2019	18 vs 19	18 vs 19
		Prior year	Current year	Future year	Budget	Budget
		Budget	Budget	Budget	Incr/Decr \$	Incr/Decr %
<u>Proprietary</u>						
Receipts	WASTEWATER	485,495	487,430	536,211	48,780	10.01%
Disbursem.	WASTEWATER	418,337	444,560	500,440	55,880	12.57%
	Net Surplus/(Deficit)	67,158	42,870	35,771		
<u>Proprietary</u>						
Receipts	PICKLE	1,017,650	1,010,800	1,010,900	100	0.01%
Disbursem.	PICKLE	962,100	969,923	1,001,223	31,300	3.23%
	Net Surplus/(Deficit)	55,550	40,877	9,677		
<u>Proprietary</u>						
Receipts	SPIRITS	2,637,350	2,792,550	3,000,399	207,849	7.44%
Disbursem.	SPIRITS	2,637,350	2,870,168	3,000,399	130,231	4.54%
	Net Surplus/(Deficit)	-	(77,618)	-		
<u>Nonmajor</u>						
Receipts	FIRE ^	210,412	210,412	210,412	-	0.00%
Disbursem.	FIRE ^	210,412	210,412	210,412	-	0.00%
	Net Surplus/(Deficit)	-	-	-		
	<i>^ Finalize early 2019</i>					
<u>Nonmajor</u>						
Receipts	COMM. CENTER	18,600	19,000	20,000	1,000	5.26%
Disbursem.	COMM. CENTER	18,600	19,000	20,000	1,000	5.26%
	Net Surplus/(Deficit)	-	-	-		
<u>Nonmajor</u>						
Receipts	PARK AND REC	222,642	220,120	246,640	26,520	12.05%
Disbursem.	PARK AND REC	222,642	223,112	246,640	23,528	10.55%
	Net Surplus/(Deficit)	-	(2,992)	-		



Questions?