

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

The work shop meeting of the Nisswa City Council was held on Tuesday, November 27, 2018 at 6:00 p.m. at City Hall.

Members Present: Heidmann, Jacobson, Krautkremer, Ryan, Johnson

Members Absent: None

Also Present: City Staff Jenny Max, Donna Caron; Nancy Vogt from the Echo

- A. Call to Order** – Mayor Heidmann called the meeting to order at 6:00 p.m. and stated the purpose of the workshop was a round table discussion regarding the proposed 2019 budget and 2018 Pay 2019 Levy.
- B. Proposed 2019 Budget & 2018 Pay 2019 Levy Presentation and Council Discussion** – Max provided a review of her PowerPoint presentation that covered some basic governmental accounting information, definitions, timelines, comparisons, and a recap of the budget process to date. Max reminded Council that the Truth-in-Taxation meeting will be held on December 19, 2018 where the final levy will need to be approved. The deadline to certify the final levy to the County Auditor is required by December 28, 2018.

Council discussion primarily focused on the utilization of unassigned funds (approximately \$4.6 million) in the General Fund to reduce the proposed 2019 levy to a 6-7% range, more comparable with other local municipalities. Several ideas were discussed on how to best accomplish that goal. Jacobson strongly supported moving funds from unassigned funds to lower the levy to at least 7%. Krautkremer stated he had no problem supporting the use of unassigned funds as a one-time stop-gap measure but he was not in favor of this type of withdrawal on an on-going basis. He would not support the funds transfer if it was simply a shell game that didn't provide a permanent solution. Mayor Heidmann stated that the Council should consider both short- and long-term goals when making the determination on how much money the City should take from the unassigned funds and for how many years. Max explained that to continually use unassigned funds would negatively impact the City's credit rating and its ability to borrow money in the future. Max also stated the City currently does not have a policy with established minimum fund balance amounts for fund accounts. A new policy would first need to be developed before account funds balances could begin to be depleted.

Ryan and Krautkremer both offered similar scenarios where the City might want to use unassigned funds to pay for one-time purchases and expenses, but still continue to contribute to assigned accounts for known future expenses. Krautkramer again stated that he was not in favor of going in this direction if it was simply a shell game and the City would be facing the same situation and having the same discussions again next year. Ryan stated he was gun shy of spending down the unassigned fund balance to a level that would be too low and not be enough to cover an emergency or any unknown event that may happen. Mayor Heidmann suggested the possibility of using approximately 10% of the unassigned fund balance over the next few years for set-aside accounts that we could then remove from the budget. Jacobson stated again the importance for first developing a fund account minimum balance policy before moving forward in that direction.

Jacobson suggested that Max should determine the easiest and healthiest method for the City to access and use the unassigned funds that would have the least impact on the City's credit rating. Johnson asked Max about the possibility of investing unassigned funds and if there were restrictions on the types of investments that could be used; Max responded there are limitations for investment opportunities. Mayor Heidmann also suggested that the City may want to consider looking at department staffing in 2019 to ensure the current staffing model meets the needs of the City.

All Council members expressed support that the current proposed levy of 8.71% should be reduced to the 6-7% level. The Council's direction to Max was to provide the best options and the best way for the City to reach that range.

- C. Adjourn** - There being no further discussion, motion by Jacobson, second by Johnson to adjourn the Council Work Shop at 7:15 p.m. Motion carried unanimously.

Fred Heidmann, Mayor

Jenny Max, City Administrator/City Clerk