



AGENDA


Baxter City Council Work Session July 18, 2017 5:30 p.m.

1. 2016 Audit Exit Interview
2. Council Budget Work Session to Discuss 2018 Goals and Priorities, including 5-Year Capital Improvement Plan Initial Projects Proposed for 2018



MEMORANDUM

TO: Baxter City Council

FROM: Finance Director Vacinek 

DATE: July 13, 2017


RE: 2016 Audit Exit Interview on July 18, 2017

At Tuesday's council work session, Doug Host, Principal at CliftonLarsonAllen, will present the results and findings of the city's 2016 audit. Mr. Host will provide a summary of the city's general and enterprise funds and recommendations contained in the Management and "Compliance Letter" and "Letter to Governance" with the council. A clean, unqualified opinion was issued.

The financial statements drafted by the city's finance department have been completed and distributed to the council. Upon acceptance, the financial statements will be posted on the city's website.


Should you have any questions, please let me know.



TO: Mayor Olson and City Council
FROM: Jeremy Vacinek, Finance Director 
DATE: July 14, 2017
RE: 2018 Council Budget Work Session – Goals and Priorities July 18, 2017

Below is the agenda for Tuesday's kickoff meeting of the 2018 Budget. Similar to prior years, the initial meeting is held to have a preliminary discussion on the goals and priorities that should be incorporated into the 2018 Budget as departments begin to assemble their respective budgets for council consideration. I have outlined some of the factors that will impact the 2018 budget. More detailed information and discussion will be held in the coming months at the scheduled budget work sessions as information becomes available.

Should you have any questions, please feel free to contact me.

 **City of Baxter**
2018 Council Budget Work Session – Goals and Priorities
July 18, 2017

1. Work Session Called to Order
2. Update on Factors Impacting 2018 Budget and Beyond
3. Council Comments, Suggestions, Priorities, and Goals for 2018 Operating Budget
4. Information: Budget Calendar for 2018 Budget Process
5. Adjourn – Next Scheduled Council Budget Work Session to Review and Discuss 2018 Governmental Funds Budgets and Proposed Property Tax Levy Slated for Tuesday, August 29, 2017 at 6:00 p.m.

City of Baxter 2018 Council Budget Work Session Discussion, 07.18.17
Factors Potentially Impacting 2017 Budget and Beyond

Minnesota Legislature Budget Impacts and Considerations

What we know so far about the Budget Bills passed during the last Regular Session (as reported by the LMC) that potentially impact or are of interest to the city.

No significant changes in state aids or taxes

City continues to not be eligible for Local Government Aid (LGA)

No changes in the Market Value Homestead Exclusion program implemented in 2012

Lewy Limits are NOT in place for 2018

Omnibus tax bill from special session

- State general levy for C/I and seasonal/rec property tax
 - Exempts the first \$100,000 of C/I and seasonal/rec market valuation from the state business tax
 - Eliminates the implicit price deflator annual increase (freezing general levy)
- Expands the definition of businesses that would have been required to collect and remit MN (and local) sales tax for online sales (increasing local sales tax collections)

Other Items to be Factored into 2018 Budget

Property Valuations and New Construction

In the process of obtaining figures on the city's new construction and change in estimated market value
 Will analyze further and provide more information when it becomes available

Personnel Costs

Unknown health insurance rates for 2018 (renewal late August) - Unknowns due to potential changes to ACA

Anticipate an increase due to utilization running higher than 100% currently

Prior Premium Increases: 2017 0%, 2016 15%, and 2015 7%

City typically includes a 12-15% increase, until the actual increase, based upon claims experience and pooling, is known

Anticipate minor increases in other insurance (dental, life, and disability) premiums

No PERA Police and Fire (P&F) Plan retirement contribution rate increases for 2018

PERA sought P&F increases in 2017 : 1.5% increase to 17.7% over two year period

Part of a local government preemption bill vetoed by governor

Expect to see increased contribution rates in future years

Current member contribution rate of 10.8% of salary for 2018

Employer contribution rate of 16.2% of salary remains unchanged for 2018

No PERA Coordinated Plan retirement contribution rates increase for 2018

Current member contribution rate of 6.50% of salary for 2018

Employer contribution rate of 7.50% of salary remains unchanged for 2018

Labor contracts in place through 2018; budget will incorporate updated figures

Fire Contract with Brainerd

Fire Service amount is projected to decrease approximately \$4,991 due to the operating reduction and fire engine debt service that is partially offset by a 5% increase in equipment funding for the Capital Equipment Fund

		Annual Change	
2018 Proposed	\$303,342	(\$4,991)	-1.62%
2017 Budgeted	\$308,333		

Outside Funding Requests

Organization	2018 Budget Request Rec'd	2017 Budget Funding
Community Action 4th of July	No	\$8,000
Senior Center	No	\$17,000
Central MN Initiative Foundation	Yes	\$5,330
Brainerd Lakes Area Econ Dev Corp	No	\$28,500

Other Costs

General elections in 2018



2018 Adopted Budget Calendar

Friday, July 14, 2017	Budget Packets Distributed to Departments
Tuesday, July 18, 2017 5:30 p.m. (prior to Council meeting)	Council Budget Work Session to Discuss 2018 Goals and Priorities, including 5-Year Capital Improvement Plan Initial Projects Proposed for 2018
Monday, July 31, 2017	Completed Department Budget Packets Returned to Finance
August 1 to August 28, 2017	Finance Assembly and Review of Initial Departmental Submittals Finance/Administration Meeting with Departments to discuss Proposed Budget Determine Initial 2018 Spending Targets and Preliminary Operating Levy & Debt Service Levy (the levies may not be increased after September 30 th)
Tuesday, August 29, 2017 6:00 p.m.	City Council Budget Work Session to Review and Discuss 2018 Governmental Funds Budgets, Proposed Property Tax Levy, and 2018 CIP
August 30 to September 4, 2017	Finance/Administration Continued Review and Refinement of Proposed Budget
Tuesday, September 5, 2017 5:30 p.m. (prior to Council meeting)	City Council Budget Work Session to Review and Discuss 2018 Governmental Fund Budget (<i>Continuation Meeting, if necessary; additional meetings may be scheduled</i>)
Friday, September 15, 2017	Preliminary Governmental Funds Budget and Proposed Property Tax Levy Distributed to the City Council for Consideration
Tuesday, September 19, 2017 7:00 p.m.	City Council Meeting Council Approval of Preliminary Governmental Funds Budget and Levy (Levy can be decreased after this point, but not increased); Preliminary Levy must be certified to Crow Wing County and State of Minnesota by September 30th
September 20 to October 24, 2017	Administration and Finance Continued Review and Refinement of Proposed Budget and 5-Year CIP Meet with Department Heads to Formulate Proposed Budget Finance Department Prepares Final Draft of Proposed Budget
Wednesday, October 25, 2017 6:00 p.m.	Council Budget Work Session to Review Proposed Budget, including Introduction of Enterprise Funds Budgets and 2018-2022 5-Year CIP
Tuesday, November 7, 2017 5:30 p.m. (prior to Council meeting)	Council Budget Work Session to Review Proposed Budget, continued, if necessary (<i>additional meetings may be scheduled, if necessary</i>)
Tuesday, November 21, 2017	Final Budget Document Submitted to City Council
Monday, December 4, 2017 6:00 p.m.	Informational Meeting to Review the 2018 Budget and Property Tax Levy with Public Testimony
Tuesday, December 5, 2017 7:00 p.m. or shortly thereafter	Council Adoption of 2018 Final Budget, Levy and 5-Year Capital Improvement Plan

Highlighted dates represent proposed City Council meetings and/or work sessions to be held at Baxter City Hall, 13190 Memorywood Drive. Other meetings may be scheduled as determined necessary during the budget process.