

**NEW YORK MILLS CITY COUNCIL  
PUBLIC HEARING  
December 8, 2015  
6:01 p.m.**

**CALL TO ORDER AND DETERMINATION OF A QUORUM**

The public hearing of the New York Mills City Council was called to order at 6:04 p.m. in the Council Chambers of the City Hall Building at 28 Centennial 84 Dr., New York Mills, Minnesota, all members of the Council having been notified of the meeting and the business to be transacted.

Members Present: Gerber, Maki, Roder, Hoaby and Oakland

Members Absent: None

Staff Present: D. Berry, C. Kopveiler, K. Mattson

Guests Present: Connie Vandermay of NYM Dispatch

**Call to Order** The Public Hearing was called to order at 6:03 p.m. A quorum was present.

Mayor Gerber noted that it was time for the Public Hearing to convene. She noted that City Clerk Darla Berry would be making a presentation on the overhead projector for the audience to follow along on.

Clerk Berry gave an overview of the proposed 2016 levy. The levy is in two parts – one for the general fund needs and another for the debt servicing needs. The combined total of these two parts is proposed to be \$424,900 which is up from last year's combined levy of \$405,000, an increase of 4.91%. The levy has remained flat for three years but then increased by 4.11% in 2015. Given that this year the City commenced a street improvement project in excess of \$3 million, Berry noted that the levy increase being proposed of 4.91% for 2016 is needed to help fund ongoing operations along with the new debt being incurred as a result of the 2015 project, and it also is a good compromise compared to the initial levy increase proposed of 8.74% in September. Broken down, the levy consists of the debt levy which remained flat in the amount of \$169,000 and the operating levy which is increasing from \$236,000 to \$255,900.

Berry stated that LGA funding was cut for multiple years and the City absorbed a lot of those lost revenues. LGA funds for 2016 are increasing slightly to \$382,235 compared with the 2015 LGA which totaled \$380,927.

Berry referred to the overhead which presented the various aspects of the City budget. She detailed the departments that operate within the general fund budget. She also noted the other types of funds the City has, including special revenue, debt service, capital projects, and enterprise funds. Berry indicated that the first portion of the Public Hearing would be historical information. She explained that the general levy is used for the ongoing operations of the City while the Bond levy is used to pay back bonds. The City currently has 15 bonds, up by 3 from the prior year due to the financing incurred for the 2015 Utility/Street Project. Two of these (Bond Funds 314 & 316) will be refunded in early 2016 with one new bond, reducing the number of bonds that will be outstanding from 15 down to 14 once that refunding has occurred. The city debt levy is for just 6 of the 15 bonds. In the past, Berry has overseen the refunding of several old bonds resulting in a savings to the City. Rates have not been conducive to refunding or a savings since 2012; however, the pending refunding offers some savings to the City which will add about

another \$20,000 to savings realized due to bond refunding. The 2015 project will cost approximately \$3,405,827 as bid, with a total of \$1,700,645 being assessed and the City picking up \$1,705,182.

Berry pointed out that the average levy for Otter Tail County will increase 7.52%, while the City of New York Mills is increasing 4.91%. New York Mills is currently ranked 4<sup>th</sup> in Otter Tail County for its tax capacity rate, which is an increase from 8<sup>th</sup> in 2015 but an improvement from 2<sup>nd</sup> in recent years prior to 2015. Berry also showed examples of the impact of this increase on residential properties by property values, as well as examples of commercial properties.

In the second portion of the hearing, Berry discussed the City's budget for 2016. Berry noted that the total general fund revenues are budgeted to be \$1,131,221 in 2016. She went through the various general fund departments and showed the 2016 expenditures budgeted for each department. Several years ago, Berry set up a capital projects reserve fund to purchase larger items for the City. Through this inter-fund borrowing, the City is able to be self-funded and eliminate the need for leasing many of these items or paying interest to an outside source.

Total general fund revenues for 2016 are budgeted at \$1,131,332 with the largest source being aids and grants in the amount of \$408,095. Berry gave a breakdown of expenditures by department.

The handouts included a list of the proposed budgeted transfers for 2016. Berry then went through the handouts that comprise the 2016 Budget Worksheet for all active funds. She explained the various columns of data included full year actual data for 2014, the 2015 budgeted amounts, the year-to-date 2015 actual amounts, and the proposed 2016 budgeted amounts. She explained those items with handwritten comments included on the worksheets. Berry pointed out that the gas fund has a healthy balance after transfers, but the City will have to take a hard look at the sewer fund as it is showing a projected cash balance of only \$78,011 at the end of 2016. Liquor store cash balances are expected to experience a significant decline after transfers at the end of 2015. What the Office of State Auditor is concerned with is the net amount before transfers, which is \$64,852. For 2016, projections show net profits after transfers of \$10,852. The bond which is paid from liquor store funds will mature in April of 2017. After 2017, these funds will be available to put towards another need. She noted for the Fire Department that the revenues include annual set asides of \$20,000 each from the City and from the Townships as a group that is put into investments to save for equipment needs, such as new fire trucks.

Berry noted that bond funds are funded by tax levies, revenues from enterprise funds, intergovernmental transfers, and special assessments. For bond fund 323 (Country View debt service fund), the largest debt repayment year is in 2016 when a principal payment of \$115,000 is scheduled. Thereafter the debt servicing payments will decline to maturity. For the debt servicing funds, Berry noted that she has an excel spreadsheet on which she forecasts the funding needs for each bond fund to ensure that the City can meet its required payment schedules without causing sudden jumps on the bond portion of the City levy. Cash balances are used to even out the necessary levy amounts and ensure long term positive cash flow. With the 2015 project, three new bonds were incurred for which special assessments are a source of repayment. However, the special assessment revenues will not be available until 2017; thus, in 2016 those bonds will use some borrowed funds from City cash reserves to meet debt servicing needs. Repayment of such borrowed funds will occur as cash flows allow.

At the conclusion of Berry's presentation, she asked if anyone wished to ask questions or make comments.

Mayor Gerber thanked Berry for the presentation, and after hearing no further comments or questions she closed the Truth in Taxation Public Hearing at 6:25 p.m.

Respectfully submitted by,

*The City of New York Mills is an equal opportunity provider and employer.*

Approved Minutes  
1/13/2015

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Cheri Kopveiler  
Administrative Assistant  
City of New York Mills

Approved Minutes  
1/13/2015