



City of Anoka, Minnesota

Financial Management Plan

May 27, 2025

Goals for the Meeting

- City Funding overview
- What is a Financial Management Plan (FMP)?
- Assumptions and other factors
- Review of various funds
- Findings
- Council direction/consensus
- Next steps

Council Direction/Consensus

1. Parking Fund
 - ✓ How to fund parking if you don't charge for it
 - Need approximately **\$81,000** in 2026
 - ✓ Address negative fund balance
 - Need to increase fees by **25% (\$16,250)** in 2026 – 2027
2. Proposed tax levy increases to address capital needs and positive fund balance needs (especially in the General Fund)
3. Fund Balance Goals
 - ✓ Establish goals for the various funds – Streets Renewal, Park Capital, Building Improvements, Golf Enterprise, Parking Special Revenue, Liquor Enterprise
 - ✓ Review of General Fund to increase from **30%**
4. Franchise Fees to offset tax levy (increase and passing on electric to end users)

Fund Types

Governmental Funds

Activities primarily funded by taxes, grants & similar sources

- General
- Special Revenue
 - ✓ Parking
- Debt Service
- Capital Project
 - ✓ Building Improvements
 - ✓ Park Capital Projects
 - ✓ Street Renewal

Proprietary Funds

Activities that receive significant support from user fees & charges

- Enterprise
 - ✓ Liquor
 - ✓ Golf Course
 - ✓ Cannabis
- Internal Service
 - ✓ Central Garage
 - ✓ Information Systems

General Fund Revenue Sources

Property
Taxes

Special
Assessments

Licenses &
Permits

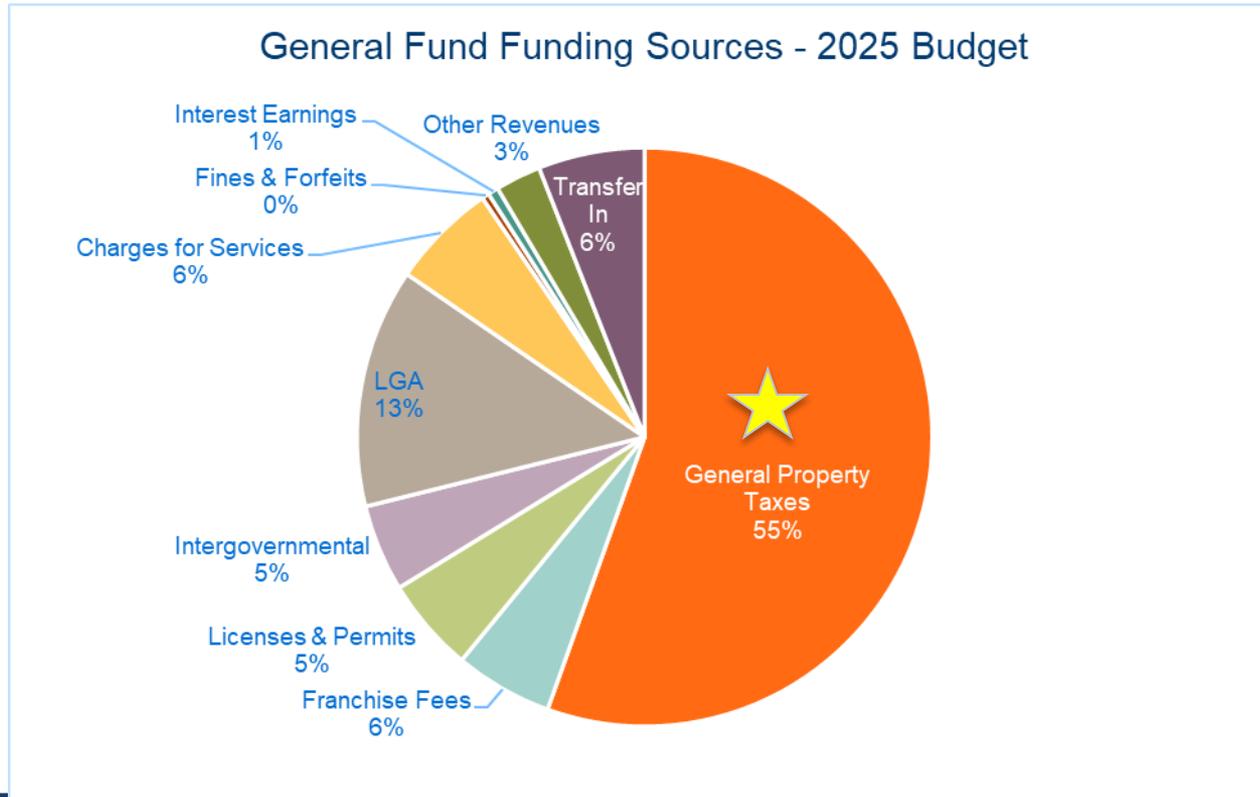
Fines &
Forfeitures

Grants

Charges for
Services

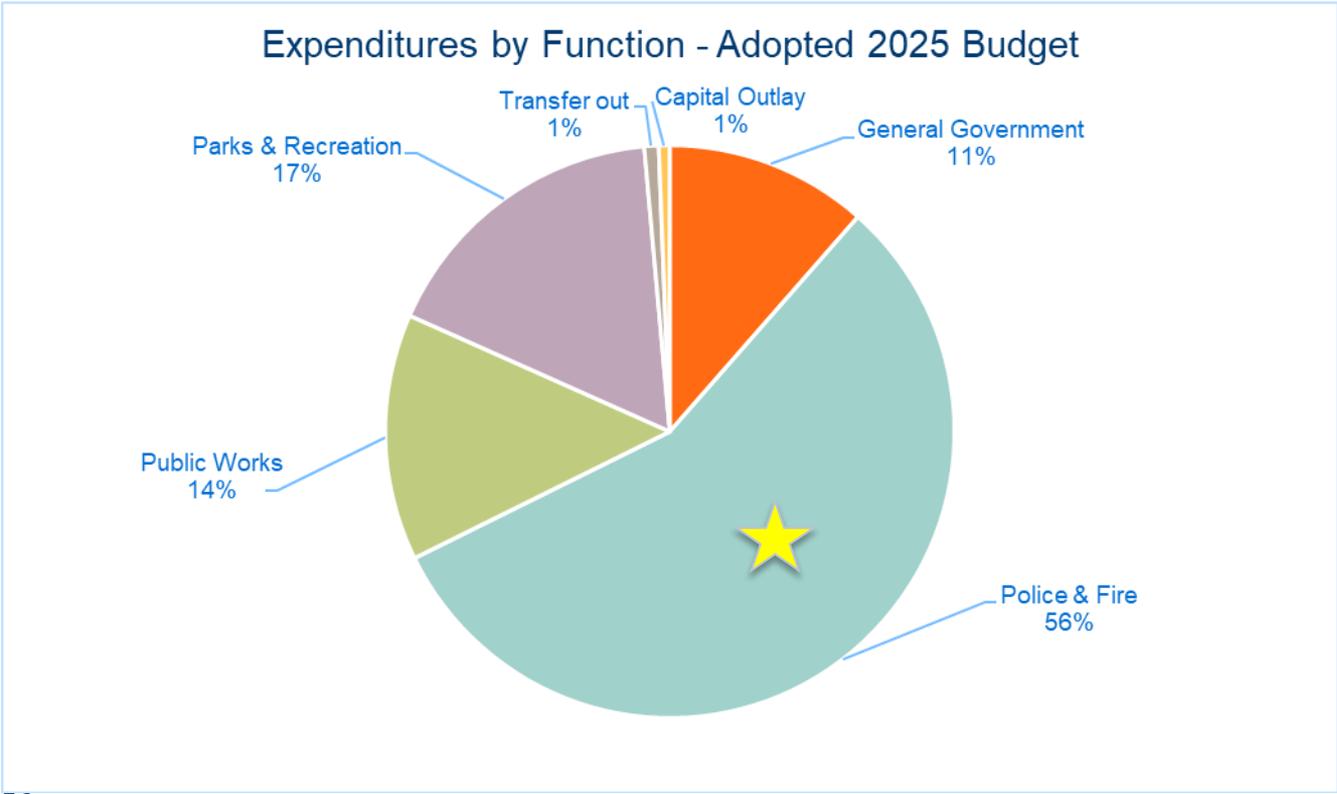
Transfers

General Fund Revenues



Total \$17,098,494

General Fund Expenditures by Function



Total 17,098,494

What is a Financial Management Plan?

- A multi-year fiscal plan for all tax-supported funds
- Integrates:
 - ✓ Existing debt
 - ✓ Capital Improvement Plans
 - ✓ Future debt
 - ✓ Tax base growth
 - ✓ Future operating costs
- Assures all capital, maintenance, staffing needs are met and there are sustainable funding sources

What Makes It Practical?

- Helps to manage expectations
 - ✓ New spending proposals evaluated against other priorities
 - ✓ Weigh proposals vs. predefined parameters
- Helps to maintain assets and fund balances
 - ✓ Regular replacements
 - ✓ Large periodic repairs
- Reduces stress during budget development process
 - ✓ Previously agreed spending guidelines
 - ✓ Better understanding of the effect of decisions
- Reduces reactivity amidst an unpredictable fiscal environment



Results

- Integrates budget, tax policy and capital plans
- The City Council can focus on “the big picture” and policy issues
 - ✓ Annual budgetary process dovetails with long-term goals
- The City Council can focus on long-term financial health of the City
 - ✓ Not on single-year tax impacts
- Projects tend to be less controversial
 - ✓ Provides background/perspective on issues for discussion
 - ✓ Provides framework to make informed decisions
- The City has a vehicle through which to inform stakeholders

Assumptions and Other Factors

1. Unassigned General Fund balance meets the policy of at least 30% of operating expenditures by 2029 (around 29% in prior years)
 - ✓ \$2.35M contingency budget needed for 2026-2032 (\$335,700 average) to obtain compliance
2. Doesn't include refunding of temporary tax abatement bonds
3. Cannabis Fund revenue/expenses are per the City proforma
 - ✓ Unknown reality and how long it will last
 - ✓ Pay back of interfund loan at 3% interest to Electric Utility for building construction over 5 years beginning in 2027

Assumptions and Other Factors

4. All funds have a 2% increase in revenues, 4% increase in expenditures, except:
 - ✓ Golf Fund revenues increase 15% (average of \$295,000) over next 3 years, then 3% thereafter
 - ✓ Parking Fund revenues increase 25% (average of \$18,300) over next 2 years, 15% (\$15,200) in year 3 and average of 2.5% thereafter
5. Existing tax base increases 2% annually
 - ✓ No new residential and commercial development growth built in
6. All capital projects are incorporated per the respective Capital Improvement Plans
 - ✓ All projects have identified funding source, including a property tax levy
 - ✓ Placeholders used for 2030-2034 for General Fund, Park Capital Projects, Building Improvement, Golf Enterprise, Street Renewal, Information Services, Central Garage

Capital Property Tax Levies					
Fund	2026	2027	2028	2029	2030
Streets	\$ 725,000	\$ 939,409	\$ 1,066,976	\$ 1,232,552	\$ 1,337,427
Buildings	\$ 57,965	\$ 107,558	\$ 107,558	\$ 107,558	\$ 246,093
Park	\$ 41,844	\$ 112,218	\$ 216,827	\$ 321,437	\$ 516,391
Parking	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 824,809	\$ 1,159,185	\$ 1,391,361	\$ 1,661,547	\$ 2,099,911

Assumptions and Other Factors, continued...

7. Capital Projects and equipment costs over the next 5 years

Fund	Amount
General	1,620,000
Park Capital	11,275,000
Building Improvements	9,117,233
Golf Enterprise	2,570,000
Parking Special Rev Fund	-
Street Renewal	16,765,400
Information Service	518,000
Central Garage	1,934,000
Liquor Enterprise	10,041,600
Total	53,841,233

Assumptions and Other Factors, continued...

8. \$37.414M in projected debt over next 8 years to fund \$53.8M in projects

Bonding Summary								
Fund	2025	2026	2027	2028	2029	2030	2031	2032
Park Capital	440,000	740,000	1,100,000	1,100,000	2,050,000	-	500,000	500,000
Building	450,000	385,000	-	-	1,456,733	6,000,000	-	-
Parking	-	-	-	-	-	-	-	-
Streets	200,000	3,185,500	1,705,000	2,021,600	2,057,400	-	-	-
Garage	210,000	225,000	520,000	640,000	-	-	-	-
Liquor	-	-	5,000,000	-	-	5,000,000	-	-
Golf	-	1,735,000	193,000	-	-	-	-	-
Total	1,300,000	6,270,500	8,518,000	3,761,600	5,564,133	11,000,000	500,000	500,000

- ✓ Bigger bonding needs are for 2 liquor stores and parking ramps
- ✓ No debt issuances planned beyond 2032

Assumptions and Other Factors, continued...

9. Fund balance goals incorporated:

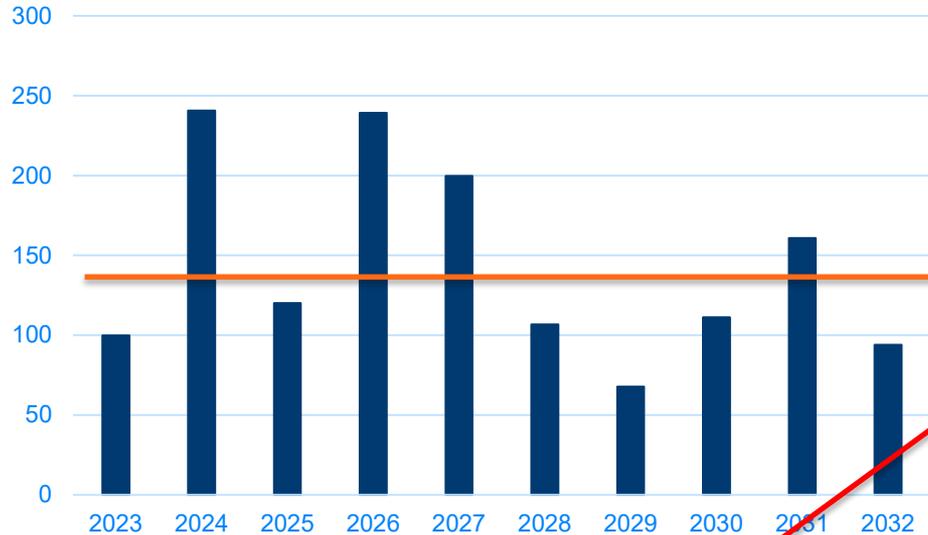
Fund	Goal	Amount	Date Achieved
Parks	Average of last 4 years projects	\$622,000	2031
Streets	Average cost of mill/overlay	\$1,000,000	2030
Building	Address larger capital needs	\$1,000,000	Not Achieved
Golf Course	4 months of operating expenses	\$685,000	2029
Liquor	50% of annual operating expenses plus next years debt service, if any	\$1,175,000 to \$2,600,000	2031
General Fund	30% of next years operating expenses	\$5.8M to \$7.4M	2029

Key Takeaways

- City will need to issue debt to meet capital needs and reduce property tax impacts
- All of the funds either had negative, little to no fund balance or fall below suggested fund balance levels
 - ✓ Solved for Park Capital, Building Improvements, Golf Course, Street Renewal, Parking Special Revenue
- If City decides to not charge parking fees, City will need to increase tax levy by **\$81K** in **2026** or **reduce costs**
- Franchise fees should be reviewed as a possible funding source to offset tax levy increases
- Next two years will require a property tax levy (prior to fiscal disparities) greater than last year (**10.17%**)
 - ✓ 2026 = **18.85% (\$2.1M)** and 2027 = **14.03% (\$1.8M)**
 - ✓ Lower increases likely not an option

Impact on Median-Valued Home

Projected Increase on \$305,300 SF Home



2026-2028

3-Year Average = **\$182/year**

Next 10 Years

- 2026: **\$239/year**
- 2027: **\$200/year**
- 2028: **\$107/year**
- 2029-2034: Average of **\$99/year**, ranging from **\$50/year** to **\$161/year**

	Annual	Monthly	Daily
	\$ 239	\$ 20	\$ 0.66

It may look challenging, but...



Debt Service Funds

	2025	2026	2027	2028	2029	2030	2031	2032
	Adopted	PROJECTED						
Debt Service Funds								
GO Street Improvements of 2020A Fd 301	285,408	320,000	300,000	300,000	300,000	300,000	275,000	275,000
GO Street Improvements of 2023A-Fd 303	232,321	236,317	236,948	237,157	238,317	236,847	240,417	238,317
GO 2016A Event Center Improvements-Fd 305	167,055	210,000	165,000	-	-	-	-	-
GO Park Maintenance of 2021A-Fd 376	375,538	375,000	350,000	350,000	350,000	350,000	350,000	375,000
GO Law Enforcement Training Ctr of 2022A-Fd 378	288,855	300,000	325,000	330,000	350,000	300,000	300,000	275,000
GO Rum River District Ramp of 2014A-Fd 379	343,020	350,000	475,000	450,000	450,000	450,000	450,000	450,000
Total Debt Service Funds	1,692,197	1,791,317	1,851,948	1,667,157	1,688,317	1,636,847	1,615,417	1,613,317

Items for Consideration

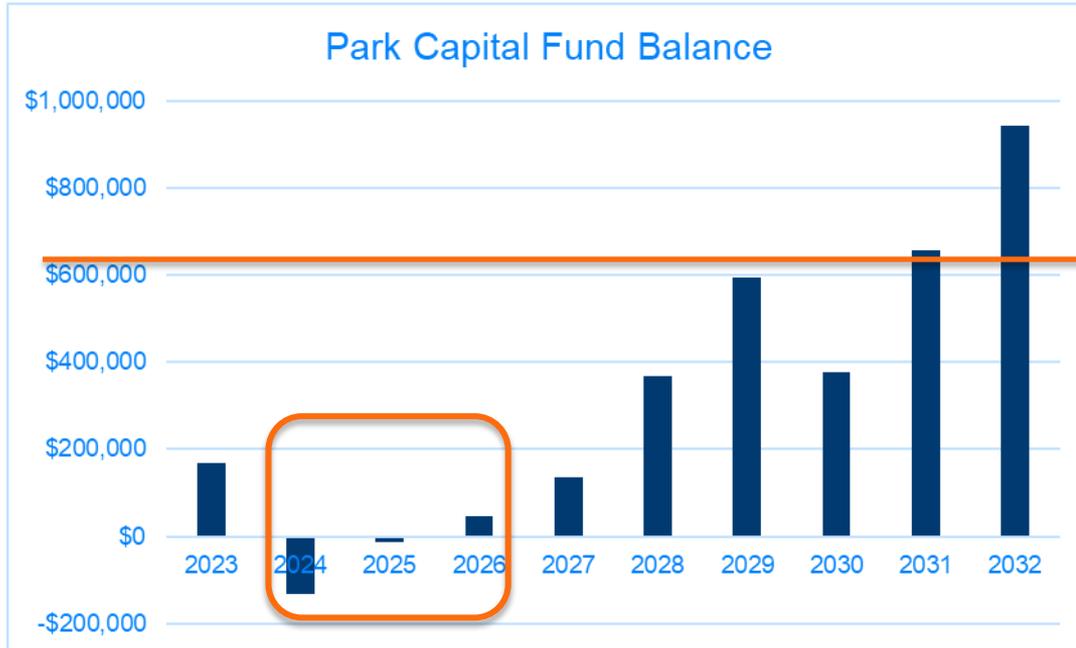
- Adjust debt levies to solve for negative fund balances
 - ✓ December 31 ending fund balance should be sufficient to pay next year's (2/1) debt
- Monitor necessary levies and adjust for prepaid special assessments

Park Capital Projects Fund

- **\$11.275M** in Project Costs
- 2025 - 2029 capital projects
 - ✓ **\$133,000-\$266,000** received annually from the Electric Fund from 2024-2032
 - ✓ Other funding includes grants
 - ✓ Reliant on bonding for capital projects - **\$5,430,000**



Park Capital Projects Fund



Items for Consideration

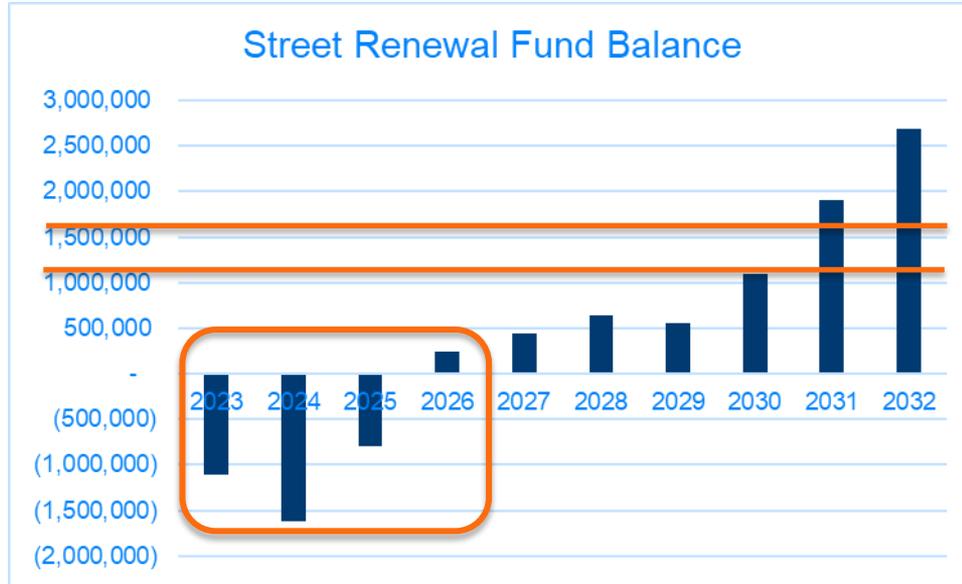
1. Issue bonds for projects
 - ✓ Helps with short-term cash flow
 - ✓ Can be less expensive than delaying purchase in an inflationary environment
2. Determine appropriate ending fund balance
 - ✓ Average of last 4 years (2021 to 2024) capital projects was approximately **\$622,000**

Street Renewal Fund

- **\$16.765M** in Capital Projects
- 2025–2030 Capital Projects
 - ✓ **\$3.161M** average annual cost (2025-2029)
 - ✓ Funded with debt, **\$900K+** annual tax levy, **\$627K** in franchise fees & other funds
- 2031-2034 Placeholders
 - ✓ **\$500,000** annually, likely low
- Get to **positive (2026) & adequate (2031 / 2032)** fund balance



Street Renewal Fund



Items for Consideration

1. Establish a fund balance goal
 - ✓ Recommend **\$1M to \$1.5M** (average cost of mill/overlay project)
2. Institute a property tax levy
3. **Re-examine franchise fees**
4. Closely monitor construction costs and adjust plan accordingly

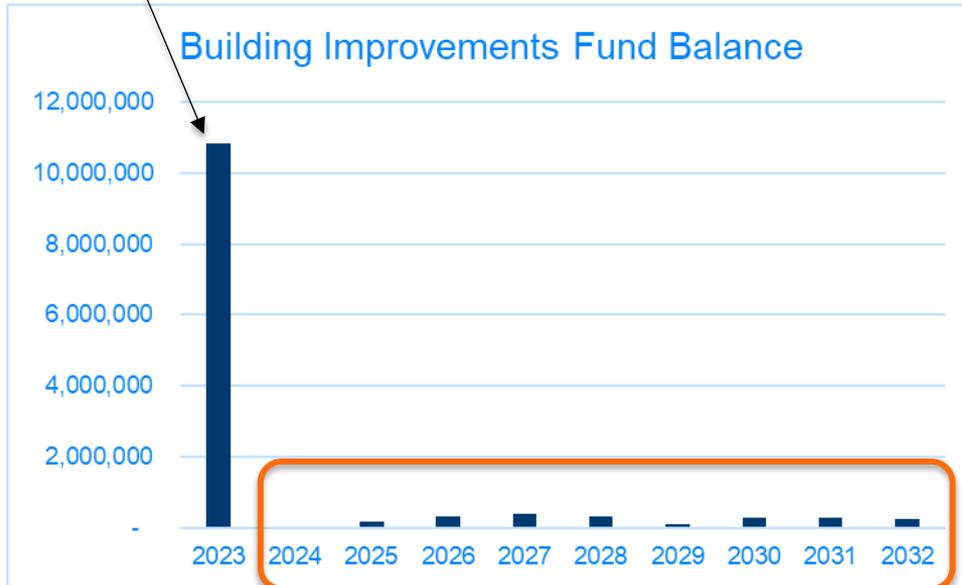
Building Improvement Fund

- **\$9.117M** in Capital Projects
- 2025–2030 Capital Projects
 - ✓ **\$1.5M** average annual cost
 - ✓ **\$250,000** placeholder in 2031, inflated annually thereafter
 - ✓ Major Projects
 - Parking Facility improvements - **\$750K** in 2029 and **\$6M** in 2030



Building Improvement Fund

2023 Temporary Tax Abatement Bond issuance



Items for Consideration

1. Establish a fund balance goal
 - ✓ \$1,000,000 recommended
 - ✓ Only at \$300,000
 - ✓ Need to add \$135,000 annually to obtain by 2030
2. Closely monitor construction costs and adjust plan accordingly

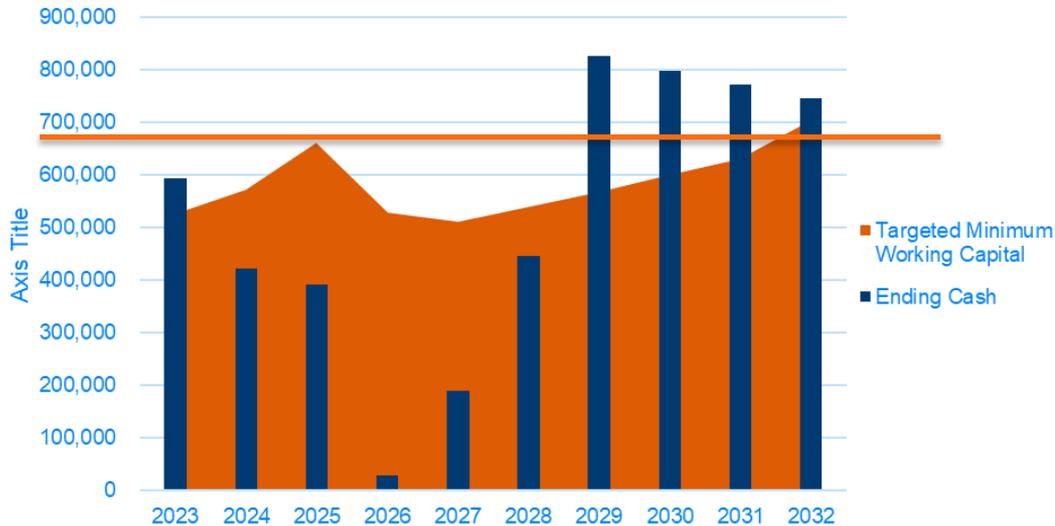
Golf Course Fund

- **\$2.57M** in Capital Projects
- 2025 - 2028
 - ✓ **\$400,000** placeholder in 2030, annually thereafter
 - ✓ Major Projects
 - City undertaking a comprehensive golf course study
 - Provide recommendations regarding Golf Course improvements
 - Total recommended improvements could change from projections
 - Bunker and cart path replacement
- Capital Funding
 - ✓ Through charges for services and bonding
 - ✓ Recommended charge for services increases:
 - **15%** 2026-2028 = Approximately **\$255,000**
 - **3%** thereafter = **\$81,650**



Golf Course Fund

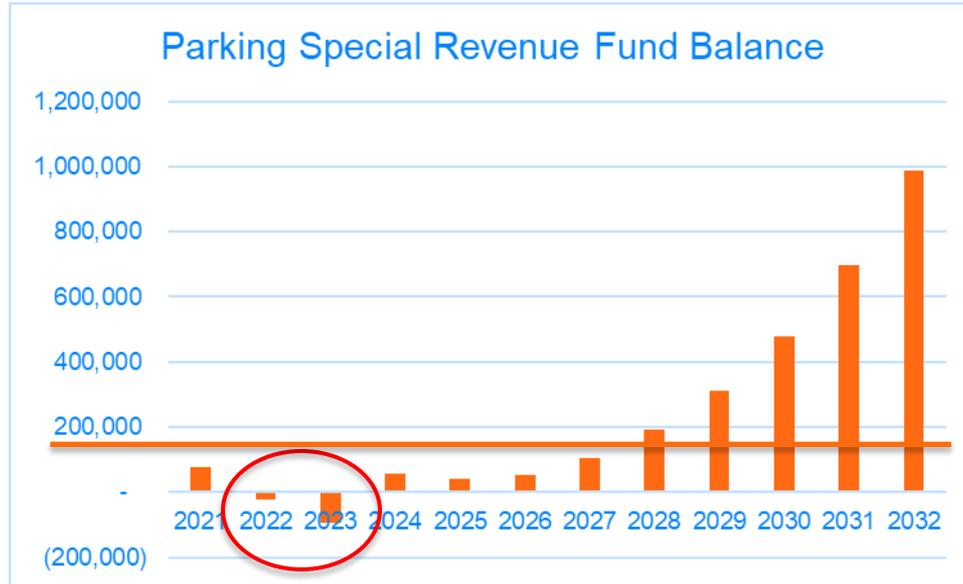
Golf Course Ending Cash



Items for Consideration

1. Current operating revenues cover operating, but not enough for capital needs
 - ✓ Assumes fee increase of **15%** in 2026 – 2028, and **3%** thereafter
 - ✓ Need **\$255,000** in 2026
2. Establish a fund balance goal
 - ✓ 4 months of operating = approximately **\$685,000**
 - ✓ Achieved by **2029**

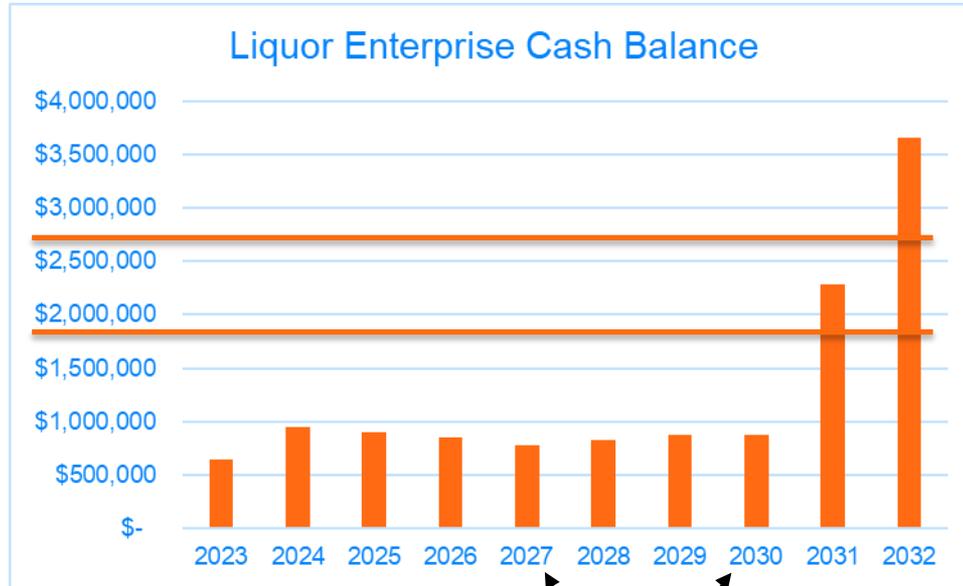
Parking Special Revenue Fund



Items for Consideration

1. Establish a fund balance goal
 - ✓ 9 months of expenses
 - ✓ \$130,000 (reach by 2028)
2. Fund has been operating at a loss
 - ✓ Will need rate increases OR
 - ✓ Property tax levy if parking fees are removed

Liquor Enterprise Fund

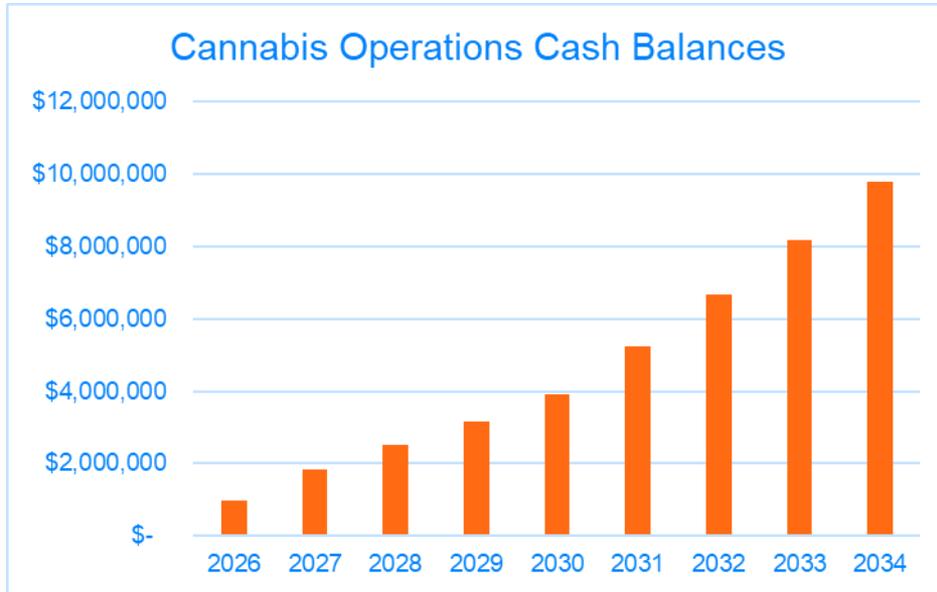


Store additions

Items for Consideration

1. Establish a fund balance goal
 - ✓ 50% of annual operating expenses plus next years debt service, if any
 - ✓ Ranges from \$1.175M to \$2.6M
2. Addition of 2 stores in 2027 and 2030
3. Assumes 4% increase in sales

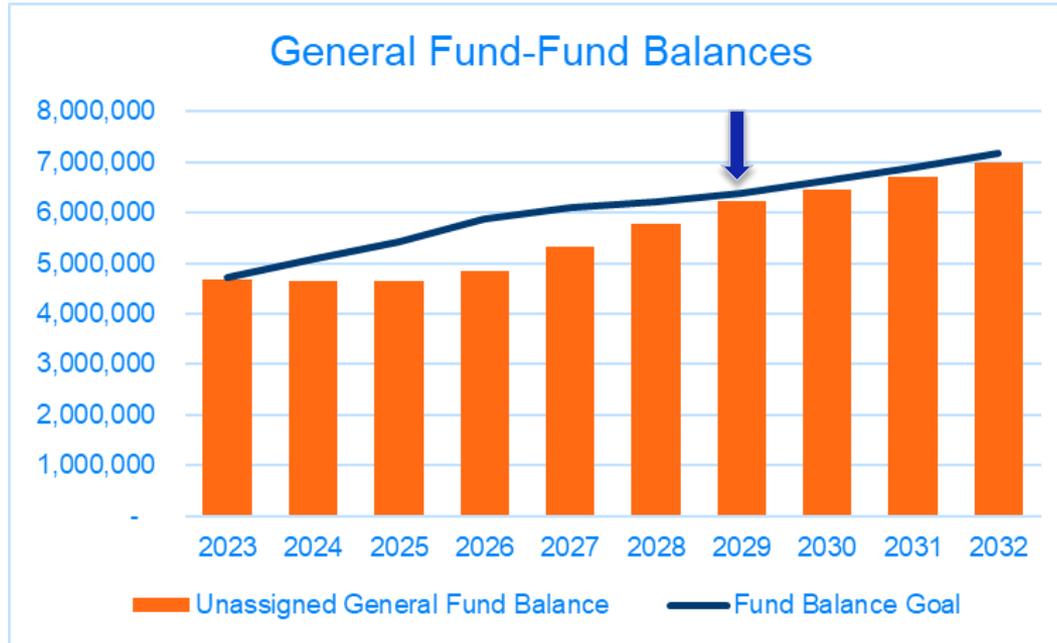
Cannabis Operations



Items for Consideration

1. Wait and see on actual revenues and cash balance
2. Use of cash balance may be available for use on City capital needs and/or to reduce tax levy

General Fund – Fund Balance



- Fund Balance Policy – Unassigned fund balance is 30% of next years operating expenses
 - ✓ Contingency needed from 2026 and thereafter to maintain compliance
 - ✓ \$335,700 average annual contingency budgeted from 2026-2032

Proposed Changes

- Include contingency in the General Fund budgeting process
 - ✓ Maintain fund balance policy
 - ✓ Consider increasing fund balance policy
 - OSA recommended 35%-50%
- Incorporate recommended fund balance goals
- Adjust certain debt service levies
- Determine necessary rate increases
 - ✓ Parking Special Revenue
 - Determine necessary levy if parking fees are eliminated
 - ✓ Golf Enterprise
- Determine timing and term for tax abatement bonds refunding

Council Direction/Consensus

1. Parking Fund

- ✓ How to fund parking if you don't charge for it
 - Need approximately **\$81,000** in 2026
- ✓ Address negative fund balance
 - Need to increase fees by **25%** in 2026 – 2027

2. Proposed tax levy increases to address capital needs

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Council Direction/Consensus

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Need to add \$135,000 / year to achieve by 2030

- ✓ Review of General Fund to increase from 30%

4. Franchise Fees to offset tax levy

- ✓ Currently approximately \$627,000
- ✓ Increase and passing on electric to end users

Next Steps

- Refine plan based upon Council direction
- Future work session to review
- Finalize plan

Let's Talk!

