2026-2030
Long-Term Financial Plan

High-level financial overview for City Council

Assumptions • Cash balances • Tax levy trends • Debt • Capital

CITY OF NEW PRAGUE, MINNESOTA

Council overview

The plan coordinates operating needs, reserves, capital investment, debt and the property tax levy.

2026–2030
Planning horizon
2025 actual baseline

$46.5M
2030 citywide cash
$47.0M in 2025

$7.34M
2030 total levy
$5.31M in 2025

$56.9M
2030 debt balance
After 2026 peak

- General Fund reserves remain strong, but are intentionally drawn down as capital purchases move to dedicated capital funds.
- Levy growth is phased at roughly 5% to 7% annually, while tax capacity and residential growth moderate the tax-rate effect.
- Debt peaks in 2026 due primarily to electric infrastructure financing, then declines through 2030.
- The primary modeled pressure point is the Golf Fund, which turns negative beginning in 2027 without a corrective funding plan.

Core planning assumptions

The projections are a decision-making framework, not a precise prediction of future results.

Revenues

3% annual growth

Charges for services, licenses, permits and other user-based revenues

Operating costs

3% annually

Inflation, contracts and service-level requirements

Personnel

6% annually

Current staffing, benefits and compensation structure

Tax base

3% value growth

Plus 36 new homes annually beginning in 2027

State aid

Flat LGA

LGA held constant; a growing share is redirected to capital

Capital & utilities

Planned timing

Projects occur as scheduled; enterprise rates support operations, debt and reserves

A deliberate shift in financial strategy

Separate operating and capital funding to improve transparency and reduce levy volatility.

GENERAL FUND

Focus on recurring city operations

CAPITAL LEVY + LGA

Build dedicated equipment and project resources

DEBT & EXCESS CASH

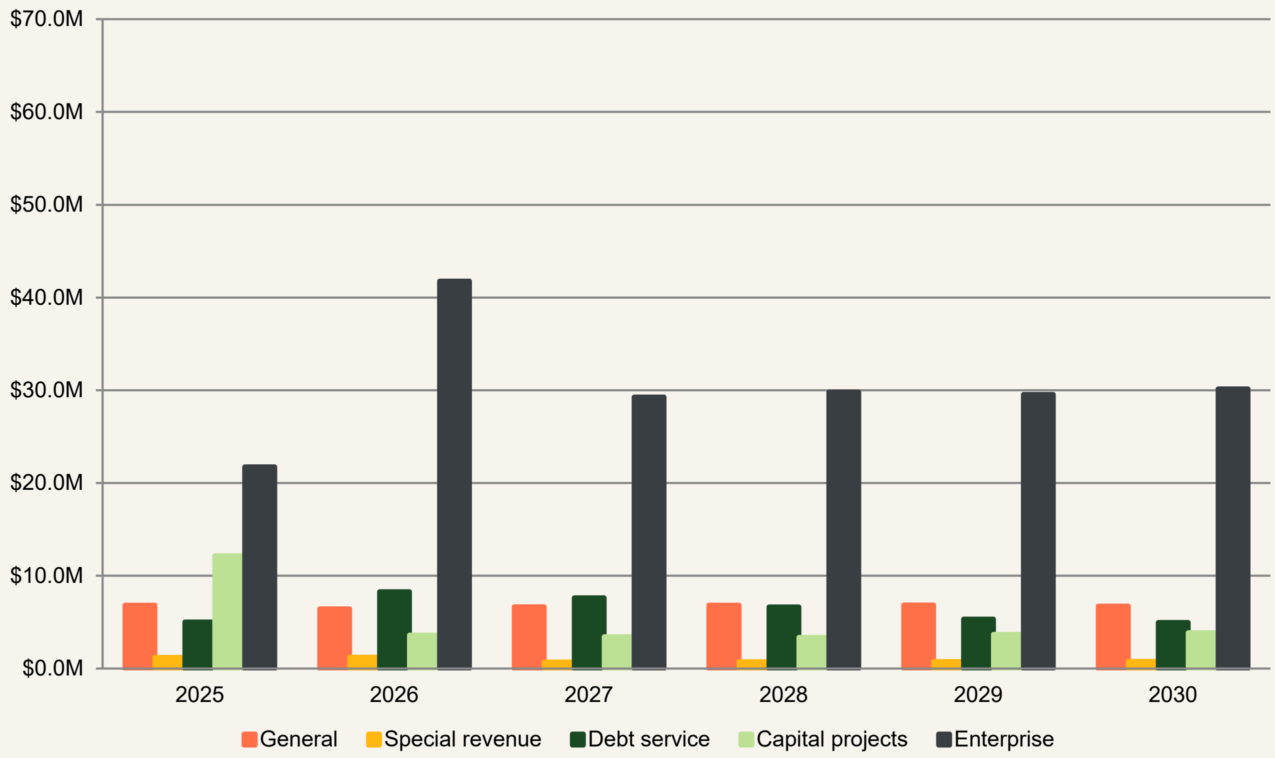
Finance long-lived assets and redeploy eligible residual balances

Policy objective: stable services + planned asset replacement + manageable taxpayer impact

The plan redirects capital purchases from the General Fund to the Equipment and General Projects funds and begins shifting LGA in 5% increments starting in 2028.

Citywide cash balances

The 2026 spike is driven by electric bond proceeds; aggregate cash then stabilizes near $46 million.



$47.0M

2025 actual

$61.4M

2026 estimated

Electric financing timing

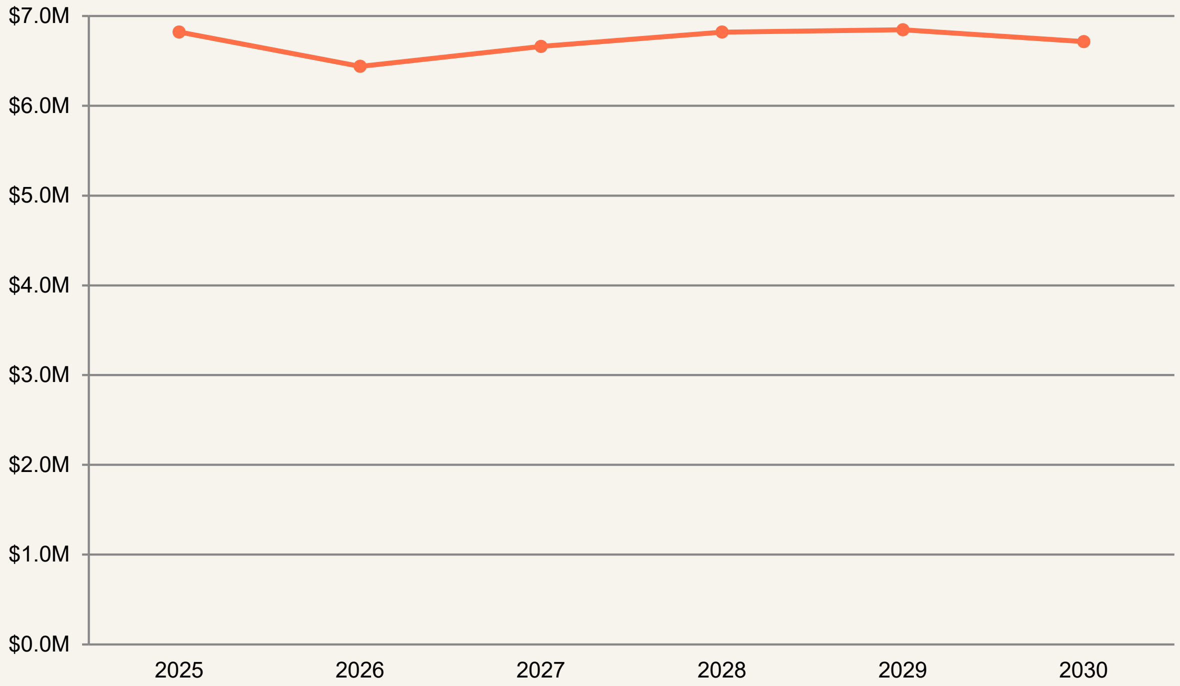
$46.5M

2030 estimated

Stable aggregate liquidity

General Fund reserves remain strong

The planned drawdown reflects a narrower operating purpose, not an unplanned operating deficit.



$0.11M

Cash decline

1.6% from 2025 to 2030

78.3%

Reserve ratio

2030, of following-year expenditures

- Capital purchases shift to dedicated funds.
- LGA is gradually redirected to capital beginning in 2028.
- General Fund levy supports personnel and ongoing operating inflation.

Cash balances by fund type

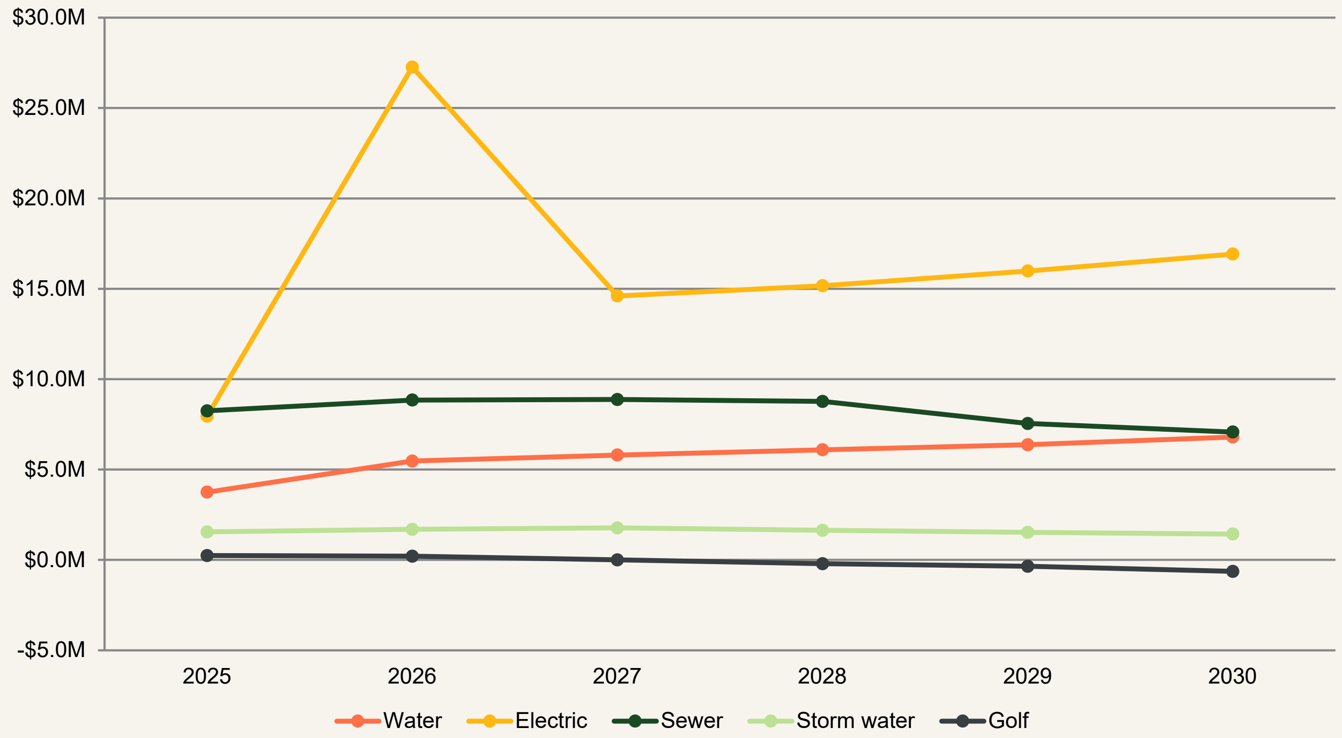
Most funds remain positive; specific timing and funding issues require monitoring.

Special revenue	$1.21M -> $0.79M	2027 decline reflects use of the 2017 Small Cities Project resources.
Debt service	$5.03M -> $4.97M	Positive in every year; excess balances are redeployed as debt retires.
Capital projects	$12.16M -> $3.87M	2026 decline reflects completion of the police facility and other project closeouts.
Enterprise	$21.74M -> $30.15M	Overall positive and strengthening, with individual-fund differences.

Watch item: liquidity pressure is concentrated at the individual-fund level, especially Golf.

Enterprise fund outlook

Utility cash supports operations and reinvestment, while the Golf Fund requires a funding decision.



GOLF FUND

Projected cash deficit begins in 2027 and grows to:

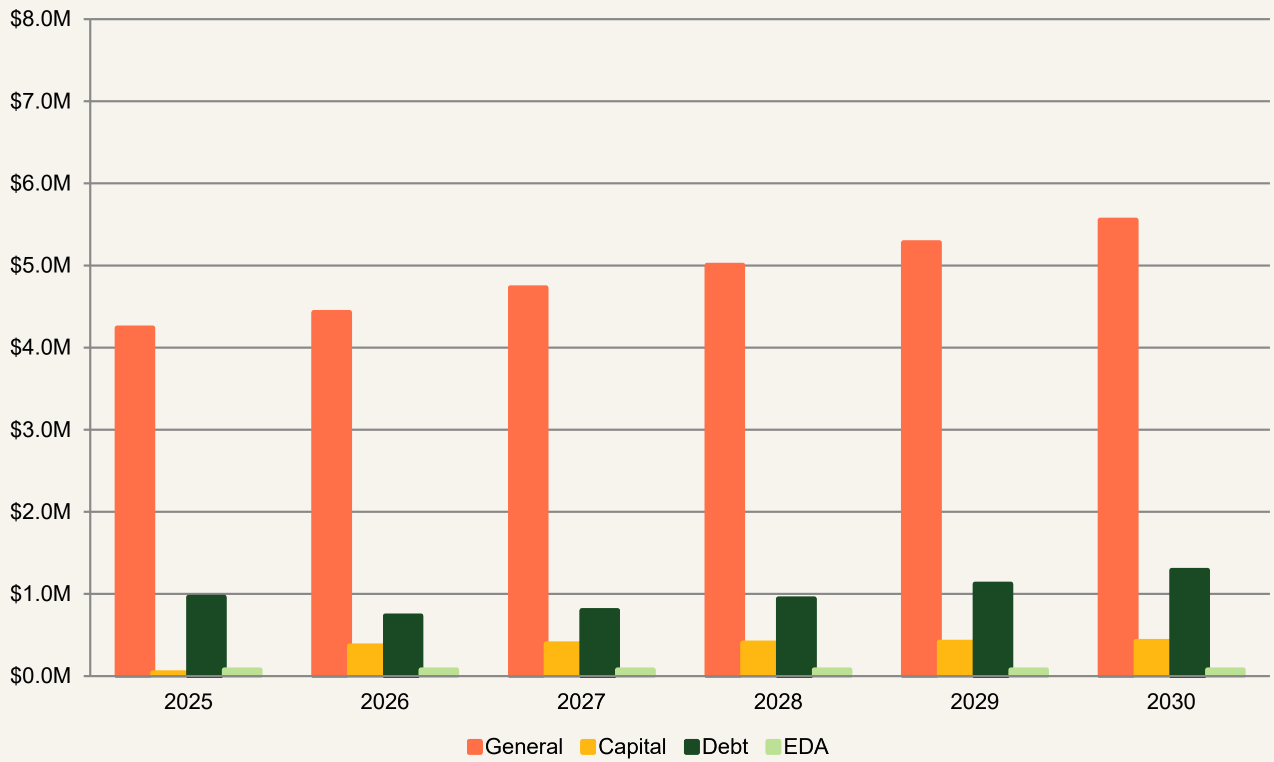
($636K)

by 2030

Council discussion: capital timing, rates/fees, transfers or project deferral.

Property tax levy trend

Total City and EDA levy grows from $5.31 million in 2025 to $7.34 million in 2030.



$2.02M

Total increase

2025 to 2030

76% General

2030 mix

18% debt • 6% capital • 1% EDA

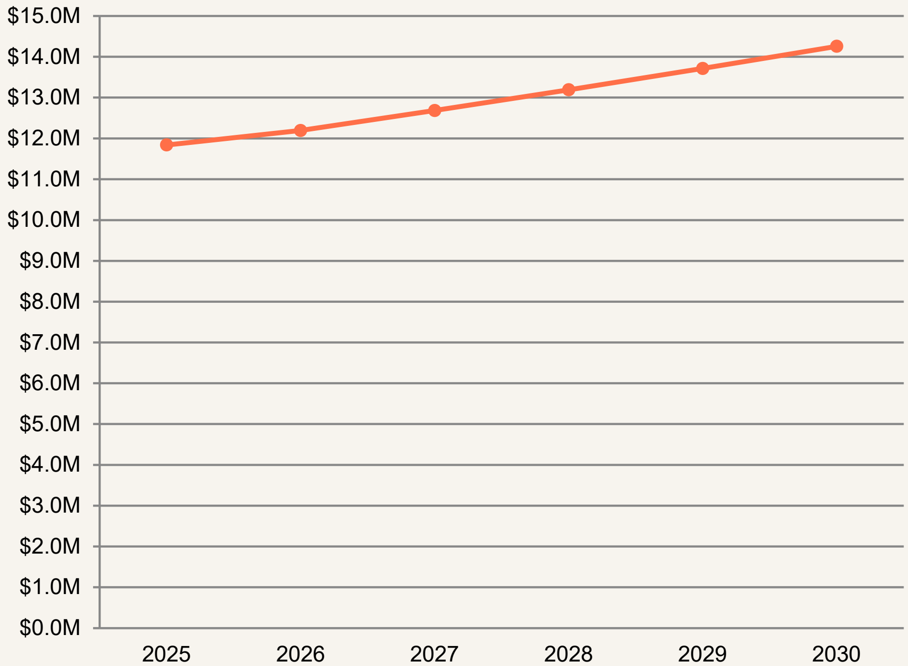
5.5%-7.2%

Annual growth

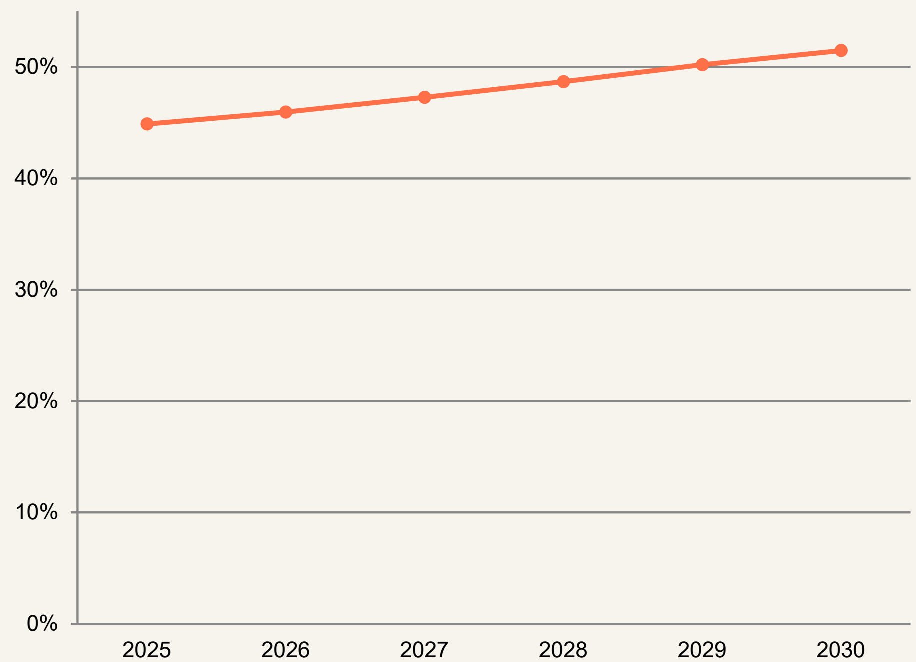
Across 2026–2030

Tax capacity and tax-rate trend

Tax-base growth helps moderate levy growth, though the total rate rises gradually through 2030.



Adjusted net tax capacity ($ millions)

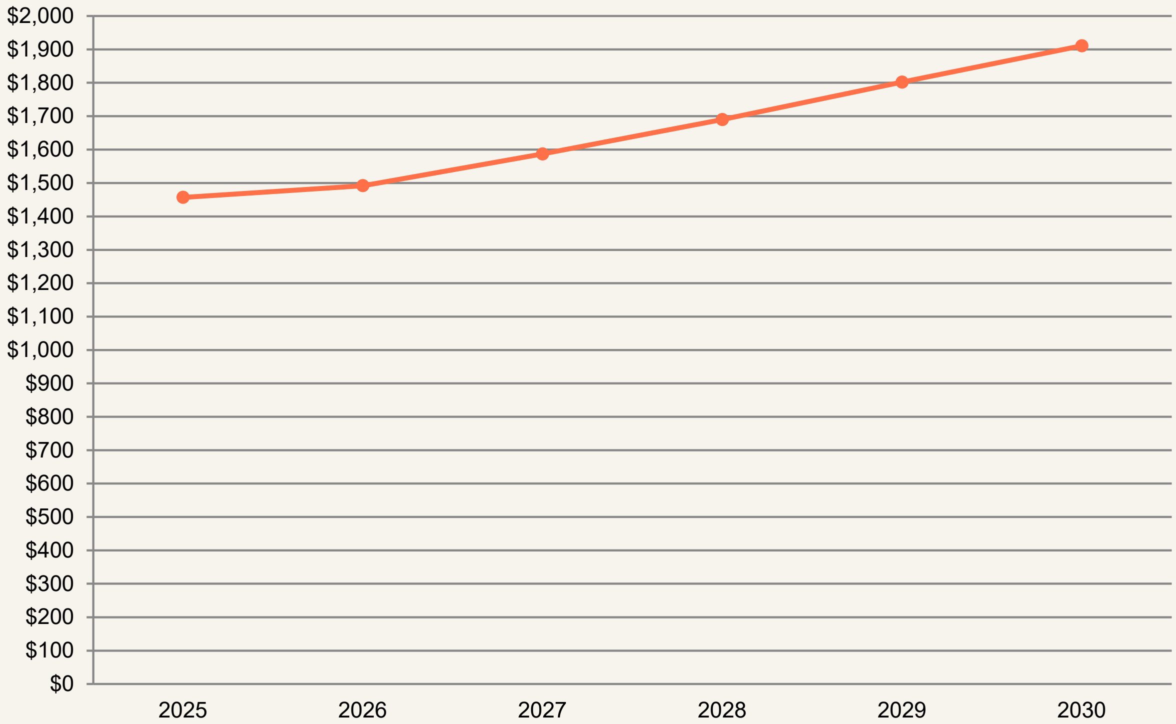


Total City + EDA tax rate

Model assumptions: 3% market value growth and 36 new homes annually beginning in 2027.

Illustrative homeowner impact

The plan projects gradual annual increases in the City portion of taxes on the modeled median-value home.



$383,236

Median home value

2030 modeled value

$1,911

City tax amount

2030 projected; based on $340,500 median home value in 2026, increasing 1.5% annually

2%-7%

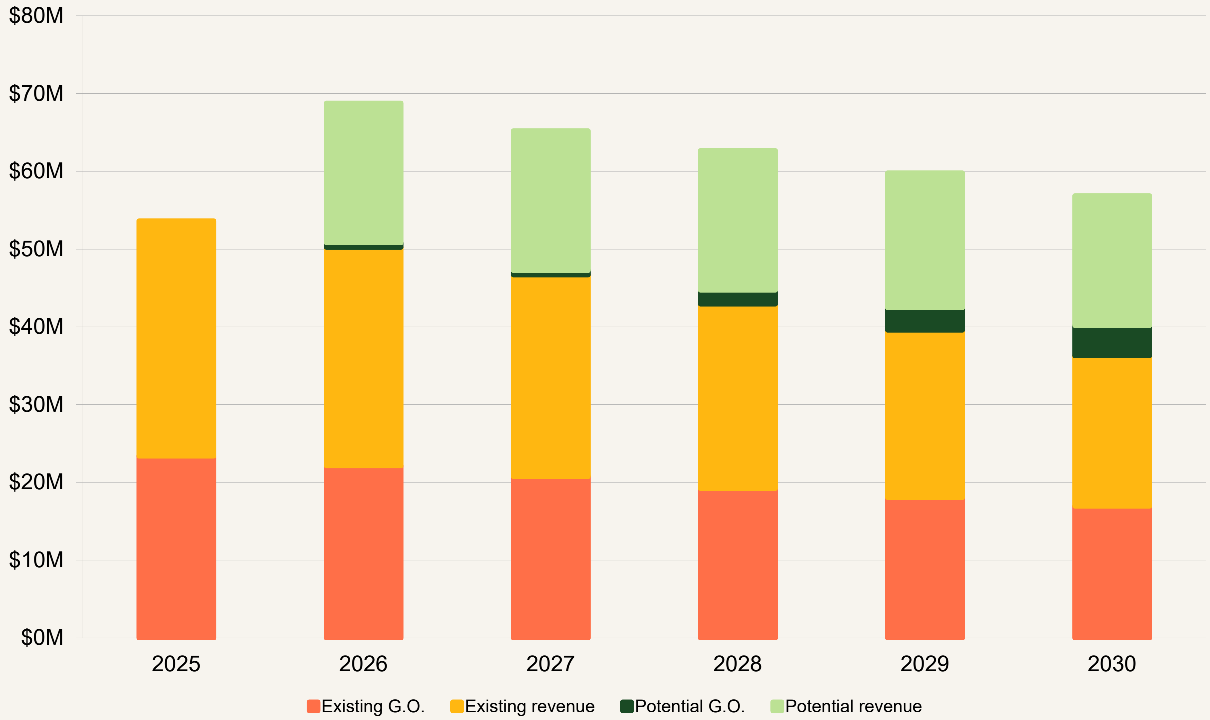
Annual change

Projected by year

Illustrative only: actual property-tax impacts vary by parcel classification, valuation changes and other taxing jurisdictions.

Debt peaks in 2026, then declines

New electric infrastructure financing causes the peak; scheduled principal payments reduce balances thereafter.



$68.8M

2026 peak

$97.24M

Debt issued/assumed

Including potential new debt

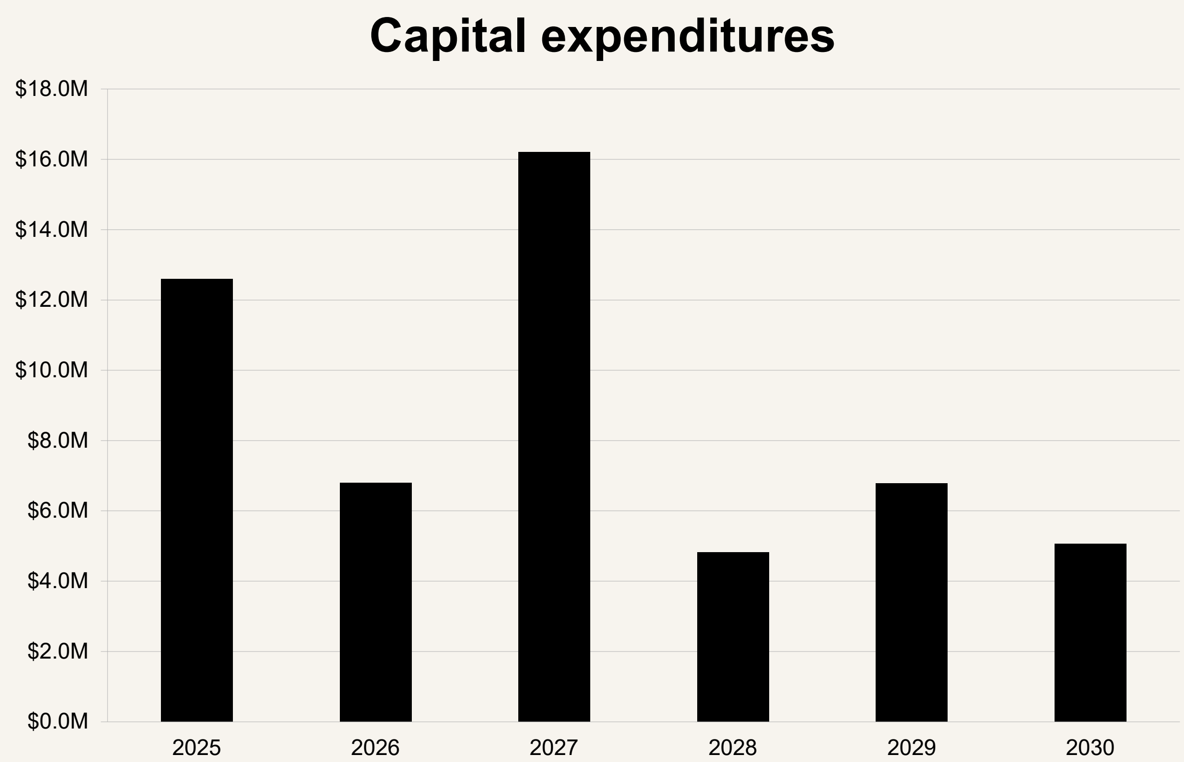
$56.9M

2030 balance

Down $11.9M from 2026

Capital investment is intentionally uneven

Major projects create peaks; recurring equipment, street and utility needs continue across the plan.



Amounts above are rounded from the plan's capital-expenditure chart.

2027 peak

Electric generation facility drives the largest spending year.

2028–2030 streets

$1.2M annual street reconstruction projects are modeled.

Capital funding

Levy, transfers, bonds, assessments and enterprise resources.

Key risks and monitoring points

The plan is sustainable under its assumptions, but several variables could materially change the outlook.

Golf Fund deficit

Develop a corrective funding or capital-timing plan before the projected 2027 deficit.

Personnel growth

A 6% annual assumption is the largest recurring cost pressure in the model.

Levy affordability

Monitor levy growth, tax-capacity growth and the modeled homeowner impact together.

Capital execution

Revisit project timing, cost escalation and bond sizing annually.

Debt & residual cash

Confirm legal eligibility and policy priorities before transferring excess debt-service resources.

LGA allocation

Track the operating effect of redirecting a growing share of LGA to capital funds.

Council takeaways and next steps

The plan provides a sustainable financial roadmap, identifies key decisions necessary to maintain long-term stability, and brings increased visibility to financial challenges within the Golf fund.

1. **Maintain the planned separation of operating and capital funding.**
2. **Use annual budget and CIP updates to refresh assumptions and project timing.**
3. **Address the Golf fund before cash turns negative in 2027.**
4. **Continue coordinating levy, debt and transfers to reduce year-to-year volatility.**

Overall: strong liquidity and manageable debt, paired with deliberate levy growth and disciplined capital planning.