



## CITY OF MINNETRISTA

### REQUEST FOR CITY COUNCIL DISCUSSION

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#### Item –2026 Budget/Levy Considerations Discussion

**Prepared By: Brian Grimm, Finance Director**

**Meeting Date: June 16, 2025**

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**Item:** After our audit was presented in May, it seems to be a good point to discuss upcoming 2026 budget and levy considerations. City Staff is working on preliminary levy scenarios and an overall preliminary budget to be brought to City Council at the August worksessions. Staff wanted to get Council feedback on the front end as to what an acceptable preliminary levy framework/target would look like.

I have attached several pages of financial information to help with the discussion. The first two are related to the tax levy. Page one is the final 2025 certified tax levy. The second page is an excerpt from our audit presentation on taxes per capita.

The next page is the 2025 General Fund Summary Page with the 2024 actual numbers updated in it. This is to illustrate where we project to be at the end of 2025 for fund balance dollar amount as well as a percentage of general fund expenditures. In addition to that is another slide from our audit that shows how the City of Minnetrista current expenditures on a per capita basis compares to some of our neighboring cities.

Lastly, is a draft/proforma first run at a 2026 financial management plan summary page. This was done at a high level and is used to show how some of the components of the 2026 levy and 2026 general fund along with debt and special levies may/could look like.

For purposes of this discussion, there will be 3 categories of items to talk about regarding both the general fund operations and the associated overall tax levy impacts:

- 1) **Items that City is committed to**
- 2) **Items to be addressed**
- 3) **Items the City has been doing annually**
  - 1) **Items that the City is committed to (general fund impact)**
    - a. **Compensation (non-union adjustments and union contracts)**  
estimated 4% increase to levy (\$270,000)
    - b. **Fire Contracts/Services**— based information to date Estimated impact \$140,000 (2% of levy)
    - c. **Cafeteria Plan/other benefits** - Estimated impact \$35,000 (.5% of levy)
    - d. **Inflationary impacts** - Estimated impact \$35,000 (.5% of levy)

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#### **Mission Statement:**

The City of Minnetrista will deliver quality services in a cost effective and innovative manner and provide opportunities for a high quality of life while protecting natural resources and maintaining a rural character.

**Subtotal for this area - \$480,000 (projected 7.0% increase to levy)**

**2) Items to be addressed (general fund impact)**

- a. **Addressing use of fund balance in 2025 for 2026 and beyond** – For 2024 we are projecting using about \$40,000 as part of our 2025 adopted general fund budget. We need to look at getting back to a balanced budget for 2025 based on our fund balance percentage. Estimated net impact – .5%

**Subtotal for this area – \$40,000 (projected .50% increase to levy)**

**Total projected for general fund combined - \$520,000 (potential 7.5% increase to levy)**

**3) Items the City has been doing:**

- a. **Roads:** The annual roads levy currently sits at \$575,000 for 2025. There was a roughly \$350,000 annual debt levy that came on in 2024 related to the 2023 road projects. For a total of \$925,000 in roads levy dollars for 2025. Previously the City had been adding \$100,000-\$150,000 annually to the road fund levy. If we do this again in 2025 it would be about a 1.5-2.0% levy impact.
- b. **Capital Equipment Plan** – For the last few years, the City has been raising the levy for funding the Capital Equipment Plan by \$50,000. One of the main reasons for this is to try and get away from using equipment certifications. The levy for this sits at \$200,000 right now. City Staff is looking at initial CIP equipment plan drafts and will bring more information to City Council on funding this through, combination of cash levy, equipment certificates, and other financing sources. Depending on if it would be recommended to up the cash levy by \$50-\$100K and/or do an equipment certificate it could be an impact up to \$150,000-\$200,000 for 2026 – estimated impact 2.0-3.0% levy increase.

**Total potential impacts** – When adding the above numbers from the above three sections together the potential levy increase from an initial draft looks to be in the \$770,000-\$870,000 range. Which would be a range of about 10-12%. For reference, last year's levy increase was a 9.4% increase when comparing 2025's final levy to 2024 final levy.

**Recommended City Council Action:** Have a discussion on 2026 budget/levy considerations. Get feedback from City Council on what is an acceptable number for the 2026 preliminary tax levy

Does Recommended Action meet City Goals/Priorities?    x   Yes    No  
Explain: Adapt to a changing economy – monitor budget to actual numbers

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**RESOLUTION NO. 110-24**

CITY OF MINNETRISTA COUNTY OF  
HENNEPIN STATE OF MINNESOTA

**ADOPTING FINAL 2024 TAX LEVY,  
COLLECTIBLE IN 2025**

Be it resolved by the City Council of the City of Minnetrista, County of Hennepin, Minnesota, that the following sums of money be levied for the current year, collectible in 2025, upon the taxable property in the City of Minnetrista, for the following purposes:

GENERAL FUND	\$ 5,172,638
ROADS	\$ 575,000
CIP (Capital Equipment Plan)	\$ 200,000
BOND -EQUIPMENT CERTIFICATES 2024 A (New)	\$ 125,000
BOND - EQUIPMENT CERTIFICATES 2023 A	\$ 54,500
BOND - EQUIPMENT CERTIFICATES 2020 A	\$ 100,000
2023 STREET PROJECTS (2023 A)	\$ 350,000
GAME FARM ROAD/SOUTH BAY (2019A)	\$ 89,729
2017 STREET PROJECTS (2017A)	\$ 118,000
PUBLIC FACILITIES PROJECT (2014 B)	\$ <u>346,000</u>
TOTAL FINAL 2024 PAY 2025 LEVY	\$ 7,130,867

**Operations Levy**

Gross Levy	Fiscal Disparities	Net Levy
\$5,947,638	(\$147,857)	\$5,799,781

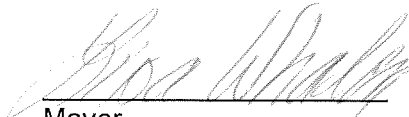
**Special Levies**

Game Farm/South Bay  Bond	Equipment  Certs	2017 Street Projects Bond	Pub Facil (2014 B)  Project	2023 Street Projects (2023 A)	Total Special Levies
\$89,729	\$279,500	\$118,000	\$346,000	\$350,000	1,183,229

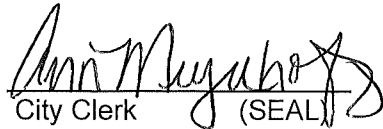
**Special levy notes** – – A portion of the debt service tax levy as established in the bond documents for the 2014 B bond is being reduced as it is being reimbursed/paid by the City of Saint Bonifacius. The debt service tax levy as established in the bond documents for the 2012A Bond is being cancelled as the debt obligation will be paid through MSA dollars in lieu of tax levy. The principal and interest payments as established in the bond documents for the 2020A General Obligation Revenue bonds are being are paid for with sufficient funds being collected through water fund revenues to pay the required debt service. The debt service tax levy for 2023 for the 2020A Equipment Certificates is being approved at the amount listed above to cover those principal and interest payments. The small difference is covered by levies from previous years. A portion of the debt service tax levy as established in the bond documents for the 2017A bond is being reduced by fund balance on hand. The 2024 A Equipment Certificates is for bonds that are being issued later in 2024. With the first tax levy scheduled for 2025 for P & I payments. The 2014 A Bonds were paid off during 2024 so a levy is no longer needed for 2025.

A certified copy of this resolution shall be submitted to the County Auditor of Hennepin County, Minnesota, by Monday December 30, 2024.

This resolution was adopted on the 2nd day of December 2024, by a vote of 5 Ayes and 0 Nays.

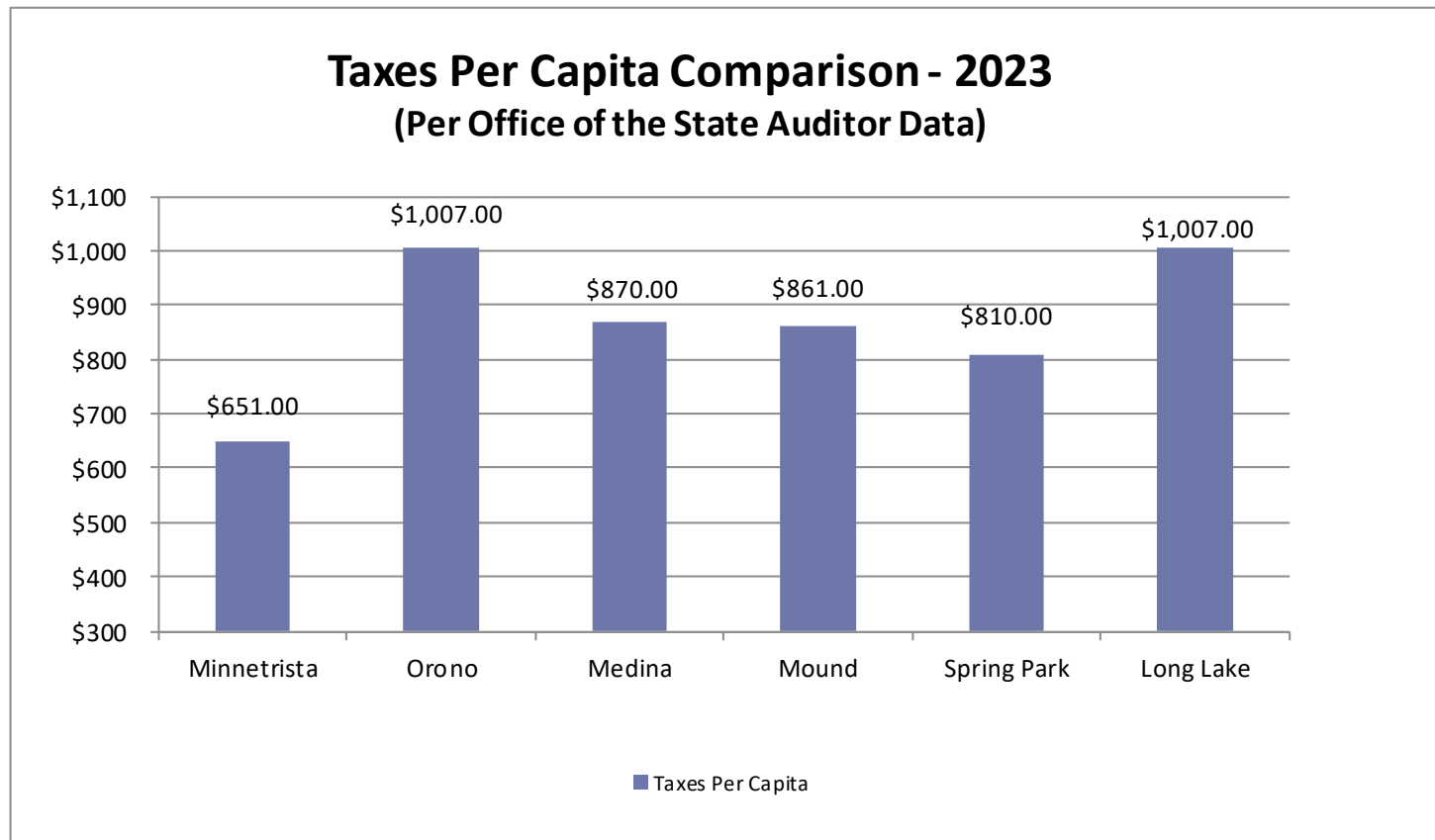
  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk (SEAL)



# Financial Results (Continued)



**City of Minnetrista**  
**2025 Budget with 2024 Actuals**  
**General Fund Summary**

6-16-25

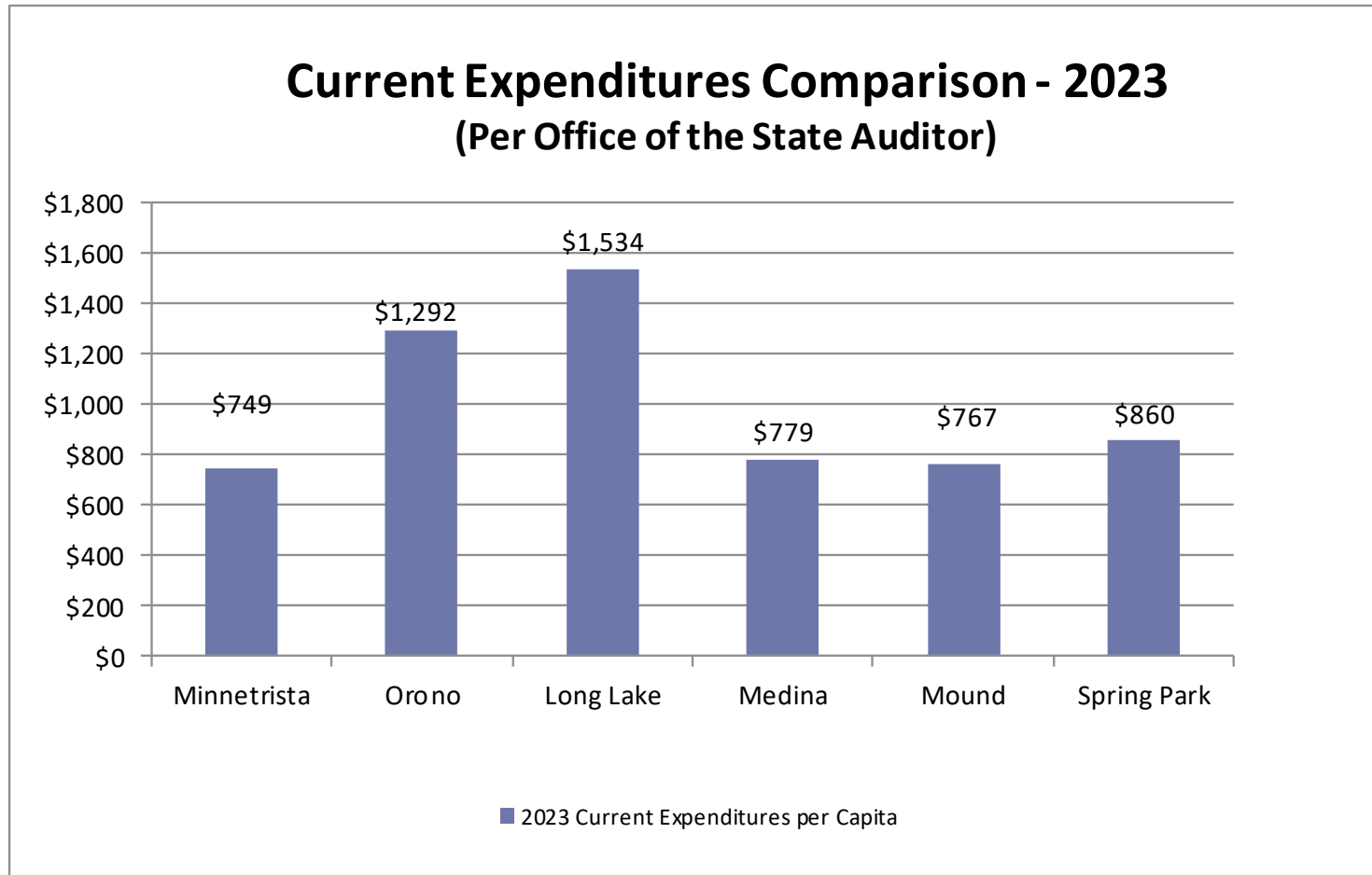
**GENERAL FUND SUMMARY**

	<b>2022 Actuals</b>	<b>2023 Actuals</b>	<b>2024 Budget</b>	<b>2024 Actuals</b>	<b>2025 Final Budget</b>
<b>GENERAL FUND REVENUE</b>					
Property Tax	\$ 3,589,974	\$ 4,100,025	\$ 4,824,375	\$ 4,806,290	\$ 5,172,638
Licenses & Permits	\$ 834,638	\$ 1,172,501	\$ 829,000	\$ 820,857	\$ 759,000
Intergovernmental	\$ 190,211	\$ 510,103	\$ 212,000	\$ 291,378	\$ 249,000
Fines	\$ 30,315	\$ 42,201	\$ 35,000	\$ 30,306	\$ 35,000
Other/Charges for services	\$ 258,942	\$ 889,192	\$ 700,585	\$ 771,115	\$ 735,959
<b>TOTAL G.F. REVENUES</b>	<b>\$ 4,904,080</b>	<b>\$ 6,714,022</b>	<b>\$ 6,600,960</b>	<b>\$ 6,719,946</b>	<b>\$ 6,951,597</b>
<b>GENERAL FUND EXPEND.</b>					
Legislative	\$ 30,440	\$ 49,873	\$ 39,517	\$ 53,625	\$ 48,331
Administrative	\$ 423,689	\$ 553,678	\$ 630,222	\$ 671,595	\$ 687,534
Elections	\$ 13,409	\$ 2,669	\$ 18,300	\$ 24,774	\$ 3,000
Auditing	\$ 27,400	\$ 33,600	\$ 37,000	\$ 41,939	\$ 41,160
Assessor	\$ 178,000	\$ 198,000	\$ 205,000	\$ 205,000	\$ -
Planning	\$ 262,533	\$ 296,250	\$ 315,125	\$ 317,193	\$ 332,442
Legal	\$ 99,380	\$ 82,596	\$ 105,000	\$ 110,357	\$ 105,000
Buildings	\$ 84,884	\$ 85,483	\$ 85,850	\$ 85,159	\$ 90,800
Police	\$ 2,385,758	\$ 2,616,015	\$ 2,913,138	\$ 2,944,126	\$ 3,140,961
Fire	\$ 513,235	\$ 633,311	\$ 718,843	\$ 714,493	\$ 726,080
Inspections	\$ 231,045	\$ 252,230	\$ 275,205	\$ 281,144	\$ 288,235
Engineering	\$ 12,000	\$ 12,847	\$ 12,000	\$ 12,000	\$ 39,182
Streets	\$ 847,032	\$ 951,398	\$ 1,042,218	\$ 1,063,478	\$ 1,066,949
Snow and Ice Removal	\$ 161,775	\$ 178,018	\$ 170,217	\$ 67,293	\$ 167,017
Street Lighting	\$ 32,909	\$ 27,179	\$ 33,000	\$ 35,392	\$ 32,000
Park Areas	\$ 147,225	\$ 153,721	\$ 159,676	\$ 178,092	\$ 181,895
Culture and Recreation - Gillespie	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Expense	\$ 17,104	\$ 7,129	\$ 23,000	\$ 3,509	\$ 30,000
Insurance	\$ 7,658	\$ 8,816	\$ 11,000	\$ 8,007	\$ 10,000
Transfers - Capital Fund/Roads	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL G. F. EXPENDITURES</b>	<b>\$ 5,475,476</b>	<b>\$ 6,142,813</b>	<b>\$ 6,794,312</b>	<b>\$ 6,817,176</b>	<b>\$ 6,990,586</b>
<b>Projected 2023 Surplus</b>					
One time police Funds in December 2023					
<b>G.F. SURPLUS/(DEFICIT)</b>	<b>\$ (571,396)</b>	<b>\$ 571,209</b>	<b>\$ (193,352)</b>	<b>\$ (97,230)</b>	<b>\$ (38,990)</b>
Transfers to CIP Fund	\$ (225,398)				
<b>Transfers - Administrative charges on projects</b>					
<b>Year End Fund Balance</b>	<b>\$ 2,535,514</b>	<b>\$ 3,106,723</b>	<b>\$ 2,913,371</b>	<b>\$ 3,009,493</b>	<b>\$ 2,970,503</b>
<b>General Fund Percentage of</b>	<b>46.31%</b>	<b>50.57%</b>	<b>42.88%</b>	<b>44.15%</b>	<b>42.49%</b>

2025 General Fund Summary

6-16-25

# Financial Results (Continued)



**CITY OF MINNETRISTA  
FINANCIAL MANAGEMENT PLAN**

Inflation Assumptions - Revenue (Non-property tax) - Expenses	06-16--25										
	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	2.50%	1.00%	1.00%	1.50%	1.50%	1.50%	2.00%	4.50%	4.50%	4.50%	4.50%
GENERAL FUND	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Budget	2026 Projected
REVENUE											
GENERAL PROPERTY TAX	3,240,129	3,231,251	3,207,516	3,208,025	3,412,349	3,500,659	3,589,974	4,100,025	4,806,290	5,172,638	5,599,381
General Fund Levy Reserve from Surplus											
LICENSES & PERMITS	652,035	624,524	883,738	921,166	956,557	812,506	834,638	1,172,501	820,857	759,000	750,000
INTERGOVERNMENTAL	130,877	133,066	180,861	175,817	766,665	182,264	190,211	510,103	291,378	249,000	256,470
FINES & FORFEITS	47,632	45,202	53,445	43,123	22,743	31,180	30,315	42,201	30,306	35,000	36,050
OTHER FINANCING SOURCES	533,861	478,617	467,638	560,156	498,539	495,735	258,945	889,194	771,115	735,959	758,038
<b>TOTAL REVENUE</b>	<b>4,604,534</b>	<b>4,512,660</b>	<b>4,793,198</b>	<b>4,908,287</b>	<b>5,656,853</b>	<b>5,022,344</b>	<b>4,904,083</b>	<b>6,714,024</b>	<b>6,719,946</b>	<b>6,951,597</b>	<b>7,399,938</b>
EXPENSES											
GENERAL GOVERNMENT	1,138,402	1,118,361	1,087,723	1,080,329	1,136,917	1,088,023	1,119,739	1,302,152	1,509,642	1,308,267	1,367,139
PUBLIC SAFETY	2,330,657	2,538,467	2,688,397	2,771,973	2,820,850	2,937,134	3,141,981	3,514,333	3,939,763	4,155,276	4,417,263
PUBLIC WORKS	893,846	859,565	961,680	944,307	913,107	948,853	1,041,716	1,156,594	1,178,163	1,305,148	1,363,880
CULTURE AND RECREATION	155,671	149,900	157,331	139,117	147,269	172,437	147,225	153,721	178,092	181,895	190,080
OTHER FUNCTIONS	17,294	36,382	30,293	11,256	14,055	24,571	24,819	16,013	11,516	40,000	51,000
<b>TOTAL EXPENSES</b>	<b>4,535,870</b>	<b>4,702,675</b>	<b>4,925,424</b>	<b>4,946,982</b>	<b>5,032,198</b>	<b>5,171,018</b>	<b>5,475,480</b>	<b>6,142,813</b>	<b>6,817,176</b>	<b>6,990,586</b>	<b>7,389,362</b>
REVENUE OVER (UNDER) EXPENSES	68,664	(190,015)	(132,226)	(38,695)	624,655	(148,674)	(571,397)	571,211	(97,230)	(38,989)	10,576
Potential transfer to CIP (401) fund							(225,398)				
Administrative Charges on Projects		200,000	80,000		50,000						
Transfer/reserve for CIP/technology/roads	(275,000)	(125,000)									
Cell Phone Tower Revenue Reclassification & transfer 501 fund											
Loring Drive											
Projected Positive Variance - Bldg Permit Revenue											
Ending General Fund Balance	3,012,263	2,897,248	2,845,022	2,806,327	3,480,982	3,332,308	2,535,513	3,106,724	3,009,494	2,970,505	2,981,081
Percent of Expenditures to Ending Fund Balance	66%	62%	58%	56%	69%	64%	46%	51%	44%	42%	40%
GENERAL FUND OPERATING TAX LEVY	3,232,890	3,231,251	3,207,516	3,208,025	3,412,349	3,500,659	3,589,974	4,100,025	4,806,290	5,172,638	5,599,381
ANNUAL INCREASE	2.2%	-0.1%	-0.7%	0.0%	6.4%	2.6%	2.6%	14.2%	17.2%	7.6%	8.3%
Roads levy	150,000	250,000	350,000	475,000	600,000	725,000	875,000	875,000	450,000	575,000	675,000
Capital Improvement Plan (CIP)	0	0	0	0	50,000	100,000	150,000	150,000	150,000	200,000	250,000
Equipment Certificates (2015-2017 current)	155,000	210,000	210,000	210,000	209,500	140,000	57,500	0	0	0	0
Equipment Certificates ( 2023 - future)			50,000	105,000	0	0	44,500	100,000	154,500	279,500	379,500
2023 Roads Project									350,000	350,000	350,000
Halstead/Enchanted (2017 Street Projects)			75,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000
Mound Fire Hall Debt & CIP	72,000	72,000	72,000	72,000	72,000	72,000	72,000	0	0	0	0
Public Facilities Debt	368,000	368,000	368,000	368,000	346,000	346,000	346,000	346,000	346,000	346,000	346,000
Game Farm/South Bay Drive	122,609	122,609	122,609	99,209	89,729	89,729	89,729	89,729	89,729	89,729	89,729
Enchanted Bridge Debt	36,600	0	0	0	0	0	0	0	0	0	0
Maple Crest Debt	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	35,500	0	0
<b>TOTAL SPECIAL LEVY</b>	<b>774,709</b>	<b>793,109</b>	<b>918,109</b>	<b>992,709</b>	<b>855,729</b>	<b>786,229</b>	<b>748,229</b>	<b>674,229</b>	<b>1,093,729</b>	<b>1,183,229</b>	<b>1,283,229</b>
TOTAL TAX LEVY	4,157,599	4,289,150	4,473,650	4,675,734	4,945,212	5,111,888	5,363,203	5,799,254	6,500,019	7,130,867	7,807,610
POTENTIAL NEW LEVY (Capital Bonding - Street Projects)	0	0	0	0	0	0	0	0	0	0	0
LESS FISCAL DISPARITIES	101,890	116,040	118,963	126,604	135,505	154,244	158,473	158,390	137,375	147,857	152,293
NET LEVY TO TAXPAYERS	4,055,709	4,173,110	4,354,687	4,549,130	4,809,707	4,957,644	5,204,730	5,640,864	6,362,644	6,983,010	7,655,317
<b>% Tax Levy Change (in dollars)</b>	<b>3.92%</b>	<b>2.89%</b>	<b>4.35%</b>	<b>4.47%</b>	<b>5.73%</b>	<b>3.08%</b>	<b>4.98%</b>	<b>8.38%</b>	<b>12.80%</b>	<b>9.75%</b>	<b>9.63%</b>