



## CITY COUNCIL AGENDA REPORT

---

**TO:** Kate Thunstrom, City Administrator  
**FROM:** Darcy Mulvihill, Finance Director  
**SUBJECT:** Preliminary Approval of a Proposed 2025 Tax Levy and Setting the Budget  
Public Hearing Date  
**DATE:** September 03, 2024

---

**OVERVIEW:**

State law requires the city to certify its preliminary 2025 levy to the county by September 30, 2024. This levy **cannot be increased** when the final levy is adopted in December. The council also needs to set the date that the budget and levy will be discussed in December, which allows for public input.

The 2024 levy was set at \$5,598,195. This included a General Fund Levy of \$4,430,000 and a Debt Service Levy of \$1,168,195.

The 2025 levy is proposed to increase to \$6,185,000. This includes the General Operating Levy of \$5,085,000 and a debt service levy of \$1,100,000. This is an increase in the tax levy of \$586,805. The following table shows the tax rate for the city since 2017.

2018	53.996%
2019	53.176%
2020	50.543%
2021	50.589%
2022	51.146%
2023	44.657%
2024	50.064%
2025 Proposed	53.686%

The total increase in the levy is \$586,805 or 10.48%. This will raise the estimated tax rate from 50.064% in 2024 to 53.686% rate for 2025. This levy does provide for COLA adjustments for employees, parks, streets and capital equipment requests.

The General Operating Levy is broken down to the General Fund, Capital Equipment, Building Improvements, Parks, and Street Improvements.

General Operating (101)	\$	3,900,000
Capital Equipment (402)	\$	360,000
Parks (226)	\$	200,000
Building Improvement (404)	\$	25,000
Street Improvement (405)	\$	600,000
		<hr/>
Total General Levy	\$	5,085,000

Here is the estimated city tax increase on property taxes by value. This table assumes values stayed the same in both years, but the tax capacity changes because the market value exclusion went up. Please note the calculations in the work session did not consider the tax capacity being higher in 2024.

Total Market Value	Tax Capacity		2024	2025
	2024	2025	Actual	Proposed
			<hr/> Yearly City Taxes <hr/>	
<u>Residential Property:</u>				
\$200,000	1,808	1,715	\$905.16	\$920.71
\$284,701	2,731	2,638	\$1,367.25	\$1,416.24
\$300,000	2,898	2,805	\$1,450.85	\$1,505.89
\$350,000	3,443	3,350	\$1,723.70	\$1,798.48
\$450,000	4,500	4,440	\$2,252.88	\$2,383.66
			<hr/> Increase to Taxes <hr/>	
<u>Residential Property:</u>				
\$200,000				\$15.55
\$284,701				\$48.99
\$300,000				\$55.04
\$350,000				\$74.78

This resolution also sets the date for the Public Hearing on the 2025 Levy and Budget for Monday December 2, 2024, at 6:00 pm as part of the regular city council meeting.

**ACTION TO BE CONSIDERED:**

Approve the attached resolution setting the preliminary levy.

**BUDGET IMPLICATION:**

The levy that is set will determine the level of the proposed expenditures for 2025.

Attachments:

- Resolution 2024-33 Providing the Preliminary Approval of a Proposed 2025 Tax Levy and Setting Budget Public Hearing Date.