

# 2025 BUDGET & TAX LEVY

DECEMBER 2, 2024



# TRUTH IN TAXATION PUBLIC HEARING & INPUT MEETING



## MN Dept of Revenue

The Minnesota Department of Revenue requires cities with populations over 500 to hold truth in taxation public hearing and input meetings.



## Notification

Koochiching County sends a parcel specific notice between November 11-24 to property owners showing proposed tax figures for upcoming year per MN Statute 275.065 subd 3.



## Purpose of Meeting

- Discuss 2025 Budgets
- Discuss 2025 City tax levy
- Questions and Public Input



## Valuations

- The focus of this meeting is not on property valuations
- Local Board Appeal & Equalization Meeting is where concerns about property valuations are heard
  - June 11, 2024 was the meeting to discuss valuations used for 2025

# BUDGET PROCESS

1

**June**

Financial Audit is finalized and adopted for prior-year financials

2

**Mid-July**

Department Heads and partnership agencies receive documents from the Finance Officer to begin compiling their budget requests for the upcoming year

3

**August-September**

Proposed budgets reviewed at public Budget & Finance Meetings

- August 12, 2024
- August 19, 2024
- August 26, 2024
- September 3, 2024
- September 9, 2024
- September 16, 2024

4

**September**

Preliminary Tax Levy\* certified on September 23, 2024.

*\*After the adoption of the 2025 preliminary levy, the levy can be lowered by the City Council, but it cannot be increased.\**

5

**PRESENT**

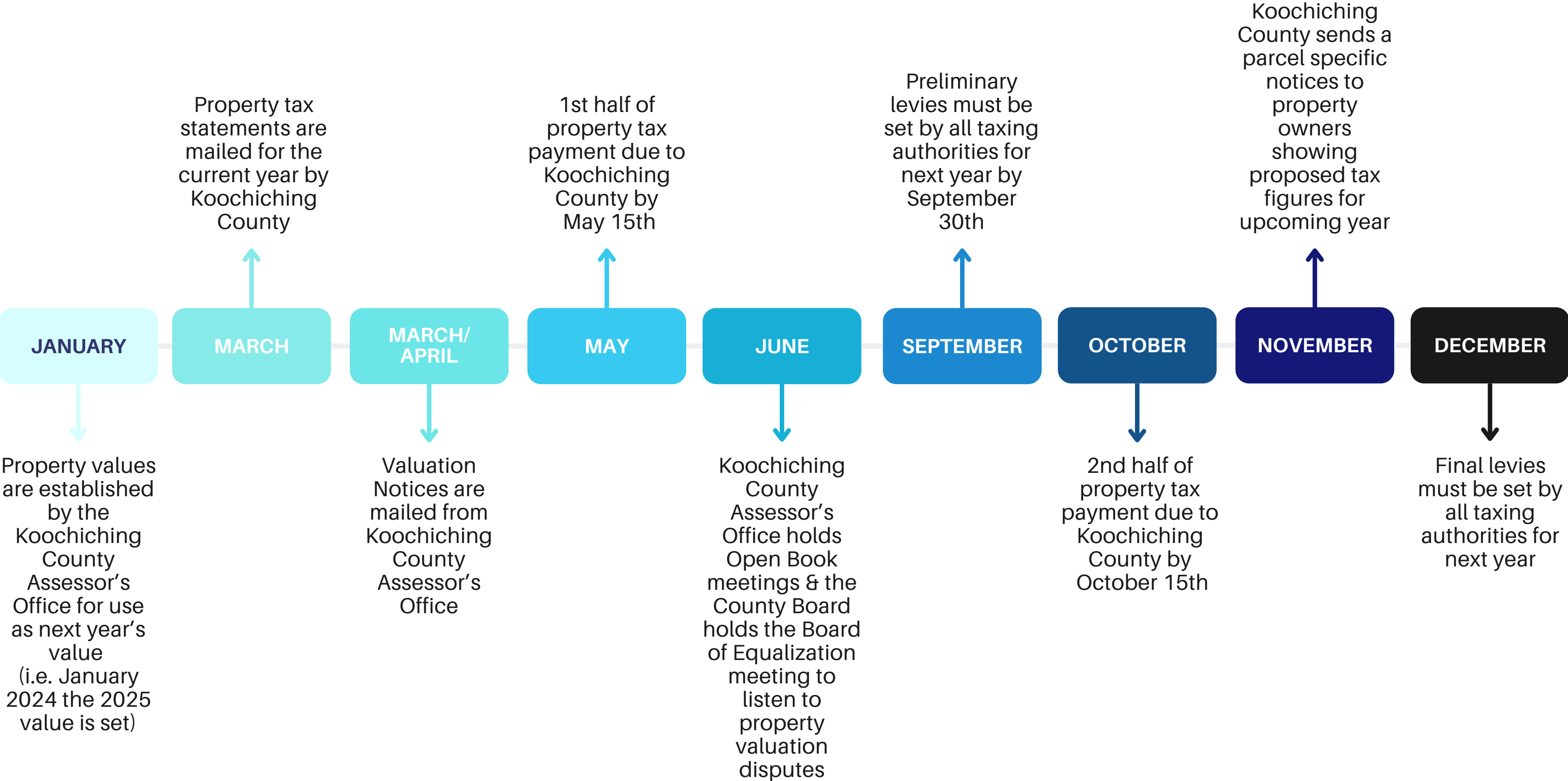
Truth-in-Taxation meeting is held where we can better inform citizens about the 2025 proposed budget and levy

6

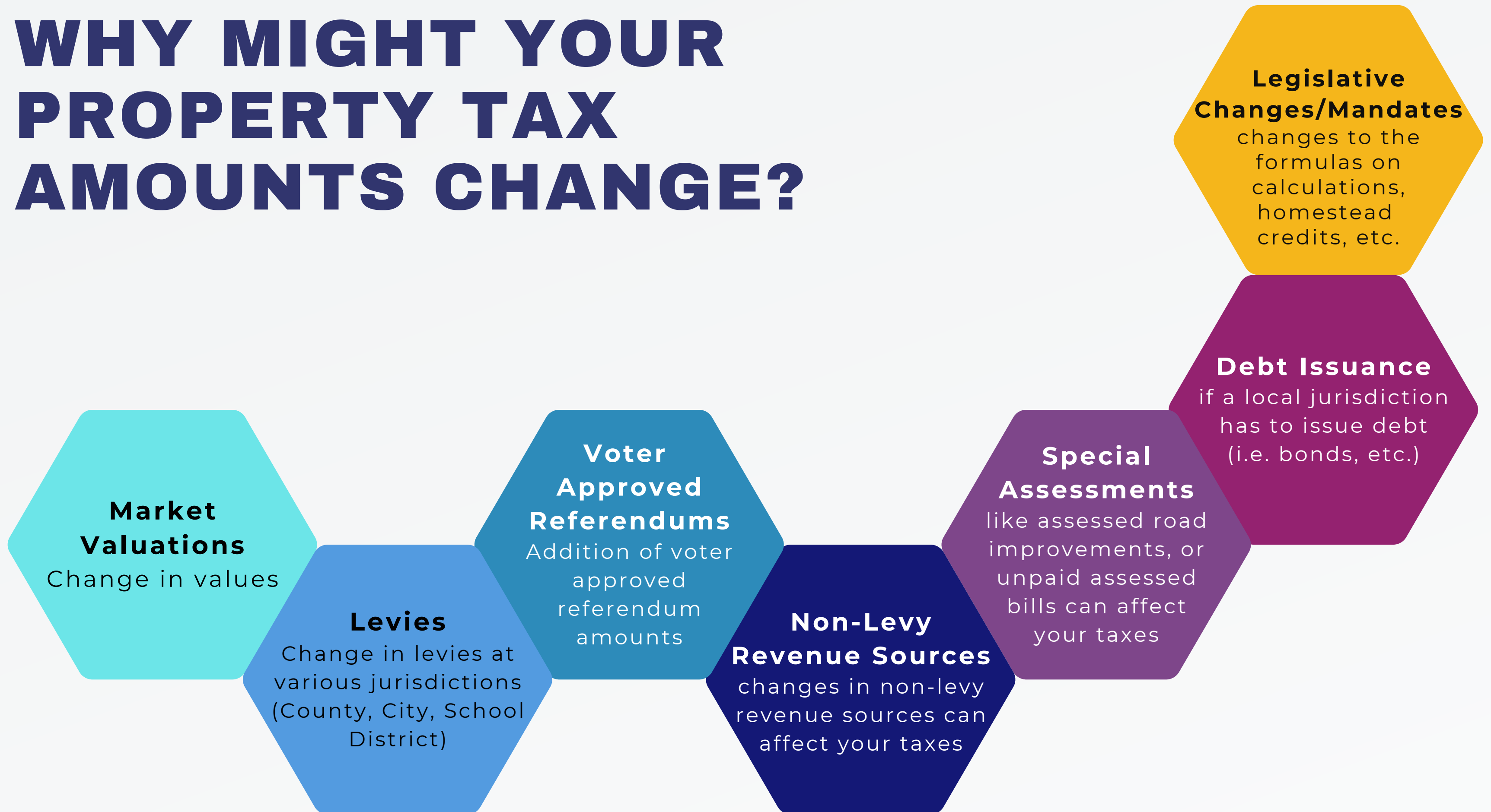
**FUTURE**

Final budget and levy is scheduled to be adopted at the December 16, 2024 regular City Council meeting

# GENERAL PROPERTY TAX TIMELINE



# WHY MIGHT YOUR PROPERTY TAX AMOUNTS CHANGE?



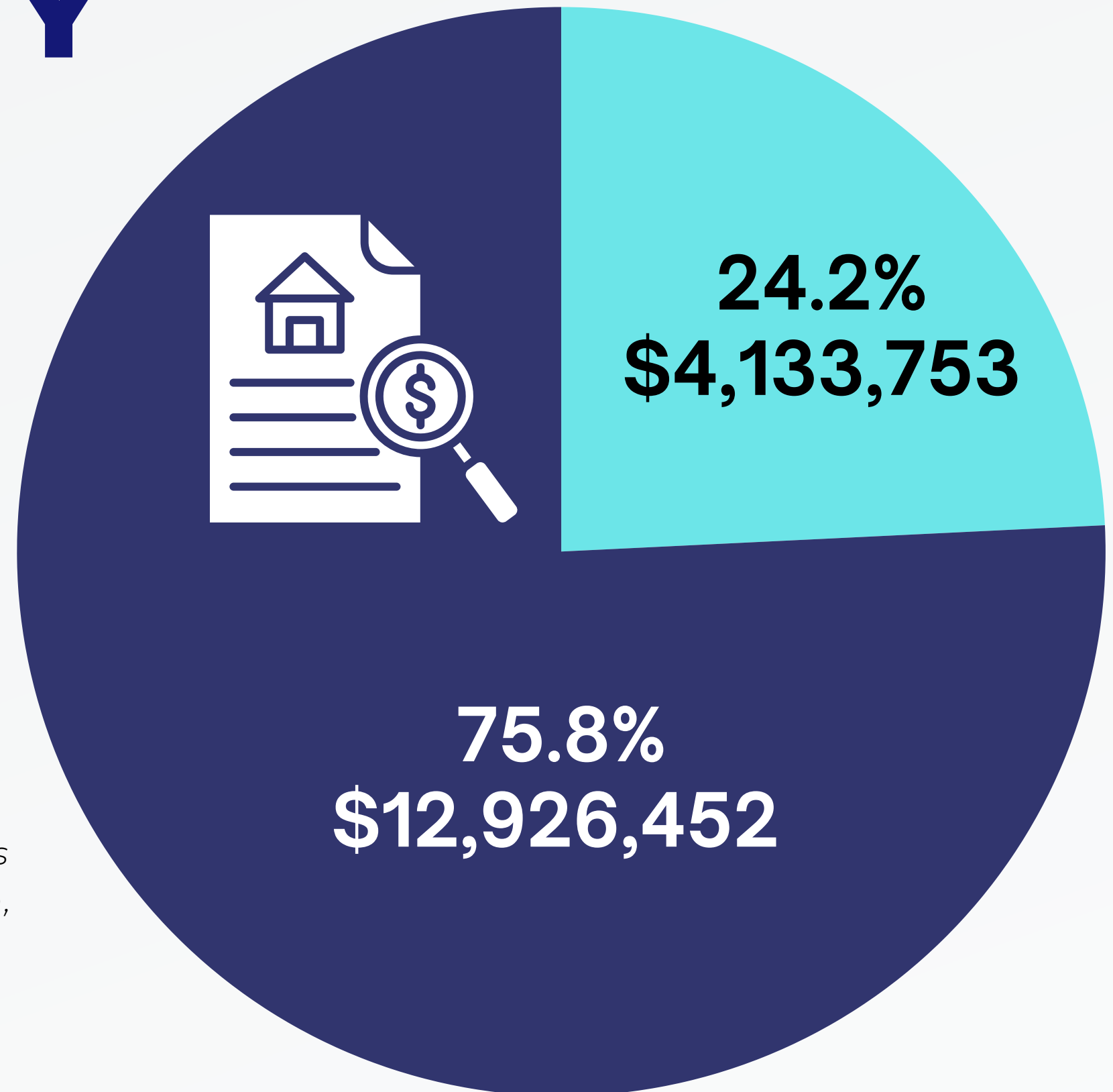


# NET TAX CAPACITY

The City of International Falls occupies nearly a quarter of Koochiching County's overall Net Tax Capacity (NTC) of \$17,060,205.

A property's **net tax capacity (NTC)** is determined by multiplying the property's **taxable market value** by the relevant **class rate** or rates. Class rates are set by MN State Statute, vary by property type, and are uniform statewide.

- City of International Falls
- Koochiching County (non-City)



# HOW TO READ YOUR PROPOSED TAX NOTICE

**NOTE: Levy Percentage increases do not directly equate to actual increases/decreases on your respective property taxes. See below for example!**

## State of Minnesota increased Homestead Exclusion amount in 2025

**Koochiching County**  
Auditor/Treasurer  
Joan Nelson  
715 4th Street  
International Falls MN 56649

Taxpayer #

**This is an example of a  
2025 Proposed Tax Notice**

## Property Information

Property ID:

Property: \INT'L FALLS, MN

**Property Description:**

# PROPOSED TAXES 2025

## THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2024	2025
1	Estimated Market Value	153,800	153,800
	Homestead Exclusion	23,398	32,708
	Other Exclusions	0	0
	Taxable Market Value	130,402	121,092
	Class:	RES HMSTD	RES HMSTD

Step	PROPOSED TAX	
2	Property Taxes before credits	2,326.00
	School building bond credit	.00
	Agriculture market value credit	.00
	Other credits	.00
	Property Taxes after credits	2,326.00

Step	PROPERTY TAX STATEMENT	
3	Coming in 2025	

**The time to provide feedback on  
PROPOSED LEVIES is NOW**

It is too late to appeal your value without going to Tax Court.

Contact Information	Meeting Information	Actual 2024	Proposed 2025	
State General Tax	No public meeting	.00		.00
Koochiching County		463.41	+25.2% Proposed Levy	536.70 +15.8% / +\$73.29
Koochiching County	December 10, 2024			
715 4th St	@ 6:00 pm Co Bd Rm			
Intl Falls, MN 56649	715 4th St			
218-283-1152	Intl. Falls, MN			
INTERNATIONAL FALLS	December 2, 2024	1,219.68	+8.0% Proposed Levy	1,240.65 +1.7% / +\$20.97
City Administrator	@ 6pm Council Chmbrs			
600 4th St	Mun Bldg 600 4th St			
Intl Falls, Mn 56649	Intl Falls, Mn			
218-283-9484				
School District: 361				
Voter Approved Levies		158.42		261.88 +65.3%
Other Levies		251.25		281.56 +12.1%
Supt SD# 361	December 16, 2024			+\$133.77
1515 11th Street	@ 6:00 PM			
Intl Falls, Mn 56649	Falls High Cafeteria			
218-283-2571	Intl Falls, Mn			
www.isd361.k12.mn.us				
Special Taxing District(s) Total:		5.24		5.21 -0.6% / -\$0.03
Tax Increment Tax		.00		.00
Fiscal Disparity Tax		.00		.00
Total excluding any special assessments		2,098.00		2,326.00 10.9 % +\$228.00

**Property tax percentage increases vary by individual property. This example notice is from a property with an Estimated Market Value of \$153,800 that did not have a valuation change from 2024 to 2025, benefited from the increase in homestead exclusion, and benefited from County Net Tax Capacity (NTC) increasing.**

# THE ROAD AHEAD

2025 Budget Priorities

Long Term  
Planning



Public Safety



Infrastructure



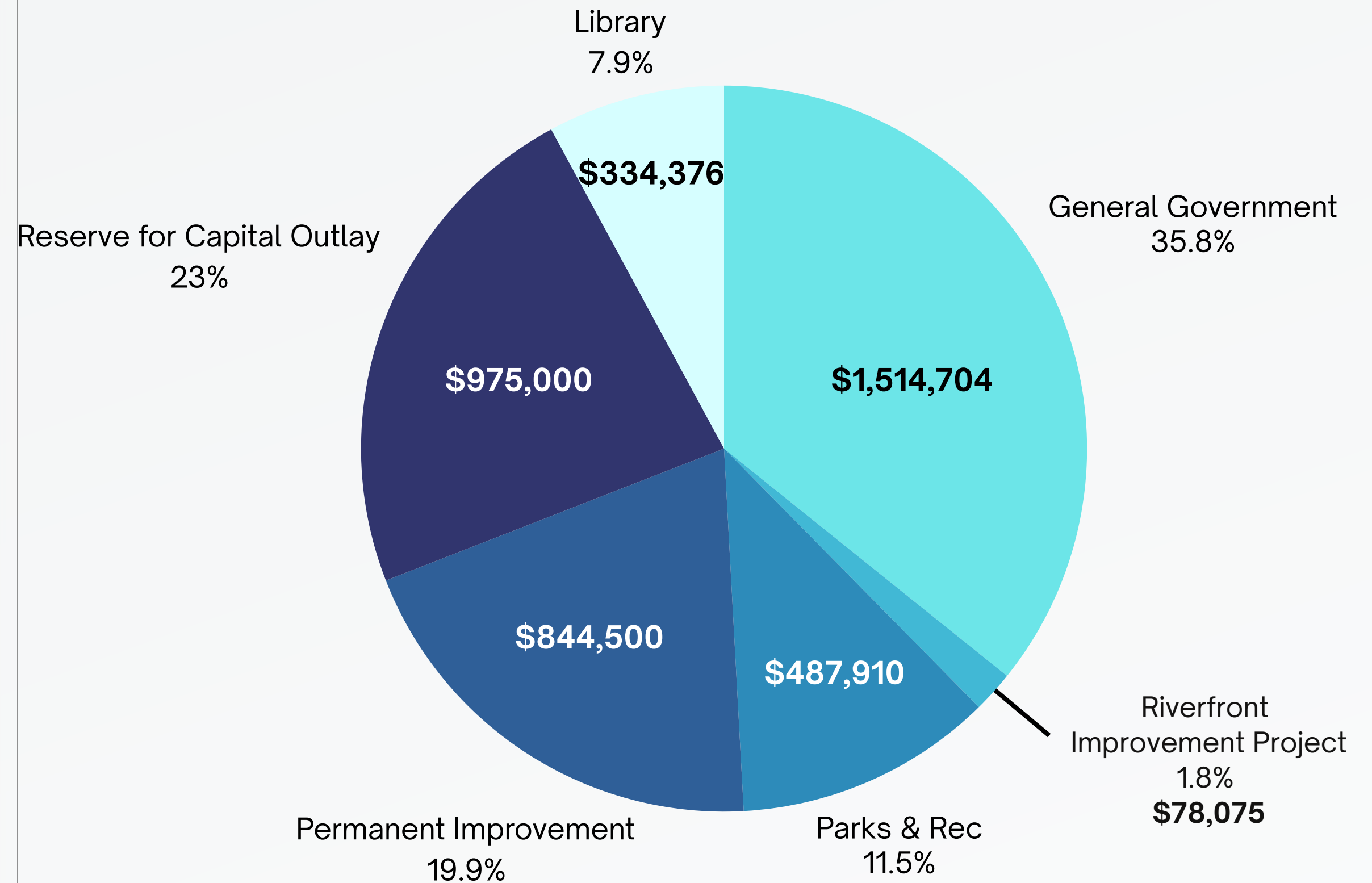
Sustainable  
Budgeting for  
2025 and Beyond





# LEVY BREAKDOWN

The City's Levy is allocated towards 6 different municipal funds with a proposed 2025 total levy of **\$4,234,565.**





# 2025 ADMINISTRATIVE OPERATING BUDGET

**\$1,036,075**

**71%** ADMINISTRATION

MAYOR & COUNCIL **12%**

**12%** CITY ATTORNEY

AUDITING **4%**

**1%** BOARDS & COMMISSIONS



# 2025 PUBLIC SAFETY OPERATING BUDGET

**\$3,389,612\***

**POLICE DEPARTMENT**

**64%**

**26%**

**FIRE DEPARTMENT**

**BUILDING & FIRE  
CODE INSPECTION**

**9%**

**1%**

**POUNDMASTER**

*\*Note: \$205,000 in intergovernmental revenue from state funds is received and designated to offset specific portions of these Police/Fire/Hazmat operational/training budgets.*

# 2025 PUBLIC WORKS & FACILITIES OPERATING BUDGET

## \$2,335,330

**53%**

Street Department



**16%**

Street Lighting



**12%**

Facilities



**7%**

Street Garage



**6%**

Storm Sewer



**5%**

Engineering



**<1%**

Shade Tree





# 2025 UNALLOCATED OPERATING BUDGET

## \$554,889

- 51% AIRPORT
- 32% TAX ABATEMENT
- 11% PAY OWN/RETIREE INSURANCES/HRA
- 3% UNALLOCATED-OTHER
- 2% CITIZENS FOR BACKUS/AB
- <1% CEMETERY
- <1% SENIOR CENTER
- <1% FRIENDS AGAINST ABUSE

# PARTNERSHIP AGENCIES

**Friends Against Abuse**

**\$1,000**



**Senior Center**

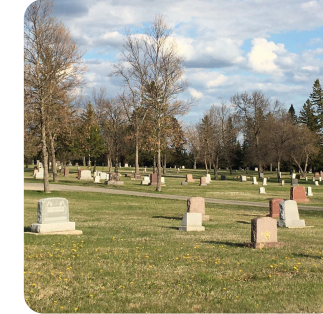
**\$2,000\***



**\*per contract**

**Forest Hill Cemetery**

**\$3,500**



**Citizens for Backus/AB**

**\$10,000**



**Borderland Humane Society**

**\$32,000\***



**\*per contract plus  
utilities/maintenance on building**

**Airport**

**\$281,173**



**KCC-TV**

**\$12,000\***



**\*funding from franchise fees**

**Chamber of Commerce**

**\$8,000\***



**\*funding from 809 EDA Fund**

**Bronko/Kooch Museum**

**\$20,000\***



**\*funding from 809 EDA Fund**

# REVENUE SOURCES FOR GENERAL FUND

**67%**

## Local Government Aid (LGA)

Budgeted amount of  
\$4,937,482, an increase of  
\$5,575 (0.11%) over 2024

**21%**

## Property Tax Levy

Budgeted amount of  
\$4,234,565, an increase of  
\$313,654 (8%) over 2024, of  
which \$1,510,204 is set to be  
allocated to the  
General Fund (101)

**3%**

## Other Intergovt Revenue\*

Budgeted amount of \$228,000,  
an increase of \$14,680 (6.88%)  
over 2024

*\*includes \$205,000 in revenue  
for Public Safety specific items*

**3%**

## Miscellaneous- Interest Income

Budgeted amount of  
\$212,000, an increase of  
\$130,000 (158.54%) over 2024

**3%**

## Public Charges for Service

Budgeted amount of  
\$205,700, an increase of  
\$1,100 (0.54%) over 2024

**2%**

## Licenses and Permits

Budgeted amount of  
\$165,500, a decrease of  
\$6,975 (4.04%) over 2024.

**1%**

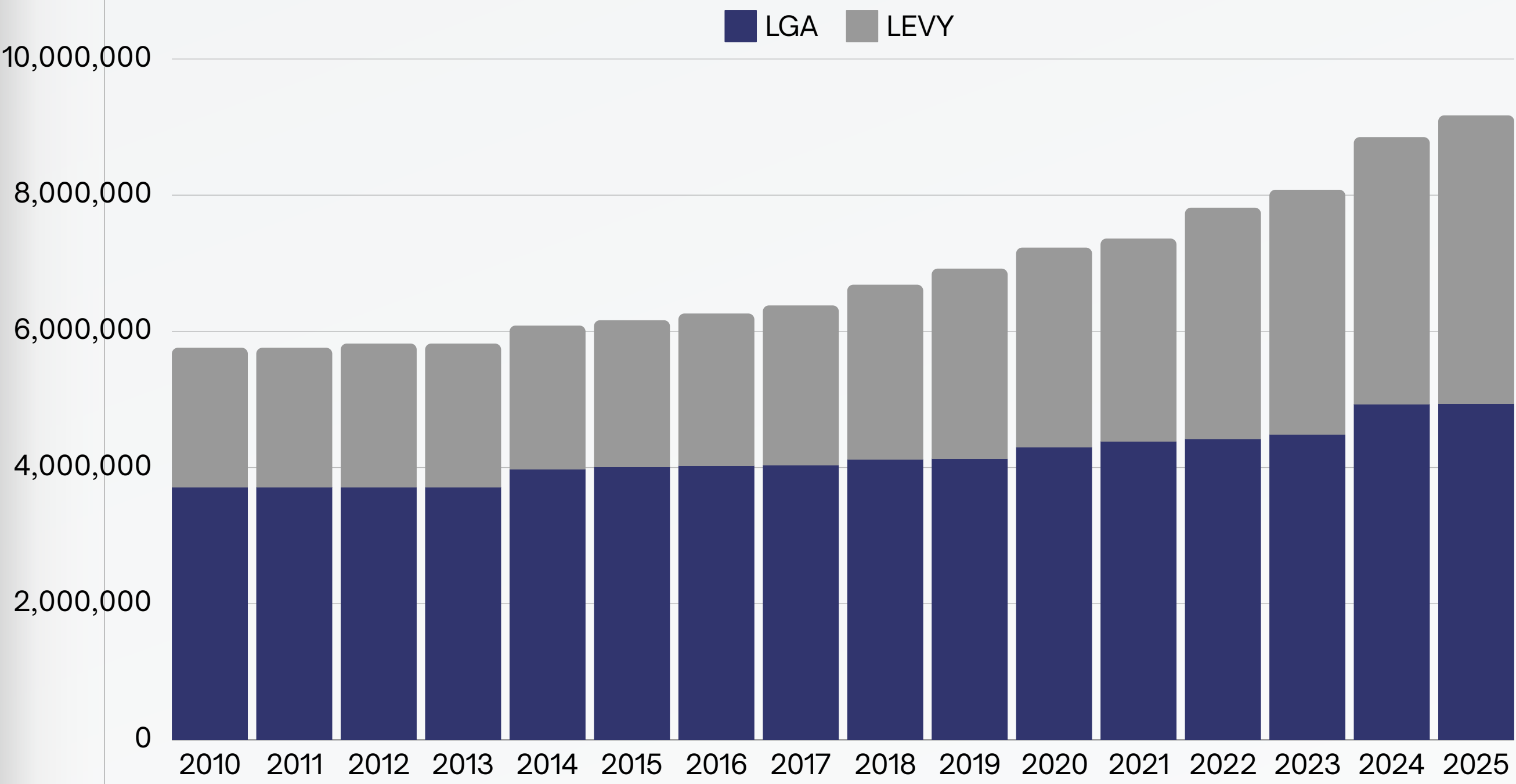
## Fines and Forfeitures

Budgeted amount of  
\$57,000, with no change over  
2024





# LOCAL GOVERNMENT AID (LGA) AND PROPERTY TAX LEVY TRENDS 2010 - 2025



# 2025 KEY LEVY FACTORS

## Reasons for Increased Costs

- Effects of inflation and rising costs on resources (e.g., utilities, fuel, supplies, etc.)
  - We were still working off of 2023 expenditure levels heading into 2025 budget season
- Increases for employee wages, benefits, and insurances, and inflation of worker's compensation premiums; Resulting in overall net increase to levy of \$181,216

## Savings Drivers

- LGA increase of \$5,575
- Increase in interest/investment revenues
- Reduction/reallocation of requested appropriations to other agencies resulting in \$103,153 savings to levy

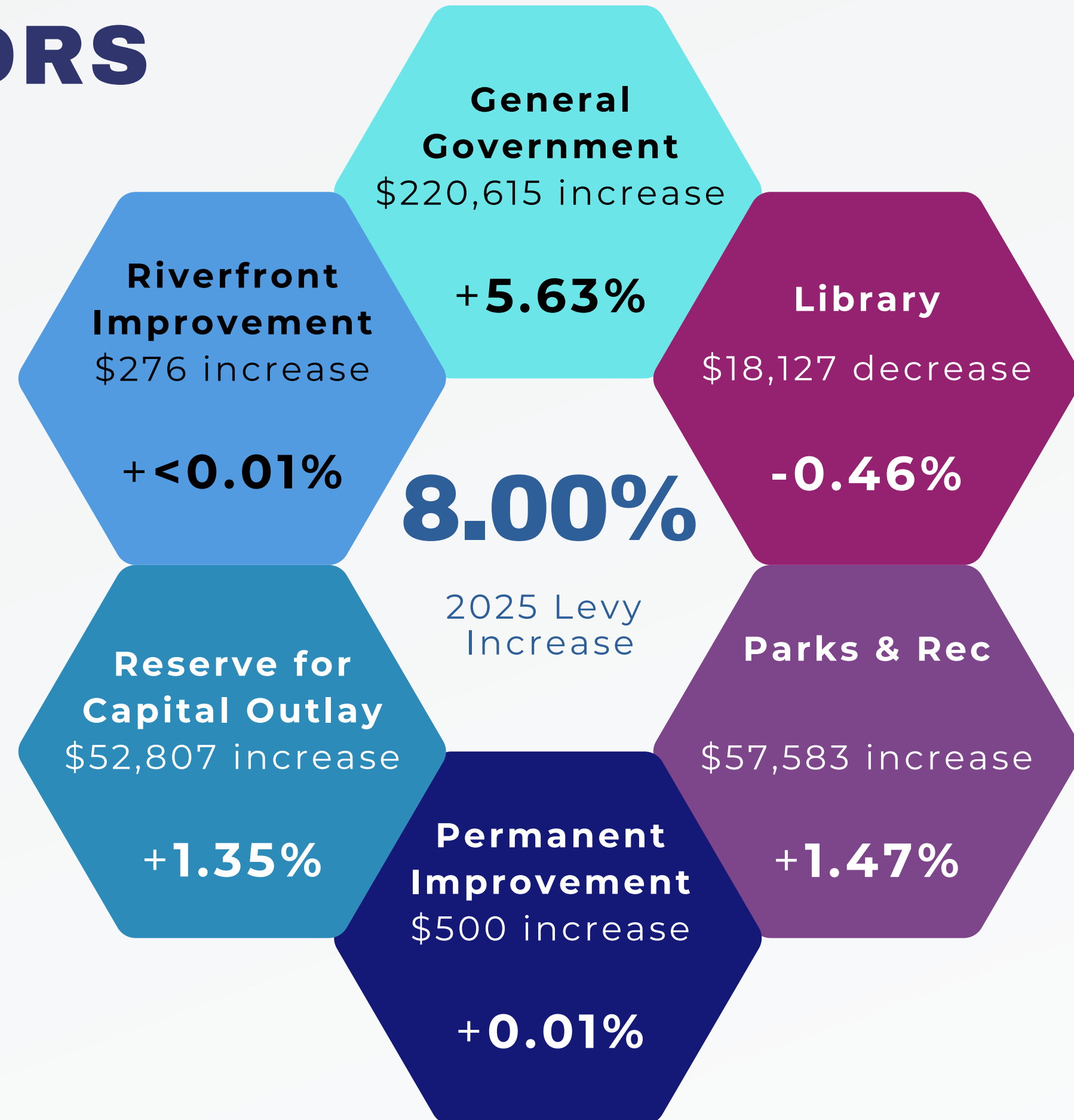


Exhibit A BUDGET AND LEVY 2025 CITY OF INTERNATIONAL FALLS Preliminary adopted at meeting of: <b>September 23, 2024</b> Final to be adopted at meeting of: <b>December 16, 2024</b>							
Fund	Fund	Expenditures	Revenues	Transfer from other Funds	Transfer to other Funds / Agencies	Increase (Decrease) Reserves	2025 Preliminary Levy
101	GENERAL GOVT	7,018,213	5,805,682	0	297,673	0	1,510,204
	Public Works	1,919,752					
	Police	2,175,751					
	Administration	1,036,075					
	Fire	859,799					
	Facilities	268,440					
	Building and Fire Code Inspection	314,026					
	City Pound	40,016					
	Storm Sewer Maintenance	147,138					
	Cemetery				3,500		
	Unallocated	257,216			294,173		
201	AMBULANCE	1,813,046	1,813,046				0
205	LIBRARY	382,016	47,640			0	334,376
207	MUNICIPAL STATE AID STREET	31,669	31,669				0
208	ECONOMIC DEVELOPMENT AUTHORITY	84,800	1,396,708	190,000	1,396,708	105,200	0
211	PARKS AND RECREATION	512,410	20,000	0	0		492,410
250	SALES AND USE TAX FUND	0	1,300,000		1,351,014	(51,014)	0
301	DSF(DEBT SERVICE FUND) - VNP HDQTRS	833,040	50,000	2,160,653	1,377,613		0
311	DSF-TEMP G.O. WATER NOTE SERIES 2022A FUND	1,051,318	836,134	0		(215,184)	0
350	DSF-G.O. SALES TAX REVENUE BOND SERIES 2020A FUND	519,075	0	551,014		31,939	0
401	PERMANENT IMPROVEMENT	1,644,500	0	800,000		0	844,500
402	RESERVE FOR CAPITAL OUTLAY	975,000				0	975,000
403	RES. FOR CAPITAL OUTLAY - W&S	0		350,000		350,000	0
404	MULTI MODAL DISTRICT	0					0
410	VNP- OPERATING	329,131	0	387,012		57,881	0
413	RIVERFRONT IMPROVEMENT PROJECT					78,075	78,075
419	DIST 1-4 TIF PROCEEDS FUND	0	0		0		0
450	SALES TAX CONSTRUCTION FUND	800,000	0	800,000		0	0
601	WATER	1,453,861	2,889,995	0	1,436,134		0
603	SEWER	1,685,436	2,235,436		550,000		0
809	ECONOMIC DEVELOPMENT FUND	26,000	45,000		20,000	(1,000)	0
811	UDAG REVOLVING LOAN FUND	0	0				0
812	LODGING TAX	0	125,000		125,000		0
	TOTAL	19,159,515	16,596,310	5,238,679	6,554,142	355,897	4,234,565
	<u>Appropriations</u>				2020 Levy		2,931,036
	Senior Center	2,000			2021 Levy		2,980,864
	Friends Against Abuse	1,000			2022 Levy		3,395,411
	Citizens for Backus/AB	10,000			2023 Levy		3,596,019
	Total for 101.49700.4371	13,000			2024 Levy		3,920,911
	<u>Other</u>				2025 Levy		4,234,565
	Airport City Share (101-49700-4307)	281,173			Dollar increase/decrease		\$ 313,654
	KCC-TV (101-40700-3505)	12,000					8.00%
	Forest Hill Cemetery Assoc (101-49600-4300)	3,500					
	Total Other (Fund 101)	296,673					
					2020 LGA		4,298,848
	Bronko Foundation/Museum (809-48090-7100)	20,000			2021 LGA		4,382,111
	Chamber of Commerce (809-48090-4901)	8,000			2022 LGA		4,420,916
	Total (Fund 809)	28,000			2023 LGA		4,483,368
					2024 LGA		4,931,907
	Grand Total	\$ 337,673			2025 LGA		4,937,482
					Increase over 2024 alloc.		\$ 5,575
							0.11%

PRELIMINARY BUDGET

# Preliminary Property Tax Levies for 2025

## For Local Governments, Schools, and Special Taxing Districts

The Minnesota Department of Revenue annually releases a list of the preliminary property tax levies that have been reported by local governments and have been passed by local school referenda. Local governments must set their final 2025 levies by December 30, 2024. Final property tax levies will be released after the February forecast.

### Cities

The 2025 preliminary property tax levies for cities will total approximately \$3.737 billion compared with a final levy of \$3.434 billion in 2024, an 8.8% increase.

### Counties

The 2025 preliminary property tax levies for counties will total approximately \$4.216 billion compared with a final levy of \$3.962 billion in 2024, a 6.4% increase.

### Townships

The 2025 preliminary property tax levies for townships will total approximately \$333 million compared with a final levy of \$314 million in 2024, a 6.3% increase.

### Schools

The 2025 preliminary property tax levies for schools will total approximately \$4.156 billion compared with a final levy of \$3.979 billion in 2024, a 4.4% increase.

### Special Taxing Districts

The 2025 preliminary property tax levies for special taxing districts will total approximately \$522 million compared with a final levy of \$494 million in 2024, a 5.7% increase.

### Total

For 2025, preliminary property taxes statewide could increase by a maximum of \$781.6 million over 2024, a 6% increase. Last year, the final statewide levy increase was \$104.4 million lower than the preliminary levies, resulting in a 6.4% increase.

### Levy Data

[Preliminary Levy Changes for CY 2025 - All Jurisdictions](#)

# RESOURCES FOR PROPERTY TAX RELIEF

## **State of Minnesota Property Tax Refund**

- Qualified homeowners and renters when taxes are high relative to their incomes
- Download an **MIPR** form at [\*\*www.revenue.state.mn.us/property-tax-refund\*\*](http://www.revenue.state.mn.us/property-tax-refund)
- Call the Minnesota Department of Revenue at **(651) 296-3781**

## **State of Minnesota Senior Citizen Property Tax Deferral Program**

- Helps senior citizens who are having difficulty paying their property taxes.
- Information can be found at [\*\*www.revenue.state.mn.us/property-tax-deferral-senior-citizens\*\*](http://www.revenue.state.mn.us/property-tax-deferral-senior-citizens)
- Call Tax Operations Division at MN Department of Revenue **(651) 556-6091**

