

City of Fergus Falls
Budget & Levy
2025



Timeline

- **May**

 - Staff budget process begins. Tax Levy Committee begins meeting.

- **September**

 - 11th 2025 proposed budget and levy presentation

 - 16th City Council approves 2025 proposed budget and levy

 - 30th Certify 2025 proposed property tax levy to Otter Tail County

- **September–December**

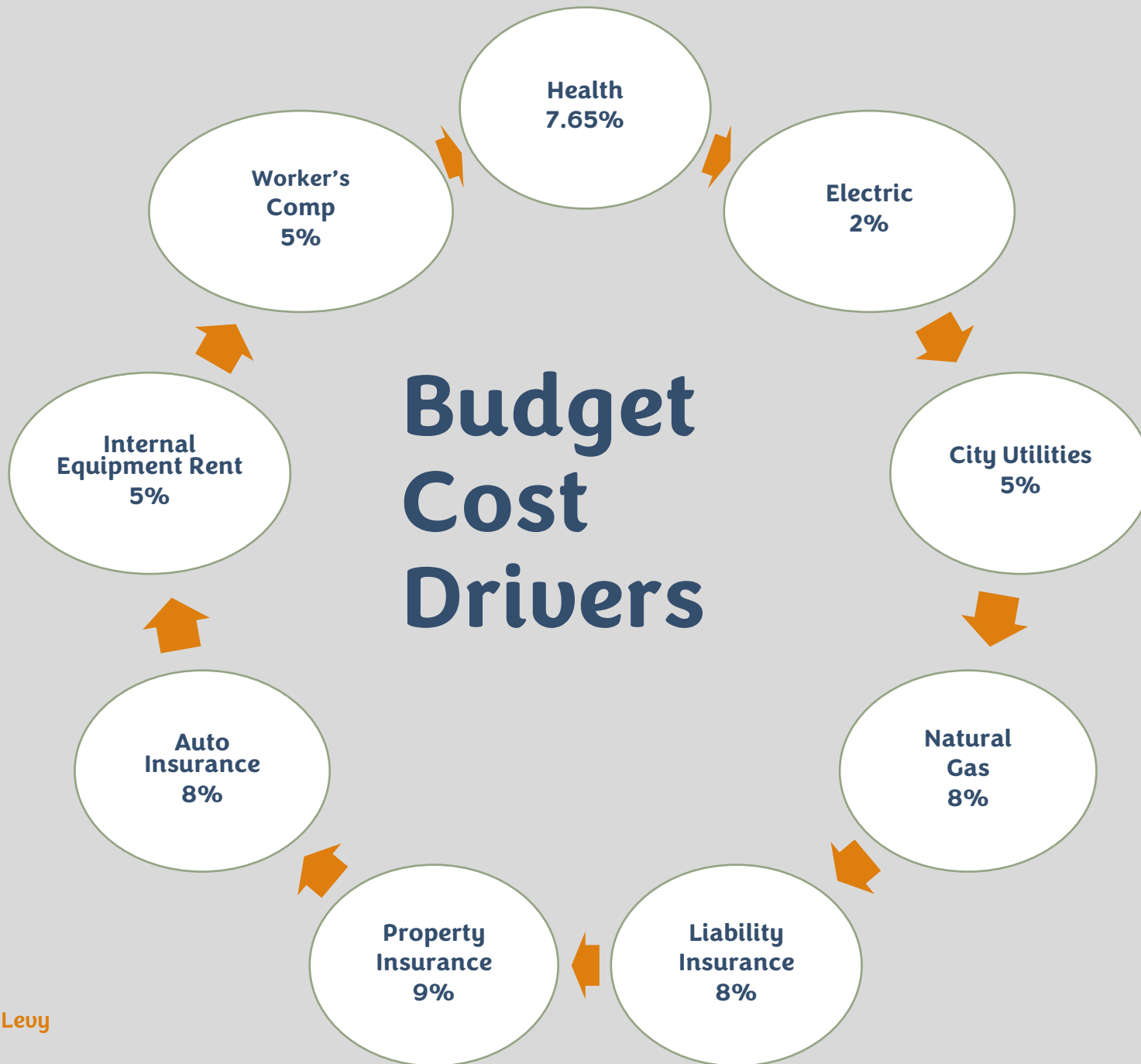
 - Tax Levy Committee continued consideration

 - Note: levy may decrease, but not increase after September

- **December**

 - 2nd Public meeting and comments; City Council adopts 2025 final budget and levy

 - 30th Certify 2025 final property tax levy to Otter Tail County



2025 Budget Highlights

**Proposed
Revenues**

\$55,264,191

**Proposed
Expenditures**

\$53,623,237

**Proposed
Tax Levy**

\$8,941,000

**Change from
2024**

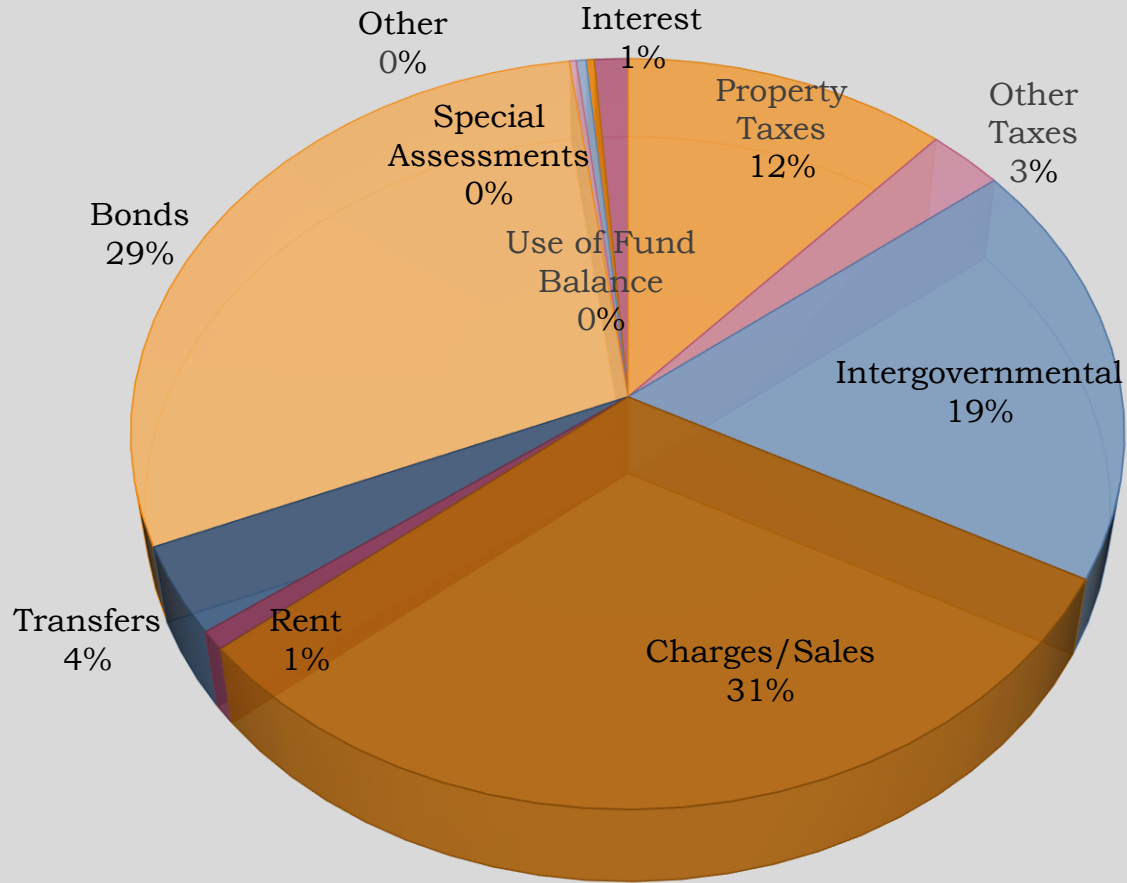
\$794,000

9.75% Increase

2025 Proposed Budget

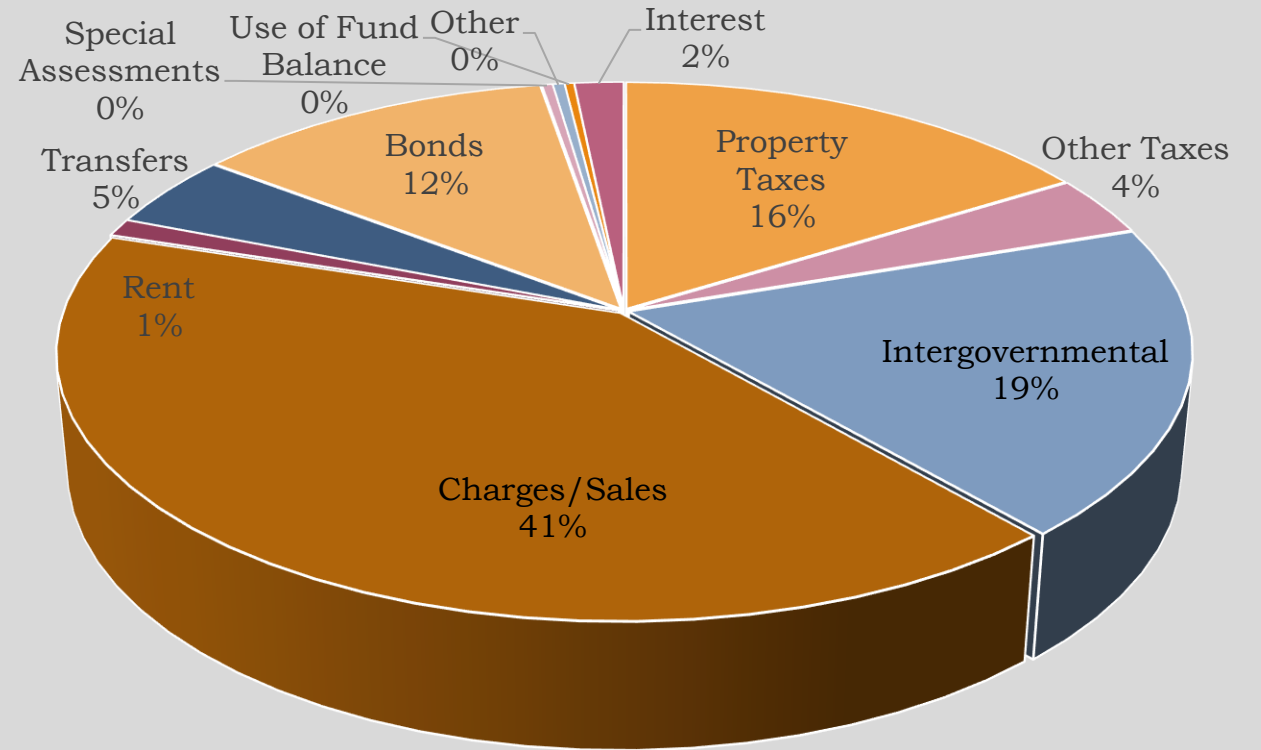
	Revenues	Expenditures
General Fund	\$16,228,980	\$16,228,980
Special Revenue	\$2,218,403	\$2,124,740
Debt Service	\$3,016,414	\$2,887,083
Capital Projects	\$12,285,182	\$12,129,947
Enterprise	\$18,743,388	\$17,575,833
Internal Service	<u>\$2,771,824</u>	<u>\$2,676,654</u>
Total	\$55,264,191	\$53,623,237

2024 Revenues



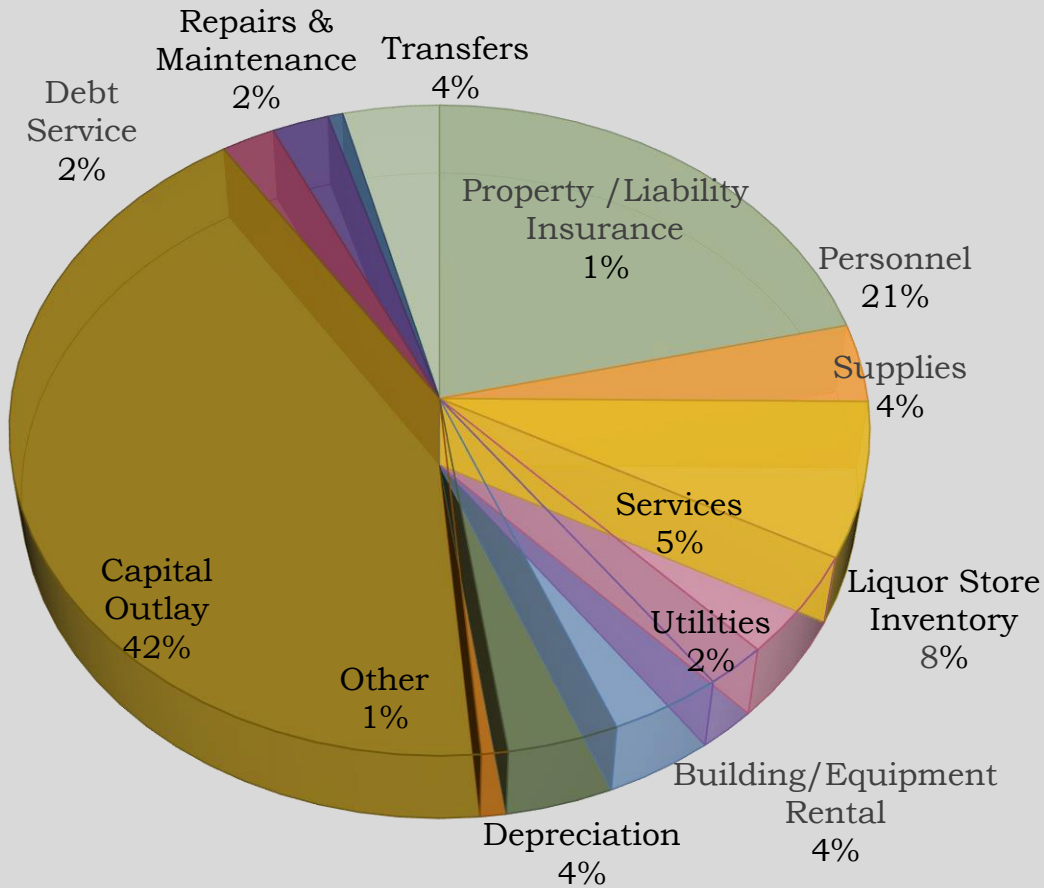
\$69,913,005

2025 Revenues



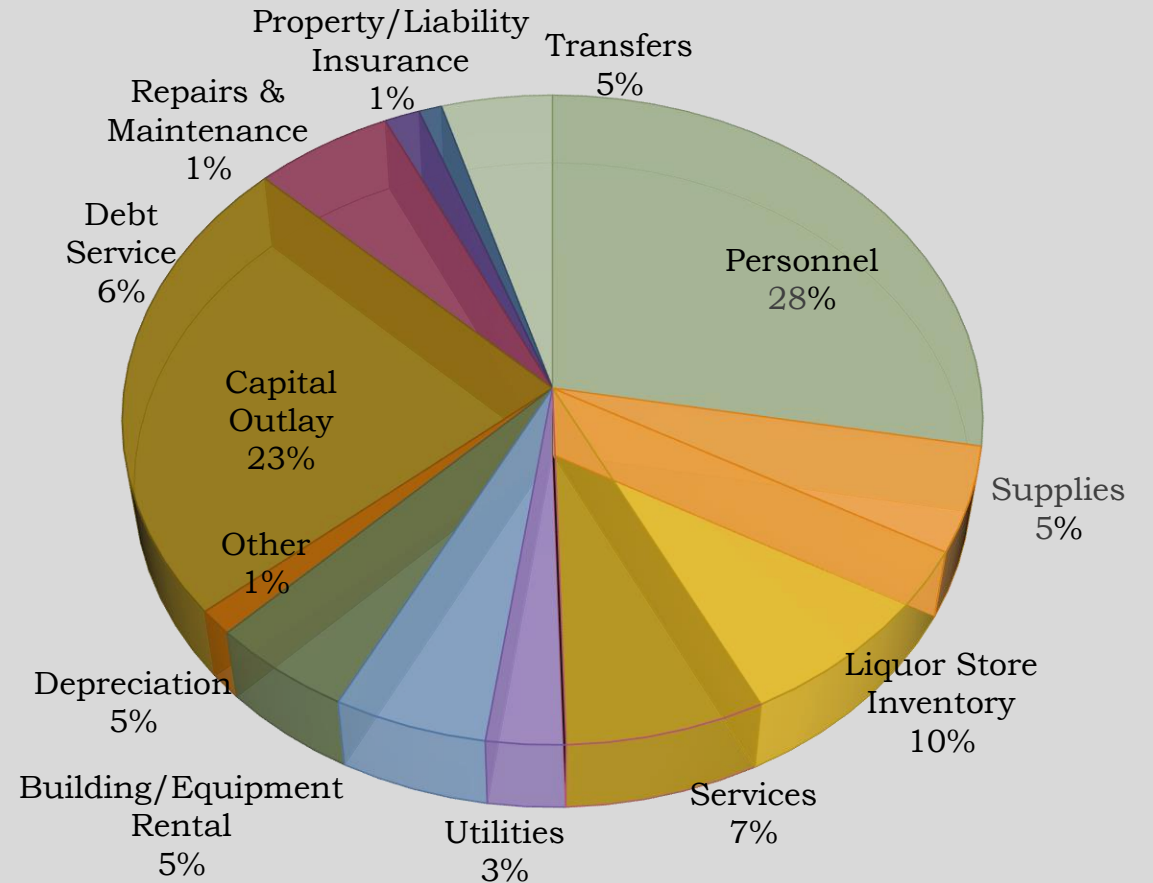
\$55,264,191

2024 Expenditures



\$67,889,149

2025 Expenditures



\$53,623,237

2025 Proposed Levy

\$8,941,000

2024 Levy	\$8,147,000
Difference 2025 to 2024	\$794,000
Percentage Change:	9.75%

Fixed Cost Increases

Levy Supported Funds

Personnel	\$220,900
Worker's Compensation	\$48,600
Aquatic Center Operations	\$125,000
Public Safety Aid (One- time use for 2024)	\$100,000
Equipment Rental	\$74,000
Bond Debt Service	\$71,600
Insurance	\$48,500
Utilities	\$29,000
Tax Abatement Programs	\$21,000
RTC Maintenance Fund	<u>\$6,900</u>
Net Impact (would be 9.15% levy increase)	\$745,500

How are the rates determined?

Otter Tail County Assessor determines market values

Property class rates are established by the State of Minnesota

Class rates are applied to market value to establish tax capacity

City established property tax levy
\$8,941,000

The tax levy is divided by the tax capacity value to determine the tax rate

Tax rate multiplied by individual tax capacity to determine property taxes owed

Tax Levies and Tax Rate

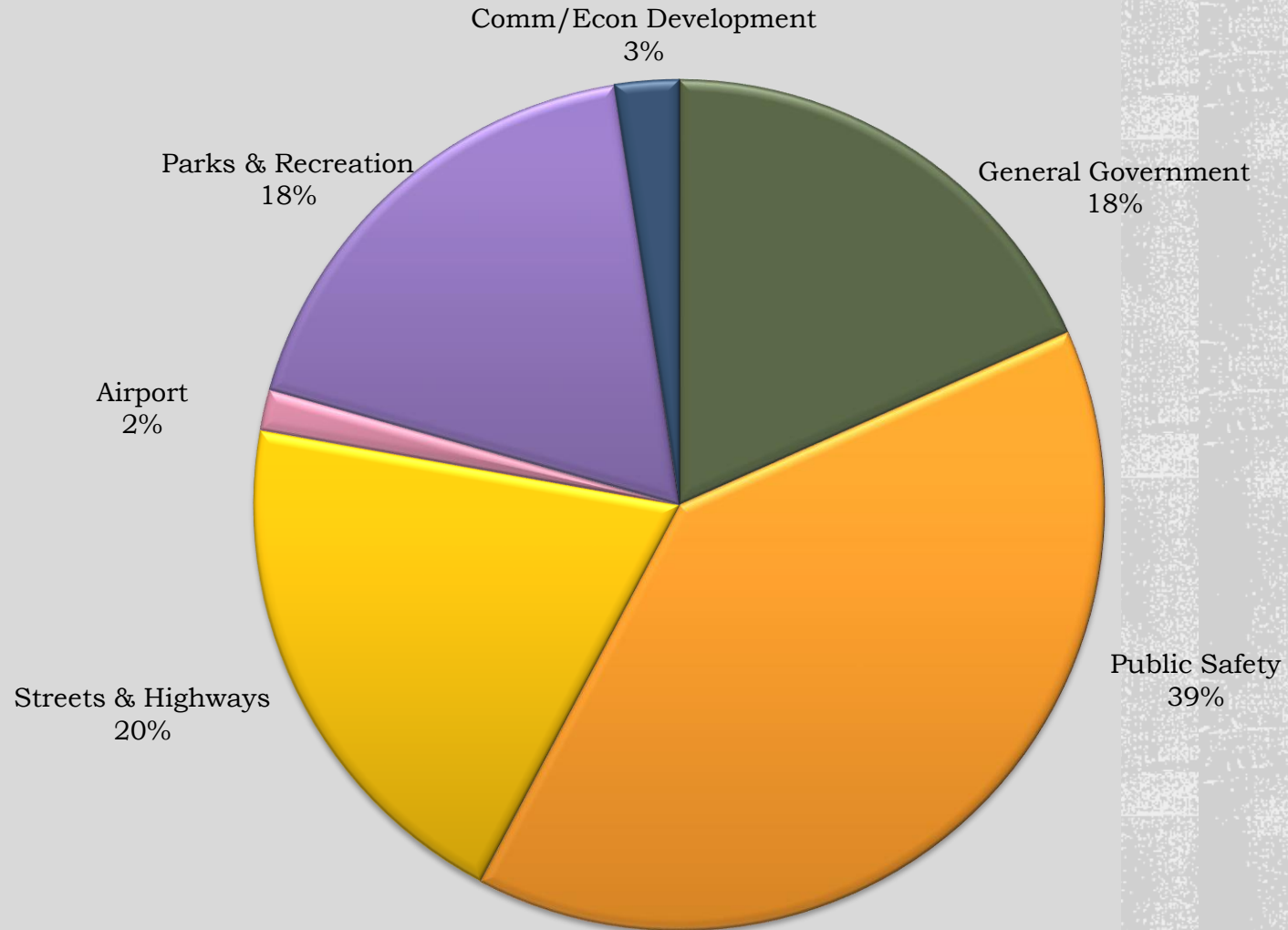
Tax Levies and Tax Rates



Taxes and State Aid

- 2025 Property Tax Levy \$8,941,000 (9.75% increase)
 - 8.53% or \$694,500 of the levy increase is for the General Fund, Port Authority, & Library operations.
 - .88% or \$71,600 of the levy increase is for debt service on bonds. \$78,000 for 2023 & 2024 street improvement projects and a (\$6,400) decrease for other existing bonds.
 - 0.26% or \$21,000 of the levy increase is for tax abatement levies (captures the new constructed value of the abated property)
 - 0.08% or \$6,900 of the levy increase is for ongoing maintenance costs of the RTC
- 2025 Local Government Aid \$4,421,887 (increase of \$6,242 over 2024)
- City received one-time public safety aid of \$614,500 at the end of 2023
 - \$145,000 was included in the 2024 intergovernmental revenue, -0- included in 2025.
 - Police and Fire Departments have allocated the remaining balance to allowable uses

2025 General Fund Expenditures



General Government

- **General Government expenditures are decreasing from 2024 to 2025:**
 - Staff reductions in Planning, GIS, Information Technology, and Payroll.
 - No elections scheduled in 2025.
- **The City is experiencing the impacts of inflation throughout all areas of the City.**
- **Employee contracts under negotiation with bargaining units for 2025.**
- **Legal fees for prosecutions are increasing based on a 3-year phase in market adjustment.**
- **Included \$20,000 for annual legislative consulting services (reduced from annual \$43,420).**

Public Safety

- **2025 Police Department - \$5,017,822**
 - 24 officers (includes high school resource officer)
 - 1 elementary school resource officer (funded from Public Safety Aid)
 - 5 office staff
- **2025 Fire Department - \$1,034,047**
 - 3 full-time staff and 37 paid on-call members
 - 3 engines, 1 rescue, 1 ladder, 1 tanker, 2 wildland engines, 3 support vehicles, 1 boat, & 1 Ranger
 - Increased building and capital funding \$30,000

Note: Police and Fire Departments continue to budget for future capital maintenance needs.

Streets & Highways

2025 Street Operations and Maintenance - \$2,963,442

- 2025 street maintenance budgets include a 3%-4% increase for street materials, bituminous overlays, and sealcoat projects, as well as general inflationary increases.
- The street lighting contracts with Otter Tail Power were increased for the new streetlights included with the Stanton Avenue and the Riverfront Splashpad projects.
- 2025 also includes proposed street and utility reconstruction projects, which are included within the Capital Project Fund budgets. The proposed projects would result in new levies for bond payments starting in 2026.

Parks and Recreation

- **2025 Parks and Recreation - \$2,850,946**
 - 29 parks on 551 acres
 - **New Aquatic Center operations:**
 - 2025 estimated expenditures - \$240,142
 - 2025 estimated revenues - \$114,500
 - 2025 City contribution (tax levy) - \$125,642
 - No longer funding lifeguards at Pebble Beach
 - **New Campground operations (projected operation 1/2 season):**
 - 2025 estimated expenditures - \$42,450
 - 2025 estimated revenues - \$78,000
 - 2025 estimated revenue over expenditures - \$35,550
 - **2025 Kids Camp:**
 - 2025 estimated expenditures - \$76,518 (included new charges for arena use - \$11,000)
 - 2025 estimated revenues - \$76,520 (Increase from \$190 to \$225 per 2-week session)
 - Including \$50,000 for Pebble Lake Golf Club according to letter of intent to purchase.
 - Including an additional 1/2-time position for Park Maintenance

Economic & Community Development

Economic Development:

- **Maintaining the \$50,000 funding for economic development services from Greater Fergus Falls**
- **The budget includes various tax increment and tax abatement districts**
- **Revolving loan programs**

Community Development:

- **Community Development Department**
- **Visit Fergus Falls – Funded with lodging tax**

Port Authority

- **Port Authority 2025 levy of \$67,000, down from \$72,000 in 2024. The property tax levy is used for operations.**
- **Continues to collect lease revenues from the State of Minnesota for the operation and maintenance of the Community Behavioral Health Hospital.**
- **Continues to collect lease revenues from Lakes Country Service Cooperative to pay the debt service on the Series 2019A Bonds (LCSC Level IV Education Facility).**
- **Port Authority owns industrial park and residential development property as well as the old dairy property along the river.**
- **The City is levying \$90,800 for the 2025 debt service payments for the DEED Dairy Demolition Loan and DEED Cleanup Revolving Loan Fund bonds.**

Public Library

2025 Public Library Budget - \$1,084,281

- **Property Tax Levy - \$943,650**
- **Regional Library Aid - \$98,000**
- **Operations remain stable with inflationary increases included within the expenditure budgets.**

Bigwood Event Center

2025 Bigwood Event Center Budget

- **Estimated event revenues/interest - \$206,000**
- **Estimated operating expenditures - \$359,000**
- **Funding transfer required from Liquor Store - \$153,000**
- **Additional staff shared with the Liquor Store added in 2024 (necessary for event staffing)**
- **Additional marketing campaign included for 2025 - \$15,000 (would require City Council approval).**

Capital Improvements

2025 Proposed Projects:

- Street projects \$7,298,000 (Bonds/Levy/Specials/State Aid)
- Dairy Property \$4,000,000 (State Grant Funded)
- RTC Preservation \$120,000 (State Grant Funded)
- Sidewalks \$30,000 (Annual Levy)
- Total \$11,448,000

Capital Improvements

2025 Proposed Street Projects:

- Arlington/Sheridan Area Reconstruction \$1,700,000
- Cleveland Avenue: Fir to Franklin Reconstruction \$3,705,000
- Fir/Friberg Roundabout \$700,000 (State Aid Funded)
- Junius Avenue: Union to Cascade Reconstruction \$903,000
- Shoreview Paving \$290,000

Estimated Funding:

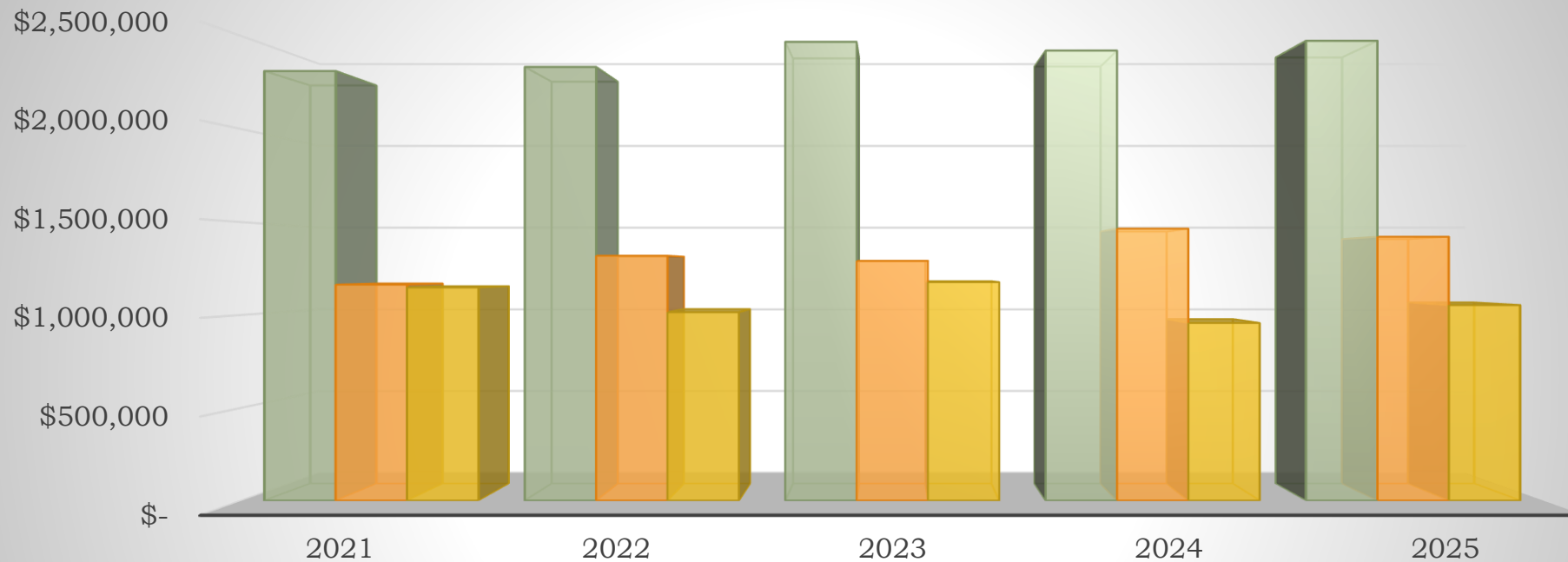
- State Aid \$700,000
- Special Assessments: \$1,013,500
- General Obligation Bonds: \$5,584,500

Note: Estimated G.O. Bond Levy \$501,000 for 15 years. 6.15% increase over the 2024 total property tax levy.

Enterprise and Internal Service Funds

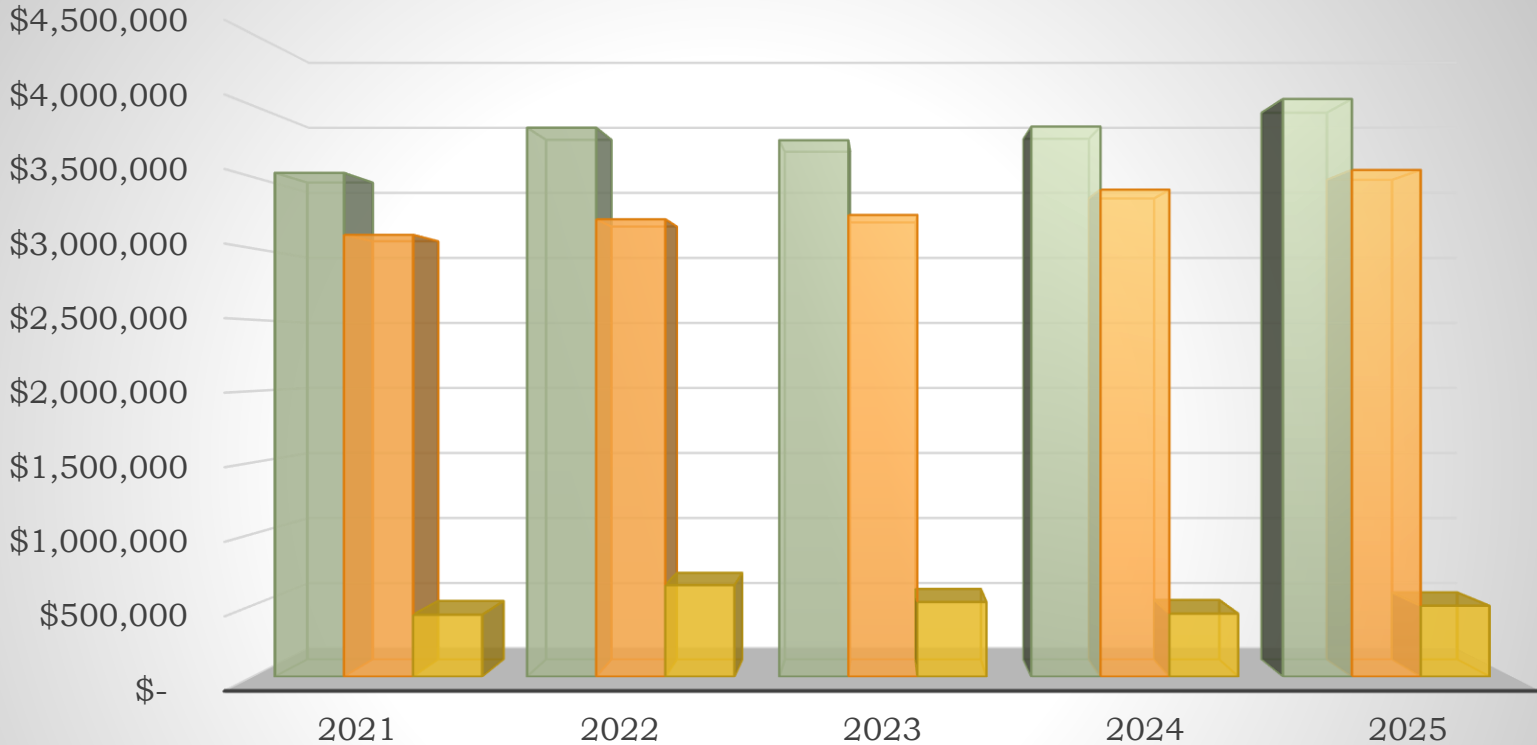
- **The City Council approved utility rate changes on March 4, 2024**
 - **The March 2024 rate analysis was based on an accelerated capital improvement plan (CIP).**
 - **The 2025 Enterprise Fund budgets continue to include future rate increases based on the accelerated CIP.**
- **A separate 2025 rate analysis of the Enterprise Funds will be presented to the City Council before December 2024**

Liquor Store Enterprise Fund



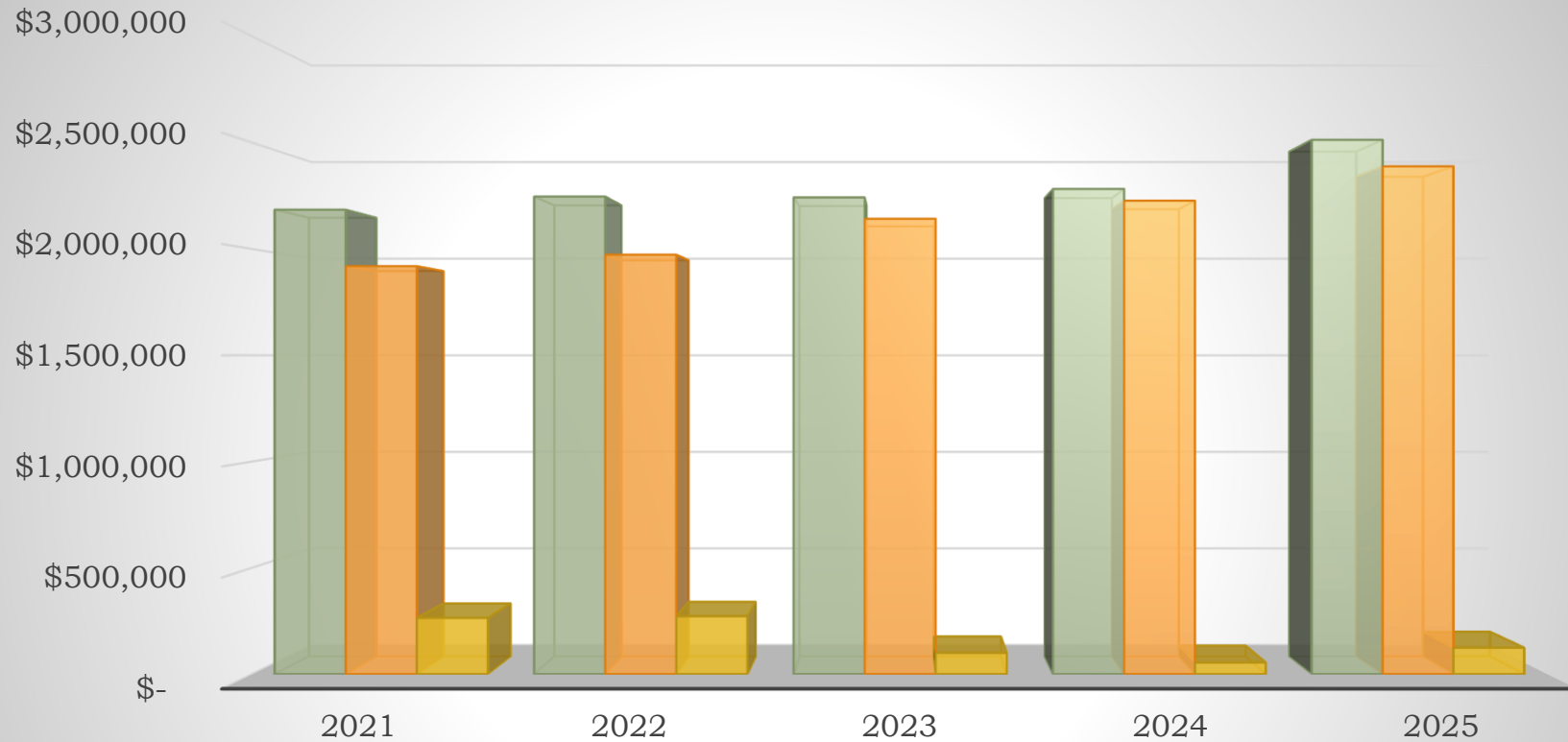
	2021	2022	2023	2024	2025
■ Gross Profit	\$2,311,765	\$2,333,770	\$2,468,628	\$2,421,489	\$2,474,406
■ Operating Expenses	\$1,163,527	\$1,319,098	\$1,291,695	\$1,464,599	\$1,421,034
■ Operating Income	\$1,148,238	\$1,014,672	\$1,176,933	\$956,890	\$1,053,372

Refuse Enterprise Fund



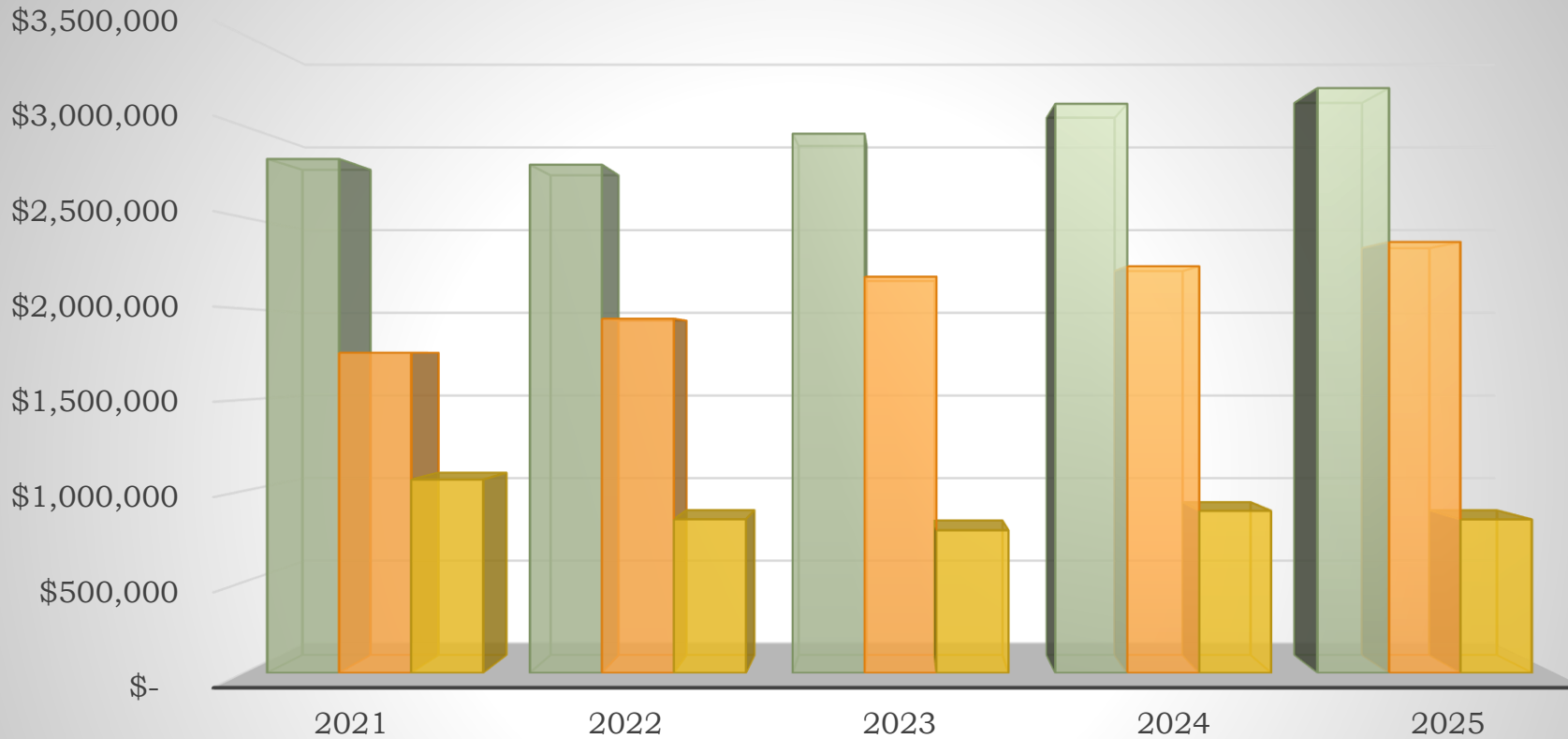
	2021	2022	2023	2024	2025
Operating Revenues	\$3,528,201	\$3,844,437	\$3,756,368	\$3,852,150	\$4,045,386
Operating Expenses	\$3,094,286	\$3,203,064	\$3,233,402	\$3,410,721	\$3,548,543
Operating Income	\$433,915	\$641,373	\$522,966	\$441,429	\$496,843

Sewer Enterprise Fund



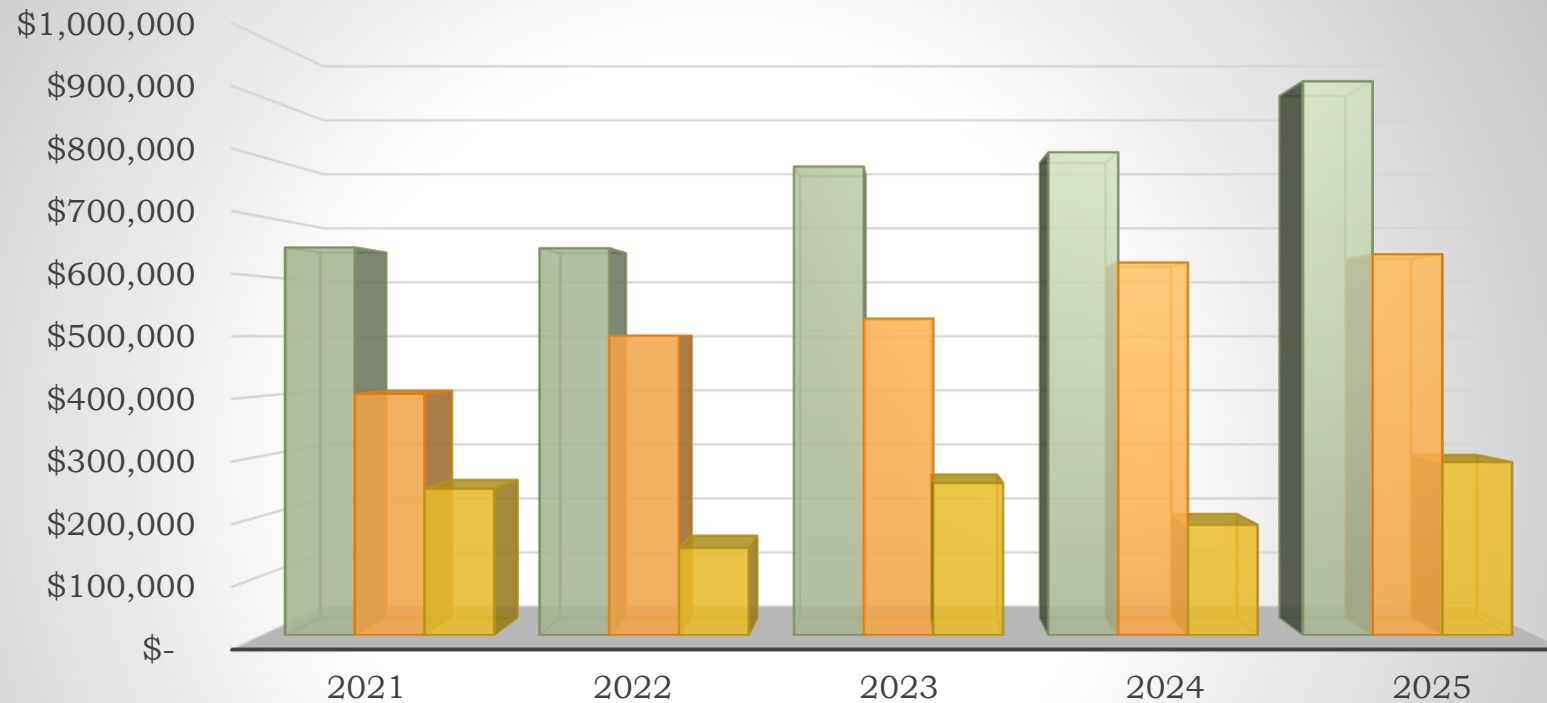
	2021	2022	2023	2024	2025
Operating Revenues	\$2,183,871	\$2,245,650	\$2,241,797	\$2,281,500	\$2,512,138
Operating Expenses	\$1,918,934	\$1,972,826	\$2,141,284	\$2,226,517	\$2,387,559
Operating Income	\$264,937	\$272,824	\$100,513	\$54,983	\$124,579

Water Enterprise Fund



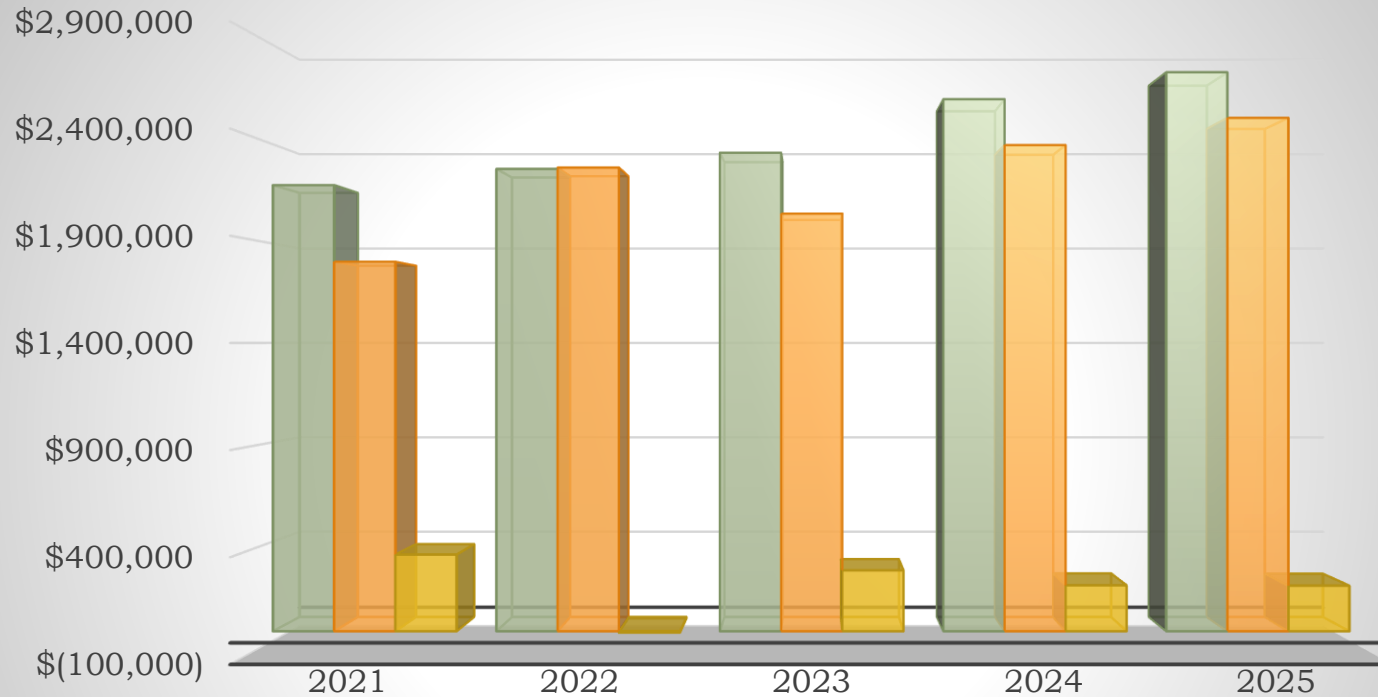
	2021	2022	2023	2024	2025
Operating Revenues	\$2,820,341	\$2,788,638	\$2,958,578	\$3,122,536	\$3,208,577
Operating Expenses	\$1,758,735	\$1,945,008	\$2,175,057	\$2,232,322	\$2,365,554
Operating Income	\$1,061,605	\$843,631	\$783,521	\$890,214	\$843,023

Storm Water Enterprise Fund



	2021	2022	2023	2024	2025
Operating Revenues	\$648,558	\$647,337	\$784,129	\$808,000	\$926,695
Operating Expenses	\$403,567	\$501,264	\$529,531	\$623,375	\$637,360
Operating Income	\$244,991	\$146,073	\$254,597	\$184,625	\$289,335

Equipment Fund



	2021	2022	2023	2024	2025
Operating Revenues	\$2,166,334	\$2,244,961	\$2,323,483	\$2,583,500	\$2,714,092
Operating Expenses	\$1,794,271	\$2,251,443	\$2,027,847	\$2,360,734	\$2,492,852
Operating Income	\$372,064	\$(6,481)	\$295,636	\$222,766	\$221,240

2025 Budget includes a 5% increase in rental charges to city departments. 2025 anticipated equipment purchases/replacements \$747,000.

Next Steps

September 16

- Council action to adopt 2025 preliminary levy and budget (Levy can decrease after September 16th, but not increase)

September 17–December 2

- Continued Tax Levy Committee consideration
- Utility rate review
- Capital Improvement Plan review

December 2

- Public meeting and comments
- Council action to adopt 2025 levy and budget

December 30

- Certify 2025 final property tax levy to Otter Tail County