

2025 City Budget Open House

Monday, September 23, 2024

Shorewood City Hall, 5755 Country Club Rd

5:30- 6:30 p.m.

Review boards with budget information, and ask questions or leave comments about the budget to share with City Council. Documents (PDF) below will be the information shared on boards at the open house.

1. 2025 General Fund

Documents:

[2025 GENERAL FUND EXPENDITURES.PDF](#)
[2025 GENERAL FUND REVENUES.PDF](#)

2. 2025 Capital Improvement Plan (CIP)

Documents:

[2025 CIP.PDF](#)

3. Property Tax, Levy, & Notices

Documents:

[14REASONS_PROPERTYTAXESVARY.PDF](#)
[2025 TAX LEVY.PDF](#)
[MARKET VALUE TAX RATE GRAPHS.PDF](#)
[PROPERTY TAX SCENERIOS.PDF](#)

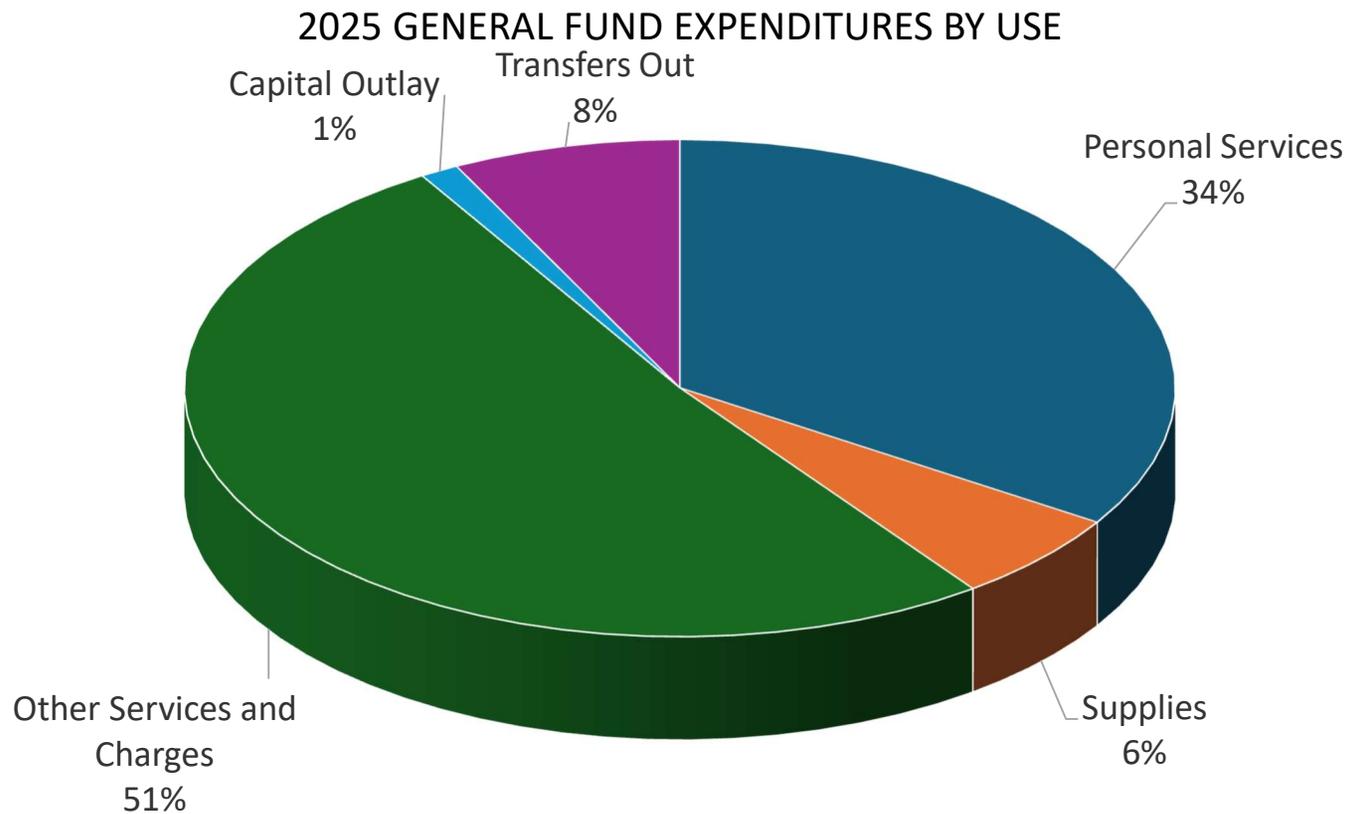
4. Truth In Taxation

Documents:

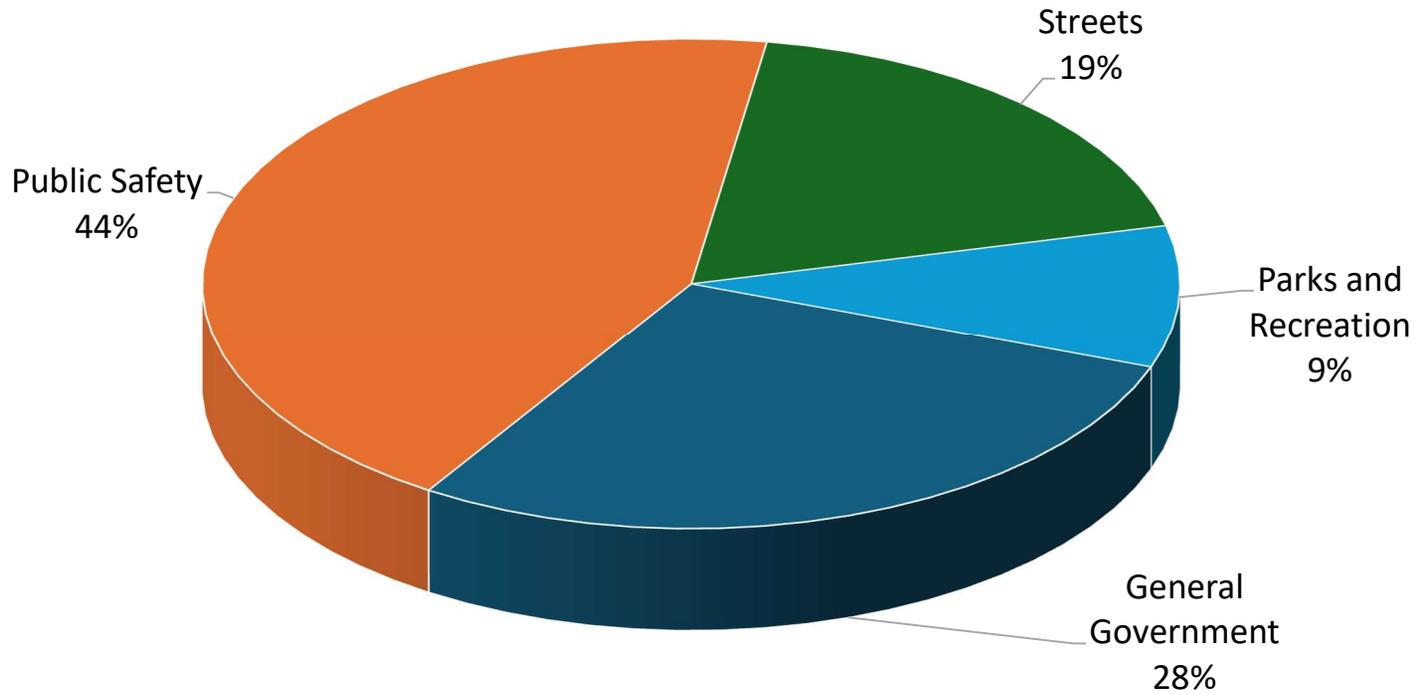
[TNT INFORMATION.PDF](#)

2025 General Fund Expenditures by Use

Personal Services	\$ 2,517,700
Supplies	432,400
Other Services and Charges	3,791,780
Capital Outlay	93,340
Transfers Out	550,000
TOTAL EXPENDITURES	\$ 7,385,220



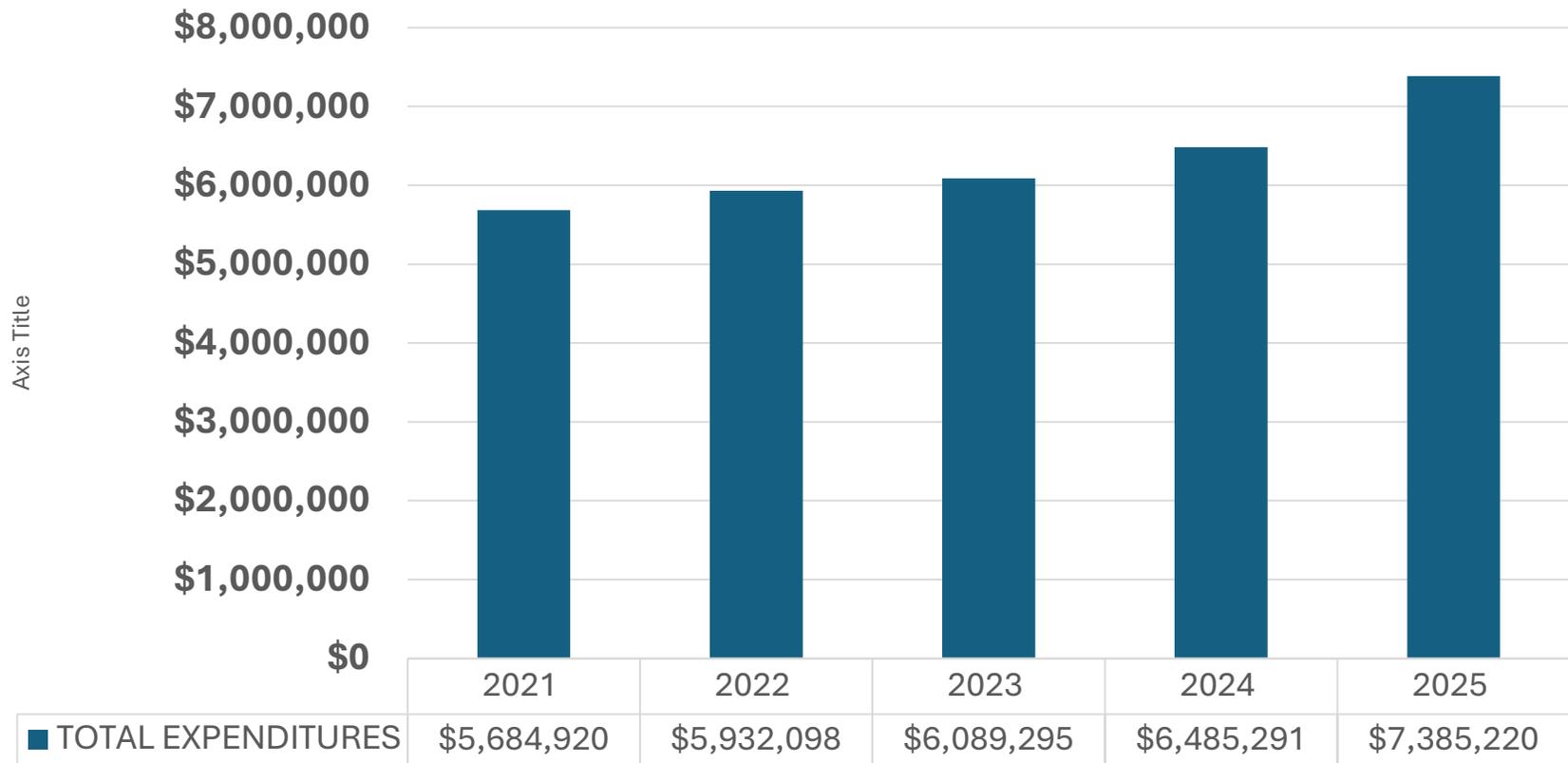
2025 GENERAL FUND EXPENDITURES BY PROGRAM



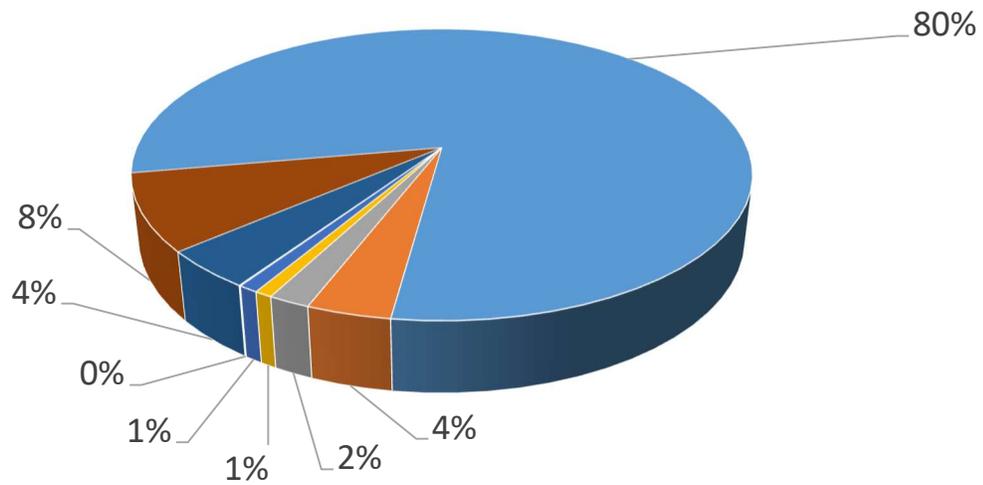
2025 General Fund Expenditures

General Government	\$ 2,101,270
Public Safety	2,810,150
Streets	1,380,980
Parks and Recreation	542,820
Other	550,000
TOTAL EXPENDITURES	\$ 7,385,220

GENERAL FUND EXPENDITURE BUDGET BY YEAR



General Fund Revenues



- Taxes
- Licenses & Permits
- Intergovernmental
- Charges for Services
- Fines & Forfeitures
- Special Assessments
- Miscellaneous
- Transfers/Contingency

2025 General Fund Revenues

Taxes	\$	5,905,113
Licenses & Permits		275,225
Intergovernmental		136,250
Charges for Services		58,100
Fines & Forfeitures		64,500
Special Assessments		5,000
Miscellaneous		312,700
Transfers/Contingency		628,332
TOTAL REVENUES	\$	7,385,220

2025 through 2025
Capital Improvement Plan
 Shorewood, Mn

Department	Project #	2025	Total
402 - Park Capital Improvement			
Cathcart Park Playground Equipment	P0202	200,000	200,000
South Shore Park Master Plan	P0700	40,000	40,000
402 - Park Improvements		240,000	240,000
Source Grand Total		240,000	240,000
403 - Equipment Replacement			
Truck - Ford 550 One Ton Dump Truck	091	104,000	104,000
Dump Truck - Freightliner	092	256,000	256,000
Computer Upgrades	T-99-99	10,900	10,900
403 - Equipment Replacement Fund		370,900	370,900
Source Grand Total		370,900	370,900
404 - Street Reconstruction			
Pavement Maintenance	LR-99-099	310,000	310,000
Mill & Overlay and Striping	LR-99-100	787,500	787,500
Shorewood Ln Ravine	ST-23-06	315,000	315,000
404 - Street Reconstruction Fund		1,045,000	1,045,000
601 - Water Fund		52,500	52,500
631 - Stormwater Management Fund		315,000	315,000
Source Grand Total		1,412,500	1,412,500
405 - MSA Construction			
Eureka Rd N Reclaim	ST-23-03	630,000	630,000
Mill Street Trail ROW - County Led	T017	157,500	157,500
404 - Street Reconstruction Fund		63,000	63,000
405 - MSA Road Reconstruction Fund		724,500	724,500
Source Grand Total		787,500	787,500

Department	Project #	2025	Total
490 - Community & Event Center			
SCEC - Mechanical Systems	SCEC-19-01	11,000	11,000
SCEC-Painting	SCEC-25-01	5,000	5,000
Prep Kitchen	SCEC-26-02	5,000	5,000
201 - Community & Event Center		21,000	21,000
Source Grand Total		21,000	21,000

601 - Water

Air Compressor - Ingersall Rand 185	038	34,200	34,200
SE Area Well Filter, Chlorination, Controls	24-008	375,000	375,000
Rebuild Well Pump & Add VFD SE Well Well	W-19-05	75,000	75,000
Water Meter Replacement Project	W-23-04	30,000	30,000
Watermain Reconstruction Activity	W-99-01	110,000	110,000
211 - American Rescue Plan Act		231,088	231,088
601 - Water Fund		393,112	393,112
Source Grand Total		624,200	624,200

611 - Sewer

CIP Sewer Repairs Assoc with Roadway Reconstr	SS-99-01	53,000	53,000
Televising & Cleaning	SS-99-02	30,000	30,000
Sewer Additional	SS-99-04	27,000	27,000
Infiltration and Inflow Reduction	SS-99-05	85,000	85,000
611 - Sanitary Sewer Fund		195,000	195,000
Source Grand Total		195,000	195,000

631 - Stormwater Management

Catch Basin Reconstruction	STM-99-01	53,000	53,000
Disposal of Street Sweepings	STM-99-02	39,400	39,400
Storm Water Additional	STM-99-03	110,000	110,000
Storm Pond Sediment Cleaning & Disposal	STM-99-04	110,000	110,000
631 - Stormwater Management Fund		312,400	312,400
Source Grand Total		312,400	312,400

Fourteen Reasons WHY PROPERTY TAXES VARY FROM YEAR TO YEAR

1. THE MARKET VALUE OF A PROPERTY MAY CHANGE.

- Each parcel of property is assessed at least once every five years and a sales ratio study is done to determine if the property is assessed similarly to like properties. If not, the Commissioner of Revenue may issue an 'order' that would affect the taxable value of a parcel.
- Additions and improvement made to a property generally increases its market value.

2. THE MARKET VALUE OF OTHER PROPERTIES IN YOUR TAXING DISTRICT MAY CHANGE, SHIFTING TAXES FROM ONE PROPERTY TO ANOTHER.

- If the market value of a property increases more or less than the average increase or decrease in a taxing district, the taxes on that property will also change.
- New construction in a taxing district increases the tax base and will affect the district's tax rate.

3. THE STATE GENERAL PROPERTY TAX MAY CHANGE.

- The state legislature directly applies a State General Property Tax to commercial/industrial and season/recreational property classes.

4. THE CITY BUDGET AND LEVY MAY CHANGE.

- Each year, cities review the needs and wants of their citizens and how to meet those needs and wants. This is called 'discretionary spending' in the city budget. Also included in the budget is non-discretionary spending which is required by state and federal mandates and court decisions and orders.

5. THE TOWNSHIP BUDGET AND LEVY MAY CHANGE.

- Each March, townships set the levy and budget for the next year.

6. THE COUNTY BUDGET AND LEVY MAY CHANGE.

- Each year, counties review the needs and wants of their citizens and how to meet those discretionary needs and wants. In addition, also included in the county budget is non-discretionary spending which is required by state and federal mandates and court decisions and orders. As much as sixty to eighty-five percent of the county expenditures are used to deliver mandated services.

7. THE SCHOOL DISTRICT'S BUDGET AND LEVY MAY CHANGE.

- The Legislature determines basic funding levels for K-12 education and mandates services that schools must perform. On average, approximately seventy percent of school costs are paid by the state.
- Local school districts set levies for purposes including safe school and community education, etc.

8. A SPECIAL DISTRICT'S BUDGET AND LEVY MAY CHANGE.

- Special districts such as the Metropolitan Council, hospital districts, watershed districts, drainage districts, etc. set levies to balance their budgets.

9. SPECIAL ASSESSMENTS MAY BE ADDED TO YOUR PROPERTY TAX BILL.

- Water lines, curb and gutter, and street improvements that directly benefit your property may be funded, in whole or in part, through a special assessment that is added to your tax bill.

A publication of the Association of Minnesota Counties

A publication of the Association of Minnesota Counties

10. VOTERS MAY HAVE APPROVED A SCHOOL, CITY/TOWNSHIP, COUNTY, OR SPECIAL DISTRICT REFERENDUM.

- Local referendums may be held for local government construction projects, excess operating levies for schools or many other purposes.
- Referendum levies may be spread on the market value or the tax capacity of a property depending on process and type of referendum levy.

11. FEDERAL AND STATE MANDATES MAY HAVE CHANGED.

- Both the state and federal governments require local governments to provide certain services and follow certain rules. These mandates often require an increase in the cost and level of service delivery.

12. AID AND REVENUE FROM THE STATE AND FEDERAL GOVERNMENTS MAY HAVE CHANGED.

- Each year the state legislature reviews and adjusts the level of funding for a variety of aids provided to local governments including Local Government Aid and County Program Aid. The formulas for how aid is determined and distributed among local governments may have changed.
- While direct aid and revenue from the federal government to local governments has declined greatly in recent years, federal revenue continues to be a key portion of the local government revenue stream and that revenue stream may have changed.

13. THE STATE LEGISLATURE MAY HAVE CHANGED THE PORTION OF THE TAX BASE PAID BY DIFFERENT TYPES OF PROPERTIES.

- A change in class rates will require a change in the tax rate to raise the same amount of money.

14. OTHER STATE LAW CHANGES MAY ADJUST THE TAX BASE.

- Fiscal disparities, personal property taxes on utility properties, limited market value, and tax increment financing are example of laws that affect property taxes.

A publication of the Association of Minnesota Counties

Glossary of Terms

CATEGORICAL AID: Aid given to a local unit of government to be used only for a specific purpose.

CIRCUIT BREAKER: See "Property Tax Refund."

CLASS RATES: The percent of market value set by state law that establishes the property's tax capacity subject to the property tax.

COUNTY PROGRAM AID: State property tax relief aid to counties, distributed with a formula based on needs (households on foodstamps, age of the population, number of serious crimes) and tax base equalization for counties with smaller tax bases.

EDUCATION AID: The total amount of state dollars paid for K-12 education. This aid is paid to the school districts.

FISCAL DISPARITIES: A program in the Twin Cities metropolitan area and on the iron range in which a portion of the commercial and industrial property value of each city and township is contributed to a tax base sharing pool. Each city and township then receives a distribution of property value from the pool based on market value and population in each city.

GENERAL PURPOSE AID: Aid given to units of government to be used at their own discretion. Examples are Local Government Aid and County Program Aid.

HIGHWAY AID: Motor fuels tax and license tab money the state distributes to counties, cities and townships for highways and bridges.

HOMESTEAD: A residence occupied by the owner.

INDIVIDUAL INCOME TAX: A state tax on the income of residents and non-residents with Minnesota sources of income that is deposited into the state general fund.

LEVY: The imposition of a tax, associated with the property tax.

LEVY LIMIT: The amount a local unit of government is permitted to levy for specific services under state law.

LIMITED MARKET VALUE: A state imposed limit on property value increases for the purpose of calculating property taxes.

LOCAL GOVERNMENT AID (LGA): A state government revenue sharing program for cities with low property wealth or high service burdens that is intended to provide an alternative to the property tax.

LOCAL SALES TAX: A local tax, authorized by the state, levied on the sale of goods and services to be used for specific purposes by the local government.

LOCAL TAX RATE: The tax rate usually expressed as a percentage of tax capacity, used to determine the property tax due on a property.

MARKET VALUE: An assessor's estimate of what property would be worth if it were sold.

MARKET VALUE AGRICULTURE CREDIT: A state credit to reduce the property tax paid by agricultural homesteads to the local taxing jurisdiction.

MARKET VALUE HOMESTEAD CREDIT: The Market Value Homestead Credit (MVHC) program was eliminated during the 2011 Special Session for taxes payable in 2012 and beyond. The credit was replaced with a market value exclusion (defined below). This guide describes the (MVHC) reimbursement program. The program was designed to provide state-paid property tax relief to owners of certain qualifying homestead property.

MARKET VALUE HOMESTEAD EXCLUSION: The exclusion reduces the taxable value of qualifying homesteads. Despite the decreased taxable value, taxes will increase on most properties including apartments and businesses and is independent of any action taken by local governments. The exclusion provides for a portion of each home's market value to be excluded from its value for property tax calculations. The amount of value excluded is directly proportional to the MVHC the home received under the old law. In this way, each home contributes a smaller amount to each taxing jurisdiction's tax base. The tax rate tends to be a little higher because of the reduced tax base, which is why taxes increase for the other types of property. The tax burden on any given homestead could be lesser or greater depending upon the mix of properties in the jurisdiction and the level of the tax rate.

PROPERTY TAX: A tax levied on any kind of property.

PROPERTY TAX REFUND: A partial property tax refund program for those who have property taxes out of proportion with their income. This program is available to homeowners and renters.

SALES RATIO STUDY: A study conducted by the Department of Revenue of open market property sales, which is then compared to local assessments to ensure that local assessments adequately reflect the market.

STATE GENERAL PROPERTY TAX: A state-imposed property tax on commercial, industrial, and seasonal recreational properties.

STATE SALES TAX: A state tax (6.5%) levied on the sale of goods and services that is deposited into the state general fund.

TAX CAPACITY: The valuation of property based on market value and class rates, on which property taxes are determined.

Revised October 2014



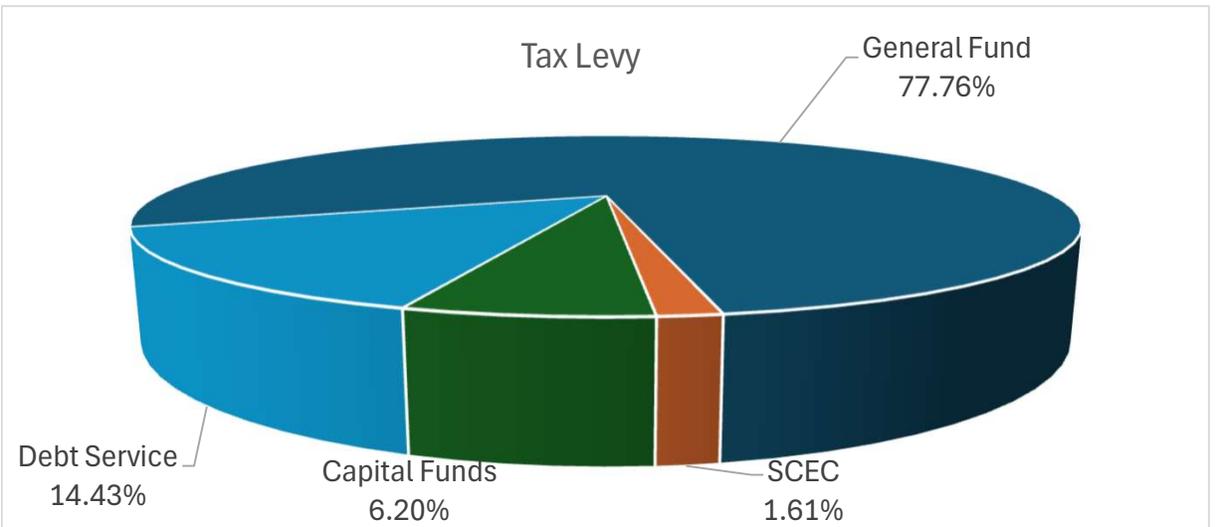
Association of Minnesota Counties
125 Charles Avenue
Saint Paul, MN 55103-2108
Main Line/Switchboard: 651.224.3344 Fax: 651.224.6540
www.mncounties.org

**CITY OF SHOREWOOD
2025 Tax Levy**

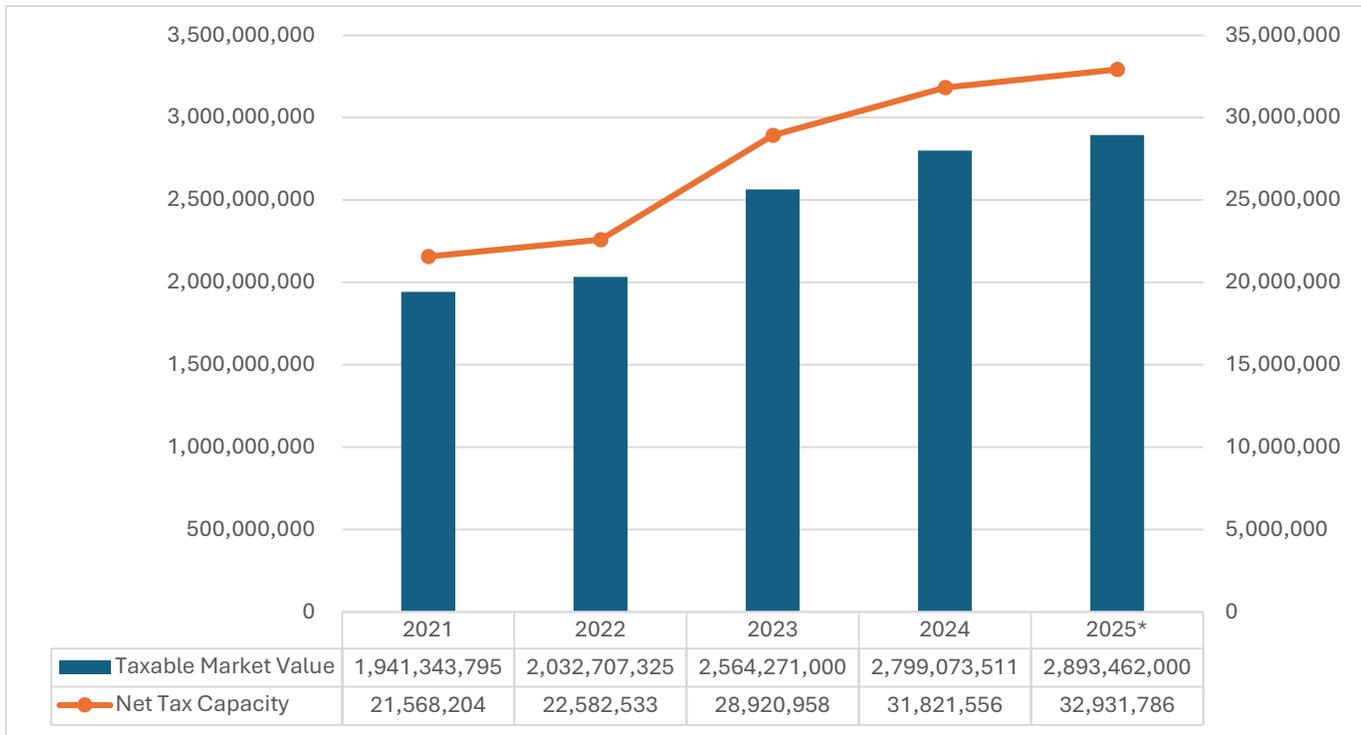
MARKET AND TAX CAPACITY VALUES

Tax Years Payable	2024	2025	Change
Taxable Market Value	\$ 2,799,073,511	2,893,462,000	3.37%
Gross Tax Capacity	\$ 31,987,967	33,076,217	3.40%
Less Tax Increment	(256,177)	(256,177)	0.00%
Less Fiscal Disparities Contribution	(523,628)	(531,212)	1.45%
Plus Fiscal Disparities Distribution	613,394	642,958	4.82%
Net Tax Capacity	\$ 31,821,556	32,931,786	3.49%

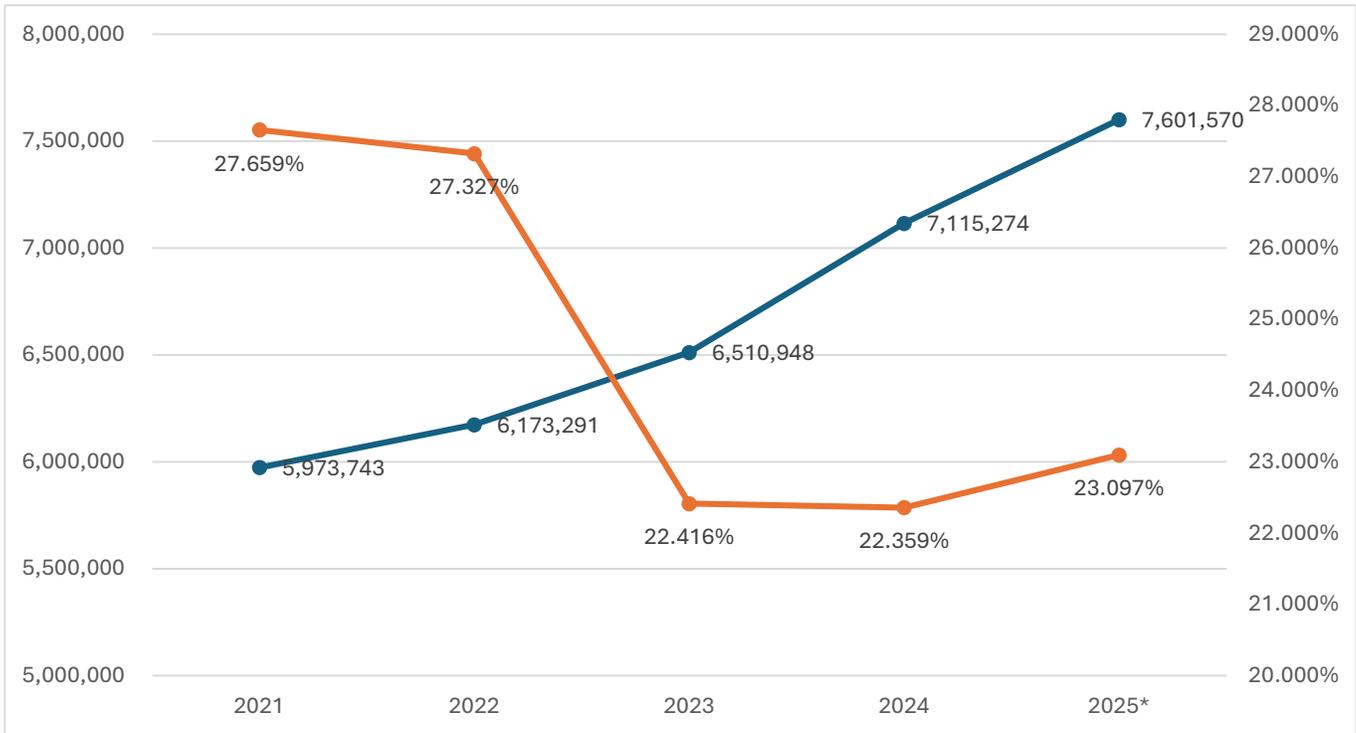
Operating Tax Levies			
General (101)	\$ 5,638,012	5,905,113	267,101
SCEC Building (201)	105,000	122,000	17,000
Operating Tax Levy	5,743,012	6,027,113	284,101
Park Improvement Fund (402)	128,000	135,000	7,000
Capital Equipment Fund (403)	128,000	165,000	37,000
Street Improvement Fund (404)	128,000	170,500	42,500
Capital Tax Levy	\$ 384,000	470,500	86,500
2020A G.O. Street Reconstruction Bonds	228,492	226,497	(1,995)
2021A G.O. Street Reconstruction Bonds	310,023	307,241	(2,782)
2022A G.O. Street Reconstruction Bonds	289,416	289,009	(407)
2023A G.O. Street Reconstruction Bonds	160,331	273,210	112,879
Debt Service Tax Levy	\$ 988,262	1,095,957	107,695
Net Tax Levy (Actual Levy)	\$ 7,115,274	7,593,570	6.72%



Taxable Market Value/Net Tax Capacity



Property Tax Levy/Estimated Tax Rate



**City of Shorewood
2025 Proposed Property Tax Scenario**

Residential Homesteads

SCENARIO - GENERAL LEVY

	2024 Budget	2025 Proposed	2024-2025 Change
City Tax Rate:	22.359%	23.072%	0.7%
General Fund Levy:	\$5,638,012	\$5,905,113	\$267,101
Other Levies:	\$1,477,262	\$1,688,457	\$211,195
Total Levy:	\$7,115,274	\$7,593,570	\$478,296
Change in Total Levy:		6.72%	

2025 CITY PROPERTY TAXES (WITH NO MARKET VALUE CHANGE)				
Market Value 2025	Homestead Market Value Exclusion 2025	City Property Taxes 2025	Property Taxes Increase (Decrease)	Percentage Tax Increase (Decrease)
\$400,000	(\$10,600)	\$898	\$7	0.8%
\$600,000	\$0	\$1,442	\$45	3.2%
\$800,000	\$0	\$2,019	\$62	3.2%
\$1,000,000	\$0	\$2,596	\$80	3.2%
\$1,200,000	\$0	\$3,172	\$98	3.2%
2025 CITY PROPERTY TAXES (WITH MARKET VALUE INCREASE)				
Market Value 2025 INCREASE OF 3.4%	Homestead Market Value Exclusion 2025	City Property Taxes 2025	Property Taxes Increase (Decrease)	Percentage Tax Increase (Decrease)
\$413,600	(\$9,300)	\$933	\$41	4.6%
\$620,400	\$0	\$1,501	\$103	7.4%
\$827,200	\$0	\$2,097	\$141	7.2%
\$1,034,000	\$0	\$2,694	\$178	7.1%
\$1,240,800	\$0	\$3,290	\$216	7.0%

Truth-in-Taxation 2025

On August 12 and on September 9, the City Council held work sessions to discuss the preliminary 2025 General Fund operating budget and property tax levy. The City Council adopted a 2025 preliminary budget and property tax levy at its September 23 meeting. The City then certified the 2025 property tax levy to Hennepin County in late September. In November, the County will send Truth-in-taxation notices to property owners, showing proposed 2025 property taxes.

As part of its regularly scheduled City Council meeting on Monday December 16, the City Council will hold a truth-in-taxation public meeting on the proposed 2025 budget and property tax levy. The Council will adopt its final payable 2025 property tax levy and 2025 budget at the December 16 meeting and will certify the 2025 property tax levy to Hennepin County on or before December 28.

Overall proposed 2025 General Fund expenditures and transfers out are preliminarily budgeted at \$7,385,220, or a 13.9% increase from the 2024 General Fund budget. This includes two one-time transfers totaling \$550,000 for capital activity. Operating activity increased 5.4% over the 2024 General Fund budget.

General Fund 2025 revenues and transfers in are also preliminarily budgeted at \$7,385,220, or a 13.9% increase from the 2024 budget. This includes \$603,332 Use of Fund Balance for Public Safety Aid and transfers to capital funds. The increase is due to the proposed General Fund taxes increasing to cover 2025 expenditure increases. Property taxes account for 80.0% of the 2025 General Fund revenue budget and are increasing 2.8% over 2024 General Fund Property Taxes.

The City's 2025 overall preliminary property tax levy of \$7,593,570 is 6.7% higher than the 2024 total levy of \$7,115,274. The General Fund portion of the property tax levy is proposed to increase by \$478,296, or 6.7%, with all other non-General Fund tax levies (capital and debt levies) budgeted to increase \$211,195, or 14.3%.

The City's overall estimated market value increased by 3.4% from 2024 to 2025, including existing value increases and new construction.

Based on a property tax capacity increase of 3.5%, the City is proposing to increase the estimated payable 2025 City tax rate by 0.714 from 22.359% in 2024 to 23.072% in 2025.

Property owners with no change in market values from payable 2024 to payable 2025 should experience an approximate 0.8% increase in the City portion of their overall property tax bill which would be estimated at \$7 for a \$400,000 valued home. In the event of a market value decrease or increase from payable 2024 to payable 2025, City property taxes would change proportionately.