



CITY OF  
*Otsego*  
MINNESOTA

# Truth in Taxation 2026 Budgets & Property Tax Levy

**PRESENTATION & PUBLIC INPUT**

**DECEMBER 2, 2025**

# Before We Start

- **PROPERTY VALUATION**
  - That is not the focus of this meeting.
  - No changes can be made at this meeting.
  
- **LOCAL BOARD APPEAL & EQUALIZATION MEETING**
  - Annual Meeting between April 1 – May 31
  - Payable 2026 Valuation Meeting was held:
    - *April 22, 2025*

# Truth in Taxation

- **MINNESOTA DEPARTMENT OF REVENUE**
  - Requirement for cities with a population over 500
  
- **NOTIFICATION**
  - County sends a parcel specific notice between November 11-24
  
- **PURPOSE OF THIS MEETING**
  - Discussion of 2025 Budgets
  - Discussion of Levy for Taxes Payable 2025
  - Discussion of Capital Improvement Plan
  - Public Input

# Otsego's Strategic Vision

## SAFE AND HEALTHY COMMUNITY



Otsego has proactively expanded infrastructure to responsibly provide core services



Otsego has committed to delivery of quality emergency service responsive to community needs and expectations in a cost-effective manner

## CULTURE



Otsego has a strong organization that is committed to team and individual development for excellence



Otsego has an organization committed to leading the community through innovative communication

## QUALITY OF LIFE



Otsego is a social community with diverse housing, service options, and employment opportunities



Otsego is a distinctive, connected community known for its beauty and natural resources

# Budget Process

- **CITY COUNCIL OUTLINES 2026 BUDGET GOALS AND OBJECTIVES**
- **STAFF PREPARE PROPOSED BUDGETS**
- **PROPOSED BUDGETS REVIEWED**
  - City Council Meetings from May to November (open to public)
  - 6 Meetings Prior to Tonight
- **PRELIMINARY TAX LEVY**
  - Certified September 22, 2025
- **TRUTH IN TAXATION**
- **FINAL BUDGET ADOPTION**
  - Pending December 8, 2025

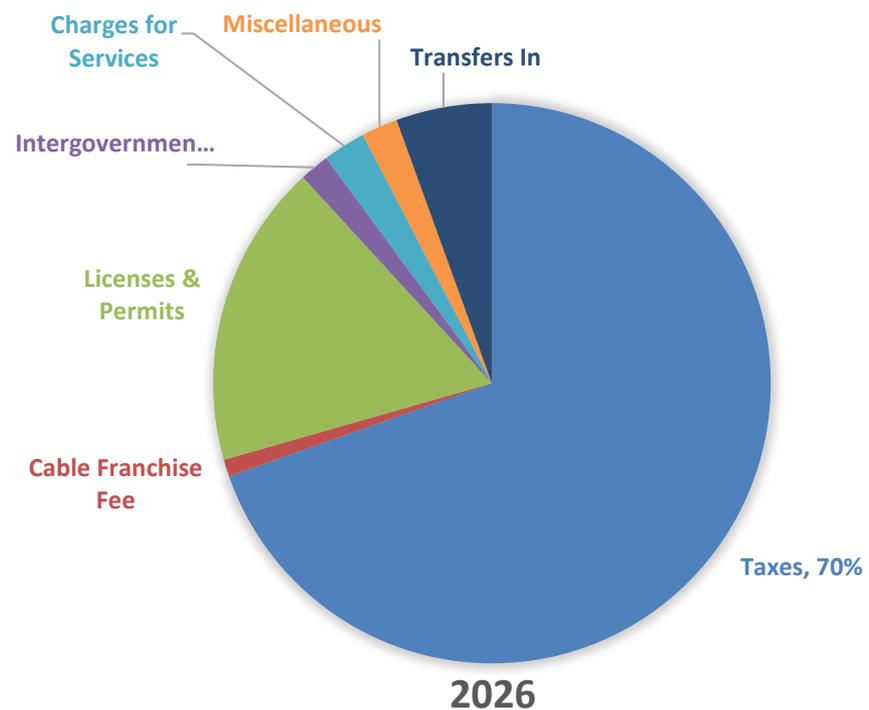
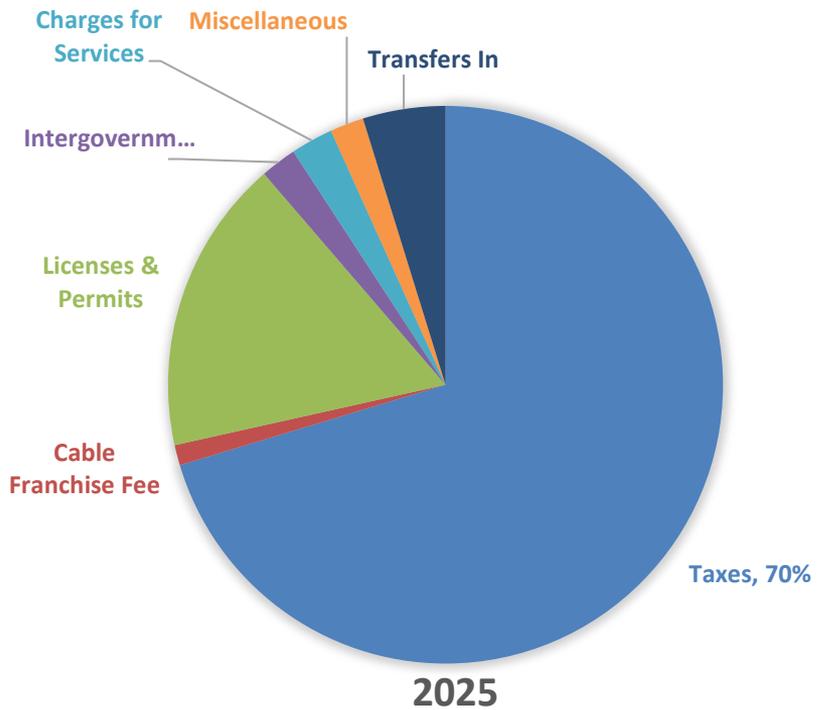


General Fund

# General Fund Summary

	2025	2026	(\$)	(%)
	Budget	Budget	Change	Change
<b>Revenue Source</b>				
Taxes	\$ 6,992,002	\$ 7,553,534	\$ 561,532	8.03%
Cable Franchise Fees	117,000	106,000	(11,000)	-9.40%
Licenses & Permits	1,703,459	1,904,463	201,004	11.80%
Intergovernmental	209,554	186,333	(23,221)	-11.08%
Charges for Services	244,830	268,365	23,535	9.61%
Special Assessments	3,500	3,400	(100)	-2.86%
Fines & Forfeitures	33,600	37,100	3,500	10.42%
Investment Interest	142,657	175,126	32,469	22.76%
Miscellaneous	15,500	13,000	(2,500)	-16.13%
Interfund Transfers	478,000	603,000	125,000	26.15%
Total	<u>\$ 9,940,102</u>	<u>\$ 10,850,321</u>	<u>\$ 910,219</u>	<u>9.16%</u>
<b>Expenditure Function</b>				
General Government	\$ 2,196,516	\$ 2,549,850	\$ 353,334	16.09%
Public Safety	4,263,499	4,827,286	563,787	13.22%
Public Works	2,118,872	2,234,775	115,903	5.47%
Parks & Recreation	1,250,315	1,306,497	56,182	4.49%
Economic Development	110,900	101,150	(9,750)	-8.79%
Total	<u>\$ 9,940,102</u>	<u>\$ 11,019,558</u>	<u>\$ 1,079,456</u>	<u>10.86%</u>

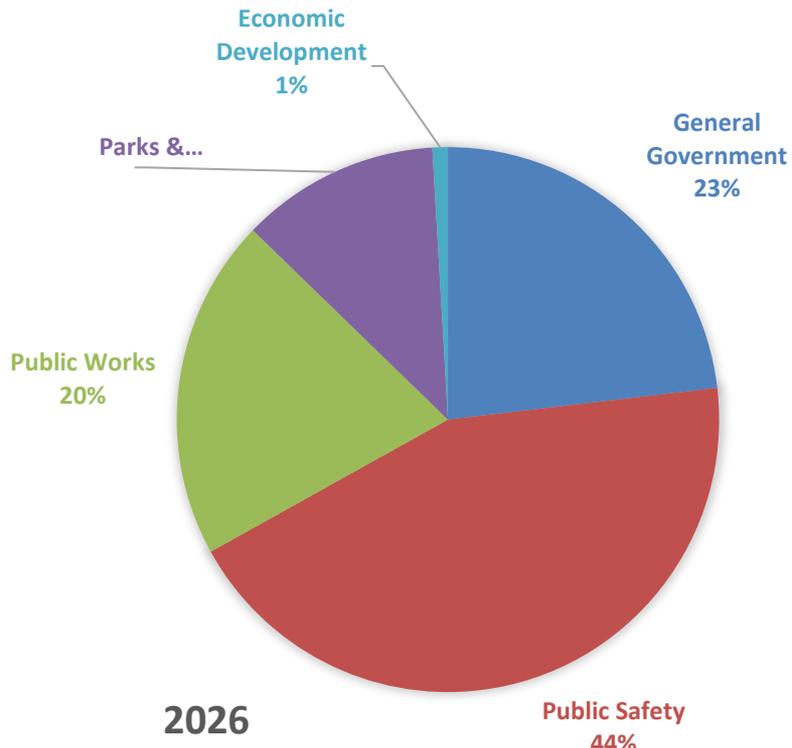
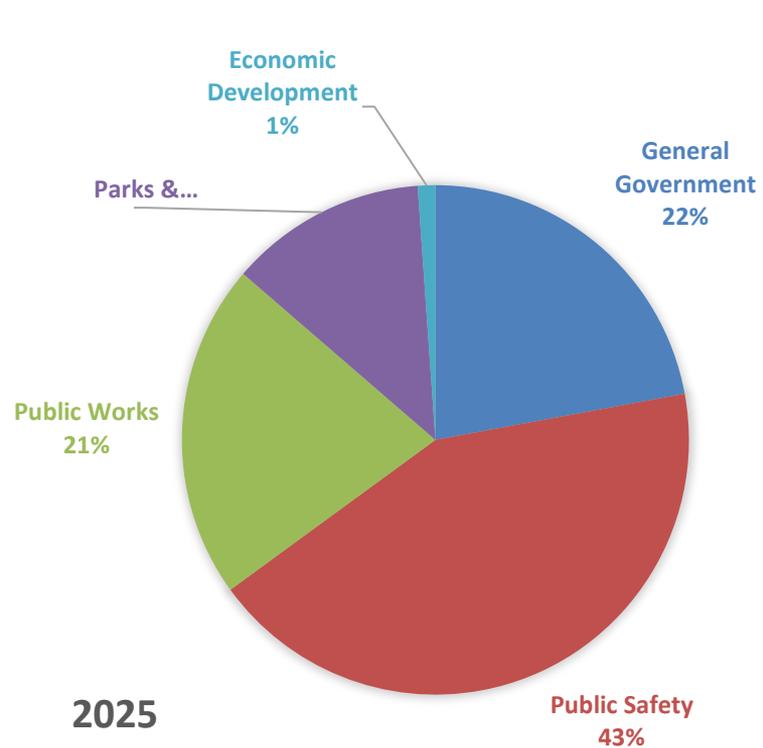
# Revenues



# Revenues – Changes from 2025

- **PROPERTY TAXES**
  - Total Expenditures and Subtract Other Revenue Sources
- **CABLE FRANCHISE FEES**
  - Fewer Subscribers = Declining Revenue Source
- **LICENSES & PERMITS**
  - New Residential Construction Permits (280 for 2025 / 285 for 2026)
- **INTERGOVERNMENTAL**
  - Public Safety Aid Allocation (\$90,054 for 2025 / \$54,033 for 2026)
- **TRANSFERS IN**
  - Administrative Services Reimbursement - \$603,000
- **USE OF FUND BALANCE**
  - Fund Balance Exceeds Minimum Policy Goal by \$169,237

# Expenditures



# General Government – Changes from 2025 (16.09%)

- **CITY COUNCIL; ADMINISTRATION; ELECTIONS; ASSESSING; FINANCE; INFORMATION TECHNOLOGY; LEGAL; HUMAN RESOURCES; COMMUNICATIONS; AND CITY BUILDINGS.**
  - Staffing
    - *Human Resources: New Position Budgeted to Start in April 2026*
    - *Information Technology: New Position Budgeted to Start in July 2026*
    - *Communications: Currently Part-Time, Budgeted for Full-Time in 2026*
    - *Cost of Living Adjustments for Wages*
    - *Insurance Adjustments for Benefits*
  - Elections – Primary and General Elections in 2026

# General Government – Changes from 2025 (16.09%)

	2025	2026	(\$)	(%)
	Budget	Budget	Change	Change
<b>General Government</b>				
City Council	\$ 114,299	\$ 103,178	\$ (11,121)	-9.73%
City Administrator	251,975	251,087	(888)	-0.35%
Administration	413,202	425,331	12,129	2.94%
Elections	7,600	84,408	76,808	1010.63%
Assessing	165,735	168,075	2,340	1.41%
Finance	418,578	449,615	31,037	7.41%
Information Technology	209,443	300,909	91,466	43.67%
Legal	37,950	38,110	160	0.42%
Human Resources	205,129	312,365	107,236	52.28%
Communications	138,017	166,339	28,322	20.52%
Prairie Center	71,091	79,013	7,922	11.14%
City Hall & Public Works	157,940	165,713	7,773	4.92%
Old Town Site	5,557	5,707	150	2.70%
<b>Total</b>	<b>\$ 2,196,516</b>	<b>\$ 2,549,850</b>	<b>\$ 353,334</b>	<b>16.09%</b>
Per Capita	\$ 95	\$ 107	\$ 12	12.88%



# Public Safety – Changes from 2025 (13.22%)

- **POLICE PROTECTION; PUBLIC SAFETY COMMISSION; FIRE PROTECTION; BUILDING SAFETY; EMERGENCY MANAGEMENT; AND ANIMAL CONTROL.**

- Law Enforcement Contract - \$2,098,750
  - *Hourly Rate Increase - \$115 per hour, 4.5% Increase*
  - *Lawful Gambling Proceeds – Covering \$50,915 of this Cost for 2026*
- Fire Protection Contracts - \$1,635,607
  - *Adjustments for Tax Capacity, Market Value, Call Volumes, Budgets =18.47% increase*
- Otsego Fire Department
  - *Phased Hiring of PT and FT Positions During 2026 (\$173k)*
  - *Training for Fire, EMS, Hazardous Materials, Etc.*
- Otsego Fire Station
  - *Construction Complete in Summer 2026, Partial Year of Facility Operating Costs*

# Public Safety – Changes from 2025 (13.22%)

	2025	2026	(\$)	(%)
	Budget	Budget	Change	Change
<b>Public Safety</b>				
Police Services	\$ 2,043,000	\$ 2,086,735	\$ 43,735	2.14%
Public Safety Commission	2,420	2,420	-	0.00%
Fire Protection	1,593,755	2,052,150	458,395	28.76%
Fire Station	-	37,067	37,067	#DIV/0!
Building Safety	576,549	611,739	35,190	6.10%
Emergency Management	25,775	16,675	(9,100)	-35.31%
Animal Control	22,000	20,500	(1,500)	-6.82%
<b>Total</b>	<b>\$ 4,263,499</b>	<b>\$ 4,827,286</b>	<b>\$ 563,787</b>	<b>13.22%</b>
Per Capita	\$ 184	\$ 203	\$ 19	10.09%



# Public Works – Changes from 2025 (5.47%)

- **STREETS MAINTENANCE; ENGINEERING; STREET LIGHTS AND FLEET MANAGEMENT.**
  - Staffing
    - *Cost of Living Adjustments for Wages*
    - *Insurance Adjustments for Benefits*
  - Street Maintenance
    - *Compost Site Attendant and Brush Chipping*
    - *Gravel Road Dust Coating Applications*
  - Street Lighting: Electrical Utilities, Signal Light Repairs
  - Fleet Services:
    - *Fuel, Vehicle & Equipment Maintenance, and Supplies*
    - *Contracted Services for Major Repairs*

# Public Works – Changes from 2025 (5.47%)

	2025	2026	(\$)	(%)
	Budget	Budget	Change	Change
<b>Public Works</b>				
Street Maintenance	\$ 1,327,663	\$ 1,417,531	\$ 89,868	6.77%
Engineering	100,320	87,380	(12,940)	-12.90%
Street Lights	184,520	201,860	17,340	9.40%
Fleet Management	506,369	528,004	21,635	4.27%
<b>Total</b>	<b>\$ 2,118,872</b>	<b>\$ 2,234,775</b>	<b>\$ 115,903</b>	<b>5.47%</b>
<b>Per Capita</b>	<b>\$ 92</b>	<b>\$ 94</b>	<b>\$ 2</b>	<b>2.55%</b>



# Culture and Recreation—Changes from 2025 (4.49%)

- **PARK MAINTENANCE; RECREATION; PARKS AND RECREATION COMMISSION; AND HERITAGE PRESERVATION COMMISSION.**
  - Staffing
    - *Cost of Living Adjustments for Wages*
    - *Insurance Adjustments for Benefits*
  - Parks Maintenance: Athletic Fields, Playgrounds, Irrigation, Natural Landscapes
  - Recreation: Program Supplies & Equipment

# Culture and Recreation—Changes from 2025 (4.49%)

	2025 Budget	2026 Budget	(\$) Change	(%) Change
<b>Culture and Recreation</b>				
Park Maintenance	\$ 874,655	\$ 914,798	\$ 40,143	4.59%
Recreation	370,560	386,499	15,939	4.30%
Heritage Preservation Commission	2,680	2,780	100	3.73%
Parks and Recreation Commission	2,420	2,420	-	0.00%
<b>Total</b>	<b>\$ 1,250,315</b>	<b>\$ 1,306,497</b>	<b>\$ 56,182</b>	<b>4.49%</b>
Per Capita	\$ 54	\$ 55	\$ 1	1.60%



# Economic Development– Changes from 2025 (-8.79%)

- **PLANNING COMMISSION, PLANNING & ZONING, ECONOMIC DEVELOPMENT.**
  - Advisory Commissioner – Meeting Stipends
  - Planning & Zoning Services
  - Economic Development Authority – Meeting Stipends

	2025 Budget	2026 Budget	(\$) Change	(%) Change
<b>Economic Development</b>				
Planning Commission	\$ 3,500	\$ 3,500	\$ -	0.00%
Planning	90,640	85,490	(5,150)	-5.68%
Economic Development	16,760	12,160	(4,600)	-27.45%
<b>Total</b>	<b>\$ 110,900</b>	<b>\$ 101,150</b>	<b>\$ (9,750)</b>	<b>-8.79%</b>
Per Capita	\$ 5	\$ 4	\$ (1)	-11.31%





# Additional Budgets



# Public Utility Funds

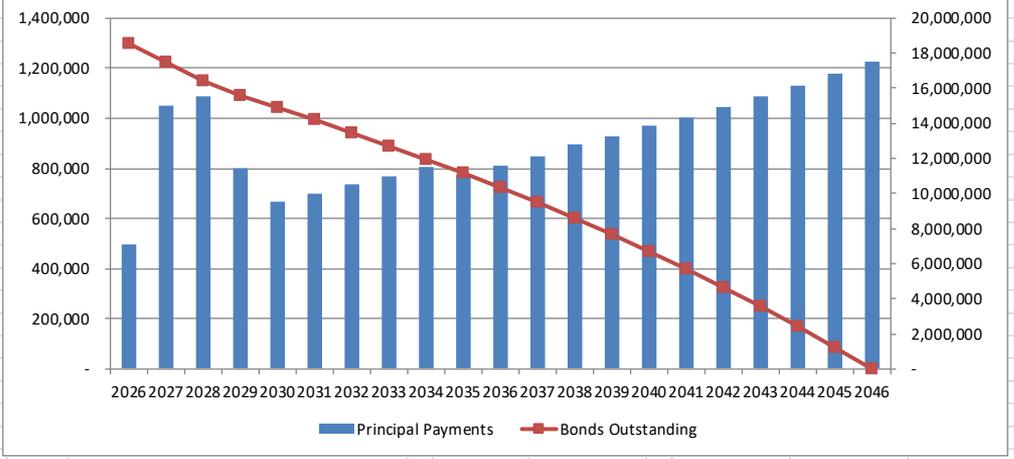
- **DRINKING WATER**
  - 7% Rate Increase
  
- **SANITARY SEWER**
  - 2% Rate Increase
  
- **STORM WATER**
  - 10.84% Rate Increase

Description	Budget 2025	Budget 2026
<b>Utility Revenues</b>		
Operating	\$ 8,118,701	\$ 8,372,395
Non-Operating	2,966,469	1,084,179
Availability + Connection Charges	4,696,540	5,143,579
Special Assessments	35,274	40,248
Bond Proceeds	10,098,000	26,441,878
<i>Subtotal</i>	25,914,984	41,082,279
<b>Expenditures</b>		
Personal Services	1,488,288	1,750,532
Supplies	1,019,630	1,024,788
Services & Other Charges	1,582,905	1,726,747
Capital Outlay	20,506,400	17,851,584
Depreciation	4,638,841	5,144,320
Debt Service	5,208,236	5,411,154
Interfund Transfers	478,000	603,000
<i>Subtotal</i>	34,922,300	33,512,125
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	\$ (9,007,316)	\$ 7,570,154



# Debt Service Funds

Description of Bond Issue	Maturity Date	Original Issue Amount	Liability Balance 12/31/2025	2026 Principal Payment	Liability Balance 12/31/2026
<b>Outstanding Bonds</b>					
2018A General Obligation Improvement	2/1/2034	\$ 2,305,000	\$ 1,390,000	\$ 205,000	\$ 1,185,000
2020A General Obligation Improvement Refunding	2/1/2028	2,950,000	1,205,000	290,000	915,000
2024A EDA Lease Revenue	2/1/2046	16,900,000	16,900,000	-	16,900,000
<b>Grand Total</b>		<b>\$ 22,155,000</b>	<b>\$ 19,495,000</b>	<b>\$ 495,000</b>	<b>\$ 19,000,000</b>



Description	Budget 2025	Budget 2026
<b>Revenues</b>		
Taxes	\$ 290,308	\$ 1,567,613
Special Assessments	168,333	160,924
<b>Subtotal</b>	<b>458,641</b>	<b>1,728,537</b>
<b>Expenditures</b>		
Principal	480,000	495,000
Interest	521,315	814,381
Fiscal Agent Fee's	3,500	3,900
<b>Subtotal</b>	<b>1,004,815</b>	<b>1,313,281</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (546,174)</b>	<b>\$ 415,256</b>

- **EDA DEBT SERVICE**
  - Included in this group of funds.



# Special Revenue Funds

- BUDGETED FUNDS**

- Tax Increment District No. 1
- Tax Increment District No. 2
- Tax Increment District No. 3

- OTHER FUNDS**

- Insurance Reserve
- Vireo Health
- Lawful Gambling
- Street Light District
- Development Revolving

		Budget	Budget
Description		2025	2026
<b>Revenues</b>			
	Tax Increments	\$ 609,601	\$ 645,302
	<i>Subtotal</i>	609,601	645,302
<b>Expenditures</b>			
	Personal Services	3,200	3,500
	Services & Other Charges	4,500	5,100
	Development Incentives	510,542	576,435
	<i>Subtotal</i>	518,242	585,035
<b>Excess (Deficiency) of Revenues</b>			
	<b>Over (Under) Expenditures</b>	\$ 91,359	\$ 60,267



# Property Tax Levy

Otsego



# 2026 Tax Capacity - Factors

- **MARKET VALUE**
  - Wright County Assessor sets valuations
    - *Board of Appeal and Equalization (4-22-2025)*
- **2025 ASSESSMENT – PAYABLE 2026**
  - Residential: 4.21%
    - *Median Value (2024): \$386,400*
    - *Median Value (2025): \$402,500 or 4.2% Increase*
  - Multi-Family: 2.85%
  - Commercial: 3.01%
  - Industrial: 15.37%
  - Agricultural: -1.24%

# Tax Capacity



**Residential Homestead<sup>(b)</sup>**

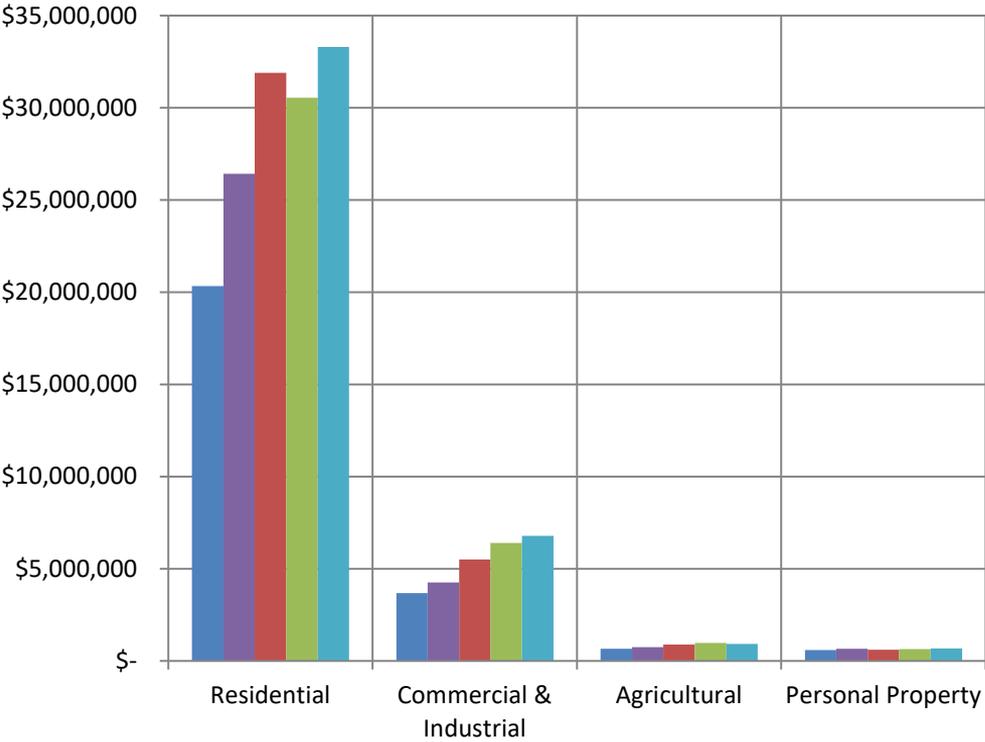
Up to \$500,000 <sup>(c)</sup>	1.0
Over \$500,000	1.25

**Commercial-Industrial-Public Utility**

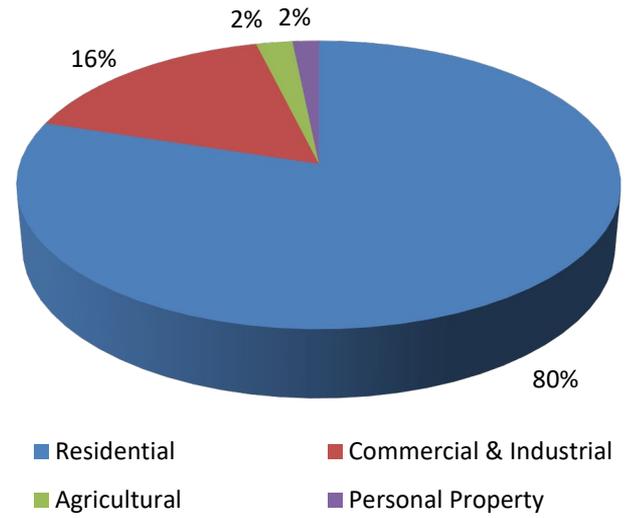
Electric generation machinery	2.0
Other:	
Up to \$100,000	1.5
\$100,000 - \$150,000	1.5
Over \$150,000	2.0



# Tax Capacity - Continued



2026



**ADD THEM ALL UP = TAX BASE**

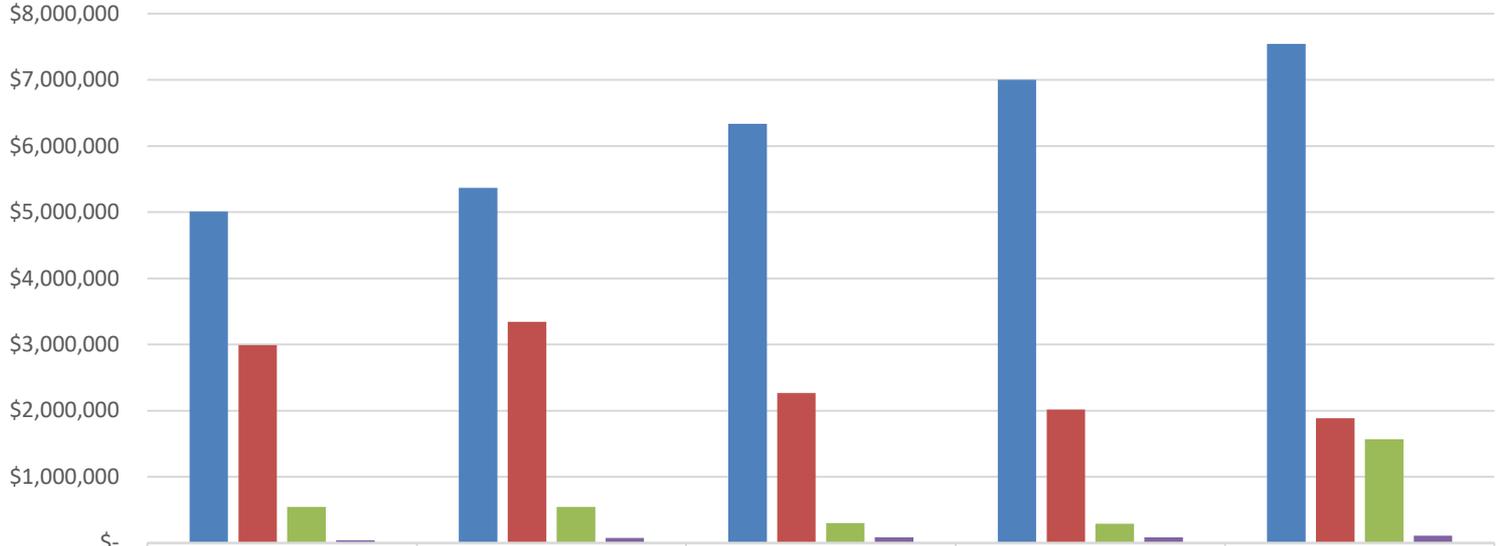


# Tax Rate

2026						
School District	County	City	School	Total		RMV
Elk River Area - 728	35.167	26.631	24.478	86.276		25.428
STMA - 885	35.167	26.631	33.721	95.519		15.139
Monticello - 882	35.167	26.631	12.921	74.719		15.454



# 2026 Tax Levy Summary



	2022	2023	2024	2025	2026
General Operations	\$5,009,000	\$5,366,000	\$6,336,000	\$7,000,000	\$7,545,000
Capital Projects	2,988,590	3,344,939	2,265,393	2,015,126	1,884,287
Debt Service	547,187	544,416	299,144	290,308	1,567,614
Tax Abatements	40,228	74,668	88,224	87,436	108,624

Per Capita										
City of Otsego	\$	430	\$	438	\$	396	\$	406	\$	467



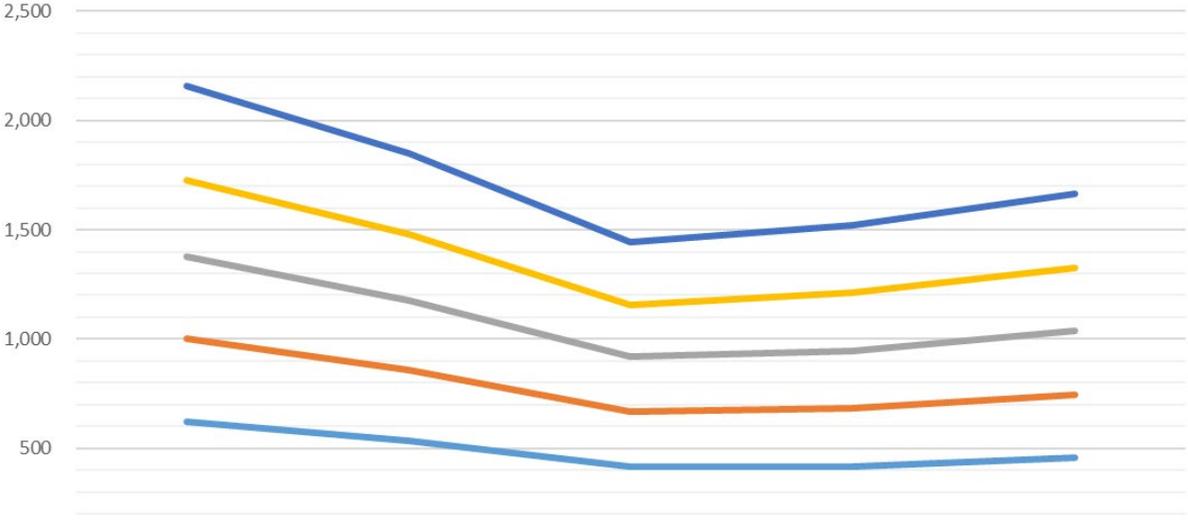
# 2026 Taxes - Calculation

	Payable 2025	Payable 2026	(%) Change	Comments
<b>Residential</b>				
Median Appraised Value	\$ 386,400	\$ 402,500	4.17%	Source - Wright County
Less: Market Value Exclusion	(11,774)	(10,325)		Max Benefit = \$30,400 / Phase Out = \$517,200
Taxable Market Value	374,626	392,175		Subtract MV Exclusion from Estimated MV
Class Rate	1.00%	1.00%		Set by Legislature (Over \$500k is 1.25%)
Tax Capacity	3,746	3,922		Taxable MV Multiplied by Class Rate
City of Otsego - Tax Rate	24.352	26.631	9.36%	Tax Levy Divided by Tax Capacity * 100
City of Otsego - Estimated Taxes	\$ 912	\$ 1,044	14.48%	Tax Capacity Multiplied by Tax Rate



# 2022 to 2026 Taxes – Comparison

City Tax by Valuation - 5 Year Comparison



	2022	2023	2024	2025	2026
200,000	624	535	418	418	457
300,000	1,001	857	670	683	747
400,000	1,378	1,179	921	948	1,037
500,000	1,727	1,479	1,155	1,214	1,327
600,000	2,159	1,848	1,444	1,522	1,664

- **MARKET VALUE**
  - 92.8% of Residential Properties In This Range



# 2026 Wright County Tax Rates - Preliminary

## Wright County Cities - 2026 Tax Rates



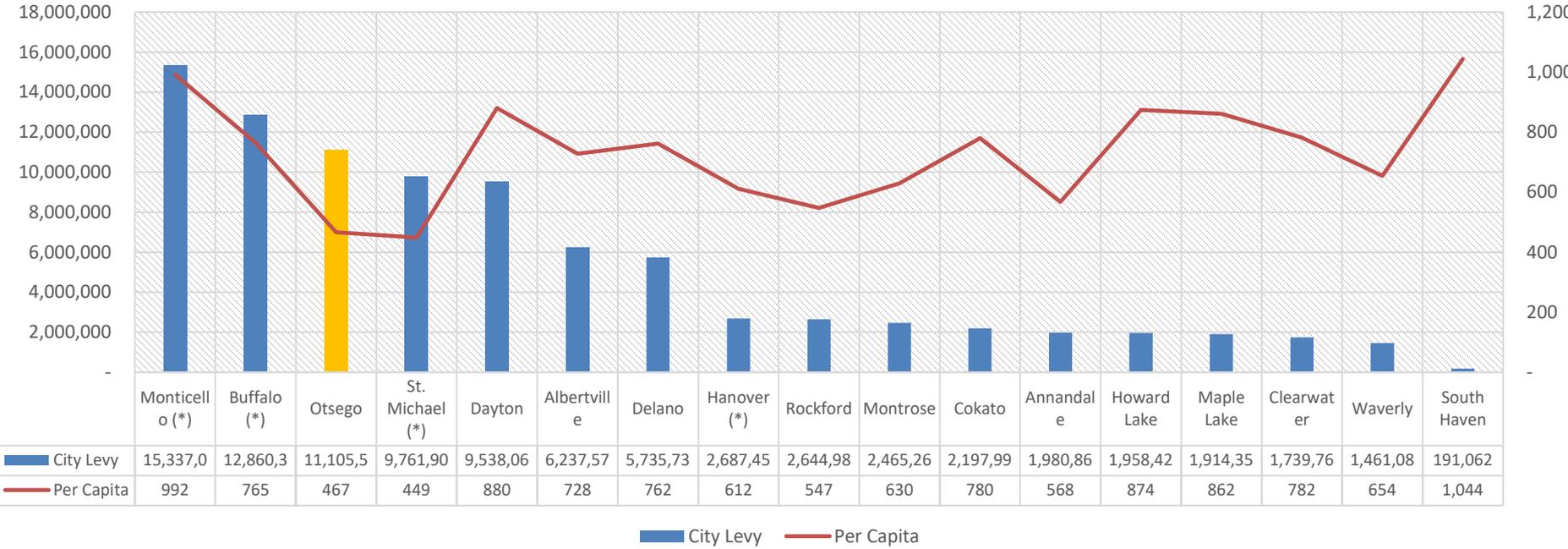
**Notes:**

(\*) Indicates a City has either an EDA or HRA Tax Levy in addition to the tax rate included above.  
 Tax Rate is Preliminary Tax Rate for Taxes Payable 2026.  
 City Tax Calculation Assumes Residential Value of \$402,500 (Otsego median appraised value for taxes payable 2026).



# 2026 Wright County Tax Levies - Preliminary

## Wright County Cities - 2026 Tax Levies



**Notes:**

- (\*) Indicates a City has either an EDA or HRA Tax Levy in addition to the tax rate included above.
- Tax Levy is the Preliminary 2026 Tax Levy for each City.
- Per Capita Tax Levy is Based on 2024 Population from the Minnesota State Demographer.



# 2026 Statewide Data

- **CITY TAX LEVIES**

- 2025: \$3.7 billion
- 2026: \$4.02 billion (8.7% increase)

- **OTSEGO IS THE 46<sup>TH</sup> LARGEST CITY**

- 2025 Levy of \$9.3 million, 85<sup>th</sup>
- 2026 Levy of \$11.1 million, 74<sup>th</sup>
  - *39 cities had larger levy increases (\$) than Otsego*
  - *43 cities had larger levy increases (%) than Otsego*



# Capital Improvement Plan

# Capital Improvement Plan (CIP)

- **10-YEAR PLAN (2026 – 2035)**
- **THE CIP DOES NOT PROVIDE FINAL AUTHORITY**
  - City Council approves each item specifically before expenditures incurred.
- **SNAPSHOT OF SOME 2026 PROJECTS**
  - Pavement Management: \$2,634,738
  - Parks and Trails: \$1,819,799
  - Vehicles and Equipment: \$587,598
  - City Facilities & Property: \$143,753
  - Fire Department: \$4,249,897
  - Water Utility: \$15,649,389
  - Sanitary Sewer Utility: \$1,735,395
  - Storm Water Utility: \$28,000

# Public Input

**CITY COUNCIL ACTION – PENDING DECEMBER 8, 2025**

- **ADOPT 2026 OPERATING BUDGETS**
- **SET FINAL TAX LEVY FOR PAYABLE 2026**
- **ADOPT THE 2026-2035 CIP**



CITY OF  
*Otsego*  
MINNESOTA

# Questions:

**CITY ADMINISTRATOR/FINANCE DIRECTOR – ADAM FLAHERTY**

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