
2026 TRUTH IN TAXATION MEETING

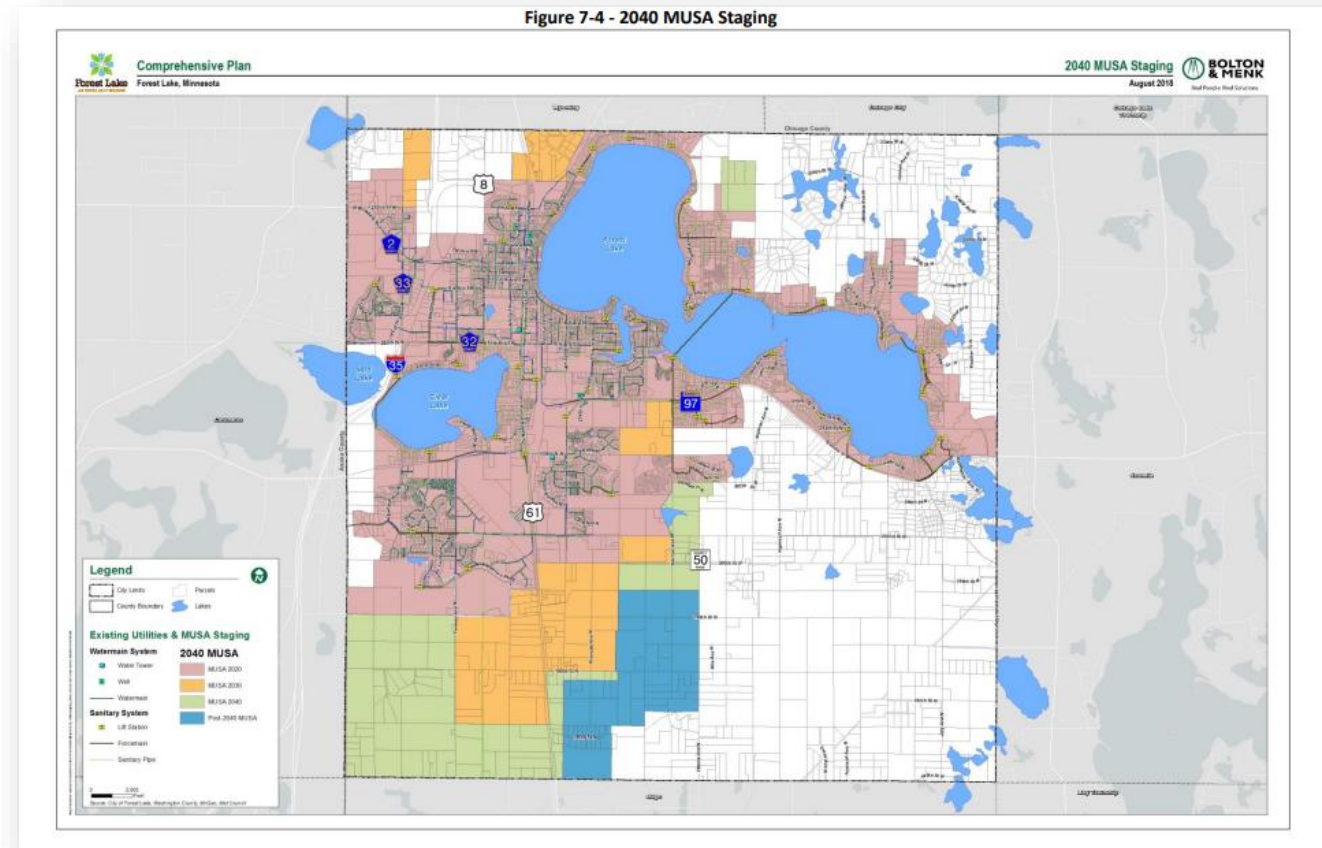


Forest Lake

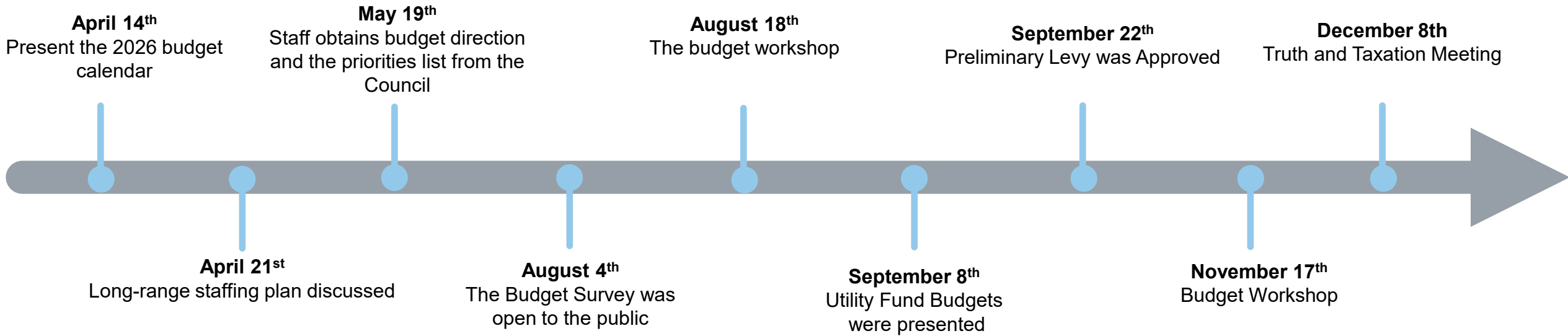
AS GOOD AS IT SOUNDS

MEETING REQUIREMENTS

- Provide a Budget Summary for Fiscal Year 2026
- Provide the Proposed Levy Summary for Taxes Payable in 2026
- Provide opportunity for public input



BUDGET CALENDAR



WHAT IS A LEVY

DEFINITION

A levy is the amount of property tax dollars the City collects to fund essential services each year. It is set by the City Council and spread across all taxable properties.

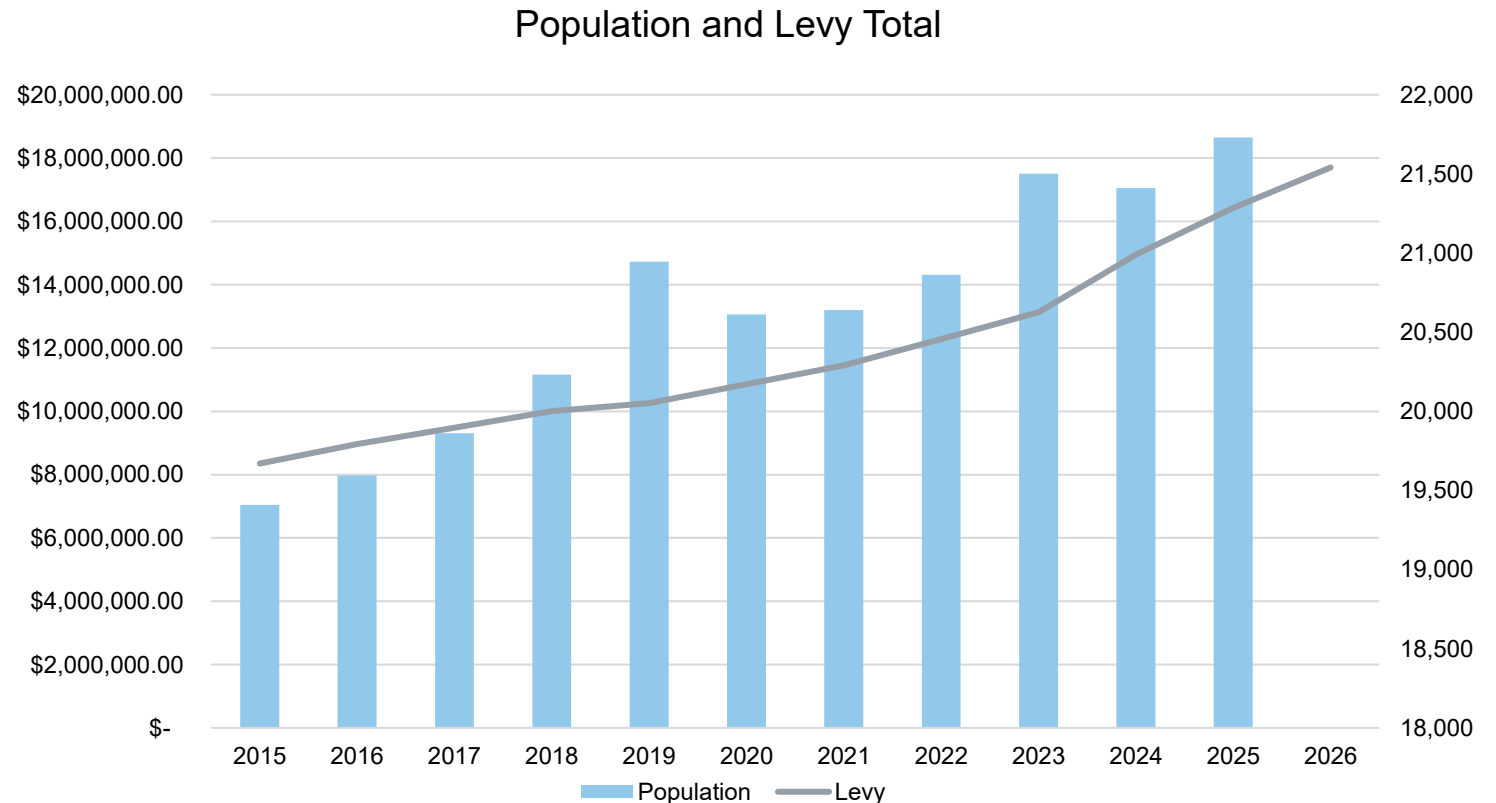
HOW IT WORKS

City Budget → Determines the Levy

The levy is the main source of funding for city operations (public safety, streets, parks, etc.).

Levy → Divided Among Properties

Each property pays a share based on its taxable value and its rate class (residential, comm., multi-family, etc.)



PRELIMINARY LEVY OVERVIEW

- **Levy Increase:** 12.59%
- **Yearly Average Home Value Increase:** \$175.26
 - **Monthly:** \$14.60

Staff



- Sergeant
- Patrol Officer (x2)
- Administrative Assistant (Police)
- Fire – Deputy Chief
- Maintenance Equipment Operator

Insurance



- Property
- Liability
- Automobile
- Worker Compensations

Bond



- North Shore Trail Bond

Capital Contribution



- Additional Funding is going to support the Parks and Roads

PROPOSED LEVY INTRODUCTION

- **Levy Increase: 7.90%**
- **Yearly Average Home Value Increase: \$102.84**
 - **Monthly: \$8.57**

Staff *(Starting 2.1.26)*

- Patrol Officer (x2)
- Administrative Assistant (Police)
- Fire – Deputy Chief
- Maintenance Equipment Operator

Insurance

- Property
- Liability
- Automobile
- Worker Compensations

Bond

- North Shore Trail Bond

Capital Contribution

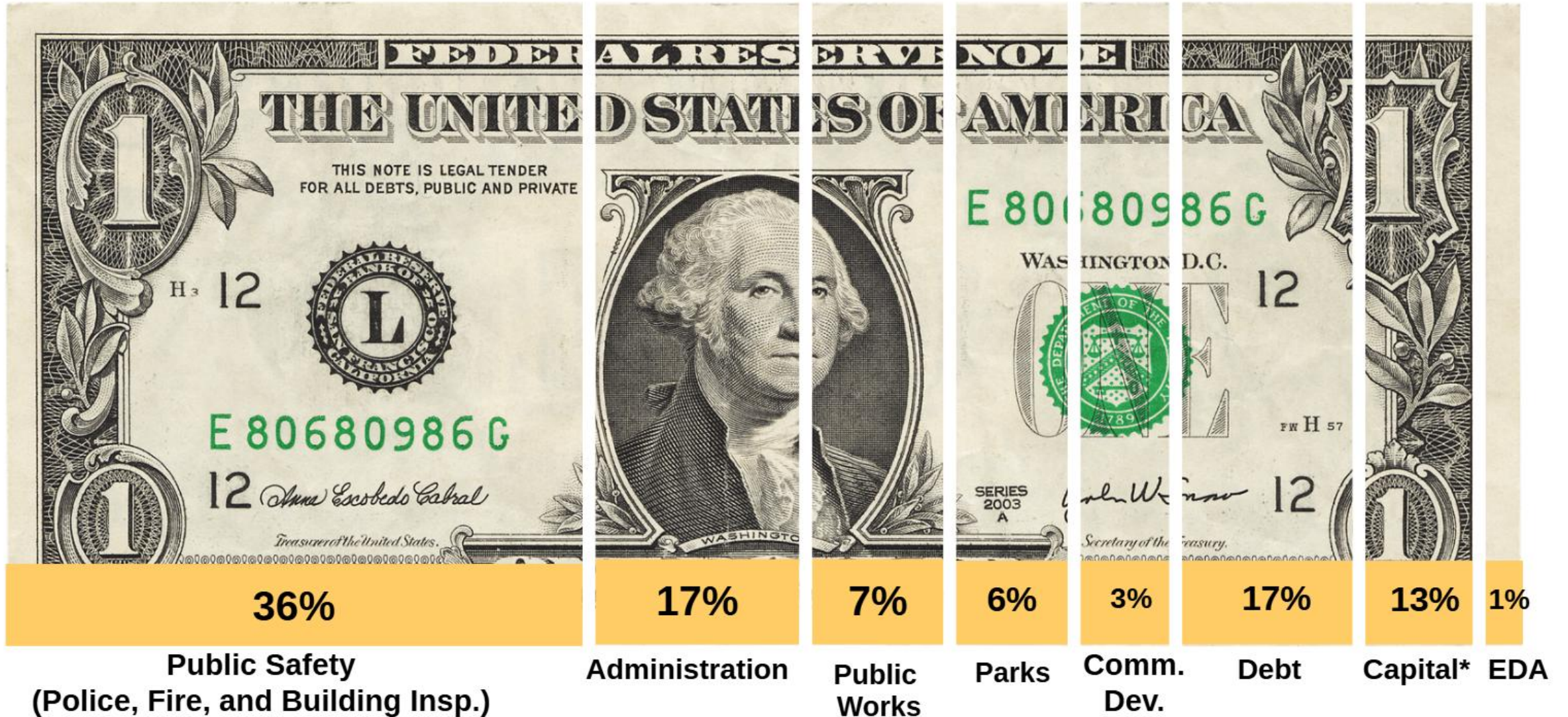
- Rollback of the Capital Equipment Fund
- Using 2025 Budgeted Surplus for supporting Capital Expenses

TAX LEVY ADJUSTMENTS

2026 General Fund Budget and Levy				
Item	12.59%	9.25%	8.90%	7.90%
STAFF				
Deputy Fire Chief	✓	✓	⓪*	⓪*
Patrol Sergeant	✓			
Patrol Officers (x2)	✓	✓	⓪*	⓪*
Police Admin Assistant	✓	✓	⓪*	⓪*
PW Manit Operator	✓	✓	⓪*	⓪*
MISC. EXPENSES				
Elections	✓	✓	✓	✓
Inflation	✓	✓	✓	✓
North Shore Trail Bond	✓	✓	✓	✓
OFFSET TO THE GENERAL FUND CONTRIBUTION				
Increased Funding for Parks	✓	✓	✓	✓
Franchise Fees to support Roads		✓	✓	✓
Rollback Capital Equipment Fund				✓
Use 2025 Surplus Fund to Offset Levy				✓

⓪* - Staff Starting on 2/1/2026

WHERE DOES THE TAX LEVY GO?



*Park Dedication, Capital Improvement, Capital Equipment, and Building Maintenance

FINAL PROPERTY TAX LEVY SUMMARY

Description	Final Tax Levy Year	2025 Tax Levy	2026 Proposed	Dollar Increase/Decrease	Percent Increase/Decrease
Operating and Capital Levies					
General Fund	ongoing	\$ 11,020,216.00	\$ 12,242,403.00	\$ 1,222,187.00	11.09%
Park Dedication Fund	ongoing	\$ 350,000.00	\$ 425,000.00	\$ 75,000.00	21.43%
Capital Improvement Fund	ongoing	\$ 1,145,000.00	\$ 855,000.00	\$ (290,000.00)	-25.33%
Capital Equipment Fund	ongoing	\$ 935,000.00	\$ 825,000.00	\$ (110,000.00)	-11.76%
EDA fund	ongoing	\$ 203,989.00	\$ 236,669.00	\$ 32,680.00	16.02%
Building Maintenance Fund	ongoing	\$ 100,000.00	\$ 100,000.00	\$ -	0.00%
Debt Service					
2019A Debt Refunding	2033	\$ 1,414,100.00	\$ 1,415,850.00	\$ 1,750.00	0.12%
2014A Tax Abatement Bond	2034	\$ 628,753.00	\$ 602,688.00	\$ (26,065.00)	-4.15%
2019 GO Bonds (Street)	2034	\$ 332,063.00	\$ 331,538.00	\$ (525.00)	-0.16%
2024A Equipment Certificates	2034	\$ 298,849.00	\$ 285,650.00	\$ (13,199.00)	-4.42%
2025A GO Street Recon Bonds	2039	\$ -	\$ 382,250.00	\$ 382,250.00	
TOTAL		\$ 16,427,970.00	\$ 17,702,048.00	\$ 1,274,078.00	7.76%
<i>Adjustment for Fiscal Disparities Distribution</i>		<i>\$ (1,473,915.00)</i>	<i>\$ (1,567,267.00)</i>	<i>\$ (93,352.00)</i>	<i>6.33%</i>
FINAL LEVY TOTAL		\$ 14,954,055.00	\$ 16,134,781.00	\$ 1,180,726.00	7.90%

*Fiscal disparities are a regional tax-base sharing program that reduces the City's levy proceeds by shifting a portion of local tax capacity to a shared pool, lowering what stays with Forest Lake taxpayers.

2026 BUDGET CHANGES

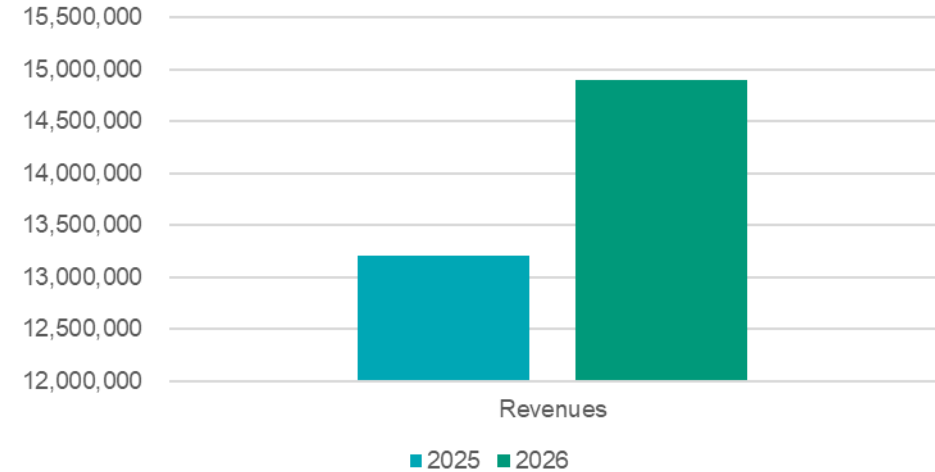
Revenues

- **Franchise Fees**
 - \$240,000 Increase
- **Police State Aid**
 - \$100,000 Increase
- **Standard City Fees and Permits**
 - \$181,800 Increase
- **General Property Taxes**
 - \$1,180,725 Increase

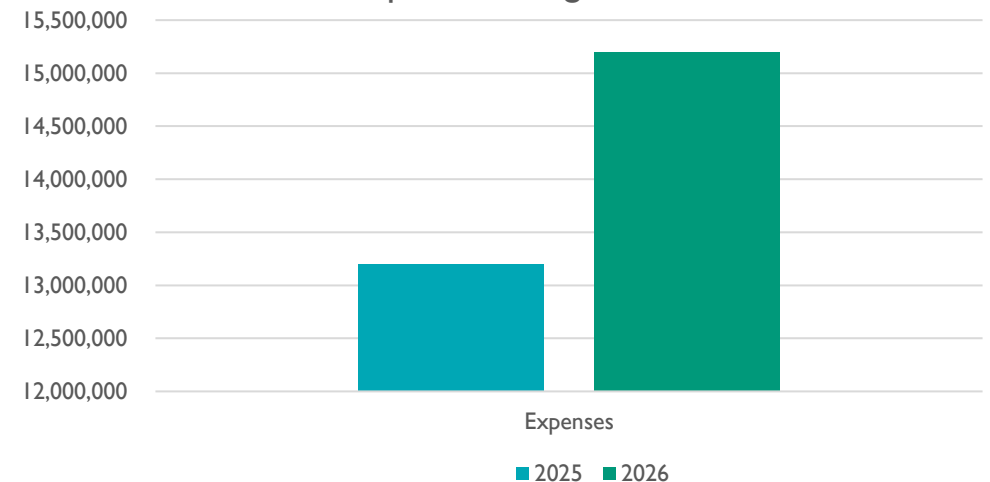
Expenses

- **Police**
 - 14% Increase – Staff Support
- **Fire**
 - 21% Increase – Staff Support
- **Park Maintenance**
 - 20% Increase – Staff Support

Revenue Changes



Expense Changes



SAMPLE HOME TAX IMPACT 2026

Sample Home Tax Impact 2026

Home Market Value	Actual 2025 Tax	Estimated 2026 Tax Impact (Assuming 2.8% change in market value)	12.59% Increase	12.59% Monthly Increase	7.90% Increase	7.90% Monthly Increase
\$ 390,600	\$ 1,560.08	\$ 1,662.95	\$ 175.26	\$ 14.60	\$ 102.88	\$ 8.57
\$ 250,000	\$ 929.55	\$ 990.84	\$ 104.42	\$ 8.70	\$ 61.30	\$ 5.11
\$ 300,000	\$ 1,153.71	\$ 1,229.79	\$ 129.61	\$ 10.80	\$ 76.08	\$ 6.34
\$ 350,000	\$ 1,377.87	\$ 1,468.73	\$ 154.79	\$ 12.90	\$ 90.86	\$ 7.57
\$ 400,000	\$ 1,602.03	\$ 1,707.67	\$ 179.97	\$ 15.00	\$ 105.64	\$ 8.80

PROPERTY TAX REFUND PROGRAMS

Regular Property Tax Refund “Circuit Breaker”

- Based on income and property taxes due
- The 2026 limits are not available yet; for 2025 the total household income must have been less than \$139,320. The 2025 maximum refund was \$3,410
- Must own and occupy home on January 2, 2026

Special Property Tax Refund

- A homeowner may also be eligible for a special property tax refund
- This refund has no income limit, and the maximum refund is \$1,000
 - Homeowner must owned and occupied home on January 2, 2025 and January 2, 2026
 - The net property tax on homestead increased by more than 12% from 2025 to 2026
 - The increase was at least \$100

Form M1PR

- Available online at www.revenue.state.mn.us
- Call 651-296-3781
- File by August 15, 2026



NEXT STEPS



RECOMMENDATION: APPROVAL OF Resolution 12-08-25-03 Approving the 2026 Tax Levy and Adopting the 2026 Budget



QUESTIONS