



# City of Pine Island Budget and Levy Hearing for Taxes Payable 2026

December 16, 2025

Presented by Elizabeth Howard

City Administrator

# Levy and Budget versus Valuation

- The Levy is the amount of taxes the City is collecting.
- The Budget is the amount of money the City is planning to spend.
- Property Valuation is the estimated market value the County classifies your property.

# Budget and Levy Hearing Law

- Two major requirements
  - Counties must send out “proposed property tax statements” in November, based on the preliminary tax levies set by all taxing districts (counties, cities, townships, school districts, etc.)
  - Most taxing jurisdictions must hold a public hearing prior to certifying the final levy due by December 31 of each year.

# Budget and Levy Hearing

- The City is required to present information on:
  - The 2026 budget
  - The 2025 proposed property tax levy, collectible in 2026 including:
    - The percentage increase over the prior year
    - Specific purposes and reasons for which taxes are being increased.

# 2026 Budget

- City budgets are divided into separate funds, as required by law
- The City of Pine Island has 25 funds as follows:
  - General fund (1)
  - Special Revenue funds (8)
  - Debt Service funds (9)
  - Capital Projects/Improvement funds (2)
  - Enterprise funds (5)

# Overview of Funds

- ***General fund***
  - Accounts for general government operating expenses of the City – everything not included in other funds
  - Functions include general government, public safety, public works, culture and recreation, economic development.
    - Encompassing salaries, benefits, supplies, insurance, utilities, other purchased services

# Overview of Funds

- ***Special Revenue funds***
  - Accounts for programs with specific revenue sources that are legally restricted or committed to expenditures for specific purposes
  - Funds included are the Library, Disaster Relief, Revolving Loans, River Monitors, and others

# Overview of Funds

- ***Debt Service funds***
  - Accounts for principal and interest payments on the City's outstanding bonds
  - Each bond outstanding has its own fund which collects tax levies and assessments to pay the debt service requirements

# Overview of Funds

- ***Capital Projects/Improvements***
  - Accounts for revenue and expenditures associated with building or improvement projects within the City
    - Each project in process has its own fund
    - The fund remains open until the project or purpose is complete, then it is closed

# Overview of Funds

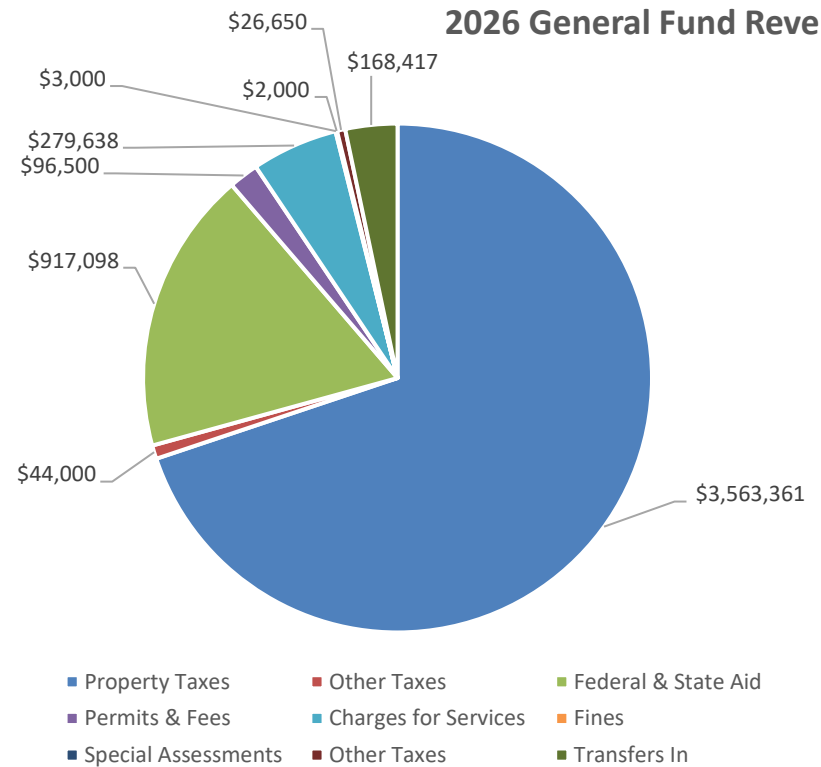
- ***Enterprise funds***
  - Accounts for revenue and expenses of business type activities that charge a fee for service or a product
    - Funds include Water, Sanitary Sewer, Evergreen Place, Deputy Registrar, and Cemetery

# General Fund Revenue by Source

## 2026 General Fund Budget Revenues by Major Source

Property Taxes	\$ 3,563,361
Other Taxes	\$ 44,000
Federal & State Aid	\$ 917,098
Permits & Fees	\$ 96,500
Charges for Services	\$ 279,638
Fines	\$ 3,000
Special Assessments	\$ 2,000
Other Taxes	\$ 26,650
Transfers In	\$ 168,417
<b>Total</b>	<b>\$ 5,100,664</b>

2026 General Fund Revenues



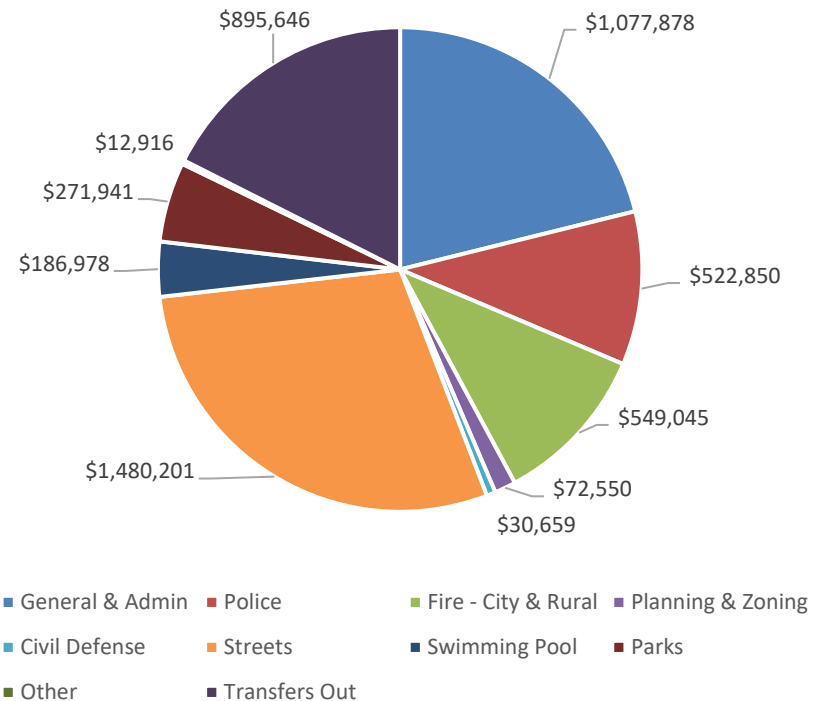
# General Fund Expenditures by Dept.

## 2026 General Fund Budget

### Expenditures by Department

General & Admin	\$ 1,077,878
Police	\$ 522,850
Fire - City & Rural	\$ 549,045
Planning & Zoning	\$ 72,550
Civil Defense	\$ 30,659
Streets	\$ 1,480,201
Swimming Pool	\$ 186,978
Parks	\$ 271,941
Other	\$ 12,916
Transfers Out	\$ 895,646
<b>Total</b>	<b>\$ 5,100,664</b>

## 2026 General Fund Expenditures



# Proposed 2025 Levy, collectible 2026

- Schedule of events in approval of City's 2025 tax levy
  - Early July – Department heads reviewed 2025 budgets and submitted requests for the first draft of the 2026 budget
  - July-September – City Council approved proposed levy amounts
  - Late November – County sent out “Proposed Property Tax Statements”
  - December 16 – Public hearing on proposed levy
  - December 16 – City council will certify final levy amounts

# Proposed 2025 Levy, collectible 2026

## Comparison of Proposed Tax Levy Payable in 2026 to Actual Levy Payable in 2025

Fund	Actual Levy Payable in 2025	Proposed Levy Payable in 2026	Change	Percent Change
General Fund	\$3,278,914	\$3,563,361	\$284,447	8.68%
Debt Service Funds	\$768,144	\$655,532	-\$112,612	-14.66%
<b>Total</b>	<b>\$4,047,058</b>	<b>\$4,218,893</b>	<b>\$171,835</b>	<b>4.25%</b>

The General fund levy increase of 8.68 percent combined with a 14.66 percent decrease in the Debt service funds nets to a total overall increase of 4.25 percent.

# Proposed 2025 Levy, collectible 2026

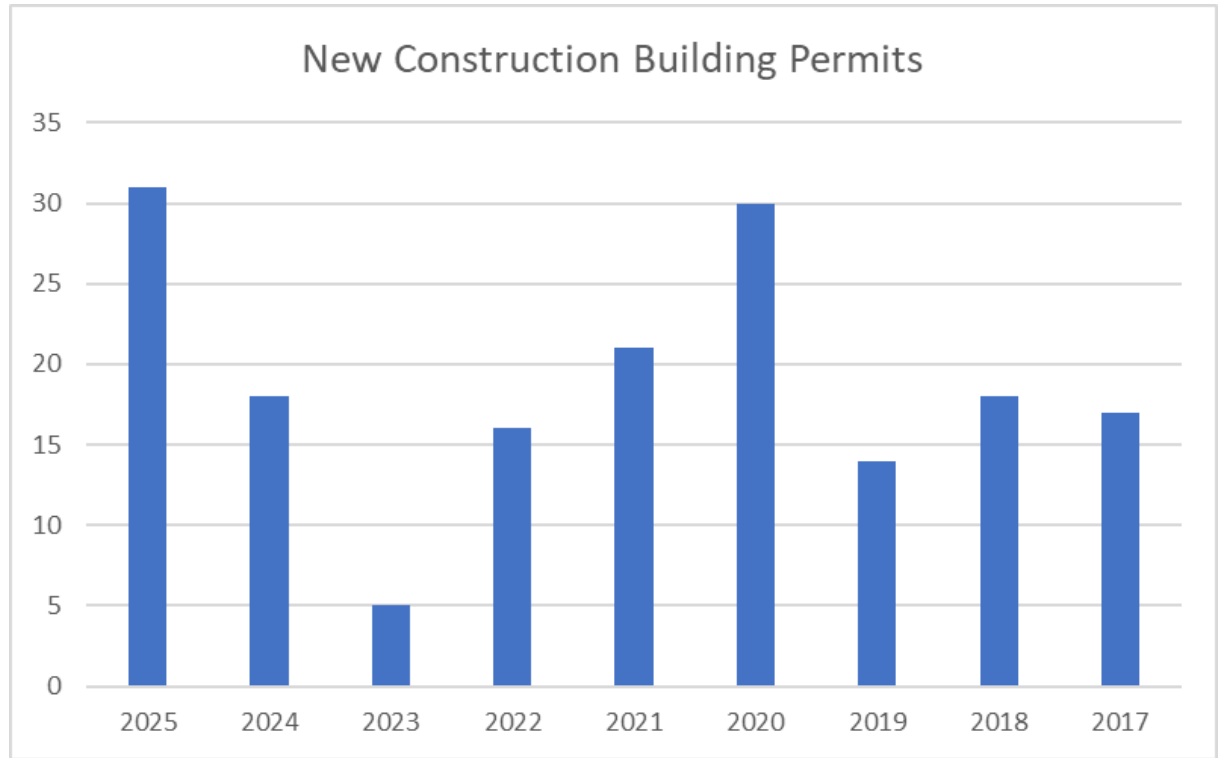
- Increases in the General fund are a result primarily of:
  - Implementation of 2024 Wage Study, in addition to 3% COLA for Staff
  - \$56,183 (12%) increase in GCSO contract
  - \$2.50 per capita increase in ZAAEMS services
  - Election Year
  - 19% increase in health insurance premiums and 7% increase in dental insurance premiums
  - Increased street maintenance budget
- Decreases in the Debt Service levy is primarily a result of following scheduled levies based on bond documents, the payment amounts dropped dramatically.

# Historical Tax Levies

Year	General fund levy amount	Debt Service funds levy amount	Total levy amount	Percentage Change
2026	\$3,563,361	\$655,532	\$4,218,893	4.25%
2025	\$3,278,914	\$768,144	\$4,047,058	5.57%
2024	\$3,058,202	\$775,317	\$3,833,519	9.92%
2023	\$2,570,667	\$916,737	\$3,487,404	12.94%
2022	\$2,058,355	\$1,029,431	\$3,087,786	8.03%
2021	\$1,847,459	\$1,010,776	\$2,858,235	8.55%
2020	\$1,762,210	\$870,885	\$2,633,095	6.51%
2019	\$1,613,024	\$859,187	\$2,472,211	4.67%
2018	\$1,475,398	\$886,491	\$2,361,889	16.45%
2017	\$1,374,244	\$654,061	\$2,028,305	8.03%
2016	\$1,239,969	\$637,496	\$1,877,465	16.26%
2015	\$1,195,800	\$419,080	\$1,614,880	4.99%
2014	\$1,097,000	\$441,094	\$1,538,094	0.00%
2013	\$1,090,000	\$448,094	\$1,538,094	-9.76%
2012	\$1,301,202	\$403,200	\$1,704,402	0.00%

# New Construction Permit History

Year	Permits
2025	31
2024	18
2023	5
2022	16
2021	21
2020	30
2019	14
2018	18
2017	17



# Comparison Proposed Levies/Rates

City	Levy		% of Change
	2024 Actual	2025 Proposed	
Byron	\$5,954,067	\$6,638,568	11.50%
Cannon Falls	\$3,584,090	\$3,697,600	3.17%
Chatfield	\$2,766,023	\$2,914,780	5.38%
Kenyon	\$1,400,000	\$1,528,541	9.18%
Lake City	\$4,922,472	\$5,267,106	7.00%
Oronoco	\$1,413,265	\$1,675,116	18.53%
<b>Pine Island</b>	<b>\$4,047,058</b>	<b>\$4,218,893</b>	<b>4.25%</b>
Plainview	\$2,921,947	\$3,127,368	7.03%
Red Wing	\$27,248,051	\$28,188,109	3.45%
Stewartville	\$5,052,799	\$5,749,996	13.80%
Wabasha	\$2,787,747	\$3,063,734	9.90%
Wanamingo	\$1,170,000	\$1,230,000	5.13%
Zumbrota	\$2,866,598	\$3,104,770	8.31%
<b>Average of compared Cities</b>			<b>8.20%</b>

# City Rates Applied

## Comparison on City Rates

Note: City Levy/Tax Capacity equals Tax Rate	2025 CITY TAX RATE	RESIDENTIAL VALUE			COMMERCIAL	2026 CITY TAX RATE	RESIDENTIAL VALUE			COMMERCIAL
	Actual	\$100,000	\$200,000	\$300,000	\$200,000	Proposed	\$100,000	\$200,000	\$300,000	\$200,000
Pine Island	81.76%	\$ 587	\$ 1,478	\$ 2,369	\$ 2,657	83.12%	\$ 596	\$ 1,502	\$ 2,408	\$ 2,701

A \$200,000 home in 2025 paid approximately \$1,478 and will pay approximately \$1,502 in 2026. This assumes no change in market value for that home. The City Tax Rate increased from 81.76% to 83.12%, resulting in approx. 1.36% increase in taxes.

# Questions/ Public Comments

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