



Pine City

North. Nice and close.

2026

TRUTH IN TAXATION, BUDGET AND PROPERTY TAX LEVY PRESENTATION

* Full budget detail provided separately

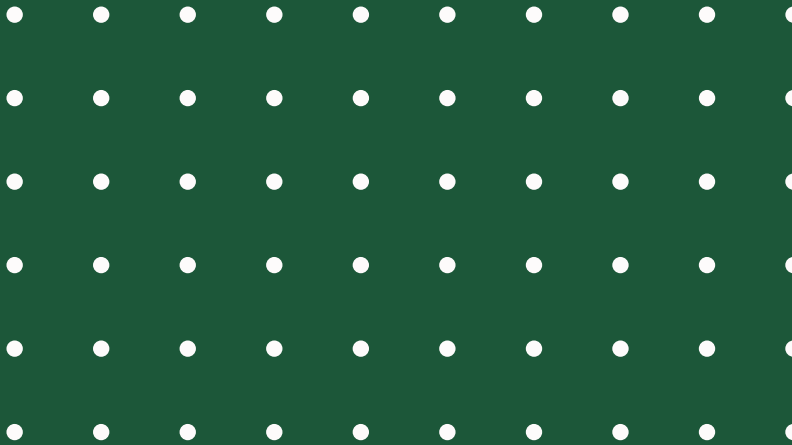
www.pinecity.govoffice.com



TRUTH IN TAXATION

THE TRUTH IN TAXATION HEARING IS BEING HELD
ACCORDING TO STATE STATUTES.

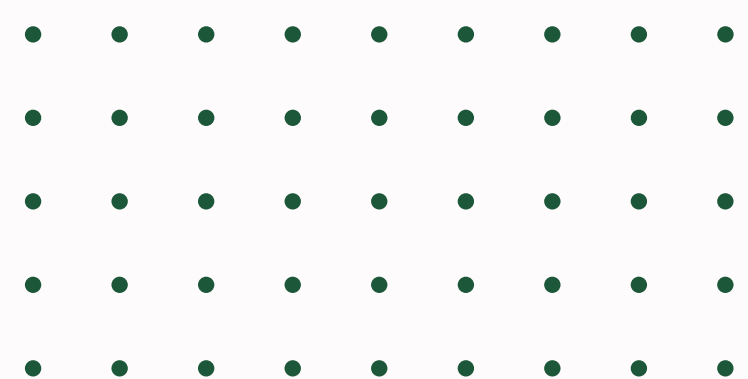
THE HEARING WILL INCLUDE A 2026 BUDGET SUMMARY,
AS WELL AS AN EXPLANATION OF THE FINANCIAL
IMPACT OF THE PROPOSED TAX LEVY. THE PUBLIC WILL
BE GIVEN AN OPPORTUNITY TO SPEAK.



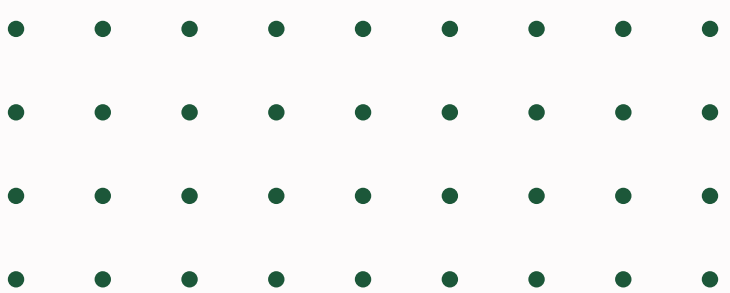
Tax Levy

The proposed preliminary tax levy for 2026 was approved at \$2,258,862 with a tax rate of 56.63%, which was a total increase of 7.49% from last year's tax levy. After working closely with department heads, we were able to bring the levy down to \$2,183,961 which is a decrease of 3.57% from the approved 2026 preliminary levy.

- The General Fund levy is increasing by \$272,897. This increase is driven by higher costs for gas, electricity, insurance, professional services, wages and other operational expenses. It also includes additional transfers needed to repay the water and sewer funds for the amounts borrowed to finance the 2021/2022 street project and the City's share of the fire contracts.
- The EDA Fund levy, which is incorporated within the General Fund levy, will decrease by \$19,154. While the Economic Development Authority (EDA) initially requested the maximum allowable levy, 0.01813% of the city's estimated market value, the City Council approved a 1% reduction from that amount when setting the preliminary levy.



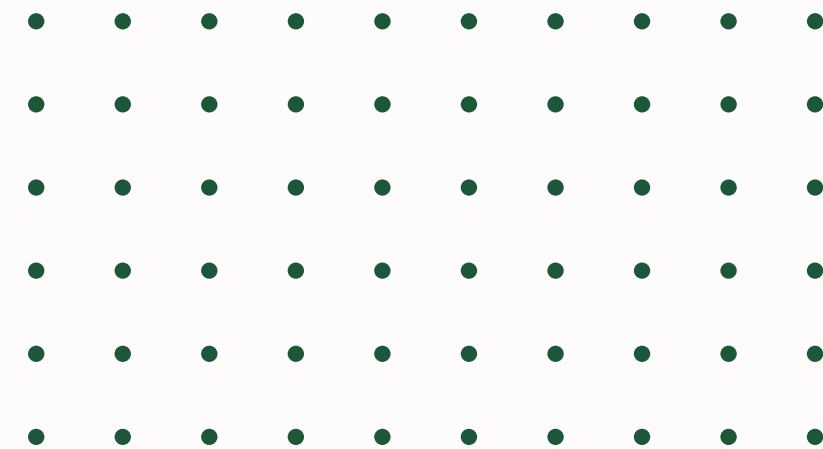
- The Capital fund levy will decrease \$143,256, as the City is utilizing \$96,166 from the fund balance to help cover costs associated with the ECE Loan, ladder truck payment, plow truck payment, parks building, and ballfields.
- The Debt Service fund levy will decrease by \$15,390. This reduction is due to the payoff of one debt service loan (Fund 310), and the planned use of fund balance for another (Fund 319), for which the City levied in the Capital Fund this year and transferred the amount to cover both the current and upcoming year's payments. Additionally, the City is aiming to pay off another debt service loan by year-end or early next year to reduce interest costs and further lower overall debt.
- The HRA fund levy will decrease by \$12,688. Although the Housing Redevelopment Authority (HRA) requested the maximum allowable levy, 0.0185% of the city's estimated market value, the City Council approved a 1% reduction from that amount during the preliminary levy setting.



A REMINDER

Tonight, we discuss the City's share of your total 2026 tax statement, not property valuations.

The meeting to appeal/discuss valuations will be held in the spring.



Proposed Property tax statement

PROPOSED TAXES 2026		
THIS IS NOT A BILL. DO NOT PAY.		
Step 1	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2025 2026
	Estimated Market Value	\$265,300 \$269,900
	Homestead Exclusion	\$0 \$0
	Other Exclusion/Deferrals	\$0 \$0
	Taxable Market Value	\$265,300 \$269,900
Property Classification	RES NON HSTD RES NON HSTD	
Step 2	PROPOSED TAX	
	Property Taxes before credits	3,456.00
	School building bond credit	0.00
	Agricultural market value credit	0.00
	Other Credits	0.00
Property Taxes after credits	\$3,456.00	
Step 3	PROPERTY TAX STATEMENT Coming March 2026	
The time to provide feedback on PROPOSED LEVIES IS NOW It is too late to appeal your value without going to Tax Court.		

The City's share on the tax statement ----->

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2025	Proposed 2026
PINE COUNTY 635 NORTHRIDGE DR NW PINE CITY, MN 55063 PHONE: 320-591-1670 WWW.PINECOUNTYMN.GOV	DECEMBER 4, 2025 6:00 PM COURTHOUSE BOARD ROOM	1,150.46	1,158.66
CITY OF PINE CITY MARCY PETERSON, ADMIN 1015 HILLSIDE AVE SW PINE CITY, MN 55063 PHONE: 320-629-2575 WWW.PINECITYMN.GOV	DECEMBER 3, 2025 6:30 PM PUBLIC LIBRARY COMMUNITY ROOM	1,455.50	1,558.00
STATE	NO MEETING	0.00	0.00
PINE CITY SCHOOL DISTRICT 578 DISTRICT OFFICE 1400 MAIN ST S PINE CITY, MN 55063 PHONE: 320-629-4023 WWW.ISD578.ORG	DECEMBER 15, 2025 6:00 PM HIGH SCHOOL BOARD ROOM		
	Voter Approved Levies	137.64	140.50
	Other Levies	546.00	565.58
OTHER SPECIAL TAX DISTRICTS		42.40	33.26
TAX INCREMENT		0.00	0.00
FISCAL DISPARITY		0.00	0.00
TOTAL EXCLUDING SPECIAL ASSESSMENTS		3,332.00	3,456.00 3.72%

Who Levies Property Taxes?

01

Counties

02

Cities

03

Townships

04

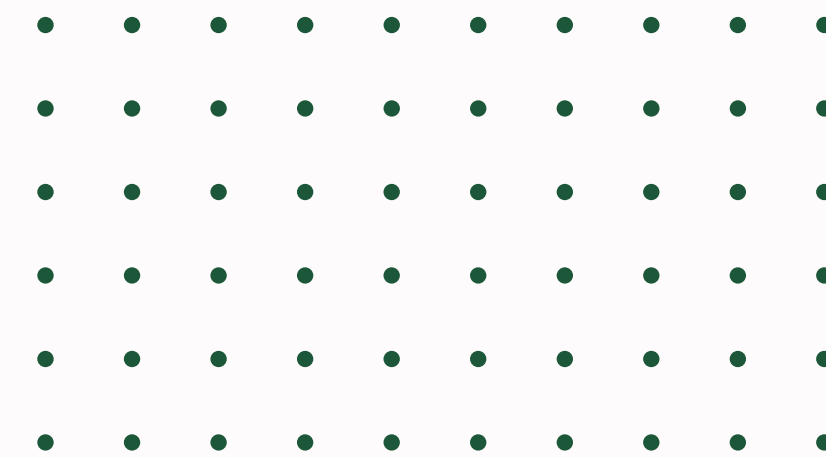
School Districts

05

State

06

Various Special taxing jurisdictions (e.g., watershed districts, library districts, hospital districts, HRA, EDA)



Key Steps in the Process

01



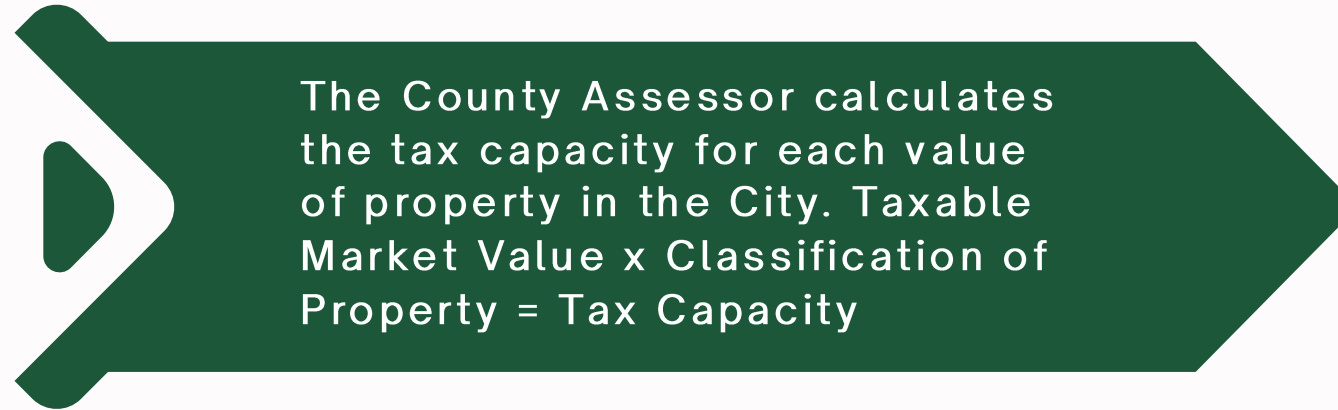
The County Assessor determines the Estimated Market Value for each parcel in the City, then calculates the market value exclusion, if eligible. The exclusion affects each property independently. This determines the TAXABLE Market Value

02



The Legislature sets the formula for tax capacity based on Minnesota Classification Rates

03



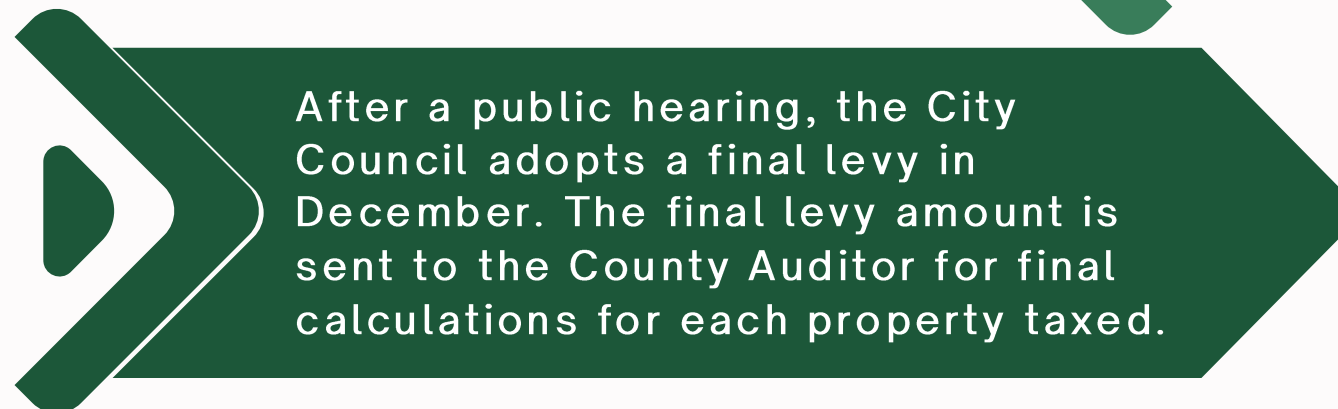
The County Assessor calculates the tax capacity for each value of property in the City. Taxable Market Value x Classification of Property = Tax Capacity

04



The City Council adopts a Preliminary levy in September

05



After a public hearing, the City Council adopts a final levy in December. The final levy amount is sent to the County Auditor for final calculations for each property taxed.

General Fund Expenses

Proposed General Fund Budget for 2026 is \$3,209,422.

The General Fund pays for all City Services as outlined below.

The Services provided are those most commonly associated with City Government and include:

General Government

- City Council
- Administration & Finance
- Licensing & Elections
- Planning/Zoning
- Library
- City Hall Building
- City Assessor

Public Safety

- Police Protection
- Fire Department
- Fire & Life Safety
- Legal Services

Public Works

- Street Maintenance

Culture & Recreation

- Parks & Playgrounds
- Swimming Beach
- Skating Rink
- Softball Fields
- Social Programs

Proposed 2026 General Fund Expenses

General Govt/Administration

31% City Council, Administration/Finance, Elections, Planning/Zoning, Library, City Hall Building and City Assessor

Public Safety

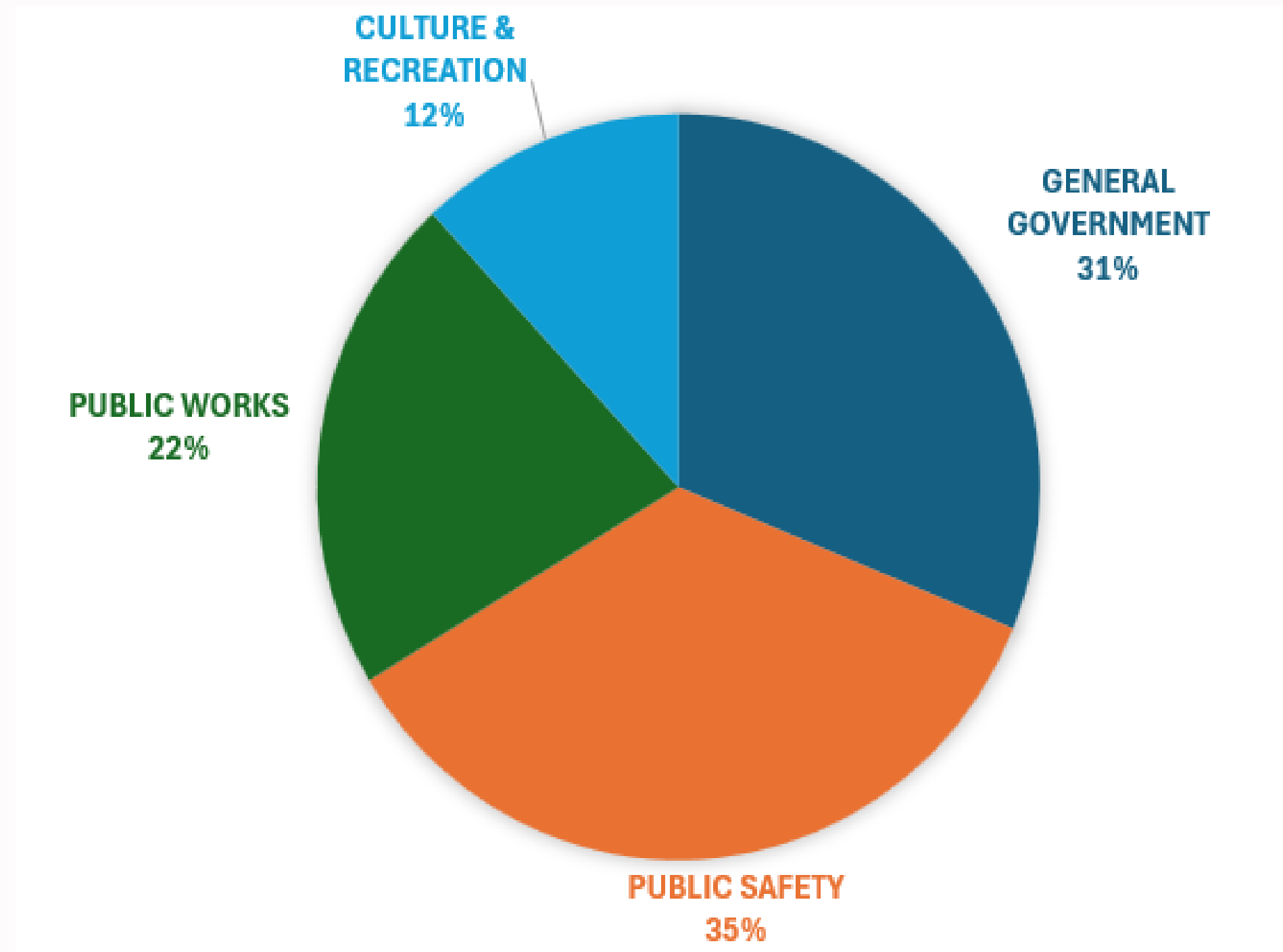
35% Fire Department Operating, Fire and Life Safety, Police Protection, and Legal Services

Public Works

22% Street Maintenance Operating, Snow Plowing/Removal, Engineering and Street Lighting

Culture/Recreation

12% Parks, Beach, Skating rink, ballfields and Social Programs



2026 General Fund Expenditures Comparison

2026 GENERAL FUND EXPENDITURES Budget Comparison Summary			
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GENERAL GOVERNMENT	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
City Council/Elections/City Assessor	\$ 31,542.00	\$ 33,700.00	\$ 2,158.00
Admin/Finance	\$ 350,420.00	\$ 451,790.00	\$ 101,370.00
City Hall Bldg/Planning/Library	\$ 399,542.00	\$ 399,028.00	\$ (514.00)
Transfer out	\$ -	\$ 116,702.00	\$ 116,702.00
Total General Government	\$ 781,504.00	\$ 1,001,220.00	\$ 219,716.00

PUBLIC SAFETY	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
Fire Protection	\$ 629,363.00	\$ 673,225.00	\$ 43,862.00
Police Protection	\$ 248,321.00	\$ 258,258.00	\$ 9,937.00
Fire & Life Safety	\$ 167,003.00	\$ 185,262.00	\$ 18,259.00
Legal	\$ 11,000.00	\$ 11,000.00	\$ -
Total Public Safety	\$ 1,055,687.00	\$ 1,127,745.00	\$ 72,058.00

PUBLIC WORKS	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
Streets	\$ 627,341.00	\$ 697,910.00	\$ 70,569.00
Total Public Works	\$ 627,341.00	\$ 697,910.00	\$ 70,569.00

CULTURE & RECREATION	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
REC/ED/SOCIAL	\$ 7,000.00	\$ 7,000.00	\$ -
Swimming Beach	\$ 71,620.00	\$ 71,157.00	\$ (463.00)
Skating Rink	\$ 26,061.00	\$ 25,849.00	\$ (212.00)
Softball Fields	\$ 28,442.00	\$ 27,097.00	\$ (1,345.00)
Parks & Playgrounds	\$ 225,317.00	\$ 251,444.00	\$ 26,127.00
Total Culture & Recreation	\$ 358,440.00	\$ 382,547.00	\$ 24,107.00

TOTAL EXPENDITURES GENERAL FUND	\$ 2,822,972.00	\$ 3,209,422.00	\$ 386,450.00
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Proposed 2026 General Fund Revenues

Taxes

47% Property Taxes, Excess TIF, Franchise Fees, Penalties

Licenses & Permits

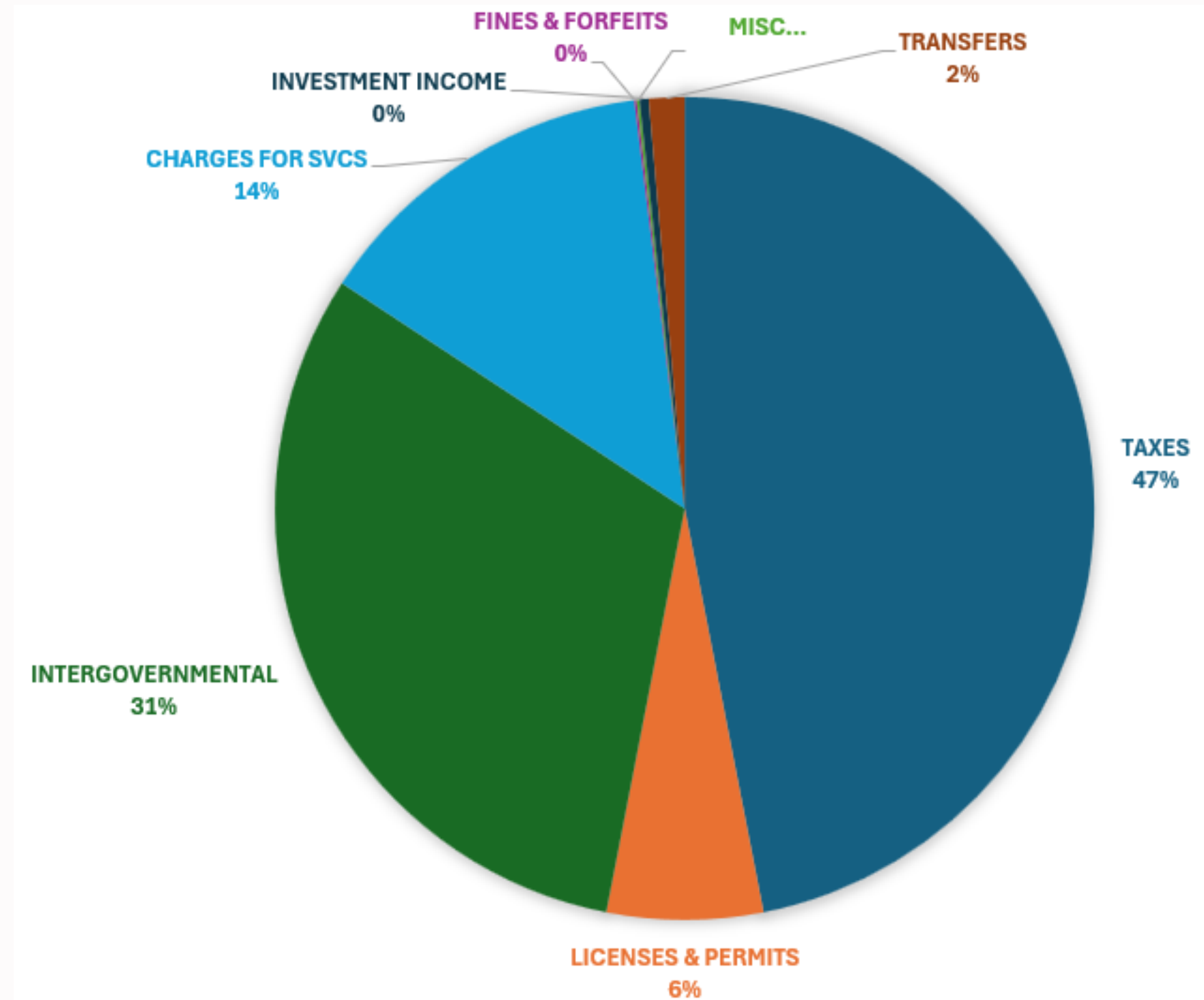
6% Building Permits, Garbage Haulers, Special Event Permits, Animal Licensing, Liquor & Beer Licensing, Peddlers Permits, Rental Registration, Rental Inspection, and code enforcement

Intergovernmental

31% LGA (Local Government Aid), Fire Department State Aid, Police State Aid, and grants

Charges for Services

14% Zoning & Subdivision fees, Assessment searches, Fire Service Contracts, Rents & Royalties, City Hall Rent, Fire Calls, Highways, Parking Fines, Swimming Lessons and Park Fees



2026 General Fund Revenues Comparison

2026 GENERAL FUND REVENUES Budget Comparison Summary			
	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
TAXES	\$ 1,233,858.00	\$ 1,505,755.00	\$ 271,897.00
LICENSES & PERMITS	\$ 187,900.00	\$ 197,560.00	\$ 9,660.00
INTERGOVERNMENTAL	\$ 958,854.00	\$ 999,830.00	\$ 40,976.00
CHARGES FOR SERVICES	\$ 439,652.00	\$ 443,177.00	\$ 3,525.00
FINES & FORFEITS	\$ 4,500.00	\$ 3,000.00	\$ (1,500.00)
MISCELLANEOUS	\$ 500.00	\$ 3,600.00	\$ 3,100.00
INVESTMENT INCOME	\$ -	\$ 11,500.00	\$ 11,500.00
TRANSFERS	\$ 115,000.00	\$ 45,000.00	\$ (70,000.00)
			\$ -
Total General Fund Revenues	\$ 2,940,264.00	\$ 3,209,422.00	\$ 269,158.00

Capital Improvement Fund Expenses

Proposed Capital Improvement Fund Budget for 2026 is \$263,919.

The Capital Improvement Fund involves City projects in departments as outlined below.

Debt Service

- Debt due on ECE loan

Public Safety

- Fire Department
 - Ladder truck payment

Public Works

- Street Maintenance
 - Plow Truck payment

Parks & Public Buildings

- Parks & Public buildings
 - Parks Building
 - Ballfields

Proposed 2026 Capital Improvement Expenses

Debt Service

4% ECE Loan payment

Public Safety

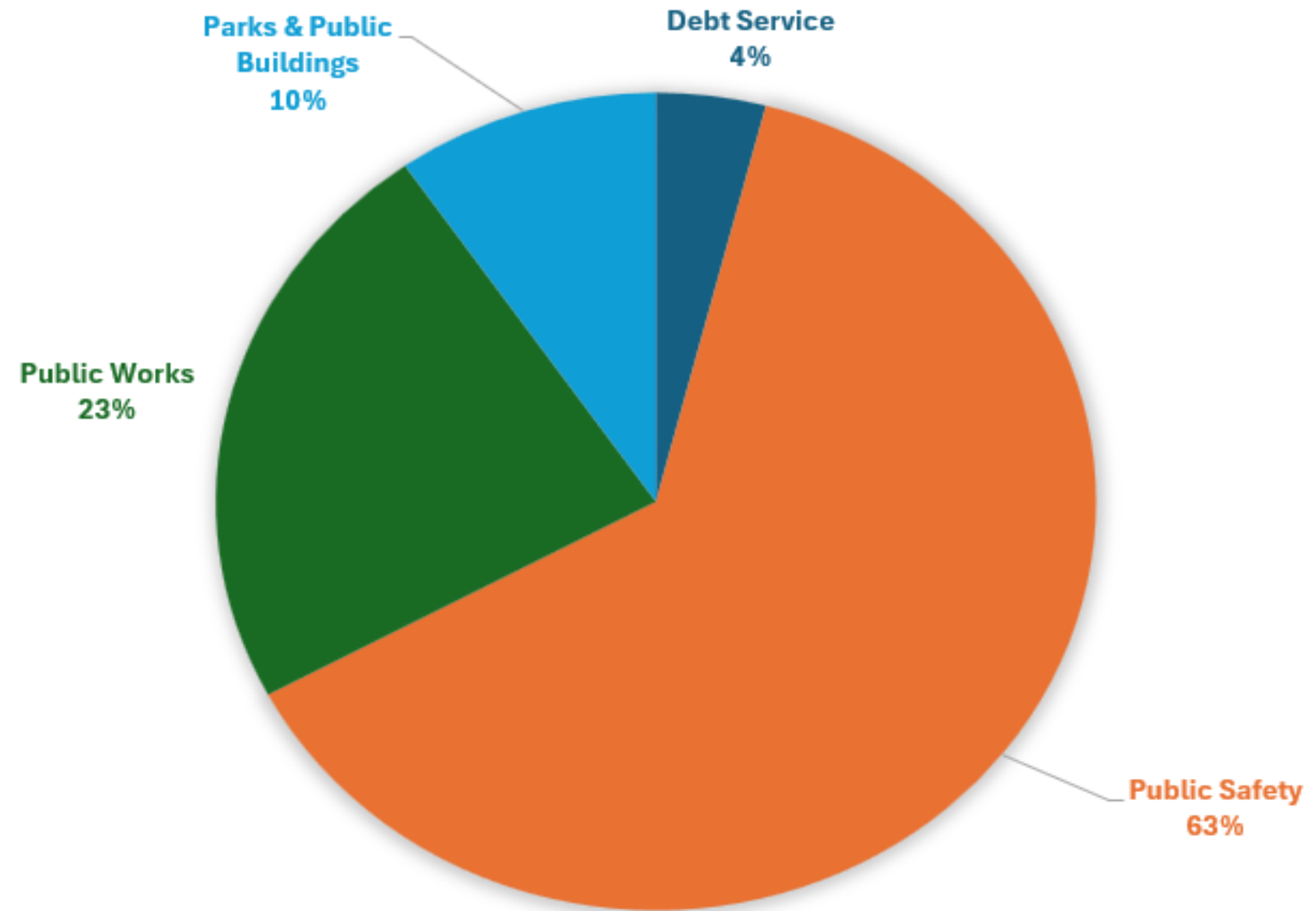
63% Fire Department Machinery and Equipment

Public Works

23% Public Works Machinery & Equipment

Parks & Public Buildings

10% Parks Building and Improvements



2026 Capital Improvement Fund Expenditures Comparison

2026 CAPITAL IMPROVEMENT FUND EXPENDITURES			
Budget Comparison Summary			
DEBT SERVICE	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
ECE Loan	\$ 9,600.00	\$ 10,424.00	\$ 824.00
Total General Government	\$ 9,600.00	\$ 10,424.00	\$ 824.00
PUBLIC SAFETY	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
Fire Protection	\$ 250,000.00	\$ 163,495.00	\$ (86,505.00)
Total Public Safety	\$ 250,000.00	\$ 163,495.00	\$ (86,505.00)
PUBLIC WORKS	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
Streets	\$ 95,000.00	\$ 60,000.00	\$ (35,000.00)
Total Public Works	\$ 95,000.00	\$ 60,000.00	\$ (35,000.00)
PARKS & PUBLIC BUILDINGS	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
Softball Fields	\$ -	\$ 5,000.00	\$ 5,000.00
Parks & Public Buildings	\$ 14,264.00	\$ 25,000.00	\$ 10,736.00
Total Parks & Public Buildings	\$ 14,264.00	\$ 30,000.00	\$ 15,736.00
TOTAL EXPENDITURES	\$ 368,864.00	\$ 263,919.00	\$ (104,945.00)

Proposed 2026 Capital Improvement Revenues

Property Taxes

45% Property Taxes-to help cover some expenses

Fire Contracts

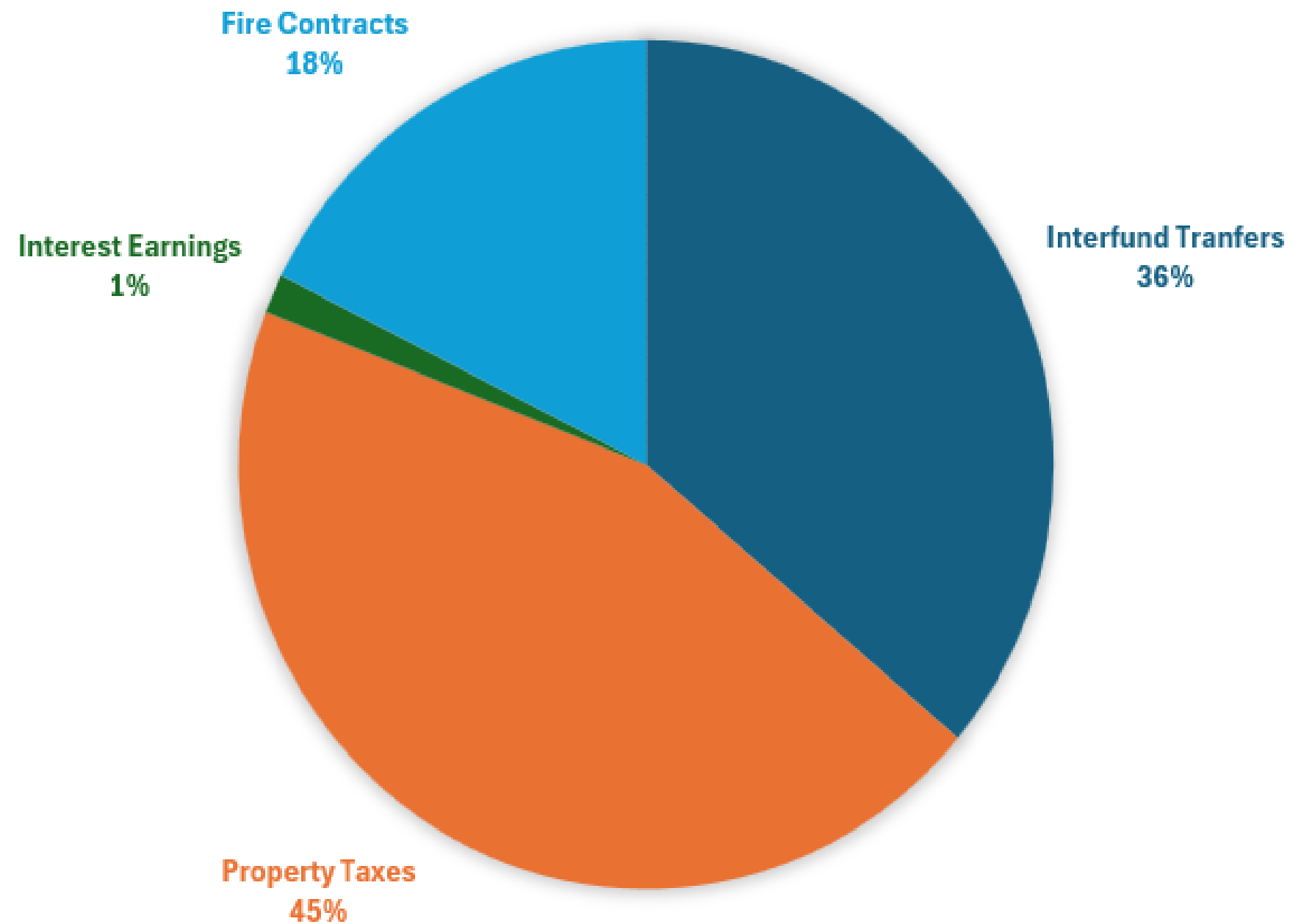
18% Fire contracts-% due per contracts by townships

Interest Earnings

1% Interest earned on bank accounts and CD's

Interfund Transfers

36% Interfund transfer from liquor store



2026 Capital Improvement Revenues Comparison

2026 CAPITAL IMPROVEMENT FUND REVENUES			
Budget Comparison Summary			
REVENUES	BUDGET 2025	PROPOSED 2026	+/- DIFFERENCE
INTERFUND TRANSFERS	\$ 35,000.00	\$ 60,645.00	\$ 25,645.00
PROPERTY TAXES	\$ 218,256.00	\$ 75,000.00	\$ (143,256.00)
FIRE CONTRACTS	\$ 29,608.00	\$ 29,608.00	\$ -
INTEREST EARNINGS	\$ -	\$ 2,500.00	\$ 2,500.00
FIBER	\$ 86,000.00	\$ -	\$ (86,000.00)
Total Taxes	\$ 368,864.00	\$ 167,753.00	\$ (201,111.00)

Local Factors impacting any tax increase or decrease

1

Change in individual
assessed market
value.

2

The market value of other
properties in your taxing
district may change.
Real Estate market value
inflation or deflation.

3

Possible change in
property
classification.

4

Property improvements
not previously taxed.

5

The City, County, and/or
School District budget and
levy may change.

6

Special assessments
may be included in your
property tax bill.

Impact on Taxpayers

If the proposed 2026 Budget is adopted, the City will request Pine County to collect \$2,183,961 from City taxpayers to help pay for City services. This would be a 3.92% increase from 2025.

Tax Levy Summary & Comparison

	2025 Budget	2026 Budget	Increase (Decrease)	% Change
General Fund / EDA	\$ 1,271,558	\$ 1,525,301	\$ 253,743	19.96%
Gen Fund	\$ 1,211,358	\$ 1,484,255	\$ 272,897	22.53%
EDA	\$ 60,200	\$ 41,046	\$ (19,154)	-31.82%
Capital Improvement Fund	218,256	75,000	(143,256)	-65.64%
Total General Gov't & Capital	1,489,814	1,600,301	110,487	7.42%
Debt Service	556,738	541,348	(15,390)	-2.76%
Total Debt Service Levy	556,738	541,348	(15,390)	
Total City Operating Levy	2,046,552	2,141,649	95,097	4.65%
HRA	55,000	42,312	(12,688)	-23.07%
Total City Wide Levy	\$ 2,101,552	\$ 2,183,961	82,409	3.92%

\$1,525,301 - for General Fund/EDA (Economic Development Authority)

\$1,484,255 - General Fund operations

\$41,046 - EDA

\$75,000 - Capital Projects/Equipment

\$541,348 - Debt Service for obligations due on bonds

\$42,312 - HRA (Housing Redevelopment Authority)

Impact on Taxpayers – Continued

The amount of property taxes paid on an individual property may vary greatly and is dependent upon each element of the property:

- Tax Classification - Type of Property assigned by the County Assessor such as:
 - Residential Homestead
 - Non-Homestead
 - Industrial
 - Apartments
 - Commercial

2026 City of Pine City Tax Impact

2024 LEVY	2,040,342
2024 TAX RATE	57.090%
2024 VALUATION	318,493,000
2024 NTC	3,574,134

2025 LEVY	2,101,552
2025 TAX RATE	58.540%
2025 VALUATION	332,046,137
2025 NTC	3,773,667

2026 LEVY	2,183,961
2026 TAX RATE	56.69%
2026 VALUATION	345,262,826
2026 NTC	3,852,525

estimate
estimate

Class	2025 TMV	2026 TMV	ESTIMATED		TAX DIFFERENCE BASED ON				
			2025 City Share	2026 City Share	0% Levy Increase	2% Levy Increase	FINAL 3.92% Levy Increase	6% Levy Increase	PRELIM 7.49% Levy Increase
Proposed Levy					2,101,552	2,143,583	2,183,961	2,227,645	2,258,862
Proposed \$ Increase					0	42,031	82,409	126,093	157,310
Proposed Tax Rate					54.550%	55.641%	56.689%	57.823%	58.633%
RES-NON HSTD	265,300	269,900	1,494	1,530	-22	7	36	66	88
RES-HSTD	167,199	160,659	942	911	-65	-48	-31	-13	0
RES-HSTD	267,261	301,814	1,506	1,711	141	174	205	239	264
RES-HSTD	350,101	332,988	1,972	1,888	-156	-119	-84	-47	-20
RES-HSTD	774,800	730,600	4,751	4,485	-435	-349	-266	-176	-112
INDUSTRIAL	457,700	459,000	4,734	4,814	-102	-9	80	176	245
INDUSTRIAL	673,400	679,900	7,164	7,323	-117	24	159	306	410
APARTMENTS	869,600	971,800	6,123	6,886	503	636	763	901	999
APARTMENTS	1,125,000	1,250,100	7,922	8,858	602	773	937	1,114	1,241
COMMERCIAL	83,300	93,000	704	791	57	72	87	102	114
COMMERCIAL	233,200	242,200	2,205	2,334	41	86	129	176	209
COMMERCIAL	270,100	276,700	2,620	2,745	21	74	125	179	219
COMMERCIAL	6,341,500	6,651,800	71,021	75,266	1,405	2,854	4,245	5,751	6,827
2026 Prelim Total City NTC =		3,852,525							

Final Points to Remember

- The assessor's valuation process is separate from the property tax determination process.
 - The assessor estimates market value prior to the local government budget process. The assessor uses property values as of January 2nd of each year (that is, the assessed value as of January 2nd, 2025, and is the value used to raise taxes payable in 2026)
- However, any change in value on your property and any change in value on other properties in your community will affect your property taxes.

Action Requested:

1

Approve Resolution 2025-50,
Adopting the 2026 Property Tax Levy
in the amount of \$2,183,961.

2

Approve the 2026 Budget
for the City of Pine City.

2026 Proposed Levy

<i>General Government Fund/EDA Fund</i>	<i>\$1,525,301</i>
<i>Debt Service/Bonds</i>	<i>\$541,348</i>
<i>CAP Improvement Fund</i>	<i>\$75,000</i>
<i>HRA</i>	<i>\$42,312</i>
<i>Total Property Tax Levy:</i>	<i>\$2,183,961</i>