

2026 Preliminary Budget

City of Breezy Point, MN



Agenda for Discussion

1. Tax Levy Basics and Information
 2. Present Finance Committee's recommendation to City Council for the 2026 Budget and Preliminary Levy
 3. City Council Discussion about the proposed budget
 4. Adopt the Preliminary 2026 Preliminary Budget and Levy
 5. Set the Final Budget Hearing
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Budget Preparation

Important Steps Completed for 2026 Budget:

- Staff met with department heads multiple times go to over departmental budget needs and capital improvement items.
- Finance Committee members — Allie Polsfuss, Janette Rust, Todd Roggenkamp, and alternate Steven Jensen — met on August 7, 2025 to discuss the preliminary tax levy.
- Staff evaluated funding mechanisms for Buschmann Road and contacted Ehlers and Baker Tilly regarding funding the project with a 15-year bond.

Tax Levy Basics

Tax Levy Basics

- A tax levy is the amount of money (revenue) a government entity must collect through property taxes to ensure a balanced budget.
- Formula:
Expenditures – Non-tax revenue = Tax levy
- The **Preliminary Levy** must be adopted by the end of September.
- The **Final Levy** (adopted in December) can only be equal to or lower than the preliminary levy — never higher.

Your tax dollars at work

About half of the typical Breezy Point residential property tax bill goes to the City of Breezy Point. The remaining portion of the taxes goes to your school district and Crow Wing County.



Breezy Point Levy

The City of Breezy Point's tax levy is made up of 4 funds

1. **General Fund (100)** – Main operating fund covering general government services.
 - a. Equipment CIP – Capital Improvement Plan fund for equipment purchases and replacements
2. **EDA Fund (200)** – Economic Development Authority fund.
3. **Cemetery Fund (270)** – Supports cemetery operations and maintenance.
4. **Debt Service Fund (300)** – Used to pay principal and interest on the City's debt obligations.

2026 Major Budget Impacts and Considerations

- 1. Employee Compensation and Benefits**
 - a. COLA for employees
 - b. Organizational structure changes approved on 8/4/2025
 - 2. Insurance increases**
 - a. Property insurance (new city hall facility)
 - 3. New Financial software ongoing costs**
 - 4. Replenishing the Capital reserves**
 - 5. Public Safety Contracts**
 - a. Police Contract settled
 - b. Fire Contract settled
 - 6. Inflationary increases**
 - 7. Equipment CIP**
 - 8. Buschmann Road Project Debt Service**
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Expenditures	2024 Actual	2025 Budget	6/30/25 YTD	2026 Budget
City Council	26,332	32,003	46,518	32,103
Administration	510,220	455,096	131,444	430,354
City Attorney	28,025	30,000	7,352	30,000
Other General Government	965,629	680,250	212,753	860,619
Planning & Zoning	280,888	249,337	85,884	283,270
Public Safety	1,624,202	1,461,776	851,181	1,539,513
Public Works	761,042	769,850	243,497	784,403
Parks & Recreation (Operating)	96,259	110,404	23,957	113,830
Total Expenditures	4,292,596	3,788,715	1,602,587	4,074,092

General Fund by Department (Fund 100)

The General Fund is proposed to be 7.00% increase from 2025.

2026 Equipment CIP

- It is proposed to levy for 100% of the 2026 CIP. This accounts for \$306,500 of the total 2026 levy (under Other Government line item in GF budget)

Department	Description of purchase	Cost
Administration	Zoning Code Update	\$85,000
IT	Equipment Replacement	\$14,500
Police	Squad Replacement	\$65,000
	Heart Monitors	\$32,000
Parks	Improvements	\$30,000
Public Works	1/2 2002 New Holland Tractor/Mower Replacement	\$80,000
Total Equipment CIP		\$306,500

Expenditures

46500	Description	2025 Budget	2026 Budget
200	General Operating	0	0
490	Donations	3,650	3,650
300	Professional Services	0	0
Total		3,650	3,650

EDA Fund (Fund 200)

The EDA fund is proposed to stay the same as 2025. This has no impact to the levy.

Cemetery Fund (Fund 270)

The increase for cemetery improvements is proposed to be funded by the Cemetery reserves. This has no impact to the levy.

Cemetery Revenue Fund- 270

	Description	2025 Budget	2026 Budget
31010	Property Tax	20,000	20,000
34000	Charge for Services	3,000	3,000
34940	Lot Sales	8,000	8,000
34942	Perpetual Care	1,500	1,500
36200	Misc / Butterfly Event	4,000	4,000
36210	Interest	2,500	2,500
36213	Investments Gains / Loses	0	0
Total		39,000	39,000

Cemetery Fund 270


Expenditures - All Departments

49010	Description	2025 Budget	2026 Budget
200	General Operating	1,500	1,500
222	Landscaping	4,000	4,000
240	Small Tools/Minor Equip	0	0
300	Professional Services	20,000	20,000
362	Property Insurance	700	700
381	Combined Utilities	1,500	2,000
433	Dues & Subscriptions	125	125
438	Butterfly Event	2,500	2,500
439	Markers	1,000	2,000
534	Site Improvements	10,000	20,000
720	Transfer to Other (GF)	5,000	5,000
810	Refunds / Reimbursements		0
Total		46,325	57,825

Debt Service Fund (Fund 300)

- The Debt Service Fund accounts for 7% of the City's total tax levy.
- Under the proposed Buschmann Road project, the annual bond payment would be \$305,000.
- Staff is recommending a 15-year bond term. To accommodate this, it is proposed to increase the Debt Service Fund by \$25,000, ensuring sufficient funding for the \$305,000 Buschmann bond payment.
- Note: The Ladder Truck purchase is fully funded by the Fire District.

Debt Service Fund 300			
Expenditures			
47000	Description	2025 Budget	2026 Budget
620	Fiscal Agent Fees	0	0
637	Bond Interest	0	0
638	Bond Principal (Buchmann)	0	305,000
	City Hall Remodel & Expansion Bond	280,000	0
	2024 Ladder Truck Bond	135,000	132,563
720	Transfer to Other	0	
Total		415,000	437,563



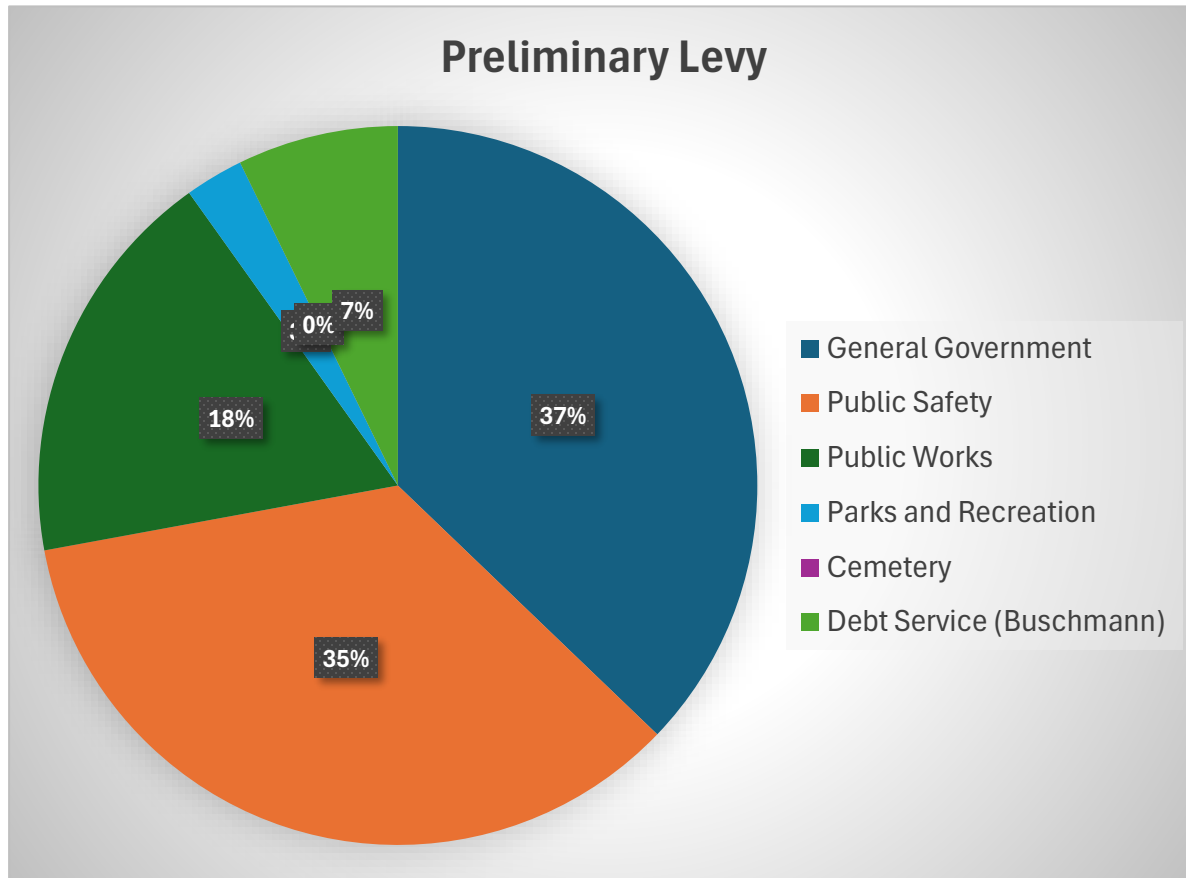
Total 2026 Preliminary Levy Proposal

	2025 Levy	2026 Levy	2026 Levy \$\$ Increase
General Fund	3,081,316	3,408,712	327,396
EDA Fund	3,650	3,650	0
Cemetery Fund	20,000	20,000	0
Debt Service Fund	280,000	305,000	25,000
Total Levy	3,384,966	3,725,052	352,396

Total
Preliminary
Levy Increase

10.41%

Breakdown of City Services



City Service	Portion of levy increase
General Government	\$131,189.30
Public Safety	\$123,305.55
Public Works	\$63,626.92
Parks and Recreation	\$9,274.23
Cemetery	\$0.00
Debt Service (Buschmann)	\$25,000.00
Total Levy	\$352,396

Tax Rate Basics

- A local government tax rate is the percentage of taxable property value needed to raise the tax levy.
- Tax rate is calculated the (2025 Tax rate+ Levy Increase)-Year to Year Estimated Market Value Increase

2026 Tax Rate (Preliminary Estimated)

(35.24%+10.41%)-5.6%

(estimated)=**40.05%**



2025 HOME



- 5.6% Home valuation increase
- 10.41% General Tax Levy increase

2026 HOME



Property Value 2025	2025 Tax Amount
\$410,000	\$1,445
\$650,000	\$2,290
\$850,000	\$2,995

Property Value 2026 (+5.6%)	2026 Tax Amount
\$432,960	\$1,734
\$686,400	\$2,749
\$897,600	\$3,595

Property Value 2025	Property Value 2026 (+5.6%)	Annual Difference	Monthly Difference
\$410,000	\$432,960	\$289	\$24
\$650,000	\$686,400	\$458	\$38
\$850,000	\$897,600	\$599	\$50

What does this mean for homeowners?

- The impact on homeowners will depend on how much the property's value changes from 2025. It is estimated that property values will increase by 5.6% in 2026.
- These scenarios are just for the increase in the City portion of your tax bill
- The estimated tax rate for 2026 is 40.05% based on the 10.41% levy increase

Where do your City taxes Go?

- The average homeowner's tax bill will be around **\$1,734.**
- Here is an example how your 2026 annual taxes will be allocated:


Department	Annual Tax Portion
General Government	\$645
Public Safety	\$607
Public Works	\$313
Parks and Recreation	\$46
Debt Service (Buschmann)	\$123
City Tax Bill	\$1,734

Next Steps

Tonight: Approve Preliminary Tax Levy



10/6/2025: Fee schedule discussion
Informational mailer will go out to residents early October.



11/3/2025: Enterprise (Sewer) Fund Discussion



12/1/2025: Adopt 2026 Final Budget