

**City of Hinckley**  
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**Agenda Item**

2026 Preliminary Budget & Levy

**Meeting Date**

September 10, 2025

**Prepared By**

Leaha M. Jackson, City Administrator

**Background**

The preliminary levy amount is due to the County by September 30, 2025.

The proposed preliminary levy for 2025 is \$1,224,149. This is the amount from the August 22, 2025, works session, plus a cushion, for a total tax rate of 51.33%. It is still early, and items may still arrive that we are not aware of. We can always lower it, but not raise the levy above the preliminary amount.

This represents a 6.82% increase from the 2025 final levy amount and a 2.99% tax rate point increase over the 48.34% 2025 tax rate. The increase in the levy is attributed to a few items identified below.

**101- General Fund**

Revenue

- General Fund property tax collection is proposed to be \$850,777.00; this is an increase of \$83,658.00 from 2025.
- We are scheduled to receive \$452,978.00 in Local Government Aid in 2026. This is \$1,504.00 more than in 2025.
- There is a transfer from the Liquor Fund of \$40,008.00.
- Total projected revenue is \$1,490,563.00, an increase of \$35,404 from last year.

Expenses

- \$15,000 for replacing doors at city hall/sheriff's office.
- Health and dental insurance are budgeted at 10% and 10%, respectively.
- The Policing Contract includes a 5% increase.
- The total projected expenditure is \$1,477,956.00, an increase of \$35,404 from last year.

**205- Park and Rec Fund**

Revenue

- The levy amount is set at \$152,866; this is a decrease of \$9,209.00 from 2025.

- The projected revenue is \$161,366; this is a decrease of \$9,209.00 from last year.

#### Expenses

- Relace substrate at Westside Park- \$12,000.00.
- The HVAC systems will need to be replaced, so we are setting aside \$10,000.00 for this
- Westside Park Pavilion Maintenance- \$13,000
- Community Education Summer program- \$4,500.00.
- Included is the annual contribution of \$4,000.00 for Sweet Summer Sounds and \$1,000 for National Night Out.
- The total projected expenditure is \$161,366.00; this is a decrease of \$9,209.00 from last year.

#### 211- Library Fund

##### Revenue

- Tax levy is set at \$16,000.00, the same as last year.

##### Expenses

- The majority expenses are for staff at \$9,000.00 and contributions for items like periodicals and maintenance for space.
- No significant changes in expenses

#### 221- Fire Department

##### Revenue

- The levy amount is set at \$63,320, an increase of \$4,515 from 2025.
- This includes \$37,000.00 in charges for services.

##### Expenses

- \$30,000.00 is set aside for vehicle purchases and payments, according to our Vehicle Replacement Plan
- \$9,000.00 is transferred into the 351 Debt Service Fund to help pay the bond on the Public Safety Building.

#### 351- Public Safety Building

##### Revenue

- Total Revenue is \$ 129,300. This comprises the City's levy of \$95,000.00, \$25,300.00 in rent from Essentia, a \$9,000.00 transfer from the Fire Department, and a small cushion.
- The Bond Documents set the City's levy amount and cannot be changed.

##### Expenses

- Expenses are projected to be \$ 113,548.00. Expenses will always lag behind revenues because we are collecting ahead for our February bond payment.

#### 400- Street Improvement Fund

##### Revenue

- We are scheduled to receive \$34,312. 42,788.00 in Small Cities Assistance for 2026, which is \$8,476 less than in 2025. This is intended for road maintenance and was put directly into this fund.
- \$64,008.00 is transferred from the Liquor Fund.

Expenses

- \$98,000 is budgeted for contractual street work
- Projected revenues exceed the expenditures by \$320.00

460- Equipment Fund

Revenue

- \$9,000.00 will be transferred from the General Fund
- \$46,008.00 will be transferred from the Liquor Fund

Expenditures

- We have a lease payment of \$6,563.20 for the John Deere Tractor.
- There is \$12,000 for a lease payment to replace the 1-ton white streets truck.
- Budgeted revenues exceed expenditures by \$36,445. This is to fund the equipment replacement fund, allowing us to replace equipment on a rolling basis.

I have also included the levy worksheet, which shows the 2026 Preliminary levy and tax rate compared to the final 2026 levy and tax rate and Mike Bubany’s Capital Financial Plan.

Let me know if you have any questions or would like more information. I can include these items for the Final Levy Approval at a later meeting.

**Recommended Action**

Approve the proposed 2026 preliminary budget and levy as presented.

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Council Action:    Motion by: \_\_\_\_\_    Second by: \_\_\_\_\_

Motion to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Voted in Favor: \_\_\_\_\_ Voted Against: \_\_\_\_\_

Approved: \_\_\_\_\_ Denied: \_\_\_\_\_ Tabled: \_\_\_\_\_ No Action: \_\_\_\_\_