

# 2026 Budget & Levy



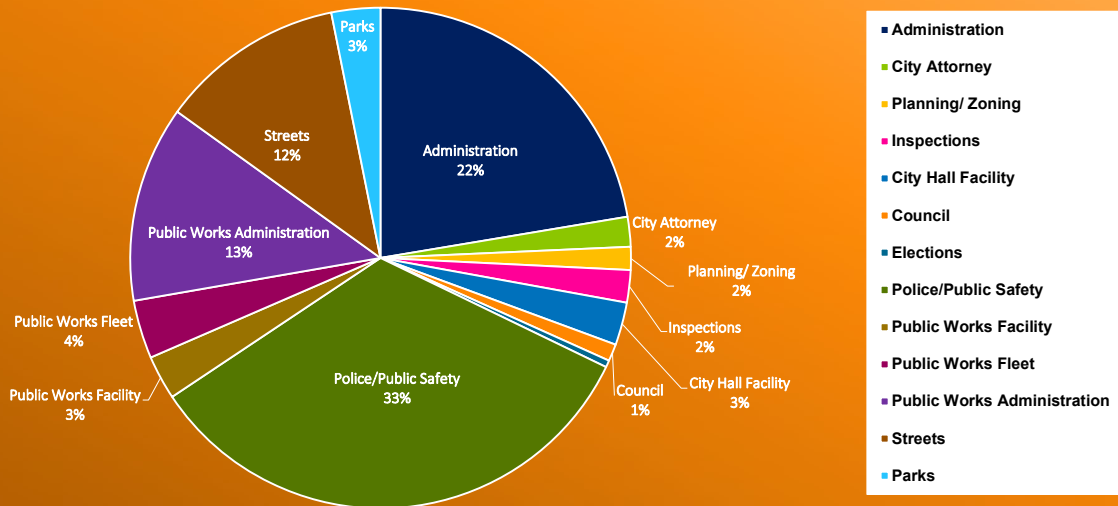
## Truth in Taxation Presentation

### 2026 Operating Budget Impacts

In addition to the standard inflation increases that we are seeing across the board, there are a few areas that have had a significant impact on the 2026 Operating Budget:

- Unexpected staffing changes at both Public Works and City Hall will impact multiple budget line items, including wages, insurance, and workers' compensation premiums.
- Recommendation of a 3% cost of living wage increase for all city staff.
- Implementation of the MN Paid Leave program, a **new** payroll tax of 0.88%, which will be split evenly between the City and the employee, with each paying 0.44%.
- Establishment of a more robust Capital Improvement Program to better anticipate and plan for fleet replacements, facility maintenance, and infrastructure projects.
- Per the JPA, the Shoreline Fire Department will begin service on January 1, 2026. Based on the allocation formula, the City of Long Lake will be responsible for 14.58% of all operating and capital costs, resulting in a 90% budget increase (\$94,104).

## Budget Allocation by Department



## 2026 Capital Planning

To plan for future improvements and infrastructure needs, staff recommends creating four new Capital Funds to ensure capital resources are allocated across all departments:

1. *Fleet Capital Fund (430)*
2. *City Facilities Capital Fund (440)*
3. *Parks/Trails Capital Fund (452)*
4. *Sewer Lining Projects (802)*

Once these funds are established, an interfund transfer will be completed to redistribute money from the existing singular Capital Fund (401) into the new Capital Funds based on CIP projections: Pavement Management (\$1,000,000), Fleet (\$100,000), City Facilities (\$50,000), Parks/Trails (\$100,000), and Sewer Lining (\$300,000).

## 2026 Final Levy

	2026 Final Levy	2026 Preliminary Levy	2025 Final Levy
Adjusted Net Tax Capacity	\$5,334,814	\$5,334,814	\$5,214,123
Operating Levy Amount	\$1,727,500	\$1,822,421	\$1,658,131
Debt Service Levy	\$87,981	\$87,981	\$87,530
<b>Total Net Levy</b>	<b>\$1,815,481</b>	<b>\$1,910,402</b>	<b>\$1,745,661</b>
<b>\$ Increase</b>	<b>\$69,820</b>	<b>\$164,741</b>	<b>\$168,071</b>
<b>% Increase</b>	<b>4.00%</b>	<b>9.437%</b>	<b>10.65%</b>

- The City's adjusted net tax capacity increased \$120,691 for 2026.
- Based on the increased tax capacity, the \$69,820 (4%) levy amount increase will result in a City tax rate of 34.031% - a 0.564% increase over the final 2025 tax rate.

## Tax Levy History

	Debt Levy	Operating Levy	Total Net Levy	% Increase Over Previous Yr.	Tax Rate
<b>2018</b>	\$146,853	\$917,726	\$1,064,579	0%	37.15
<b>2019</b>	\$104,831	\$959,838	\$1,064,579	0%	36.42%
<b>2020</b>	\$105,556	\$1,013,030	\$1,118,585	5.07%	36.57%
<b>2021</b>	\$82,885	\$1,140,498	\$1,223,838	9.41%	36.056%
<b>2022</b>	\$84,335	\$1,213,573	\$1,277,908	4.42%	35.957%
<b>2023</b>	\$85,627	\$1,321,113	\$1,406,740	10.08%	33.4%
<b>2024</b>	\$86,665	\$1,490,925	\$1,577,590	12.15%	33.4%
<b>2025</b>	\$87,530	\$1,658,131	\$1,745,661	10.65%	33.4%
<b>2026</b>	\$87,981	\$1,727,500	\$1,815,481	4.0%	34.031%