

A photograph of a stone wall with the word 'STEWARTVILLE' carved into it. In the foreground, there are yellow flowers and green foliage. The image is used as a background for a presentation slide.

TRUTH IN TAXATION

PURPOSE OF THIS MEETING IS TO
PRESENT THE CITY'S PROPOSED
2026 BUDGET AND TO RECEIVE
PUBLIC INPUT AND COMMENTS

Where Do Cities Get their Money?

City Revenue Sources:

- Charges for Services
- Property Taxes
- Intergovernmental
- Licenses & Permits
- Grants
- Franchise Fees
- Recreation Fees
- Rent, Fees, & Donations
- Other - Fines, interest, misc.
- Special Assessments & Fund Balance

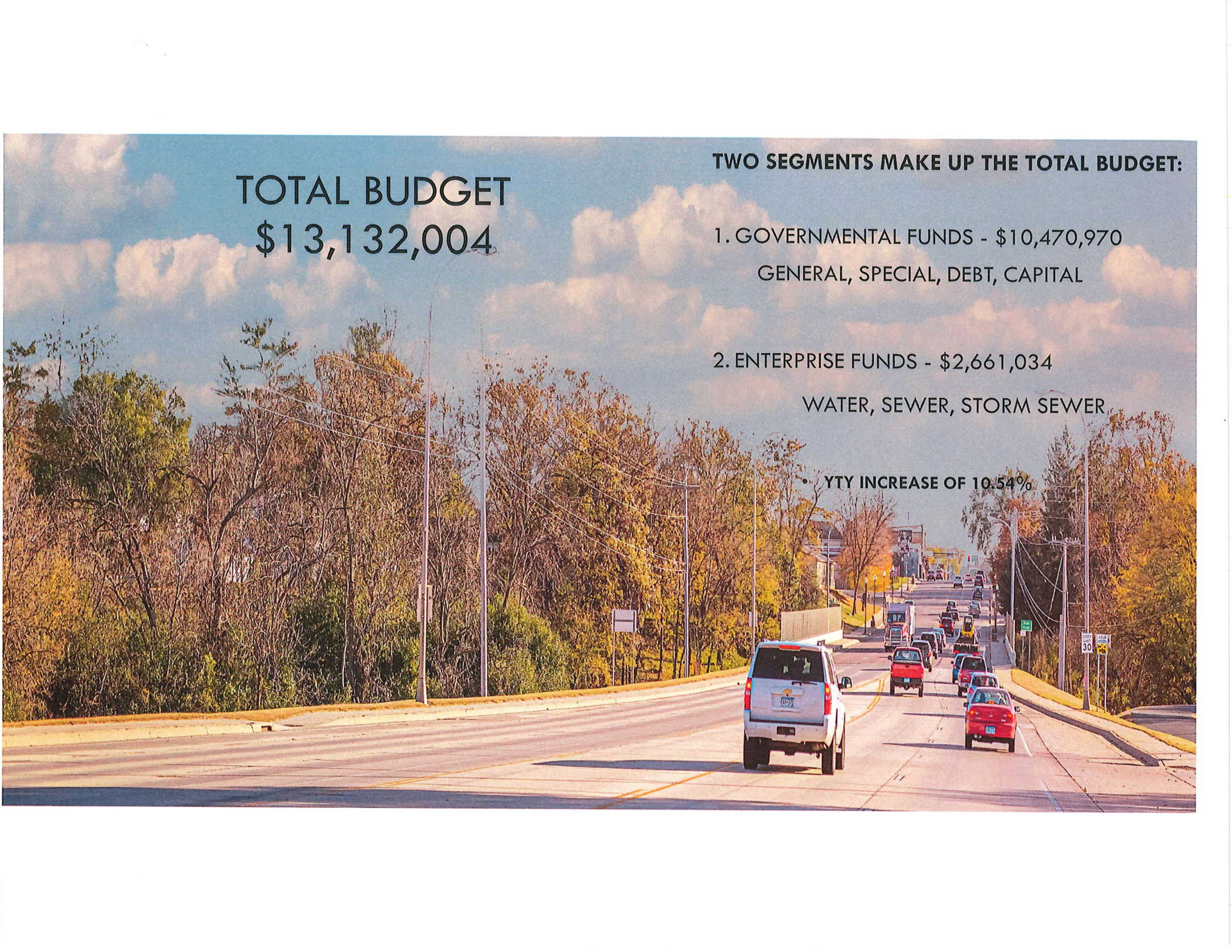
City Expenditures/City Services:

- Parks & Recreation
- Fire & EMS
- Library
- Law Enforcement
- Community Development
- Streets & Sidewalks
- General Government
- Capital Improvement Projects
- Water
- Sewer
- Storm Sewer



WHY PROPERTY TAXES VARY YEAR TO YEAR

- THE MARKET VALUE OF A PROPERTY MAY CHANGE
- THE MARKET VALUE OF OTHER PROPERTIES IN YOUR TAXING DISTRICT MAY CHANGE, SHIFTING TAXES FROM ONE PROPERTY TO ANOTHER
- THE PROPERTY TAX LEVIED BY THE CITY, COUNTY, SCHOOL DISTRICT OR A SPECIAL DISTRICT MAY CHANGE
- SPECIAL ASSESSMENTS MAY BE ADDED TO YOUR PROPERTY TAX BILL
- VOTERS MAY HAVE APPROVED A REFERENDUM
- AID AND REVENUE FROM THE STATE AND FEDERAL GOVERNMENT MAY HAVE CHANGED (LGA)
- STATE LEGISLATURE MAY HAVE CHANGED THE PORTION OF THE TAX BASE PAID BY DIFFERENT TYPES OF PROPERTIES
- OTHER STATE LAW CHANGES MAY ADJUST THE TAX BASE
- INFLATION
- INFRASTRUCTURE
- PUBLIC SAFETY
- COUNCIL INITIATIVES AND CITIZEN IDEAS



TOTAL BUDGET
\$13,132,004

TWO SEGMENTS MAKE UP THE TOTAL BUDGET:

1. GOVERNMENTAL FUNDS - \$10,470,970

GENERAL, SPECIAL, DEBT, CAPITAL

2. ENTERPRISE FUNDS - \$2,661,034

WATER, SEWER, STORM SEWER

• YTY INCREASE OF 10.54%

GENERAL GOVERNMENT TOTAL BUDGET FOR REVENUE

1 INTERGOVERNMENTAL

(STATE AID, COUNTY, LIBRARY)

\$ 1,569,827

2 PROPERTY TAXES

(REFERENDUMS, LEVIES)

\$ 5,769,996

3 OTHER TAXES

(TIF, SPECIAL ASSESSMENTS)

\$ 574,494

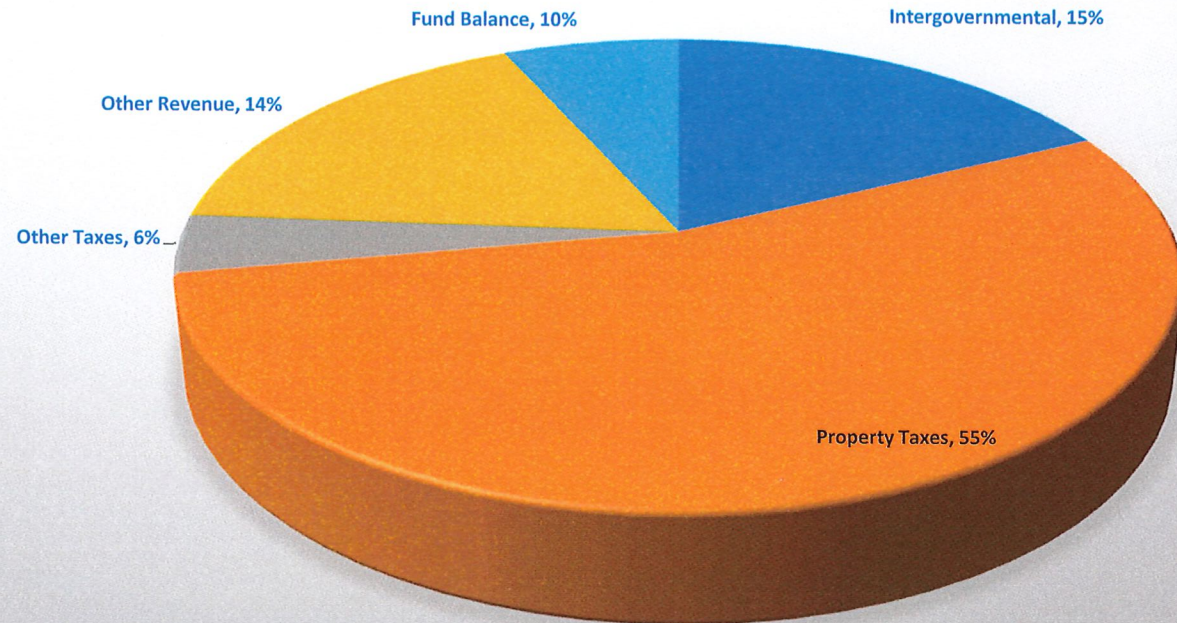
4 OTHER REVENUES

(RENT, FEES, LICENSES,
DONATIONS, FINES, INTEREST)

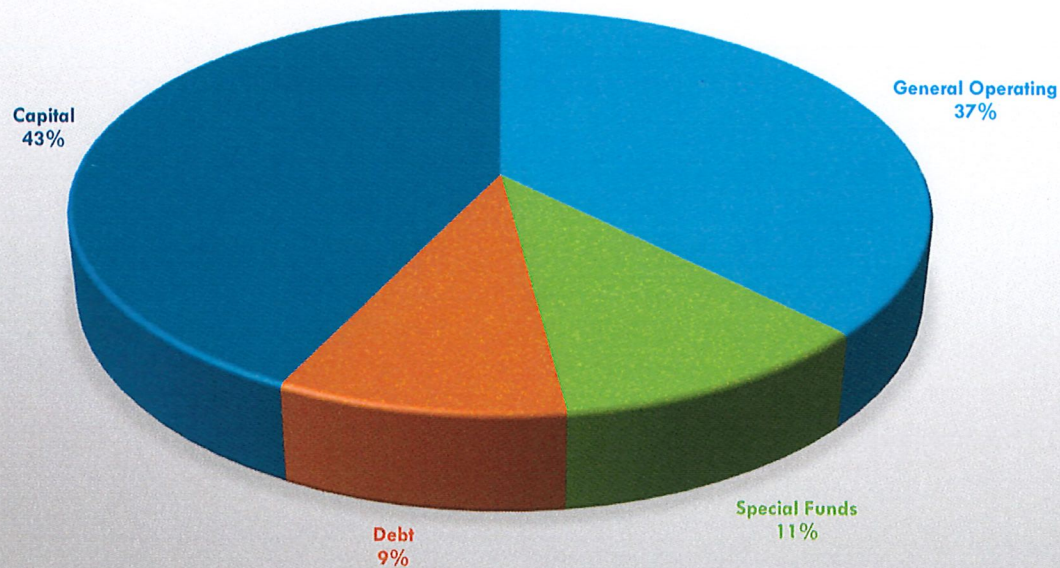
\$ 1,492,550

5 FUND BALANCE

\$ 1,064,104



GENERAL GOVERNMENT TOTAL BUDGET FOR EXPENDITURES



General Operating (wages,
utilities, supplies, benefits)

\$3,921,185

General Government, Streets, Parks &
Grounds, Pool, Law Enforcement, Solid Waste,
Street Lighting

Special Funds

\$1,099,478

Library, Economic Development, Fire, Civic
Center, Revolving Loan

Debt

\$960,195

CIP & Utility Bonds

Capital

\$4,490,113

Capital Building & Equipment, TIF Districts, Fire
Dept. Capital Equipment

EXPENDITURES – GENERAL & SPECIAL FUNDS

| | | | |
|---|--------------|----------------|-------------|
| | | Special Funds | |
| General Government | \$ 1,145,913 | Library | \$532,321 |
| | | Economic | \$198,062 |
| | | Fire Dept | \$308,648 |
| | | Civic Center | \$50,691 |
| | | Revolving Loan | \$9,756 |
| Administration, Mayor & Council, Clerk, Finance, Planning/Zoning, Insurance (Liability & General) | | | \$1,099,478 |
| Law Enforcement | \$ 963,087 | | |
| Emergency Services | \$ 3,750 | | |
| Parks | \$ 462,780 | | |
| Historical Society | \$ 8,140 | | |
| Solid Waste (dump) | \$ 29,811 | | |
| Streets | \$ 765,557 | | |
| Swimming | \$ 382,947 | | |
| Summer Rec | \$ 7,000 | | |
| Signal Lights | \$ 3,600 | | |
| Street Lighting | \$ 135,000 | | |
| Unallocated | \$ 13,600 | | |

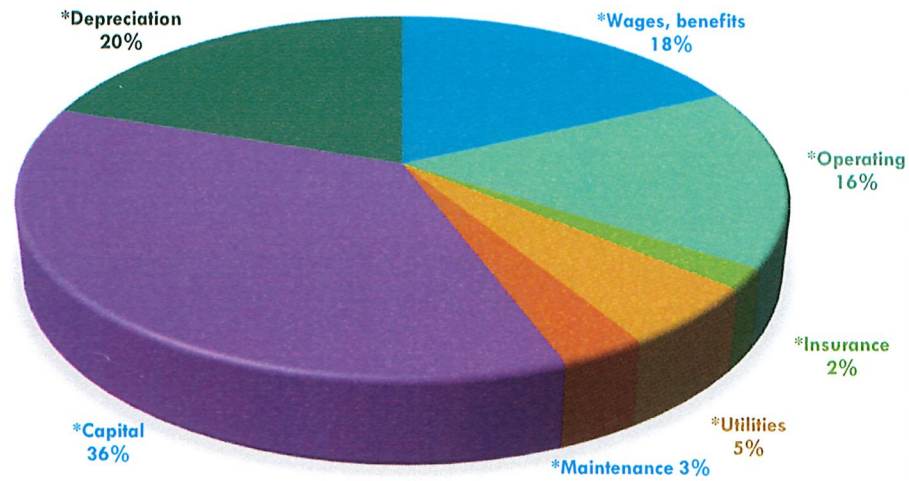
Expenditures include:
Wages, Insurance, Supplies, Utilities,
Maintenance, Contractual Services, Tools,
Equipment...

ENTERPRISE FUNDS

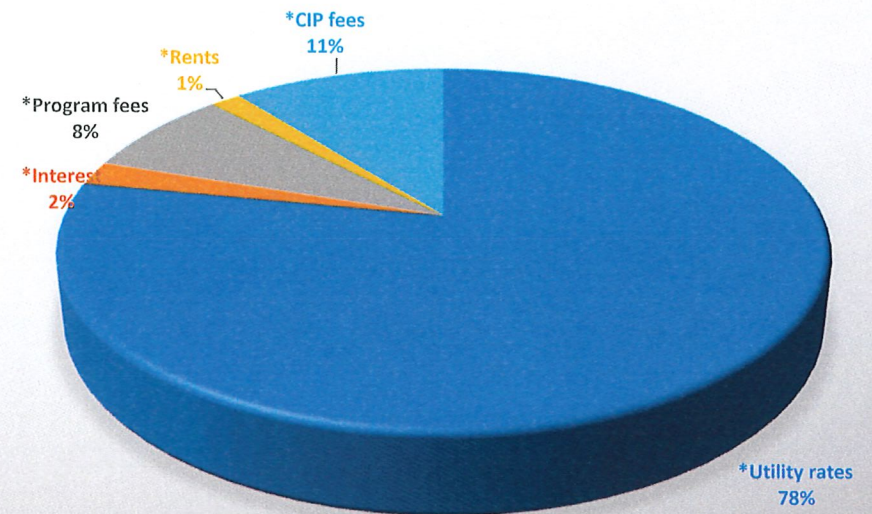
- GENERAL GOVERNMENT FUND OPERATIONS ARE FUNDED BY TAX DOLLARS AND THE PROPERTY TAX SYSTEM IS DETERMINED BY THE STATE LEGISLATURE.
- ENTERPRISE OPERATIONS ARE SIMILAR TO A FOR-PROFIT COMMERCIAL BUSINESS.
- ENTERPRISE OPERATIONS COLLECT FEES THAT ARE ESTABLISHED BY THE CITY THROUGH A RATE STRUCTURE AND CANNOT USE PROPERTY TAXES.
- ESTABLISHED FEES MUST:
 - COVER ALL OPERATING COSTS
 - PAY FOR CAPITAL IMPROVEMENTS AND EXPANSION
 - FUND RESERVES
 - BE EQUITABLE AND AFFORDABLE

ENTERPRISE FUNDS

EXPENSES



REVENUE



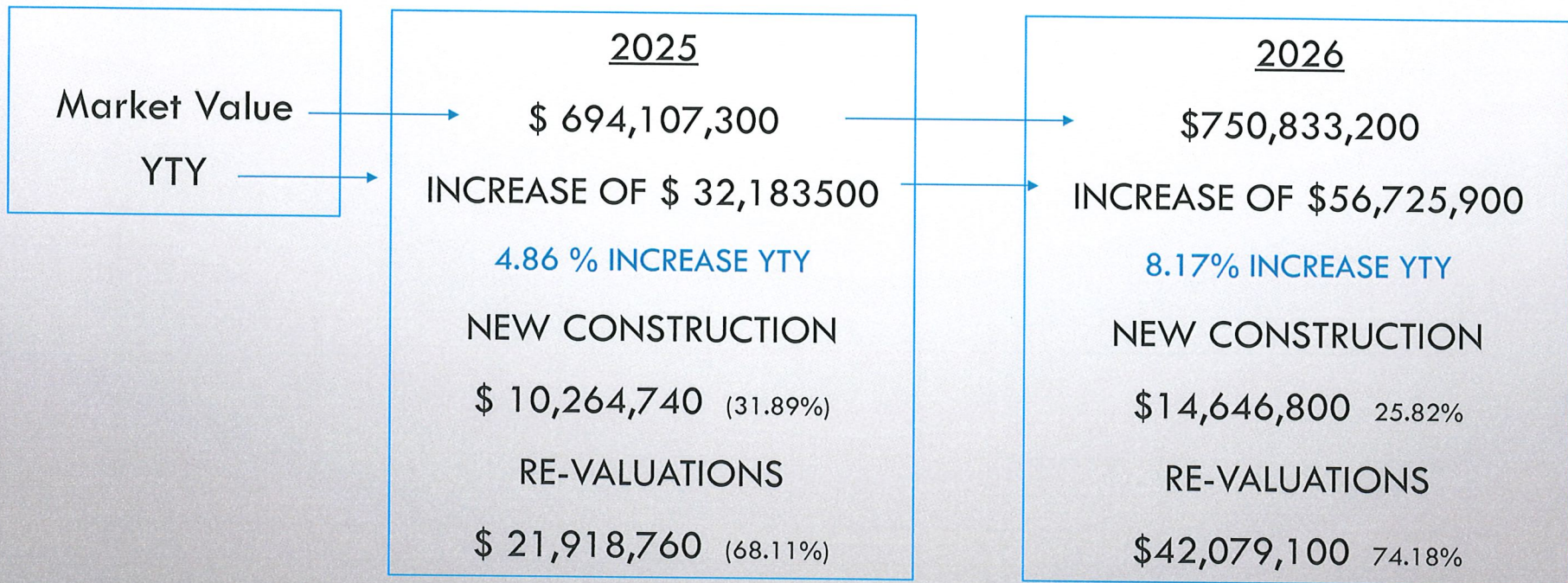
TAX CAPACITY RATE FORMULA

- $A/B = C$
- A = CITY CERTIFIED LEVY
- B = TAX CAPACITY MARKET VALUE
- C = CITY TAX CAPACITY RATE
- CURRENT FORMULA:
 $\$5,496,187 / \$7,926,217 = 69.34\%$

2026 City Certified Levy

- CERTIFIED LEVY \$ 5,496,187
- DOES NOT INCLUDE POOL (\$139,229) OR
FIRE HALL (\$114,580) REFERENDUM
- LEVY INCREASE OF \$700,252 FROM 2025
- YTY THIS IS 13.8% TOTAL LEVY INCREASE
WITH A 7.83% TAX BASE INCREASE

ASSESSED MARKET VALUE

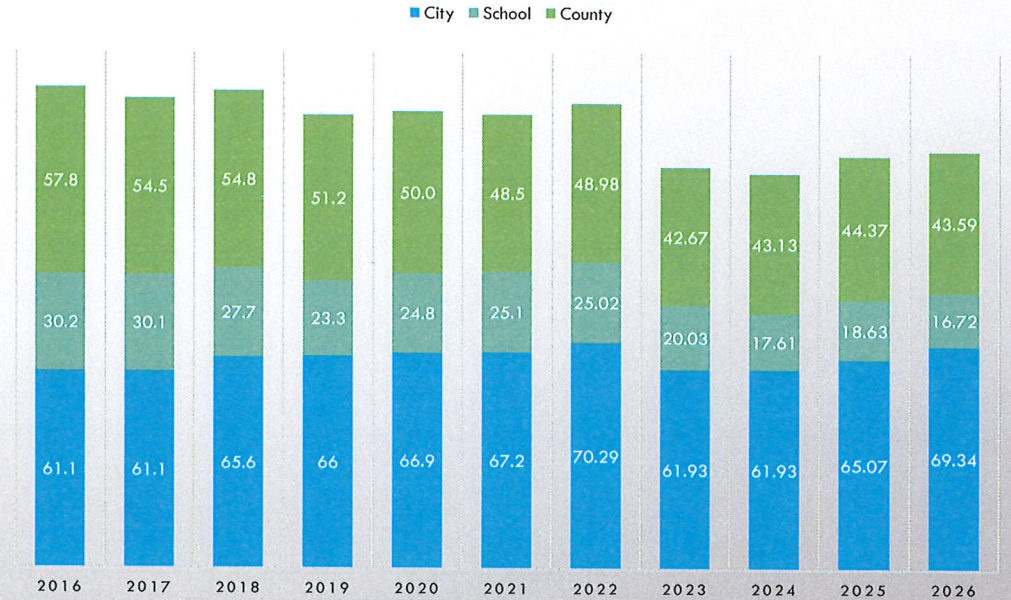
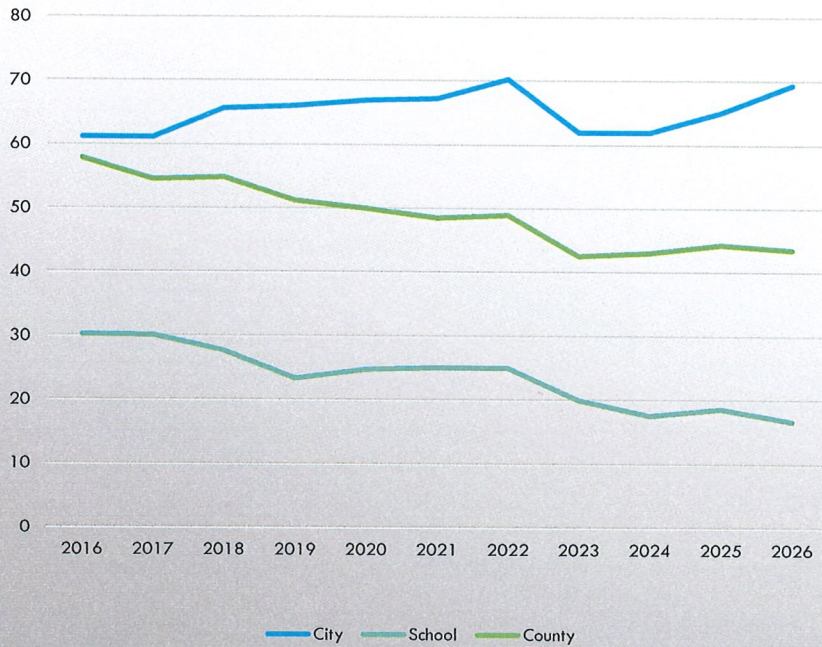


TAX CAPACITY RATE

- TOTAL TAX CAPACITY RATE FOR GENERAL OPERATING

| | <u>2026</u> | <u>2025</u> |
|---|-------------|-------------|
| • CITY RATE | 69.34% | 65.07% |
| • COUNTY RATE | 43.59% | 44.37% |
| • SCHOOL RATE | 16.42% | 18.45% |
| • PLUS REFERENDUM (BASED ON MARKET VALUE) | | |
| • SCHOOL | 0.15993% | 0.18449% |
| • POOL & FIRE HALL | 0.03462% | 0.03700% |
| • COMPLETION: POOL 2026, FIRE HALL 2033 | | |

PROPERTY TAX HISTORY (TAX CAPACITY RATE) 2016 - 2026



HISTORICAL DATA 2016 - 2026

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Tax Capacity Rate | 61.115 | 65.433 | 65.646 | 66.016 | 66.92 | 67.23 | 70.29 | 61.93 | 61.93 | 65.07 | 69.34 |
| + or – change | 2.50 | 4.32 | 0.21 | 0.37 | 0.90 | 0.31 | 3.06 | -8.36 | 0.00 | 3.14 | 4.27 |
| | | | | | | | | | | | |
| Levy plus pool & fire hall referendum | \$2,552,587 | \$2,894,905 | \$3,058,065 | \$3,298,321 | \$ 3,468,629 | 3,619,013 | 4,014,293 | 4,321,234 | 4,695,650 | \$ 5,052,799 | \$ 5,749,996 |
| % of change | 4.86% | 13.41% | 5.64% | 7.86% | 5.16% | 4.34% | 10.92% | 7.65% | 8.66% | 7.61% | 13.80% |
| | | | | | | | | | | | |
| General Government Budget | \$4,737,194 | \$5,365,828 | \$5,626,127 | \$6,055,720 | \$ 6,107,791 | \$ 6,219,170 | \$ 6,737,292 | \$ 7,559,168 | \$ 9,018,825 | \$ 9,336,317 | \$ 10,470,970 |
| % of Change | 4.53% | 13.27% | 4.85% | 7.64% | 0.86% | 1.82% | 8.33% | 12.20% | 19.31% | 3.52% | 12.15% |

COMPARATIVE LEVY DATA

LEVY DATA PER CAPITA

| Population | City | City Levy Payable 2026 | Per Capita |
|-------------|---------------------|---------------------------|-----------------|
| 6961 | Byron | \$6,638,568 | \$953.68 |
| 2739 | Caledonia | \$1,565,646 | \$571.61 |
| 4196 | Cannon Falls | \$3,972,000 | \$946.62 |
| 7301 | Kasson | \$4,783,681 | \$655.21 |
| 5252 | Lake City | \$5,267,106 | \$1,002.88 |
| 3930 | Pine Island | \$4,218,893 | \$1,073.51 |
| 3516 | Plainview | \$3,095,900 | \$880.52 |
| 6729 | Stewartville | \$5,496,187 | \$816.79 |
| 4037 | St. Charles* | \$2,642,643 | \$654.61 |
| 2500 | Wabasha | \$3,063,734 | \$1,225.49 |

TAX CAPACITY RATE

| <u>2026</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 60.08 | 60.56 | 60.56 | 67.04 | 67.04 | 68.45 | 69.50 | 66.09 | 64.37 |
| 59.66 | 52.88 | 52.29 | 53.92 | 58.44 | 56.53 | 56.41 | 54.40 | 52.98 |
| | 53.26 | 54.23 | 55.37 | 64.43 | 67.20 | 74.26 | 64.24 | 63.88 |
| 57.34 | 58.09 | 66.23 | 59.08 | 68.74 | 71.10 | 75.08 | 79.90 | 78.70 |
| 59.75 | 61.92 | 59.67 | 52.29 | 64.05 | 65.20 | 68.83 | 67.48 | 68.41 |
| 83.00 | 81.76 | 80.97 | 81.32 | 86.73 | 84.90 | 84.67 | 64.70 | 78.66 |
| 81.05 | 78.89 | 75.34 | 76.41 | 85.50 | 88.65 | 92.10 | 99.70 | 98.64 |
| 69.34 | 65.07 | 61.93 | 61.93 | 70.30 | 67.20 | 66.92 | 66.02 | 65.65 |
| 59.51 | 54.19 | 50.16 | 48.02 | 47.12 | 41.14 | 41.30 | 43.90 | 45.39 |
| 76.00 | 71.30 | 72.37 | 74.65 | 76.22 | 73.75 | 72.31 | 69.60 | 68.43 |

2025 WATER & SEWER RATES

| City | Gallons | Water | Sewer | Total Water/Sewer | St Light | Other | Debt | Storm | Total Other Charges | Total Charges |
|---------------|---------|----------|----------|-------------------|----------|----------|----------|----------|---------------------|---------------|
| Byron | 5000 | \$ 27.45 | \$ 56.45 | \$ 83.90 | \$ - | \$ 0.81 | | \$ 7.00 | \$ 7.81 | \$ 91.71 |
| Caledonia | 5000 | \$ 31.45 | \$ 69.20 | \$ 100.65 | \$ 3.00 | | | \$ 2.50 | \$ 5.50 | \$ 106.15 |
| Cannon Falls | 5000 | \$ 28.91 | \$ 70.56 | \$ 99.47 | \$ - | \$ 5.38 | | \$ 2.96 | \$ 8.34 | \$ 107.81 |
| Chatfield | 5000 | \$ 39.00 | \$ 81.26 | \$ 120.26 | \$ - | \$ 0.81 | | | \$ 0.81 | \$ 121.07 |
| Dodge Center | 5000 | \$ 32.40 | \$ 44.65 | \$ 77.05 | \$ - | | \$ 35.25 | \$ 1.25 | \$ 36.50 | \$ 113.55 |
| Elgin | 5000 | \$ 46.01 | \$ 41.19 | \$ 87.20 | \$ - | \$ 5.25 | \$ - | \$ 6.00 | \$ 11.25 | \$ 98.45 |
| Eyota | 5000 | \$ 29.66 | \$ 56.04 | \$ 85.70 | \$ - | \$ 0.81 | \$ - | \$ 6.00 | \$ 6.81 | \$ 92.51 |
| Hayfield | 5000 | \$ 28.75 | \$ 39.75 | \$ 68.50 | | \$ 29.00 | | | \$ 29.00 | \$ 97.50 |
| Kasson | 5000 | \$ 35.75 | \$ 70.75 | \$ 106.50 | \$ - | | | \$ 16.25 | \$ 16.25 | \$ 122.75 |
| Kenyon | 5000 | \$ 41.35 | \$ 66.42 | \$ 107.77 | \$ 10.00 | | | \$ 13.00 | \$ 23.00 | \$ 130.77 |
| Lake City | 5000 | \$ 24.56 | \$ 54.27 | \$ 78.83 | \$ - | | | \$ 5.30 | \$ 5.30 | \$ 84.13 |
| Lewiston | 5000 | \$ 40.95 | \$ 92.71 | \$ 133.66 | | | | | \$ - | \$ 133.66 |
| Mantorville | 5000 | \$ 45.99 | \$ 82.81 | \$ 128.80 | | \$ 0.81 | | \$ 4.00 | \$ 4.81 | \$ 133.61 |
| Mazeppa | 5000 | \$ 37.62 | \$ 75.98 | \$ 113.60 | | | | \$ 1.00 | \$ 1.00 | \$ 114.60 |
| Pine Island | 5000 | \$ 29.04 | \$ 52.02 | \$ 81.06 | | \$ 1.81 | | \$ 1.00 | \$ 2.81 | \$ 83.87 |
| Plainview | 5000 | \$ 27.28 | \$ 53.87 | \$ 81.15 | | \$ 15.65 | | \$ 0.25 | \$ 15.90 | \$ 97.05 |
| Spring Valley | 5000 | \$ 63.25 | \$ 61.48 | \$ 124.73 | | | | \$ 5.00 | \$ 5.00 | \$ 129.73 |
| St. Charles | 5000 | \$ 41.79 | \$ 57.93 | \$ 99.72 | | \$ 0.50 | | \$ 8.77 | \$ 9.27 | \$ 108.99 |
| Stewartville | 5000 | \$ 23.75 | \$ 35.80 | \$ 59.55 | \$ 5.00 | \$ 13.90 | | \$ 5.20 | \$ 24.10 | \$ 83.65 |
| Wabasha | 5000 | \$ 23.11 | \$ 64.55 | \$ 87.66 | \$ 3.00 | \$ 0.81 | | | \$ 3.81 | \$ 91.47 |
| City Avg | 5000 | \$ 34.90 | \$ 61.38 | \$ 96.29 | | | | | \$ 10.86 | \$ 107.15 |

PROPERTY TAX SYSTEM

- STARTS WITH THE LOCAL ASSESSOR.
- ENDS WITH TAX SETTLEMENTS.
- THE CITY HAS NO AUTHORITY TO DETERMINE WHAT PROPERTY IS TAXABLE, NOR IN WHAT PROPORTIONS OR AMOUNTS.
- FOR MANY CITIES IN MINNESOTA PROPERTY TAX IS THE MAIN SOURCE OF REVENUE.

Property Tax Changes

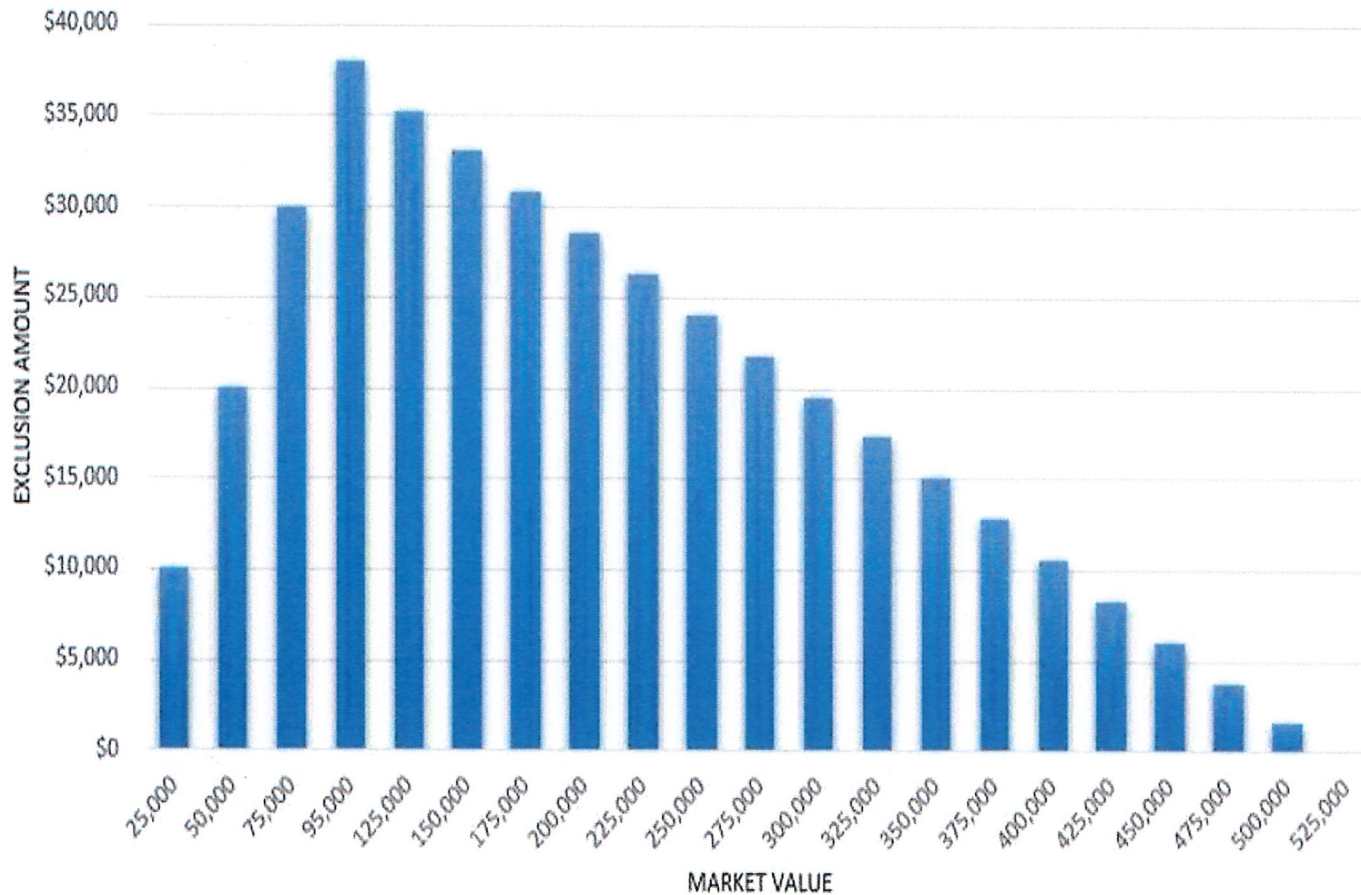
Why Property Taxes Go Up

- Decrease in tax base/lower values
- Higher levies by city, county, school
- No new construction
- Higher than average increase in individual property value compared to other properties in the same jurisdiction
- A shift in values between property classes

Why Property Taxes Go Down

- Increase in tax base/higher values
- Levy decreases or modest levy increases by city, county, school
- New construction – growth in new value
- Decrease or lower than average increase in individual property value
- A shift in values between property classes

Homestead Market Value Exclusion



Legislative Changes effecting 2025:

The value excluded depends on a property's market value. The calculation is:

For homesteads valued at \$95,000 or less, the exclusion is 40% of market value (maximum of \$38,000).

For homesteads valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus 9% of the value over \$95,000.

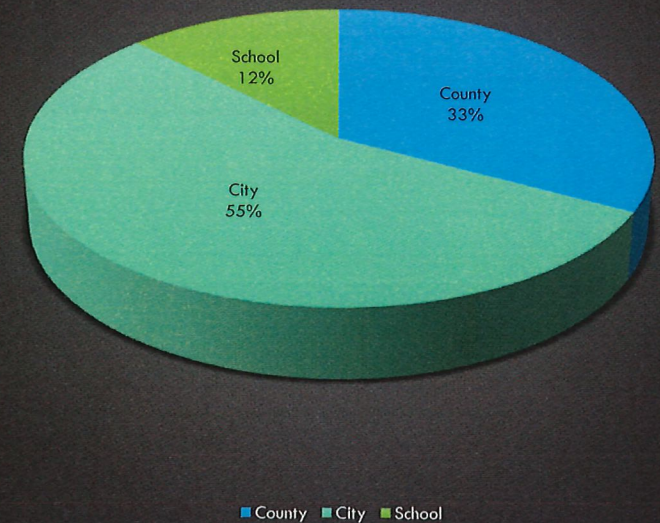
For homesteads valued at or over \$517,200, there is no exclusion.

This exclusion, which had remained unchanged since 2012, was revised for 2025.

RESIDENTIAL PROPERTY TAX EXAMPLE

| | 2025 | 2026 | Change | Increase in Market Value | Change (Increase/Decrease) | Percentage Change |
|--|-----------------|-----------------|--------------|--------------------------|----------------------------|-------------------|
| Assessed Value | \$ 336,500 | \$ 336,500 | \$0 | \$ 342,800 | \$ 6,300 | 2% |
| Market Value Exclusion | \$ (16,265) | \$ (16,265) | \$0 | \$ (15,698) | \$ 567 | -3% |
| Taxable Market Value after State Homestead Exclusion | \$ 320,235 | \$ 320,235 | \$0 | \$ 327,102 | \$ 6,867 | 2% |
| City Levy - General Operating | \$ 2,084 | \$ 2,221 | \$ 137 | \$ 2,268 | \$ 184 | 8% |
| County Levy | \$ 1,421 | \$ 1,396 | \$ (25) | \$ 1,426 | \$ 5 | 0% |
| School Levy | \$ 591 | \$ 530 | \$ (60) | \$ 542 | \$ (49) | -9% |
| School Referendum (based on original assessed value) | \$ 6 | \$ 5 | \$ (1) | \$ 5 | \$ (1) | -14% |
| Pool & Fire Hall Referendums (Voter Approved - based on original assessed value) | \$ 125 | \$ 116 | \$ (8) | \$ 119 | \$ (6) | -5% |
| TOTAL TAX | \$ 4,226 | \$ 4,268 | \$ 43 | \$ 4,360 | \$ 134 | 3% |
| City Portion | \$ 2,208 | \$ 2,337 | \$129 | \$ 2,387 | \$ 179 | 8% |

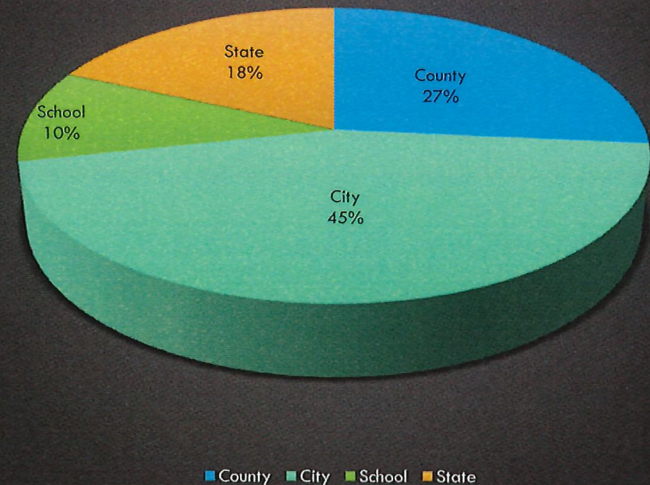
Residential Property Tax Dollar Allocation



COMMERCIAL PROPERTY TAX EXAMPLE

| | 2025 | 2026 | Change | Increase in Market Value | Change (Increase/Decrease) |
|--|------------------|------------------|---------------|--------------------------|----------------------------|
| Assessed Value | \$ 1,000,000 | \$ 1,000,000 | \$ - | \$ 1,150,000 | \$ 150,000 |
| State Tax | \$ 5,583 | \$ 5,583 | \$ - | \$ 6,453 | \$ 870 |
| City Levy - General Operating | \$ 12,526 | \$ 13,348 | \$ 822 | \$ 15,429 | \$ 2,902 |
| County Levy | \$ 8,208 | \$ 8,065 | \$ (144) | \$ 9,274 | \$ 1,066 |
| School Levy | \$ 3,413 | \$ 3,064 | \$ (349) | \$ 3,523 | \$ 110 |
| School Referendum (based on original assessed value) | \$ 34 | \$ 30 | \$ (5) | \$ 34 | \$ (0) |
| Pool & Fire Hall Referendums (Voter Approved - based on original assessed value) | \$ 370 | \$ 346 | \$ (24) | \$ 398 | \$ 28 |
| TOTAL TAX | \$ 30,134 | \$ 30,435 | \$ 301 | \$ 35,111 | \$ 4,976 |
| City Portion | \$ 12,896 | \$ 13,694 | \$ 798 | \$ 15,827 | \$ 2,930 |

Commercial/Industrial Property Tax Dollar Allocation



THANK YOU FOR COMING!
QUESTIONS?

