ISD 77
Mankato Area Public Schools

Truth in Taxation Presentation

Agenda

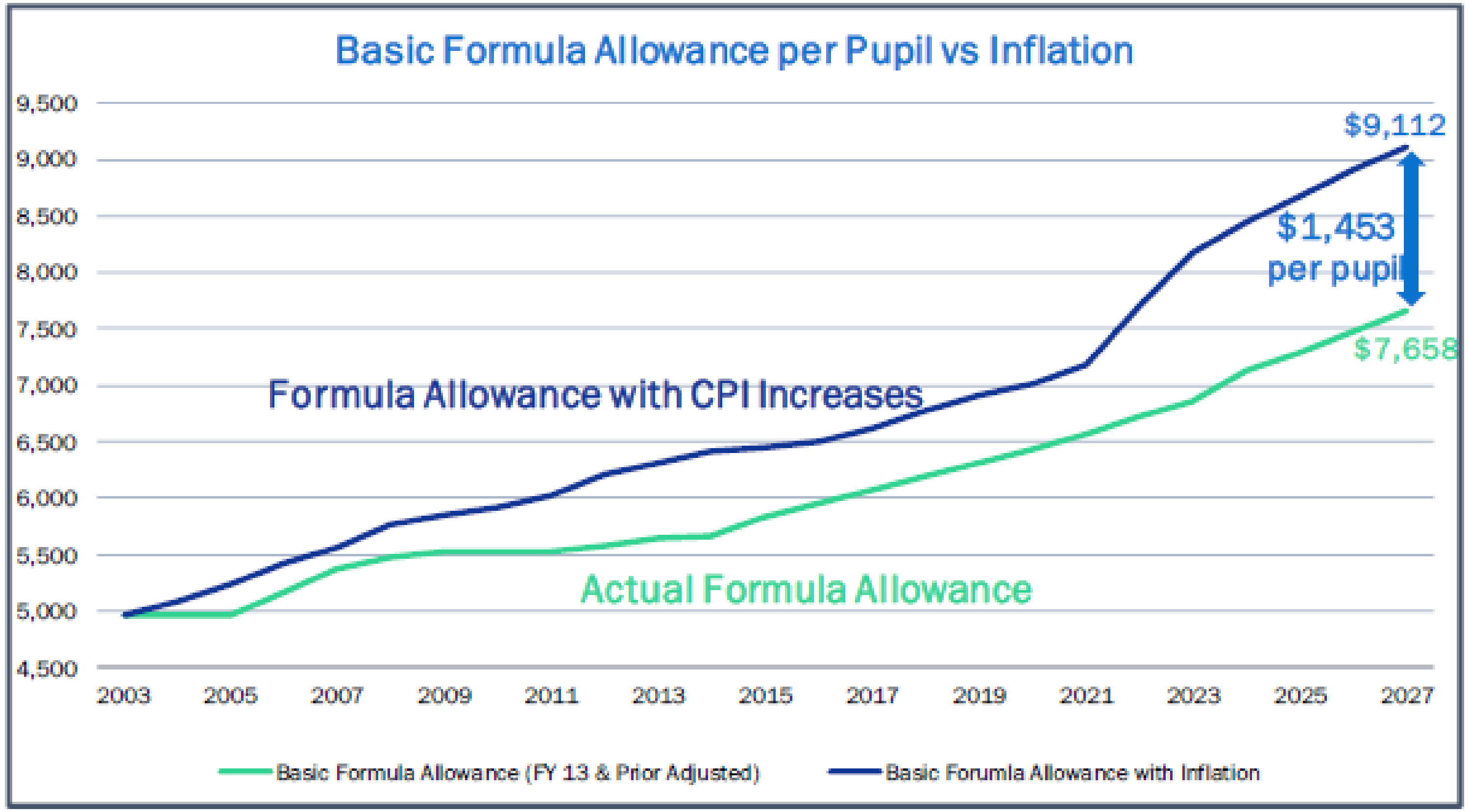
- Review of Meeting Requirements per MN Statutes 275.065
- Presentation of current school year budget
- Presentation of proposed tax levy
- Public comment

Truth in Taxation Requirements

- Meeting must be held between November 25 and December 30 at 6pm or later
- May be a part of a regularly scheduled meeting
- Presentation must include discussion on:
  - Fiscal Year 2026 budget
  - Pay 2026 (fiscal year 2026-27) Proposed Tax Levy
- Must allow for public comments

Minnesota School Funding

Public school districts are funded by the federal government, state government, local fees and local taxpayers through property taxes with the state of Minnesota being the largest source of funding.



[1] Inflation is based on consumer price index

[2] Basic formula allowance includes changes made by legislature in 2023 and is adjusted for FY 2014 and earlier due to pupil weight changes

[3] FY 25-26 & FY 26-27 are based on estimated inflation forecasts updated in July 2025 by the State of Minnesota

State Funding

Basic general formula has not kept up with state funding over the last 20+ years

FY 2026 Budget

FY 2026 Budget

Our school district is required to use a fund Accounting system; thus, we account for our revenues and expenditures using six separate funds.

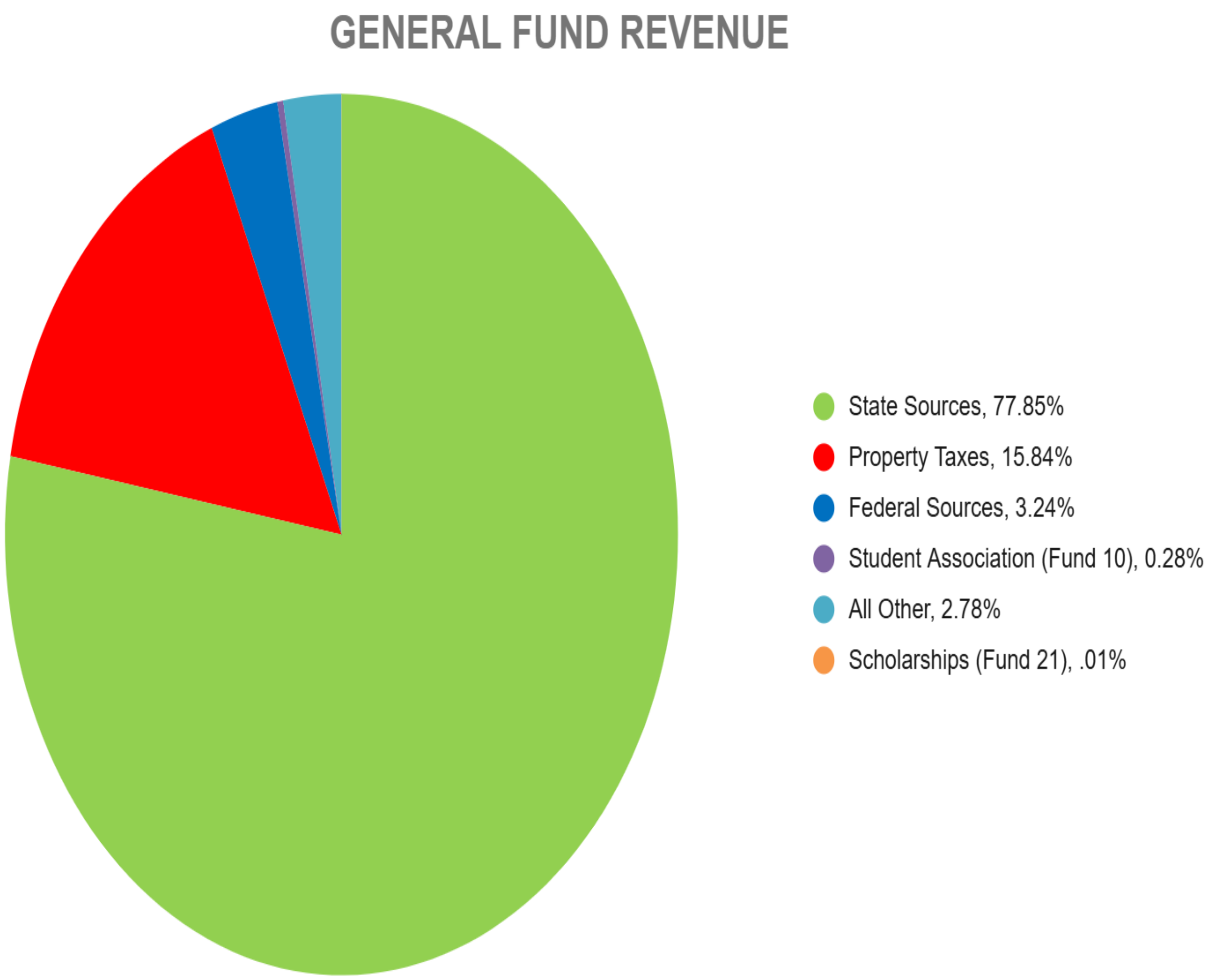
*Funds have a tax levy component.

Fund Number	Fund Name	Common Purposes
*01	General Fund	General operating costs, such as teacher salaries, administrative costs, and textbooks and equipment.
02	Food Service Fund	Funds for nutrition programs – primarily school breakfast and lunch.
*04	Community Service Fund	Funds for community education programs, such as school readiness and adult basic education.
06	Building Construction Fund	Funds for the building construction program.
*07	Debt Service Fund	Funds to pay principal and interest on outstanding bonds.
20, 22	Internal Service	Commonly include health and dental plans.

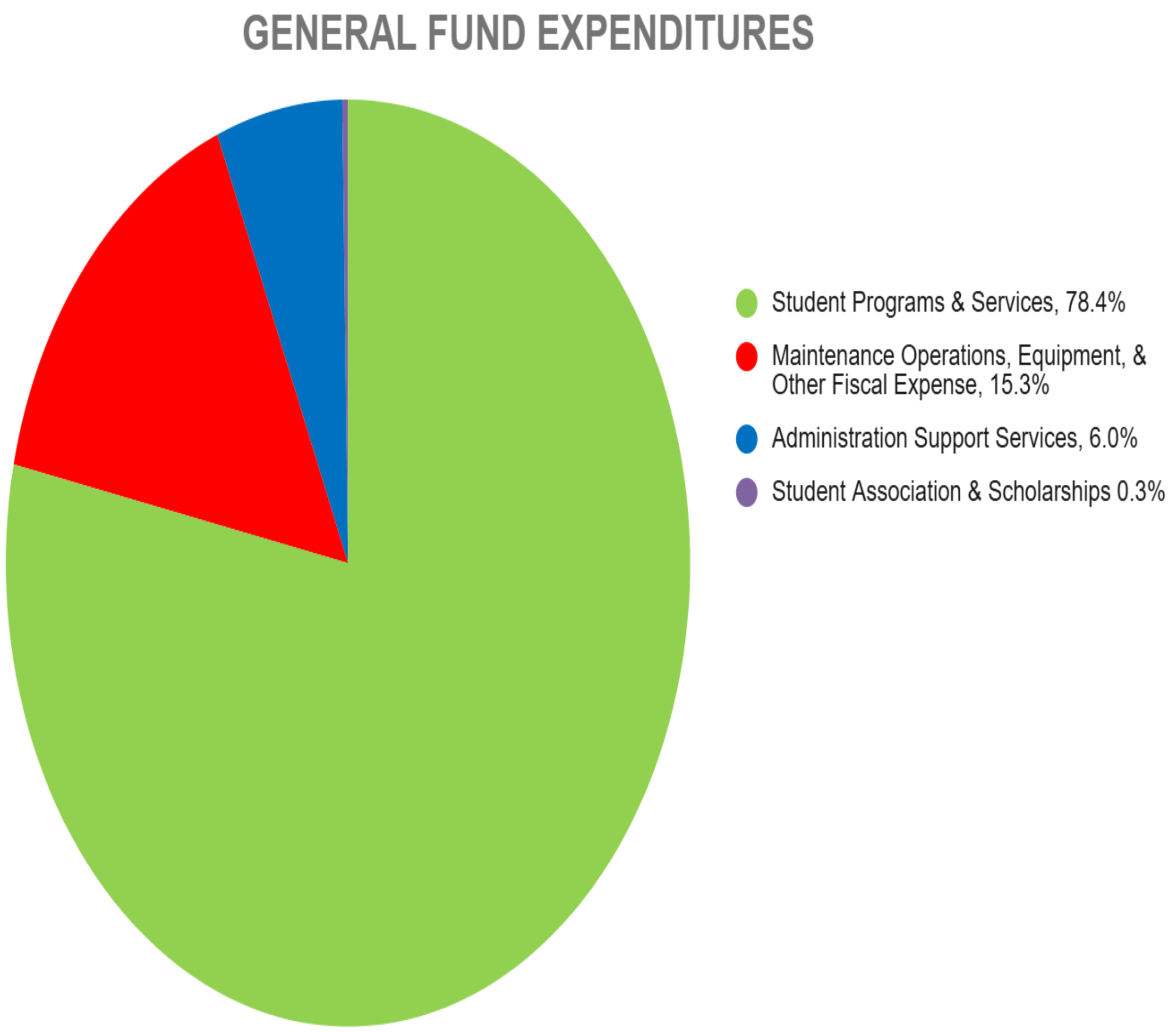
Budget Overview

Fund	Revenue	Expenditure	Surplus/(Deficit)
General	$ 127,316,503	$ 128,358,681	$ (1,042,178)
Food Service	$ 6,718,310	$ 7,372,755	$ (654,445)
Community Service	$ 7,849,816	$ 7,460,948	$ 388,868
Construction	$ 1,200,000	$ 29,199,101	$ (27,999,101)
Debt Service	$ 16,559,992	$ 15,732,356	$ 827,636
Internal Service	$ 22,205,747	$ 22,152,722	$ 53,025
OPEB Trust	$ 1,200,000	$ 1,515,000	$ (315,000)
Total	**$ 183,050,368**	**$ 211,791,563**	**$ (28,741,195)**

FY 2026 Revenues by Source



FY 2026 Expenditures by Program



School District Financial Highlights

BOND RATING

FINANCIAL REPORTING AWARDS

AUDIT OPINION

BUSINESS OFFICE TEAM

2026 Property Tax Levy

School District Tax Levy Timeline

Summer	September	November 4	November 25 – December 30	2026
Information provided to the State for preliminary levy calculations	Preliminary levy certification by school board. Typically certify to the “max.”	Hold elections; elections for bonds or levies can cause the final levy to be higher than the preliminary levy set in September	School District holds Truth in Taxation meeting and certify final property tax levy for taxes payable in 2026	Property taxes collected by counties and distributed to the school district

Local Property Tax Levy

- The State of MN limits the local property tax levy by statutorily defined formulas
  - Levy formulas are driven by:
    - Pupil Counts
    - Specific eligible expenditure types
    - Population
    - Voter authorization
    - Districtwide Property Valuations

Levy Overview

Mankato Public School District

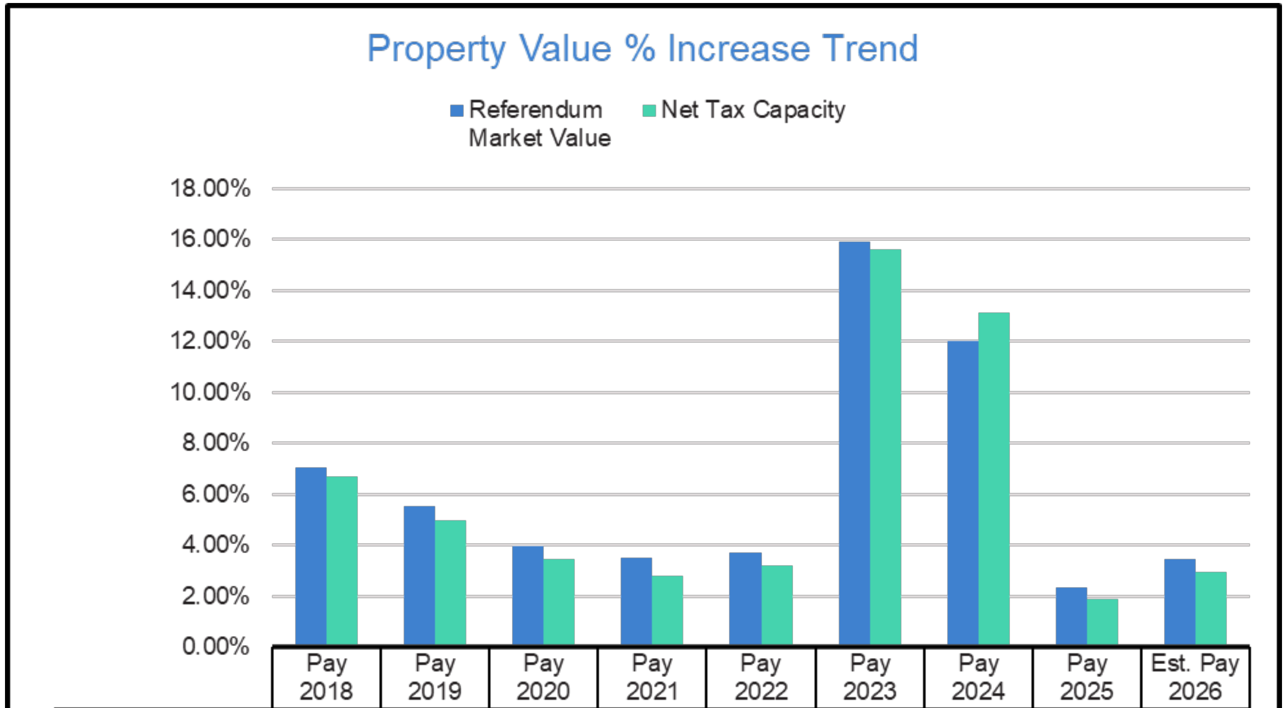
Proposed Property Tax Levy Summary by Fund

	Final Pay 2025	Proposed Pay 2026	$ Change	% Change
General Fund (Fund 1)				
Operating Referendum	5,318,240	5,468,741	150,500	2.8%
Local Optional	6,236,087	6,146,977	(89,110)	-1.4%
Equity	1,203,670	1,191,224	(12,447)	-1.0%
Transition	240,280	236,860	(3,420)	-1.4%
Operating Capital	1,199,258	1,166,596	(32,662)	-2.7%
Achievement and Integration	307,533	309,958	2,425	0.8%
Reemployment Insurance	40,000	40,000	-	0.0%
Safe Schools	311,266	306,835	(4,431)	-1.4%
Career & Technical	556,045	586,248	30,203	5.4%
Annual OPEB	509,393	507,161	(2,232)	-0.4%
Long Term Facilities Maintenance	3,664,325	4,313,000	648,675	17.7%
Building/Land Lease	1,833,011	1,806,918	(26,093)	-1.4%
Adjustments and Abatements	*(1,463,129)*	*(359,648)*	*1,103,480*	-
General Fund Total Levy	**19,955,980**	**21,720,869**	**1,764,889**	**8.8%**
Community Service (Fund 4)				
Basic Community Education	390,429	359,636	(30,793)	-7.9%
Early Childhood Education	236,657	203,615	(33,042)	-14.0%
Home Visiting	6,463	5,954	(508)	-7.9%
Adults with Disabilities	6,274	5,749	(526)	-8.4%
School-age Care	150,000	150,000	-	0.0%
Adjustments and Abatements	*49,182*	*65,729*	*16,547*	*33.6%*
Community Service Fund Total Levy	**839,006**	**790,684**	**(48,322)**	**-5.8%**
Debt Service Fund (Fund 7)				
Voter Approved Debt Service	13,422,426	13,601,816	179,390	1.3%
Non-Voter Approved Debt Service	2,397,585	5,152,376	2,754,791	114.9%
Adjustments and Abatements	*(49,420)*	*(783,078)*	*(733,658)*	-
Debt Service Fund Total Levy	**15,770,591**	**17,971,114**	**2,200,523**	**14.0%**
Total Property Tax Levy All Funds	**36,565,577**	**40,482,667**	**3,917,090**	**10.71%**

Levy Highlights

Major Changes

Debt Service	+$2,754,791 Increase due to new bonds for indoor air quality projects.
Change in Adjustments and Abatements	+$1,103,480 Multiple prior year adjustments to general fund levies
LTFM	+$648,675 Increase in Long Term Facilities Maintenance Funding



	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Pay 2023	Pay 2024	Pay 2025	Est. Pay 2026
Referendum Market Value	7.05%	5.52%	3.94%	3.48%	3.72%	15.93%	12.02%	2.35%	3.43%
Net Tax Capacity	6.70%	4.99%	3.44%	2.77%	3.18%	15.61%	13.10%	1.87%	2.92%

Valuation History

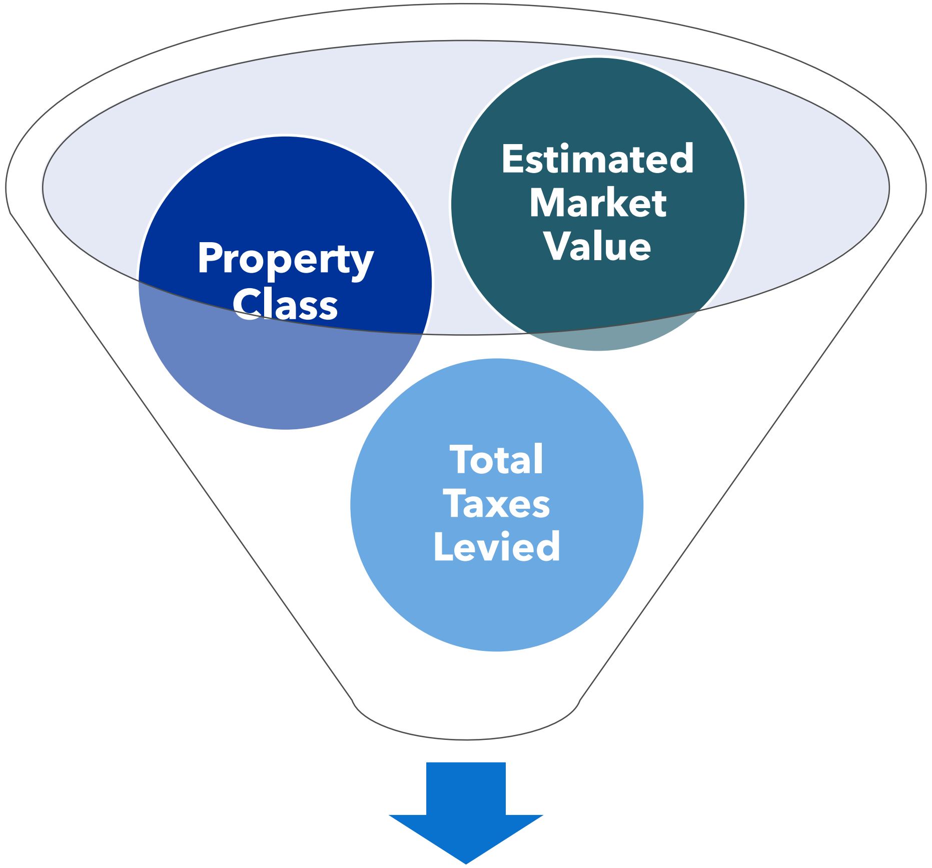
Timeline for Taxpayers

March 2025	Spring/Early Summer	November 10 - 24, 2025	November 25 - December 30, 2025	March 2026
Taxpayers received preliminary valuations notice from county for taxes payable the following year	Local and county board of appeal and equalization meetings held providing taxpayers opportunity to challenge property valuations.	Counties deliver mailed notice of proposed property taxes to each taxpayer.	School District holds Truth in Taxation meeting and certify final property tax levy for taxes payable in 2026	Taxpayers receive tax statement from counties for taxes payable in 2026

Calculating Property Taxes

<u>3 Key Variables</u>

1. **Estimated Market Value** established for each parcel by Assessor
2. **Property Classification** rates established by state legislature
3. **Tax levy** established by taxing jurisdictions (School, City, County and others)



Property Taxes Due

Dividing the Property Tax Pie

Property values do not rise uniformly across all properties

The burden of the levy shifts from taxpayers with lower increases to those with higher increases.

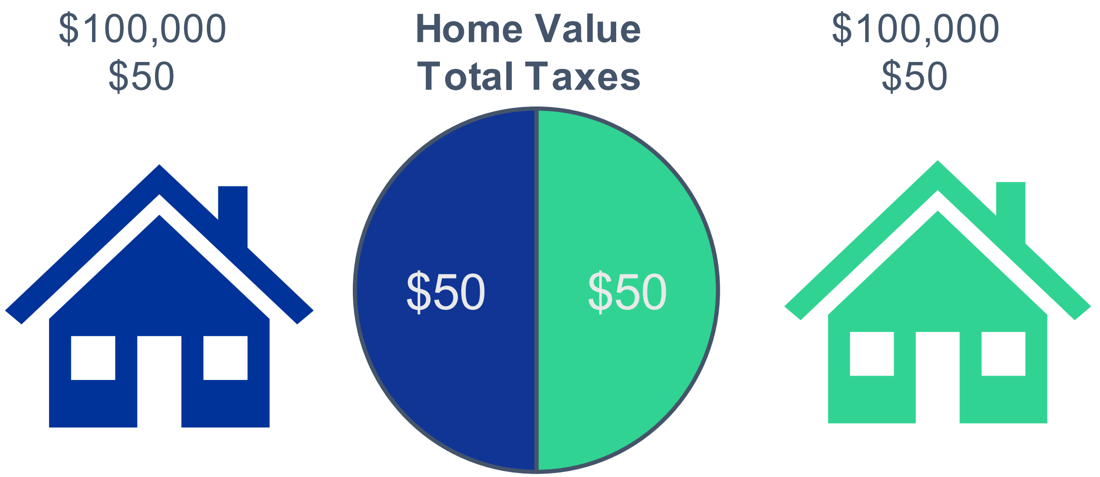
Higher increase =

Larger piece of the property tax pie.

Impact of Valuation Changes

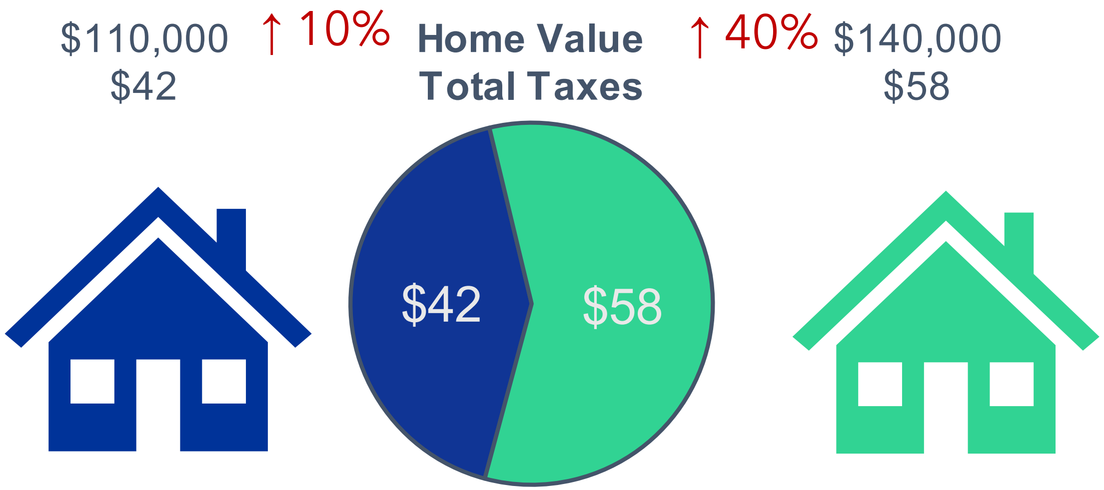
Current

Total Tax Levy = $100



Home Value Changes Vary

Total Tax Levy = $100



Same Levy, Shift in Tax Burden

Proposed Tax Levy for taxes Payable in 2026

Example shown for illustrative purposes

Spruce County
Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(555) 345-6789
www.co.spruce.mn.us

TAXPAYER(S):
John and Mary Johnson
123 Pine Rd S
Spruceville, MN 55555-5555

Property Information

PIN Number:
01.234.56.789.R1

Property Address:
789 Pine Rd S
Spruceville, MN 55555

Property Description:
Lot 1, Block 1, Spruce Acres Subdivision

PROPOSED TAXES 2025

THIS IS NOT A BILL. DO NOT PAY.

Step 1 — VALUES AND CLASSIFICATION

Taxes Payable Year	2024	2025
Estimated Market Value	$125,000	$150,000
Homestead Exclusion	$	$33,050
Taxable Market Value	$125,000	$116,950
Class	Res NHmstd	Res Hmstd

Step 2 — **PROPOSED TAX**

Property taxes before credits	$1,479.52
School building bond credit	$ 12.00
Agricultural market value credit	
Other credits	
Property taxes after credits	$1,467.52

Step 3 — PROPERTY TAX STATEMENT
Coming in 2025

The time to provide feedback on PROPOSED LEVIES is NOW

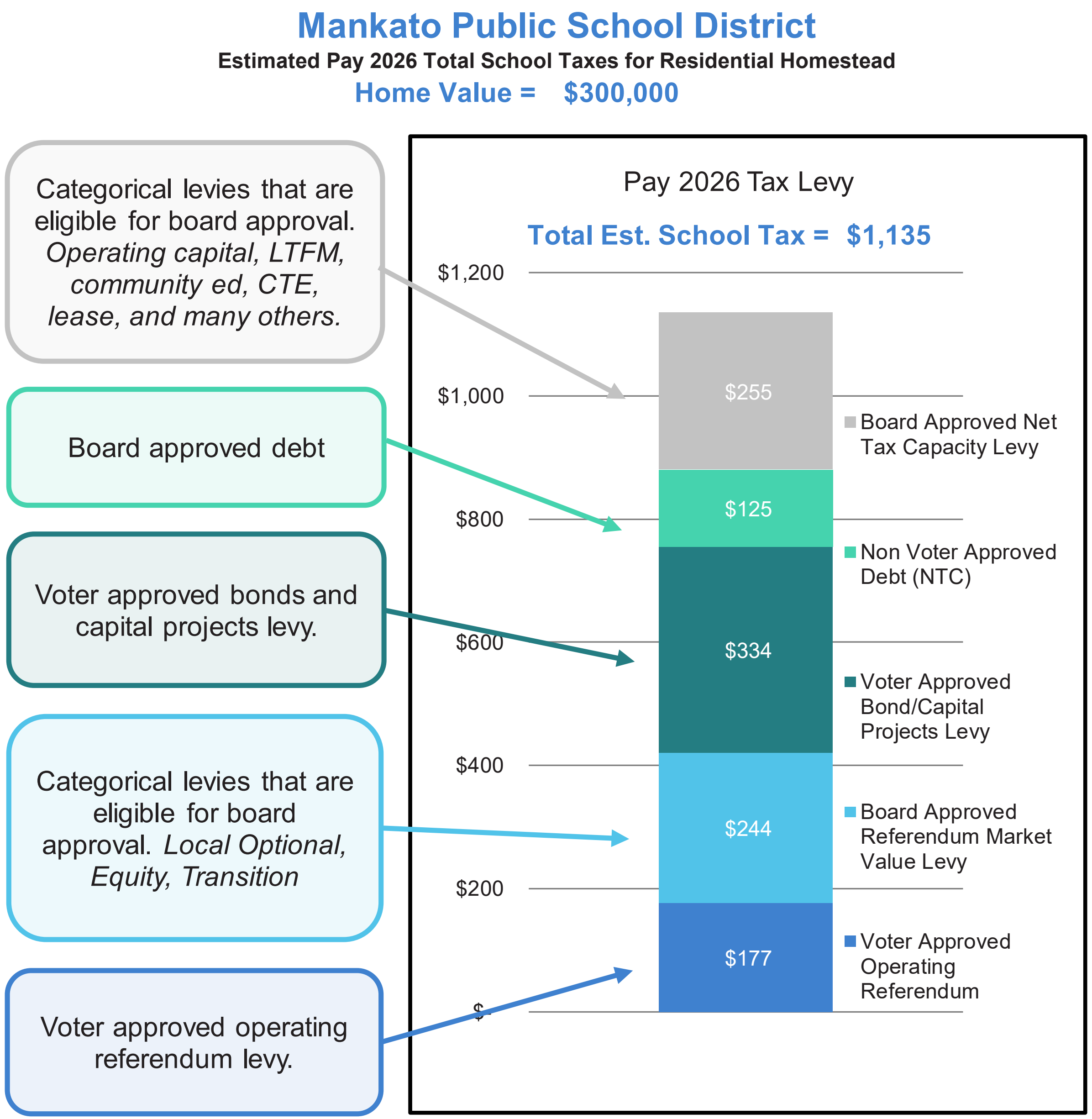
It is too late to appeal your value without going to Tax Court.

Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2024	Proposed 2025	
State General Property Tax	No public meeting	$0	$0	
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 5, 7:00 PM	$438.06	$484.18	
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 2, 6:30 PM Spruceville City Hall	$273.79	$312.06	
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789	December 9, 7:00 PM Spruceville High School Cafeteria			
Voter Approved Levies		$289.35	$296.68	
Other Levies		$340.11	$374.60	
Total excluding any special assessments		**$1,341.31**	**$1,467.52**	**9.4%**

Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2025 may be higher than the proposed amount shown on this notice.

Est. Pay 2026 Tax for Residential



Estimated Tax Impacts

Property Valuations with 3% Increase

Mankato Public School District

Estimated Tax Impacts - Pay 2026 Levy Total School Taxes

Summary	Pay 2025	Est. Pay 2026	% Change
Referendum Market Value	$ 8,653,426,062	$ 8,950,475,833	3.43%
RMV Tax Rate	0.14624%	0.14034%	-4.03%
Net Tax Capacity	$ 106,549,001	$ 109,664,693	2.92%
NTC Tax Rate	22.44%	25.46%	13.45%

Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	$ Change	% Change
Residential Homestead (Value Increase 3%)	$145,600	$150,000	$465	$508	$44	9.40%
	194,200	200,000	654	717	63	9.60%
	242,700	250,000	844	926	82	9.73%
	291,300	300,000	1,034	1,135	101	9.77%
	339,800	350,000	1,224	1,344	121	9.85%
	436,900	450,000	1,603	1,762	159	9.90%
	534,000	550,000	1,998	2,204	206	10.29%
Commercial / Industrial** (Value Increase 3%)	$97,100	$100,000	$469	$522	$53	11.39%
	242,700	250,000	1,276	1,433	157	12.31%
	485,400	500,000	2,720	3,057	337	12.38%
	970,900	1,000,000	5,609	6,305	695	12.40%
Agricultural Homestead (Value Increase 3%)	$12,600	$13,000	$7.61	$9.09	$1.48	19.48%
	13,600	14,000	8.21	9.79	1.58	19.21%
	14,600	15,000	8.82	10.49	1.67	18.97%
	15,500	16,000	9.36	11.19	1.83	19.54%
Agricultural Non-Homestead (Value Increase 3%)	$12,600	$13,000	$15.22	$18.19	$2.96	19.48%
	13,600	14,000	16.43	19.59	3.16	19.21%
	14,600	15,000	17.64	20.98	3.35	18.97%
	15,500	16,000	18.72	22.38	3.66	19.54%

Other Taxpayer Resources

- Minnesota Homestead Property Tax Refund
- Special Property Tax Refund Program
- Senior Citizen Property Tax Deferral
- Disable Veteran’s Homestead Property Tax Exclusion
- Blind or Disabled Special Homestead Classification
- Green Acres and Rural Preserve

Levy Certification

Recommended Levy
Certification Amount

$40,482,667.07

Public Comments