

# Truth in Taxation Presentation

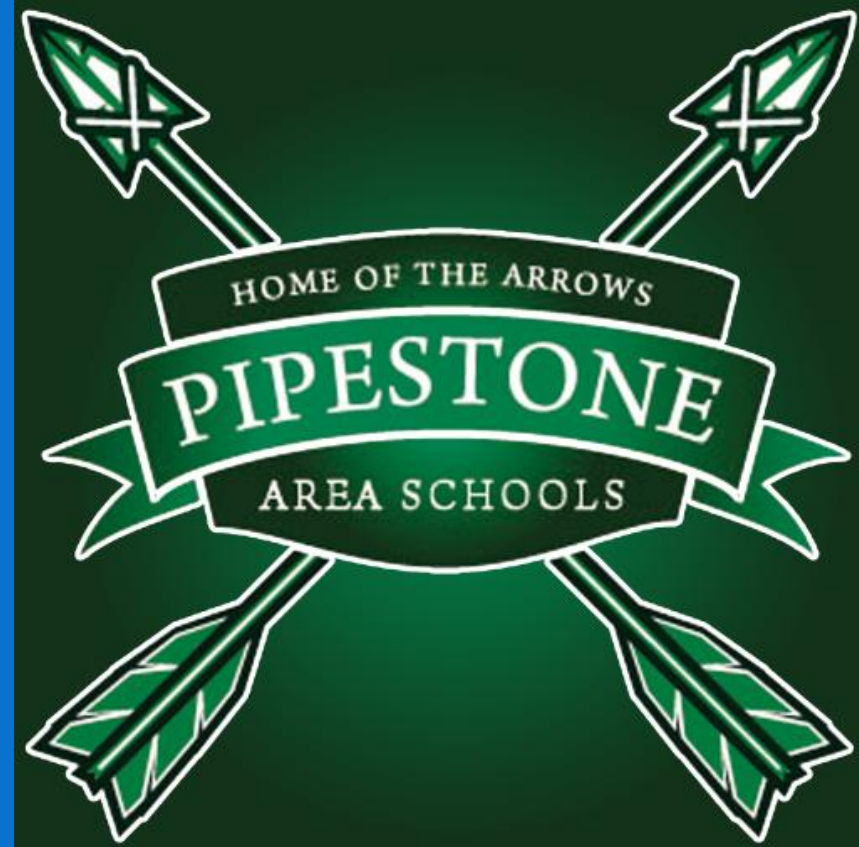
**Presented by: Dr. Klint W. Willert - Superintendent of Schools and  
Jacque Kennedy - Business Official - Pipestone Area Schools**

**With support from:**

**Michael Hart  
Michael.Hart@ptma.com  
612-509-2569**

**Steve Pumper  
Steve.Pumper@ptma.com  
612-509-2565**

**Bill Menozzi  
Bill.Menozzi@ptma.com  
612-509-2567**



*Data sourced from MDE, MN Dept of  
Revenue, MN House Research*

*and*



PMA Securities part of:

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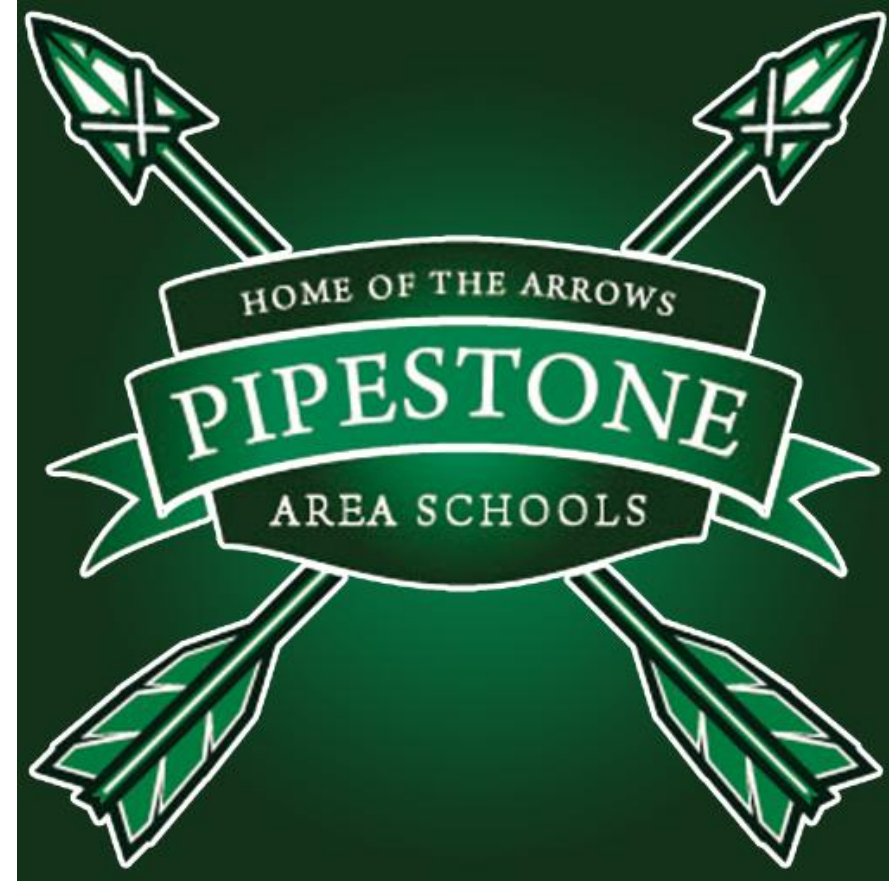
**PUBLIC HEARING**

**2025-26 Budget  
& Proposed 2026  
Property Taxes**

**Pipestone Area Schools**

*December 15, 2025*

*Room 1148*



A close-up photograph of a spiral-bound notebook. The notebook is open to a page with horizontal blue lines. A large, bold black number '1' is written in the top left corner. Below it, a vertical blue line runs down the page, and a horizontal blue line runs across it, creating a grid. To the right of the vertical line, the numbers 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 are written vertically. The spiral binding is visible at the top of the page.

# Agenda

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



# Why have a Truth in Taxation Meeting?

- Truth in Taxation Law, passed in 1989 MS 275.065
- Two major requirements:
  1. **Tax Statements**  
Counties must send out proposed property tax statements in November based on proposed tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)
  2. **Public Hearing**  
Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:
    - Payable 2026 levy
    - Fiscal year 2026 budget
    - Public comments

**This is the school district's annual required hearing**

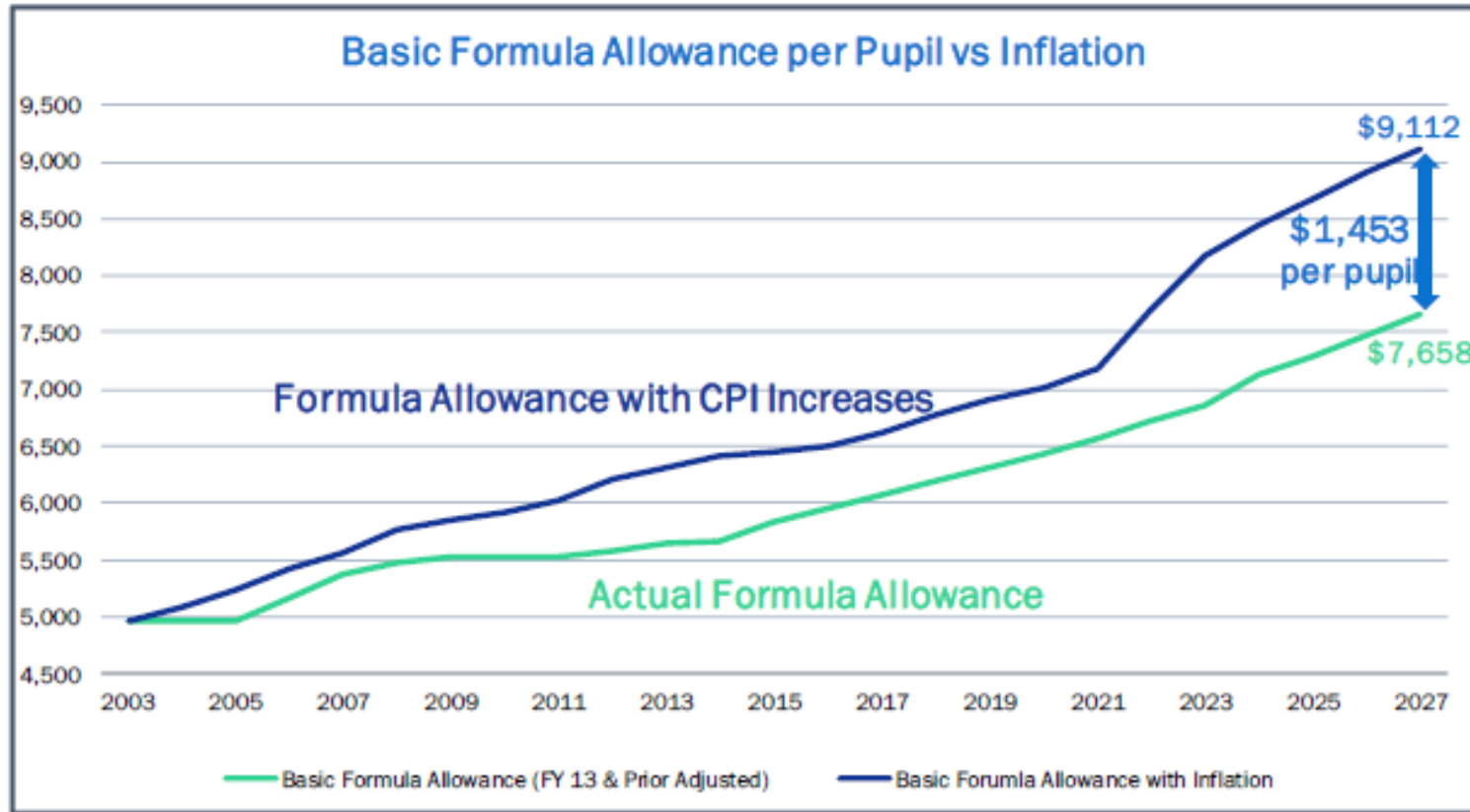




# Minnesota School Funding

Public schools 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.

# State Funding



<sup>1</sup> Inflation is based on consumer price index

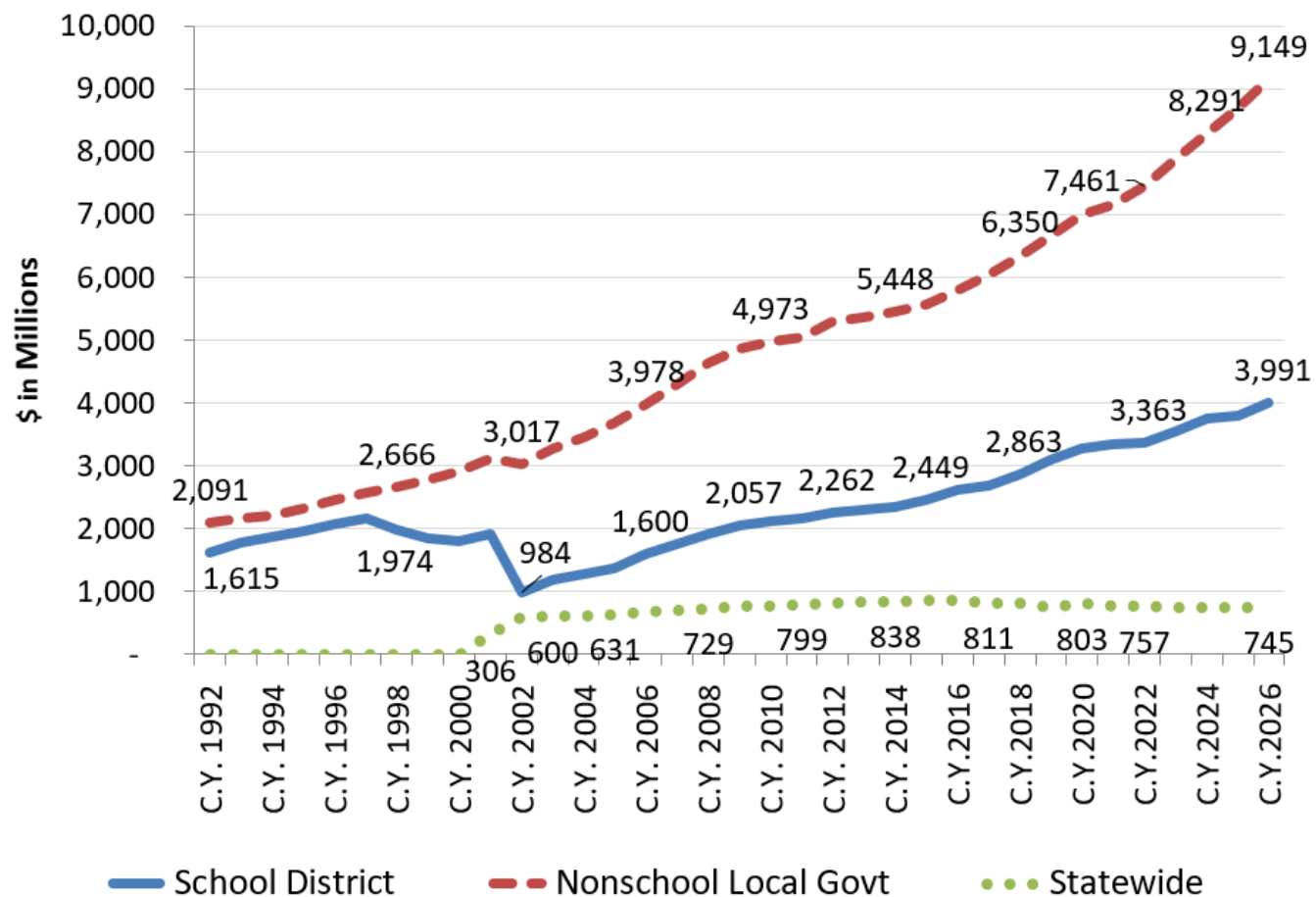
<sup>2</sup> Basic formula allowance includes changes made by legislature in 2023 and is adjusted for FY 2014 and earlier due to pupil weight changes

<sup>3</sup> FY 25-26 & FY 26-27 are based on estimated inflation forecasts updated in July 2025 by the State of Minnesota

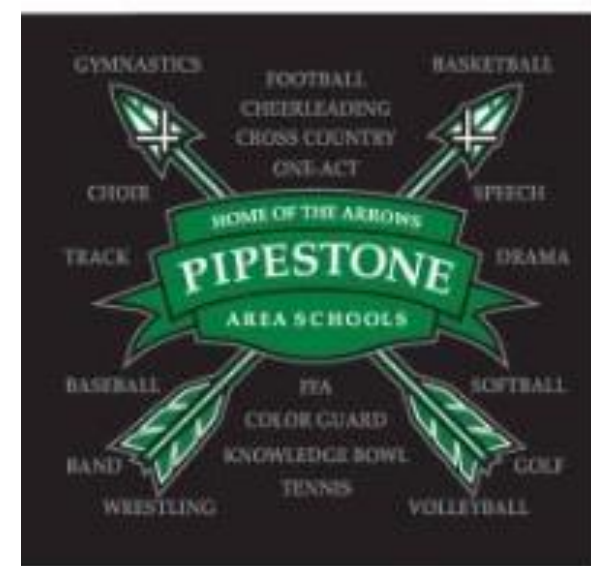
**Basic general formula  
has not kept up with  
state funding over  
the last 20+ years**



# Property Tax Levies: School vs Non School Payable 1992-2026



Source: MDE



# Fiscal Year 2026 Budget



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
105,450	150,000	99,216	95,000
	35,000	101,090	154,200
	83,000	101,684	110,000
		101,962	89,000
			50,000
			68,700
			200



# 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.
Varies	Internal Service	Commonly include health and dental plans.

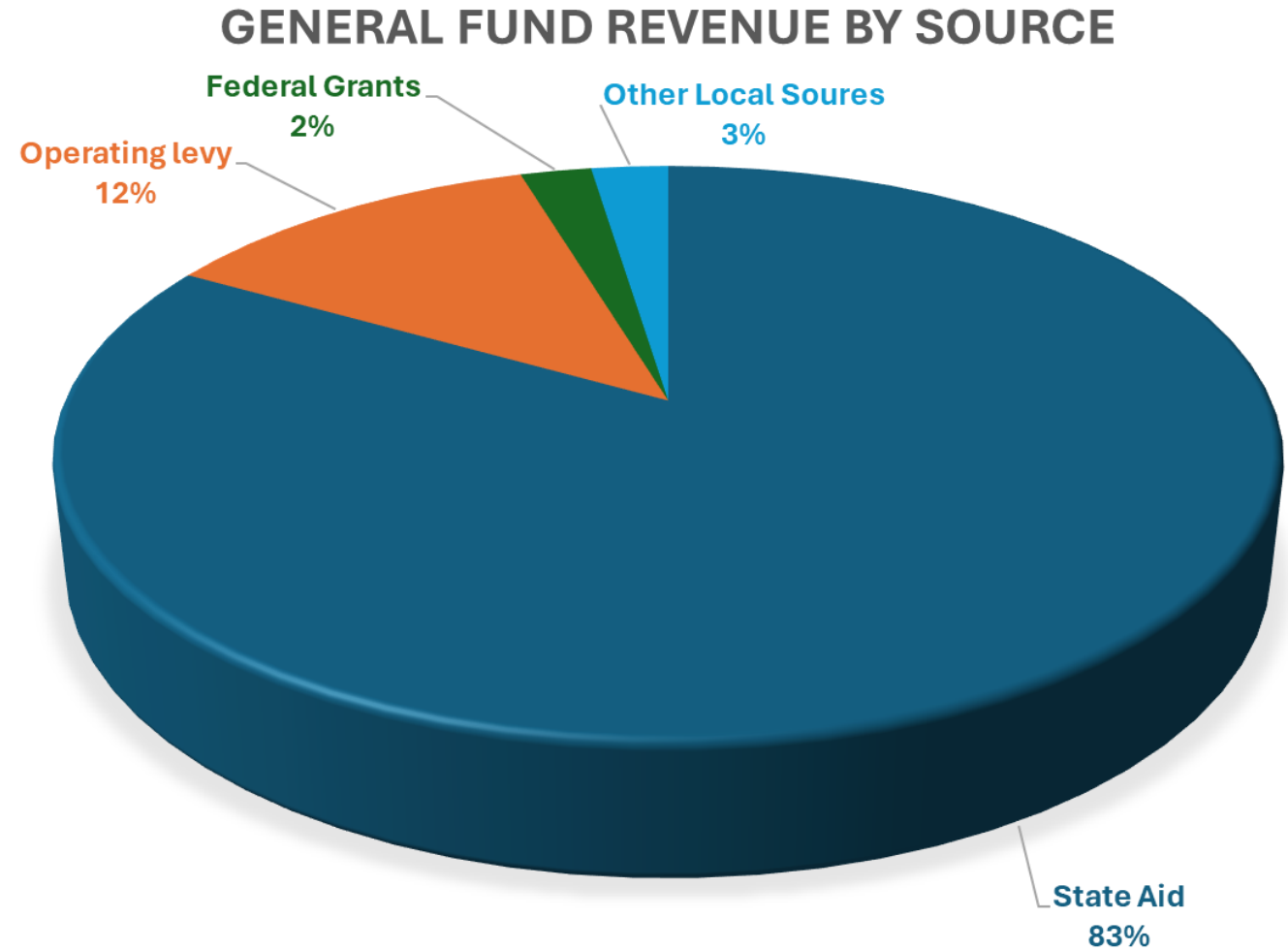


# Budget Overview

## 2026 Budget Summary

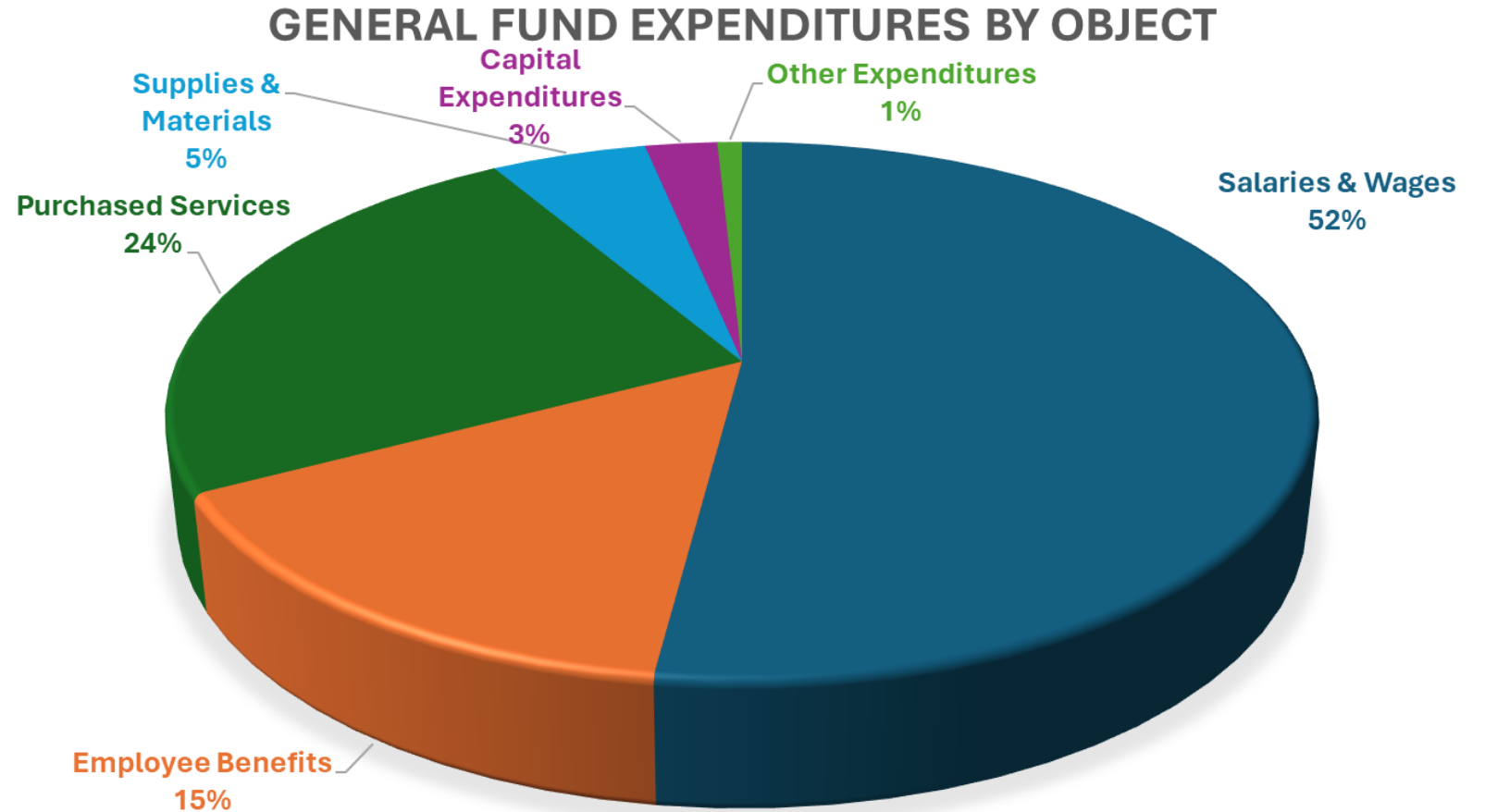
<u>Fund</u>	<u>Revenue</u>	<u>Expense</u>	<u>Surplus/(Deficit)</u>
General	\$ 16,949,435	\$ 17,995,471	\$ (1,046,036)
Food Service	\$ 1,140,470	\$ 1,084,865	\$ 55,605
Community Service	\$ 289,710	\$ 225,120	\$ 64,590
Building Construction	\$ 23,449	\$ 1,739,726	\$ (1,716,277)
Debt Service	\$ 2,208,769	\$ 2,185,850	\$ 22,919
<b>Total</b>	<b>\$ 20,611,833</b>	<b>\$ 23,231,032</b>	<b>\$ (2,619,199)</b>

# FY 2026 Revenues by Source





# FY 2026 Expenditures by Object



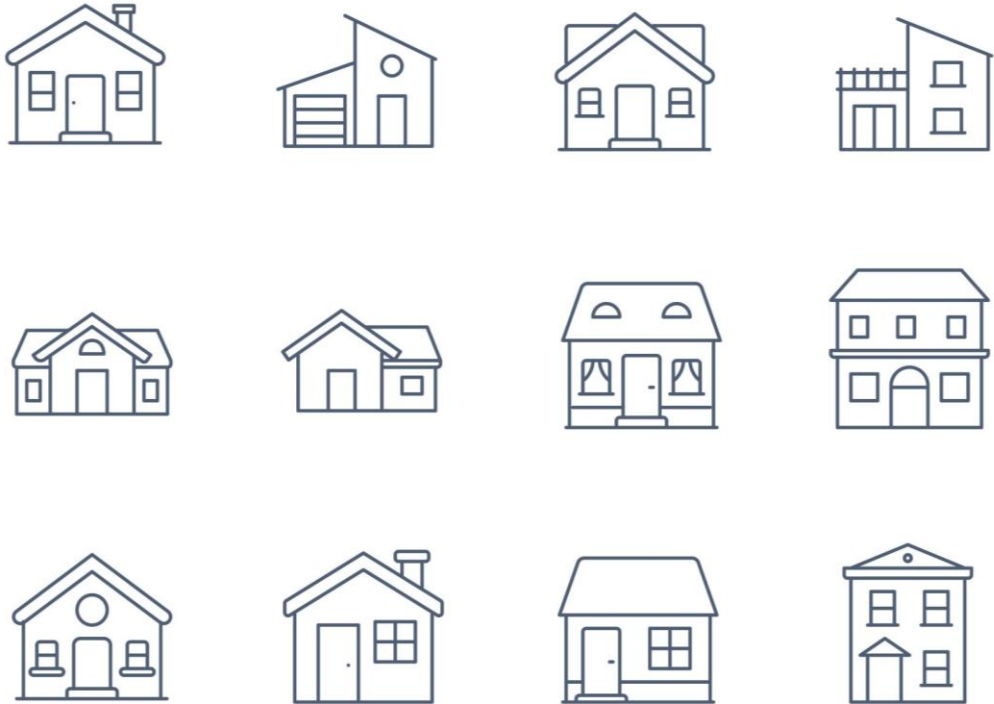
# 2026 Property Tax Levy

# 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



## Pipestone Area School District Proposed Property Tax Levy Summary by Fund

	Final Pay 2025	Proposed Pay 2026	\$ Change	% Change
<b>General Fund (Fund 1)</b>				
Operating Referendum	435,871	474,343	38,472	8.8%
Local Optional	515,340	547,894	32,554	6.3%
Equity	146,857	162,171	15,314	10.4%
Transition	25,542	27,960	2,418	9.5%
Operating Capital	252,678	242,193	(10,485)	-4.1%
Achievement and Integration	43,773	44,324	551	1.3%
Reemployment Insurance	2,000	1,000	(1,000)	-50.0%
Safe Schools	46,267	43,582	(2,686)	-5.8%
Career & Technical	71,723	122,393	50,670	70.6%
Annual OPEB	23,139	29,056	5,917	25.6%
Long Term Facilities Maintenance	210,029	211,000	971	0.5%
Building/Land Lease	151,862	161,582	9,720	6.4%
<i>Adjustments and Abatements</i>	63,091	(43,471)	(106,562)	-
<b>General Fund Total Levy</b>	<b>1,988,173</b>	<b>2,024,027</b>	<b>35,854</b>	<b>1.8%</b>
<b>Community Service (Fund 4)</b>				
Basic Community Education	68,476	68,476	-	0.0%
Early Childhood Education	56,513	51,269	(5,245)	-9.3%
Home Visiting	1,023	984	(39)	-3.8%
<i>Adjustments and Abatements</i>	16	(5,784)	(5,800)	-
<b>Community Service Fund Total Levy</b>	<b>126,028</b>	<b>114,944</b>	<b>(11,083)</b>	<b>-8.8%</b>
<b>Debt Service Fund (Fund 7)</b>				
Voter Approved Debt Service	2,245,531	2,243,693	(1,838)	-0.1%
Non-Voter Approved Debt Service	49,613	158,509	108,896	219.5%
<i>Adjustments and Abatements</i>	(111,661)	(112,955)	(1,294)	-
<b>Debt Service Fund Total Levy</b>	<b>2,183,483</b>	<b>2,289,247</b>	<b>105,764</b>	<b>4.8%</b>
<b>Total Property Tax Levy All Fund</b>	<b>4,297,683</b>	<b>4,428,218</b>	<b>130,535</b>	<b>3.04%</b>

## Levy Highlights

# Major Changes

### Career & Technical

+\$50,670

Budgeted increase for fiscal year 2026.

### Adjustments and Abatements

-\$106,562

Multiple prior year adjustments to LTFM, Local Optional, and other general levy amounts reduced the current year levy.


### Debt Service

+\$105,764

Increase largely due to authority to issue facilities maintenance bonds approved by the school board and the state.



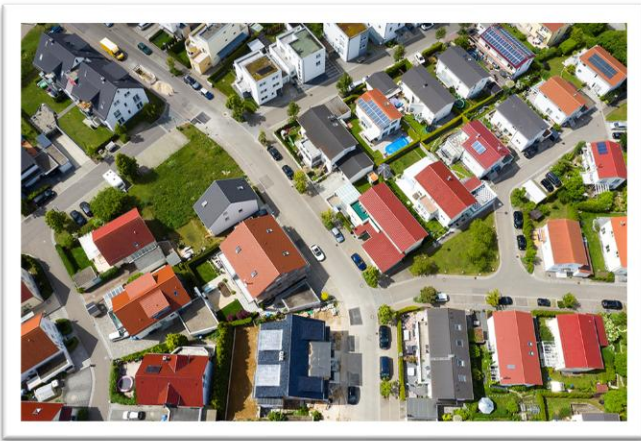
# Tax Levy and Budget

% Change to Tax Levy  % Change to Budget Revenue

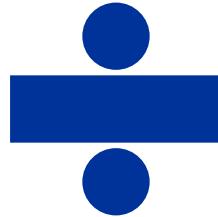
Some levy increases are offset by a reduction in state aid meaning no additional revenue for school district budget

# State Equalization Formulas

**Property Valuation**



per

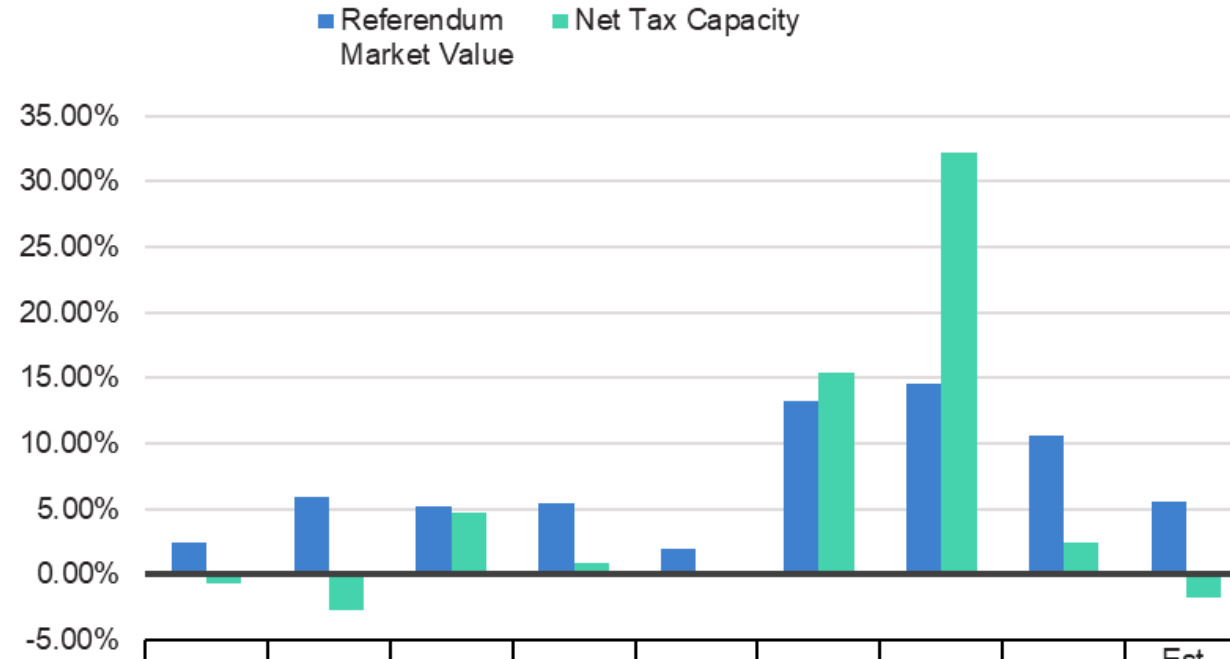


**Student**



**The formulas provide more state aid to Districts with less property wealth per student.**

## Property Value % Increase Trend



	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Pay 2023	Pay 2024	Pay 2025	Est. Pay 2026
Referendum Market Value	2.38%	5.91%	5.18%	5.45%	1.97%	13.23%	14.54%	10.62%	5.61%
Net Tax Capacity	-0.66%	-2.70%	4.75%	0.82%	0.25%	15.40%	32.17%	2.39%	-1.72%

## Valuation History



# Timeline for Taxpayers

## March 2025

Taxpayers received preliminary valuations notice from county for taxes payable the following year

## Spring/Early Summer

Local and county board of appeal and equalization meetings held providing taxpayers opportunity to challenge property valuations.

## November 10 - 24, 2025

Counties deliver mailed notice of proposed property taxes to each taxpayer.

## November 25 - December 30, 2025

School District holds Truth in Taxation meeting and certify final property tax levy for taxes payable in 2026

## March 2026

Taxpayers receive tax statement from counties for taxes payable in 2026



**Example shown for illustrative purposes only**



John and Mary Johnson  
123 Pine Rd S  
Spruceville, MN 55555-5555


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 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	
<p><i>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.</i></p>				
Total excluding any special assessments		\$1,341.31	\$1,467.52	9.4%

# March Valuation Notice

Example shown for illustrative purposes only



Spruce County  
Jane Stevens, Assessor  
345 12th Street East, Box 77  
Spruceville, MN 55555-5555  
(555) 345-6780  
www.co.spruce.mn.us

**Property ID Number:** 01.234.56.7890.01

**Property Description:**  
Lot 5, Block 13 of the Spruceville Estates Addition to the City of Spruceville.

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

**VALUATION NOTICE**

**2024**

Property tax notices are delivered on the following schedule:

Step	Valuation and Classification Notice	See Details Below.
1	Class: Residential Homestead Estimated Market Value: \$150,000 Homestead Exclusion: \$23,800 Taxable Market Value: \$126,200	
2	Proposed Taxes Notice 2024 Proposed Tax: Coming November 2023	
3	Property Tax Statement 1st Half Taxes: Coming March 2024 2nd Half Taxes: Coming March 2024 Total Taxes Due in 2024:	

**The time to appeal or question your CLASSIFICATION or VALUATION is NOW!**

It will be too late when proposed taxes are sent.

**Your Property's Classification(s) and Values**

	Taxes Payable in 2023 (2022 Assessment)	Taxes Payable in 2024 (2023 Assessment)
<i>The assessor has determined your property's classification(s) to be:</i>		
Residential Homestead 1a		Residential Homestead 1a
<input type="checkbox"/> If this box is checked, your classification has changed from last year's assessment.		
<i>The assessor has estimated your property's market value to be:</i>		
Estimated Market Value (EMV)	\$158,000	\$150,000
<i>Several factors can reduce the amount that is subject to tax:</i>		
Green Acres Value Deferral		
Rural Preserve Value Deferral		
Open Space Deferral		
Platted Vacant Land Deferral		
Exclusion for Veterans With Disabilities		
Mold Damage Exclusion		
Homestead Market Value Exclusion	\$23,000	\$23,800
<b>Taxable Market Value (TMV)</b>	<b>\$135,000</b>	<b>\$126,200</b>
<i>The following values (if any) are reflected in your estimated and taxable market values:</i>		
New Improvement Value		\$0
<i>The classification(s) of your property affect the rate at which your value is taxed.</i>		

**The following meetings are available to discuss or appeal your value and classification:**

Local Board of Appeal and Equalization/Open Book	County Board of Appeal and Equalization Meeting
10 a.m. April 19, 2023 Spruceville Town Hall 123 Main Street, Spruceville	5 p.m. June 10, 2023 Spruce County Courthouse 345 12th Street East, Spruceville

Information on the Appeal process is located on the valuation notice sent in March

**Appealing the Value or Classification of Your Property**

**Informal Appeal Options - Contact Your Assessor**

If you have questions or concerns, the assessor can help explain the details of your property's valuation and classification. Contact information for your assessor's office is on the other side of this notice.

Some jurisdictions choose to hold open book meetings to allow property owners to discuss their concerns with the assessor. If this is an option available to you, the meeting time(s) and location(s) will be indicated on the other side of this notice.

**Formal Appeal Options**

If your questions or concerns are not resolved after meeting with your assessor, you have two formal appeal options:

**Option 1 - The Boards of Appeal and Equalization**

You may appear before the Boards of Appeal and Equalization in person, through a letter, or through a representative authorized by you. The meeting times and locations are on the other side of this notice. You must have presented your case to the Local Board of Appeal and Equalization BEFORE appealing to the County Board of Appeal and Equalization.

**Step 1- Local Board of Appeal and Equalization**

If you believe your value or classification is incorrect, you may bring your case to the Local Board of Appeal and Equalization. Please contact your assessor's office for more information. If your city or township does not have a Local Board of Appeal and Equalization (as indicated on the other side of this notice) you may appeal directly to the County Board of Appeal and Equalization.

**Step 2- County Board of Appeal and Equalization**

If the Local Board of Appeal and Equalization did not resolve your concerns, you may bring your case to the County Board of Appeal and Equalization. Please contact the county assessor's office to get on the agenda or for more information.

**Option 2 - Minnesota Tax Court**

Depending on the type of appeal, you may take your case to either the Small Claims Division or the Regular Division of Tax Court. You have until April 30 (October 1 for manufactured homes assessed as personal property) of the year in which taxes are payable to file an appeal with the Small Claims Division or the Regular Division of Tax Court for your valuation and classification.

For more information, contact the Minnesota Tax Court:  
Phone: 651-539-3260 or for MN Relay call 1-800-627-3529  
On the web: [www.mn.gov/tax-court](http://www.mn.gov/tax-court)

**Definitions**

**Exclusion for Veterans With Disabilities** - Veterans with qualifying disabilities may be eligible for a valuation exclusion on their homestead property.

**Estimated Market Value** - This value is what the assessor estimates what your property would likely sell for on the open market.

**Green Acres** - Applies to class 2a agricultural property that is facing increasing values due to pressures not related to the agricultural value of the land. This value is determined by looking at what comparable agricultural land is selling for in areas where there is no development pressure. The taxes on the higher value are deferred until the property is sold, transferred, withdrawn, or no longer qualifies for the program.

**Homestead Market Value Exclusion** - Applies to residential homesteads and to the house, garage, and one acre of land for agricultural homesteads. The exclusion is a maximum of \$30,400 at \$76,000 of market value, and then decreases by nine percent for value over \$76,000. The exclusion phases out for properties valued at \$413,800 or more.

**New Improvements** - This is the assessor's estimate of the value of new or previously unassessed improvements that have been made to your property within the past five years.

**Plat Deferral** - For land that has been recently platted (divided into individual lots) but not yet improved with a structure, the increased market value due to platting is phased in over time. If construction begins, or if the lot is sold before expiration of the phase-in period, the lot will be assessed at full market value in the next assessment.

**Rural Preserve** - Applies to class 2b rural vacant land that is part of a farm homestead or that had previously been enrolled in Green Acres, if it is contiguous to agricultural land enrolled in Green Acres. This value may not exceed the Green Acres value for tilled lands. The taxes on the higher value are deferred so long as the property qualifies.

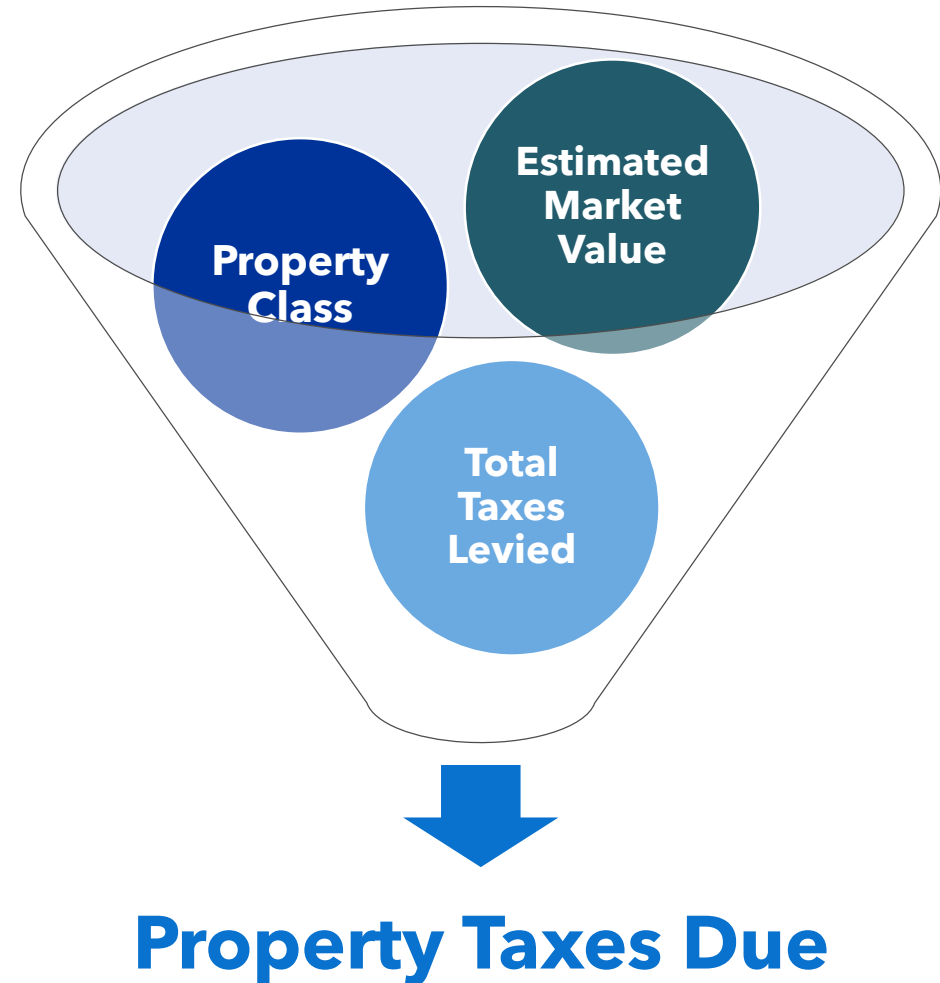
**Taxable Market Value** - This is the value that your property taxes are actually based on, after all reductions.

For more information on appeals, visit the Department of Revenue website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

# Calculating Property Taxes

## 3 Key Variables

- 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)





# Dividing the Property Tax Pie

Property values do not rise uniformly across all properties

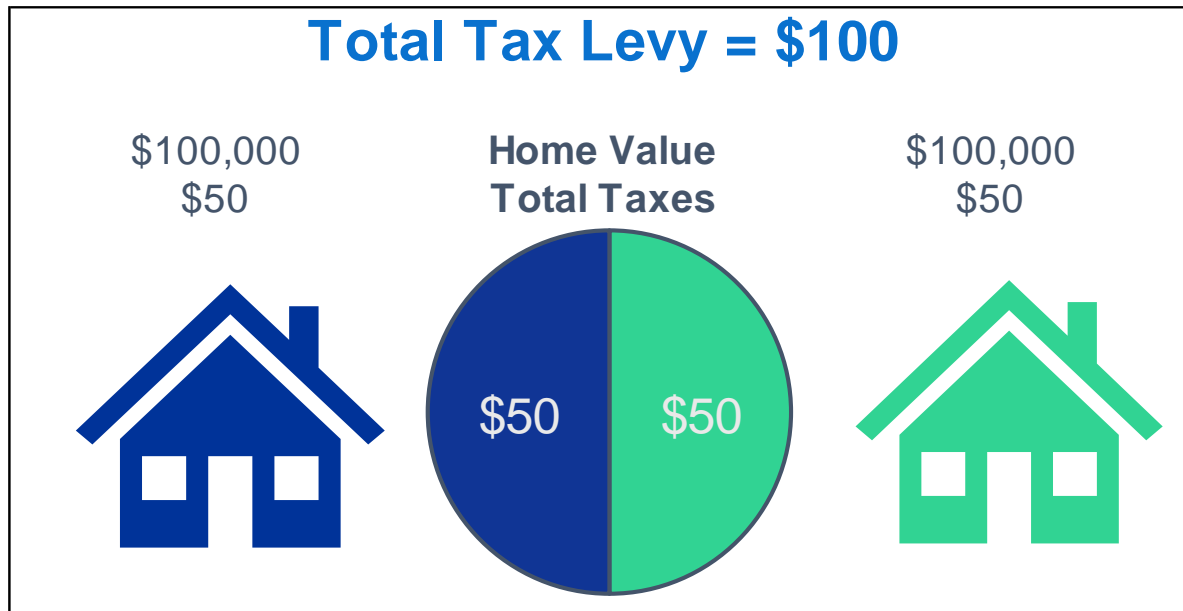
The burden of the levy shifts from taxpayers with lower increases to those with higher increases.

Higher increase =  
Larger piece of the property tax pie.

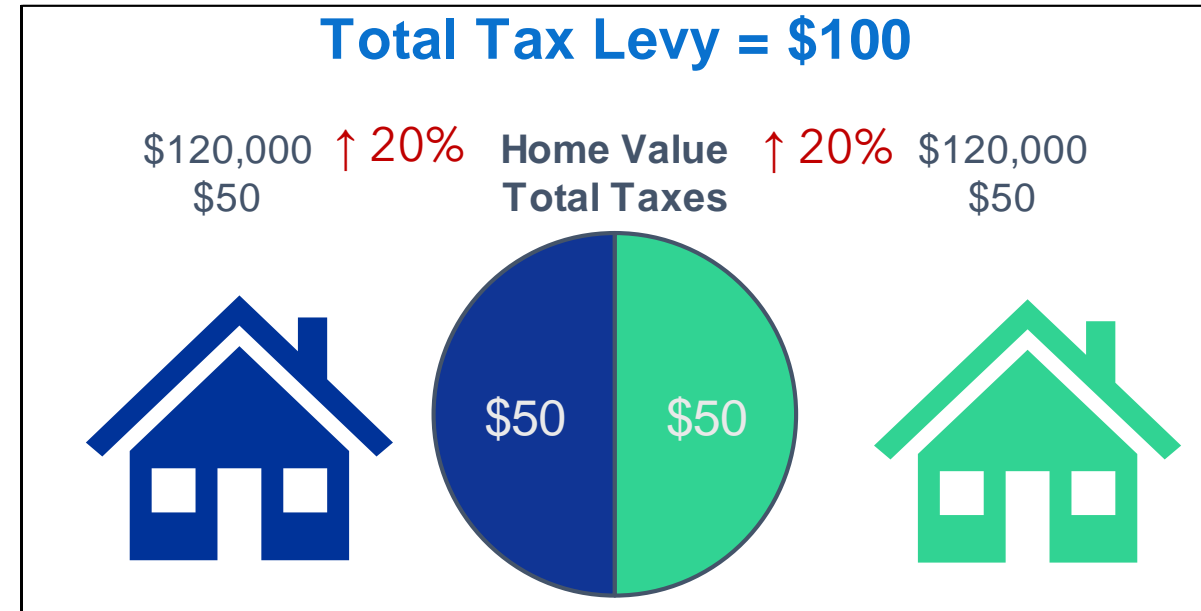


# Impact of Valuation Changes

Current



Home Values Up Equal 20%



No change in tax burden

# Impact of Valuation Changes

Current

**Total Tax Levy = \$100**

\$100,000  
\$50

Home Value  
Total Taxes

\$100,000  
\$50



Home Value Changes Vary

**Total Tax Levy = \$100**

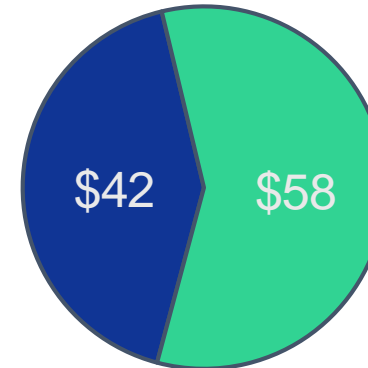
\$110,000  
\$42

↑ 10%

Home Value  
Total Taxes

↑ 40%

\$140,000  
\$58

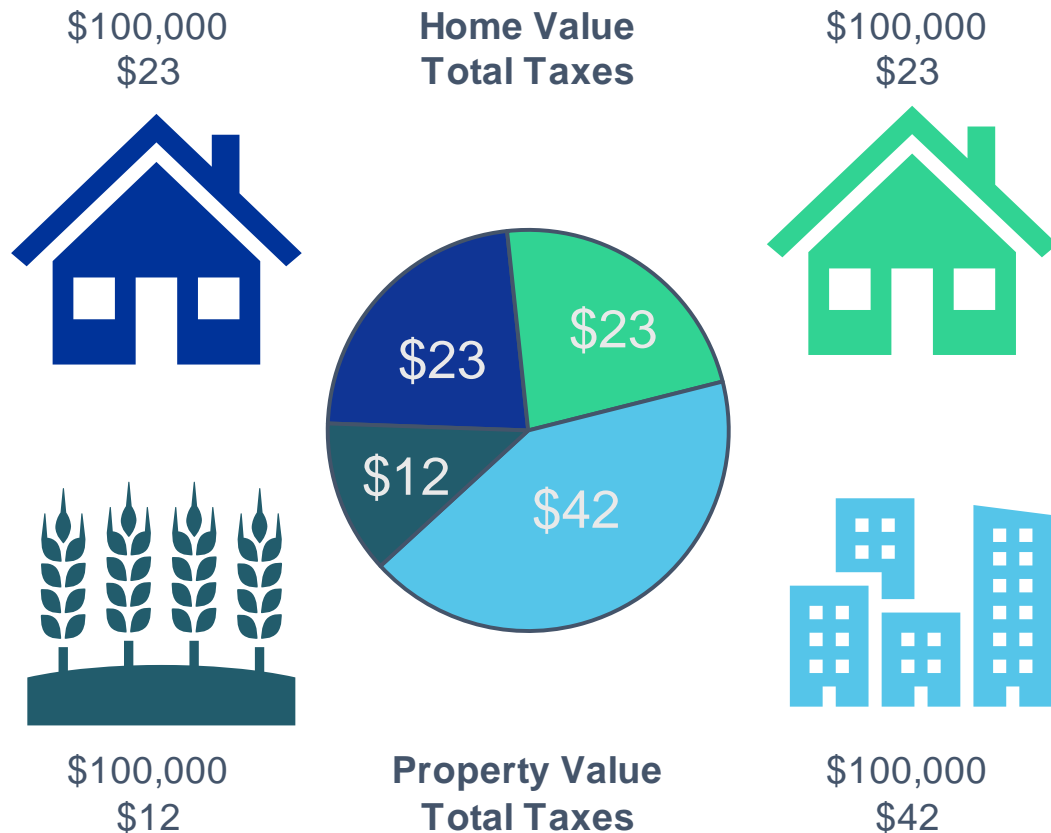


Same Levy, Shift in Tax Burden

# Shift from Commercial to Residential

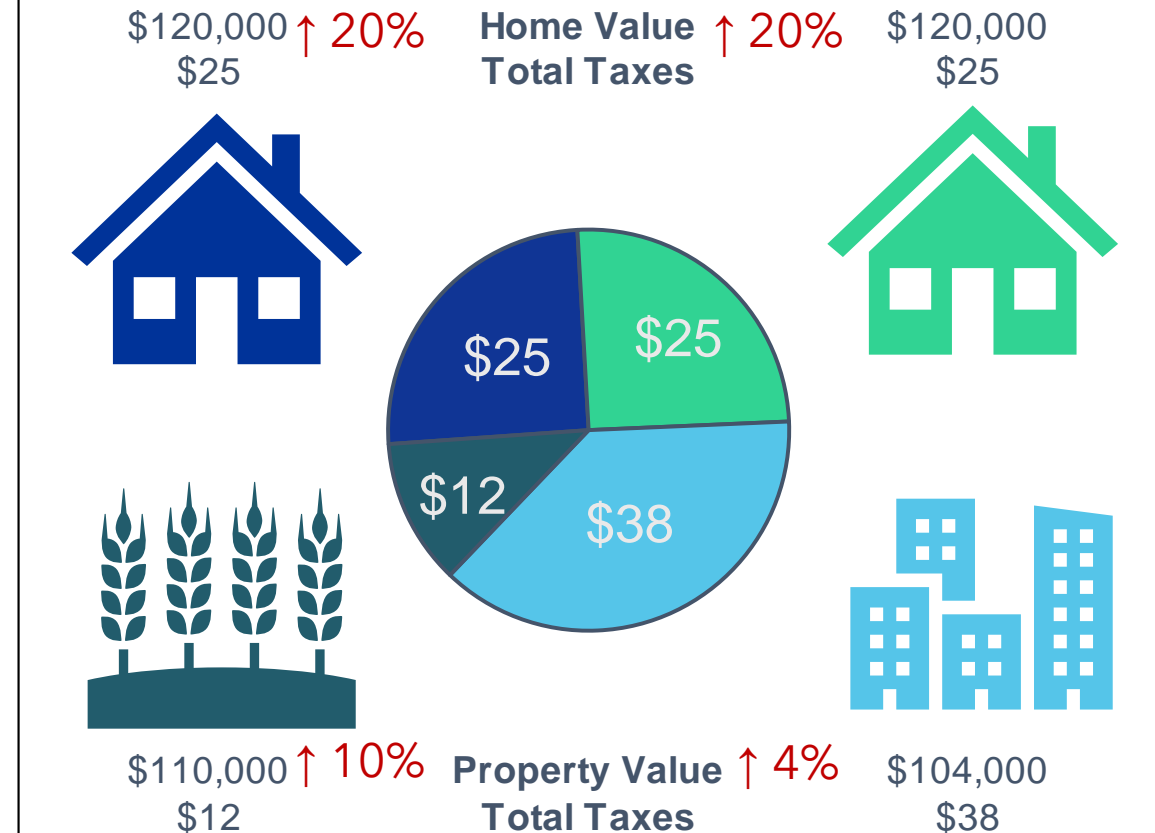
Current

**Total Tax Levy = \$100**



Value Changes Vary

**Total Tax Levy = \$100**



# Tax Valuation Types

## Two Types of Tax Valuations

- Net Tax Capacity
  - Most all property types pay on this amount
- Referendum Market Value
  - **EXCLUDES** Ag Land and Seasonal Recreation properties



# Dividing the Property Tax Pie

## Pipestone Area Schools Taxes Payable in 2026

Net Tax Capacity Levy Amount: \$3,190,672

- Most all property types pay on this amount

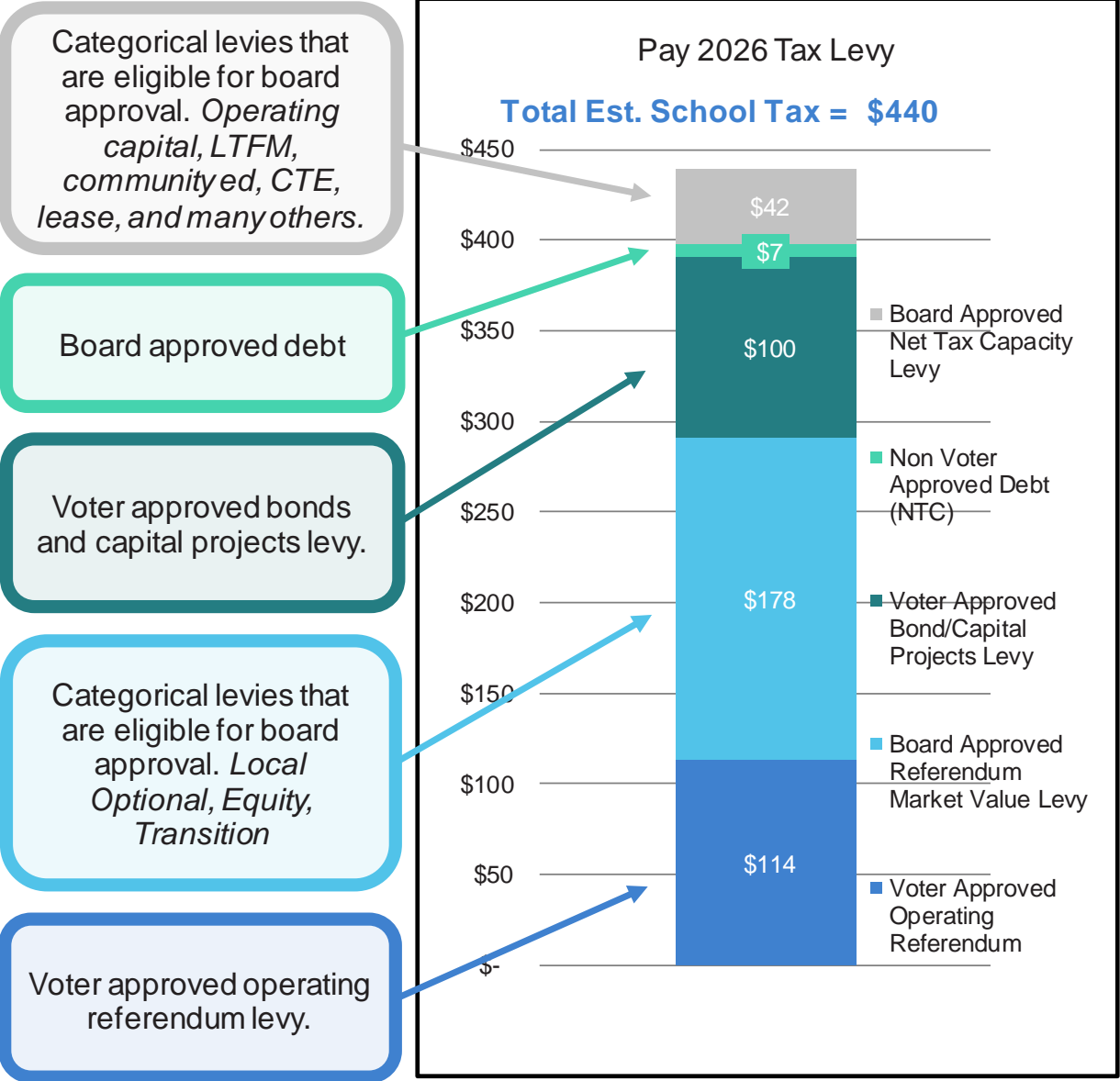
Referendum Market Value Levy Amount: \$1,237,546

- **EXCLUDES** Ag Land and Seasonal Rec properties

Total Pay 2026 Levy Amount: \$4,428,218

# Est. Pay 2026 Tax for Residential

Pipestone Area School District  
Estimated Pay 2026 Total School Taxes for Residential Homestead  
Home Value = \$165,000



# Estimated Tax Impacts

Residential and Commercial with 5.6% Increase

Agricultural with 0% Increase

## Pipestone Area School District Estimated Tax Impacts - Pay 2026 Levy Total School Taxes

Summary				
	Pay 2025		Est. Pay 2026	% Change
Referendum Market Value	\$	663,924,700	\$ 701,138,700	5.61%
RMV Tax Rate		0.17982%	0.17651%	-1.85%
Net Tax Capacity	\$	29,154,496	\$ 28,653,784	-1.72%
NTC Tax Rate		10.65%	11.14%	4.57%

Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	\$ Change	% Change
Residential Homestead (Value Increase 5.6%)	\$14,200	\$15,000	\$35	\$36	\$2	5.53%
	61,600	65,000	150	158	8	5.32%
	108,900	115,000	273	291	18	6.61%
	156,300	165,000	413	440	27	6.49%
	203,600	215,000	553	589	36	6.46%
	298,300	315,000	833	886	53	6.41%
	393,000	415,000	1,113	1,184	71	6.39%
Commercial / Industrial** (Value Increase 5.6%)	\$94,700	\$100,000	\$322	\$344	\$22	6.84%
	236,700	250,000	850	915	65	7.61%
	473,500	500,000	1,780	1,913	133	7.45%
	947,000	1,000,000	3,640	3,909	269	7.38%
Agricultural Homestead (Value Increase 0%)	\$10,500	\$10,500	\$2.84	\$2.91	\$0.07	2.54%
	11,500	11,500	3.11	3.19	0.08	2.54%
	12,500	12,500	3.38	3.46	0.09	2.54%
	13,500	13,500	3.65	3.74	0.09	2.54%
Agricultural Non-Homestead (Value Increase 0%)	\$10,500	\$10,500	\$5.68	\$5.82	\$0.14	2.54%
	11,500	11,500	6.22	6.37	0.16	2.54%
	12,500	12,500	6.76	6.93	0.17	2.54%
	13,500	13,500	7.30	7.48	0.19	2.54%

# Pipestone Area School District

## Estimated Tax Impacts - Pay 2026 Levy Total School Taxes

Summary				
	Pay 2025	Est. Pay 2026	% Change	
Referendum Market Value	\$ 663,924,700	\$ 701,138,700	5.61%	
RMV Tax Rate	0.17982%	0.17651%	-1.85%	
Net Tax Capacity	\$ 29,154,496	\$ 28,653,784	-1.72%	
NTC Tax Rate	10.65%	11.14%	4.57%	

### Property Value Increase

0%

Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	\$ Change	% Change
Residential Homestead	\$14,200	\$14,200	\$35	\$35	(\$0)	-0.17%
	61,600	61,600	150	150	(0)	-0.16%
	108,900	108,900	273	273	(0)	-0.04%
	156,300	156,300	413	414	1	0.20%
	203,600	203,600	553	555	2	0.32%
	298,300	298,300	833	837	4	0.44%
	393,000	393,000	1,113	1,119	6	0.50%

**Estimated Tax Impacts**  
**0% Increase in Values**

Property Value Increase
11%

Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	\$ Change	% Change
Residential Homestead	\$14,200	\$15,762	\$35	\$38	\$4	11.03%
	61,600	68,376	150	166	16	10.77%
	108,900	120,879	273	308	36	13.03%
	156,300	173,493	413	465	52	12.62%
	203,600	225,996	553	621	68	12.39%
	298,300	331,113	833	935	101	12.18%
	393,000	436,230	1,113	1,248	134	12.06%

# Estimated Tax Impacts

## 11% Increase in Values



# 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

**\$4,428,218**



**PIPESTONE AREA SCHOOLS**  
HOME OF THE ARROWS



# Public Comments