

PUBLIC HEARING

2025-26 Budget & Proposed 2026 Property Taxes

Morris Area School District #2769

December 2025

Resources provided by



TODAY'S AGENDA

Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '26
- Putting it All Together and Questions



Big Picture



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**



Who sets the School Levy

Components of a District Tax Levy are either:

- **State Formula Set By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds



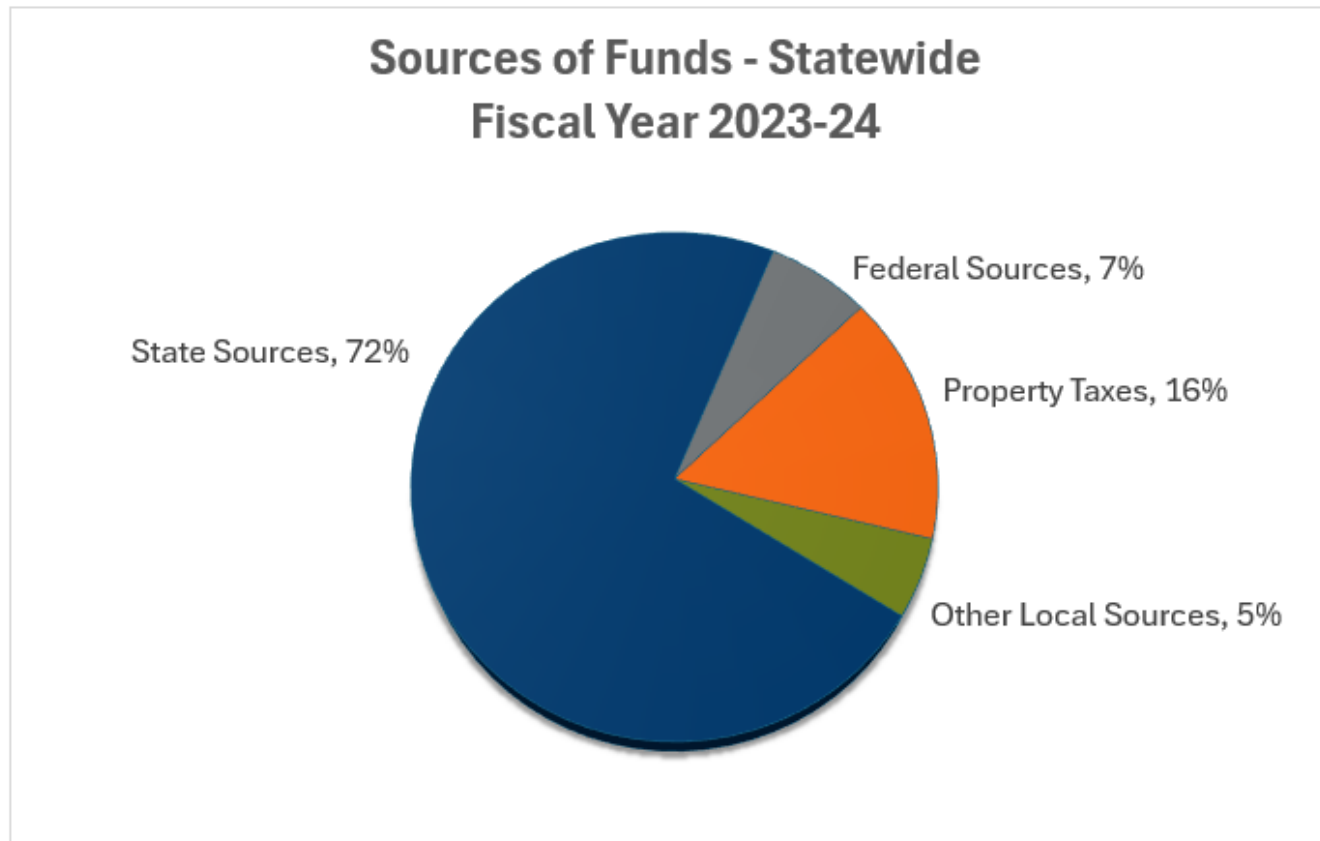
How is my property tax determined?

- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel based on the above.
- County Auditor divides the total levy by total tax capacity of the District to determine tax rate needed. Tax rate is multiplied by each property's tax capacity*.

*Certain levies are spread based on Market Value rather than tax capacity.



Sources of General Funds Across the State



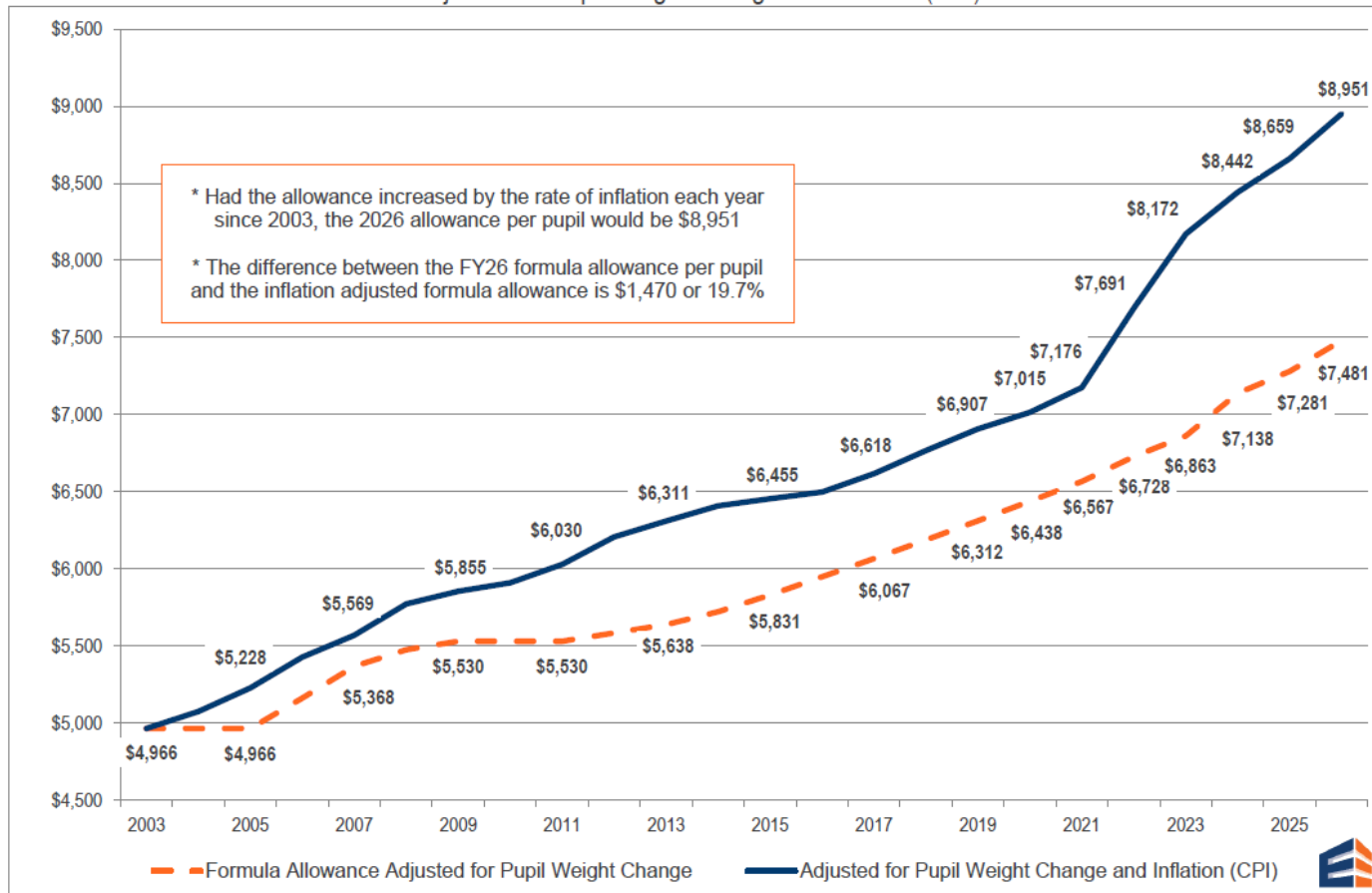
Source: MDE 2024 Consolidated Financial Report



Funding will trail inflation by \$1,470 per pupil in FY26

General Education Formula Allowance, 2003-2026

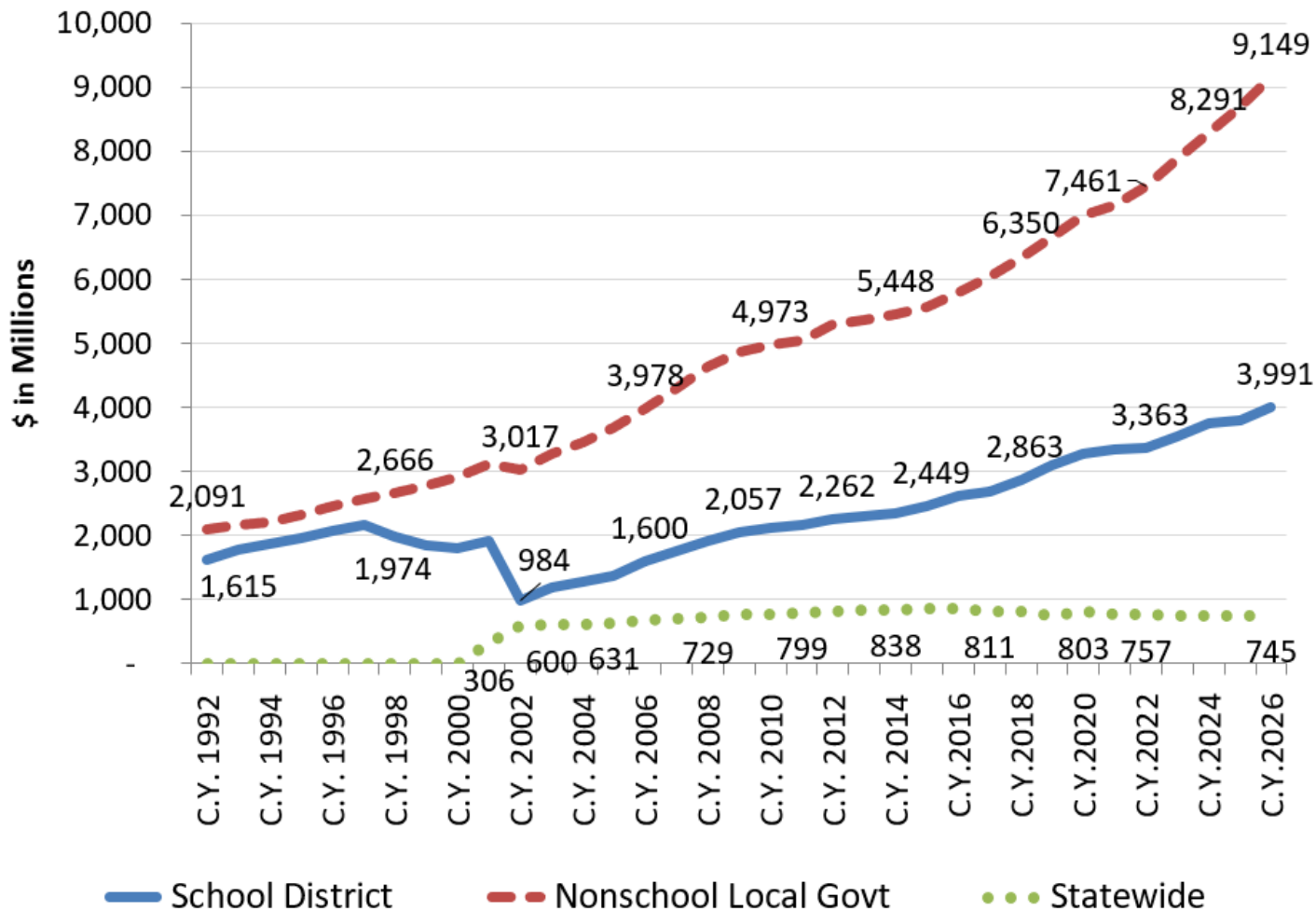
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE December 2024 CPI Inflation Estimates and Minnesota Laws 2023



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



25-26 School Year Budget

APPROVED 2025-2026 Budget									as of June 23 2025
	General (01)	Food Service (02)	Community Education (04)	Facility/Bldg Fund (06)	Debt Service (07)	Trust (08)	OPEB (45) Trust	OPEB (47) Levy	Total
Revenue	\$ (14,972,548)	\$ (931,175)	\$ (1,092,464)	\$ -	\$ (3,533,877)	\$ (45,000)	\$ (67,258)	\$ (98,589)	\$ (20,740,911)
Expenditures	\$ 15,156,058	\$ 980,261	\$ 1,107,249	\$ 12,842,794	\$ 3,541,522	\$ 45,000	\$ 67,258	\$ 99,782	\$ 33,839,924
Result	\$ 183,510	\$ 49,086	\$ 14,785	\$ 12,842,794	\$ 7,645	\$ -	\$ -	\$ 1,193	\$ 13,099,012
Fund Balances would	Decrease	Increase	Decrease	Building Project started in Fall FY2024	Increase	Neutral	Neutral	Increase	Decrease



Property Classifications and Value



Know Your Valuation

- ☐ Property classification and market value
- ☐ Sent Spring 2025; cannot change value
- ☐ Watch for 2026 statement in SPRING and where to appeal

PROPOSED TAXES 2026

THIS IS NOT A BILL. DO NOT PAY.

Step 1	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2025	2026
	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 2026		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court. 12			

Effective Tax Rates

Property Classification	2025
Farm	0.41%
Seasonal Rec	0.74%
Residential Homestead	1.15%
Apartment	1.43%
Public Utility	2.44%
Commercial-Industrial	2.90%

Source: Jared Swanson House Research



Ag2School Tax Credit

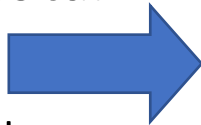
- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Will remain at 70% in 2026
- The revenue for Ag2School comes from state income, sales and other tax revenue



Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report



Tax Detail for Your Property:

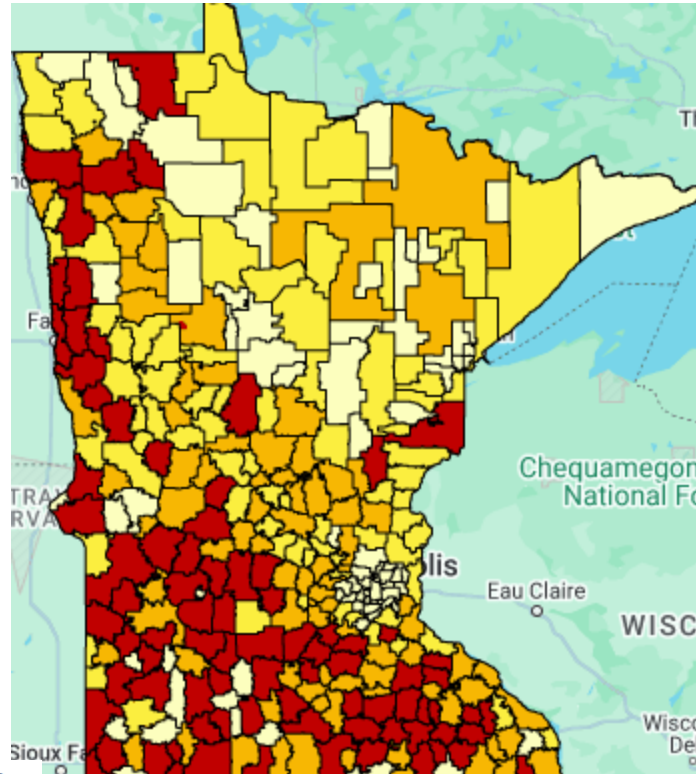
<u>Taxes Payable Year:</u>	<u>2025</u>	<u>2026</u>
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,524.26
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,422.08	
Property Tax and Credits		
3. Property taxes before credits	\$1,422.08	\$1,524.26
4. Credits that reduce property taxes		
A. Agricultural and rural land credits	\$0.00	\$0.00
B. Taconite tax relief	\$0.00	\$0.00
C. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$1,422.08	\$1,524.26
Property Tax by Jurisdiction		
6. County	\$438.06	\$474.18
Regional Rail Authority	\$5.96	\$6.18
7. City or Town	\$273.79	\$302.06
8. State General Tax	\$0.00	\$0.00
9. School district		
A. Voter approved levies	\$289.35	\$296.68
B. Other local levies	\$340.11	\$364.60



Ag2School Ag Land Credit Pay '25

How does our
school district compare
in total Ag2School credit?

[MREA Maps](#)



Ag2School Ag Land Credit Pay '25 per District

- No credits
- Less than \$140,000 in credits
- Between \$140,000 to \$380,000 in credits
- Greater than \$380,000 in credits



School Factors Affecting Pay '26 Levies



Your School District Tax Levy

Possible reasons for changes to your parcel:

- Change in value or classification to your property
- Change in enrollment numbers
- Change in valuation of property in district

Equalization aid depends on district property wealth per pupil

- Local decisions and requirements
- Adjustment for prior years (estimate to actual)
- Legislative changes (Local Optional Revenue)



Referendum Picture

How does our district compare in Operating Referendum Revenue?

MREA Maps

Our District:

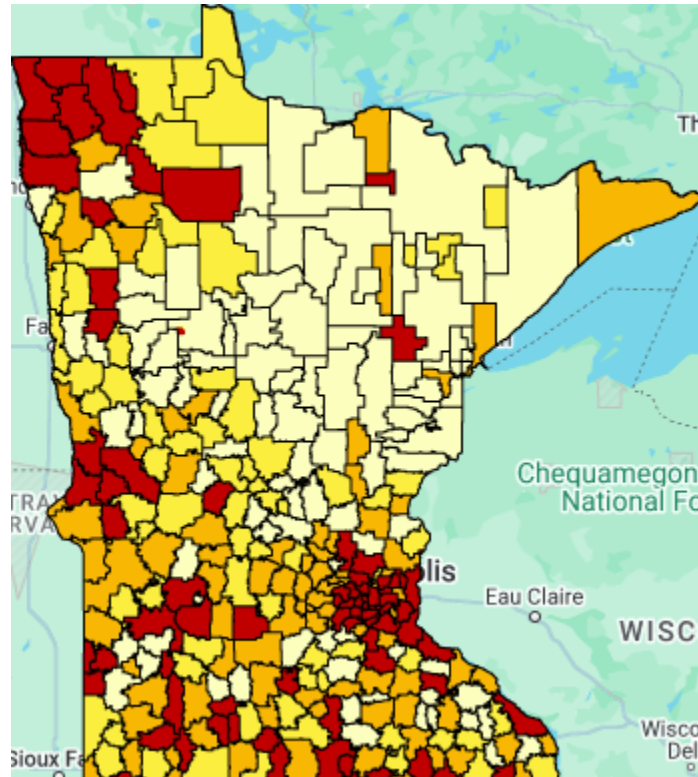
\$283 per APU expires 2030

Median district: \$513

Upper Quartile of

Referendums > \$1025

94 districts: \$0



District Operating Referendum per APU FY25

- No Operating Referendum
- Below District Median of \$513/Pupil
- Above District Median of \$513/Pupil
- Well Above Median/Pupil



Referendums & Property Wealth – Surrounding Districts

- **Referendums MORRIS = \$283**
- Hancock = \$471+\$285=\$645
- WCA = \$1,551
- Minnewaska = \$267
- Herman-Norcross = \$2,937
- Chokio-Alberta = \$5,200

- **Property Wealth RPU Line 234 in Levy MORRIS = \$526,838.93 per RPU**
- Hancock = \$370,542.61 (*does not include the Op Levy passed this fall*)
- WCA = \$570,847.59
- Minnewaska = \$901,744.04
- Herman-Norcross \$612,958.53
- Chokio-Alberta = \$734,643.20

For your RMV/RPU: Levy report line 234 p 5. MDE calculates RMV/RPU for FY'27 by taking RMV from 2024 and dividing by estimated RPU in FY26.



FY '27 Property Wealth Picture for Operating Referendums & LOR

How does our district compare in Referendum Market Value per Residential Pupil Unit?

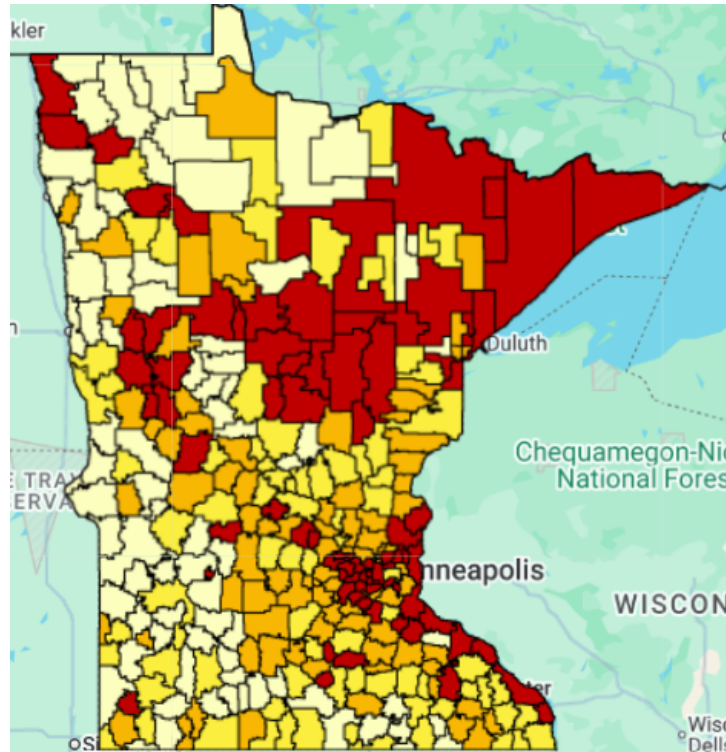
([View MREA Interactive Map](#))

Our District:

\$526,838.93 per RPU

Median District:

\$723,714/RPU



Referendum Market Value (RMV) per Referendum Pupil Units (RPU)

- Lowest Quartile of RMV/RPU
- Less than the Median RMV/RPU
- Greater than the Median RMV/RPU
- Greatest Quartile of RMV/RPU



Putting it All Together



Proposed Pay '26 Levy

CERTIFICATION FOR (Morris Area School District #2769)

Morris Area - FINAL Levy Certification Comparison

Fund	Levy Category	Actual Levy in 2024 Pay 2025	Levy in 2025 Pay 2026 (11/25/25)		Amount of Change	% Change
General	Voter Approved Referendum	\$ 284,654.23	\$ 305,838.03		\$ 21,183.80	7.44%
	Local Optional Revenue (LOC)	\$ 539,972.57	\$ 557,960.45		\$ 17,987.88	3.33%
	Equity	\$ 177,384.12	\$ 168,852.96		\$ (8,531.16)	-4.81%
	Student Achievement (Gen Ed)	\$ -	\$ -		\$ -	0.00%
	Operating Capital	\$ 152,886.57	\$ 175,965.24	\$ 45,975.24	\$ 23,078.67	15.10%
	Facility & Equip Bond Adj	\$ (133,455.00)	\$ (129,990.00)		\$ 3,465.00	-2.60%
	Achievement & Integration	\$ 40,817.62	\$ 34,860.84		\$ (5,956.78)	0.00%
	Reemployment Insurance	\$ 5,278.92	\$ 29,344.18		\$ 24,065.26	0.00%
	Safe Schools	\$ 41,452.56	\$ 40,967.28		\$ (485.28)	-1.17%
	Career and Technical	\$ 100,008.06	\$ 91,931.00		\$ (8,077.06)	-8.08%
	Health and Safety	\$ -	\$ -		\$ -	0.00%
	Deferred Maintenance	\$ -	\$ -		\$ -	0.00%
	LTFM - Long Term Fac Maint	\$ 277,624.17	\$ 325,631.97		\$ 48,007.80	17.29%
	Adjustments - Abatement **	\$ 9,314.16	\$ (284.73)		\$ (9,598.89)	-103.06%
	Total General Fund	\$ 1,495,937.98	\$ 1,601,077.22		\$ 105,139.24	7.03%
Community Service	Basic Community Education	\$ 51,626.44	\$ 55,740.74		\$ 4,114.30	7.97%
	Early Child Family Education	\$ 31,245.25	\$ 28,457.35		\$ (2,787.90)	-8.92%
	Home Visiting	\$ 1,282.05	\$ 1,320.57		\$ 38.52	3.00%
	School-Age Care	\$ 34,323.28	\$ 33,777.26		\$ (546.02)	-1.59%
	Adjustments - Abatement	\$ 868.26	\$ (0.43)		\$ (868.69)	-100.05%
	Total Community Service Fund	\$ 119,345.28	\$ 119,295.49		\$ (49.79)	-0.04%
Debt Service	Voter Approved Debt Service	\$ 3,533,876.93	\$ 3,509,863.71		\$ (24,013.22)	-0.68%
	Total Debt Service Fund	\$ 3,533,876.93	\$ 3,509,863.71		\$ (24,013.22)	-0.68%
OPEB	Pension-NonEx (OPEB)	\$ 98,588.50	\$ 95,038.94		\$ (3,549.56)	-3.60%
TOTAL LEVY - ALL FUNDS		\$ 5,247,748.69	\$ 5,325,275.36		\$ 77,526.67	1.48%



QUESTIONS?
THANK YOU.

