



**Board of Education
Big Lake School District #727
Truth in Taxation**

Mission Statement

Our mission is to challenge, educate, & inspire all students to reach their highest level of achievement in academics, athletics, & the arts.

**Wednesday, December 17, 2025
6:00 PM
Middle School Student Center
601 Minnesota Ave
Big Lake, MN 55309**

I. Call to Order

Chair, Tonya Reasoner

II. Roll Call

Chair, Tonya Reasoner

III. Truth in Taxation Hearing

Director of Business Services, Angie Manuel

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IV. Adjournment

Chair, Tonya Reasoner

Strategic Plan Focus Areas

Student Support

Staff Support

Family & Community Engagement



Big Lake Schools, ISD 727

Public Hearing for Taxes Payable in 2026 ²

DECEMBER 17, 2025

PRESENTED BY:

ANGIE MANUEL,

DIRECTOR OF BUSINESS SERVICES

Minnesota State Law Requirements

A Public Meeting...

- Between November 25th & December 29th
- At 6:00 PM or later
- May be part of regularly scheduled meeting
- Must allow for public comments
- May adopt final levy at same meeting

...and Presentation of:

- Current year budget
- Proposed property tax levy

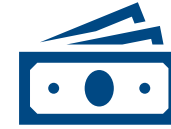
Hearing Agenda



Background
Information on
School Funding



District's Budget



District's Proposed
Tax Levy for Taxes
Payable in 2026



Public Comments

MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1

“UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The *legislature shall make such provisions by taxation or otherwise* as will secure a thorough and efficient system of public schools throughout the state.”

As a Result, Funding is Highly Regulated

State Sets:

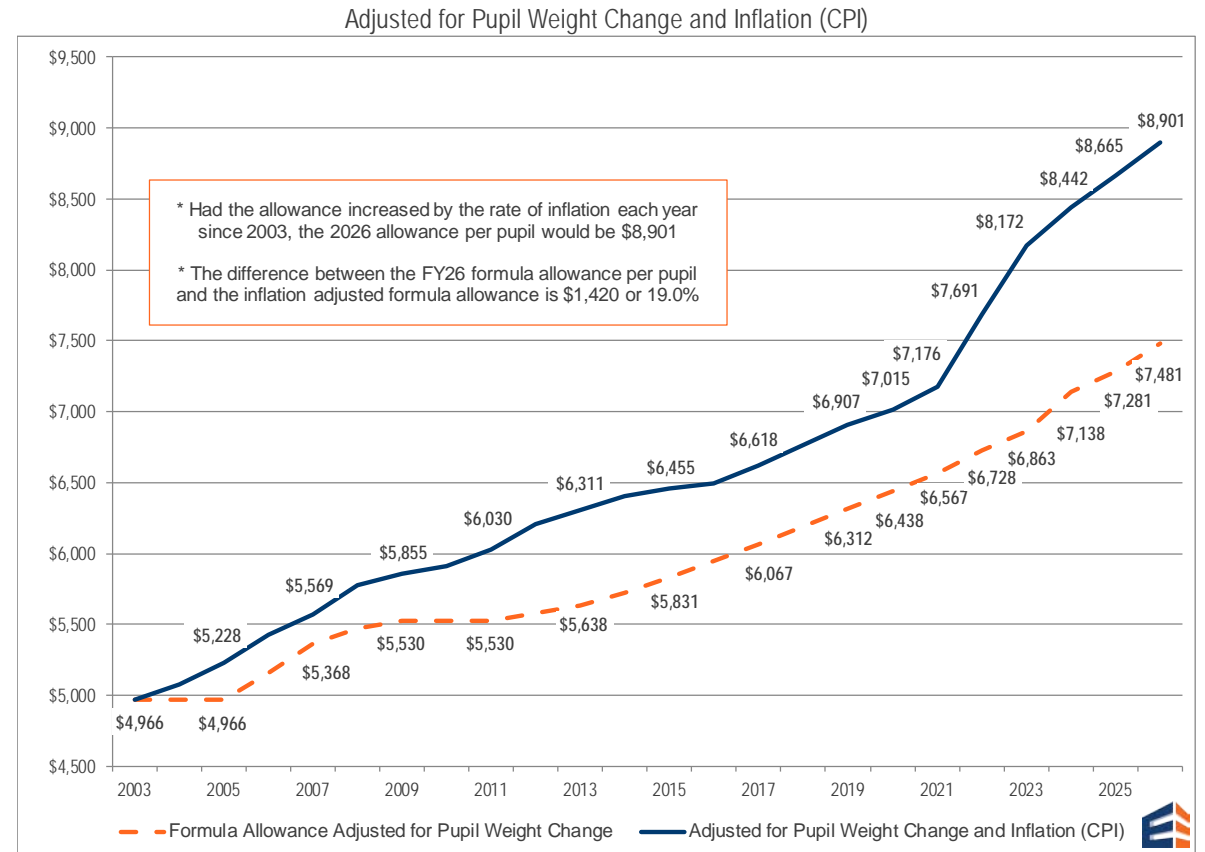
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
 - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

State also authorizes school board to submit referendums for operating & capital needs to voters for approval

General Education Formula Allowance, 2003-26

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2024-25, an increase of 2.00% or \$143 over previous year was approved
- For Fiscal Year 2025-26, an increase of 2.75% or \$200 over previous year was approved

Per-pupil allowance for Fiscal Year 2025-26 of \$7,481 would need to increase by another \$1,420 (19.0%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,901



According to MN Department of Education (MDE):

FY 2024 costs of providing programs were underfunded statewide by \$503 million

Even with recent funding, costs will be underfunded by \$524 million statewide by FY 2028



Primary options to bridge funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both

Underfunding of Special Education

Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information be presented at this hearing. Fiscal Year 2026-27 budget will be adopted by School Board in June 2026.

School district budgets are divided into separate funds, based on purposes of revenue, as required by law.

Our District's Funds:

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- OPEB* Trust

**Other Post-Employment Benefits*



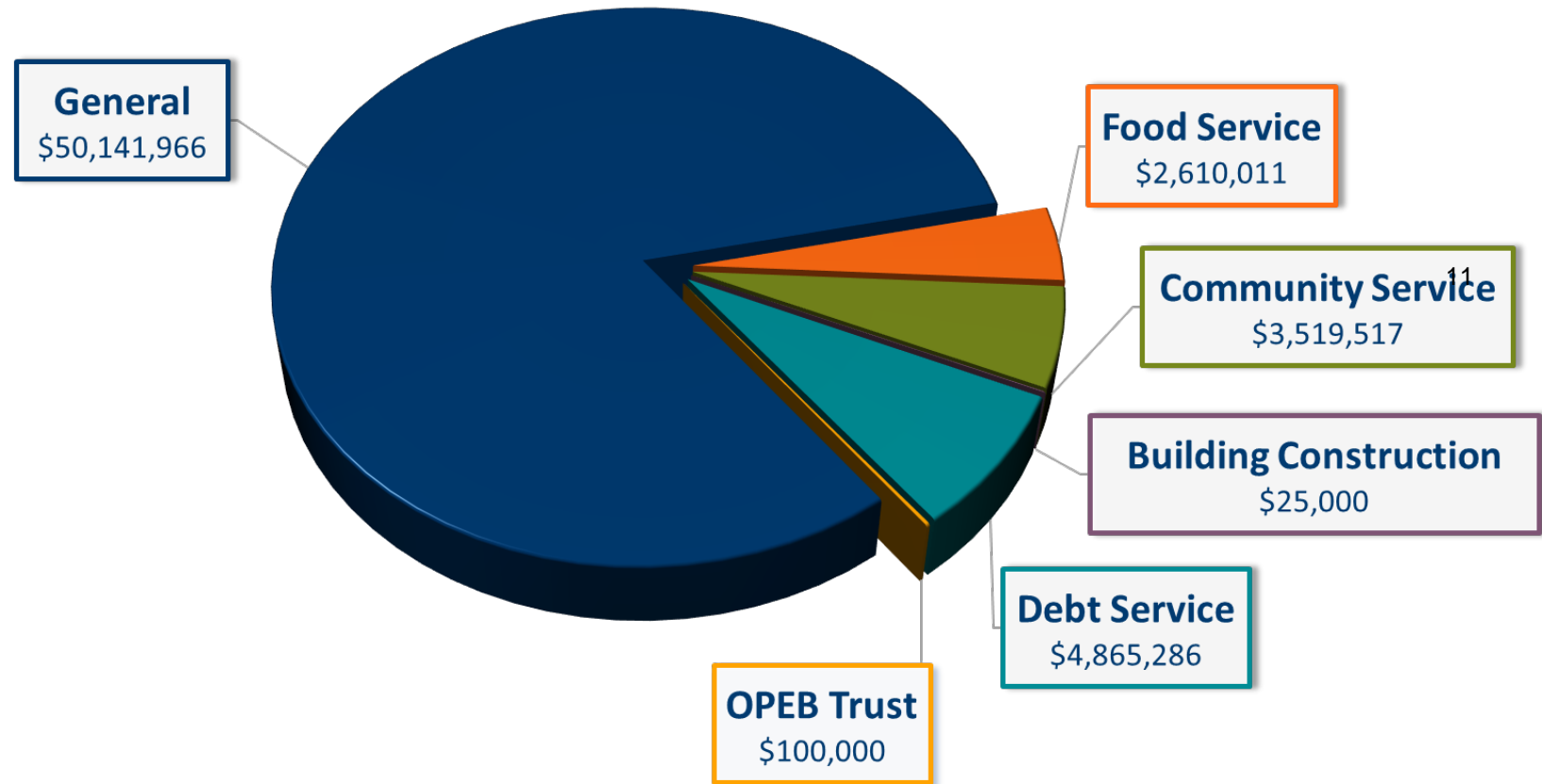
District Revenues & Expenditures
Actual for FY 2025, Budget for FY 2026

FUND	FISCAL 2025 BEGINNING	2024-25 ACTUAL		JUNE 30, 2025 ACTUAL	2025-26 BUDGET		JUNE 30, 2026 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES	REVENUES & TRANSERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES
General/Restricted	\$3,077,128	\$6,714,911	\$6,651,616	\$3,140,423	\$7,750,285	\$9,033,877	\$1,856,831
General/Other	14,769,820	43,598,337	43,737,773	14,630,384	42,391,681	45,778,238	11,243,827
Food Service	906,526	2,552,502	2,580,226	878,802	2,610,011	2,718,026	770,787
Community Service	1,342,213	3,744,124	3,595,738	1,490,599	3,519,517	3,604,302	1,405,814
Building Construction	8,075,481	214,451	5,395,348	2,894,584	25,000	2,350,862	568,722
Debt Service	1,531,860	6,649,784	6,157,364	2,024,280	4,865,286	4,482,775	2,406,791
OPEB* Irrevocable Trust	1,319,117	115,745	51,983	1,382,879	100,000	138,688	1,344,191
Total All Funds	31,022,145	63,589,854	68,170,048	26,441,951	61,261,780	68,106,768	19,596,963

*Other Post Employment Benefits

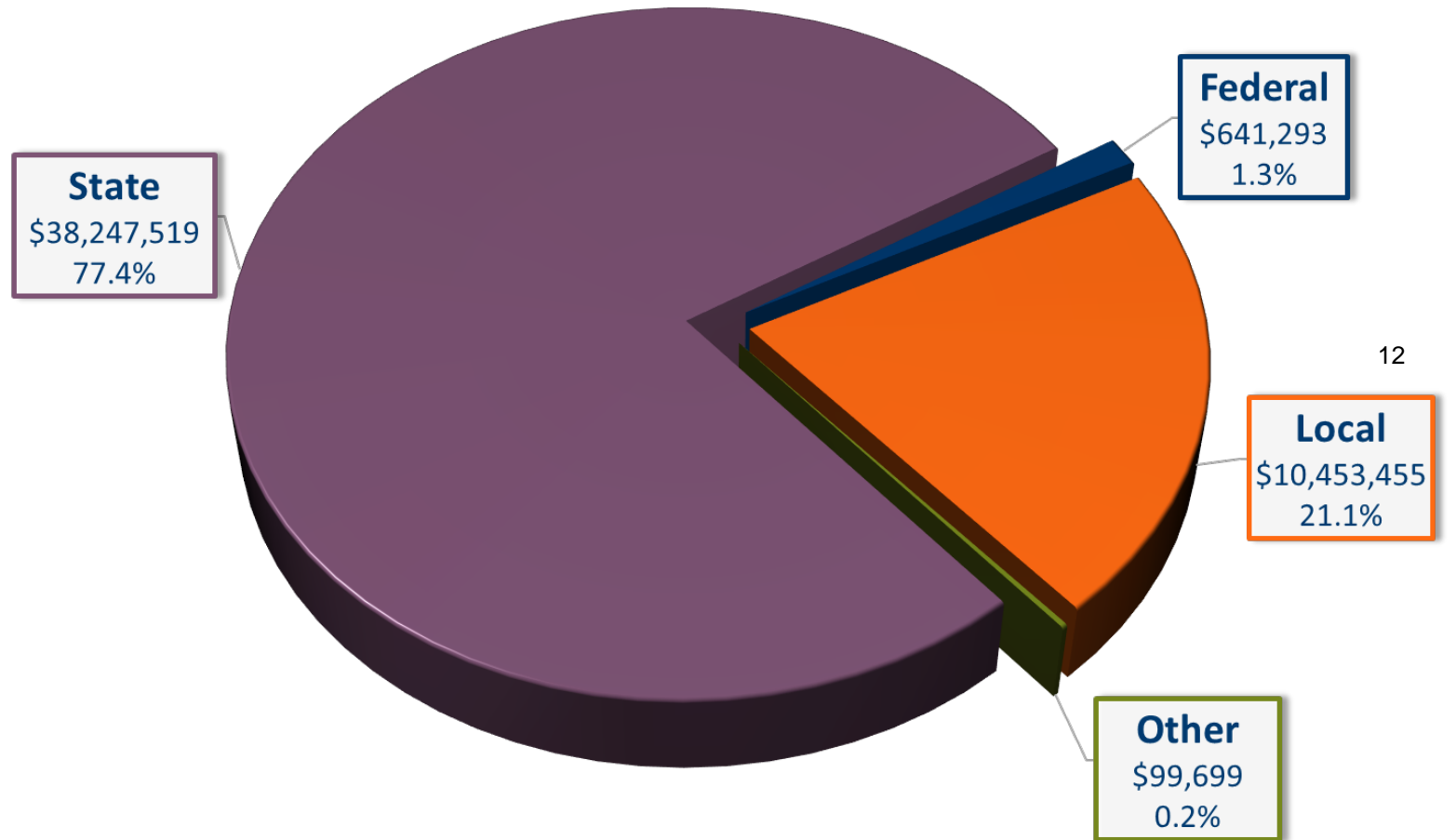
Revenue - All Funds -

2025-26 Budget
\$61,261,780



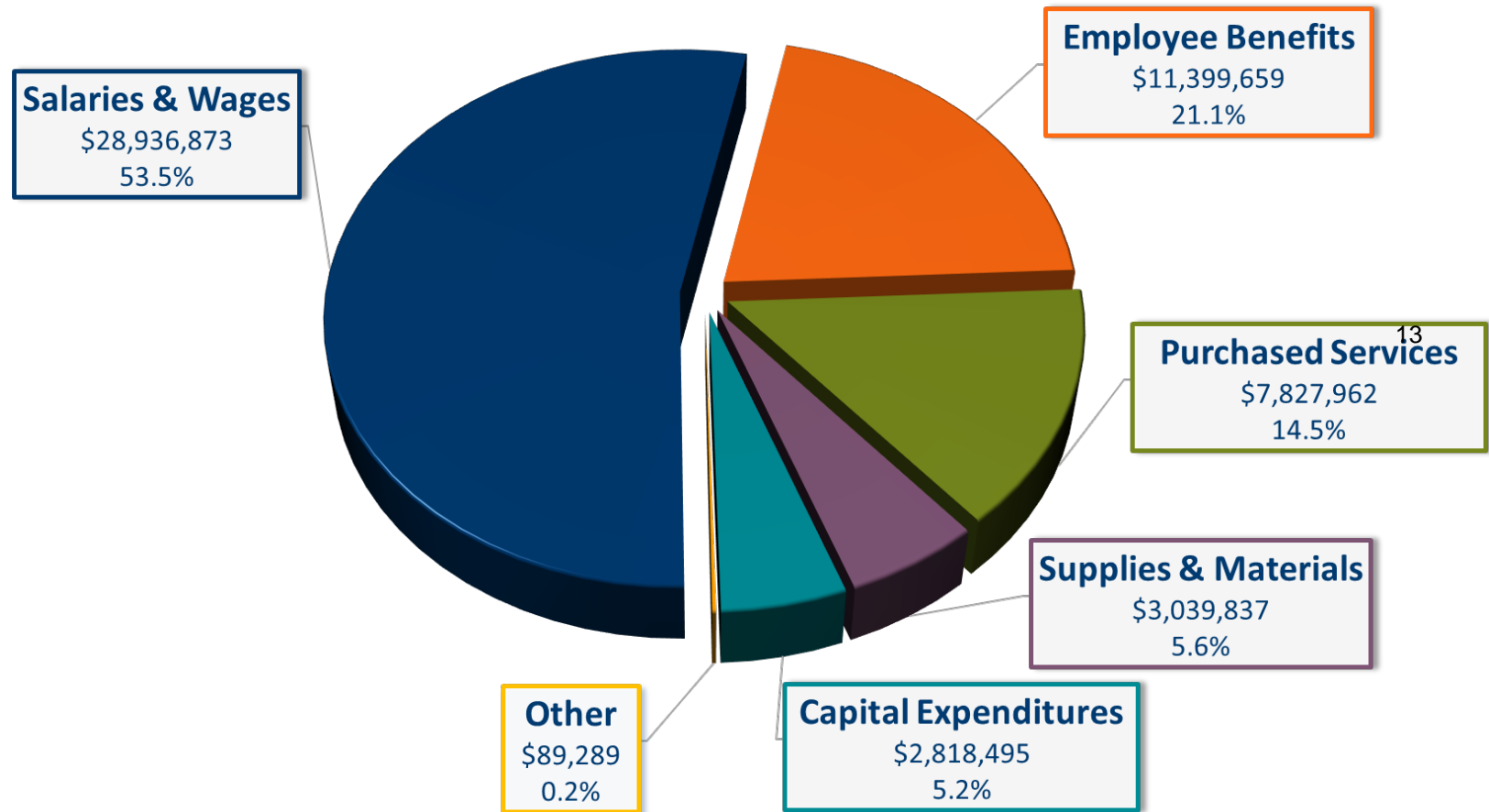
General Fund Revenue

2025-26 Budget
\$49,441,966



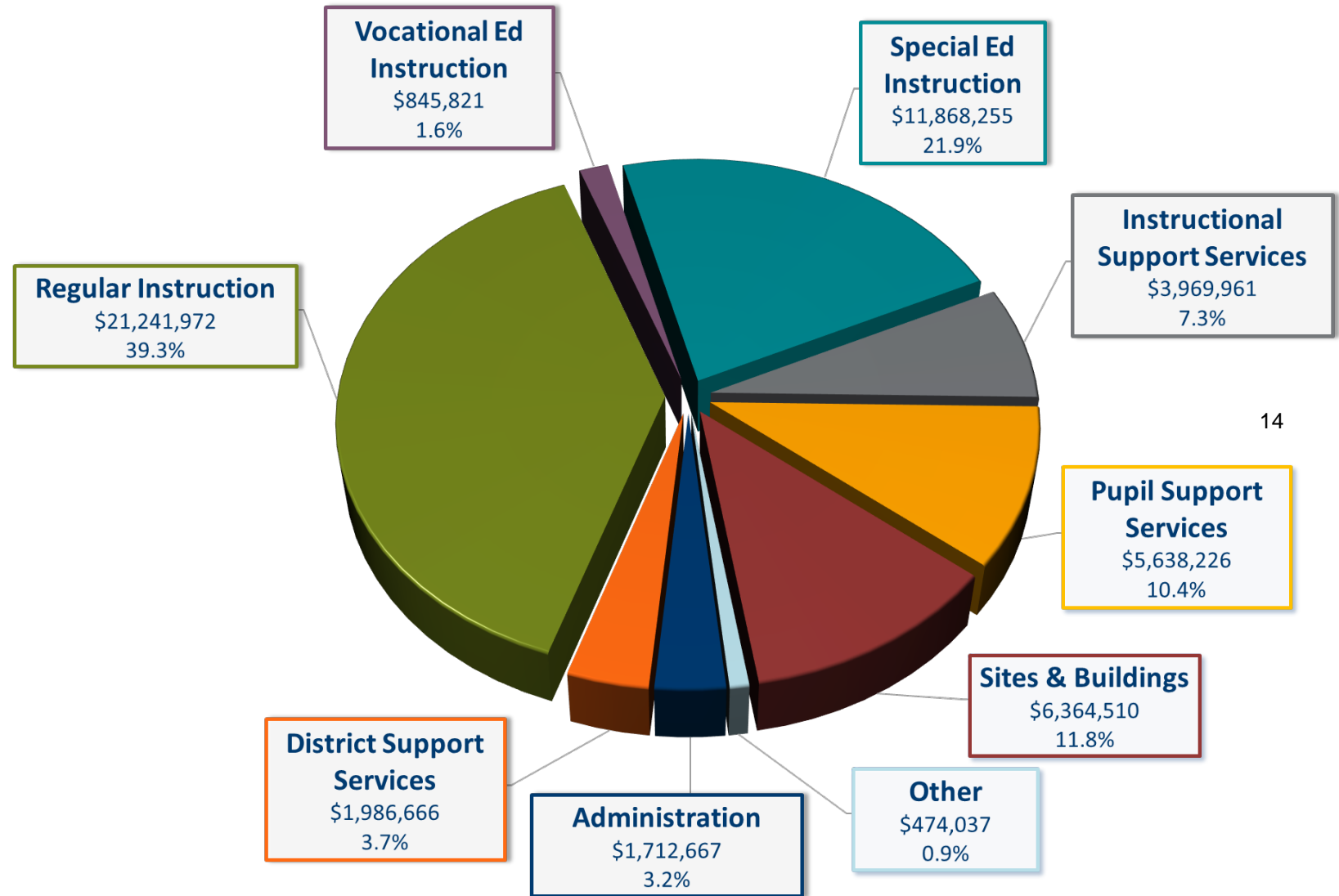
General Fund Expenditures - by Object -

2025-26 Budget
\$54,112,115



General Fund Expenditures - by Program -

2025-26 Budget
\$54,112,115



Change in Tax Levy does not Determine Change in Budget



Tax levy is based on many state-determined formulas plus voter approved referendums



Some increases in tax levies are revenue neutral, offset by reductions in state aid



Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance



An increase in school taxes does not always correlate to an equal increase in budget

Difference in Levy Cycles



School District:

- Budget year begins July 1st
- 2026 taxes provide revenue for 2026-27 fiscal year
- Budget adopted in June 2026



City/County:

- Budget year begins January 1st
- 2026 taxes provide revenue for 2026 calendar year budget

Sample of parcel specific notice mailed to every property owner between November 10th – 25th

Property Tax Background:

- Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located
- Each taxing jurisdiction sets own tax levy, often based on limits in state law
- County sends bills, collects taxes from property owners & distributes funds back to other taxing jurisdictions



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 2026

THIS IS NOT A BILL. DO NOT PAY.

VALUES AND CLASSIFICATION			
Step		2025	2026
1	Taxes Payable Year		
	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$33,050
	Taxable Market Value	\$125,000	\$116,950
	Class	Res NHmstd	Res Hmstd
PROPOSED TAX			
2	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
PROPERTY TAX STATEMENT			
3		Coming in 2026	
The time to provide feedback on PROPOSED LEVIES is NOW			
<small>It is too late to appeal your value without going to Tax Court.</small>			

Proposed Property Taxes and Meetings by Jurisdiction for Your Property ¹⁷

Contact Information	Meeting Information	Actual 2025	Proposed 2026
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 4, 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%

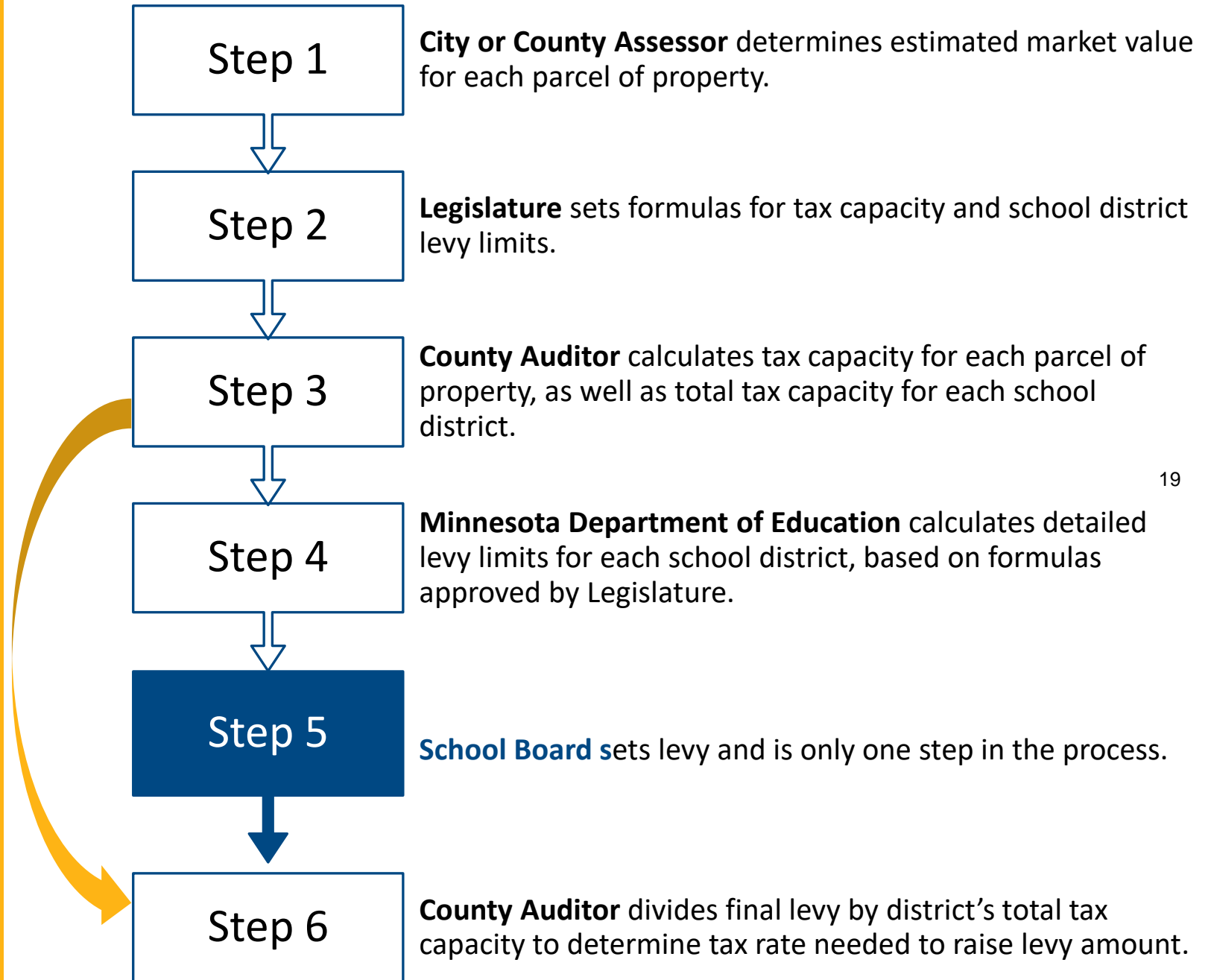
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2026 may be higher than the proposed amount shown on this notice.

School District Property Taxes

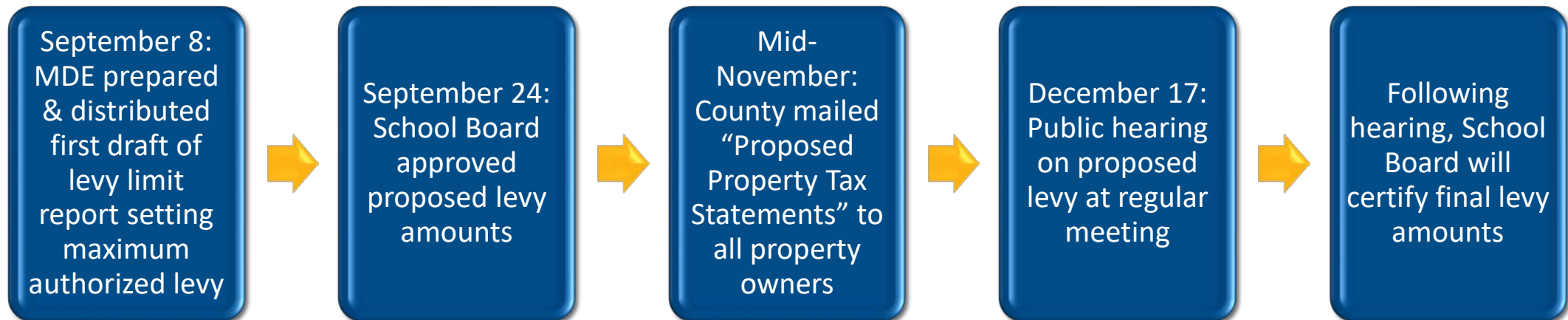
- Each school district has limited authority to levy taxes
- MDE calculates levy amounts for various categories, set by:
 - State law
 - Voter approval

School District Property Tax Process

Note: For certain levy categories, tax rates & levy amounts are based on referendum market value, rather than tax capacity.



Approval of District's Tax Levy in 2025 (Payable 2026)





Overview of District's Proposed Tax Levy

- Proposed Payable 2026 tax levy is an increase from 2025 of \$605,295 or 4.6%
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides

Comparison of Actual Tax Levy Payable in 2025 to Proposed Levy Payable in 2026

Fund Levy Category	Actual Levy Payable in 2025	Proposed Levy Payable in 2026	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$2,392,085	\$2,414,085	\$22,000	
Local Optional Revenue (LOR)	2,212,126	2,192,536	(19,590)	
Equity	463,873	457,547	(6,327)	
Voter Approved Capital Project Levy	930,816	930,860	44	
Operating Capital	290,385	296,389	6,004	
Alternate Teacher Compensation	286,584	281,719	(4,865)	
Career Technical	187,917	204,055	16,138	
Long Term Facilities Maintenance (LTFM)	1,567,691	2,762,253	1,194,562	
Lease Levy	193,052	145,455	(47,597)	
Other	219,238	202,185	(17,053)	
Prior Year Adjustments	79,048	133,203	54,155	
Total, General Fund	\$8,822,815	\$10,020,286	\$1,197,471	13.6%
Community Service				
Basic Community Education	\$99,256	\$95,667	(\$3,590)	
Early Childhood Family Education	60,164	54,164	(6,000)	
School-Age Child Care	170,000	170,000	0	
Other	3,839	3,889	50	
Prior Year Adjustments	43,624	42,726	(898)	
Total, Community Service Fund	\$376,883	\$366,446	(\$10,438)	-2.8%
Debt Service				
Voter Approved	\$2,423,335	\$2,445,280	\$21,945	
Other	221,340	220,080	(1,260)	
Long Term Facility Maintenance	1,417,401	1,354,129	(63,271)	
Reduction for Debt Excess	0	(505,371)	(505,371)	
Prior Year Adjustments	20,734	(13,048)	(33,782)	
Total, Debt Service Fund	\$4,082,810	\$3,501,071	(\$581,739)	-14.2%
Total Levy, All Funds	\$13,282,507	\$13,887,803	\$605,295	4.6%
Subtotal by Truth in Taxation Categories:				
Voter Approved	5,815,440	5,579,594	(235,846)	
Other	7,467,068	8,308,209	841,141	
Total	\$13,282,507	\$13,887,803	\$605,295	4.6%

Explanation of Levy Changes

Category:

General Fund – Long Term Facilities Maintenance (LTFM)

Change:

+\$1,227,846

Use of Funds:

Health & Safety, Deferred Maintenance, Roofing Projects

Reason for Change:

Levy included for FY 2026-27 Roofing Project

Explanation of Levy Changes

Category:	Debt Service Fund – Reduction for Debt Excess
Change:	-\$505,371
Use of Funds:	Debt Payments
Reason for Change:	<ul style="list-style-type: none">• Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections• Because delinquencies are generally less than 5%, most districts gradually build up fund balances in debt service funds• A portion of the reduction is offsetting the one time increase in the General Fund LTFM levy

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause a tax bill for an individual property to increase or decrease from year to year

- Changes in value of individual property
- Changes in total value of all property within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors

Impact of Property Valuations

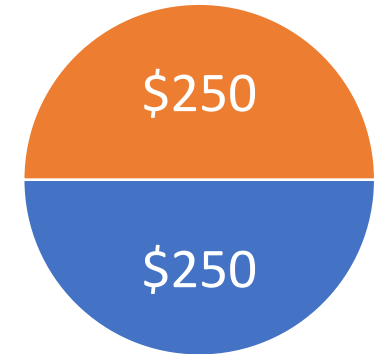
Two properties in the district

- Both houses are valued at \$100,000

Total levy of \$500

- Each property will pay \$250 of levy

\$100,000



\$100,000



Impact of Property Valuations

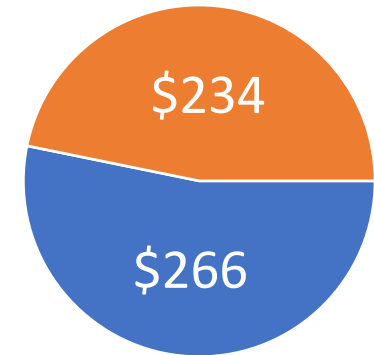
Two properties in the district

- Orange house value increases by 10%
- Blue house value increases by 25%

Total levy of \$500

- School District will still generate the same amount of levy even though values increased
- Orange house pays less
- Blue house pays more

\$110,000



27

\$125,000



Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and a 9.2% increase in property value for residential homes over the past four years
 - Actual changes in value may be more or less than this for any parcel of property
 - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Amounts for 2026 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal advisors)

Estimated Changes in School Property Taxes, 2023 to 2026
Based on No Changes in Property Values

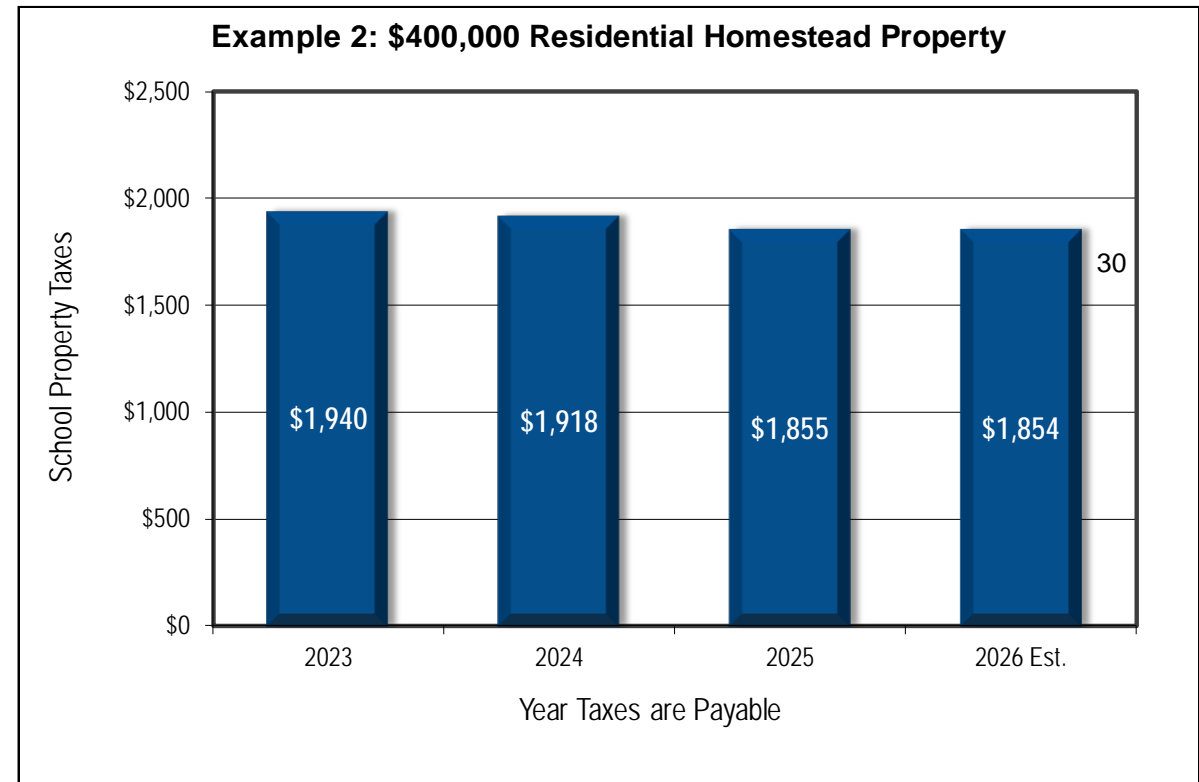
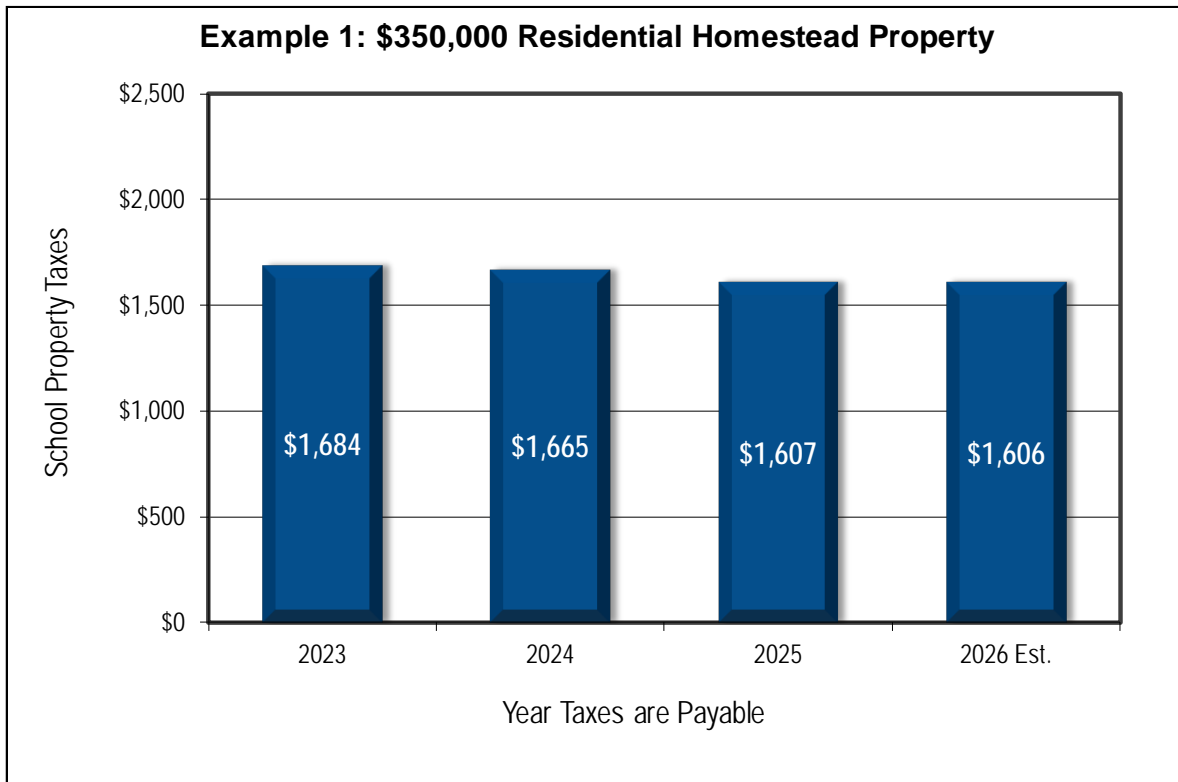
Type of Property	Estimated Market Value	Actual Taxes Payable in 2023	Actual Taxes Payable in 2024	Actual Taxes Payable in 2025	Estimated Taxes Payable in 2026	Change in Taxes 2023 to 2026	Change in Taxes 2025 to 2026
Residential Homestead	\$200,000	\$915	\$906	\$862	\$860	-\$55	-\$2
	300,000	1,427	1,412	1,359	1,357	-70	-2
	350,000	1,684	1,665	1,607	1,606	-78	-1
	400,000	1,940	1,918	1,855	1,854	-86	-1
	500,000	2,430	2,402	2,351	2,351	-79	0
	600,000	2,991	2,954	2,897	2,899	-92	2
Commercial/ Industrial	\$250,000	\$1,738	\$1,699	\$1,667	\$1,681	-\$57	\$14
	500,000	3,701	3,611	3,544	3,577	-124	33
	1,000,000	7,626	7,435	7,298	7,370	-256	72
	2,000,000	15,476	15,084	14,805	14,955	-521	150
Apartments and Res. Non-Homestead (2 or more units)	\$500,000	\$2,804	\$2,758	\$2,705	\$2,715	-\$89	\$10
	1,000,000	5,608	5,516	5,410	5,430	-178	20
	2,000,000	11,215	11,031	10,820	10,860	-355	40

General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2026 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2023 to 2026.

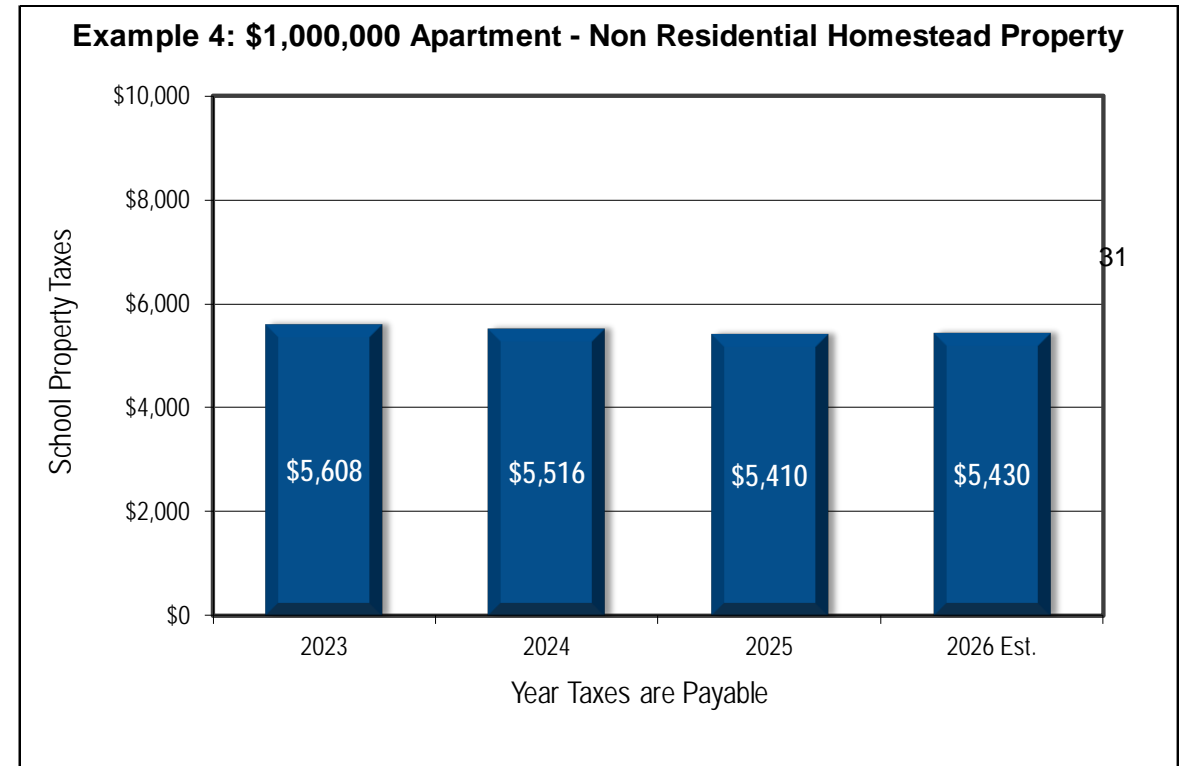
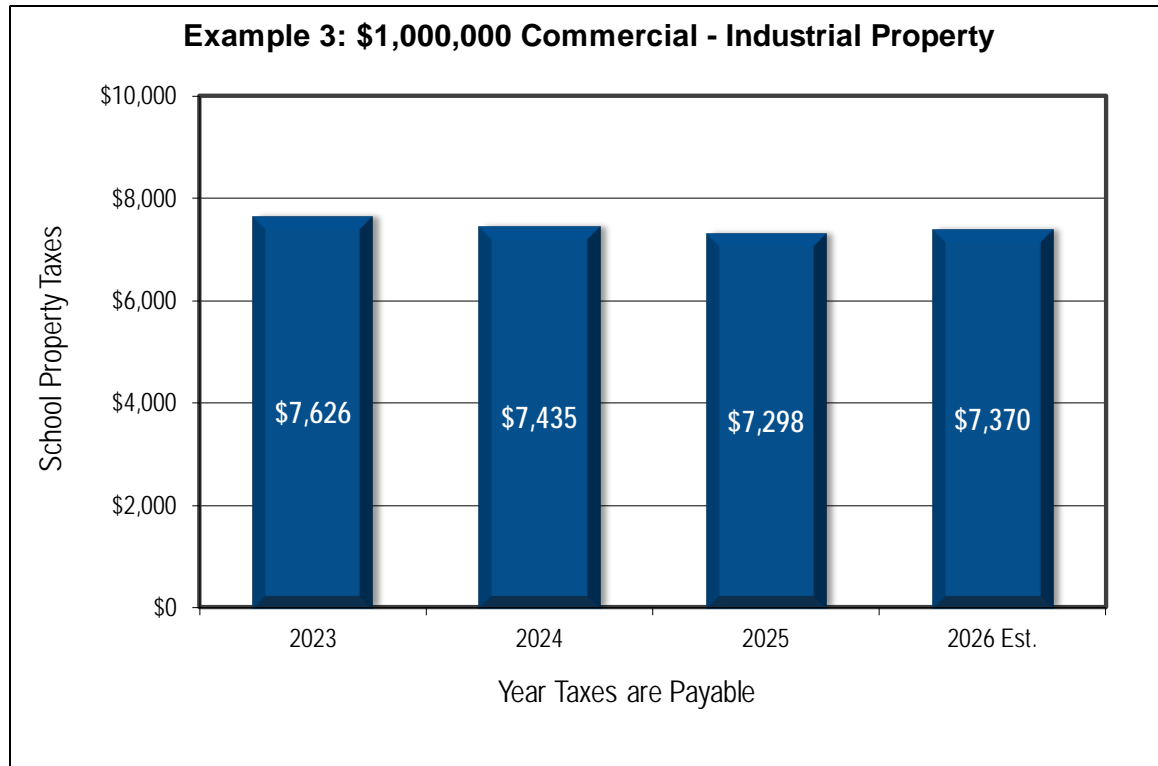
Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value



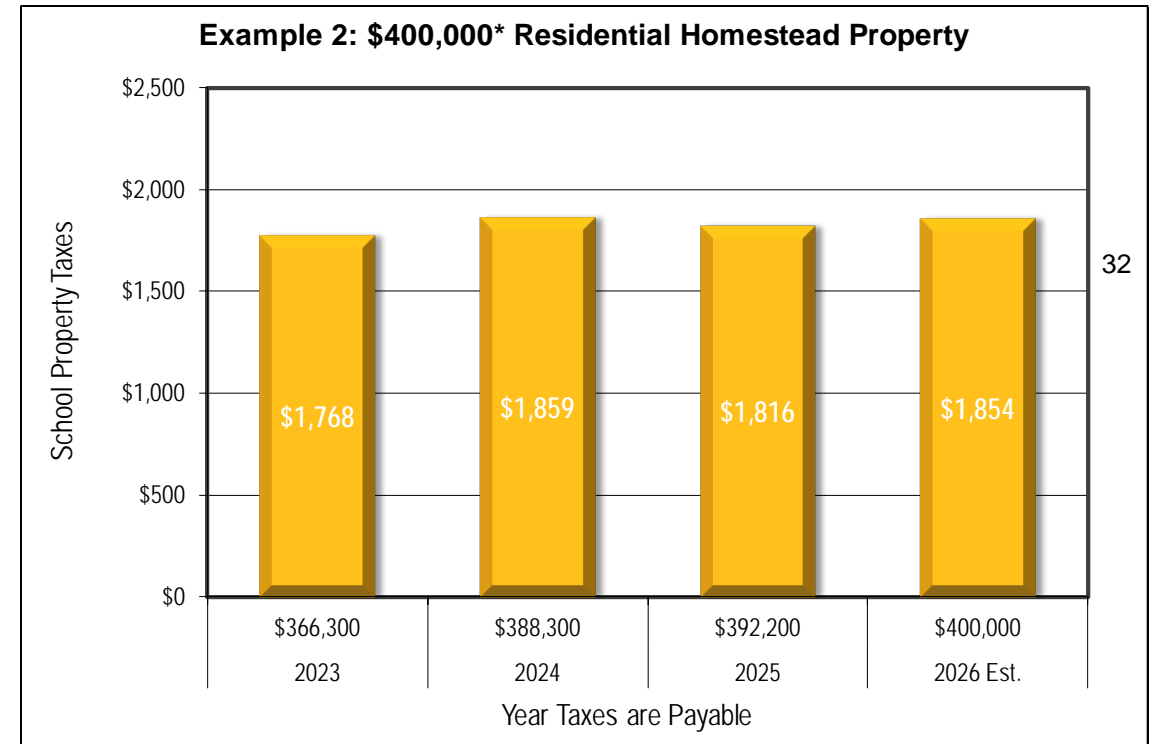
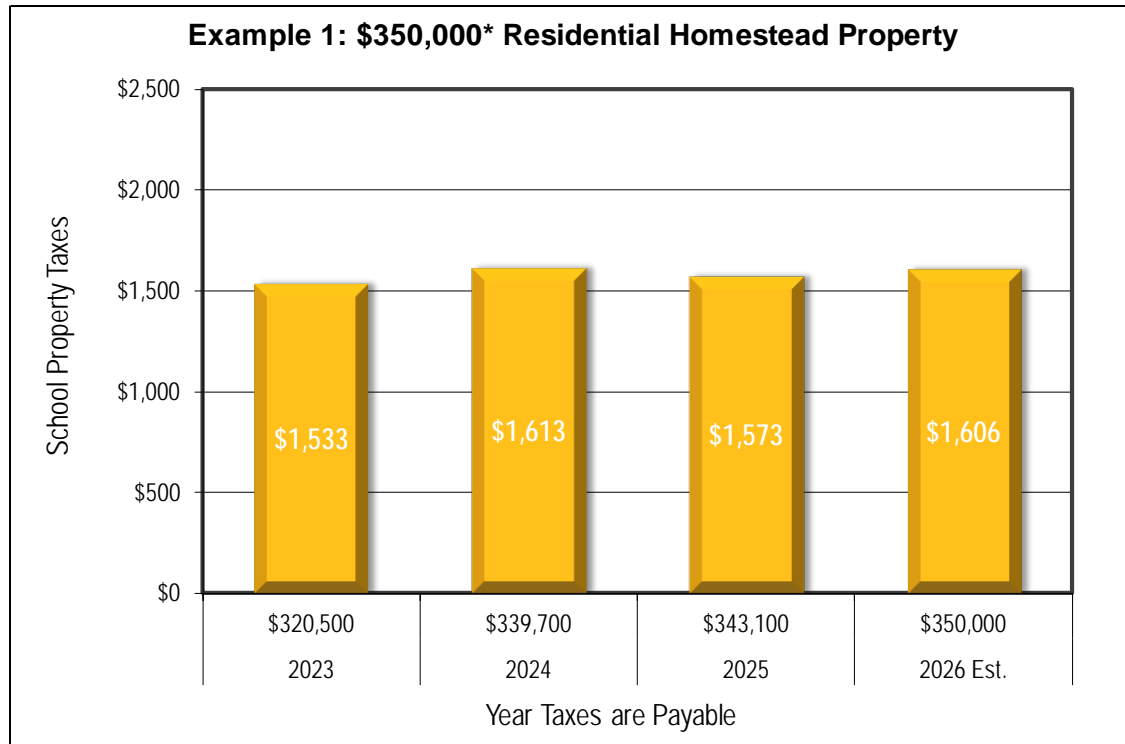
Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value



Estimated Changes in School Property Taxes, 2023-26

Based on 9.2% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 6.0% from 2023 to 2024, 1.0% from 2024 to 2025 and 2.0% from 2025 to 2026.

State Property Tax Preferences

Homestead Credit Refund

- Available for all homestead property, both residential and agricultural (house, garage and one acre (HGA) only)
- Refund is sliding scale, based on total property taxes and income

Special Property Tax Refund

- Available for all homestead property, both residential & agricultural (HGA only) with a gross tax increase of at least 12% and \$100 over prior year
- Refund is 60% of tax increase that exceeds greater of 12% or \$100 (max \$1,000)

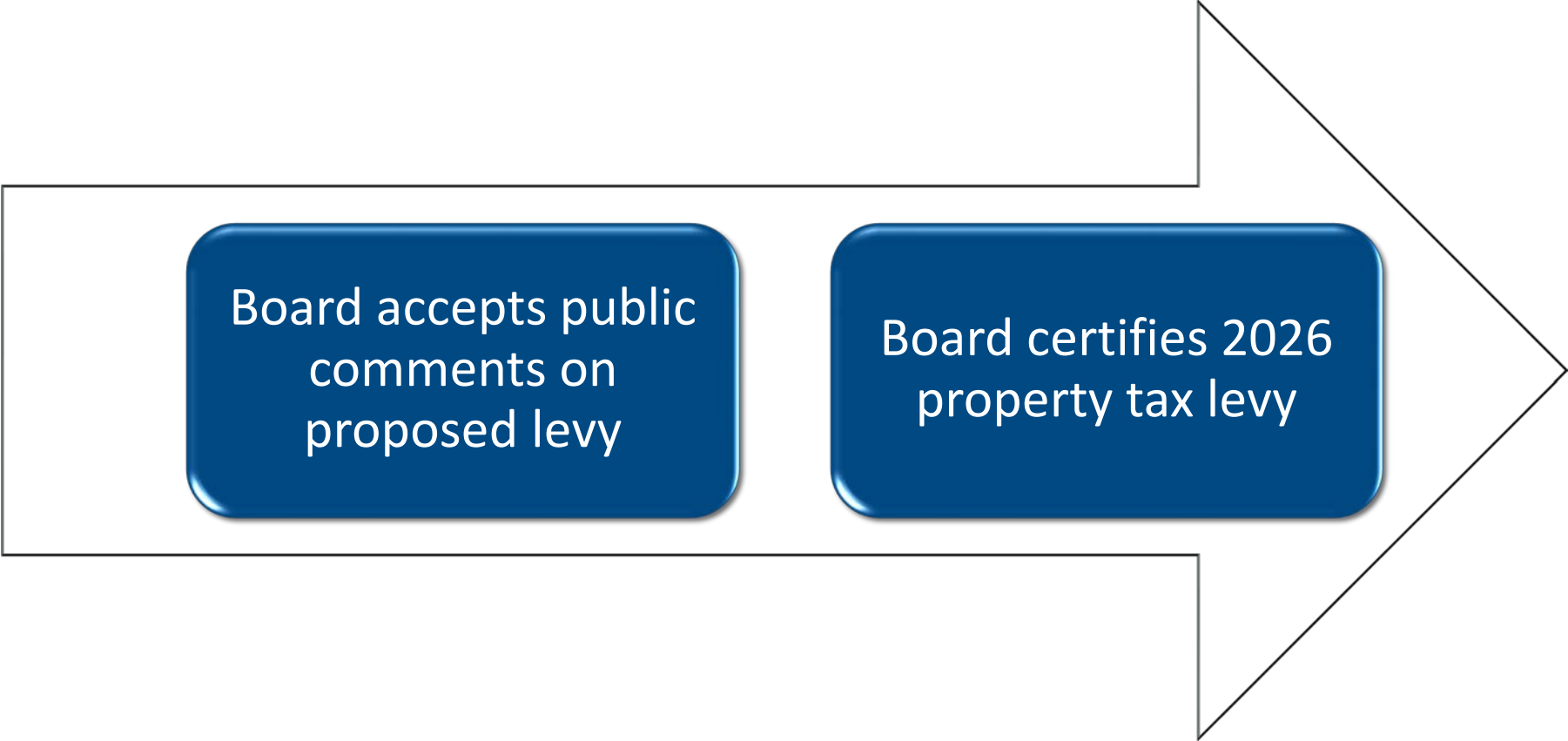
Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

Income Taxes

- If you itemize deductions for federal income taxes, you may deduct a portion of your taxes paid. Starting with your 2024 taxes, renters can claim the Renter's refundable credit on a Minnesota income tax return.

Next Steps





PUBLIC COMMENTS