

Truth in Taxation
Monday, December 8, 2025 6:00 PM Central

Deer River High School Media Center
101 1st Avenue
Deer River, MN 56636

1. Call to Order
Guests: Crystal Purdie, Jennifer Drotts, Brent Schimek, Rachel Herring
2. Annual Truth in Taxation Report
3. Public Comment Regarding Truth in Taxation Report
4. Adjournment

ISD 317

Deer River Public Schools

Truth in Taxation Presentation

**Public Hearing
2025-2026 Budget &
Proposed Property Taxes**

December 8, 2025



PMA Securities part of:

PTMA
FINANCIAL SOLUTIONS



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

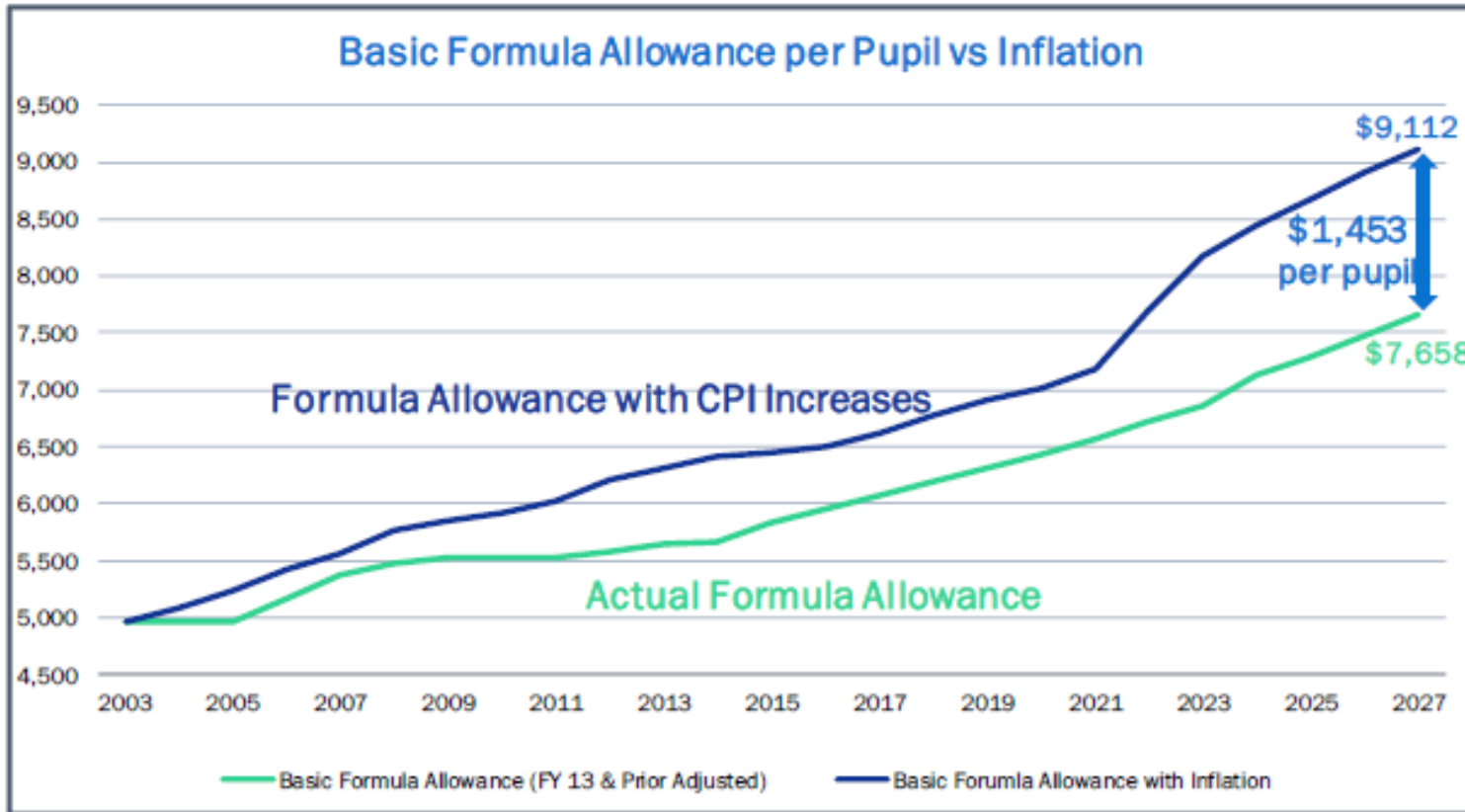
- Meeting must be held between November 25 and December 30 at 6pm or later
- May be a part of a regularly scheduled meeting
- Presentation must include discussion on:
 - Fiscal Year 2026 budget
 - Pay 2026 (fiscal year 2026-27) Proposed Tax Levy
- Must allow for public comments



Minnesota School Funding

Public 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



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

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

FY 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
		101,747	50,000
			68,700

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.
25	OPEB Revocable Trust	Other Postemployment Benefits



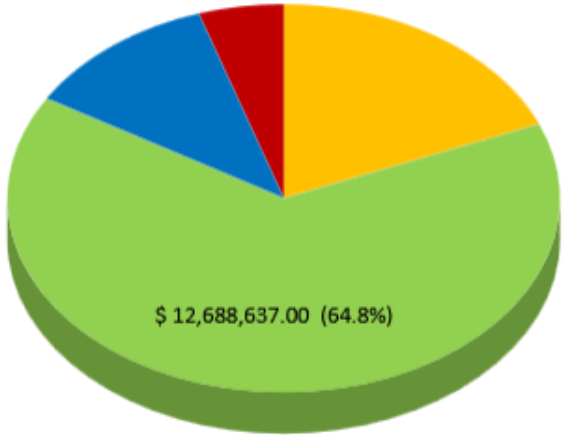
Budget Overview

ISD #317 2025-26 Budget

Fund		REVENUE	EXPENSE	Projected Surplus/(Deficit)
01,03,05,11	General Fund	\$ 16,455,126.00	\$ 16,683,094.00	\$ (227,968.00)
02	Food Service Fund	\$ 827,500.00	\$ 838,064.00	\$ (10,564.00)
04	Community Service Fund	\$ 260,356.00	\$ 243,710.00	\$ 16,646.00
07	Debt Redemption Fund	\$ 1,920,817.00	\$ 1,877,974.00	\$ 42,843.00
08	Trust Fund	\$ 2,500.00	\$ 2,500.00	\$ -
25	OPEB Revocable Trust Fund	\$ 104,000.00	\$ 250.00	\$ 103,750.00
Total All Funds:		\$ 19,570,299.00	\$ 19,645,592.00	\$ (75,293.00)

ISD #317
2025-26 Revenues by Source

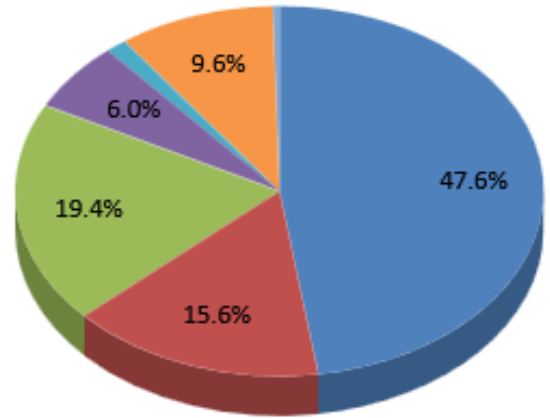
		% of Total Budget All Funds
Local Sources	3,668,578.00	18.75%
State Sources	12,688,637.00	64.84%
Federal Sources	2,238,328.00	11.44%
Other	974,756.00	4.98%
Total Revenues All Funds	<u>19,570,299.00</u>	



FY 2026
Revenues
by Source

ISD #317 2025-26 Expense by Area

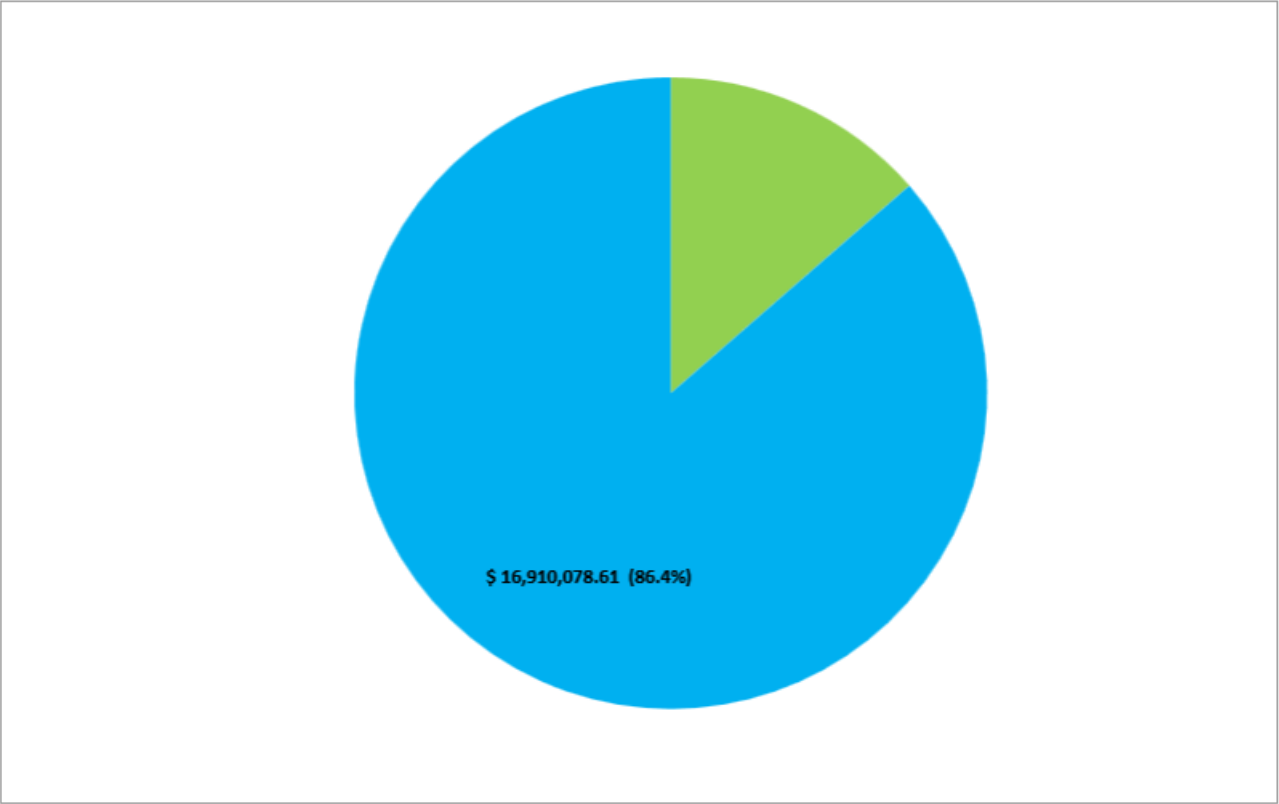
		% of Total Budget All Funds
Salaries & Wages	9,360,852.00	47.65%
Employee Benefits	3,058,037.00	15.57%
Purchased Services	3,821,012.00	19.45%
Supplies & Materials	1,187,320.00	6.04%
Capital Expenditures	258,284.00	1.31%
Debt Service	1,877,974.00	9.56%
Other Expenditures	82,113.00	0.42%
Other Financing Uses	-	0.00%
Total Expenses All Funds	19,645,592.00	



FY 2026
Expenditures
by Object

2026 Property Tax Levy

Payable 2026 Levy as a Component of Revenue Budget



Levy Category:

		Payable 2026	
Payable 26 Levy	\$	2,660,220.39	13.60%
All Other Revenues	\$	16,910,078.61	86.40%
Full Budget	\$	19,570,299.00	

Levy as a
Component
of Revenue
Budget

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

Deer River Public School District
Proposed Property Tax Levy Summary by Fund

	Final Pay 2025	Proposed Pay 2026	\$ Change	% Change
General Fund (Fund 1)				
Operating Referendum	-	-	-	0.0%
Local Optional	544,364	560,084	15,720	2.9%
Equity	138,865	140,361	1,496	1.1%
Transition	37,789	38,167	378	1.0%
Capital Projects Referendum	-	-	-	0.0%
Operating Capital	126,999	140,181	13,182	10.4%
Achievement and Integration	45,841	42,794	(3,047)	-6.6%
Reemployment Insurance	7,500	7,500	-	0.0%
Safe Schools	30,204	30,506	302	1.0%
Career & Technical	45,945	45,945	-	0.0%
Long Term Facilities Maintenance	208,245	209,003	758	0.4%
Building/Land Lease	33,761	-	(33,761)	-
Tree Growth	4,385	4,385	-	0.0%
<i>Taconite Adjustment</i>	(454,825)	(460,381)	(5,556)	-
<i>Adjustments and Abatements</i>	(8,915)	37,032	45,946	-
General Fund Total Levy	760,157	795,576	35,419	4.7%
Community Service (Fund 4)				
Basic Community Education	42,212	44,052	1,840	4.4%
Early Childhood Education	25,587	24,941	(646)	-2.5%
Home Visiting	841	896	55	6.5%
Adults with Disabilities	678	704	26	3.8%
School-age Care	10,000	10,000	-	0.0%
<i>Taconite Adjustment</i>	(78,162)	(72,616)	5,546	-
<i>Adjustments and Abatements</i>	(1,156)	(7,978)	(6,821)	-
Community Service Fund Total Levy	(0)	-	0	-100.0%
Debt Service Fund (Fund 7)				
Voter Approved Debt Service	1,391,107	1,386,946	(4,161)	-0.3%
Non-Voter Approved Debt Service	514,742	568,330	53,589	10.4%
<i>Taconite Adjustment</i>	(10)	-	10	-
<i>Adjustments and Abatements</i>	(78,205)	(90,632)	(12,426)	-
Debt Service Fund Total Levy	1,827,633	1,864,645	37,011	2.0%
Total Property Tax Levy All Funds	2,587,790	2,660,220	72,431	2.80%

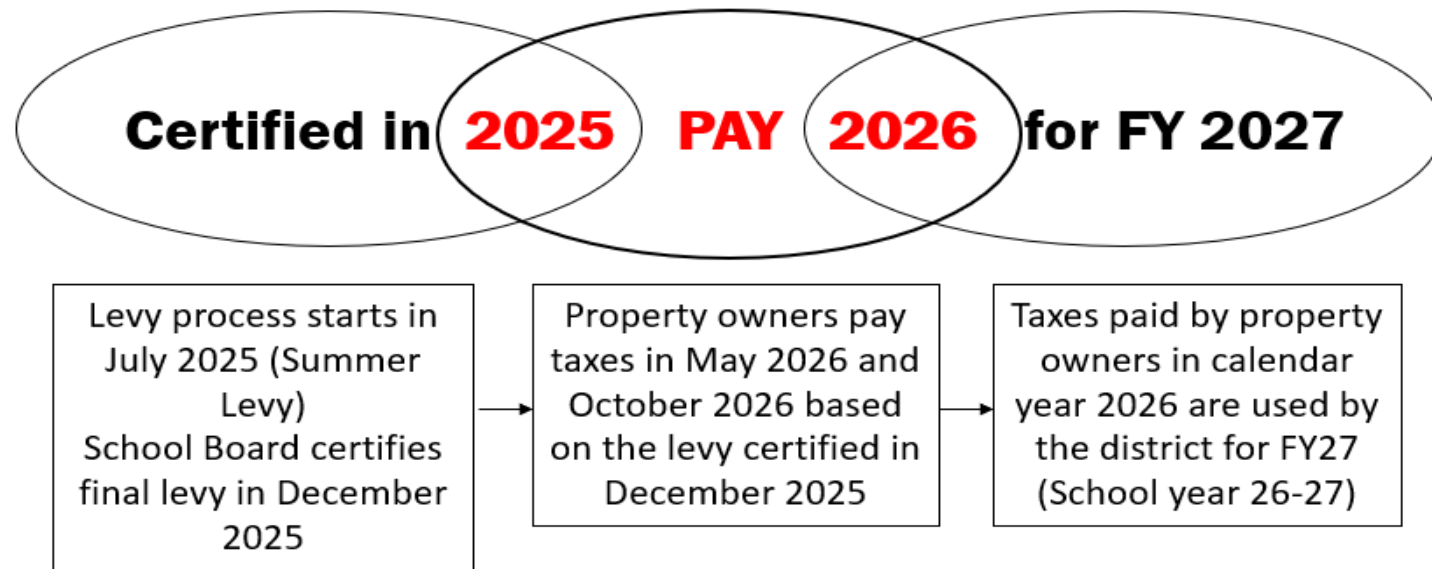
Levy Overview

Timeline for Taxpayers

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

Timeline of the Levy Cycle

The Levy Cycle



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.			
VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2024	2025
1	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			
Step	Property taxes before credits	\$1,479.52	
2	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property taxes after credits	\$1,467.52	
Step	PROPERTY TAX STATEMENT		
3	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.

March Valuation Notice



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.R1

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
2023 Values for Taxes Payable In		
Property tax notices are delivered on the following schedule:		
Step 1	Valuation and Classification Notice <small>Class: Residential Homestead</small> Estimated Market Value: \$150,000 Homestead Exclusion: \$23,800 Taxable Market Value: \$126,200	<small>See Details Below.</small>
Step 2	Proposed Taxes Notice 2024 Proposed Tax: Coming November 2023	
Step 3	Property Tax Statement <small>1st Half Taxes: Coming March 2024</small> <small>2nd Half Taxes: Total Taxes Due in 2024:</small>	

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)
<small>The assessor has determined your property's classification(s) to be:</small>	
Residential Homestead 1a	Residential Homestead 1a
<input type="checkbox"/> <small>If this box is checked, your classification has changed from last year's assessment.</small>	
<small>The assessor has estimated your property's market value to be:</small>	
Estimated Market Value (EMV)	\$158,000
	\$150,000
<small>Several factors can reduce the amount that is subject to tax:</small>	
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
Taxable Market Value (TMV)	\$135,000
	\$126,200
<small>The following values (if any) are reflected in your estimated and taxable market values:</small>	
New Improvement Value	\$0
<small>The classification(s) of your property affect the rate at which your value is taxed.</small>	

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

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

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.

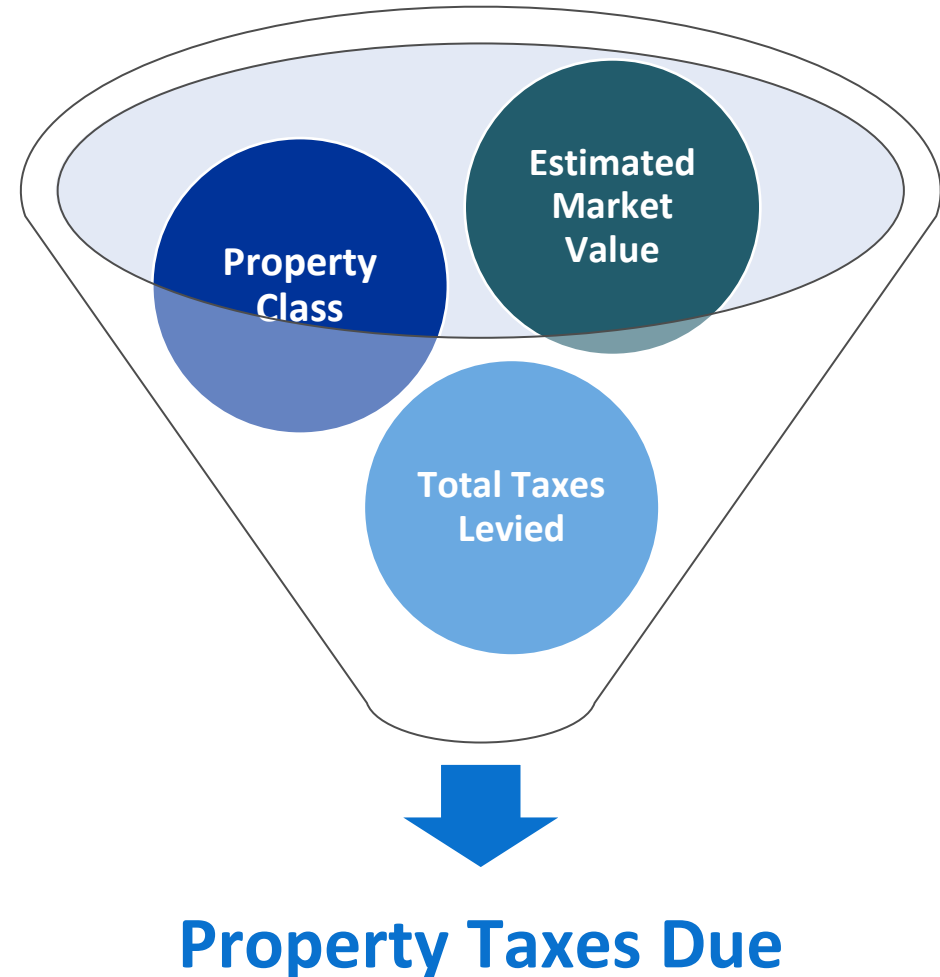
Taxable Market Value - This is the value that your property taxes are actually based on, after all reductions.

For more information on appeals, visit the Department of Revenue website: www.revenue.state.mn.us.

Calculating Property Taxes

3 Key Variables

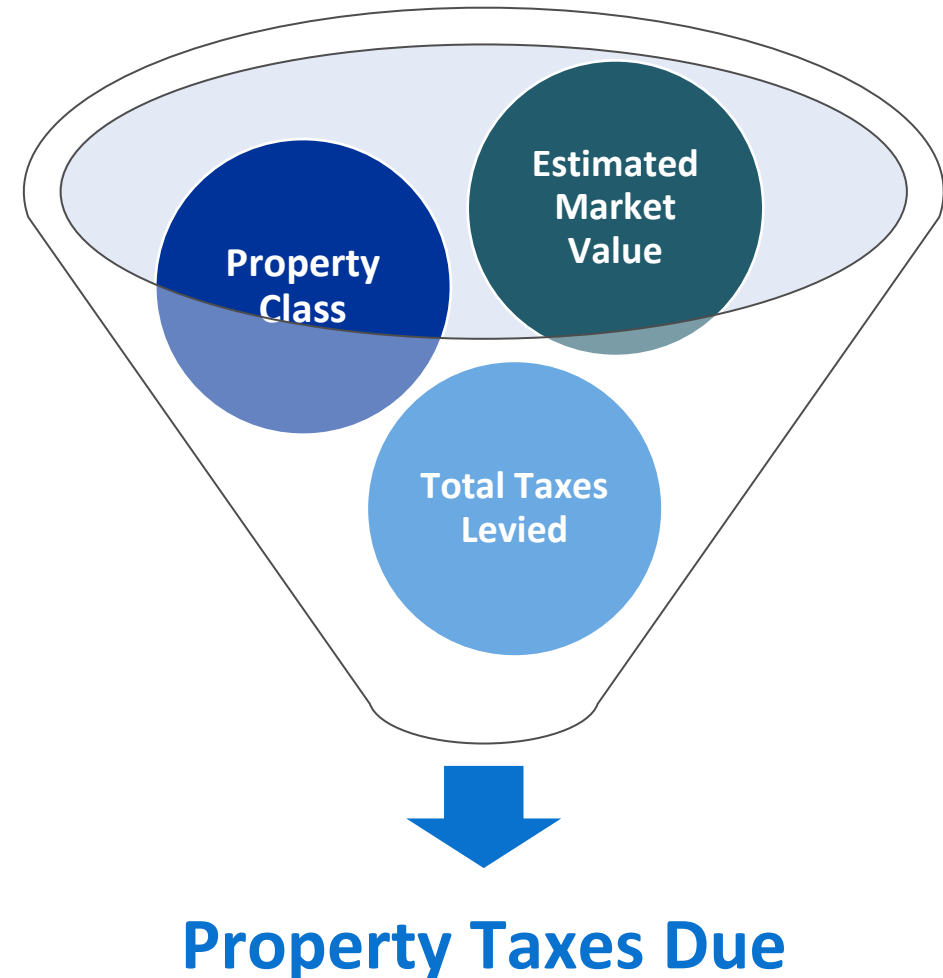
1. **Estimated Market Value**
established for each parcel
by Assessor
2. **Property Classification** rates
established by state
legislature
3. **Tax levy** established by
taxing jurisdictions (School,
City, County and others)



Property Classifications each have different tax rates set by the State Legislature

Property Classification rates established by state legislature

1. **Residential Homestead**
2. **Residential Non-Homestead**
3. **Agricultural**
4. **Commercial/Industrial**
5. **Seasonal Recreations**
6. **Managed Forest Land**



Dividing the Property Tax Pie

Property values do not rise uniformly across all properties

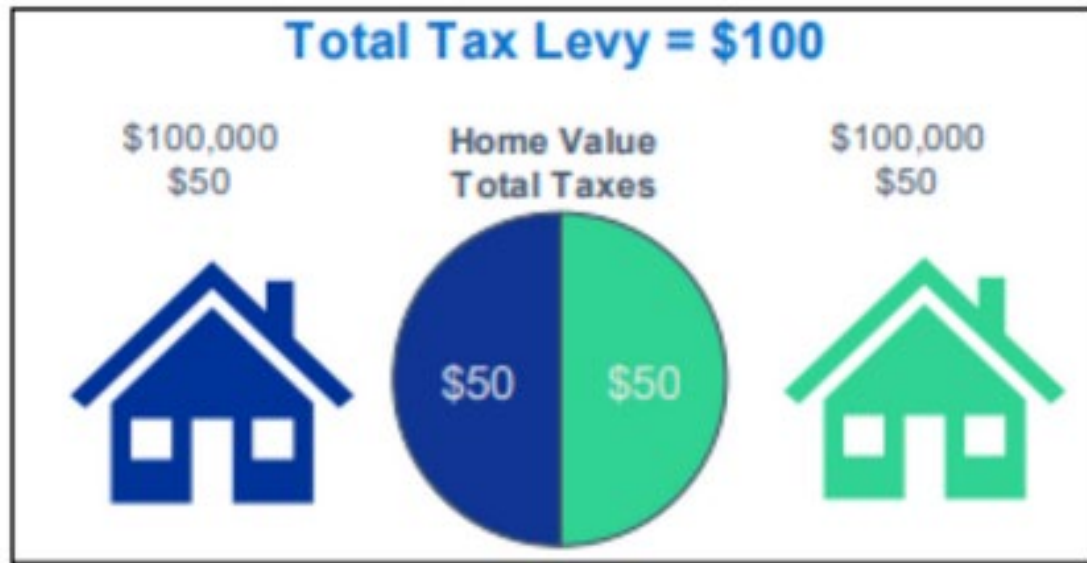
The burden of the levy shifts from taxpayers with lower increases to those with higher increases.

Higher increase =
Larger piece of the property tax pie.

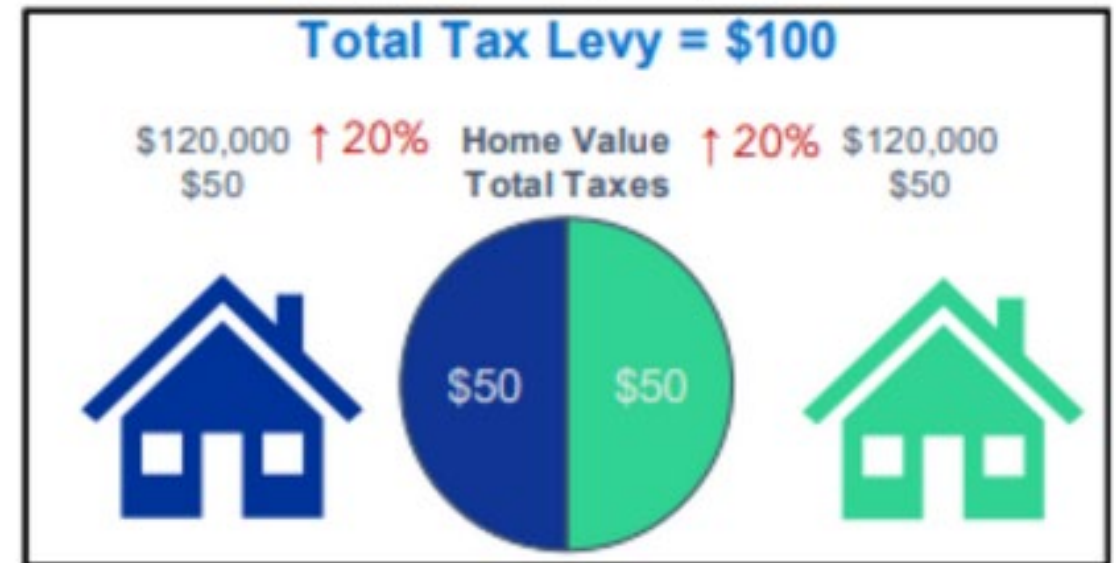


Impact of Valuation Changes

Current

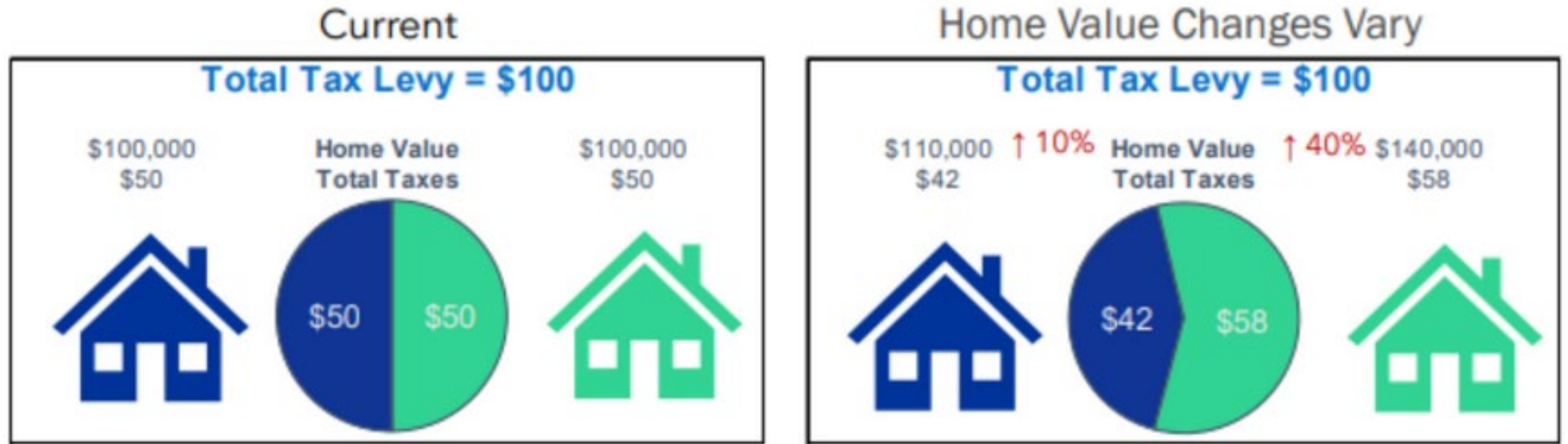


Home Values Up Equal 20%



No change in tax burden

Impact of Valuation Changes



Same Levy, Shift in Tax Burden

Shift from Commercial to Residential

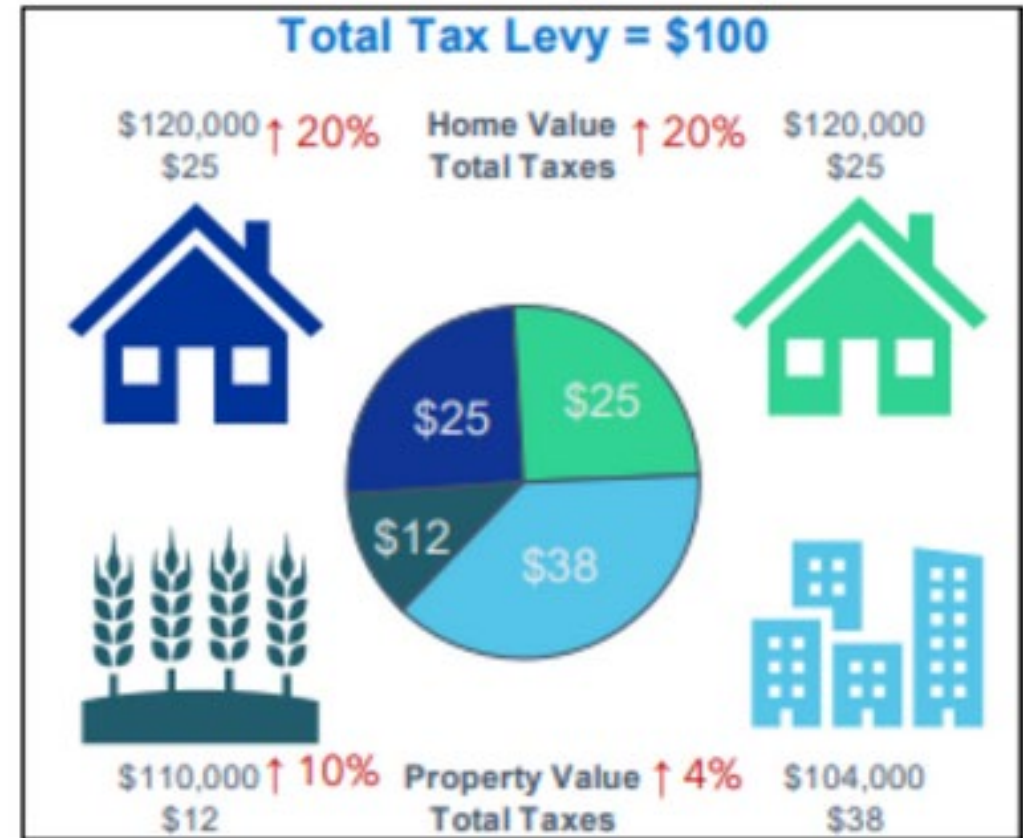
Current

Total Tax Levy = \$100






Value Changes Vary

Total Tax Levy = \$100



Key Take Aways

-  The increase or decrease in levy does not correlate to the same increase or decrease in the district's total revenue.
-  Increasing property valuations does not correlate to an increase in the district's total revenue.
-  The increase or decrease in levy does not correlate to the same increase or decrease in an individual taxpayers property taxes. Property valuation and property tax type will impact the calculation of their property taxes.

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 Rec properties

Dividing the Property Tax Pie

Our District for Taxes Payable in 2026

Net Tax Capacity Levy Amount: \$1,873,762.08

- Most all property types pay on this amount

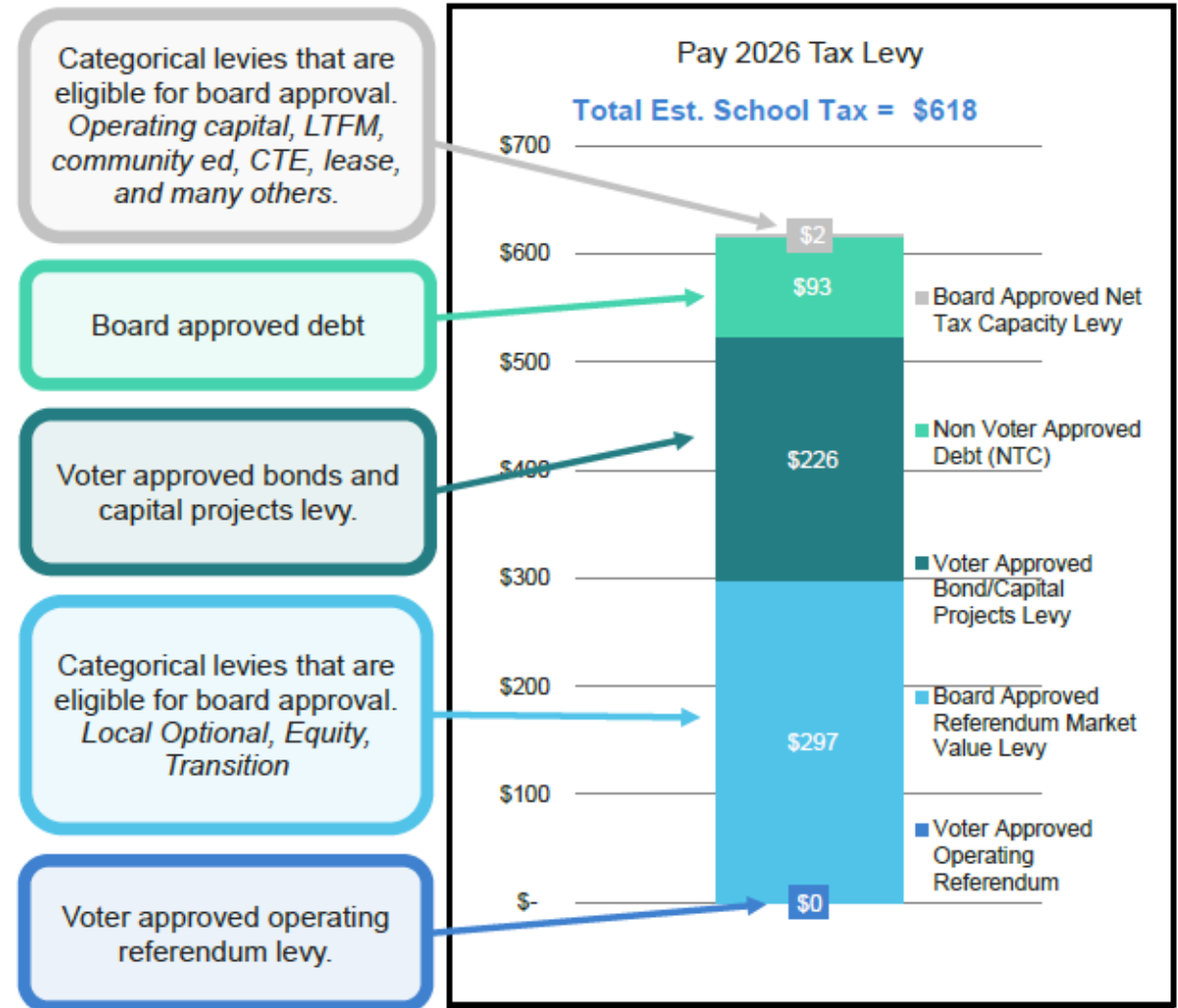
Referendum Market Value Levy Amount: \$786,458.31

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

Total Pay 2026 Levy Amount: \$2,660,220.39

Est. Pay 2026 Tax for Residential

Deer River Public School District Estimated Pay 2026 Total School Taxes for Residential Homestead Home Value = \$250,000



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

State of Minnesota for Property Tax Relief 1-800-652-9094

County Auditor

Itasca County Courthouse

123 NE 4th Street

Grand Rapids, MN 55744

Auditor's Office Phone: 218-327-2859

Treasurer's Office Phone: 218-327-2860

Levy Certification

Recommended Levy
Certification Amount

\$2,660,220.39



Public Comments