

**ISD 550
Underwood Public School District**

Truth in Taxation Presentation

December 10, 2025

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





Agenda

- Review of Meeting Requirements
- 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

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:

- **General Fund ***
- Food Service Fund
- **Community Service Fund ***
- Building Construction Fund
- **Debt Service Fund ***
- Internal Service

*Funds have a tax levy component



Budget Overview

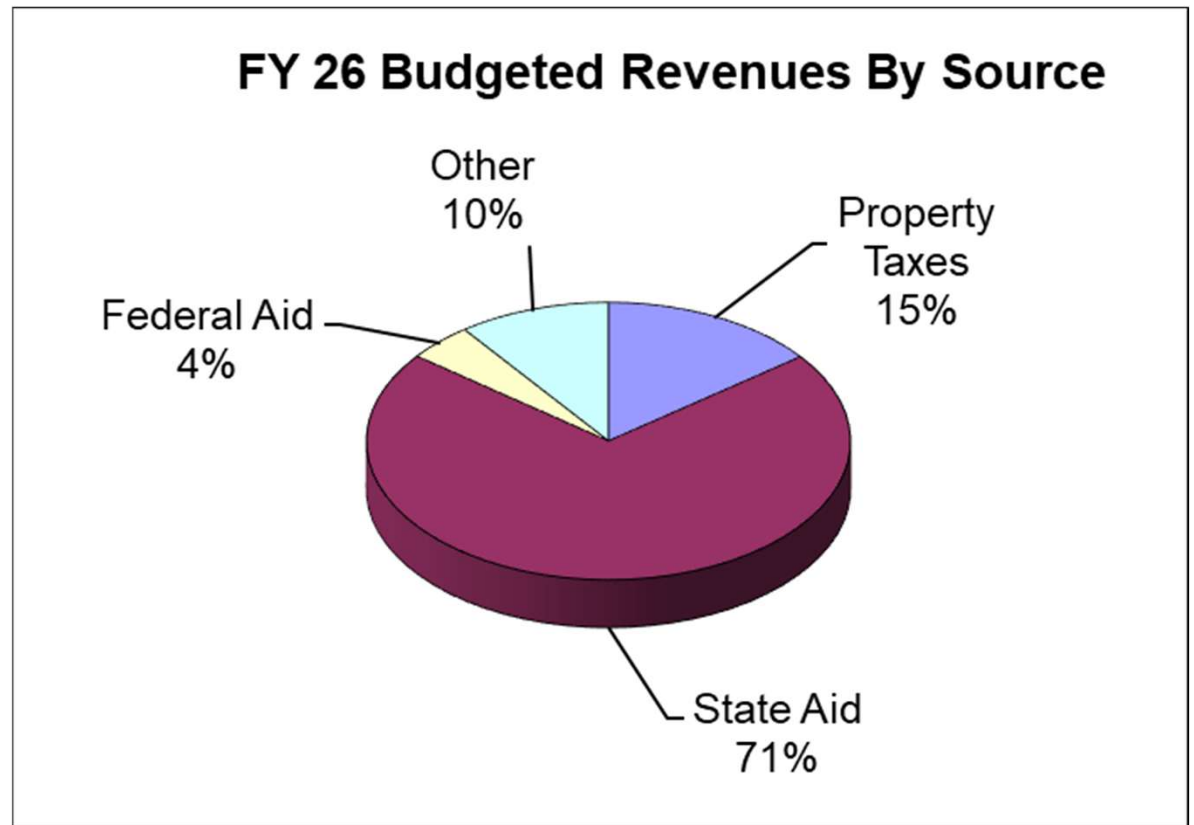
2026 Budget Summary			
<u>Fund</u>	<u>Revenue</u>	<u>Expense</u>	<u>Surplus/(Deficit)</u>
General	\$ 7,912,932	\$ 7,531,286	\$ 381,646
Food Service	\$ 459,360	\$ 413,068	\$ 46,292
Community Service	\$ 211,173	\$ 267,192	\$ (56,019)
Debt Service	\$ 833,751	\$ 823,550	\$ 10,201
Total	\$ 9,417,216	\$ 9,035,096	\$ 382,120



Minnesota School Funding

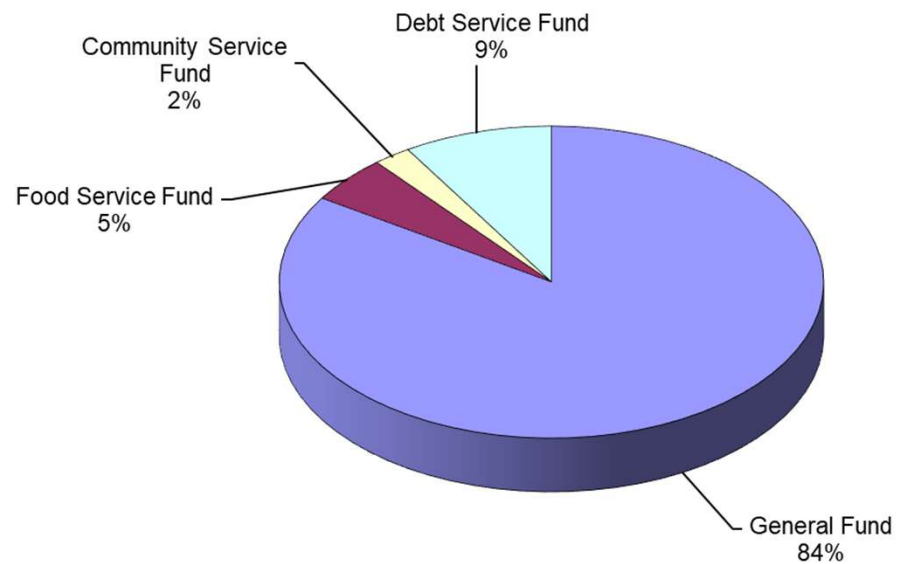
Public schools districts are funded by the federal government, state government, local fees and local taxpayers through property taxes with the state of Minnesota being the largest source of funding.

FY 2026 Revenues by Source



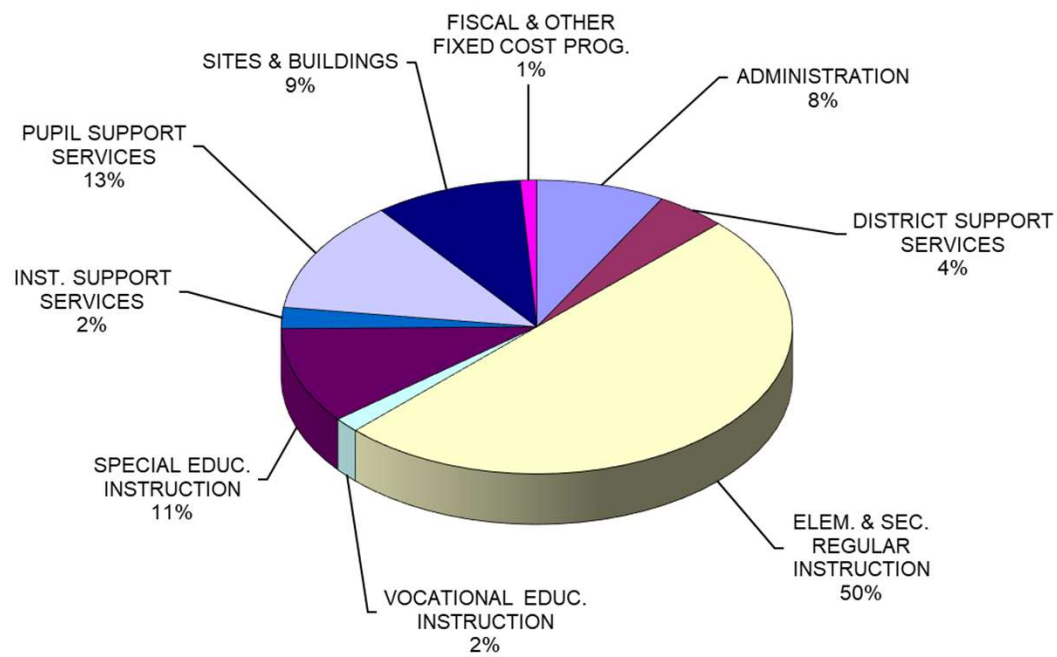
FY 2026 Revenues by Fund

FY 26 Budgeted Revenues By Fund



FY 2026 Expenditures by Program

FY 26 General Fund Expenditures by Program



2026 Property Tax Levy

School District Tax Levy Timeline

Summer	September	November 5	November 25 - December 30	2025
Information provided to State for preliminary levy calculations	Preliminary levy certification by school board	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 2025	Property taxes collected by counties and distributed to the school district

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

Proposed Tax Levy for taxes Payable in 2025



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	VALUES AND CLASSIFICATION		
1	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
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		

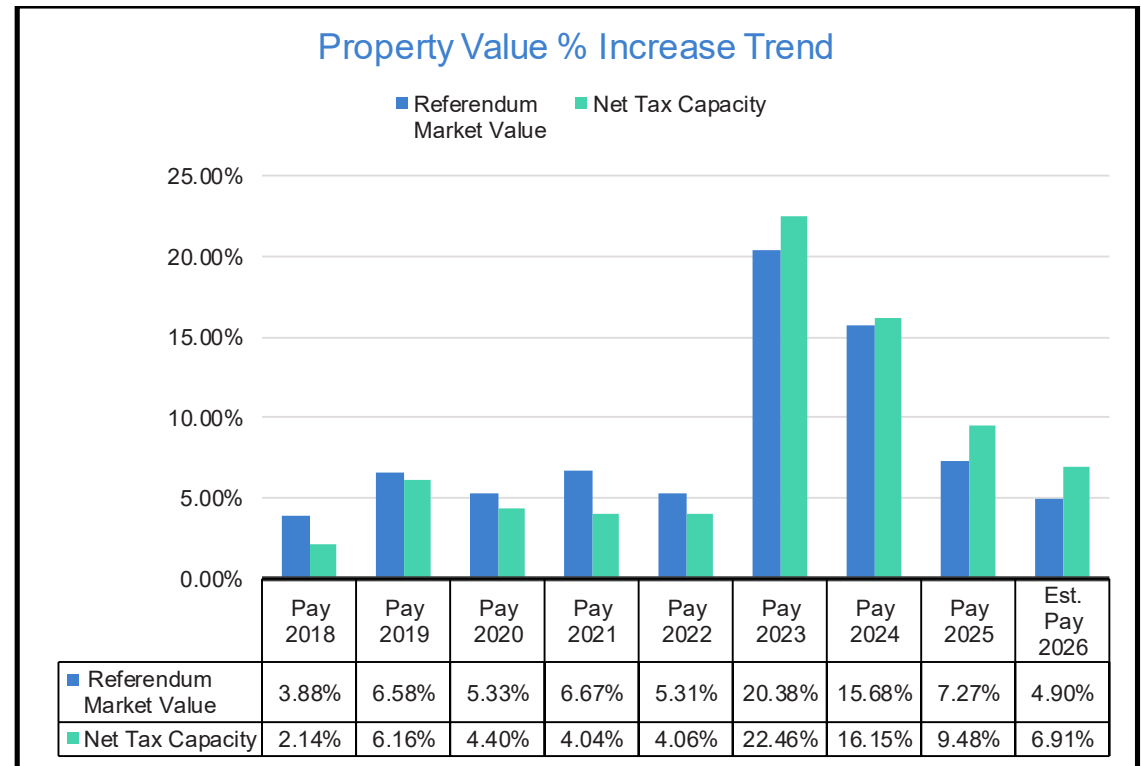
**The time to provide feedback on
PROPOSED LEVIES is NOW**

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
<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>			
Total excluding any special assessments		\$1,341.31	\$1,467.52 9.4%

Valuation History



March Valuation Notice

Example shown for illustrative purposes



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: 01.234.56.7890.1

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

2023 Values for Taxes Payable in

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: 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)
Estimated Market Value (EMV)	\$158,000
Green Acres Value Deferral	
Rural Preserve Value Deferral	
Open Space Deferral	
Platted Viscant Land Deferral	
Exclusion for Veterans With Disabilities	
Mold Damage Exclusion	
Homestead Market Value Exclusion	\$23,000
Taxable Market Value (TMV)	\$135,000
New Improvement Value	\$0

The following values (if any) are reflected in your estimated and taxable market values:

The classification(s) of your property affect the rate at which your value is taxed.

How to Respond

If you believe your valuation and property class are correct, it is not necessary to contact your assessor or attend any listed meetings.

If you have concerns about the information on this notice, **please contact your assessor**. If your questions or concerns are not resolved, more formal appeal options are available.

Please read the back of this notice for important information about the formal appeal process.

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

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 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 Deferment - 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.

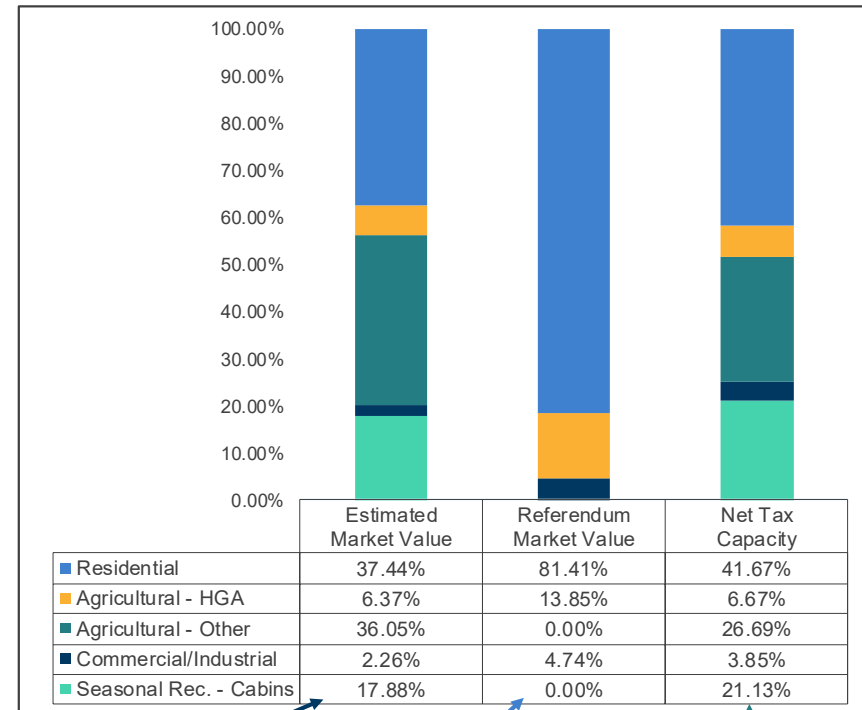
Local Property Tax Levy



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

District Valuation by Classification

Underwood Public School District
Valuation Data by Classification for Pay 2025 Taxes



Property valuation established by County through assessment process.

Tax base for operating referendum, local optional, equity and transition revenues.

Tax base for Debt, LTFM, OPEB, Operating Capital, Achievement and Intergration, Community Ed and many others.

Levy Overview

Underwood Public School District Proposed Property Tax Levy Summary by Fund

	Final Pay 2025	Proposed Pay 2026	\$ Change	% Change
General Fund (Fund 1)				
Local Optional	274,842	347,571	72,729	26.5%
Equity	99,562	98,088	(1,474)	-1.5%
Operating Capital	58,273	69,583	11,310	19.4%
Achievement and Integration	12,554	12,438	(116)	-0.9%
Reemployment Insurance	1,000	15,000	14,000	1400.0%
Safe Schools	21,398	21,082	(317)	-1.5%
Career & Technical	40,831	41,983	1,152	2.8%
Long Term Facilities Maintenance	94,337	94,037	(300)	-0.3%
Building/Land Lease	19,767	14,307	(5,460)	-27.6%
<i>Adjustments and Abatements</i>	<i>(5,450)</i>	<i>(10,440)</i>	<i>(4,990)</i>	-
General Fund Total Levy	617,115	703,649	86,534	14.0%
Community Service (Fund 4)				
Basic Community Education	19,650	22,178	2,528	12.9%
Early Childhood Education	11,911	12,556	646	5.4%
Home Visiting	139	143	4	2.7%
<i>Adjustments and Abatements</i>	<i>(18)</i>	<i>(1,191)</i>	<i>(1,173)</i>	-
Community Service Fund Total Levy	31,681	33,686	2,005	6.3%
Debt Service Fund (Fund 7)				
Voter Approved Debt Service	578,734	580,152	1,418	0.2%
Non-Voter Approved Debt Service	184,159	208,114	23,956	13.0%
<i>Adjustments and Abatements</i>	<i>(36,881)</i>	<i>(55,665)</i>	<i>(18,784)</i>	-
Debt Service Fund Total Levy	726,012	732,602	6,590	0.9%
Total Property Tax Levy All Fund	1,374,809	1,469,937	95,128	6.92%

Levy Highlights

Major Changes

Local Optional Revenue	+ \$72,729 Increase in per pupil allowance
LTFM	+ \$23,956 Increase due to a decrease in LTFM General Fund Equalization Aid

Major Changes

Reemployment Insurance	+ \$14,000 New State Mandates
Adjustments and Abatements	-\$24,947 Multiple Prior Year Adjustments Based on Prior Estimates

Local Optional Revenue

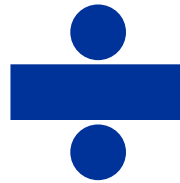
- **Every School District has Board Authority to Levy \$724 per pupil**
- **Last year, ISD 550 Levied \$600 per pupil**
 - This generated \$356,640 for the FY26 Budget
- **The proposed Levy this year has the amount increasing to \$724 per pupil**
 - This generates \$423,974 for the FY27 Budget
 - An Increase of \$67,334

State Equalization Formulas

Property Valuation



per



Student



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

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

\$100,000
\$50

Home Value
Total Taxes

\$100,000
\$50



Home Values Up Equal 20%

Total Tax Levy = \$100

\$120,000 ↑ 20%
\$50

Home Value
Total Taxes

\$120,000 ↑ 20%
\$50



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

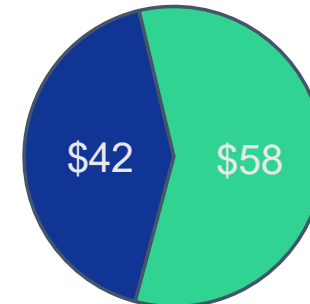
\$110,000
\$42

↑ 10%

Home Value
Total Taxes

↑ 40%

\$140,000
\$58

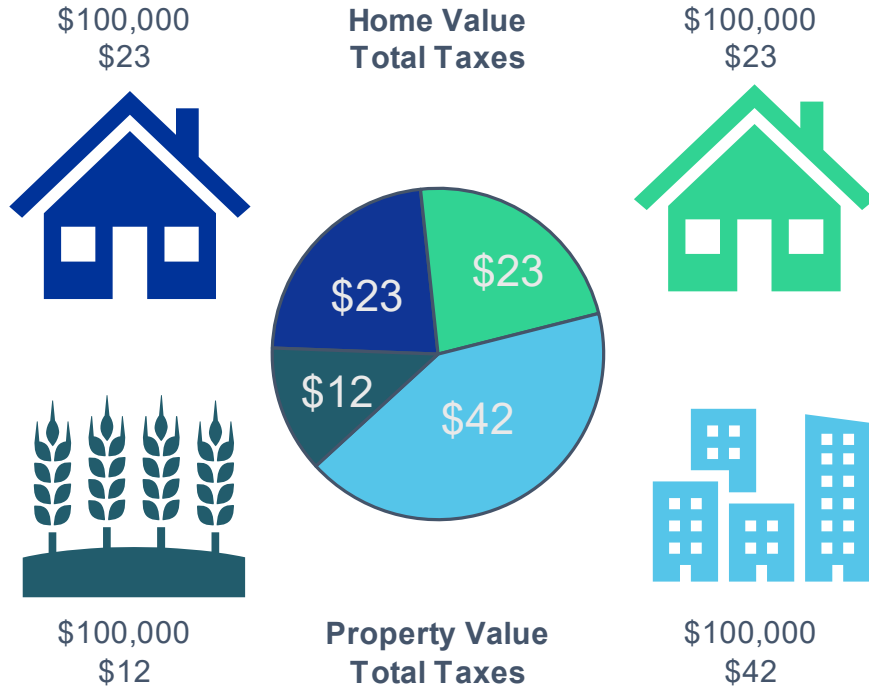


Same Levy, Shift in Tax Burden

Shift from Commercial to Residential

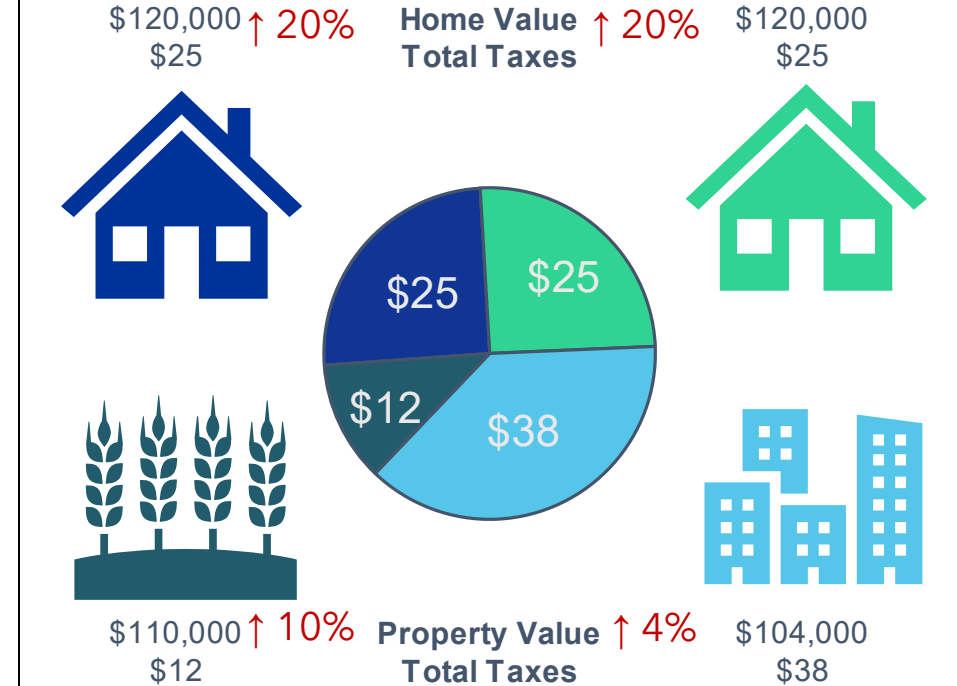
Current

Total Tax Levy = \$100



Value Changes Vary

Total Tax Levy = \$100

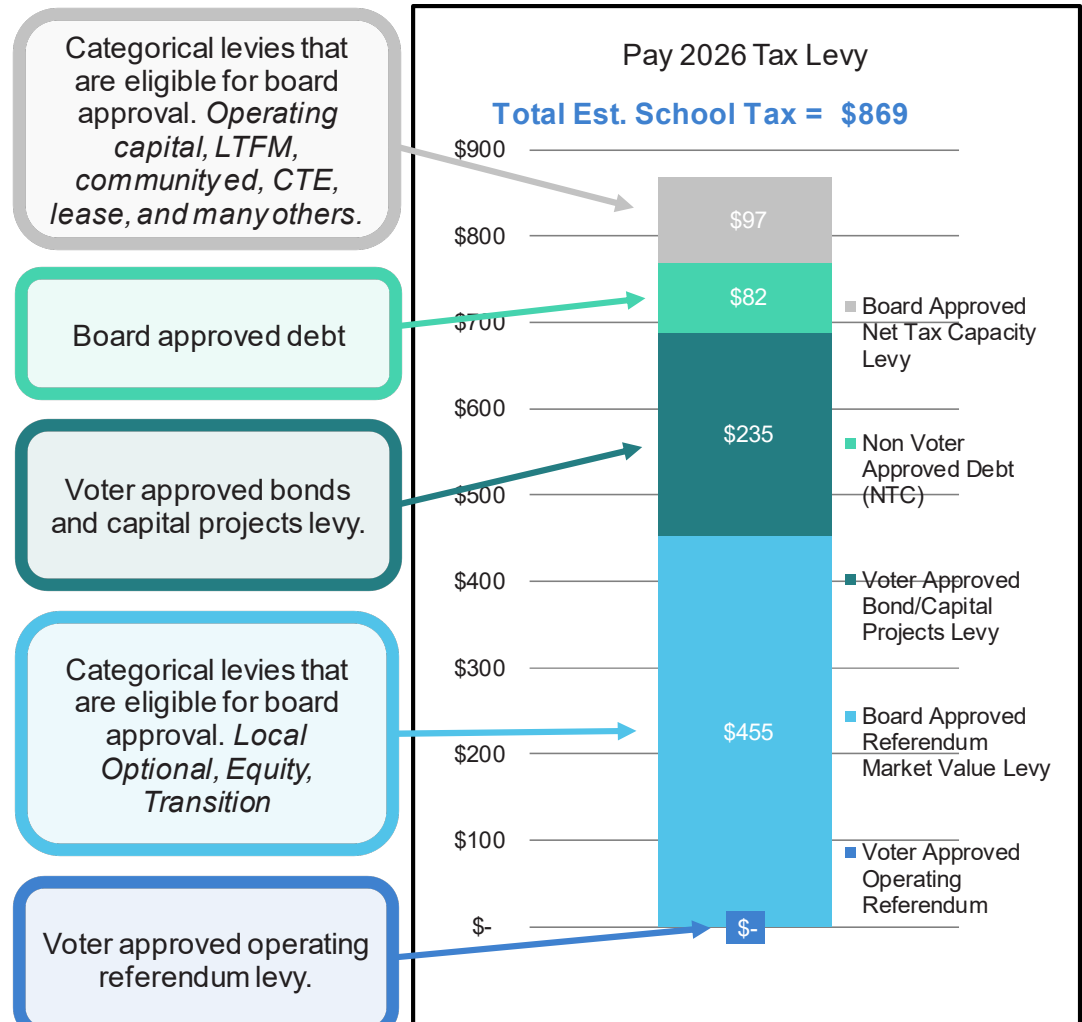


Est. Pay 2026 Tax for Residential

Underwood Public School District

Estimated Pay 2026 Total School Taxes for Residential Homestead

Home Value = \$315,000



Estimated Tax Impacts

All Classifications

4.9% Increase on Residential & C&I

6.9% Increase on Ag Land

Underwood Public School District

Estimated Tax Impacts - Pay 2026 Levy Total School Taxes

Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	\$ Change	% Change
Residential Homestead (Value Increase 4.9%)	\$157,300	\$165,000	\$388	\$424	\$37	9.46%
	205,000	215,000	526	573	47	8.93%
	252,600	265,000	663	721	57	8.66%
	300,300	315,000	801	869	68	8.44%
	348,000	365,000	939	1,017	78	8.29%
	443,300	465,000	1,215	1,314	99	8.13%
	538,600	565,000	1,502	1,627	125	8.32%
Commercial / Industrial** (Value Increase 4.9%)	\$95,300	\$100,000	\$332	\$354	\$21	6.41%
	238,300	250,000	895	954	59	6.57%
	476,600	500,000	1,899	2,012	114	5.98%
	953,300	1,000,000	3,907	4,130	222	5.69%
Seasonal Recreational Residential (Cabins) (Value Increase 4.9%)	\$205,000	\$215,000	\$297	\$300	\$3	0.90%
	300,300	315,000	435	439	4	0.91%
	348,000	365,000	505	509	5	0.90%
	538,600	565,000	795	811	16	1.99%
Agricultural Homestead (Value Increase 6.9%)	\$4,700	\$5,000	\$1.55	\$1.62	\$0.07	4.68%
	5,600	6,000	1.84	1.94	0.10	5.43%
	6,500	7,000	2.14	2.27	0.13	5.97%
	7,500	8,000	2.47	2.59	0.12	4.96%
Agricultural Non-Homestead (Value Increase 6.9%)	\$4,700	\$5,000	\$3.09	\$3.24	\$0.14	4.68%
	5,600	6,000	3.68	3.88	0.20	5.43%
	6,500	7,000	4.28	4.53	0.26	5.97%
	7,500	8,000	4.93	5.18	0.24	4.96%

Estimated Tax Impacts 0% Increase in Values

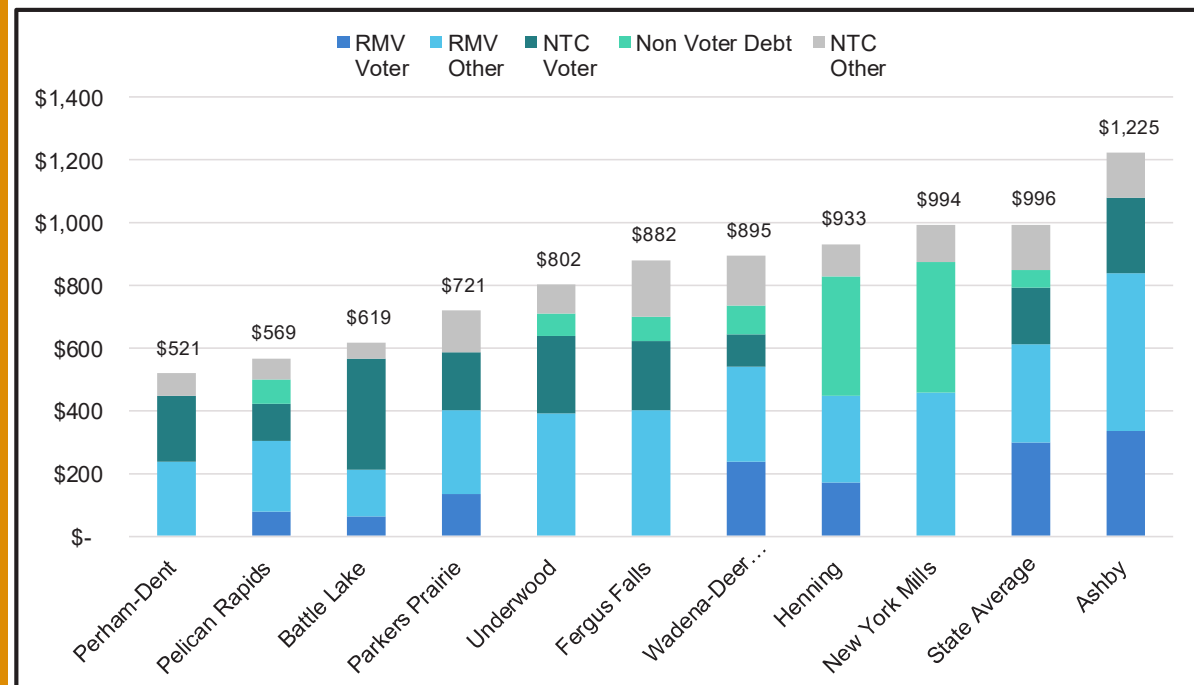
Property Value Increase						
0%						
Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	\$ Change	% Change
Residential Homestead	\$157,300	\$157,300	\$388	\$401	\$14	3.57%
	205,000	205,000	526	543	17	3.28%
	252,600	252,600	663	684	21	3.12%
	300,300	300,300	801	825	24	3.01%
	348,000	348,000	939	967	28	2.93%
	443,300	443,300	1,215	1,249	34	2.83%
	538,600	538,600	1,502	1,543	41	2.71%

Estimated Tax Impacts 10% Increase in Values

Property Value Increase						
10%						
Types of Property	Pay 2025 Value	Pay 2026 Est. Value	Pay 2025	Pay 2026	\$ Change	% Change
Residential Homestead	\$157,300	\$173,030	\$388	\$448	\$61	15.62%
	205,000	225,500	526	604	78	14.84%
	252,600	277,860	663	759	96	14.40%
	300,300	330,330	801	914	113	14.11%
	348,000	382,800	939	1,070	131	13.91%
	443,300	487,630	1,215	1,381	166	13.65%
	538,600	592,460	1,502	1,715	212	14.14%

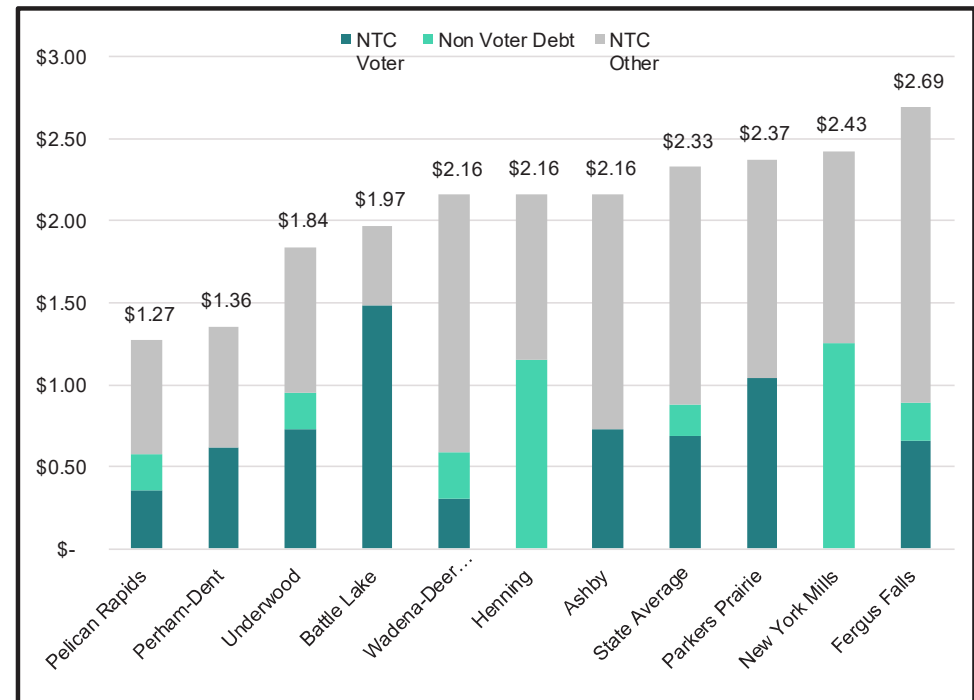
School Tax Levy Comparison

Pay 2025 Tax Comparison \$300,300 Value Home



School Tax Levy Comparison

Pay 2025 Tax Comparison
\$5,600 Per Acre

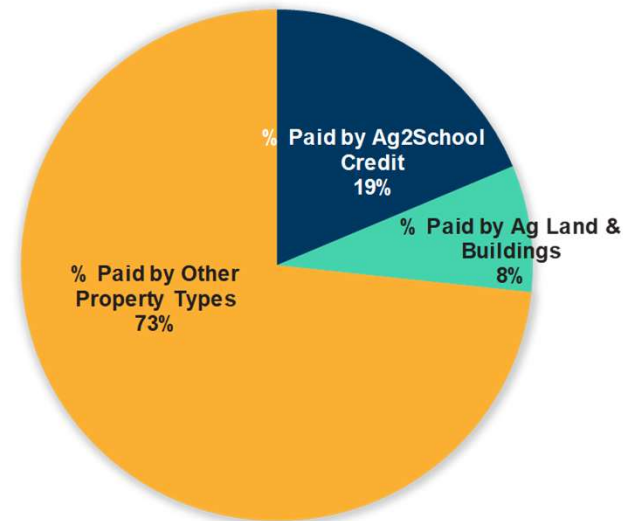


Ag2School Impact

The state will pay for approximately \$137,000 of the \$732,602 debt service levy for Pay 2026 via the Ag2School Credit.

ISD No. 550, Underwood Public School District

Source of Debt Service Payments
(Assuming 70% Ag2School Credit)
(Based on Valuations for taxes payable in 2025)



Notes:

1. The Ag2School credit applies to agricultural land and buildings. The house, garage and first acre of land do not benefit from the Ag2School credit.
2. The Ag2School credit does not increase or decrease the tax impact on all other property types.

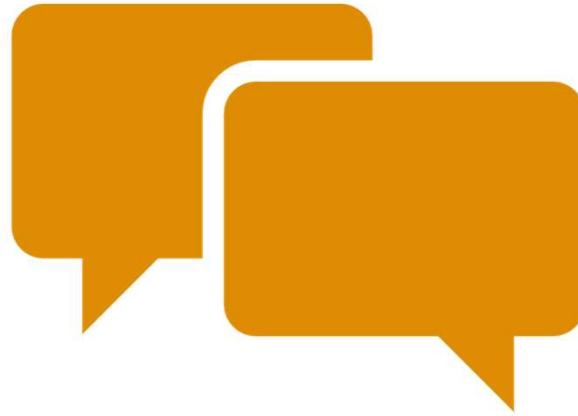
Other Taxpayer Resources

- 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

\$1,469,936.78



Public Comments