



Columbia Heights Public Schools

Public Hearing for Taxes Payable in 2026

DECEMBER 9, 2025

PRESENTED BY:

MATTHEW HAMMER

SENIOR MUNICIPAL ADVISOR,
EHLERS

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:

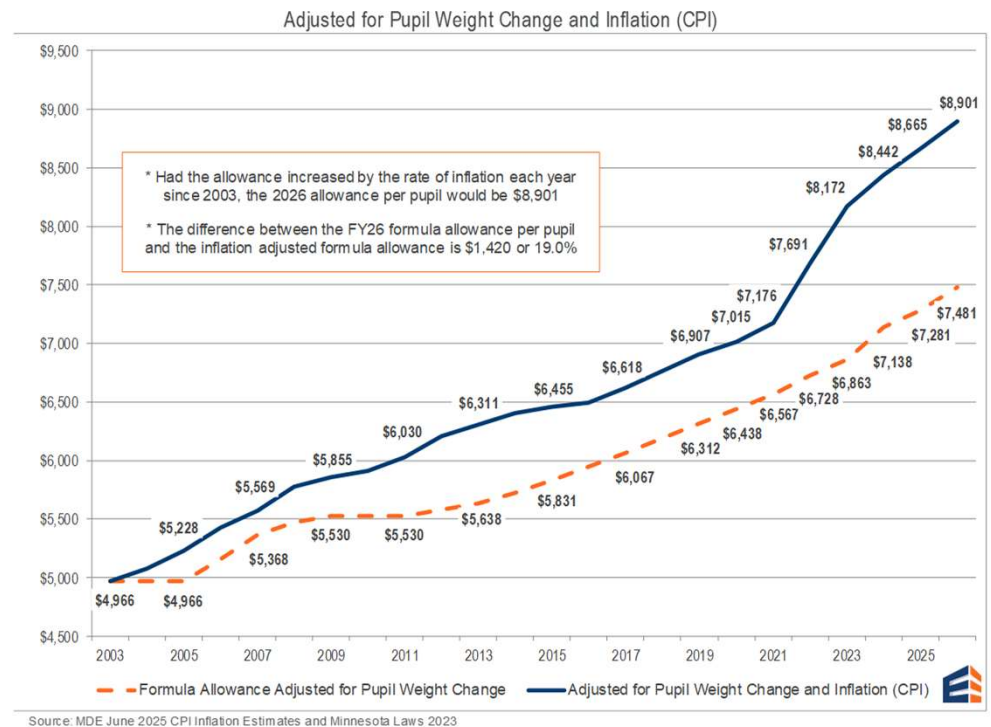
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
 - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

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

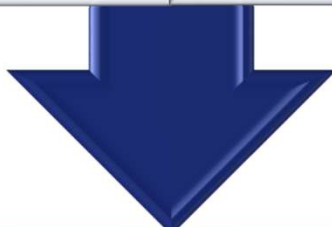
Per-pupil allowance for Fiscal Year 2025-26 of \$7,481 would need to increase by another \$1,420 (19.0%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,901



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
- Internal Service
- OPEB* Trust

**Other Post-Employment Benefits*



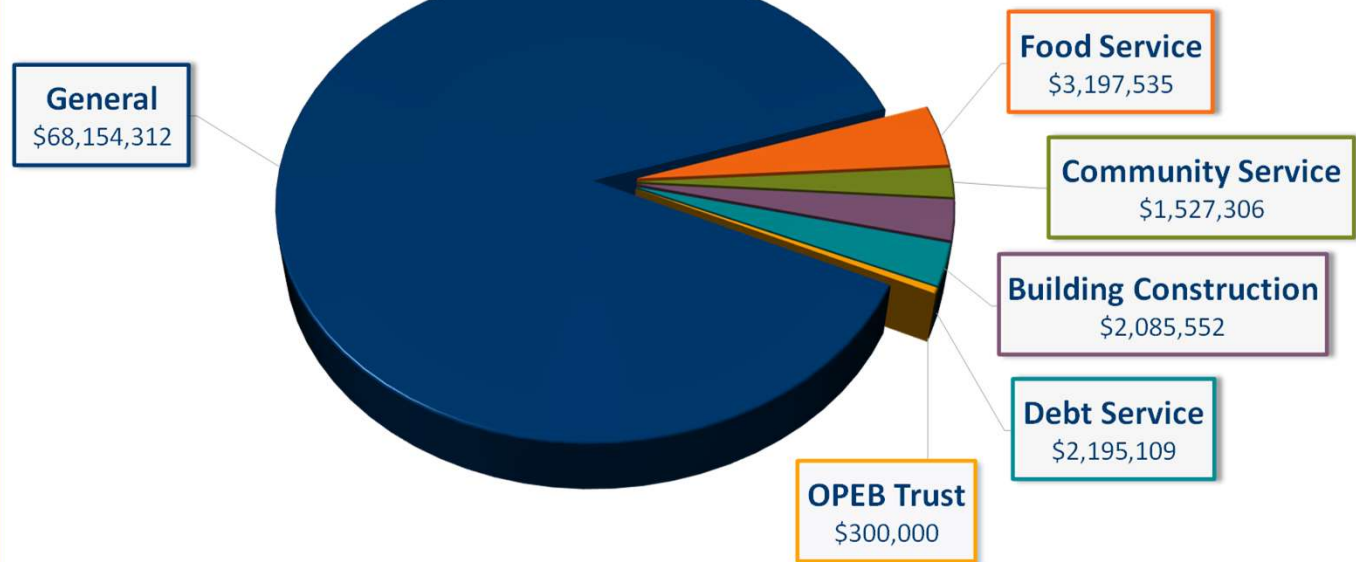
District Revenues & Expenditures
Actual for FY 2025, Budget for FY 2026

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 & TRANSFERS OUT	FUND BALANCES
General/Restricted	\$1,271,246	\$19,718,461	\$18,573,467	\$2,416,240	\$20,238,009	\$20,075,332	\$2,578,917
General/Other	7,067,942	47,352,316	41,712,996	12,707,262	47,916,303	47,095,193	13,528,372
Food Service	1,599,867	3,176,838	3,237,885	1,538,820	3,197,535	3,356,605	1,379,750
Community Service	39,211	1,667,495	1,321,386	385,320	1,527,306	1,595,660	316,966
Building Construction	632,817	2,008,273	2,024,769	616,321	2,085,552	1,733,212	968,661
Debt Service	579,051	2,059,187	2,059,788	578,450	2,195,109	2,063,200	710,359
Internal Service	142,734			141,619			151,734
OPEB* Irrevocable Trust	4,789,411	451,446	365,608	4,875,249	300,000	300,000	4,875,249
Total All Funds	16,122,279	76,434,016	69,295,899	23,259,281	77,459,814	76,219,202	24,510,008

*Other Post Employment Benefits

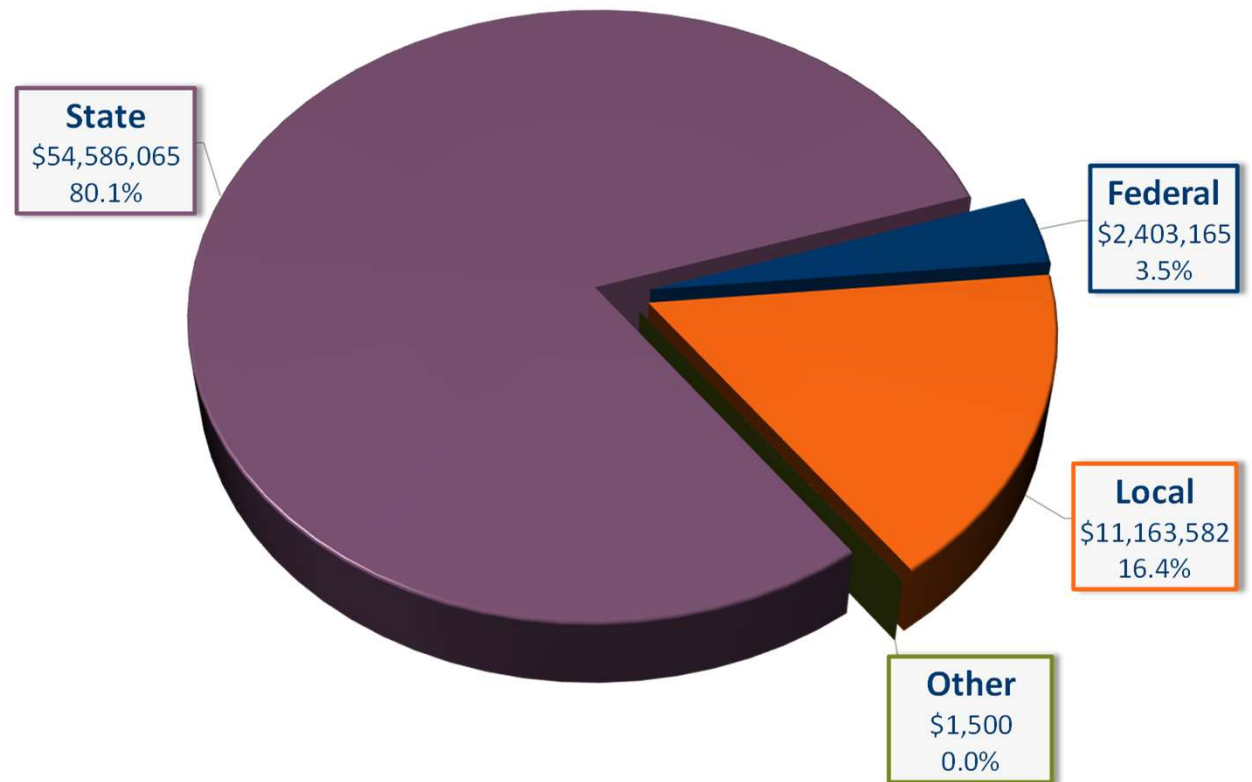
Revenue - All Funds -

2025-26 Budget
\$77,459,814



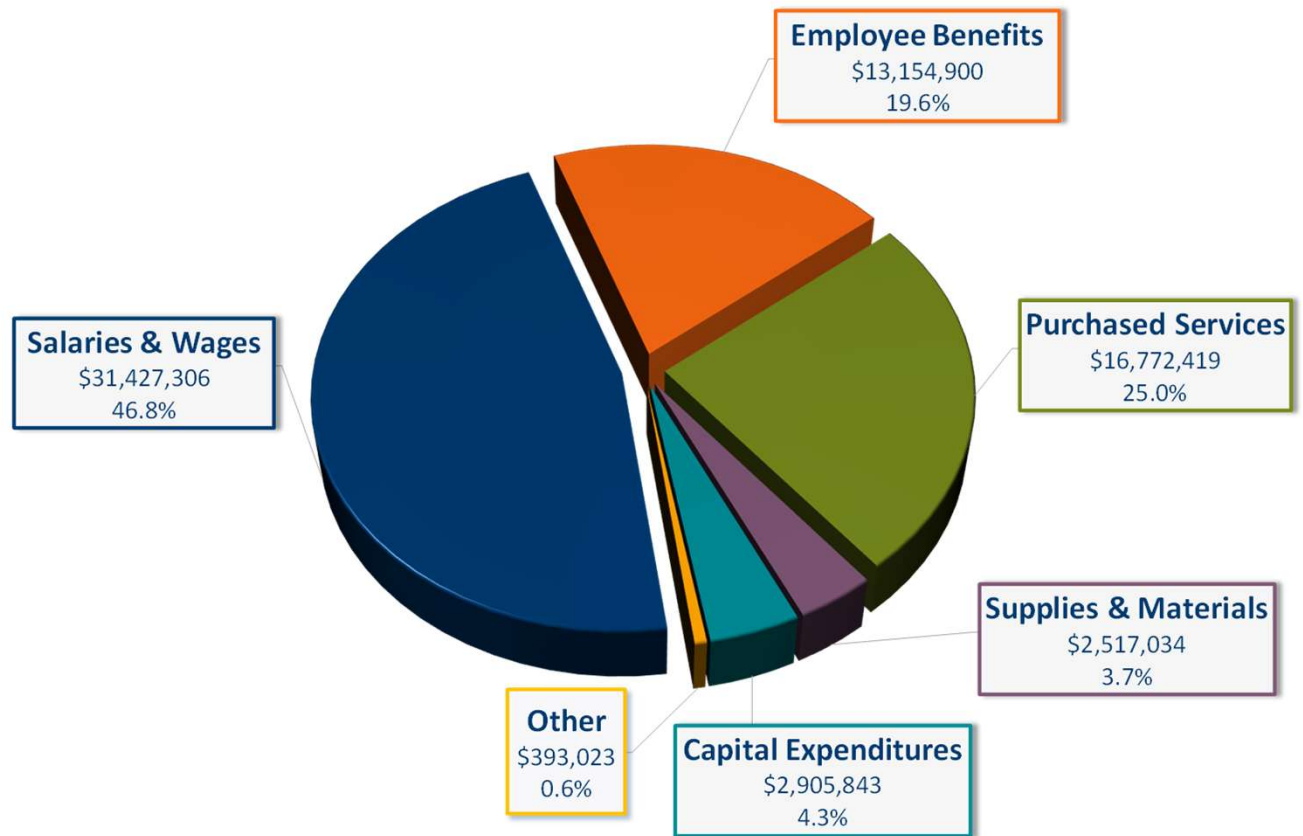
General Fund Revenue

2025-26 Budget
\$68,154,312



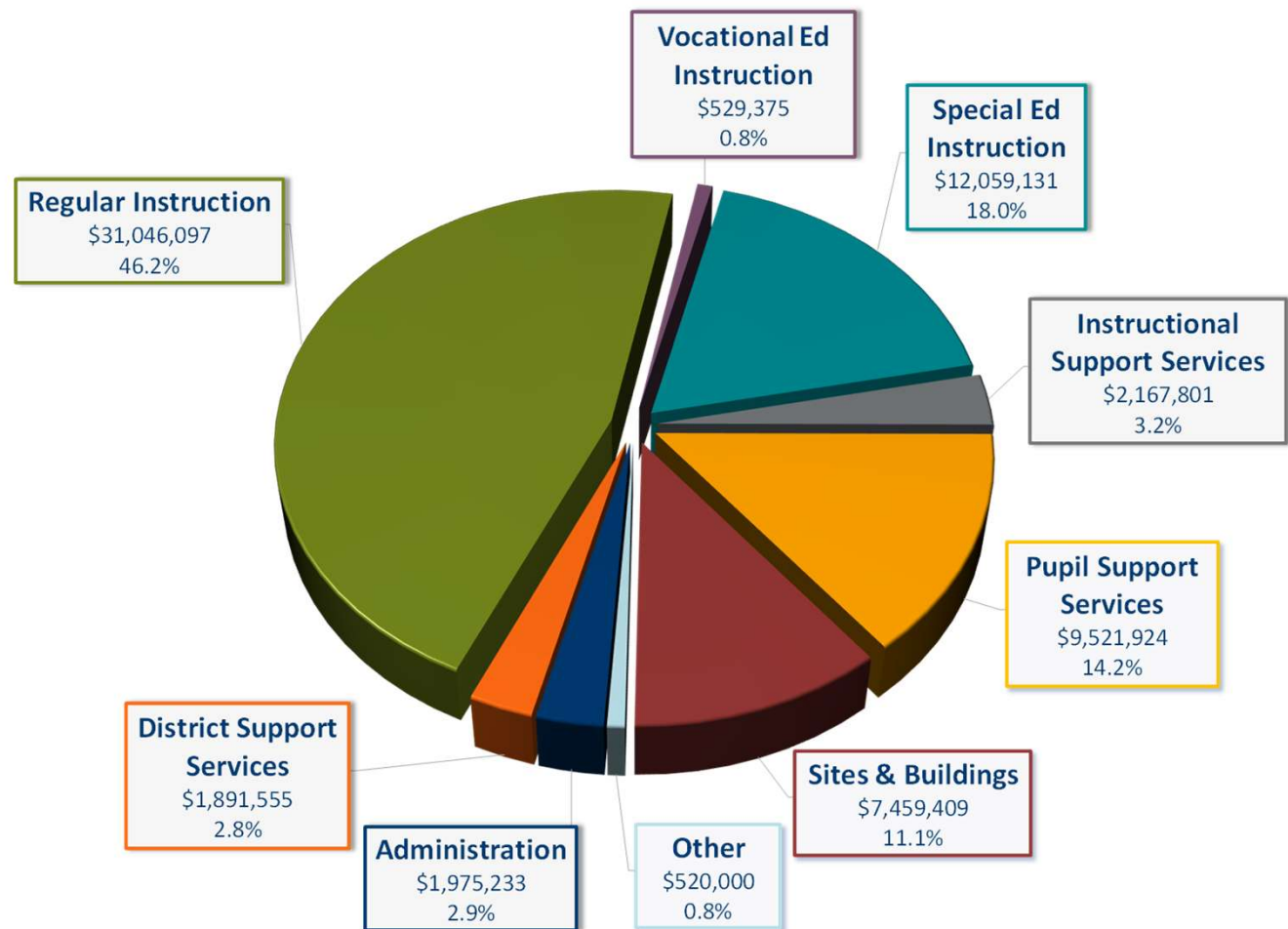
General Fund Expenditures - by Object -

2025-26 Budget
\$67,170,525



General Fund Expenditures - by Program -

2025-26 Budget
\$67,170,525



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
Lot 1, Block 1, Spruce Acres Subdivision Spruceville, MN 55555

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 NHmsld	Res Hmsld
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.			

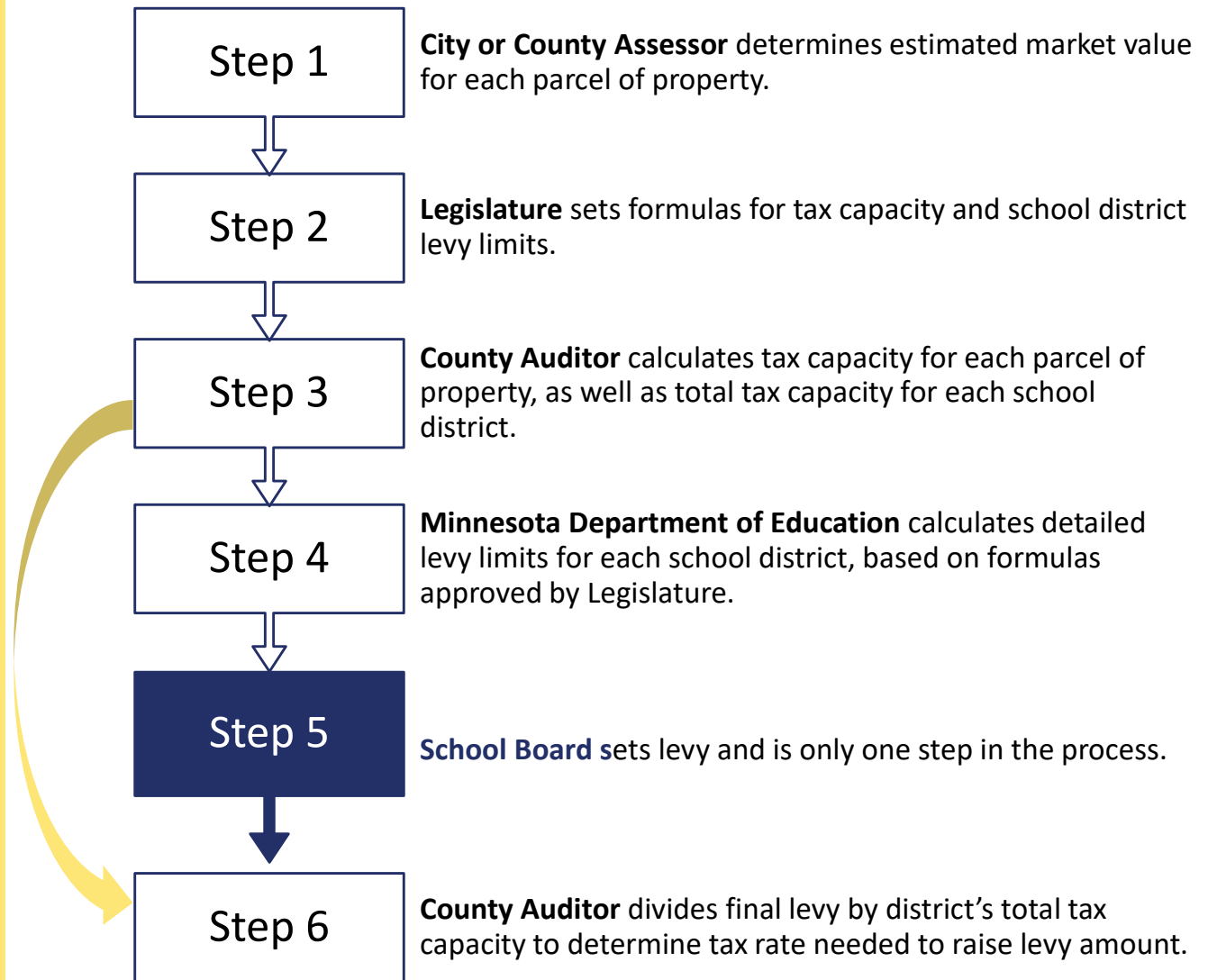
Proposed Property Taxes and Meetings by Jurisdiction for Your Property				
Contact Information	Meeting Information	Actual 2025	Proposed 2026	
State General Property Tax	No public meeting	\$0	\$0	
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	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 Voter Approved Levies Other Levies	December 9, 7:00 PM Spruceville High School Cafeteria	\$289.35 \$340.11	\$296.68 \$374.60	
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.				
Total excluding any special assessments		\$1,341.31	\$1,467.52	9.4%

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 \$979,175 or 6.7%
- 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	\$3,266,926	\$3,317,843	\$50,917	
Local Optional Revenue (LOR)	2,704,077	2,681,378	(22,700)	
Equity	505,118	500,364	(4,754)	
Voter Approved Capital Project Levy	2,085,551	2,104,333	18,782	
Operating Capital	420,616	415,741	(4,875)	
Achievement and Integration	357,529	355,820	(1,709)	
Long Term Facilities Maintenance (LTFM)	968,959	1,180,448	211,489	
Lease Levy	1,068,278	1,056,711	(11,568)	
Other	394,841	395,884	1,043	
Prior Year Adjustments	441,562	403,162	(38,400)	
Total, General Fund	\$12,213,457	\$12,411,682	\$198,226	1.6%
Community Service				
Basic Community Education	\$133,949	\$125,492	(\$8,456)	
Early Childhood Family Education	81,192	71,050	(10,143)	
School-Age Child Care	80,000	70,000	(10,000)	
Other	2,811	2,780	(31)	
Prior Year Adjustments	(44,791)	(14,982)	29,809	
Total, Community Service Fund	\$253,162	\$254,340	\$1,178	0.5%
Debt Service				
Voter Approved	\$2,075,115	\$2,072,490	(\$2,625)	
Other	88,620	86,310	(2,310)	
Long Term Facility Maintenance	0	900,133	900,133	
Reduction for Debt Excess	0	(110,000)	(110,000)	
Prior Year Adjustments	31,374	25,947	(5,427)	
Total, Debt Service Fund	\$2,195,109	\$2,974,880	\$779,771	35.5%
Total Levy, All Funds	\$14,661,728	\$15,640,903	\$979,175	6.7%
Subtotal by Truth in Taxation Categories:				
Voter Approved	7,620,514	7,613,821	(6,693)	
Other	7,041,214	8,027,082	985,868	
Total	\$14,661,728	\$15,640,903	\$979,175	6.7%

Explanation of Levy Changes

Category:

General Fund & Debt Service Fund – Long Term Facilities Maintenance (LTFM)

Change:

+\$211,489 & +\$900,133

Use of Funds:

Health & Safety, Deferred Maintenance projects

Reason for Change:

- District included estimated debt service levies to finance the Valley View Elementary maintenance project in their state approved 10-year LTFM plan
- State aid portion of the LTFM program is shifted into debt service fund

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

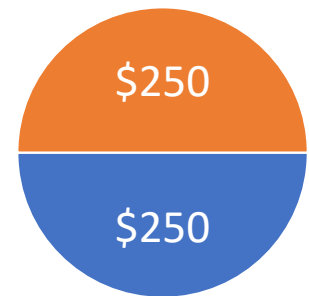
Two properties in the district

- Both houses are valued at \$100,000

Total levy of \$500

- Each property will pay \$250 of levy

\$100,000



\$100,000



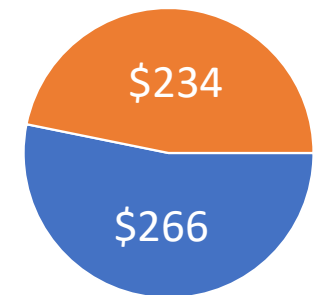
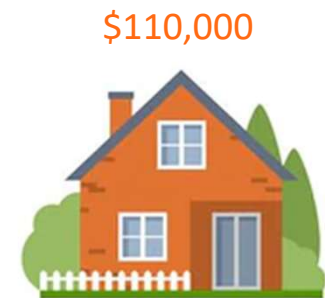
Impact of Property Valuations

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



Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and a 5.0% 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
- Examples are for property in City of Columbia Heights
- Amounts for 2026 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal advisors)

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	\$150,000	\$378	\$537	\$498	\$532	\$154	\$34
	200,000	527	743	698	749	222	51
	250,000	676	948	897	965	289	68
	275,000	750	1,051	997	1,073	323	76
	300,000	824	1,154	1,097	1,181	357	84
	350,000	973	1,360	1,297	1,397	424	100
	400,000	1,122	1,565	1,496	1,613	491	117
	450,000	1,265	1,764	1,696	1,830	565	134
	500,000	1,405	1,960	1,896	2,046	641	150
Commercial/ Industrial #	\$500,000	\$1,718	\$2,299	\$2,197	\$2,223	\$505	\$26
	750,000	2,627	3,506	3,351	3,392	765	41
	1,000,000	3,536	4,713	4,505	4,561	1,025	56
	2,000,000	7,171	9,540	9,123	9,237	2,066	114
Apartments and Res. Non-Homestead (2 or more units)	\$500,000	\$1,633	\$2,227	\$2,170	\$2,362	\$729	\$192
	1,000,000	3,265	4,455	4,340	4,724	1,459	384
	2,000,000	6,530	8,909	8,680	9,448	2,918	768

For commercial-industrial property, amounts above are for property in Columbia Heights. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

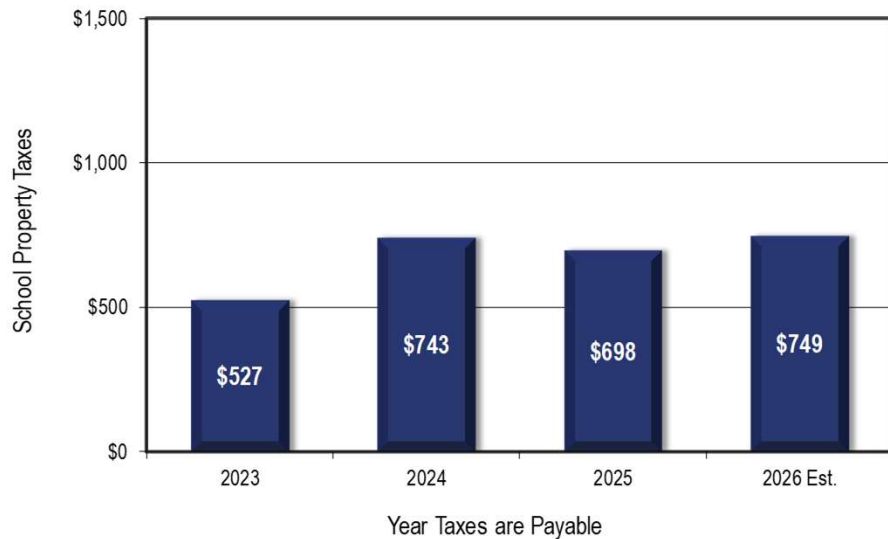
General Notes

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.

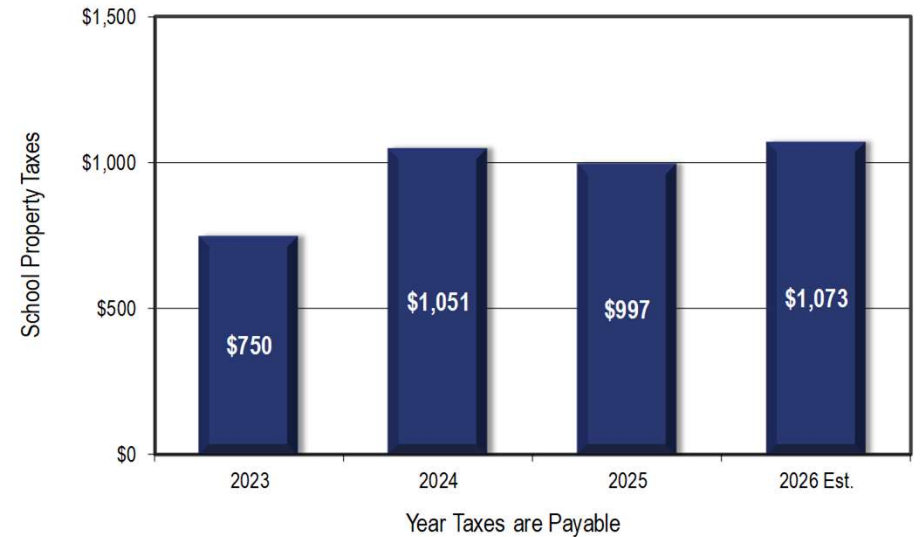
Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value

Example 1: \$200,000 Residential Homestead Property



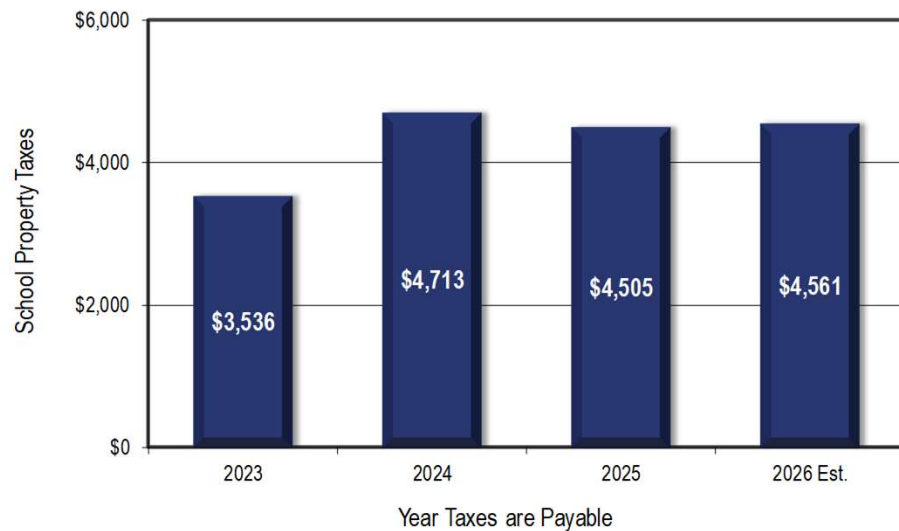
Example 2: \$275,000 Residential Homestead Property



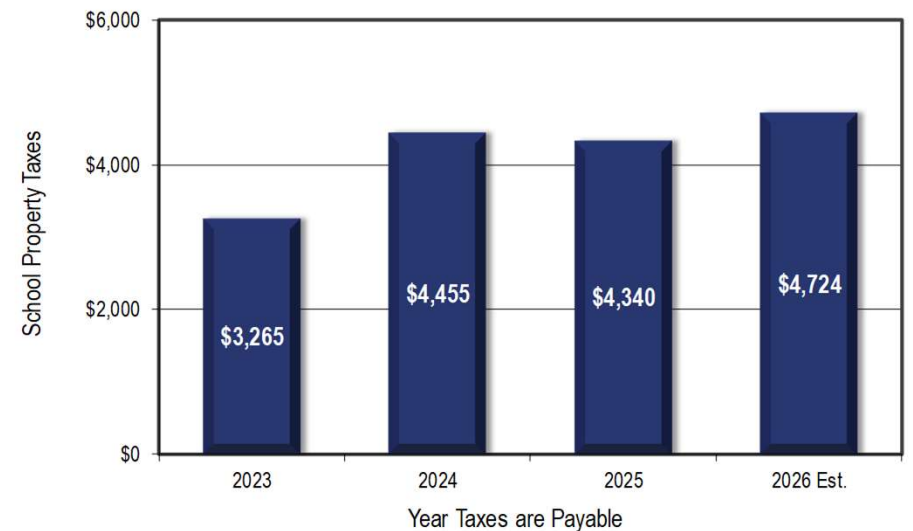
Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value

Example 3: \$1,000,000 Commercial - Industrial Property

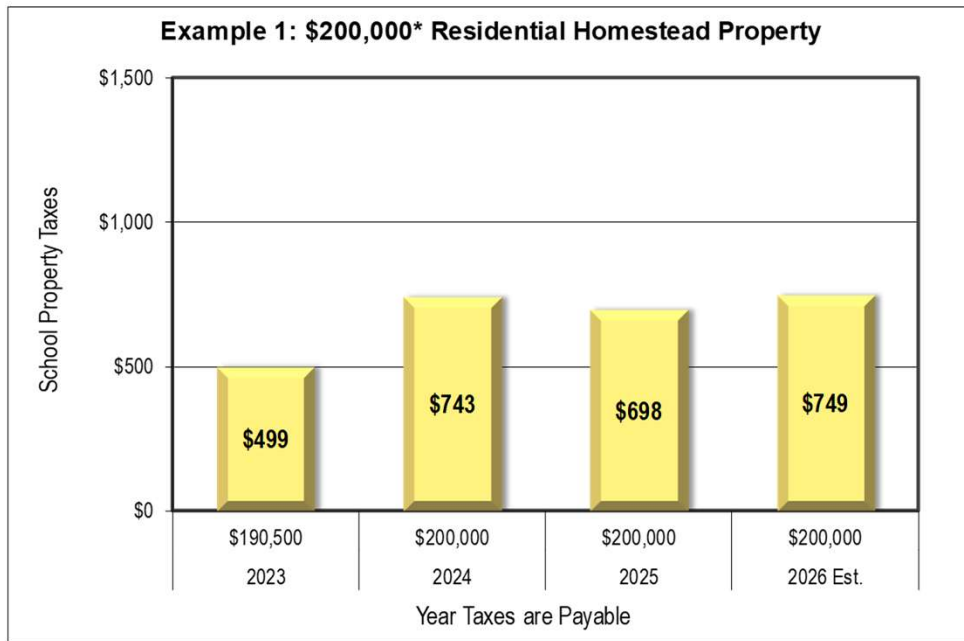


Example 4: \$1,000,000 Apartment - Non Residential Homestead Property



Estimated Changes in School Property Taxes, 2023-26

Based on 5.0% Cumulative Changes in Property Value

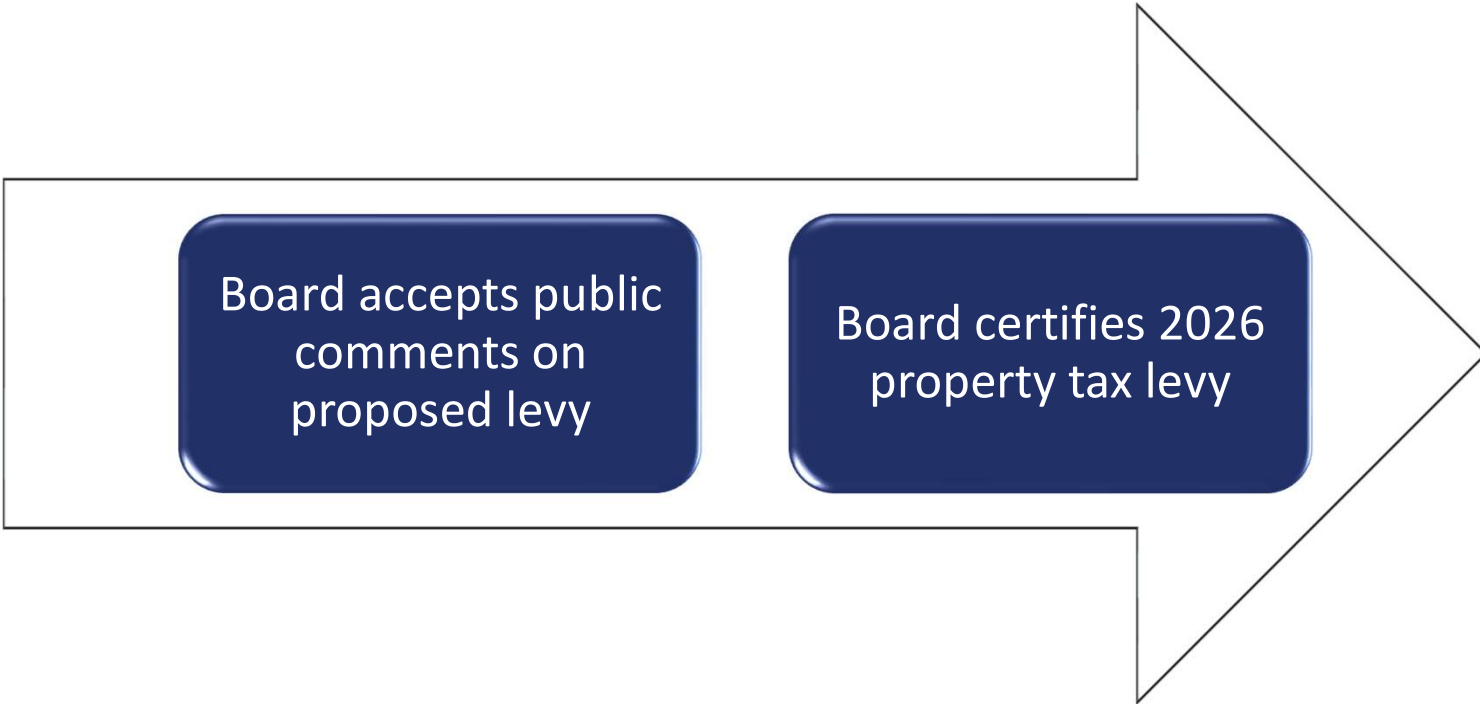


* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 5.0% from 2023 to 2024, 0.0% from 2024 to 2025 and 0.0% from 2025 to 2026.

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



Board accepts public
comments on
proposed levy

Board certifies 2026
property tax levy



PUBLIC COMMENTS