Alexandria Public Schools

Rich tradition. Bright future.

Alexandria Public Schools, ISD 206

Public Hearing for Taxes Payable in 2026

DECEMBER 15, 2025

PRESENTED BY:

MARGO BAUCK,

CESO FINANCE

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

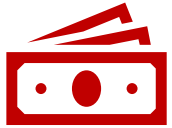
…and Presentation of:

- 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:

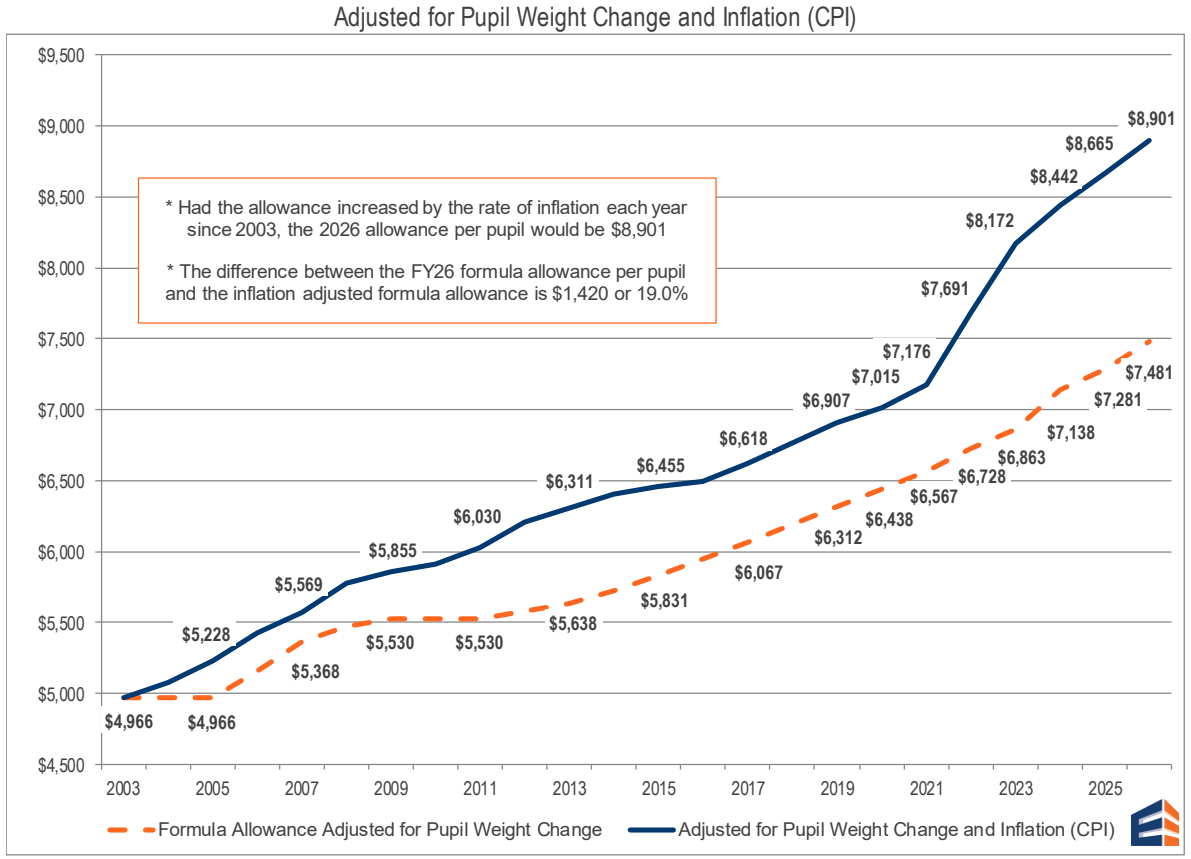
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
  - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

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



Source: MDE June 2025 CPI Inflation Estimates and Minnesota Laws 2023

Underfunding of Special Education

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

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
- Debt Service
- OPEB* Debt Service

**Other Post-Employment Benefits*

District Revenues & Expenditures

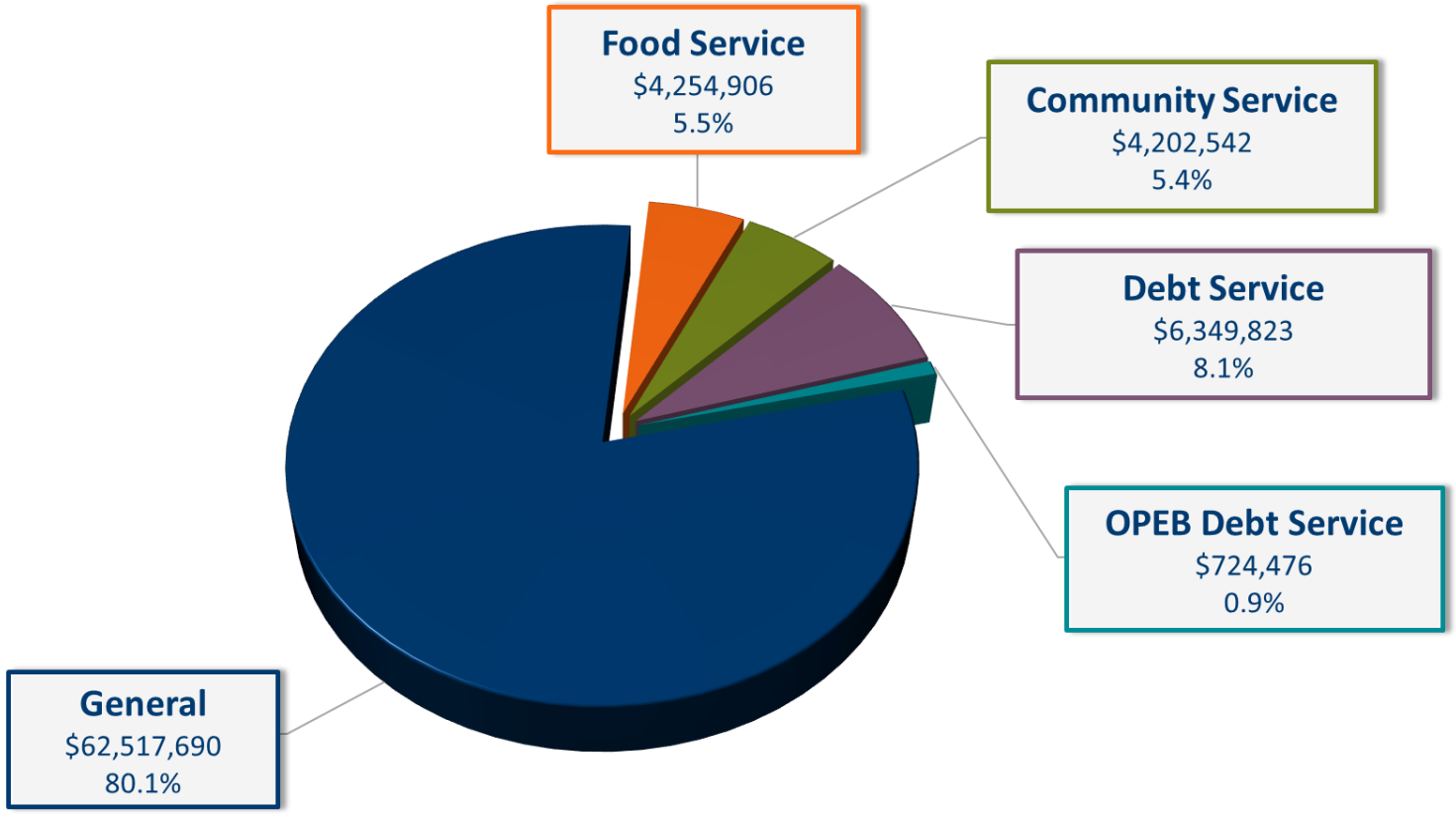
Actual for FY 2025, Budget for FY 2026

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	$535,287	$7,021,885	$7,130,677	$426,495	$6,005,747	$6,090,947	$341,295
General/Other	5,204,173	55,831,680	55,945,436	5,090,417	56,511,943	56,762,193	4,840,166
Food Service	1,213,808	4,338,849	4,467,732	1,084,926	4,254,906	4,176,345	1,163,487
Community Service	1,389,536	4,274,958	4,530,916	1,133,578	4,202,542	4,375,477	960,643
Debt Service	655,212	6,476,668	6,158,031	973,849	6,349,823	6,068,156	1,255,516
Internal Service	27,554			611,963			1,735,634
OPEB* Debt Service	63,513	729,995	689,878	103,630	724,476	687,035	141,071
Total All Funds	**9,089,083**	**78,674,035**	**78,922,669**	**9,424,858**	**78,049,437**	**78,160,153**	**10,437,813**

*Other Post Employment Benefits

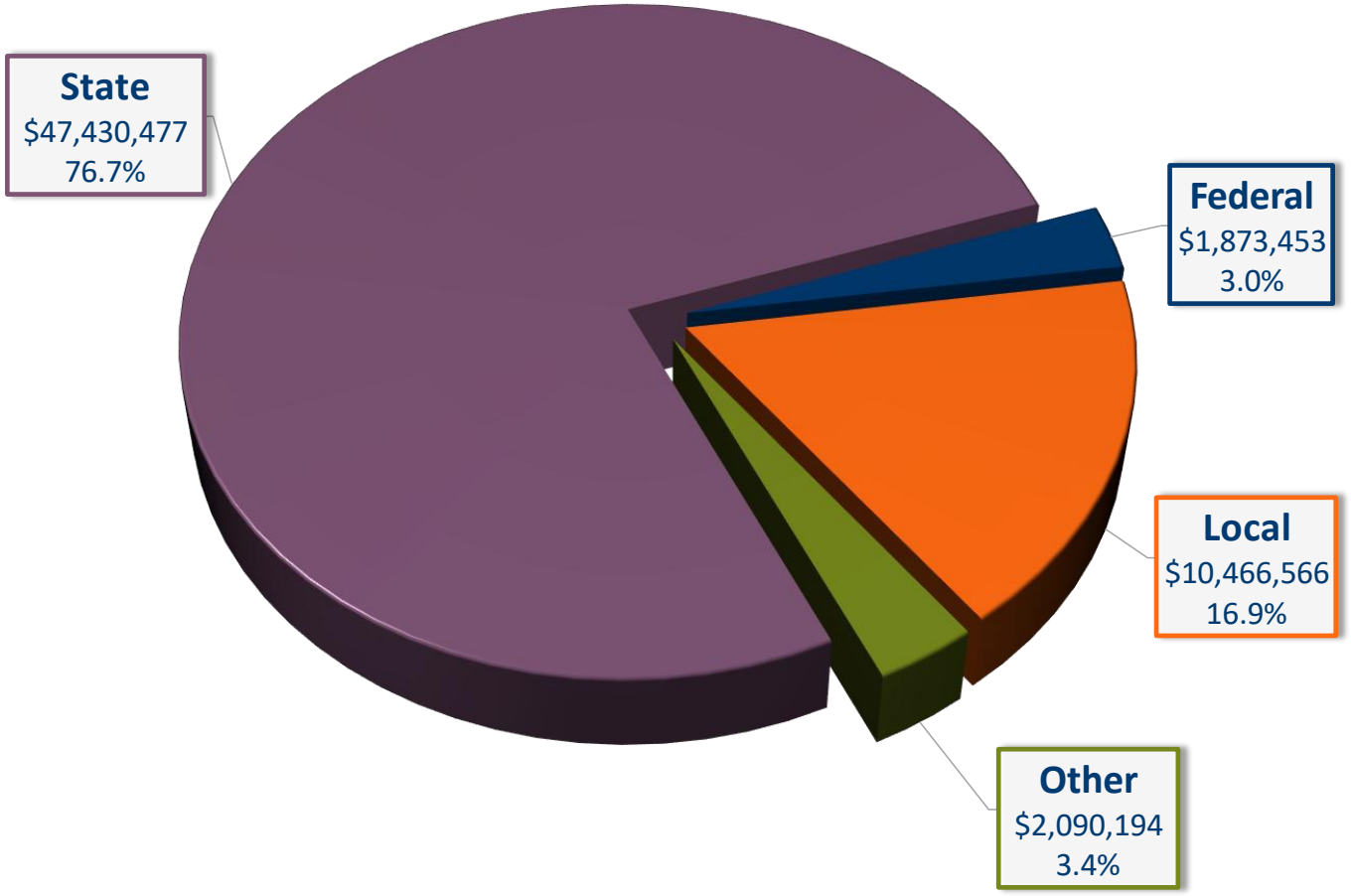
Revenue
- All Funds -

2025-26 Budget
$78,049,437



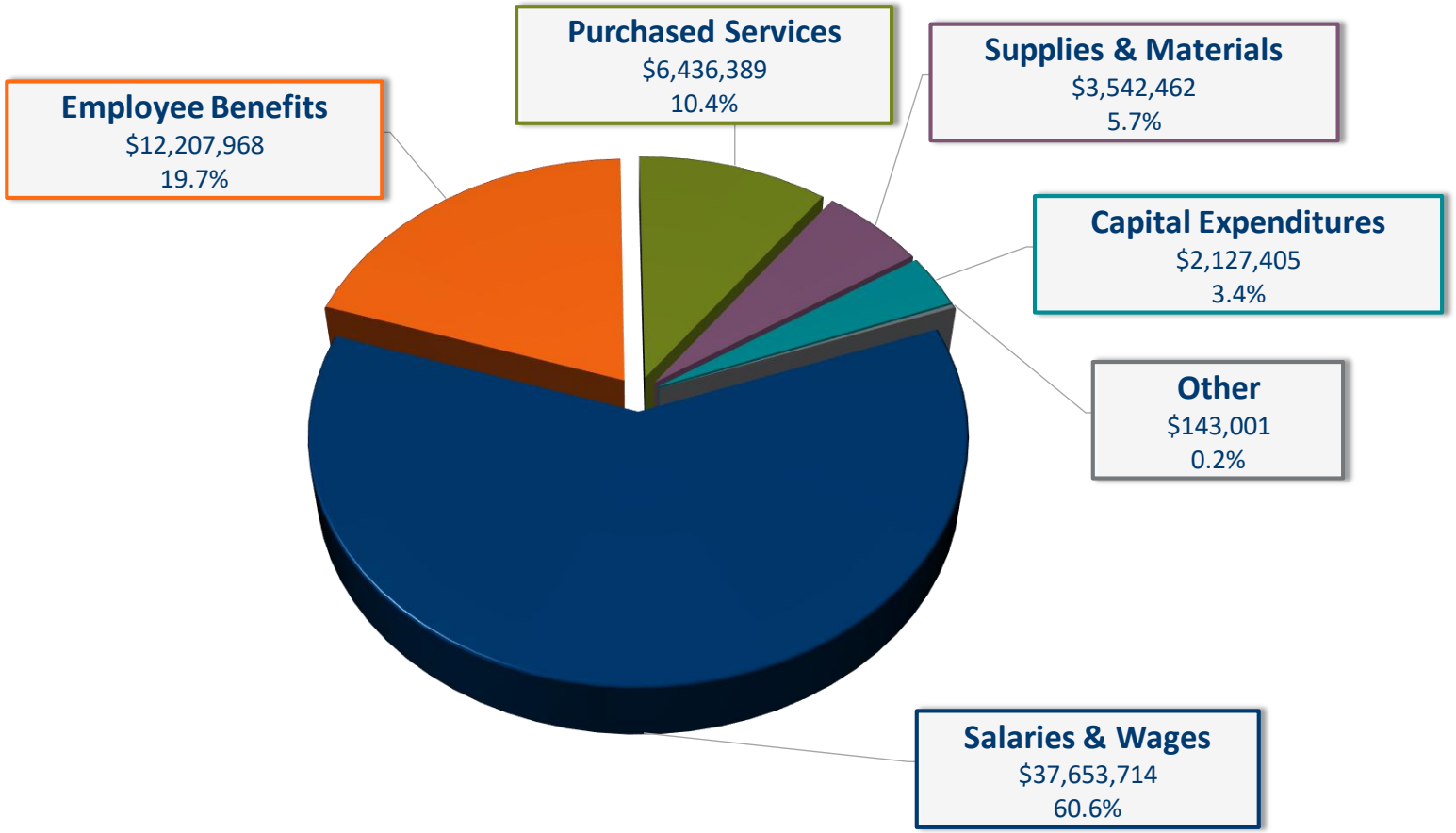
General Fund Revenue

2025-26 Budget
$61,860,690



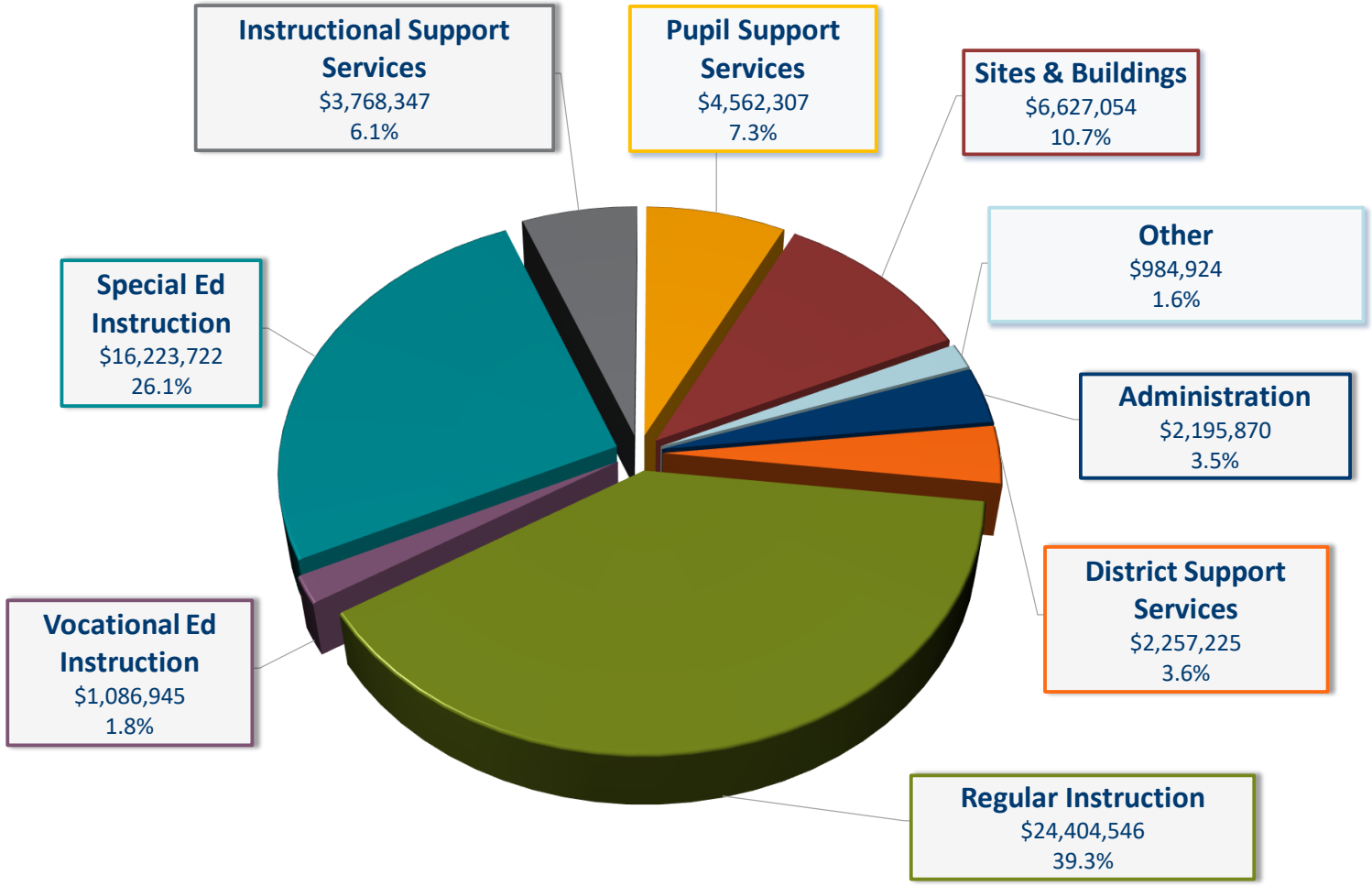
General Fund Expenditures - by Object -

2025-26 Budget
$62,110,941



General Fund Expenditures - by Program -

2025-26 Budget
$62,110,941



Change in Tax Levy <u>does not</u> 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

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

An increase in school taxes <u>does not</u> 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.

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.

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	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%**

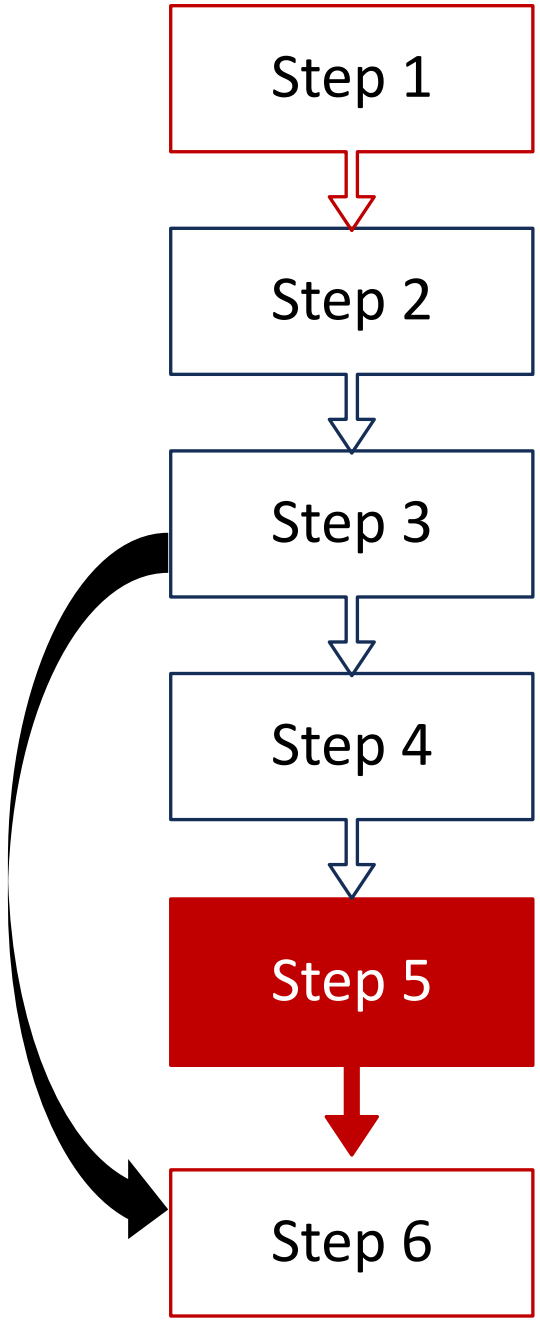
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2026 may be higher than the proposed amount shown on this notice.

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.



City or County Assessor determines estimated market value for each parcel of property.

Legislature sets formulas for tax capacity and school district levy limits.

County Auditor calculates tax capacity for each parcel of property, as well as total tax capacity for each school district.

Minnesota Department of Education calculates detailed levy limits for each school district, based on formulas approved by Legislature.

School Board sets levy and is only one step in the process.

County Auditor divides final levy by district's total tax capacity to determine tax rate needed to raise levy amount.

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

September 8: MDE prepared & distributed first draft of levy limit report setting maximum authorized levy

→

September 22: School Board approved proposed levy amounts

→

Mid-November: County mailed "Proposed Property Tax Statements" to all property owners

→

December 15: Public hearing on proposed levy at regular meeting

→

Following hearing, School Board will certify final levy amounts

Overview of District's Proposed Tax Levy

- Proposed Payable 2026 tax levy is a decrease from 2025 of $428,809 or 2.3%
- 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	$2,644,775	$2,508,044	($136,731)	
Local Optional Revenue (LOR)	3,218,180	3,051,805	(166,375)	
Equity	625,245	599,507	(25,738)	
Operating Capital	766,725	828,521	61,796	
Alternate Teacher Compensation	374,462	362,770	(11,693)	
Long Term Facilities Maintenance (LTFM)	1,296,746	1,237,486	(59,260)	
Lease Levy	1,035,308	984,165	(51,143)	
Other	1,236,226	1,292,433	56,207	
Prior Year Adjustments	(712,353)	(904,236)	(191,883)	
Total, General Fund	$10,485,314	$9,960,495	($524,819)	-5.0%
Community Service				
Basic Community Education	$271,735	$271,858	$123	
Early Childhood Family Education	164,711	157,583	(7,129)	
School-Age Child Care	250,000	250,000	0	
Other	8,762	10,029	1,267	
Prior Year Adjustments	2,928	(16,779)	(19,707)	
Total, Community Service Fund	$698,136	$672,690	($25,446)	-3.6%
Debt Service				
Voter Approved	$5,661,495	$5,797,733	$136,238	
Other	567,743	570,683	2,940	
Long Term Facility Maintenance	131,828	133,770	1,942	
Other Post Employment Benefits	720,600	721,440	840	
Reduction for Debt Excess	(45,217)	(27,441)	17,777	
Prior Year Adjustments	37,850	(431)	(38,281)	
Total, Debt Service Fund	$7,074,299	$7,195,754	$121,455	1.7%
Total Levy, All Funds	**$18,257,749**	**$17,828,940**	**($428,809)**	**-2.3%**
Subtotal by Truth in Taxation Categories:				
Voter Approved	8,266,252	8,201,302	(64,950)	
Other	9,991,497	9,627,638	(363,860)	
Total	**$18,257,749**	**$17,828,940**	**($428,809)**	**-2.3%**

Explanation of Levy Changes

Category:	General Fund –Voter Approved Operating Referendum & Local Optional Revenue (LOR)
Change:	Voter-Approved: -$136,731 & LOR: -$166,375
Use of Funds:	General Operating Expenses
Reason for Change:	Revenue is based on per pupil allowance amounts. Estimated enrollment is projected to decrease.

Explanation of Levy Changes

Category:	General Fund – Prior Year Adjustments
Change:	-$191,883
Use of Funds:	Various
Reason for Change:	Initial levies are based on estimates. In later years, amounts are updated and levies are retroactively adjusted.

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

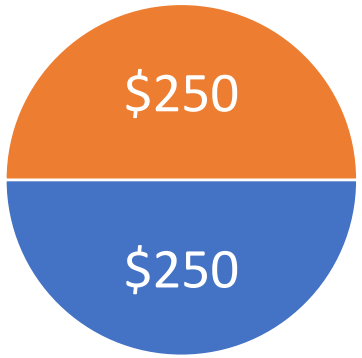
Two properties in the district

- 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

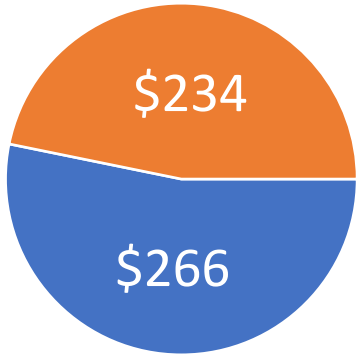
Two properties in the district

- 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



$125,000

Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and a 27.0% 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
- 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

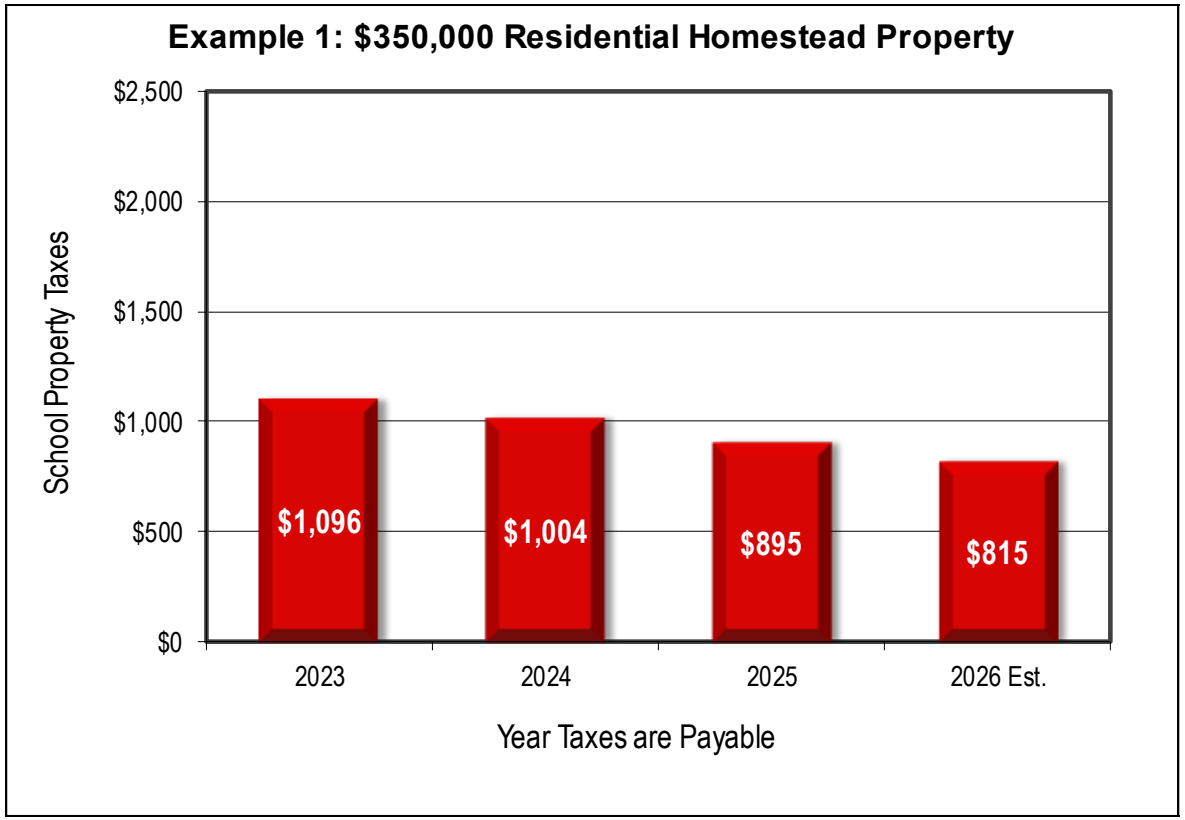
Type of Property	Estimated Market Value	Actual Taxes Payable in 2023	Actual Taxes Payable in 2024	Actual Taxes Payable in 2025	Estimated Taxes Payable in 2026	Change in Taxes 2023 to 2026	Change in Taxes 2025 to 2026
Residential Homestead	$150,000	$432	$397	$345	$313	-$119	-$32
	250,000	764	700	620	564	-200	-56
	300,000	930	852	758	690	-240	-68
	350,000	1,096	1,004	895	815	-281	-80
	400,000	1,262	1,156	1,033	941	-321	-92
	450,000	1,422	1,303	1,170	1,066	-356	-104
	500,000	1,580	1,448	1,308	1,192	-388	-116
	1,000,000	3,381	3,094	2,800	2,559	-822	-241
Commercial/ Industrial #	$250,000	$1,099	$1,002	$907	$837	-$262	-$70
	500,000	2,331	2,123	1,922	1,776	-555	-146
	1,000,000	4,794	4,365	3,952	3,654	-1,140	-298
	10,000,000	49,132	44,727	40,496	37,469	-11,663	-3,027
Agricultural Homestead (average value per acre of land and buildings)	$4,000	$2.14	$1.95	$1.79	$1.69	-$0.45	-$0.10
	5,000	$2.69	$2.44	$2.24	2.11	-0.58	-0.13
	6,000	$3.22	$2.93	$2.68	2.54	-0.68	-0.15
	7,000	$3.75	$3.41	$3.13	2.96	-0.80	-0.17
Apartments and Res. Non-Homestead (2 or more units)	$250,000	$900	$823	$745	$683	-$217	-$62
	1,000,000	3,602	3,293	2,980	2,730	-872	-250
	10,000,000	36,016	32,926	29,799	27,301	-8,715	-2,498
Seasonal Recreational Residential	$350,000	$618	$556	$504	$479	-$139	-$25
	500,000	883	795	720	685	-198	-35
	750,000	1,435	1,291	1,171	1,113	-322	-58

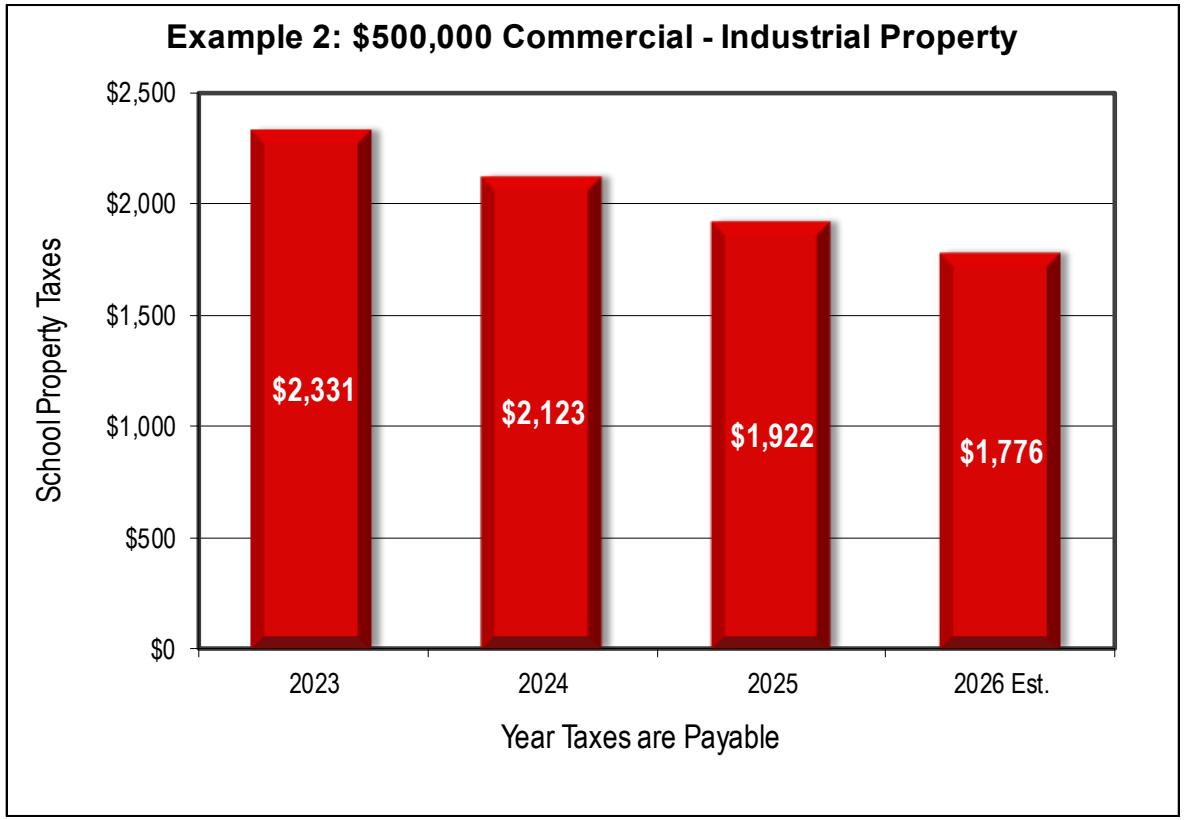
General Notes

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.
4. For agricultural property, estimates of taxes include impact of School Building Bond Agricultural Credit. Average value per acre is total estimated market value of all land and buildings, divided by total acres. Homestead examples do not include value of house, garage, and one acre, for which tax impact will be same as on a residential homestead property. This calculation does not include impact of Agricultural Homestead Credit, which reduces taxes on each parcel of agricultural homestead property by varying amounts.

Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value





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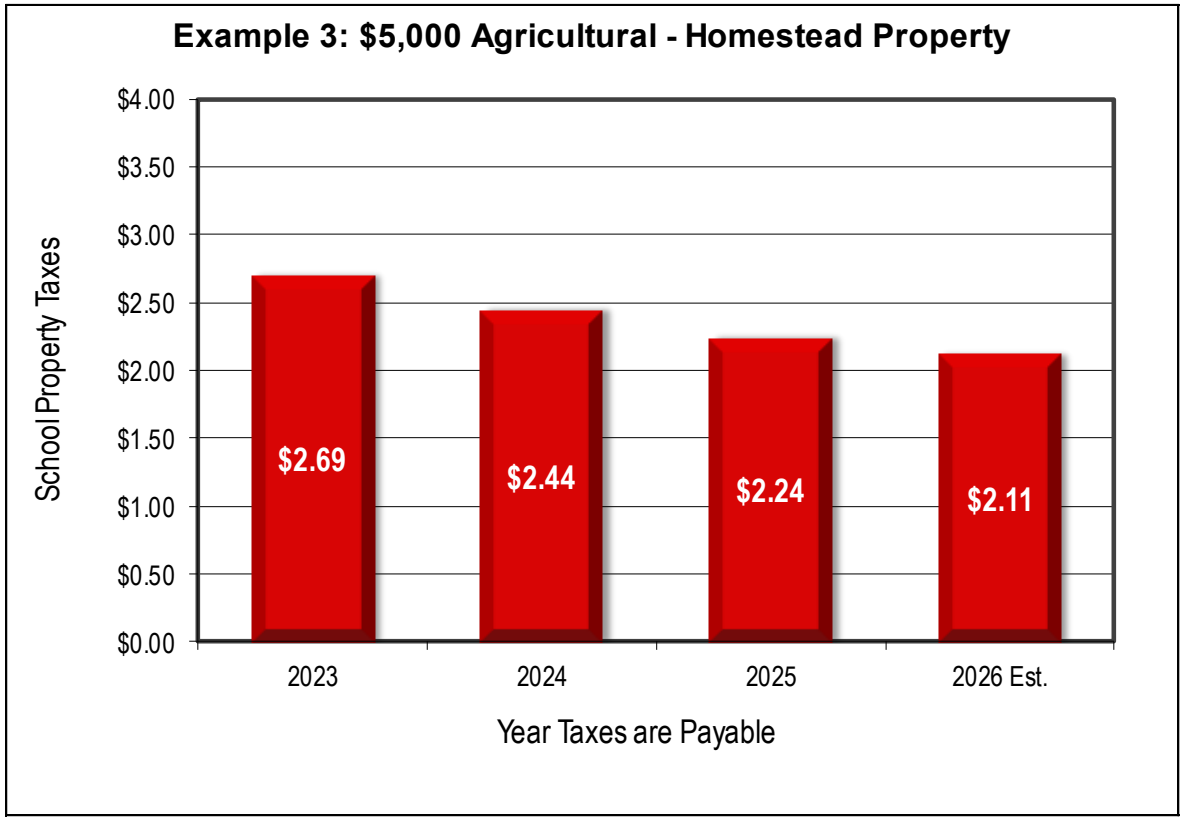
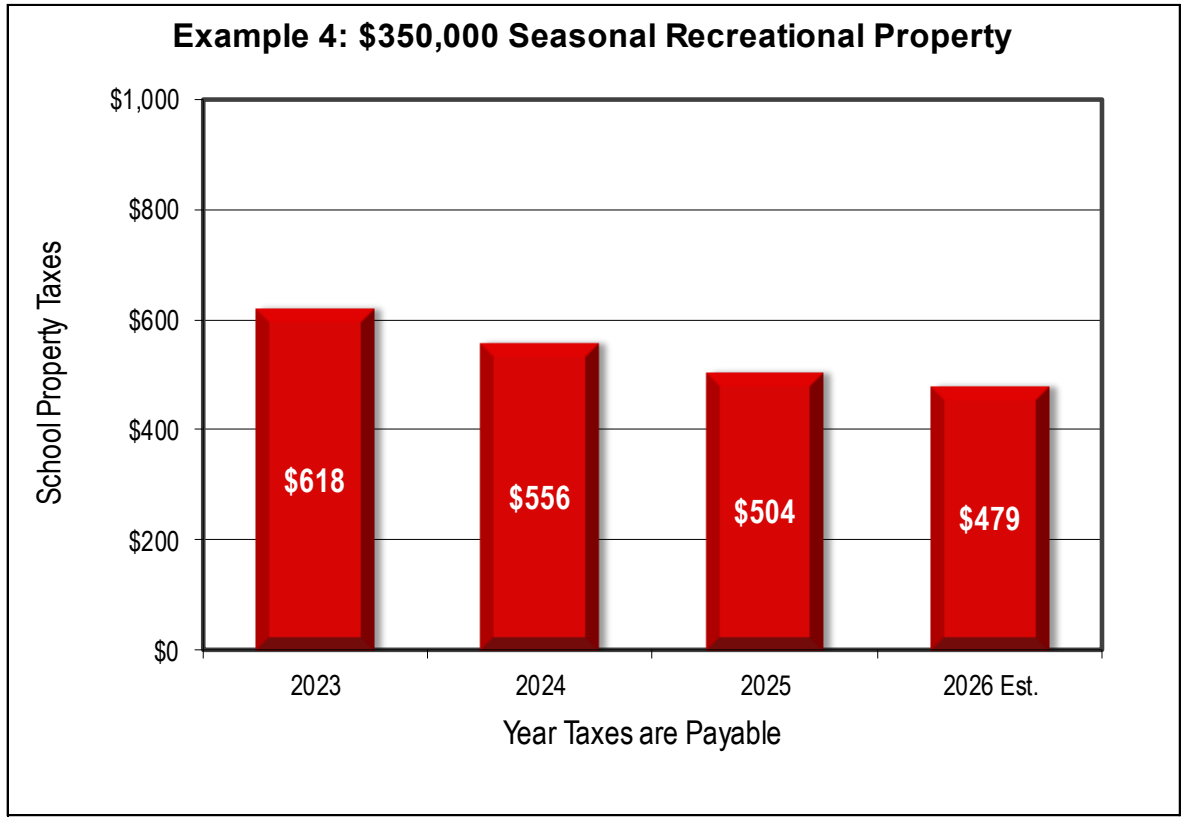
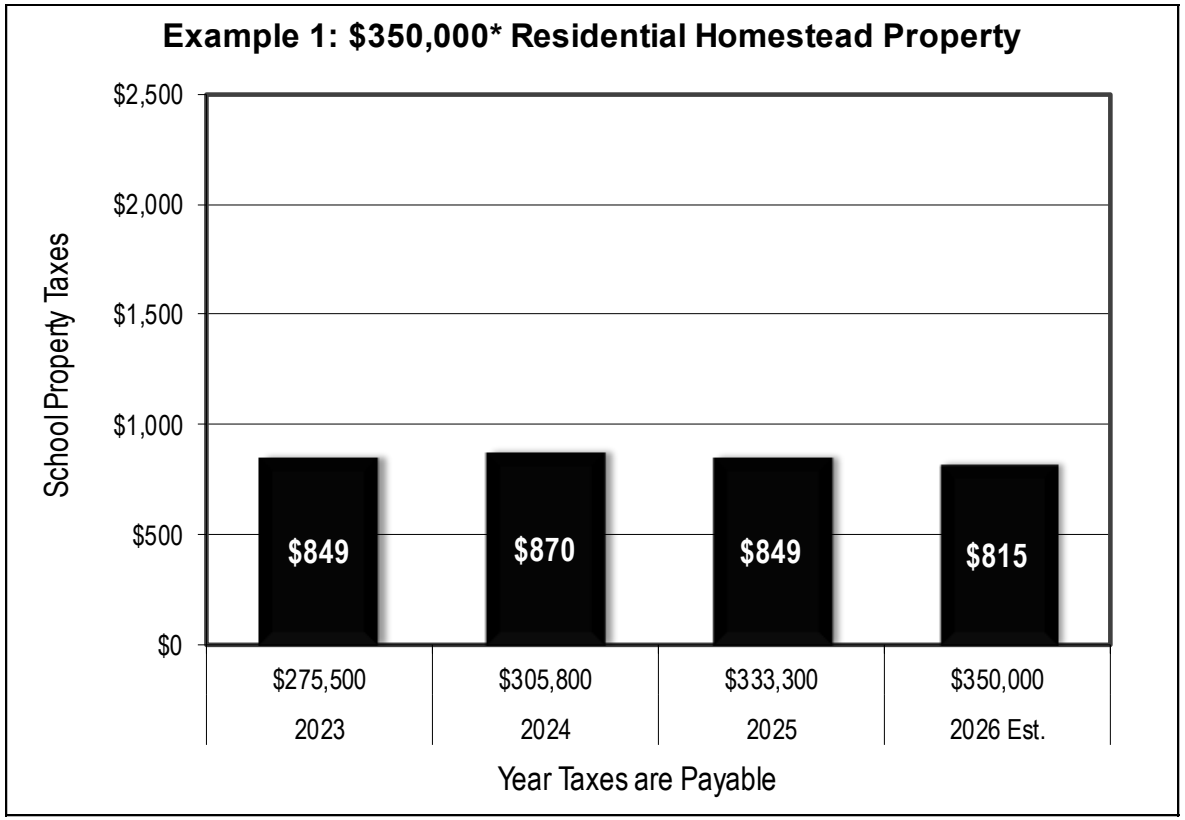


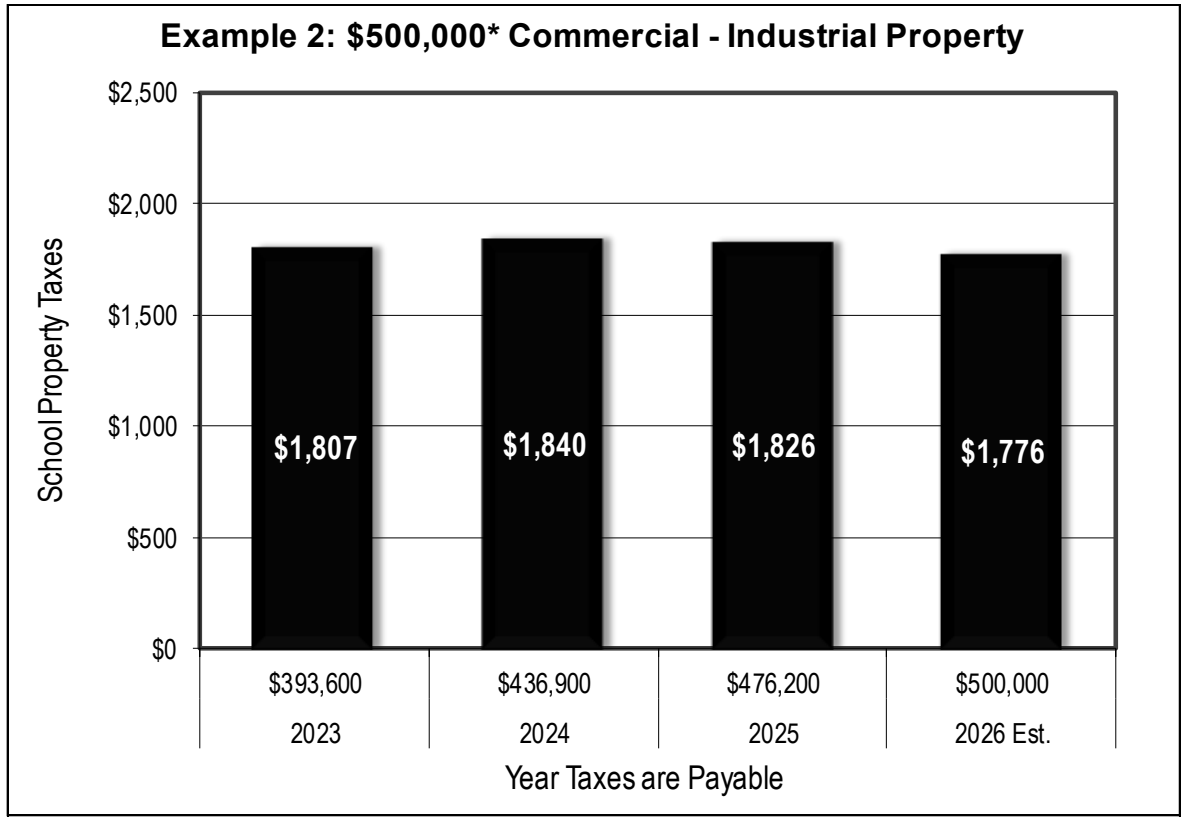


Estimated Changes in School Property Taxes, 2023-26

Based on 27.0% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 11.0% from 2023 to 2024, 9.0% from 2024 to 2025 and 5.0% from 2025 to 2026.



* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 11.0% from 2023 to 2024, 9.0% from 2024 to 2025 and 5.0% 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)

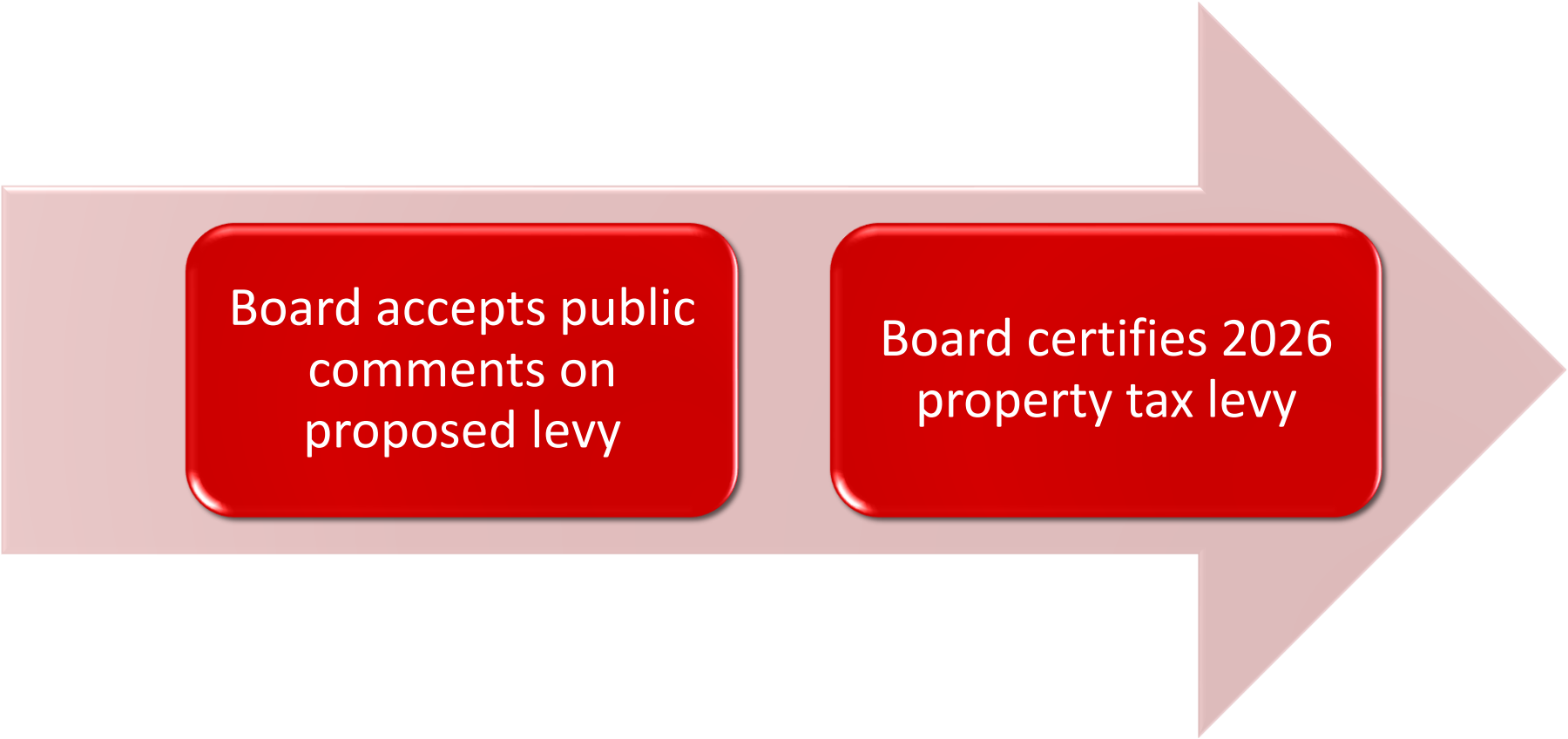
Senior Citizen Property Tax Deferral

- 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

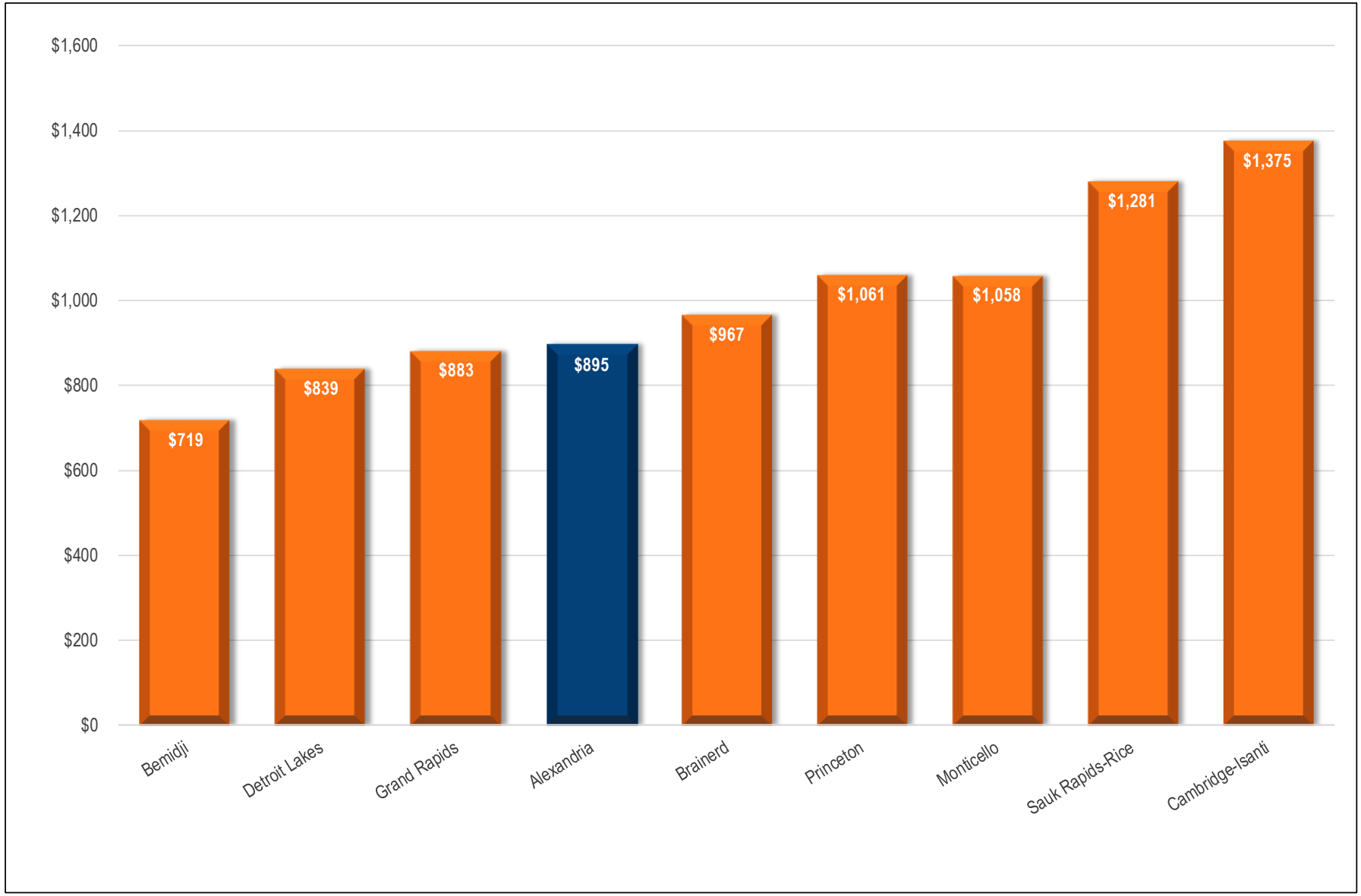

Board accepts public comments on proposed levy
Board certifies 2026 property tax levy

Alexandria Public Schools

Rich tradition. Bright future.

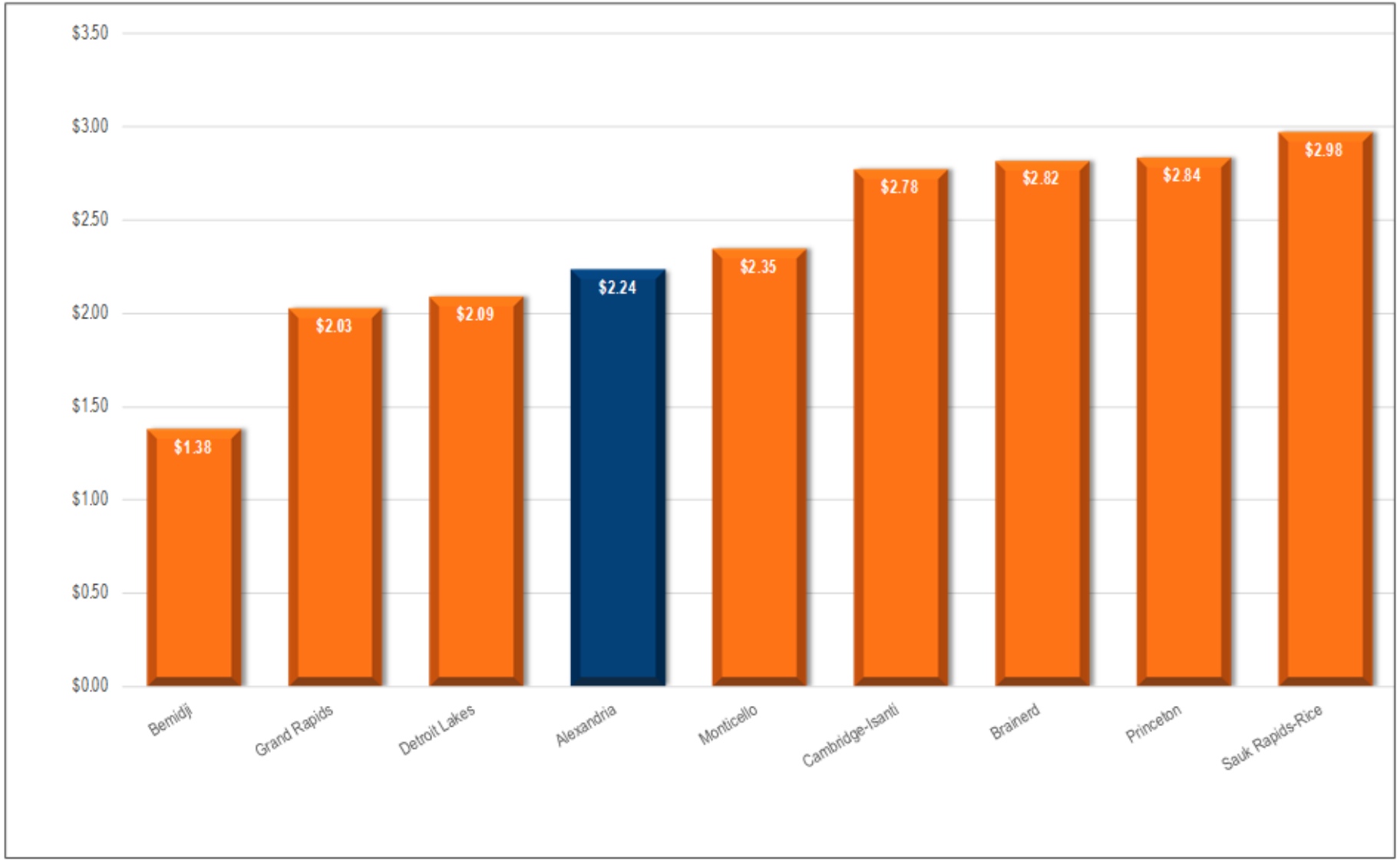
PUBLIC COMMENTS

Total School Property Taxes, Payable 2025, on a Home with an Estimated Market Value of $350,000



Source: Pay 2025 School Tax Report, Pay 2025 MDE Levy Certification.

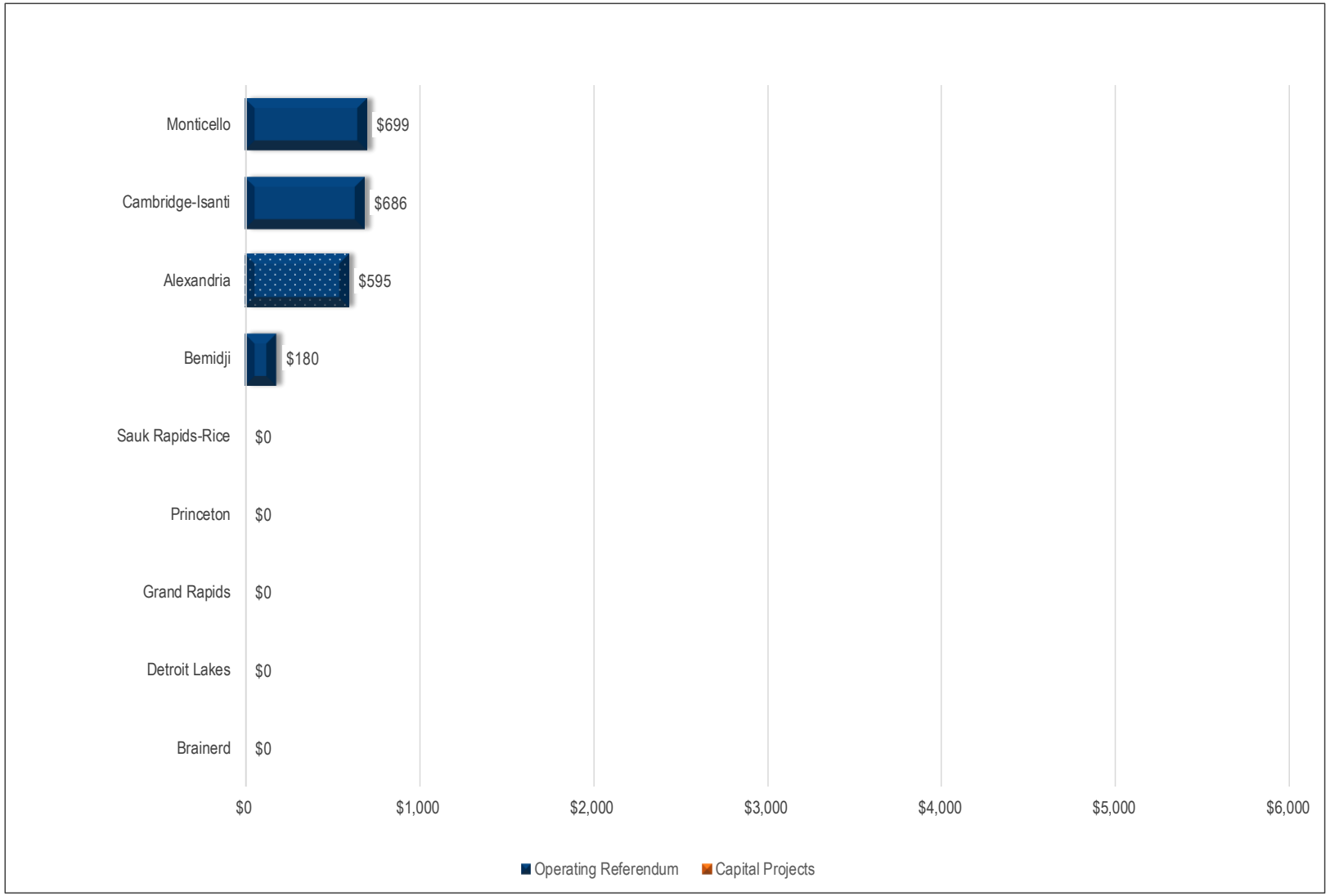
Total School Property Taxes Payable 2025 on One Acre of Ag Homestead Property with Total Estimated Market Value of $5,000



Source: Pay 2025 School Tax Report.
Note: Includes 70% reduction on debt service levies for School Building Bond Agricultural Credit.

Alexandria School District

Voter Approved Referendum Authority and Capital Projects FY 2025-26



Source: Pay 2025 School Tax Report and MDE Pay 25 Levy Certification.