RICHFIELD
PUBLIC SCHOOLS

Richfield Public Schools, ISD 280

Public Hearing for Taxes Payable in 2026

DECEMBER 1, 2025

PRESENTED BY:

CRAIG HOLJE,

CHIEF HUMAN RESOURCES & ADMINISTRATIVE OFFICER

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:

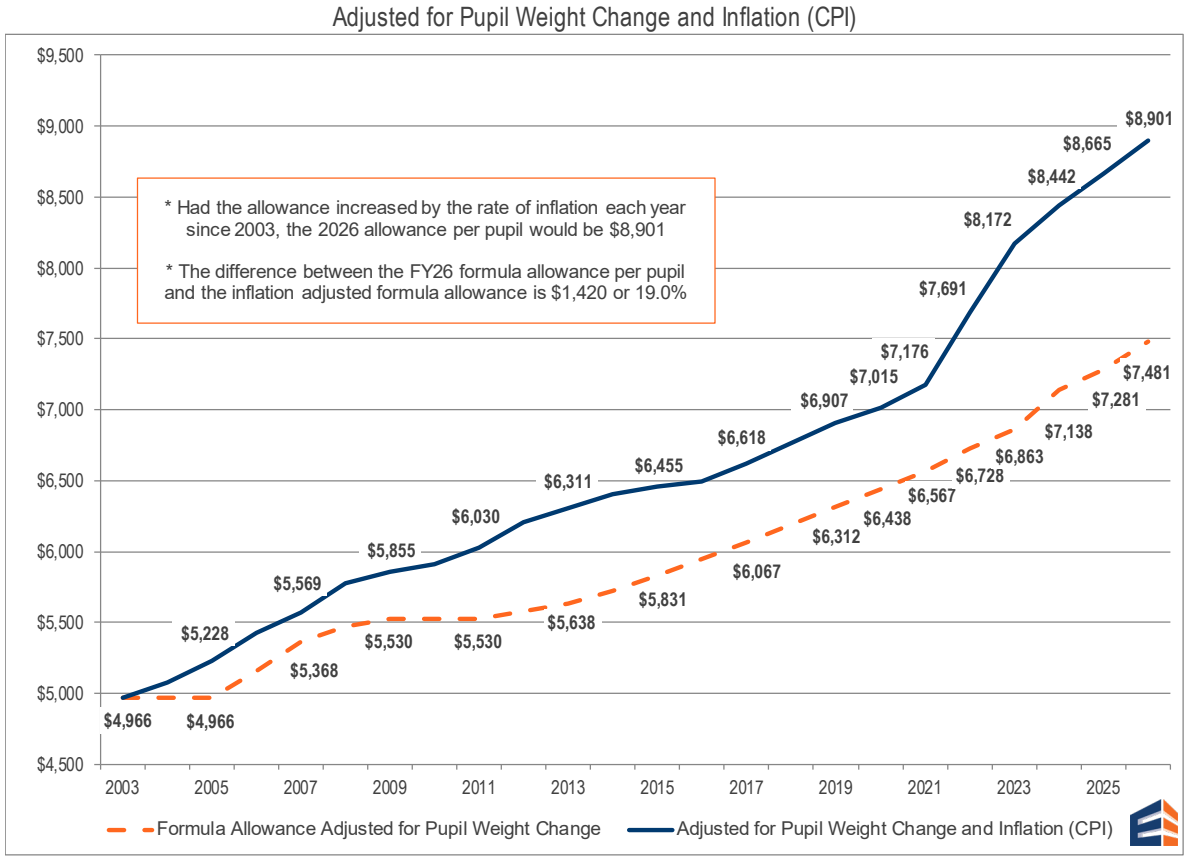
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
  - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

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

General Education Formula Allowance, 2003-26

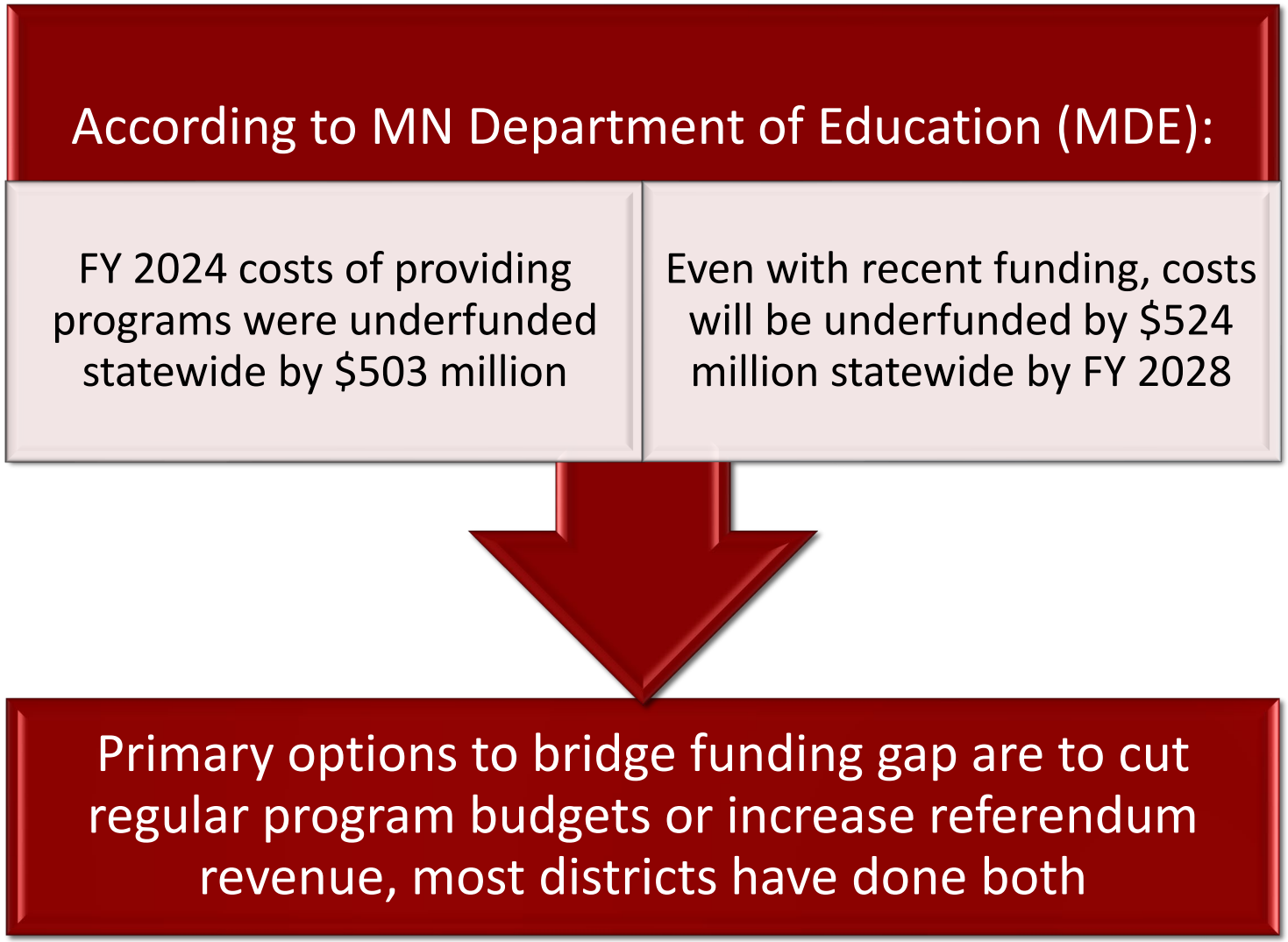
- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2024-25, an increase of 2.00% or $143 over previous year was approved
- For Fiscal Year 2025-26, an increase of 2.75% or $200 over previous year was approved

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



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
- Trust
- Internal Service
- OPEB* Trust
- OPEB* Debt Service

**Other Post-Employment Benefits*



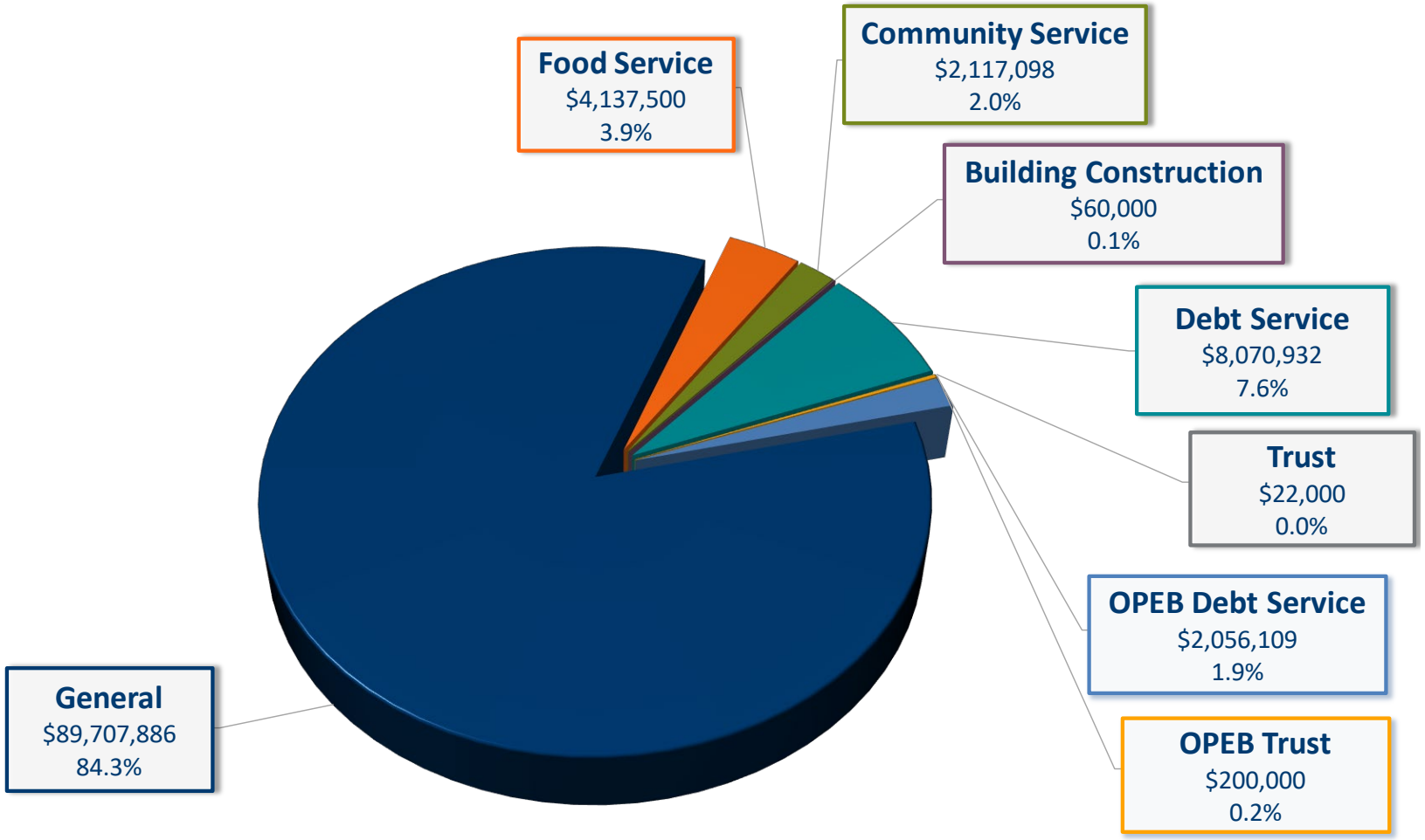
Actual for FY 2025, Budget for FY 2026

FUND	FISCAL 2024 BEGINNING FUND BALANCES	2024-25 ACTUAL REVENUES & TRANSFERS IN	2024-25 ACTUAL EXPENDITURES & TRANSERS OUT	JUNE 30, 2025 ACTUAL FUND BALANCES	2025-26 BUDGET REVENUES & TRANSERS IN	2025-26 BUDGET EXPENDITURES & TRANSFERS OUT	JUNE 30, 2026 PROJECTED FUND BALANCES
General/Restricted	$4,350,960	$24,655,795	$23,918,764	$5,087,991	$22,522,405	$22,637,091	$4,973,305
General/Other	14,308,760	65,022,615	61,989,565	17,341,810	67,185,481	68,189,694	16,337,597
Food Service	942,275	3,754,394	3,918,120	778,549	4,137,500	4,049,569	866,480
Community Service	357,623	2,083,163	2,046,680	394,106	2,117,098	2,248,707	262,497
Building Construction	4,161,110	199,707	1,886,621	2,474,196	60,000	1,650,000	884,196
Debt Service	1,787,165	7,638,767	7,779,254	1,646,678	8,070,932	7,992,688	1,724,922
Trust	67,429	7,826	10,537	64,718	22,000	22,000	64,718
Internal Service	4,262,587			3,856,991			3,864,289
OPEB* Irrevocable Trust	7,177,610	330,000	463,966	7,043,644	200,000	490,000	6,753,644
OPEB* Debt Service	377,081	1,990,937	2,022,175	345,843	2,056,109	2,022,275	379,677
Total All Funds	**37,792,600**	**105,683,204**	**104,035,682**	**39,034,526**	**106,371,525**	**109,302,024**	**36,111,325**

*Other Post Employment Benefits

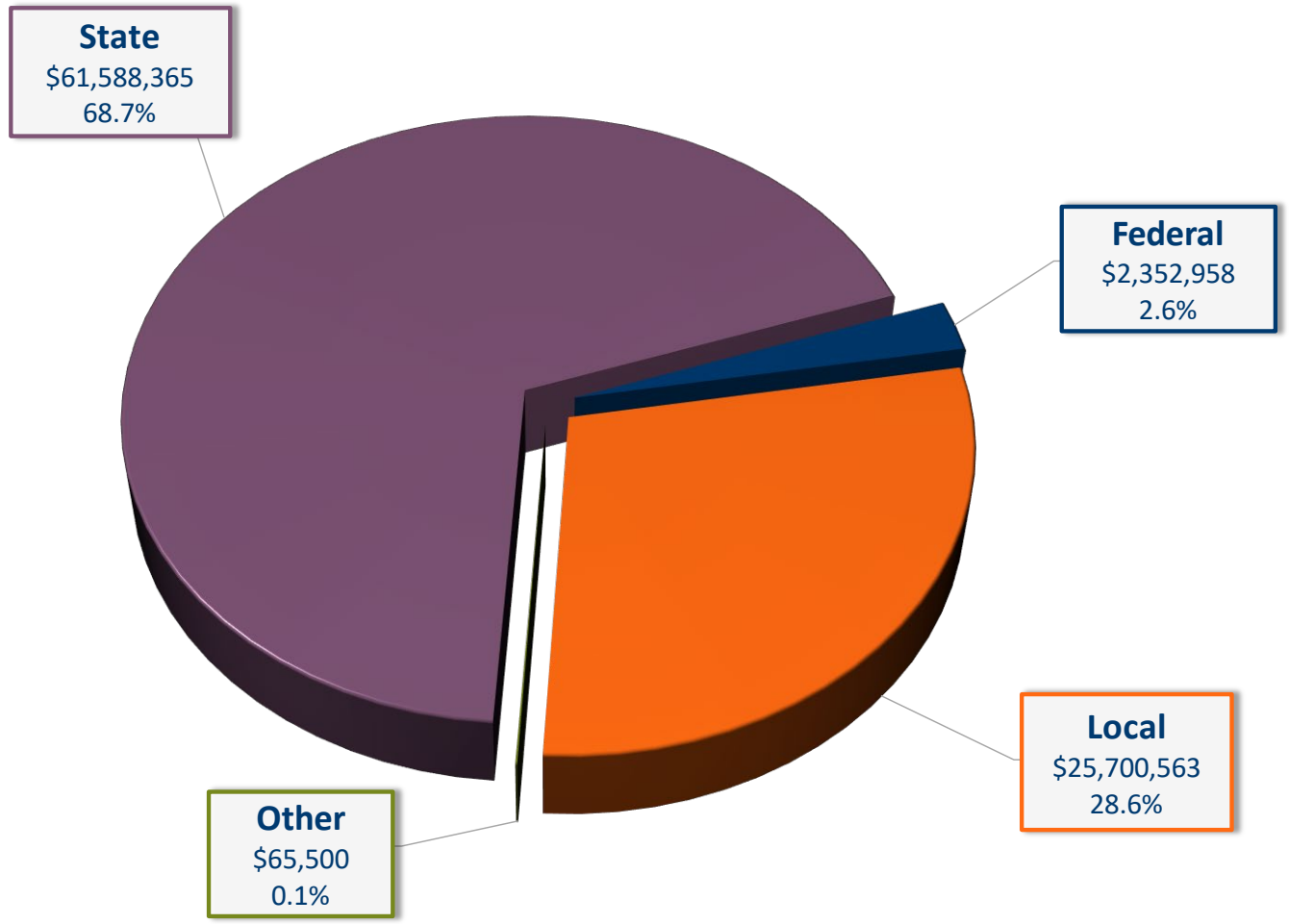
Revenue
- All Funds -

2025-26 Budget
$106,371,525



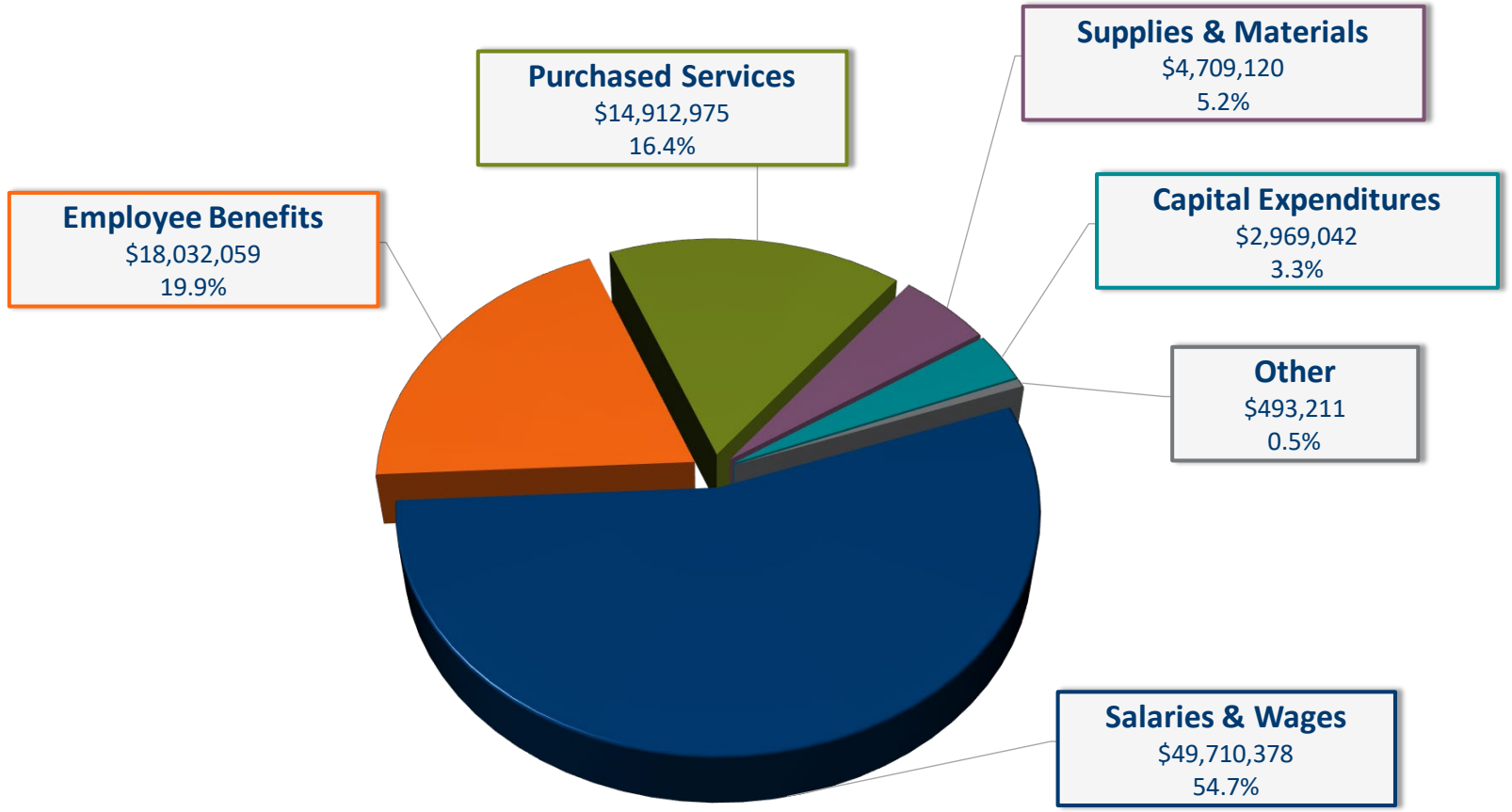
General Fund Revenue

2025-26 Budget
$89,707,886



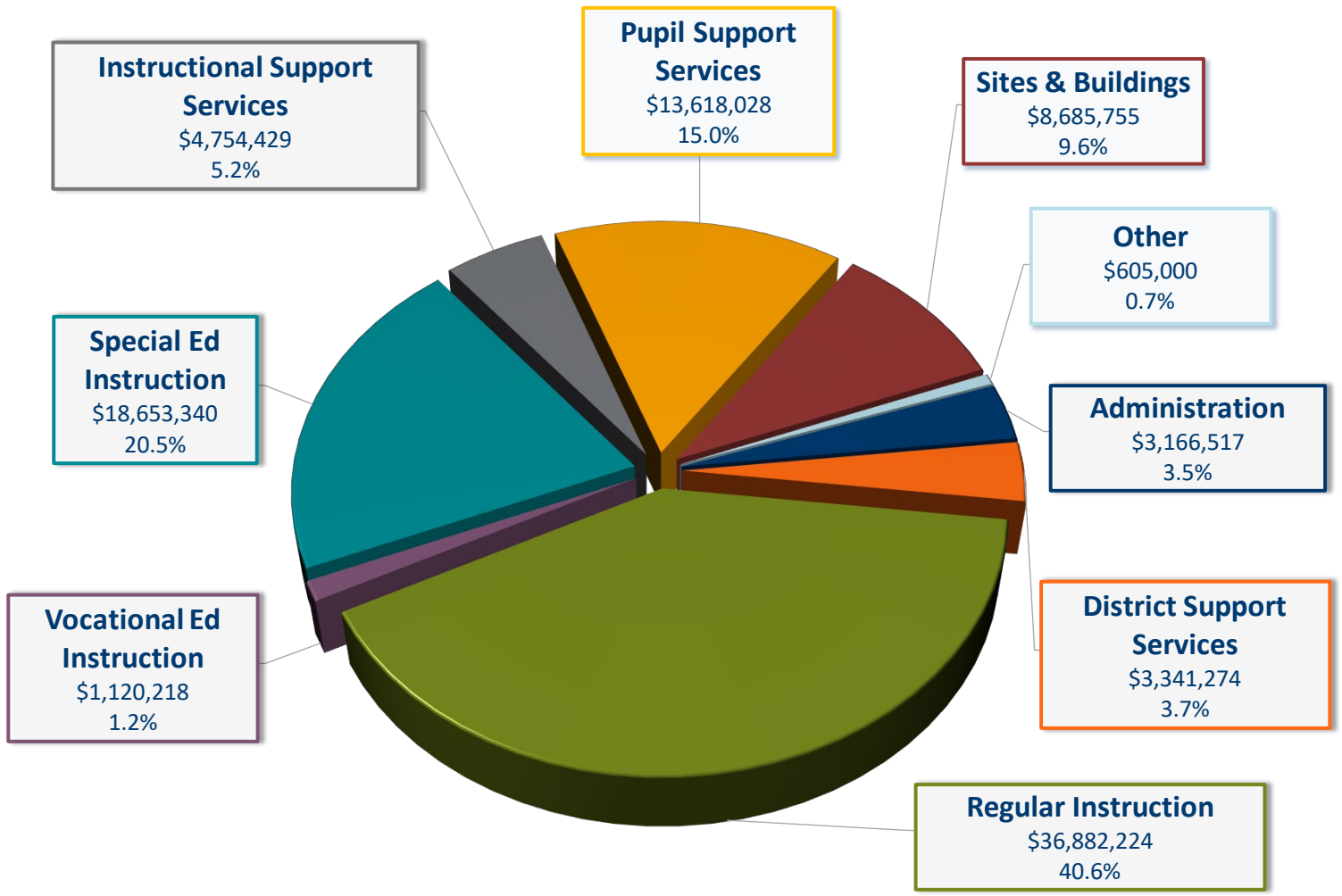
General Fund Expenditures - by Object -

2025-26 Budget
$90,826,785



General Fund Expenditures - by Program -

2025-26 Budget
$90,826,785



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



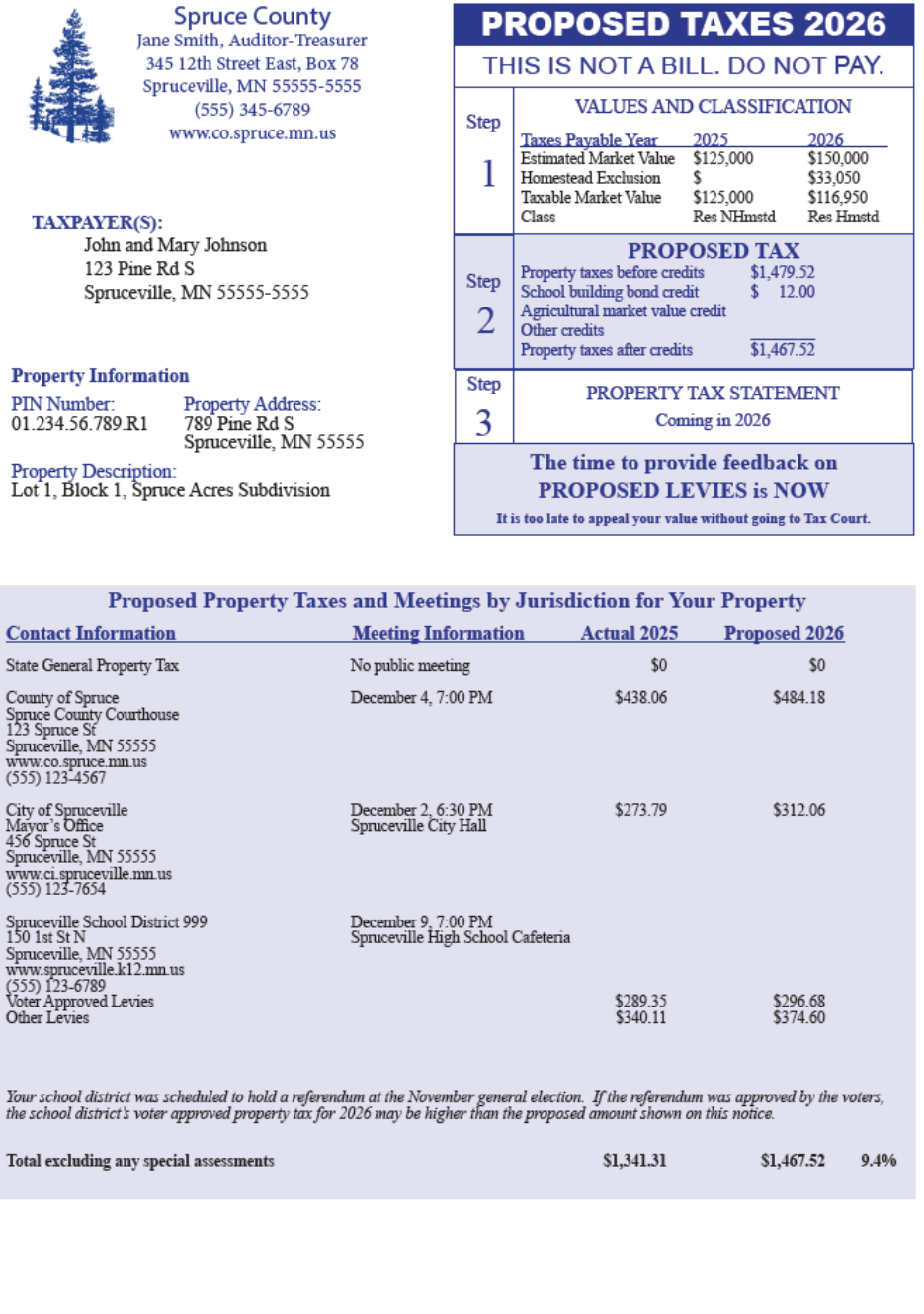
City/County:

- 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.

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

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.

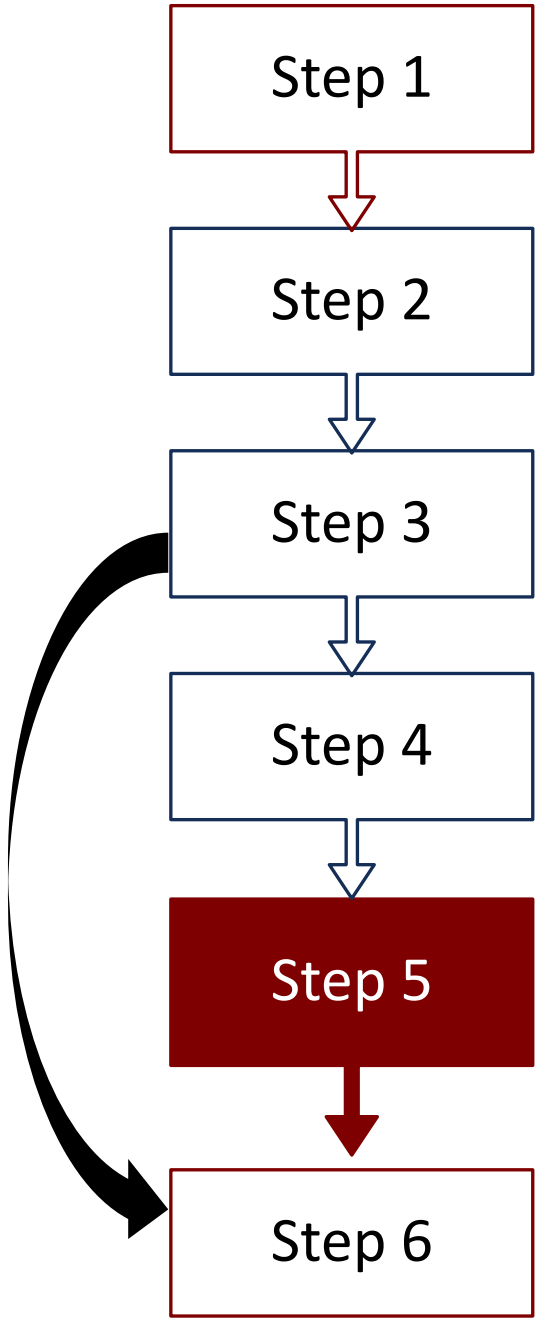
Total excluding any special assessments	**$1,341.31**	**$1,467.52**	**9.4%**

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.



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

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

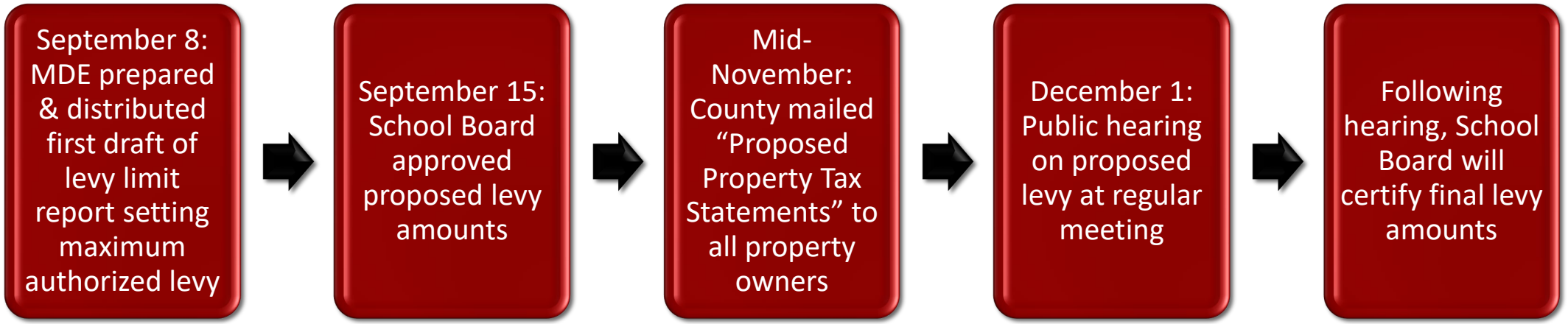
County Auditor calculates tax capacity for each parcel of property, as well as total tax capacity for each school district.

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)





Overview of District's Proposed Tax Levy

- Proposed Payable 2026 tax levy is an increase from 2025 of $415,721 or 1.2%
- 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	$9,846,483	$9,746,189	($100,294)	
Local Optional Revenue (LOR)	3,187,839	3,045,645	(142,194)	
Equity	305,596	294,280	(11,316)	
Voter Approved Technology Levy	4,982,132	4,972,515	(9,617)	
Operating Capital	892,250	842,197	(50,053)	
Alternate Teacher Compensation	371,656	361,038	(10,618)	
Achievement and Integration	330,059	325,310	(4,749)	
Long Term Facilities Maintenance (LTFM)	1,729,019	1,699,411	(29,608)	
Lease Levy	740,571	651,392	(89,179)	
Other	1,031,054	969,364	(61,690)	
Prior Year Adjustments	284,665	587,206	302,541	
Total, General Fund	$23,701,323	$23,494,546	($206,777)	-0.9%
Community Service				
Basic Community Education	$280,959	$251,392	($29,567)	
Early Childhood Family Education	170,302	142,330	(27,972)	
School-Age Child Care	0	30,000	30,000	
Other	11,682	10,942	(740)	
Prior Year Adjustments	3,019	5,121	2,102	
Total, Community Service Fund	$465,963	$439,785	($26,177)	-5.6%
Debt Service				
Voter Approved	$5,174,033	$4,962,983	($211,050)	
Other	239,873	238,823	(1,050)	
Long Term Facility Maintenance	2,970,752	2,529,227	(441,525)	
Other Post Employment Benefits	2,122,890	2,893,013	770,123	
Reduction for Debt Excess	(566,987)	(493,374)	73,614	
Abatement Adjustments	106,397	564,961	458,564	
Total, Debt Service Fund	$10,046,958	$10,695,633	$648,676	6.5%
Total Levy, All Funds	**$34,214,243**	**$34,629,965**	**$415,721**	**1.2%**
Subtotal by Truth in Taxation Categories:				
Voter Approved	20,074,300	19,764,566	(309,734)	
Other	14,139,944	14,865,399	725,455	
Total	**$34,214,243**	**$34,629,965**	**$415,721**	**1.2%**

Explanation of Levy Changes

Category:	General Fund - Voter Approved Operating Referendum & Local Optional Revenue
Change:	-$242,488
Use of Funds:	General Operating Expenses
Reason for Change:	Authority is calculated on estimated enrollment, change in levy is due to projected decrease in enrollment

Explanation of Levy Changes

Category:	General Fund – Prior Year Adjustments
Change:	+$302,541
Use of Funds:	Various
Reason for Change:	Initial levies are based on estimates. In later years, amounts are updated and levies are retroactively adjusted.

Explanation of Levy Changes

Category:	Debt Service Fund – Abatement Adjustments
Change:	+$458,564
Use of Funds:	Debt Payments
Reason for Change:	Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections and abatements.

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

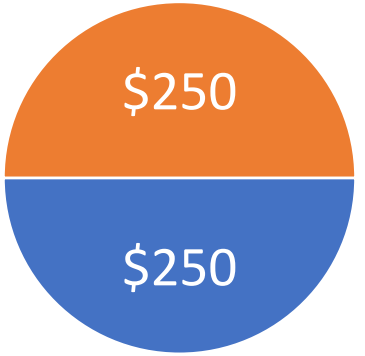
- Both houses are valued at $100,000

Total levy of $500

- Each property will pay $250 of levy

$100,000





$100,000



Impact of Property Valuations

Two properties in the district

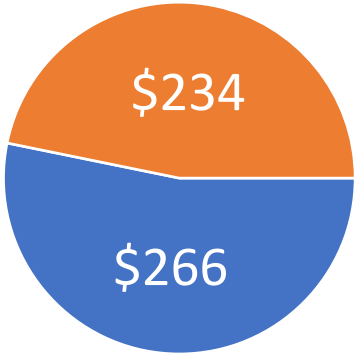
- Orange house value increases by 10%
- Blue house value increases by 25%

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 3.0% 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 Richfield
- 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	$515	$590	$584	$580	$65	-$4
	200,000	719	820	820	817	98	-3
	250,000	924	1,050	1,056	1,054	130	-2
	300,000	1,129	1,280	1,292	1,290	161	-2
	325,000	1,232	1,395	1,410	1,409	177	-1
	375,000	1,437	1,625	1,646	1,645	208	-1
	400,000	1,539	1,740	1,765	1,764	225	-1
	450,000	1,735	1,961	2,001	2,000	265	-1
	500,000	1,928	2,179	2,237	2,237	309	0
	600,000	2,381	2,681	2,756	2,759	378	3
Commercial/ Industrial #	$250,000	$1,032	$1,155	$1,158	$1,183	$151	$25
	1,000,000	4,519	5,006	5,005	5,135	616	130
	2,500,000	11,493	12,709	12,700	13,037	1,544	337
	3,750,000	17,305	19,128	19,113	19,622	2,317	509
	4,000,000	18,467	20,412	20,395	20,939	2,472	544
Apartments and Res. Non-Homestead (2 or more units)	$500,000	$2,264	$2,511	$2,576	$2,589	$325	$13
	2,000,000	9,056	10,045	10,305	10,355	1,299	50
	3,750,000	16,981	18,835	19,322	19,415	2,434	93

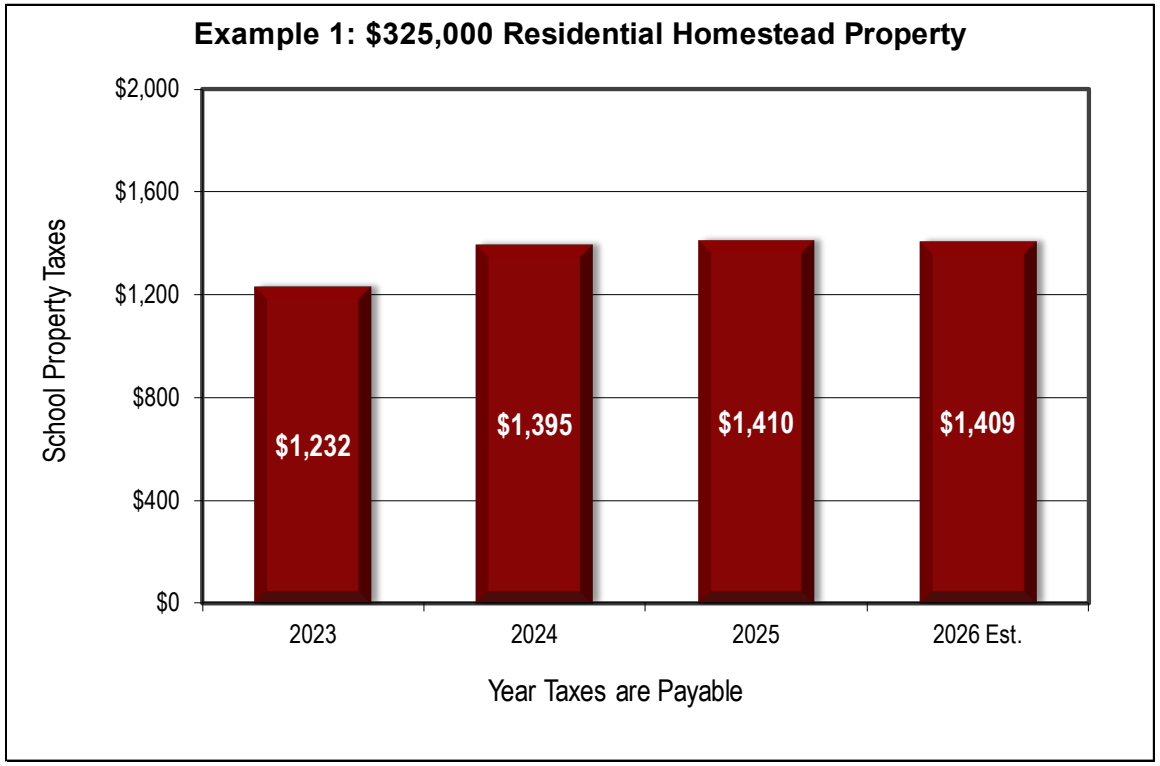
For commercial-industrial property, amounts above are for property in Richfield. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

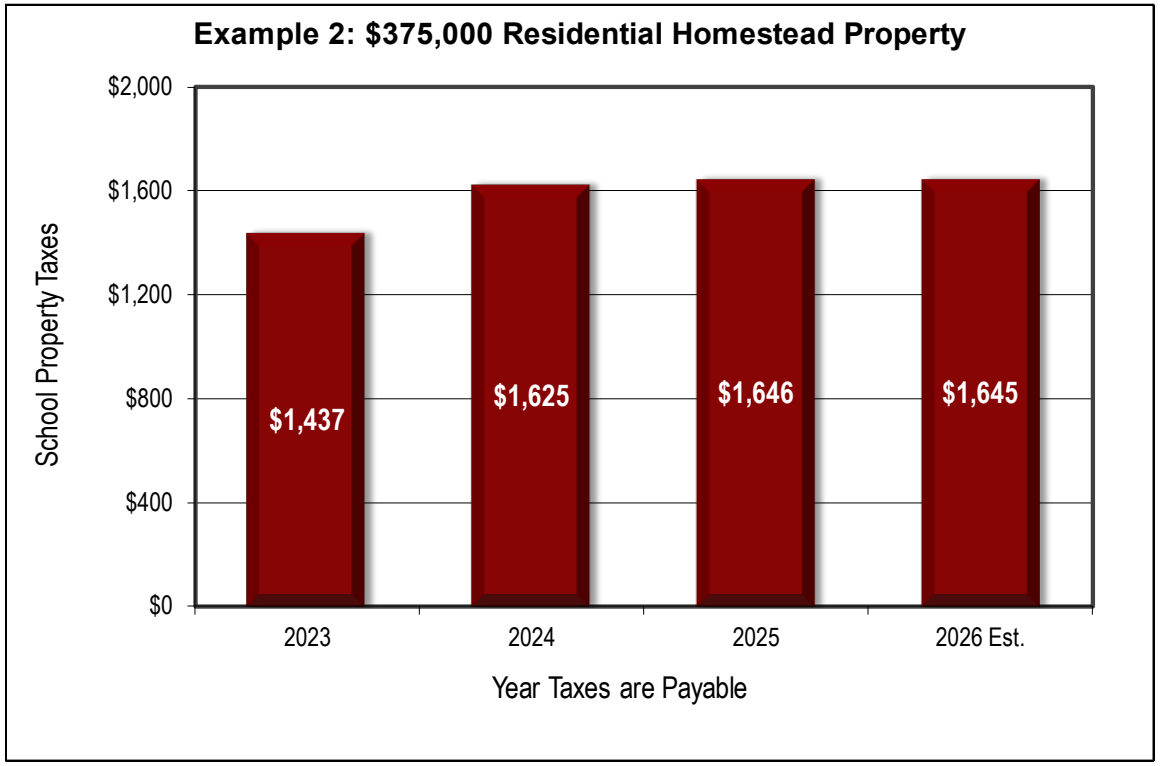
General Notes

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

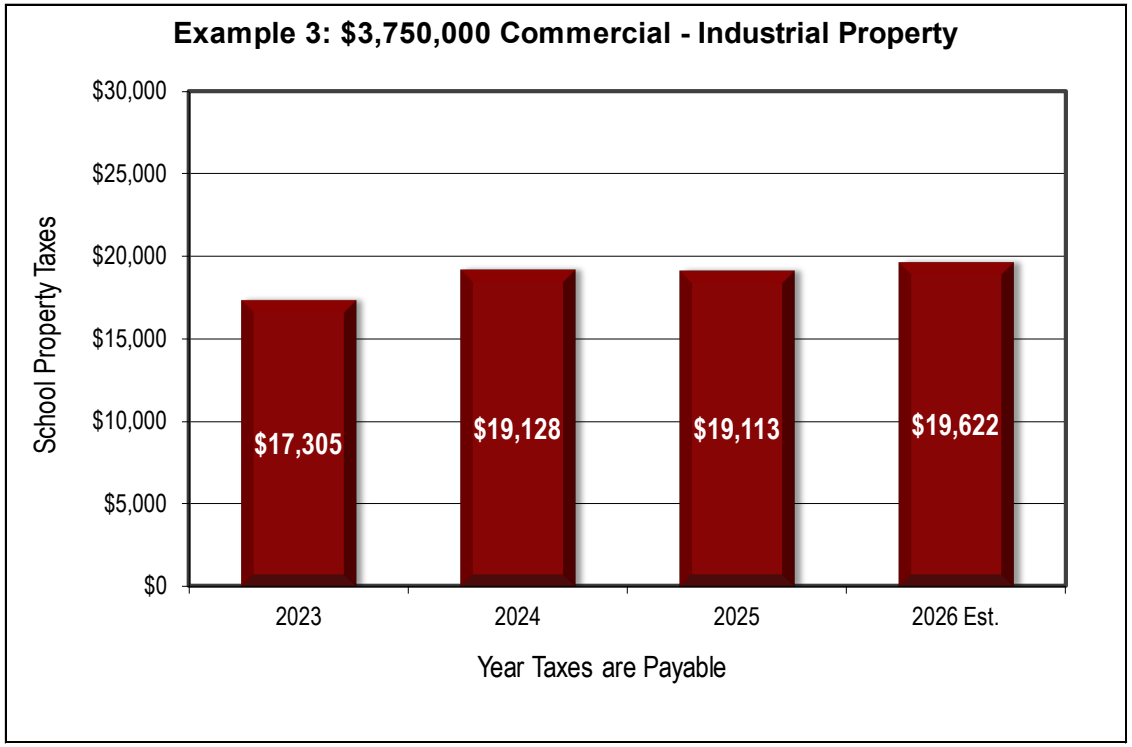
Based on No Changes in Property Value

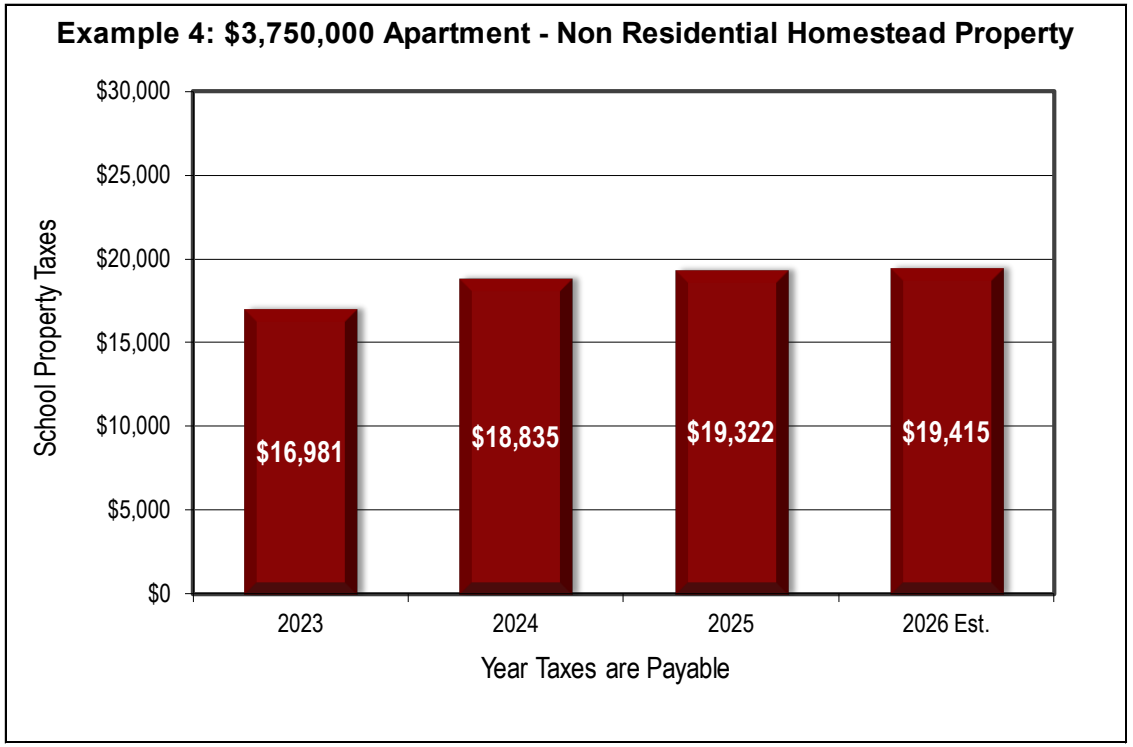




Estimated Changes in School Property Taxes, 2023-26

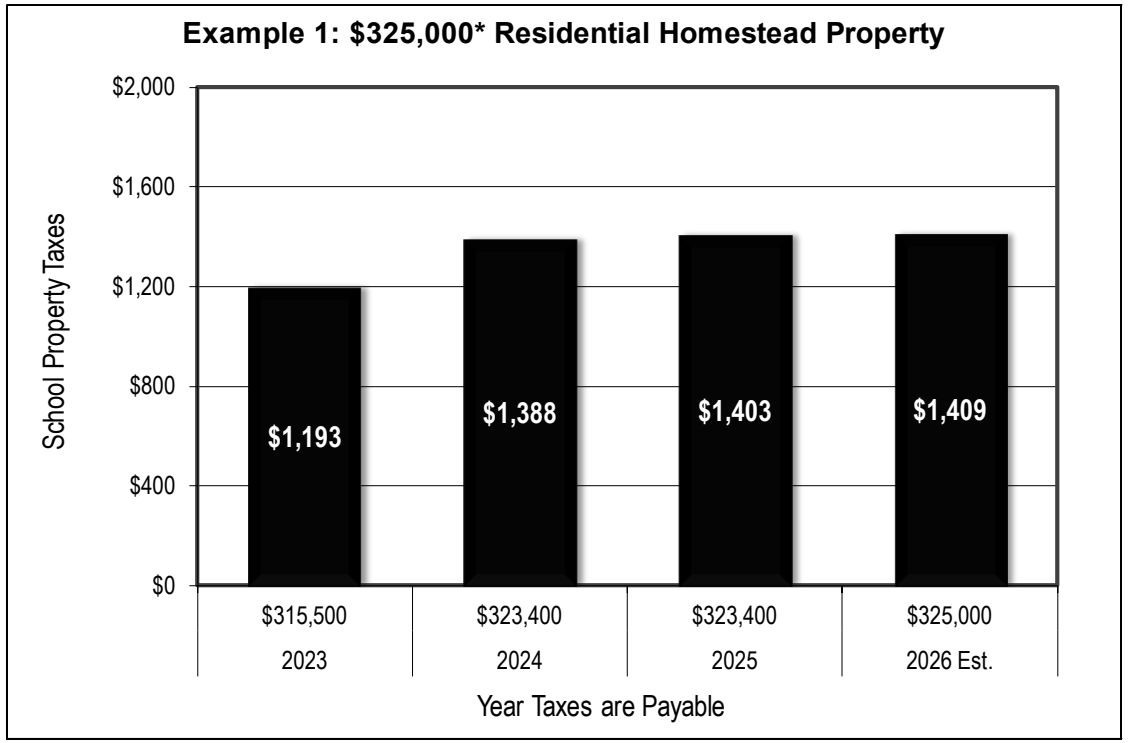
Based on No Changes in Property Value

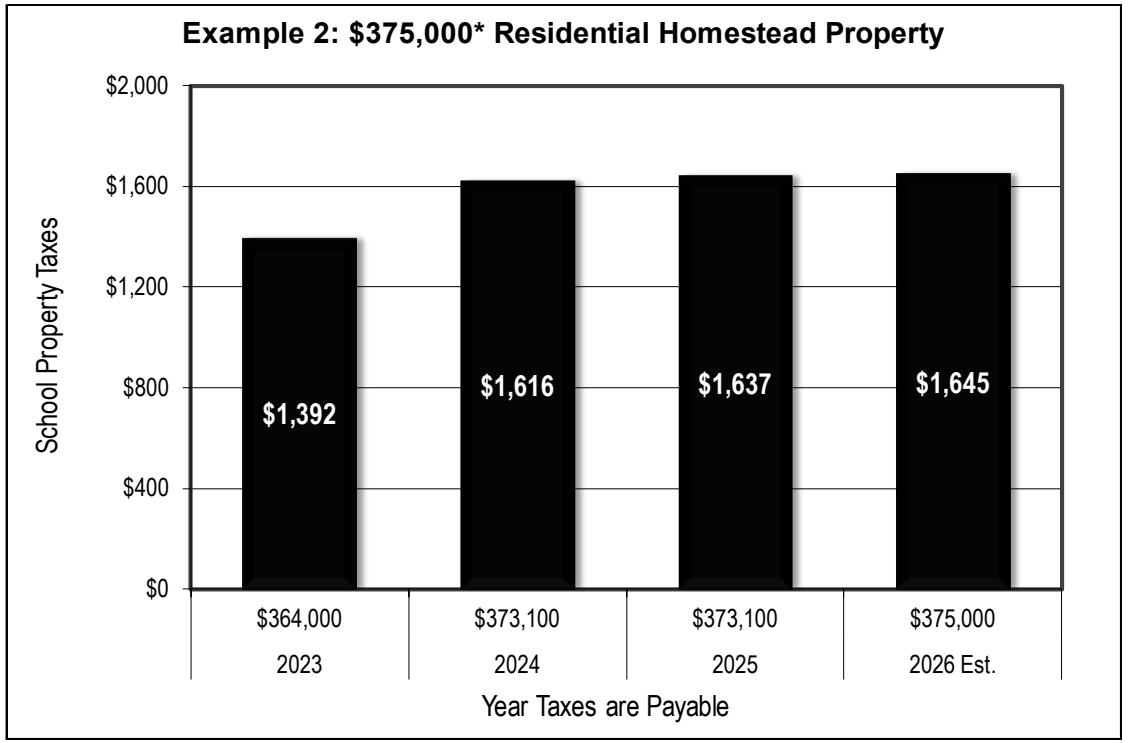




Estimated Changes in School Property Taxes, 2023-26

Based on 3.0% Cumulative Changes in Property Value





* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 2.5% from 2023 to 2024, 0.0% from 2024 to 2025 and 0.5% 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

RICHFIELD
PUBLIC SCHOOLS

PUBLIC COMMENTS