

# FARIBAULT PUBLIC SCHOOLS - ISD 656

PUBLIC HEARING FOR TAXES  
PAYABLE IN 2026

DECEMBER 1, 2025

PRESENTED BY:

BARBIE ROESSLER

DIRECTOR OF FINANCE AND OPERATIONS







# Truth in Taxation Law

- Public Meeting
  - Must announce date, time, and location
  - Must Be held between November 25 and December 30 at 6PM or later
- Mailing Notice from the County regarding proposed tax from:
  - City
  - County
  - Independent School District



FMS Student Council – Santa-N-Smiles





# Public Hearing Requirements

- Discuss the Fiscal Year 2025 - 2026 Budget
- Discuss the 2025 Pay 2026 Property Tax Levy
- Allow for Public Comment







# Points to Remember



Public school 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.





## Points to Remember

- State Legislature determines
  - Revenue formula
    - Except for voter-approved referenda
  - Local Levy and State Aid
- An increase in local taxes does not necessarily mean an increase in revenue for the school district





# Property Tax Process

## Minnesota School District Property Taxes - Key Steps in the Process

**Step 1.** The **City or County Assessor** determines the estimated market value for each parcel of property in the county.



**Step 2.** The **Legislature** sets the formulas for tax capacity. (E.g., for homestead residential property, tax capacity = 1% of first \$500,000 in value + 1.25% of value over \$500,000.) These formulas determine how much of the tax burden will fall on different types of property.



**Step 3.** The **County Auditor** calculates the tax capacity for each parcel of property in the county (based on values from step 1 and tax capacity formulas from step 2), as well as the total tax capacity for each school district.

**Step 4.** The **Legislature** sets the formulas which determine school district levy limits. These are the maximum amounts of taxes that school districts can levy in every category.



**Step 5.** The **Minnesota Department of Education** calculates detailed levy limits for each school district, based on the formulas approved by the Legislature in step 4. These limits tell districts the exact amounts that can be levied in every category.



**Step 6.** The **School Board** adopts a proposed levy in September, based on the limits set in step 5. After a public hearing, the board adopts a final levy in December. Final levy cannot be more than the preliminary levy, except for amounts approved by voters.



**Step 7.** The **County Auditor** divides the final levy (determined by the school board in step 6) by the district's total tax capacity (determined in step 3) to determine the tax rate needed to raise the proper levy amount. The auditor multiplies this tax rate times each property's tax capacity, to determine the school tax for that property.\*

\* For certain levy categories (referendum, equity and transition levies), tax rates and levy amounts are based on referendum market value, rather than tax capacity.





## School District Levy Cycle

- Current Levy is 2025 Payable 2026
- Certified in 2025
- Collected in 2026
- Revenue Recognized in Fiscal Year 2027

## Authority for School Levies

- Set by State Formula
- Voter Approved

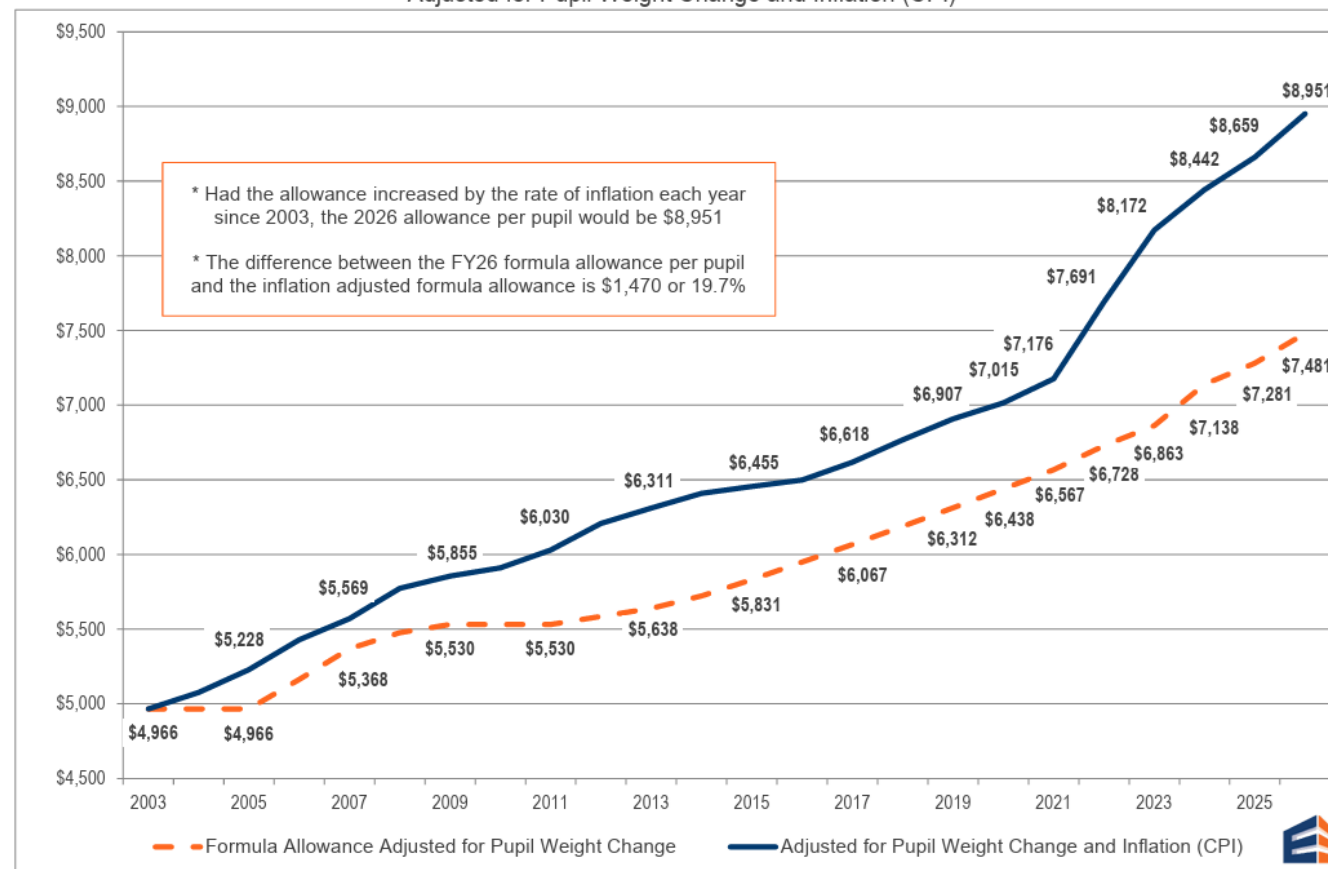


# Formula Allowance and History

Funding trails  
inflation by  
almost **\$1,470 per  
pupil unit** since  
2003 or 19.7%

## General Education Formula Allowance, 2003-2026

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE December 2024 CPI Inflation Estimates and Minnesota Laws 2023





## FY26 Revenue Summary

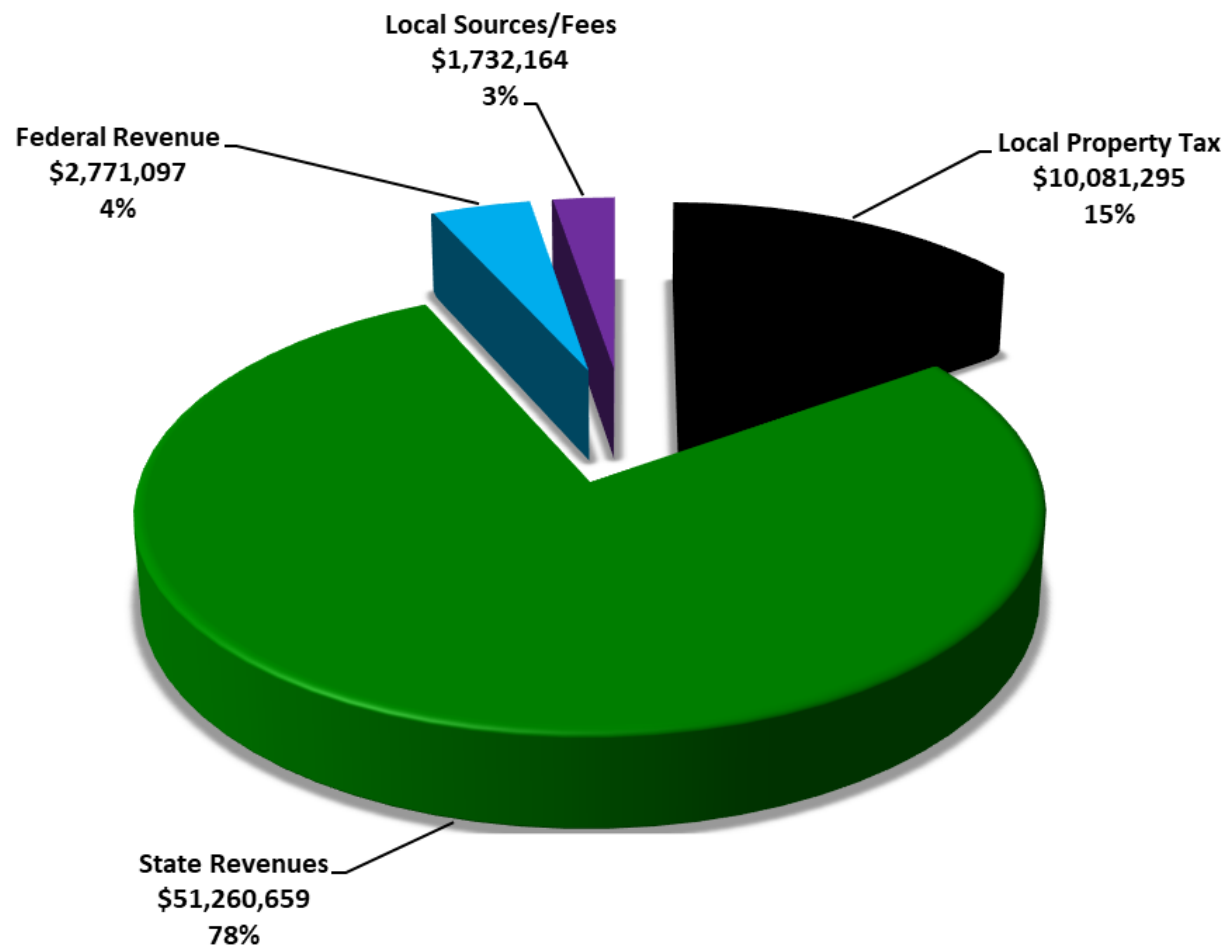
<b>FUND</b>	<b>2024-2025 Actual</b>	<b>2025-2026 Budget</b>	<b>Percent Change</b>
<b>General</b>	<b>\$ 65,143,429</b>	<b>\$ 65,845,215</b>	<b>1.08%</b>
<b>Food Service</b>	<b>\$ 2,759,917</b>	<b>\$ 2,755,320</b>	<b>-0.17%</b>
<b>Community Service Fund</b>	<b>\$ 5,844,563</b>	<b>\$ 5,398,544</b>	<b>-7.63%</b>
<b>Construction</b>	<b>\$ 286,758</b>	<b>\$ 200,000</b>	<b>-30.25%</b>
<b>Debt Service</b>	<b>\$2,466,196</b>	<b>\$2,548,834</b>	<b>3.35%</b>
<b>Internal</b>	<b>\$3,049,367</b>	<b>\$3,290,315</b>	<b>7.90%</b>
<b>OPEB Irrevocable Trust</b>	<b>\$257,881</b>	<b>\$158,000</b>	<b>-38.73%</b>
<b>Student Activities</b>	<b>\$115,962</b>	<b>\$112,000</b>	<b>-3.42%</b>
<b>Total All Funds</b>	<b>\$ 79,924,073</b>	<b>\$ 80,308,228</b>	<b>0.48%</b>





# FY26 General Fund Revenue Budget

## \$65,845,215







## FY26 Expenditure Summary

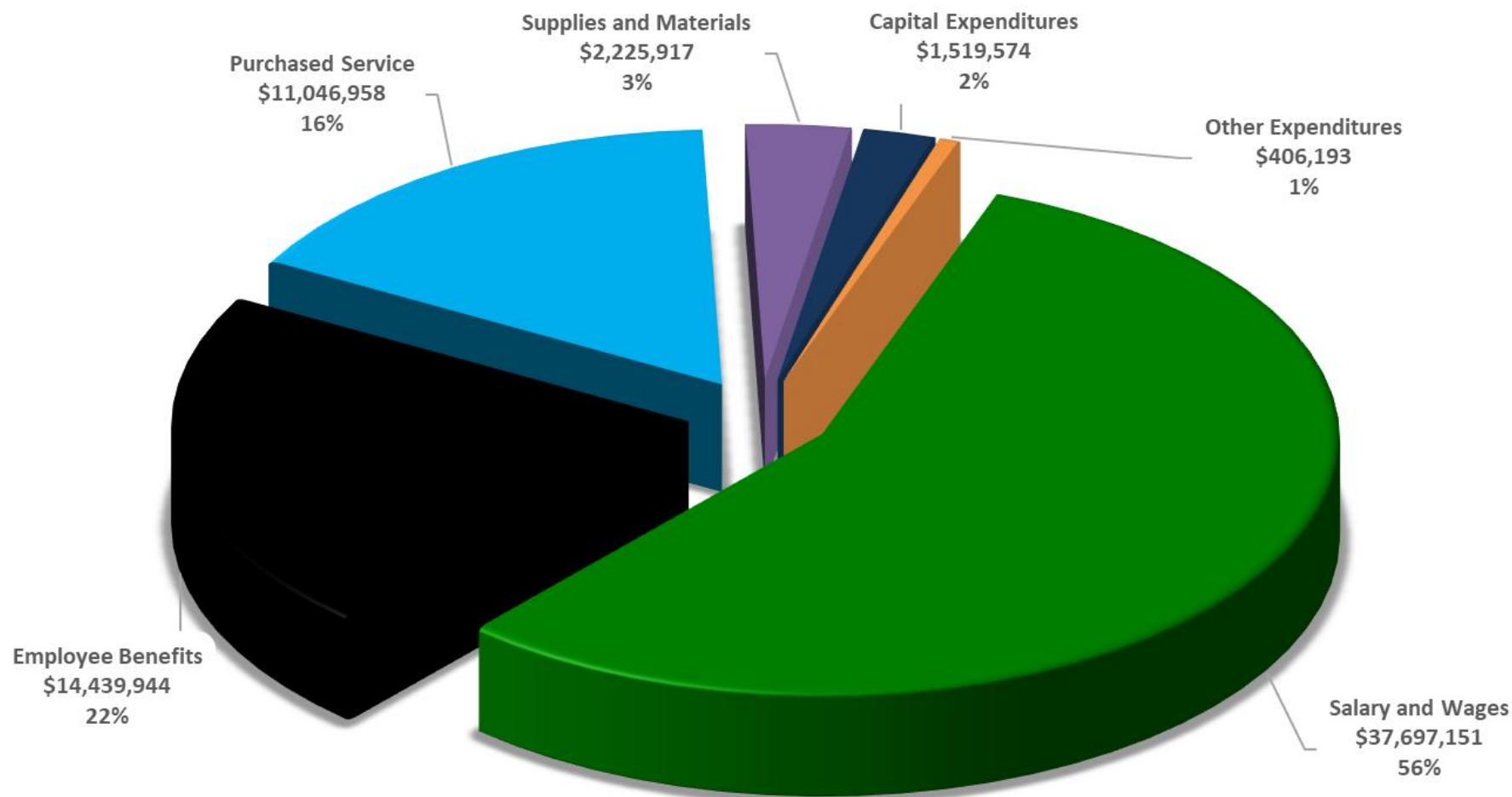
<b>FUND</b>	<b>2024-2025 Actual</b>	<b>2025-2026 Budget</b>	<b>Percent Change</b>
<b>General</b>	<b>\$ 63,919,573</b>	<b>\$ 67,335,737</b>	<b>5.34%</b>
<b>Food Service</b>	<b>\$ 2,948,394</b>	<b>\$ 3,246,374</b>	<b>10.11%</b>
<b>Community Service Fund</b>	<b>\$ 5,570,104</b>	<b>\$ 5,458,714</b>	<b>-2.00%</b>
<b>Construction</b>	<b>\$ 5,036,616</b>	<b>\$ 2,677,000</b>	<b>-46.85%</b>
<b>Debt Service</b>	<b>\$ 2,433,283</b>	<b>\$ 2,379,350</b>	<b>-2.22%</b>
<b>Internal</b>	<b>\$ 3,321,963</b>	<b>\$ 3,378,331</b>	<b>1.70%</b>
<b>OPEB Irrevocable Trust</b>	<b>\$ 136,085</b>	<b>\$ 158,000</b>	<b>16.10%</b>
<b>Student Activities</b>	<b>\$ 115,388</b>	<b>\$ 110,000</b>	<b>-4.67%</b>
<b>Total All Funds</b>	<b>\$83,481,406</b>	<b>\$84,743,506</b>	<b>1.51%</b>





# FY26 General Fund Expenditure Budget

## \$67,335,737







# 2025 Payable 2026 Levy

GENERAL FUND

COMMUNITY SERVICE FUND

T SERVICE FUND







# Comparison Data

## Comparison of Proposed Tax Levy Payable in 2026 to Actual Levy Payable in 2025

Fund	Actual Levy - FY 26 Payable in 2025	Proposed Levy - FY 27 Payable in 2026	\$ Change	% Change
<b>General Fund</b>				
Voter Approved Referendum	\$3,651,089	\$3,379,452	(\$271,637)	
Local Optional	\$2,476,106	\$2,241,229	(\$234,877)	
Equity Revenue	\$452,779	\$393,837	(\$58,942)	
Transition Revenue	\$46,016	\$40,020	(\$5,996)	
Operating Capital	\$511,776	\$526,749	\$14,973	
Building Lease	\$778,846	\$777,699	(\$1,147)	
LT Facilities Maint	\$1,294,291	\$1,263,614	(\$30,677)	
Integration	\$225,635	\$217,104	(\$8,531)	
Safe Schools	\$122,617	\$119,711	(\$2,906)	
Judgment	\$0	\$0	\$0	
Career/Technical	\$252,645	\$252,645	\$0	
Annual OPEB	\$0	\$232,262	\$232,262	
Reemployment	\$70,000	\$75,000	\$5,000	
Adjustments	(\$26,059)	(\$85,718)	(\$59,659)	
Total General Fund	\$9,855,741	\$9,433,604	(\$422,137)	-4.28%



# Comparison Data

Comparison of Proposed Tax Levy Payable in 2026 to Actual Levy Payable in 2025				
Fund	Actual Levy - FY 26 Payable in 2025	Proposed Levy - FY 27 Payable in 2026	\$ Change	% Change
<b>Community Service</b>				
Basic Community Education	\$167,783	\$163,308	(\$4,475)	
Early Childhood Family Education	\$101,701	\$92,460	(\$9,241)	
Home Visiting	\$3,691	\$4,079	\$388	
Adults with Disabilities	\$2,696	\$2,610	(\$86)	
School-Age Care	\$130,000	\$150,000	\$20,000	
Adjustments	\$31,058	\$52,724	\$21,666	
Total Community Service Fund	\$436,929	\$465,181	\$28,252	6.47%
<b>Debt Service Fund</b>				
Voter Approved Referendum	\$0	\$0	\$0	
Other Debt Service	\$225,593	\$230,265	\$4,672	
LT Facilities	\$1,995,181	\$2,075,870	\$80,689	
Reduction for Excess Fund Balance	(\$172,519)	(\$146,575)	\$25,944	
Abatements & Adjustments	(\$2,854)	\$6,066	\$8,920	
Total Debt Service Fund	\$2,045,401	\$2,165,626	\$120,225	5.88%
Total Levy, All Funds	\$12,338,071	\$12,064,411	(\$273,660)	-2.22%





# Comparison Data

	2024 Pay 2025	2025 Pay 2026	Difference	% Change
Fund	9,855,741.74	9,433,604.21	(422,137.53)	-4.28%
Community Education	436,929.64	465,180.64	28,251.00	6.47%
Service	2,045,401.32	2,165,625.74	120,224.42	5.88%
	\$ 12,338,072.70	\$ 12,064,410.59	\$ (273,662.11)	-2.22%



# FARIBAULT PUBLIC SCHOOLS

## KEY TALKING POINTS

Property valuation increases do not change the amount of REVENUE the District receives.

Increasing valuations can lead to less state aid and a larger share of revenue coming from local taxpayers through the levy.

As different portions of the property tax pie change, the property tax burden shifts from taxpayers with smaller increases to taxpayers with larger increases.





## PROPOSED LEVY PAYABLE

The total 2026 proposed property tax levy is a *decrease* from the 2025 actual property tax levy by 2.22% or \$273,662

Recommend approval of 2025 property tax levy of \$12,064,410.59



# PUBLIC COMMENT

For more information contact:

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