



# Roseville Area Schools, ISD 623

## Public Hearing for Taxes Payable in 2026

DECEMBER 9, 2025

PRESENTED BY:

SHARI THOMPSON,

DIRECTOR OF  
BUSINESS SERVICES

# 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

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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

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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:

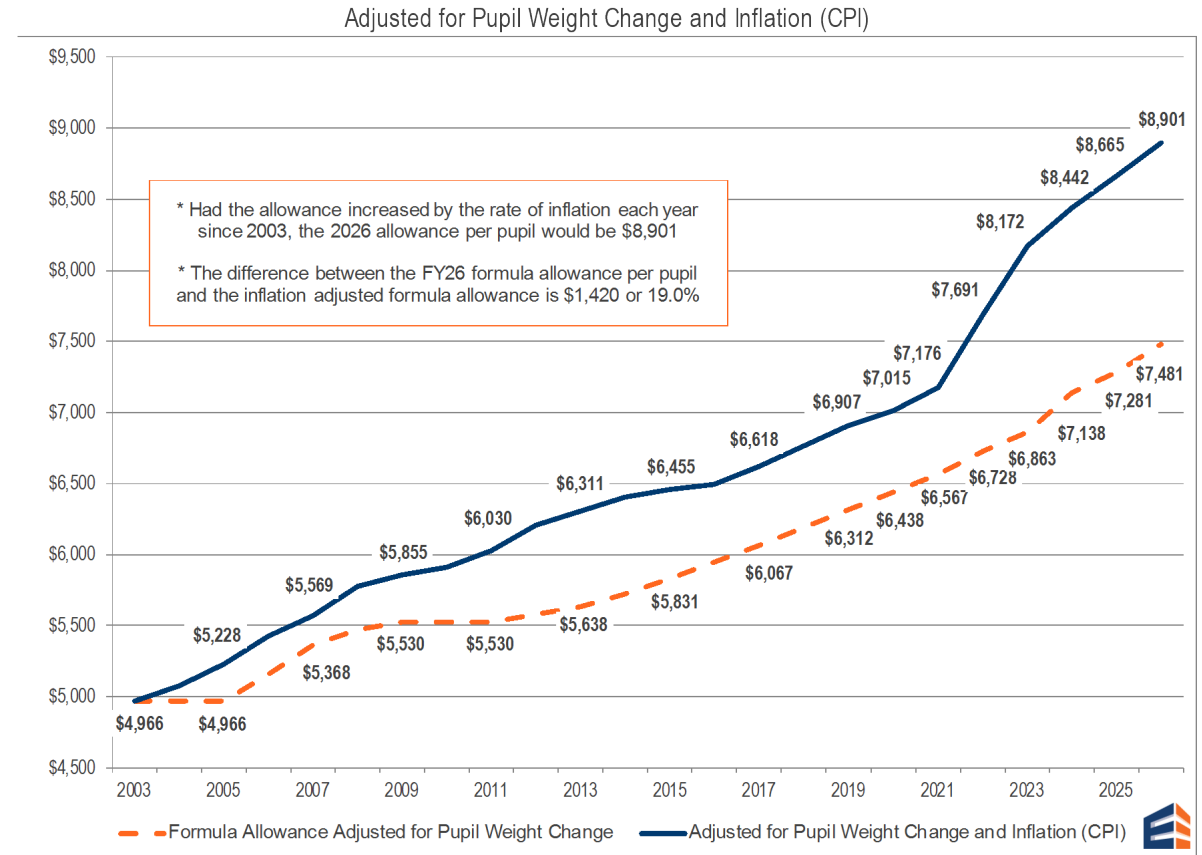
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
  - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

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

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

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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
- OPEB\* Debt Service

*\*Other Post-Employment Benefits*





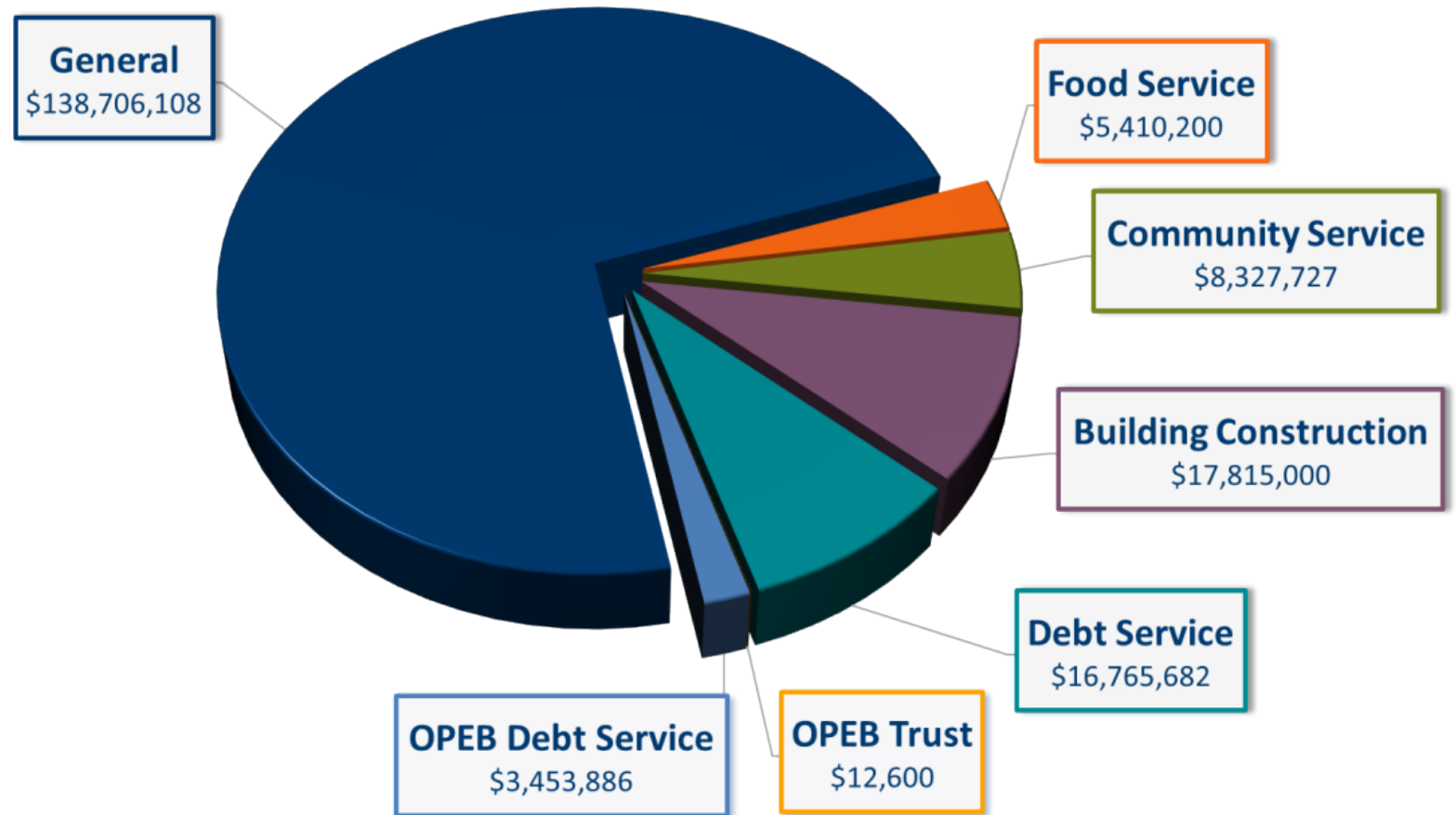
**District Revenues & Expenditures**  
Actual for FY 2024, Budget for FY 2025

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 & TRANSERS OUT	FUND BALANCES
General/Restricted	\$513,169	\$6,243,820	\$5,256,252	\$1,500,737	\$17,853,501	\$16,981,514	\$2,372,724
General/Other	16,398,703	148,150,293	149,002,744	15,546,253	120,852,607	122,773,429	13,625,431
Food Service	4,570,677	6,738,326	6,999,368	4,309,635	5,410,200	7,103,411	2,616,424
Community Service	2,603,850	10,235,831	10,139,842	2,699,840	8,327,727	8,760,459	2,267,108
Building Construction	23,846,569	4,850,811	16,984,779	11,712,601	17,815,000	9,220,000	20,307,601
Debt Service	745,098	22,160,765	22,554,575	351,287	16,765,682	13,857,300	3,259,669
Internal Service	457,548			327,289			282,999
OPEB* Irrevocable Trust	4,934,777	334,386	529,501	4,739,661	12,600	762,570	3,989,691
OPEB* Debt Service	226,321	3,931,034	3,886,035	271,319	3,453,886	3,242,250	482,955
<b>Total All Funds</b>	<b>54,296,711</b>	<b>202,645,266</b>	<b>215,353,096</b>	<b>41,458,622</b>	<b>190,491,203</b>	<b>182,700,933</b>	<b>49,204,602</b>

\*Other Post Employment Benefits

# Revenue - All Funds -

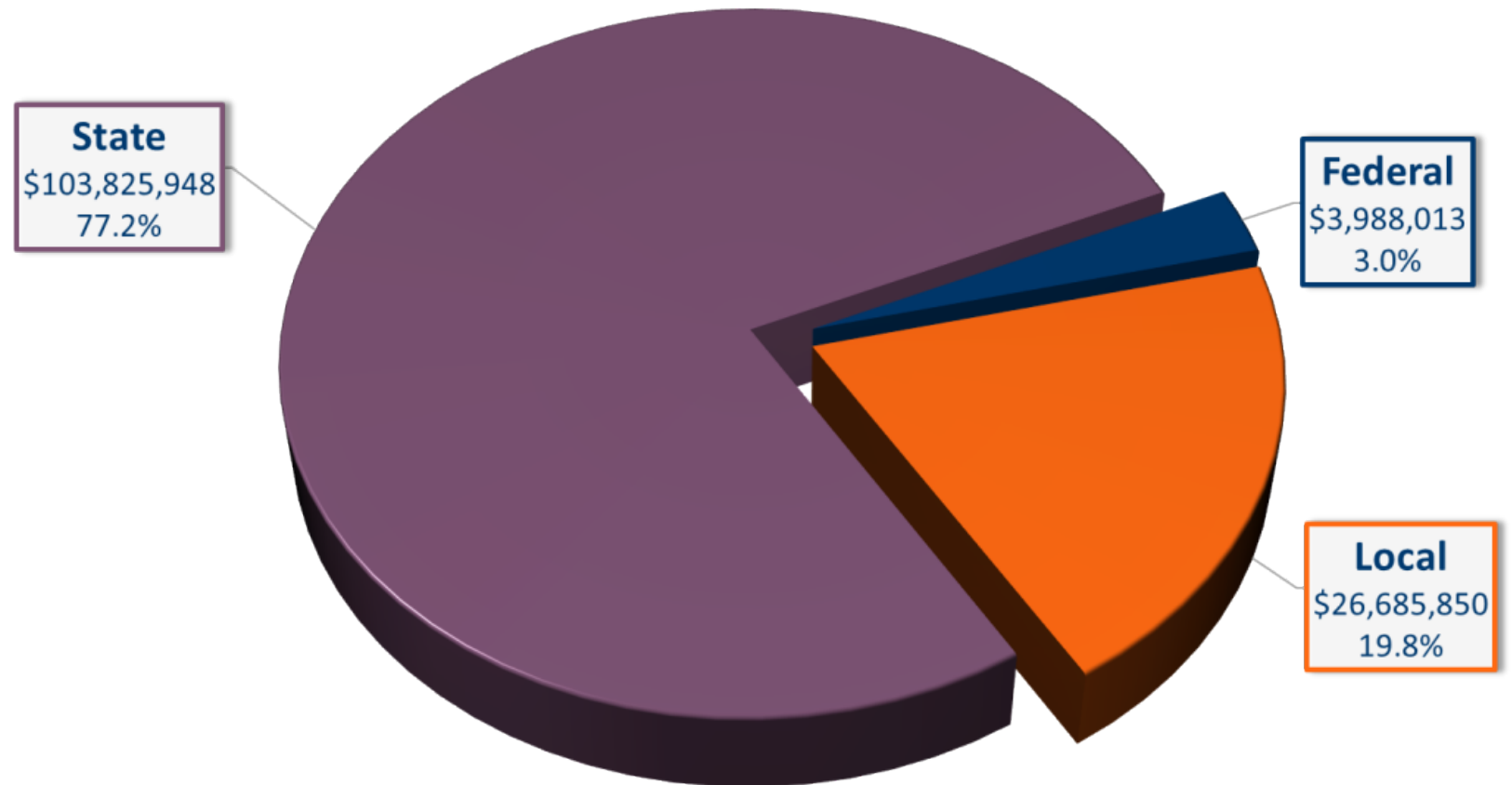
2025-26 Budget  
\$190,491,203



# General Fund Revenue

(Excluding LTFM and  
Operating Capital)

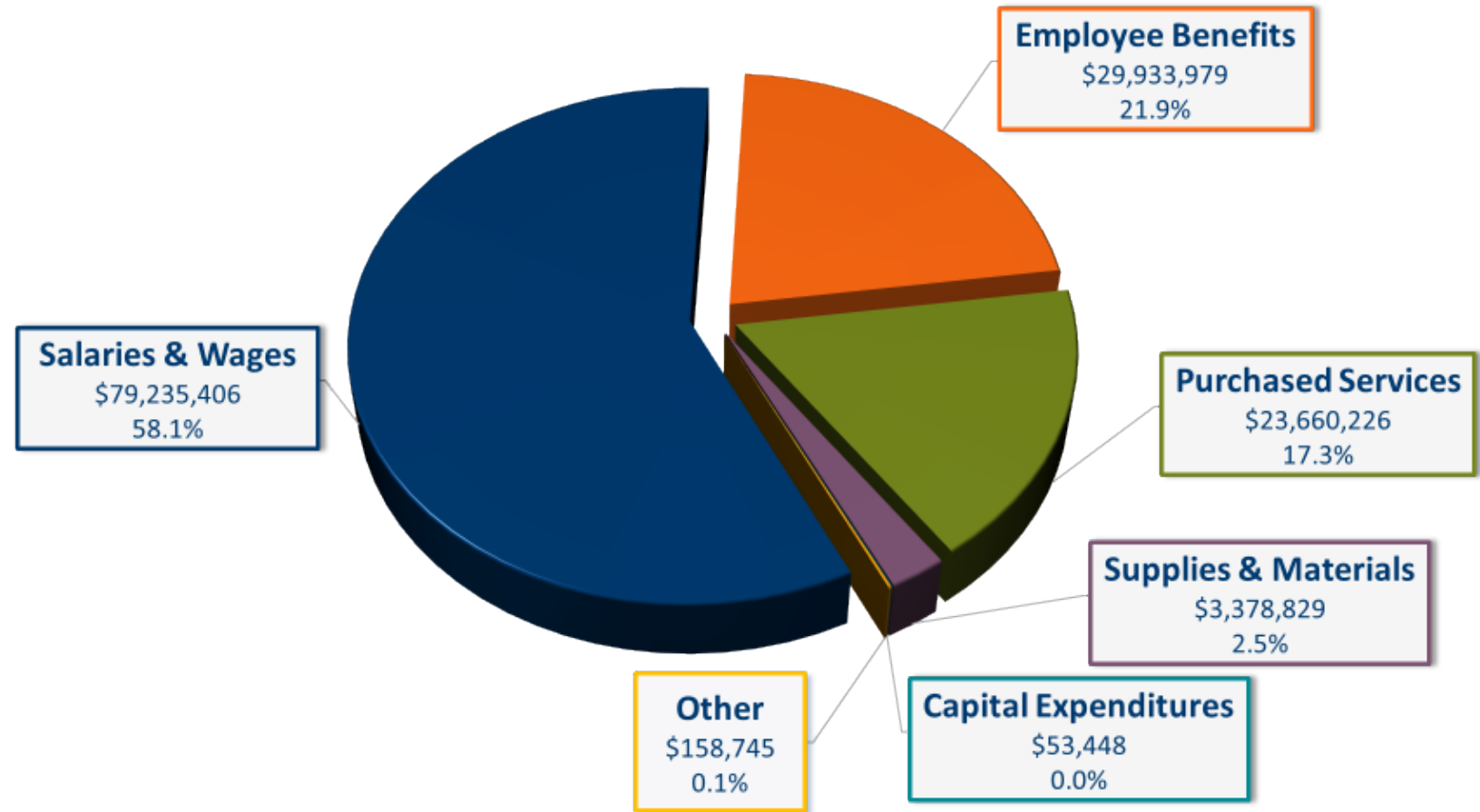
2025-26 Budget  
\$134,499,811



# General Fund Expenditures - by Object -

(Excluding LTFM and  
Operating Capital)

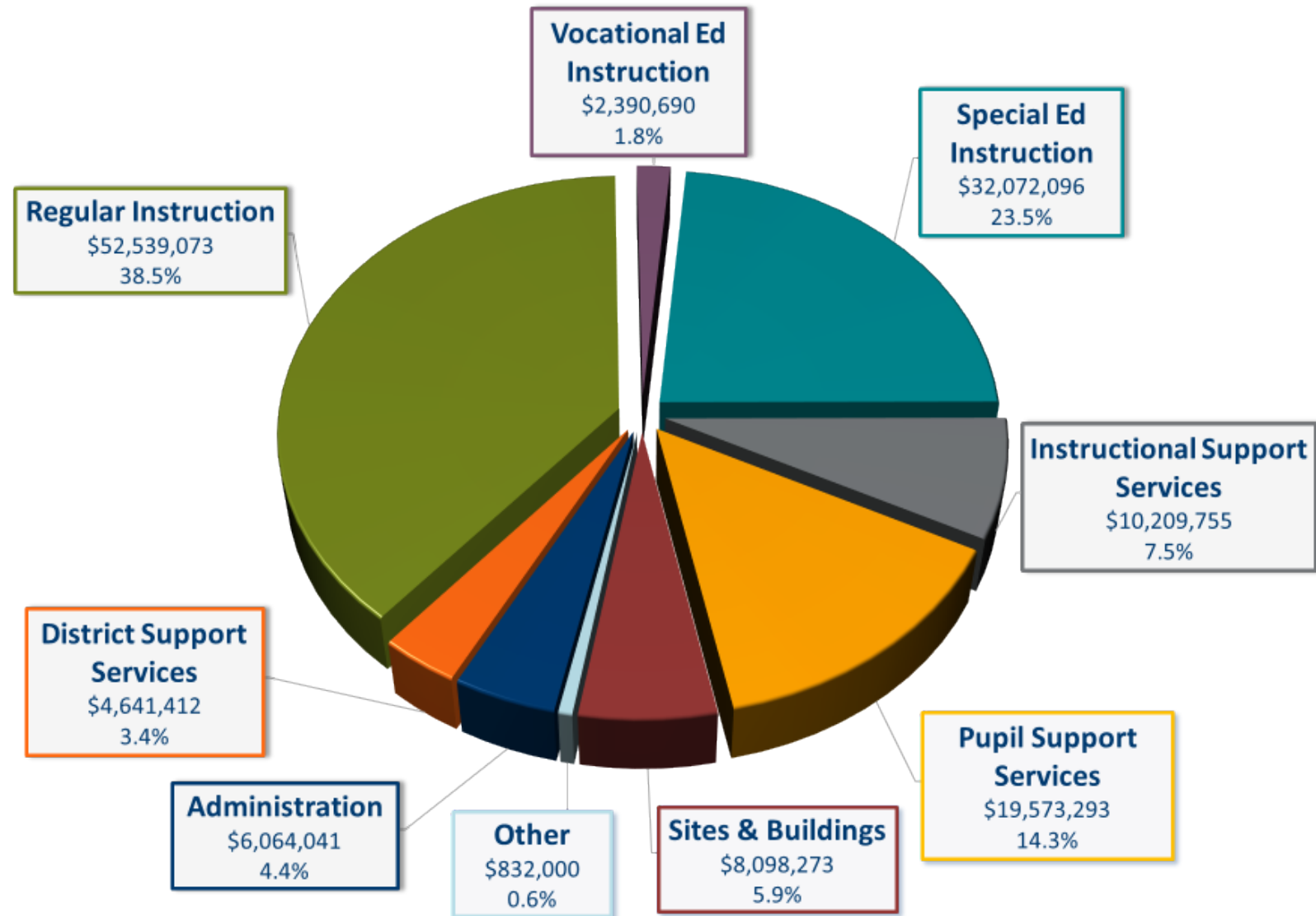
2025-26 Budget  
\$136,420,633



# General Fund Expenditures - by Program -

(Excluding LTFM and  
Operating Capital)

2025-26 Budget  
\$136,420,633



# 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

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## 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 10<sup>th</sup> – 25<sup>th</sup>

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		
	<u>Taxes Payable Year</u>	<u>2025</u>	<u>2026</u>
	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 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%



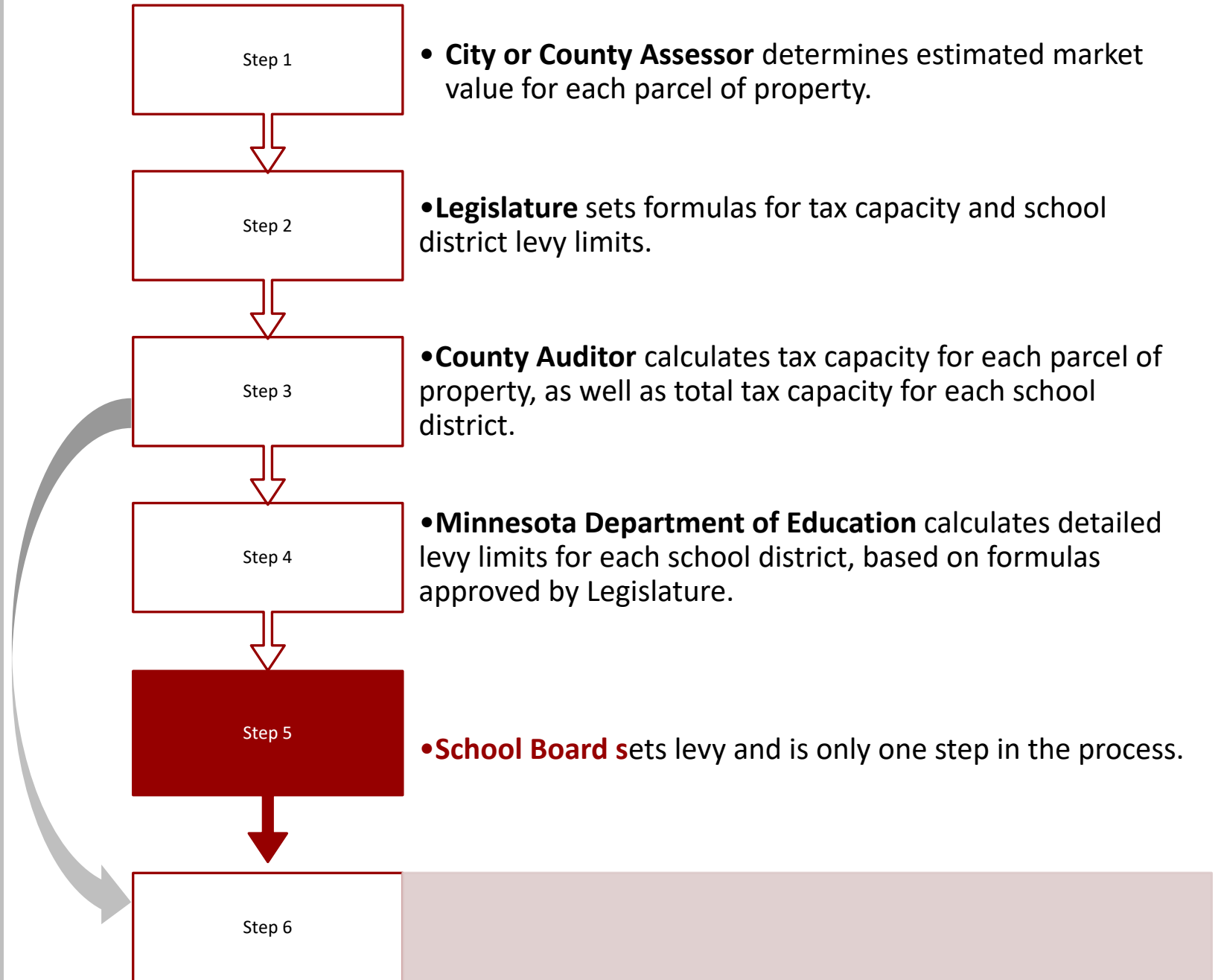
# School District Property Taxes

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- Each school district has limited authority to levy taxes
- MDE calculates levy amounts for various categories, set by:
  - State law
  - Voter approval

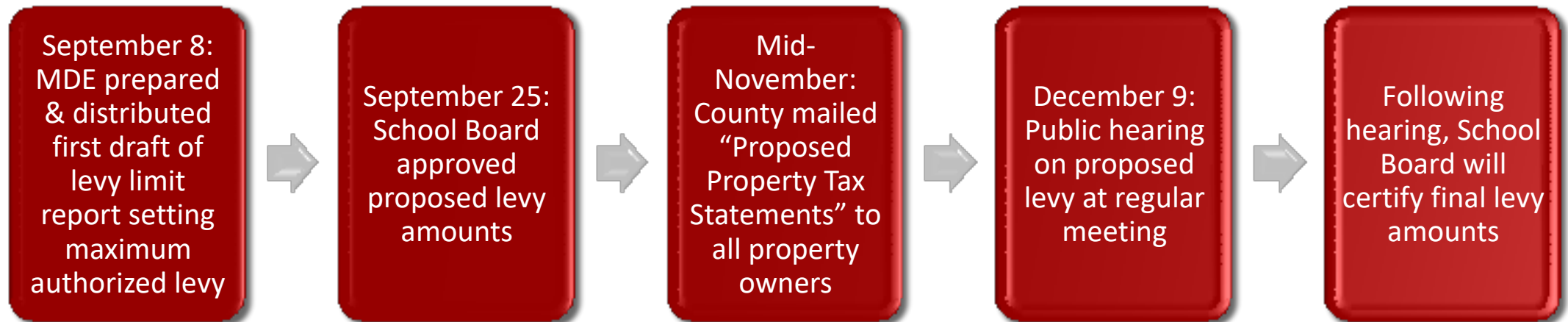
# School District Property Tax Process

*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)

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## Overview of District's Proposed Tax Levy

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- Proposed Payable 2026 tax levy is an increase of \$8,846,883 or 17.4%
- 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
<b>General</b>				
Voter Approved Operating Referendum	\$16,090,240	\$16,481,198	\$390,958	
Local Optional Revenue (LOR)	5,723,082	5,696,873	(26,209)	
Equity	617,620	617,255	(366)	
Voter Approved Capital Project Levy	0	6,000,000	6,000,000	
Operating Capital	1,122,825	1,095,388	(27,436)	
Alternate Teacher Compensation	672,188	658,613	(13,575)	
Achievement and Integration	534,183	518,498	(15,686)	
Long Term Facilities Maintenance (LTFM)	5,021,152	4,580,734	(440,418)	
Lease Levy	2,191,236	2,181,209	(10,027)	
Other	1,164,914	1,140,253	(24,661)	
Prior Year Adjustments	(2,094,085)	287,462	2,381,548	
Total, General Fund	\$31,043,354	\$39,257,483	\$8,214,129	26.5%
<b>Community Service</b>				
Basic Community Education	\$369,840	\$341,562	(\$28,277)	
Early Childhood Family Education	224,177	193,382	(30,794)	
School-Age Child Care	482,000	485,000	3,000	
Other	7,717	7,163	(554)	
Prior Year Adjustments	43,924	4,816	(39,107)	
Total, Community Service Fund	\$1,127,657	\$1,031,924	(\$95,733)	-8.5%
<b>Debt Service</b>				
Voter Approved	\$10,934,963	\$8,864,625	(\$2,070,338)	
Long Term Facility Maintenance	3,737,299	5,824,948	2,087,649	
Other Post Employment Benefits	3,409,613	4,243,523	833,910	
Reduction for Debt Excess	0	(1,171)	(1,171)	
Prior Year Adjustments	507,096	385,532	(121,563)	
Total, Debt Service Fund	\$18,588,970	\$19,317,458	\$728,487	3.9%
<b>Total Levy, All Funds</b>	<b>\$50,759,981</b>	<b>\$59,606,864</b>	<b>\$8,846,883</b>	<b>17.4%</b>
<b>Subtotal by Truth in Taxation Categories:</b>				
Voter Approved	27,294,619	31,544,563	4,249,944	
Other	23,465,363	28,062,301	4,596,938	
<b>Total</b>	<b>\$50,759,981</b>	<b>\$59,606,864</b>	<b>\$8,846,883</b>	<b>17.4%</b>

# Explanation of Levy Changes

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**Category:**

General Fund - Voter Approved Capital Project Levy

**Change:**

+\$6,000,000

**Use of Funds:**

Technology

**Reason for Change:**

First year of voter approved capital project levy

# Explanation of Levy Changes

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**Category:**

General Fund – Prior Year Adjustments

**Change:**

+\$2,381,548

**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

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**Category:**

General Fund – LTFM & Debt Service Fund - Total

**Change:**

-\$440,418 & +\$728,487 (Total = \$288,069)

**Use of Funds:**

Debt Payments, Health & Safety and Deferred Maintenance

**Reason for Change:**

- Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections
- Levies are coordinated with other capital and debt levies to maintain a level tax rate



# Factors Impacting Individual Taxpayers' School Taxes

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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

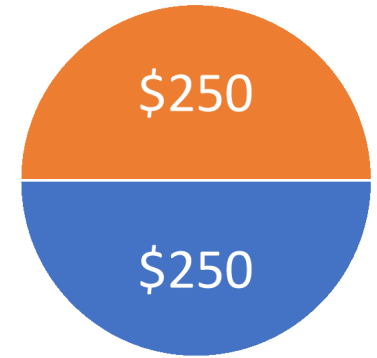
Two properties in the district

- 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

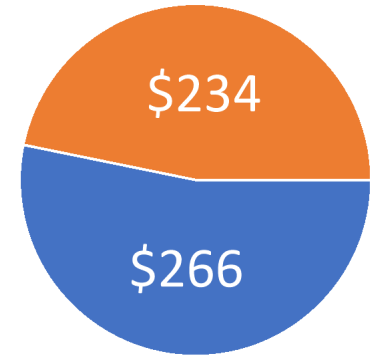
Two properties in the district

- 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

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- Examples include school district taxes only & are shown based on no change and a 5.1% 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 Roseville
- 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
					Without Referendum*	Approved Referendum*	Total		
Residential Homestead	\$150,000	\$643	\$665	\$663	\$670	\$73	\$743	\$100	\$80
	200,000	889	918	927	938	107	1,045	156	118
	250,000	1,135	1,171	1,190	1,206	141	1,347	212	157
	300,000	1,381	1,424	1,454	1,474	175	1,649	268	195
	350,000	1,626	1,677	1,718	1,742	209	1,951	325	233
	400,000	1,872	1,930	1,982	2,010	242	2,252	380	270
	450,000	2,110	2,175	2,246	2,278	276	2,554	444	308
	500,000	2,344	2,416	2,510	2,547	310	2,857	513	347
Commercial/Industrial #	\$100,000	\$464	\$481	\$488	\$503	\$61	\$564	\$100	\$76
	500,000	2,612	2,697	2,746	2,843	374	3,217	605	471
	750,000	3,981	4,108	4,185	4,335	577	4,912	931	727
	1,000,000	5,349	5,519	5,624	5,826	779	6,605	1,256	981
	1,500,000	8,087	8,341	8,502	8,810	1,184	9,994	1,907	1,492

\* "Approved referendum" includes estimates of additional taxes for a recently authorized capital project levy of 5.808% times the net tax capacity of the school district.

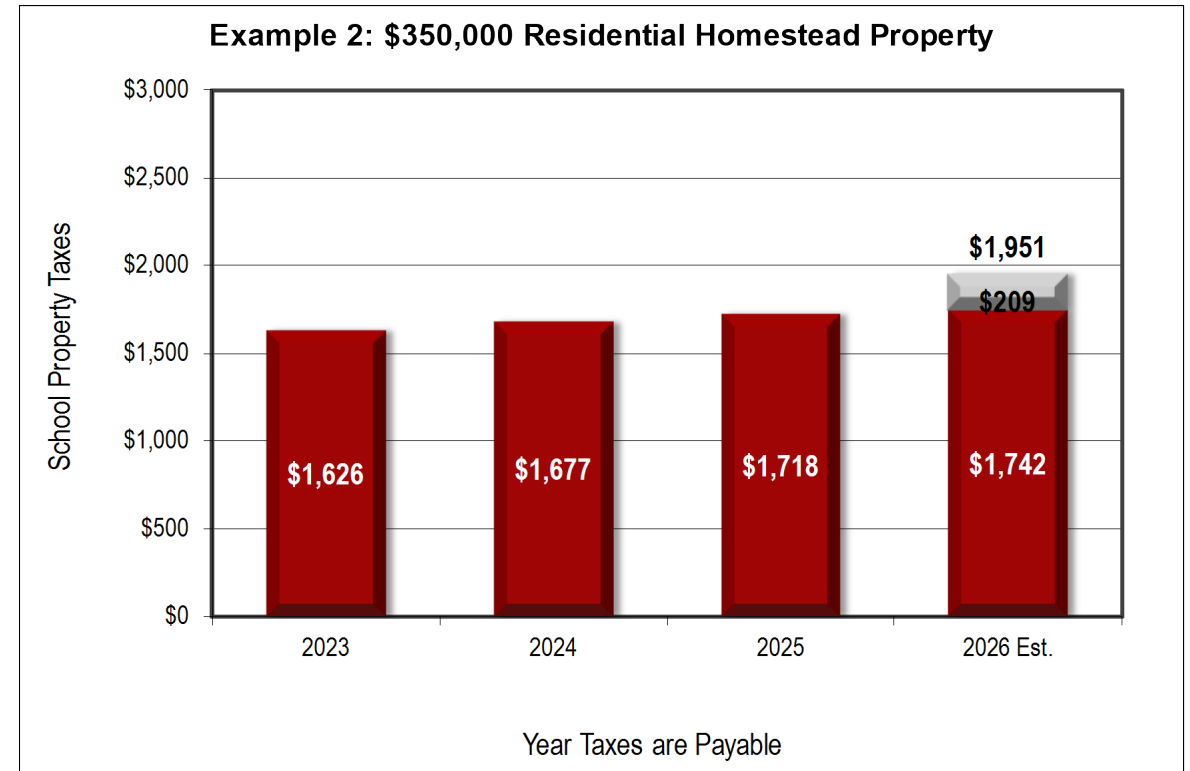
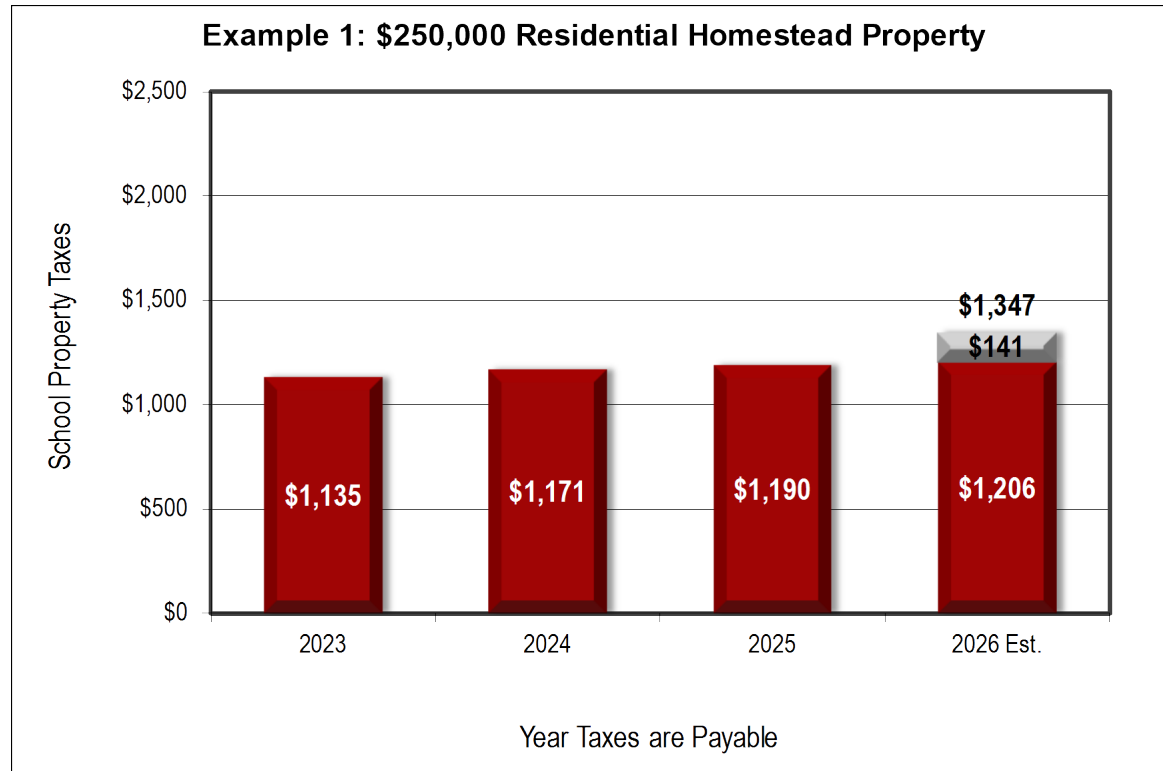
# For commercial-industrial property, amounts above are for property in Roseville. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

General Notes

1. Amounts are based on school district taxes only, and do not include taxes for the 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

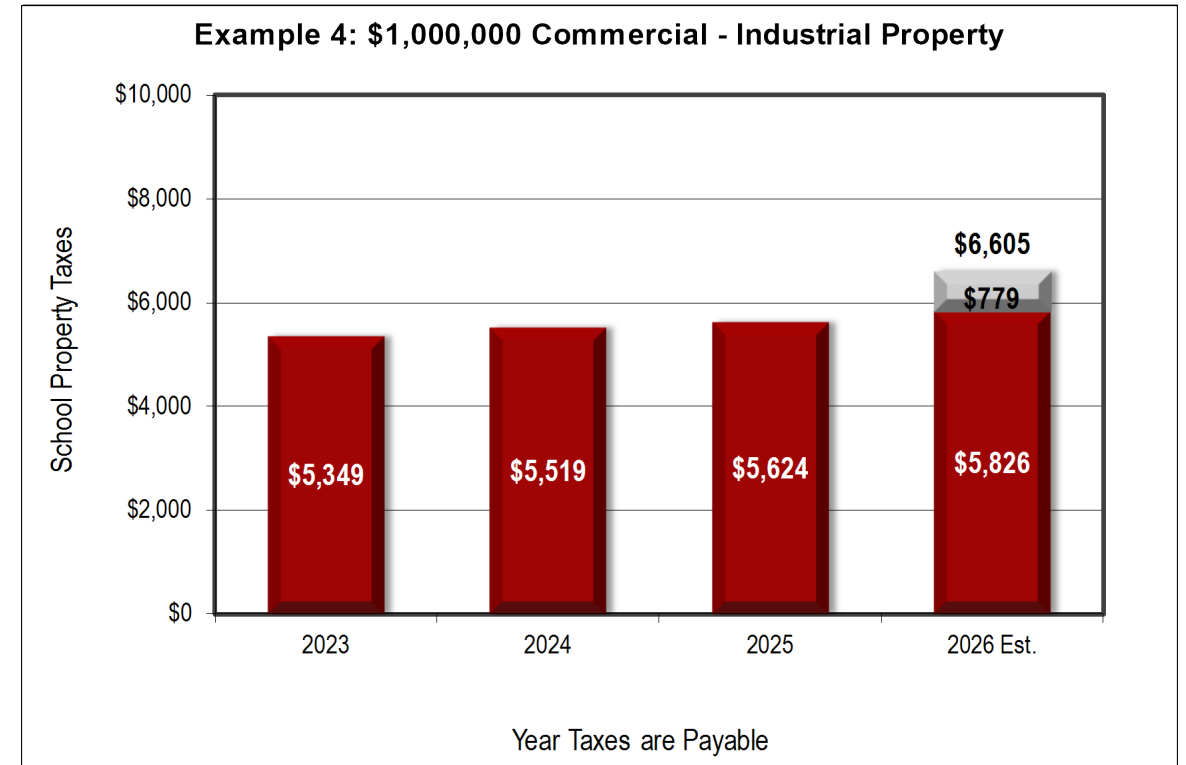
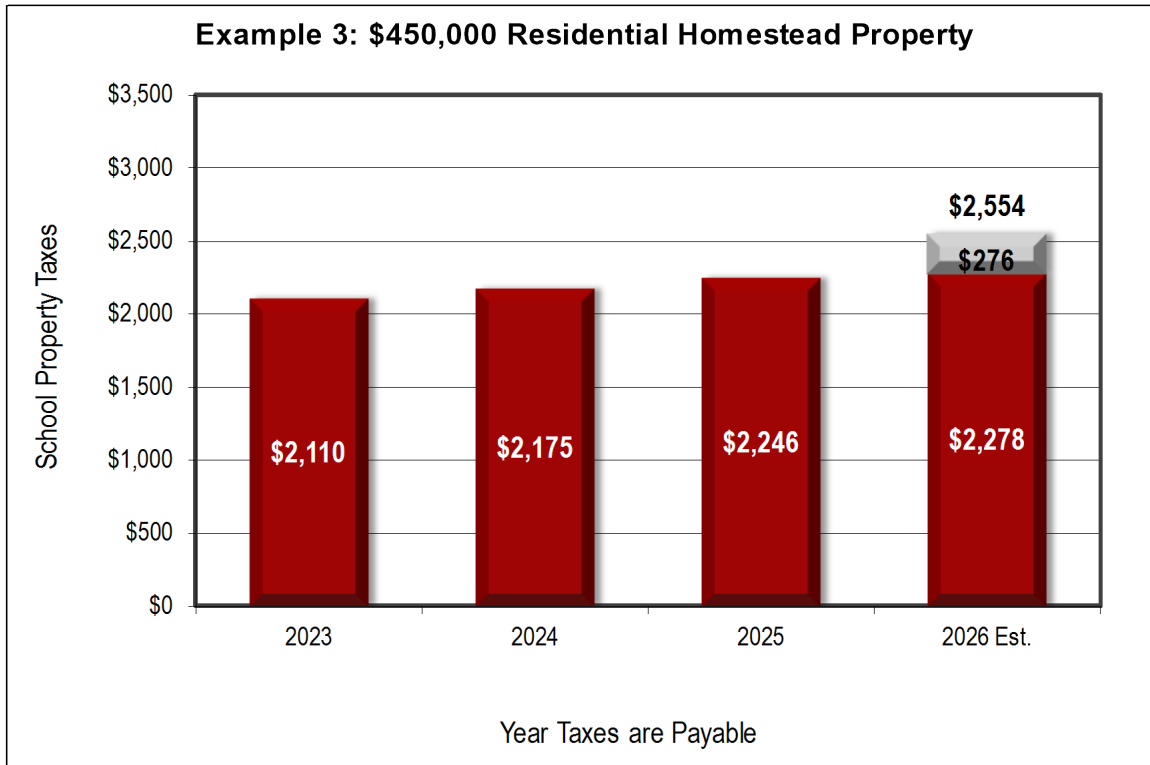
*Based on No Changes in Property Value*



\*\* The higher portion of the 2026 bar represents the estimated taxes associated with a recently authorized capital project levy of 5.808% times the net tax capacity of the school district.

# Estimated Changes in School Property Taxes, 2023-26

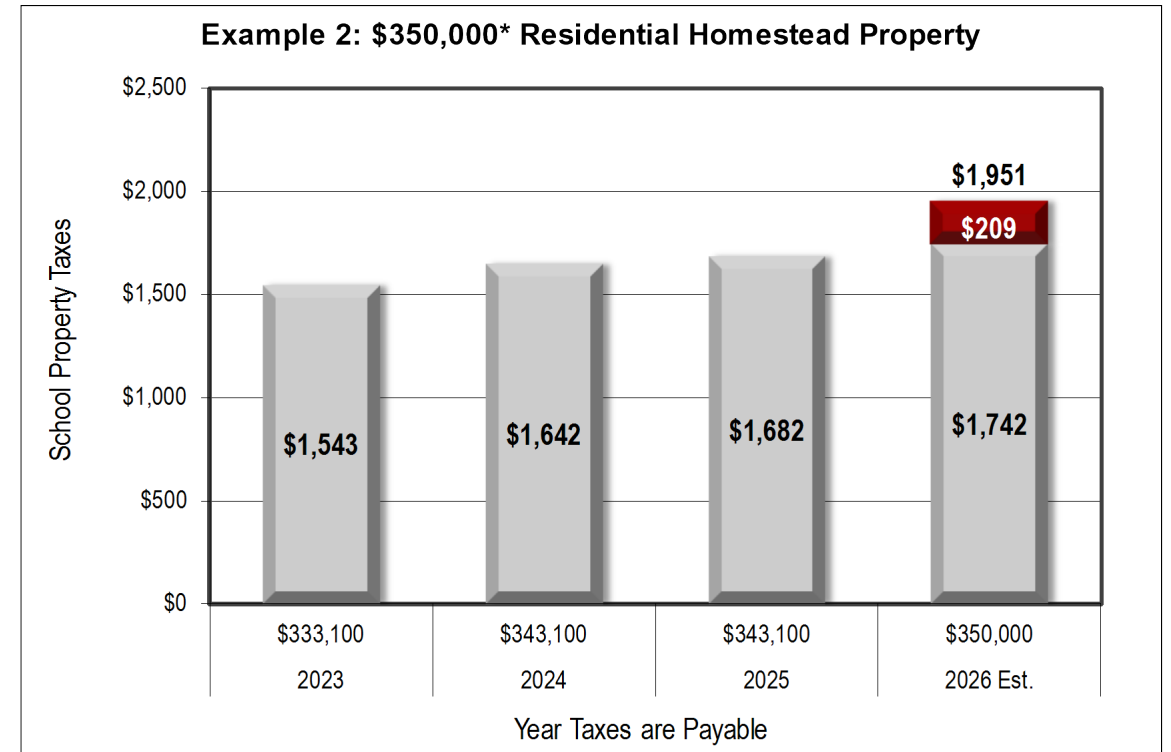
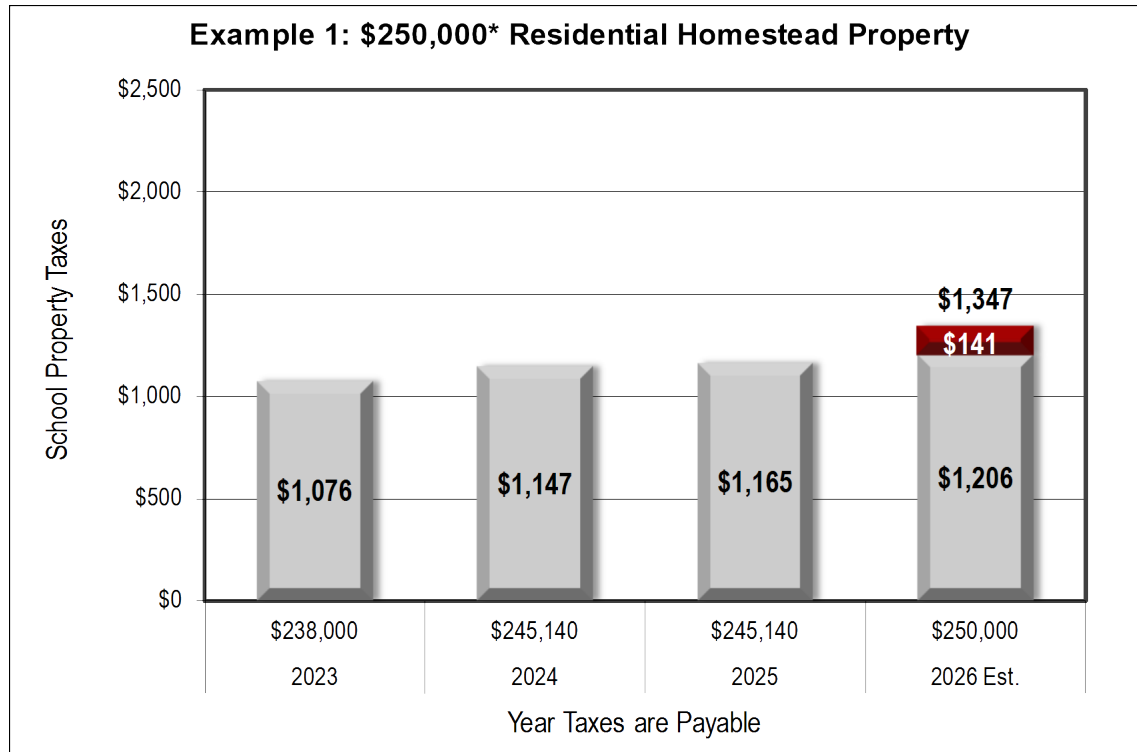
*Based on No Changes in Property Value*



\*\* The lighter portion of the 2026 bar represents the estimated taxes associated with a recently authorized capital project levy of 5.808% times the net tax capacity of the school district.

# Estimated Changes in School Property Taxes, 2023-26

*Based on 5.1% Cumulative Changes in Property Value*



\*Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 3.0% from 2023 to 2024, 0.0% from 2024 to 2025 and 2.0% from 2025 to 2026.

\*\* The darker portion of the 2026 bar represents the estimated taxes associated with a recently authorized capital project levy of 5.808% times the net tax capacity of the school district.



# 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

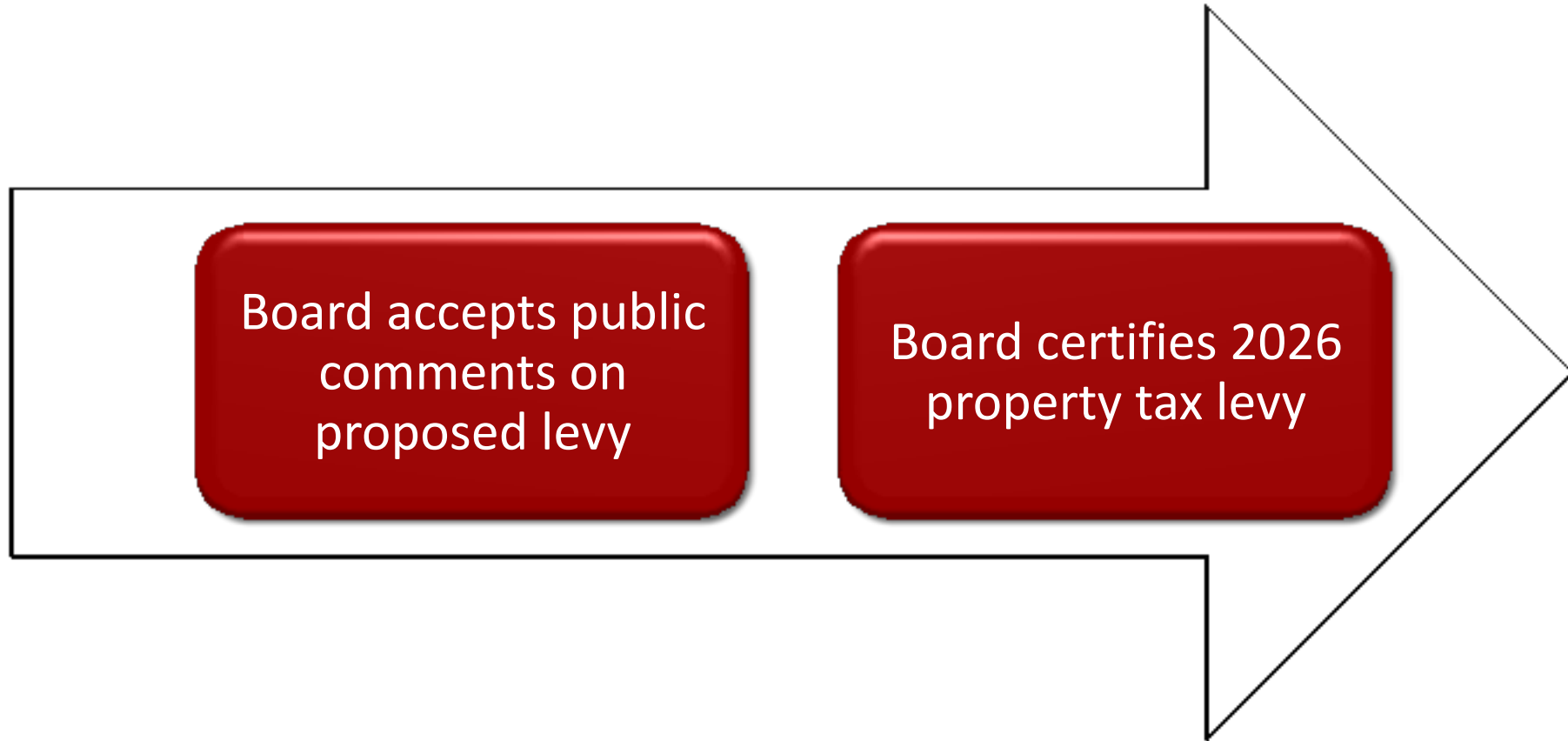
- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

## 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

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PUBLIC COMMENTS