



*A World-Class Community of Learners*

# Fridley Public Schools, ISD 14

## Public Hearing for Taxes Payable in 2026

DECEMBER 16, 2025

PRESENTED BY:

MATTHEW HAMMER,

EHLERS SENIOR  
MUNICIPAL ADVISOR

# 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:**

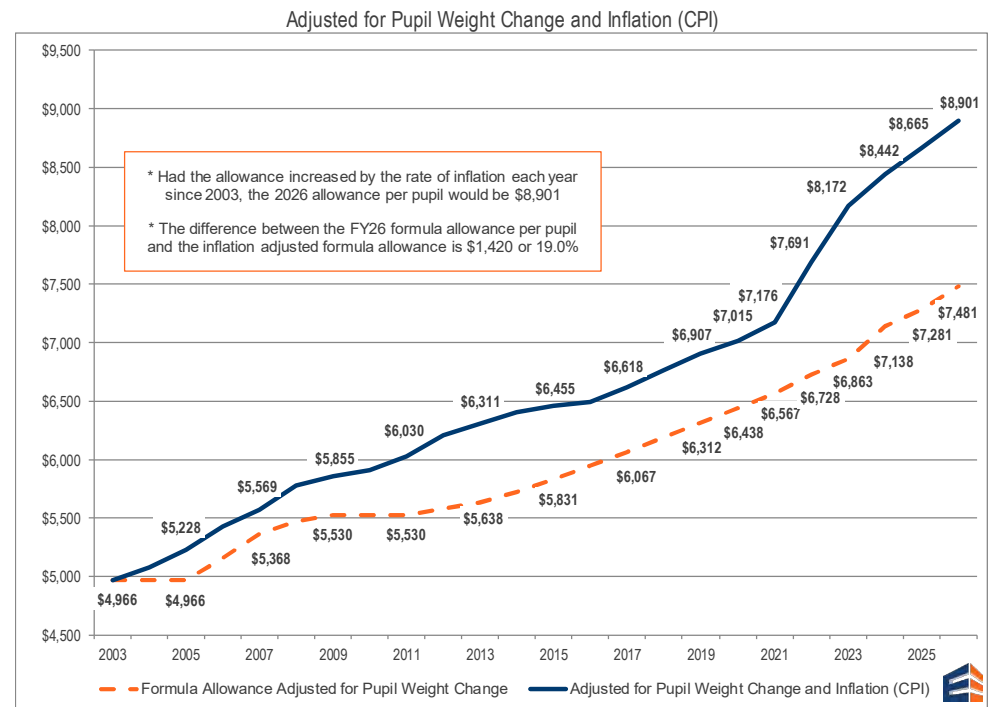
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
  - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

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

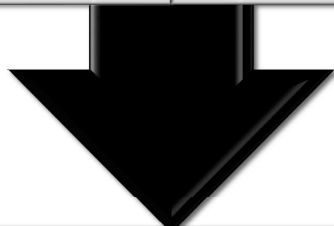
Per-pupil allowance for Fiscal Year 2025-26 of \$7,481 would need to increase by another \$1,420 (19.0%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,901



**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

*\*Other Post-Employment Benefits*



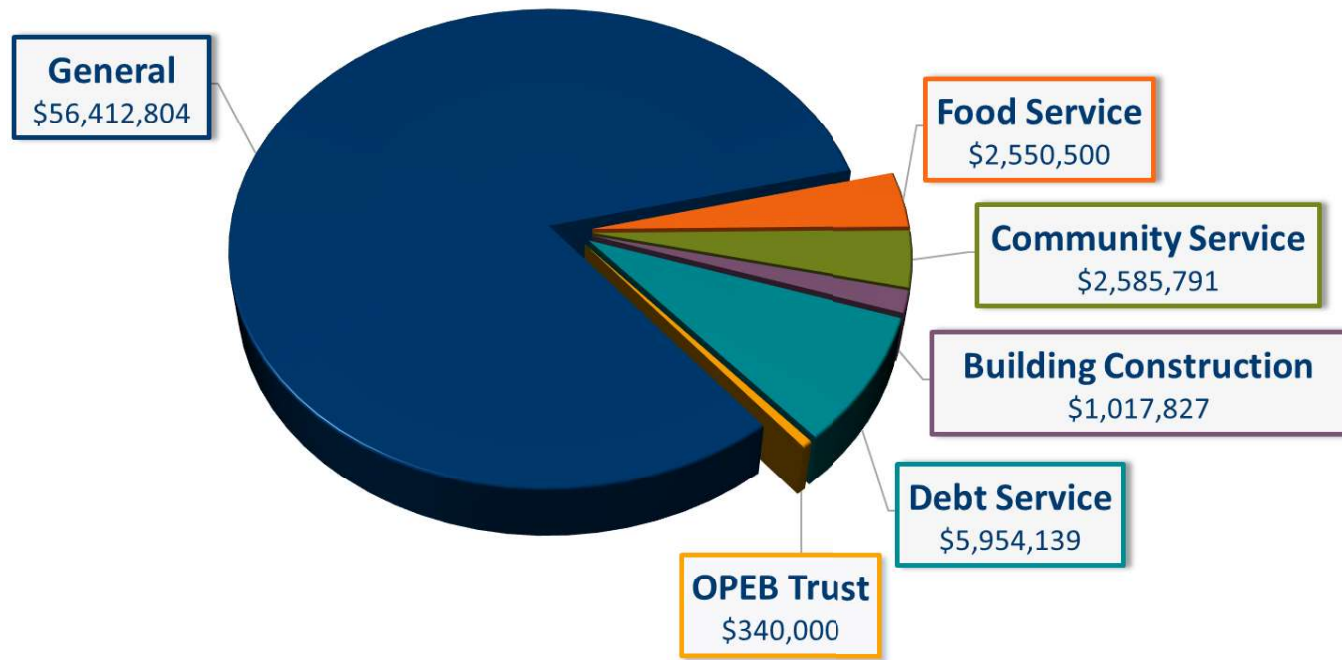
**District Revenues & Expenditures**  
Budget for FY 2026

FUND	2025-26 BUDGET	
	REVENUES & TRANSERS IN	EXPENDITURES & TRANSFERS OUT
<b>General</b>	\$56,412,804	\$56,708,453
<b>Food Service</b>	2,550,500	2,993,672
<b>Community Service</b>	2,585,791	2,611,693
<b>Building Construction</b>	1,017,827	1,017,827
<b>Debt Service</b>	5,954,139	5,040,085
<b>OPEB* Revocable Trust</b>	340,000	561,250
<b>Total All Funds</b>	<b>68,861,061</b>	<b>68,932,980</b>

\*Other Post Employment Benefits

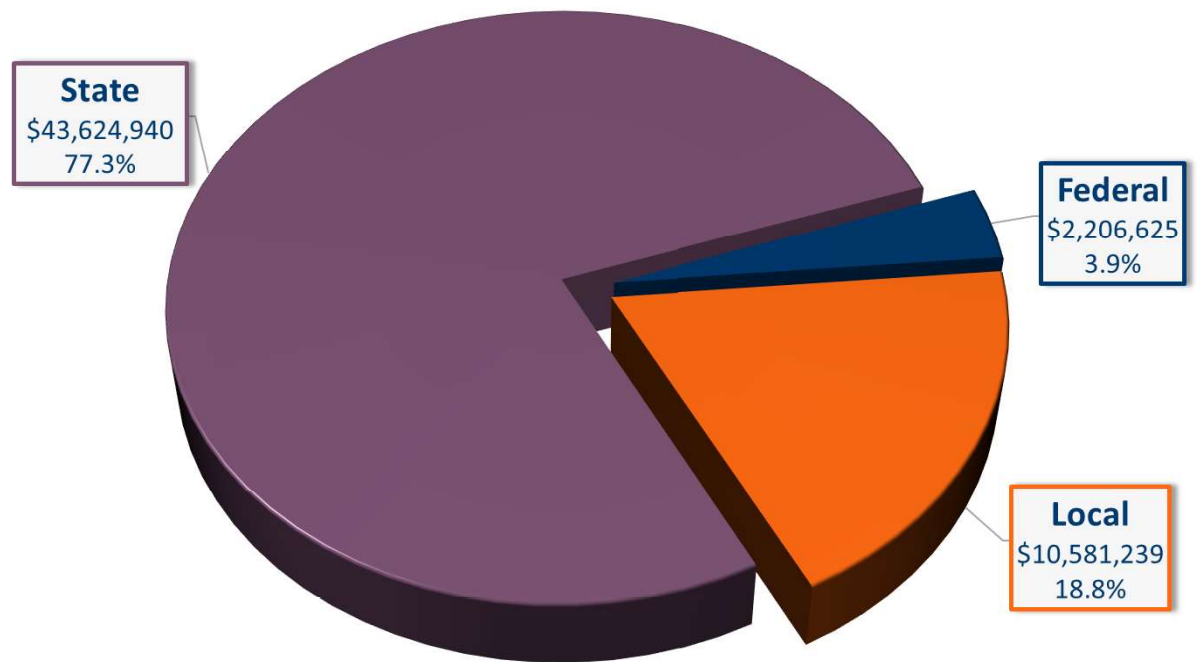
# Revenue - All Funds -

2025-26 Budget  
\$68,861,061



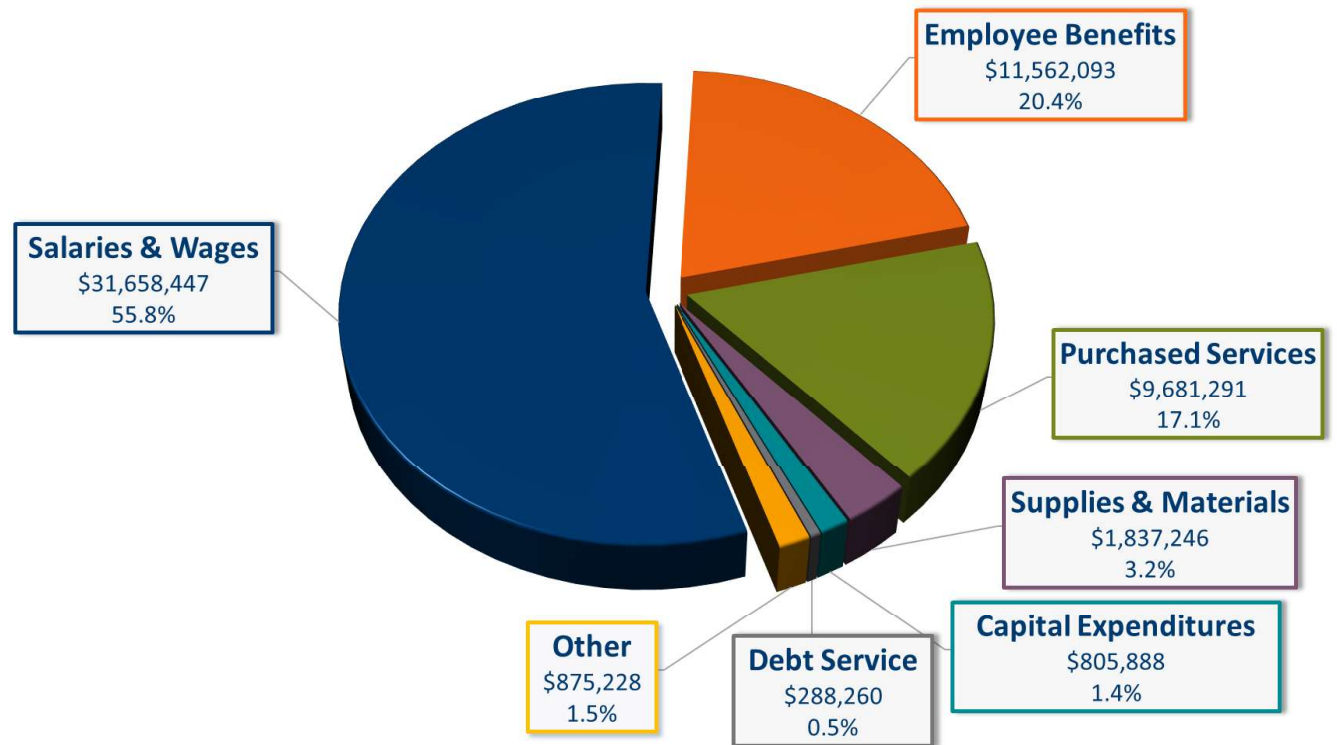
# General Fund Revenue

2025-26 Budget  
\$56,412,804



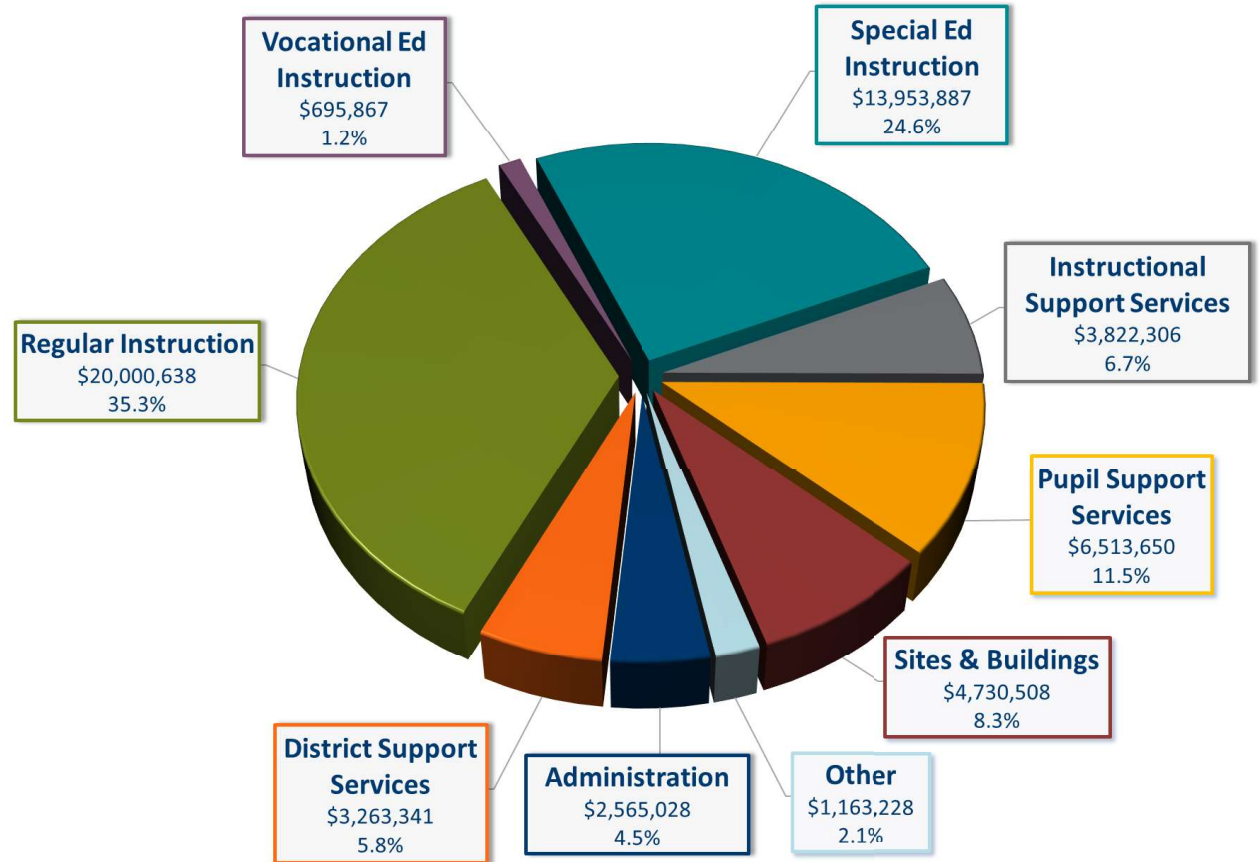
# General Fund Expenditures - by Object -

2025-26 Budget  
\$56,708,453



# General Fund Expenditures - by Program -

2025-26 Budget  
\$56,708,453



# 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



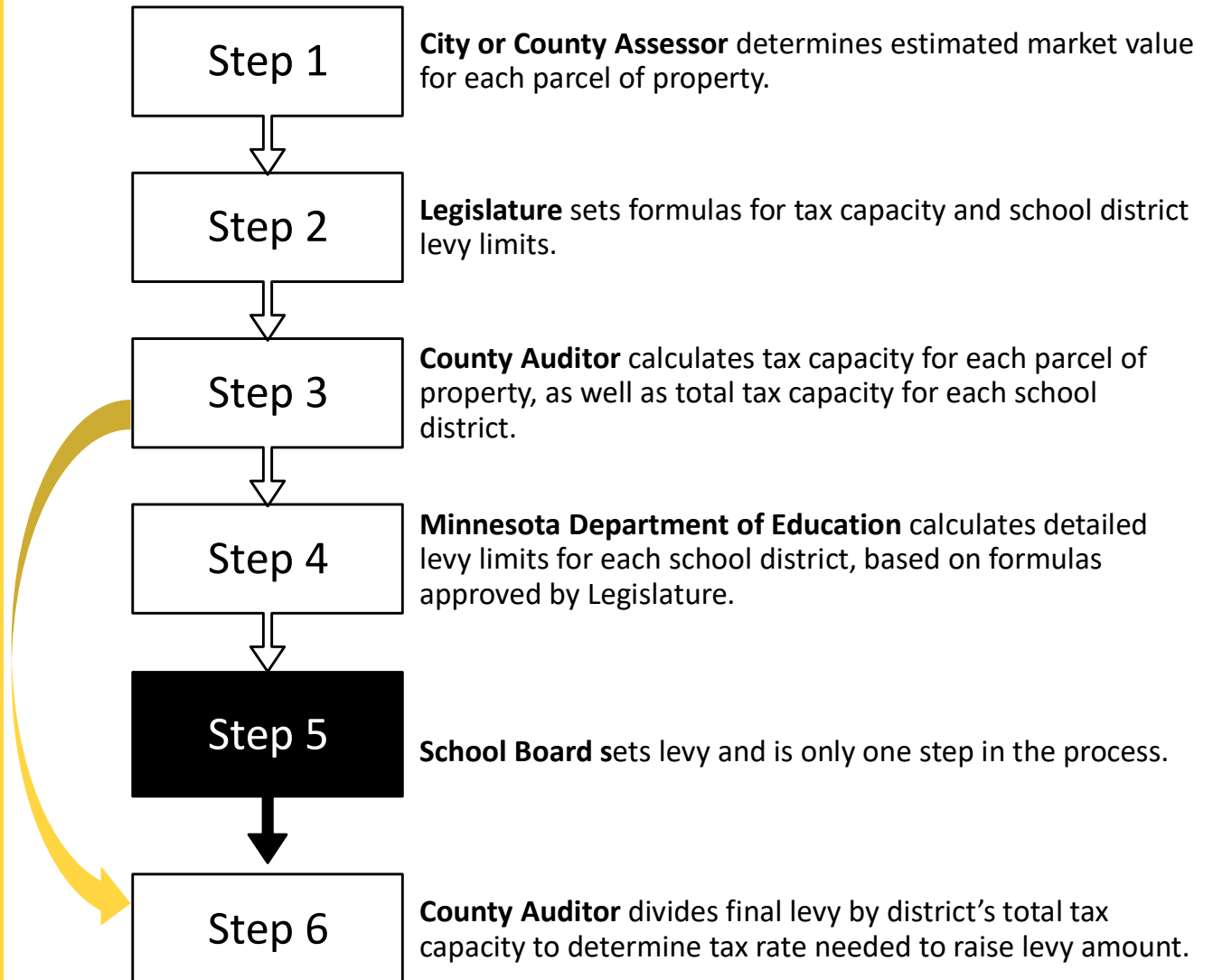
# School District Property Taxes

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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 decrease from 2025 of \$346,668 or 2.4%
- 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

<b>Fund Levy Category</b>	<b>Actual Levy Payable in 2025</b>	<b>Proposed Levy Payable in 2026</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General</b>				
Voter Approved Operating Referendum	\$2,887,630	\$2,895,380	\$7,750	
Local Optional Revenue (LOR)	1,924,784	1,873,708	(51,075)	
Equity	341,227	333,322	(7,904)	
Voter Approved Capital Project Levy	1,346,895	1,352,795	5,900	
Operating Capital	285,900	273,248	(12,652)	
Alternate Teacher Compensation	242,533	242,049	(484)	
Achievement and Integration	226,379	68,118	(158,262)	
Long Term Facilities Maintenance (LTFM)	617,869	1,001,647	383,778	
Lease Levy	601,709	625,890	24,182	
Other	466,076	468,896	2,820	
Prior Year Adjustments	(28,425)	(151,063)	(122,638)	
<b>Total, General Fund</b>	<b>\$8,912,577</b>	<b>\$8,983,991</b>	<b>\$71,414</b>	<b>0.8%</b>
<b>Community Service</b>				
Basic Community Education	\$90,118	\$81,641	(\$8,476)	
Early Childhood Family Education	54,625	46,223	(8,402)	
School-Age Child Care	175,000	175,000	0	
Other	3,301	3,095	(207)	
Prior Year Adjustments	14,914	96,578	81,664	
<b>Total, Community Service Fund</b>	<b>\$337,958</b>	<b>\$402,537</b>	<b>\$64,579</b>	<b>19.1%</b>
<b>Debt Service</b>				
Voter Approved	\$3,042,593	\$2,169,721	(\$872,872)	
Other	435,120	416,431	(18,689)	
Long Term Facility Maintenance	2,143,918	3,055,499	911,581	
Reduction for Debt Excess	(195,487)	(5,272)	190,215	
Prior Year Adjustments	64,367	64,807	440	
<b>Total, Debt Service Fund</b>	<b>\$5,490,511</b>	<b>\$5,701,186</b>	<b>\$210,675</b>	<b>3.8%</b>
<b>Total Levy, All Funds</b>	<b>\$14,741,046</b>	<b>\$15,087,714</b>	<b>\$346,668</b>	<b>2.4%</b>
<b>Subtotal by Truth in Taxation Categories:</b>				
Voter Approved	7,217,278	6,436,175	(781,103)	
Other	7,523,768	8,651,539	1,127,771	
<b>Total</b>	<b>\$14,741,046</b>	<b>\$15,087,714</b>	<b>\$346,668</b>	<b>2.4%</b>

# Explanation of Levy Changes

<b>Category:</b>	General Fund – Long Term Facilities Maintenance
<b>Change:</b>	+\$383,778
<b>Use of Funds:</b>	Deferred Maintenance, Roofing Project
<b>Reason for Change:</b>	<ul style="list-style-type: none"><li>• LTFM revenue is based on a per pupil formula and state-approved project costs</li><li>• One time levy for roofing project</li><li>• District is financing projects through a combination of annual General Fund revenue and proceeds from a bond issue</li></ul>

# 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

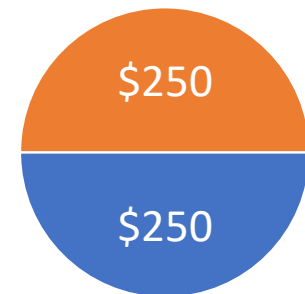
Two properties in the district

- 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

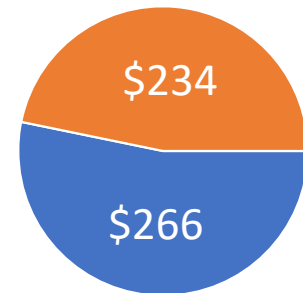
## Two properties in the district

- 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 7.0% 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 Fridley
- 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	\$684	\$702	\$767	\$766	\$82	-\$1
	200,000	955	982	1,084	1,087	132	3
	250,000	1,226	1,262	1,401	1,408	182	7
	300,000	1,497	1,542	1,717	1,728	231	11
	350,000	1,768	1,822	2,034	2,049	281	15
	400,000	2,039	2,102	2,351	2,370	331	19
	500,000	2,554	2,633	2,985	3,011	457	26
	750,000	4,048	4,181	4,733	4,789	741	56
1,000,000	5,542	5,729	6,474	6,561	1,019	87	
Commercial/ Industrial #	\$500,000	\$2,977	\$3,110	\$3,439	\$3,290	\$313	-\$149
	750,000	4,552	4,760	5,256	5,032	480	-224
	1,000,000	6,128	6,409	7,073	6,774	646	-299
	1,500,000	9,280	9,708	10,708	10,257	977	-451
	2,000,000	12,431	13,008	14,342	13,740	1,309	-602
Apartments and Res. Non-Homestead ( 2 or more units)	\$250,000	\$1,494	\$1,548	\$1,742	\$1,772	\$278	\$30
	750,000	4,481	4,645	5,225	5,315	834	90
	1,000,000	5,975	6,194	6,967	7,087	1,112	120

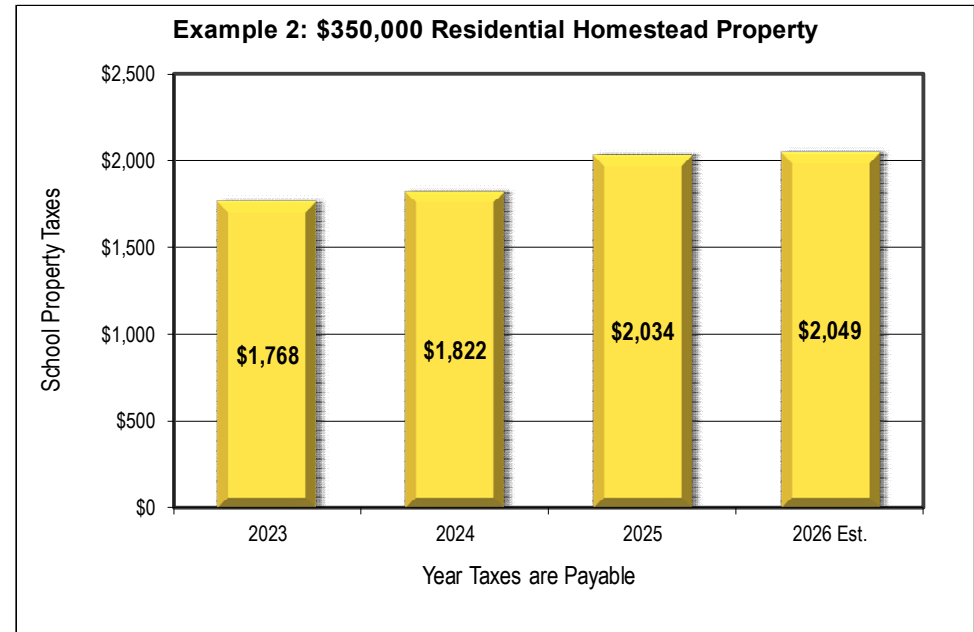
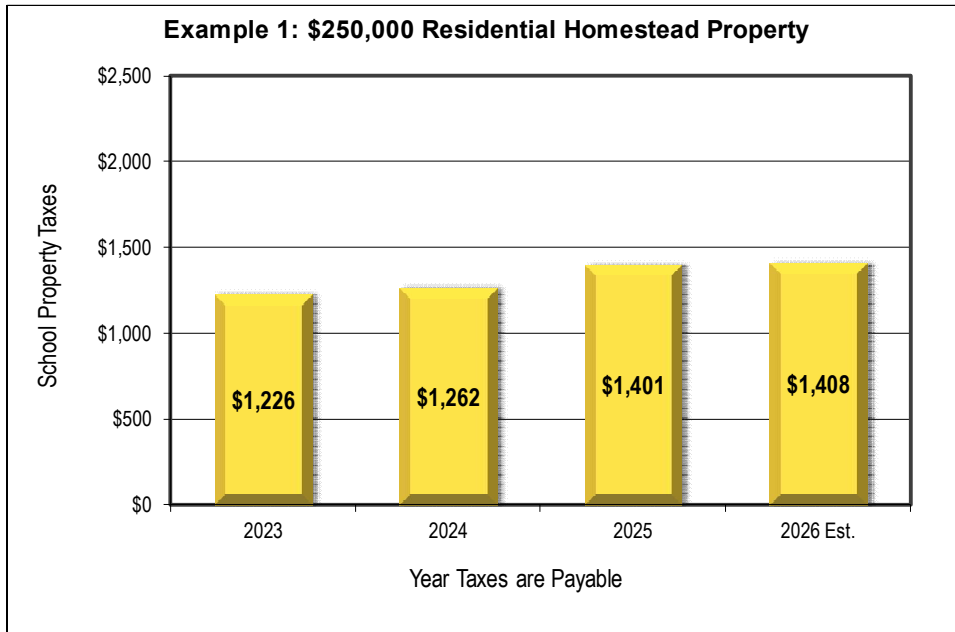
# For commercial-industrial property, amounts above are for property in Fridley . Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

**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.

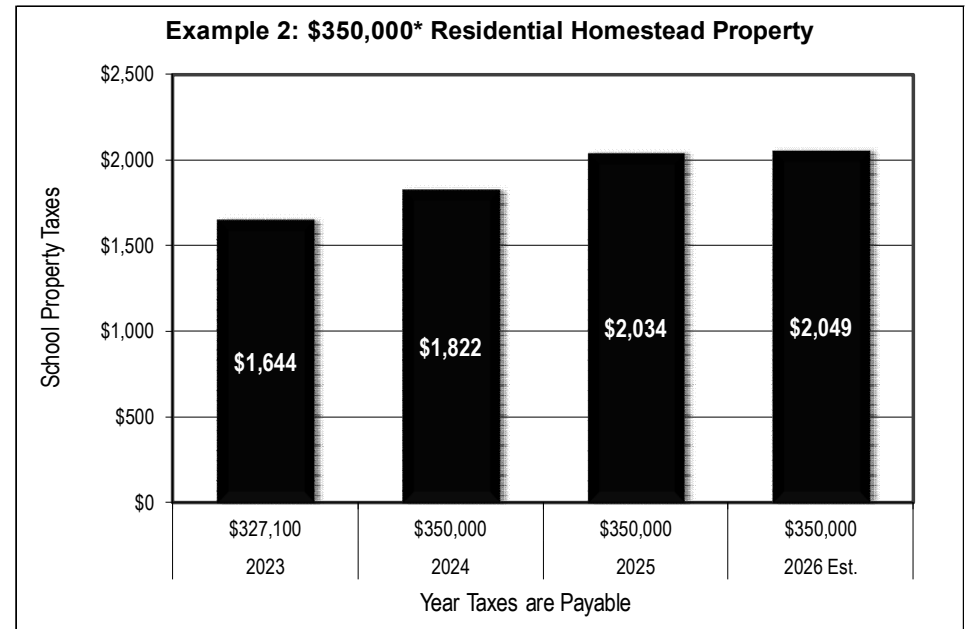
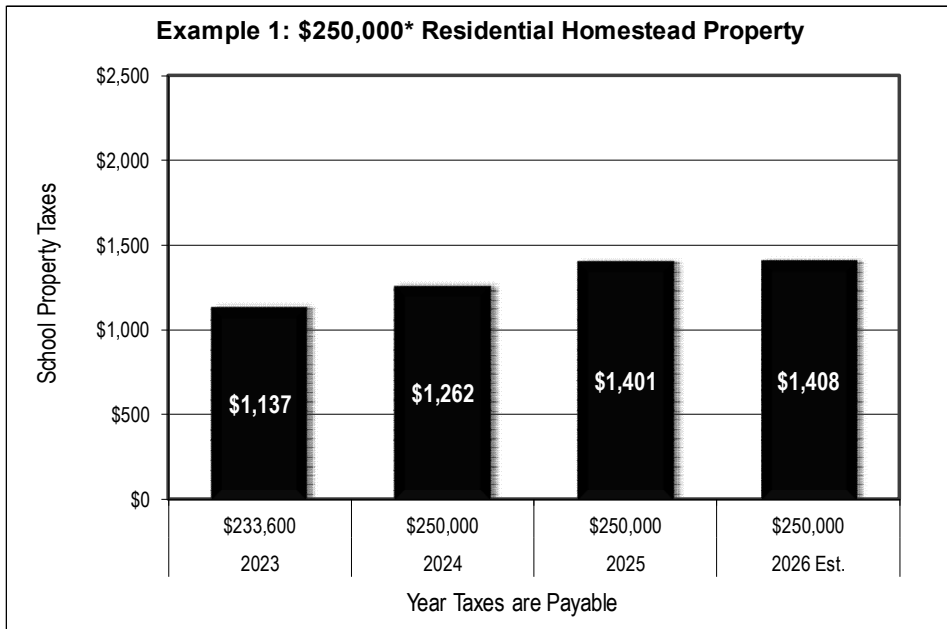
# Estimated Changes in School Property Taxes, 2023-26

*Based on No Changes in Property Value*



# Estimated Changes in School Property Taxes, 2023-26

*Based on 7.0% Cumulative Changes in Property Value*



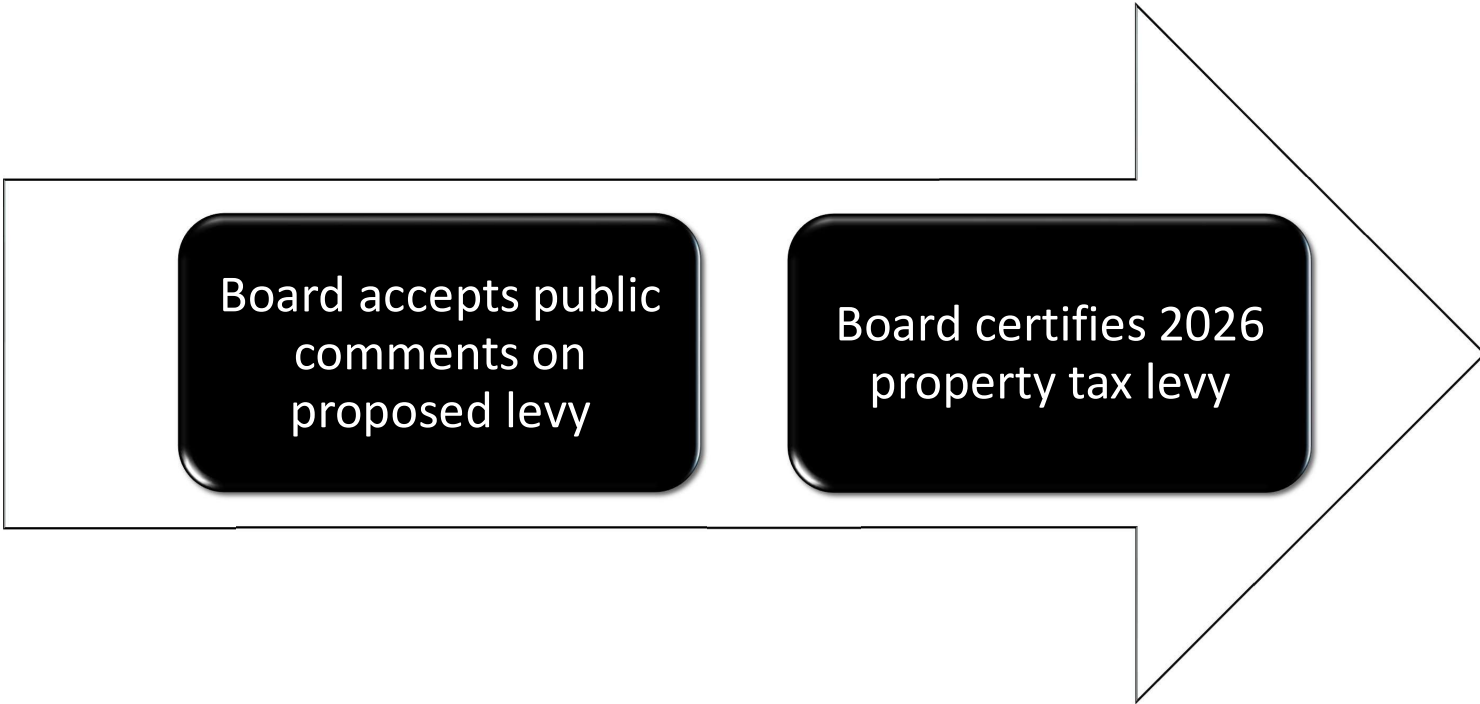
\* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 7.0% from 2023 to 2024, 0.0% from 2024 to 2025 and 0.0% from 2025 to 2026.

# State Property Tax Preferences

Homestead Credit Refund	<ul style="list-style-type: none"><li>• Available for all homestead property, both residential and agricultural (house, garage and one acre (HGA) only)</li><li>• Refund is sliding scale, based on total property taxes and income</li></ul>
Special Property Tax Refund	<ul style="list-style-type: none"><li>• Available for all homestead property, both residential &amp; agricultural (HGA only) with a gross tax increase of at least 12% and \$100 over prior year</li><li>• Refund is 60% of tax increase that exceeds greater of 12% or \$100 (max \$1,000)</li></ul>
Senior Citizen Property Tax Deferral	<ul style="list-style-type: none"><li>• 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</li><li>• Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies</li></ul>
Income Taxes	<ul style="list-style-type: none"><li>• 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.</li></ul>

# Next Steps

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Board accepts public  
comments on  
proposed levy

Board certifies 2026  
property tax levy



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PUBLIC COMMENTS