

DETROIT LAKES PUBLIC SCHOOLS

PUBLIC HEARING

2019-2020 BUDGET & PROPOSED PROPERTY TAX LEVY PAYABLE 2020

December 16, 2019 6:00 PM

Detroit Lakes City Chambers

1



AGENDA FOR BUDGET AND LEVY PUBLIC HEARING

1. Review 2019-2020 Budget
2. Review Property Tax Levy Payable 2020
for School Year 2020-2021
3. Public Comment



CURRENT YEAR BUDGET

SCHOOL YEAR 2019-2020

BUDGET FOR SCHOOL YEAR 2019-2020

2019-20 Budget Summary

| | Fund Balance 7/1/2019 | Revenue | Expenditure | Fund Balance 6/30/2020 | Difference |
|--------------------------|--------------------------|----------------------|------------------------|---------------------------|------------------------|
| General Fund | \$ 12,825,897 | \$ 33,513,322 | \$ (34,151,782) | \$ 12,187,437 | \$ (638,460) |
| Transportation Fund | 1,045,113 | 2,454,885 | (2,498,775) | 1,001,223 | (43,890) |
| Operating Capital Fund | (1,953,589) | 2,327,321 | (2,281,373) | (1,907,641) | 45,948 |
| Food Service Fund | 664,600 | 1,748,462 | (1,750,245) | 662,817 | (1,783) |
| Community Education Fund | 448,587 | 1,223,286 | (1,193,530) | 478,343 | 29,756 |
| Building Fund | 49,424,570 | 504,644 | (23,085,326) | 26,843,888 | (22,580,682) |
| Debt Service Fund | 103,811 | 4,001,439 | (3,815,657) | 289,593 | 185,782 |
| Total All Funds | \$ 62,558,989 | \$ 45,773,359 | \$ (68,776,688) | \$ 39,555,660 | \$ (23,003,329) |



PROPERTY TAXES PAYABLE 2020

For School Year 2020-21

PROPERTY TAXES

- What makes up your property tax bill
 - County
 - City/Township
 - School District
 - Special Taxing Districts – Watershed & EDA
 - Special Assessments
 - Solid Waste Fee

WHAT IMPACTS YOUR TAX BILL

- Change in value of your property
- Tax classification of your property
- Levy changes by District and other governments
- Legislative Changes

Know Your Valuation

| | |
|---|-------------|
| VALUATION NOTICE | 2021 |
| 2020 Values for Taxes Payable in | |

Property tax notices are delivered on the following schedule:

| | | |
|-------------------|---|-----------------------|
| Step 1 | Valuation and Classification Notice Class: Residential Homestead Estimated Market Value: \$150,000 Homestead Exclusion: \$23,800 Taxable Market Value: \$126,200 | See Details Below. |
|-------------------|---|-----------------------|

| | | |
|-------------------|--|-----------------------------|
| Step 2 | Proposed Taxes Notice 2021 Proposed Tax: | <i>Coming November 2020</i> |
|-------------------|--|-----------------------------|

| | | |
|-------------------|---|--------------------------|
| Step 3 | Property Tax Statement 1st Half Taxes: 2nd Half Taxes: Total Taxes Due in 2021: | <i>Coming March 2021</i> |
|-------------------|---|--------------------------|

- ❑ Property classification and market value
- ❑ Sent Spring 2019; cannot change
- ❑ Watch for 2020 statement in **SPRING** and where to appeal

EFFECTIVE TAX RATES

Property Classification Rates set in statute by Legislature and Governor and result in range of Effective Tax Rates:

| Property Classification | 2016 Estimate (Net Taxes/Market Value) |
|--------------------------------|--|
| Farm | 0.52% |
| Seasonal Rec | 1.01% |
| Residential Homestead | 1.28% |
| Apartment | 1.73% |
| Public Utility | 2.93% |
| Commercial-Industrial | 3.66% |

Market Value x Class Rate = Taxable Value (NTC)

(Source: MN Dept. of Revenue)

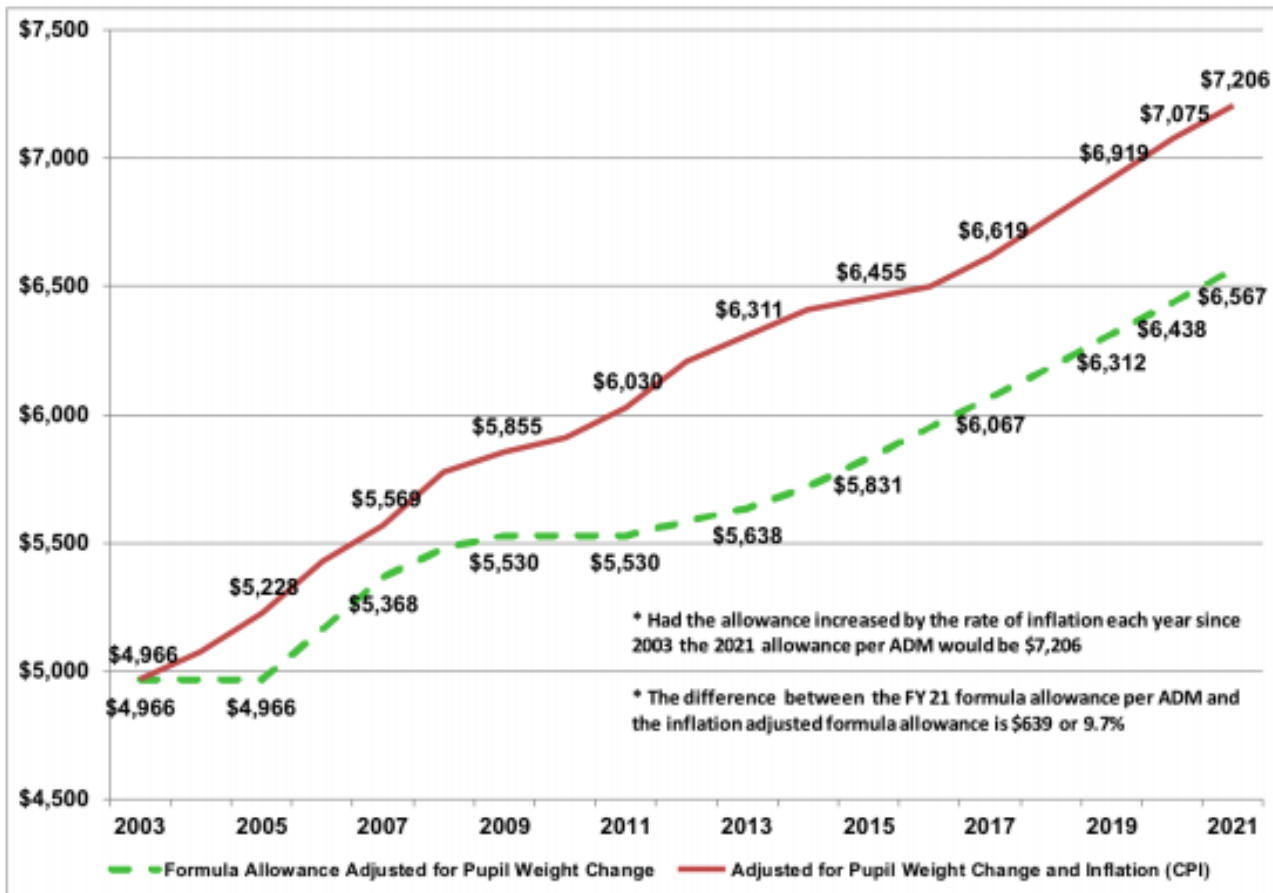
SHARE OF TAX LIABILITY

| Property Classification | Market Value Share (2018 Assessment) | Share of Net Taxes (Payable in 2019) |
|----------------------------------|---|---|
| Farms | 18% | 6% |
| Seasonal Rec Residential | 4% | 3% |
| Commercial and Industrial | 12% | 28% |
| Apartments | 6% | 7% |
| All Other | 5% | 7% |
| Residential Homes | 48% | 43%* |

*Includes effects of Homestead Exclusion

(Source: MN Dept. of Revenue)

General Education Formula Allowance, 2003-2021 Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE August 2019 Inflation Estimates



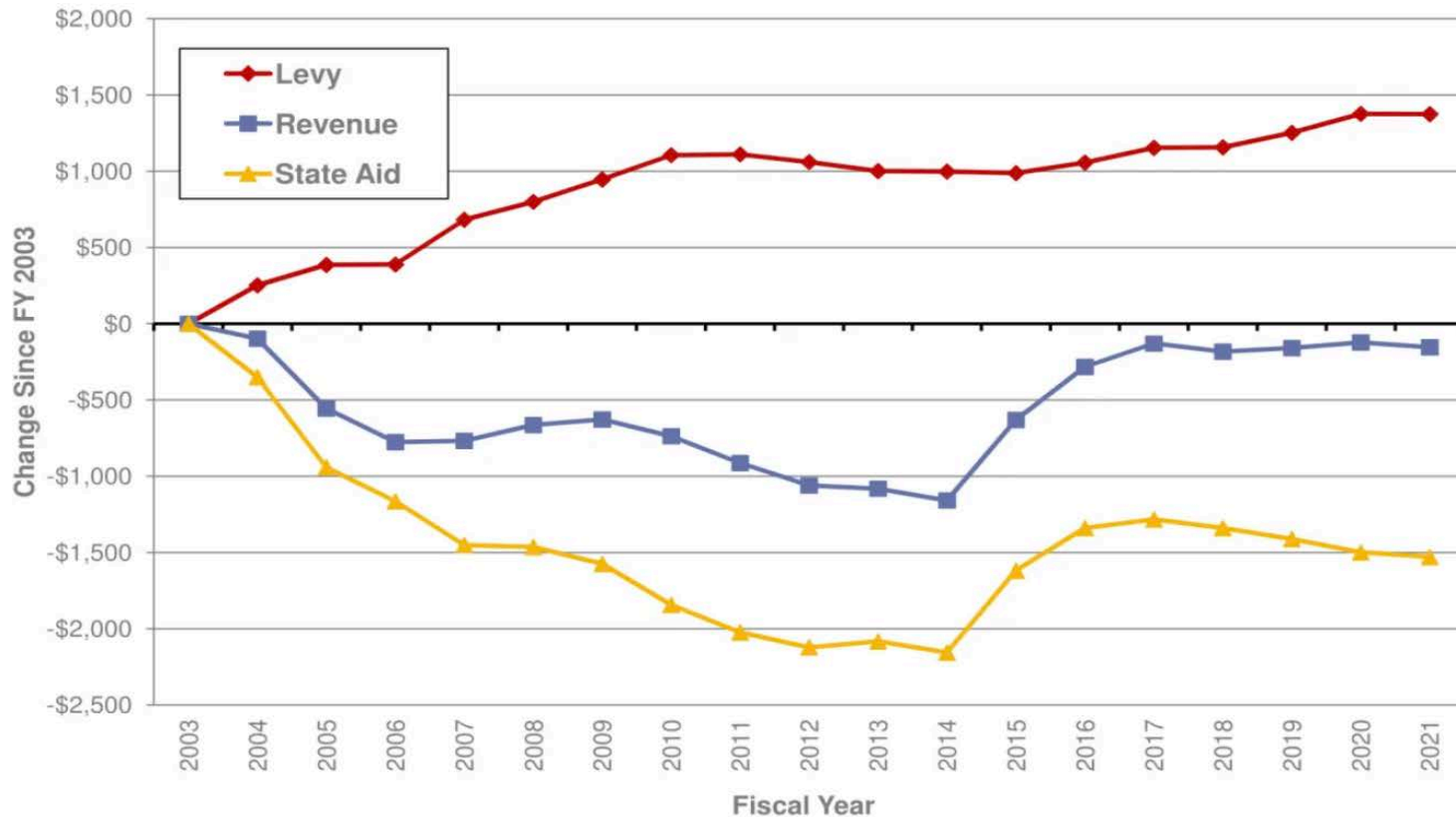
Association of Metropolitan School Districts



Funding trails inflation by **\$639 per pupil**
since 2003, **\$568 million annually.**

Statewide Aid, Levies, Revenue

Constant FY 2020 Dollars Per Pupil



(Analysis by MREA, 2019, Data from MDE)

mreavoice.org

Local Operating Referendum increases replace decline in formula buying power.

PROPOSED LEVY CHANGES

| | Percentage <u>Increase</u> | Dollar <u>Increase</u> | Payable 2020 <u>Levy</u> |
|------------------------------|-------------------------------|---------------------------|-----------------------------|
| Detroit Lakes Public Schools | .95% | \$ 82,365 | \$ 8,797,867 |
| City of Detroit Lakes | 4.50% | \$ 247,565 | \$ 5,745,991 |
| Becker County | 2.99% | \$ 638,028 | \$ 21,946,080 |

PROPOSED LEVY – GENERAL FUND

REFERENDUM MARKET VALUE

| Fund / Levy Category | Actual Levy | Proposed Levy | Difference | % Change |
|---|--------------------------|--------------------------|------------------|--------------|
| | Fiscal 19-20 Pay 2019 | Fiscal 20-21 Pay 2020 | | |
| General Fund | | | | |
| Referendum Market Value | | | | |
| Voter Approved Referendum | \$ 73,858 | \$ - | \$ (73,858) | -100.00% |
| Voter Approved Referendum Prior Year Adjustment | (1,474) | - | 1,474 | -100.00% |
| Board Approved Referendum | 522,090 | 627,216 | 105,126 | 20.14% |
| Board Approved Referendum Prior Year Adjustment | (10,417) | (16,298) | (5,881) | 56.45% |
| Location Equity Revenue | - | (20,065) | (20,065) | 100.00% |
| Local Option Revenue | 1,382,834 | 1,396,486 | 13,653 | 0.99% |
| Local Option Revenue Prior Year Adjustment | (28,998) | 6,360 | 35,358 | -121.93% |
| Equity | 544,572 | 549,990 | 5,418 | 0.99% |
| Equity Prior Year Adjustment | (2,930) | (4,962) | (2,032) | 69.36% |
| Transition | 28,896 | 29,181 | 285 | 0.99% |
| Transition Prior Year Adjustment | (606) | (286) | 320 | -52.74% |
| Total General Fund Referendum Mkt Value | \$ 2,507,825.75 | \$ 2,567,623.55 | \$ 59,798 | 2.38% |

PROPOSED LEVY – GENERAL FUND

NET TAX CAPACITY

| Fund / Levy Category | Actual Levy Fiscal 19-20 Pay 2019 | Proposed Levy Fiscal 20-21 Pay 2020 | Difference | % Change |
|---|---|---|-------------------|---------------|
| General Fund | | | | |
| Net Tax Capacity - Other | | | | |
| Operating Capital | \$ 285,534 | \$ 281,892 | \$ (3,642) | -1.28% |
| Operating Capital Prior Year Adjustment | 2,116 | (10,298) | (12,414) | -586.63% |
| Q-Comp | - | 289,462 | 289,462 | 100.00% |
| Q-Comp Adjustment | 4,187 | 3,477 | (710) | -16.96% |
| Achievement & Integration | 84,350 | 83,414 | (936) | -1.11% |
| A & I Prior Year Adjustment | (23,991) | (33,711) | (9,719) | 40.51% |
| Safe School Levy | 117,410 | 118,570 | 1,159 | 0.99% |
| Safe School Prior Year Adjustment | 1,448 | (900) | (2,348) | -162.18% |
| Re-employment | - | 7,500 | 7,500 | 100.00% |
| Re-employment Prior Year Adjustment | 8,107 | (10,568) | (18,674) | -230.36% |
| OPEB | 57,500 | 147,418 | 89,918 | 156.38% |
| Career Technical | 128,121 | 170,375 | 42,253 | 32.98% |
| Career Technical Prior Year Adjustment | 254 | 2,996 | 2,742 | 1080.14% |
| LTFMR | 1,041,274 | 1,028,423 | (12,852) | -1.23% |
| LTFMR Prior Year Adjustment | (31,246) | (12,213) | 19,033 | -60.91% |
| Building Lease | 187,541 | 209,936 | 22,395 | 11.94% |
| Building Lease Prior Year Adjustment | 286 | (3,300) | (3,586) | -1253.85% |
| Econ. Dev. Abatements | 124,640 | (29,500) | (154,140) | -123.67% |
| Other Net Tax Capacity | \$ 1,987,531 | \$ 2,242,972 | \$ 255,440 | 12.85% |

PROPOSED LEVY — GENERAL FUND TOTAL

| Fund / Levy Category | Actual Levy Fiscal 19-20 Pay 2019 | Proposed Levy Fiscal 20-21 Pay 2020 | Difference | % Change |
|--------------------------------|--|--|----------------------|---------------------|
| General Fund | | | | |
| Total General Fund Levy | \$ 4,495,357.21 | \$ 4,810,595.39 | \$ 315,238.18 | 7.01% |

PROPOSED LEVY – COMMUNITY SERVICE

| Fund / Levy Category | Actual Levy Fiscal 19-20 Pay 2019 | Proposed Levy Fiscal 20-21 Pay 2020 | Difference | % Change |
|---|---|---|--------------------|---------------|
| Community Service | | | | |
| Basic Community Education | \$ 127,992 | \$ 127,992 | \$ - | 0.00% |
| Basic Community Education Prior Year Adjustment | - | - | - | 0.00% |
| ECFE | 82,833 | 80,631 | (2,202) | -2.66% |
| ECFE Prior Year Adjustment | - | 602 | 602 | 100.00% |
| Home Visits | 1,583 | 1,656 | 73 | 4.61% |
| Misc. Prior Year Adjustments | - | (29) | (29) | -100.00% |
| Abatement | 6,298 | (2,301) | (8,599) | -136.54% |
| Total Community Education | \$ 218,706 | \$ 208,551 | \$ (10,155) | -4.64% |

PROPOSED LEVY — DEBT SERVICE

| Fund / Levy Category | Actual Levy | Proposed Levy | Difference | % |
|---------------------------|---------------------|---------------------|---------------------|---------------|
| | Fiscal 19-20 | Fiscal 20-21 | | |
| | Pay 2019 | Pay 2020 | | Change |
| Debt Service | | | | |
| General Debt Service | \$ 4,001,489 | \$ 3,778,721 | \$ (222,768) | -5.57% |
| Debt Service Excess | (49) | - | 49 | 100.00% |
| Total Debt Service | \$ 4,001,439 | \$ 3,778,721 | \$ (222,718) | -5.57% |

INCREASE IN 2020 50% AG BOND CREDIT

| Payable Year | Percent Increase | Total Credit Percent |
|---------------------|-------------------------|-----------------------------|
| 2021 | 5% | 55% |
| 2022 | 5% | 60% |
| 2023 | 10% | 70% |

\$51.8 million state share in school bonds

FIND YOUR AG BOND CREDIT

Truth in Taxation Notice: Upper Right Corner

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report

| PROPOSED TAXES 2020 | | | |
|---------------------------------|----------------------------------|------------|-----------|
| THIS IS NOT A BILL. DO NOT PAY. | | | |
| VALUES AND CLASSIFICATION | | | |
| Step | Taxes Payable Year | 2019 | 2020 |
| 1 | Estimated Market Value | \$125,000 | \$150,000 |
| | Homestead Exclusion | \$ | \$23,800 |
| | Taxable Market Value | \$125,000 | \$126,200 |
| | Class | Res NHmstd | Res Hmstd |
| | | | |
| PROPOSED TAX | | | |
| 2 | Property Taxes before credits | \$1,479.52 | |
| | School building bond credit | \$ | |
| | Agricultural market value credit | | |
| | Other credits | | |
| | Property Taxes after credits | \$1,467.52 | |
| Step | PROPERTY TAX STATEMENT | | |
| 3 | Coming in 2020 | | |

PROPOSED LEVY – DISTRICT WIDE

| | Actual Fiscal 19-20 Pay 2019 | Proposed Fiscal 20-21 Pay 2020 |
|-------------------|------------------------------------|--------------------------------------|
| General Fund | \$ 4,495,357.21 | \$ 4,810,595.39 |
| Community Service | \$ 218,706.02 | \$ 208,550.92 |
| Debt Service | \$ 4,001,439.07 | \$ 3,778,721.00 |
| Total Levy | <u>\$ 8,715,502.30</u> | <u>\$ 8,797,867.31</u> |
| Difference | | <u>\$ 82,365.01</u> |
| Percentage Change | | 0.95% |

2020 BUDGET AND LEVY HEARING PROPERTY TAXES PAYABLE 2020

Public Comment & Questions

Thank you for attending this hearing

Close Hearing