



Public Meeting for Taxes Payable in 2022

Robbinsdale Area Schools
Ukee Dozier, Executive Director of Finance

December 6, 2021



OUR UNIFIED DISTRICT VISION

Our mission is to inspire and educate all learners to develop their unique potential and positively contribute to their community.

Agenda

- Background on Property Tax Levies
- Legislative Changes that Affect the 2022 Levy
- Information on School Current Year Funding & District Budget
 - Proposed Taxes Payable in 2022
 - Estimated Impact on Taxpayers
 - Minnesota Property Tax Refunds
 - Public Comments & Questions



Background on Property Tax Levies



Truth in Taxation Law

- Minnesota Truth in Taxation Law was revised in 2009
- Requirements:
 - Public meeting may now be held at a regularly scheduled meeting
 - Discussion of proposed property tax levy for taxes payable in 2022
 - Current year budget must be discussed
 - Levy may be adopted at same meeting
 - Must allow for public comment and question

- *Minnesota Statute 275.065*

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Levy Cycle Process

Background on Property Tax Levies

1. Assessors determine a property's estimated market value and assign a property class to each parcel.
2. The County Auditor calculates the net tax capacity for each parcel in the county, as well as the total net tax capacity for each taxing jurisdiction.
 - a) A property's net tax capacity is determined by multiplying the property's market value by the relevant class rate.
 - i. Class rates are set by statute, vary by property type, and are uniform statewide.
3. The local tax rate of a taxing jurisdiction is determined by dividing the jurisdiction's total levy by the jurisdiction's taxable net tax capacity.
 - a) Each jurisdiction sets its own levy and follows specific limits set by state law.

Levy Cycle Process

Background on Property Tax Levies

4. The County Auditor divides the final levy by the District's net tax capacity (or referendum market value) to establish rates.
5. The County Auditor applies those rates to each parcel and prepares the final statements for mailing.
6. Minnesota Department of Education (MDE) sets the maximum levy limit for each school district, based on current legislation and formulas.
7. The School Board adopts a proposed levy in September, holds a public meeting, then finalizes the levy amount in December.

Authority for School Levies

A school district tax levy must be either:

Voter approved

or

Set by state law



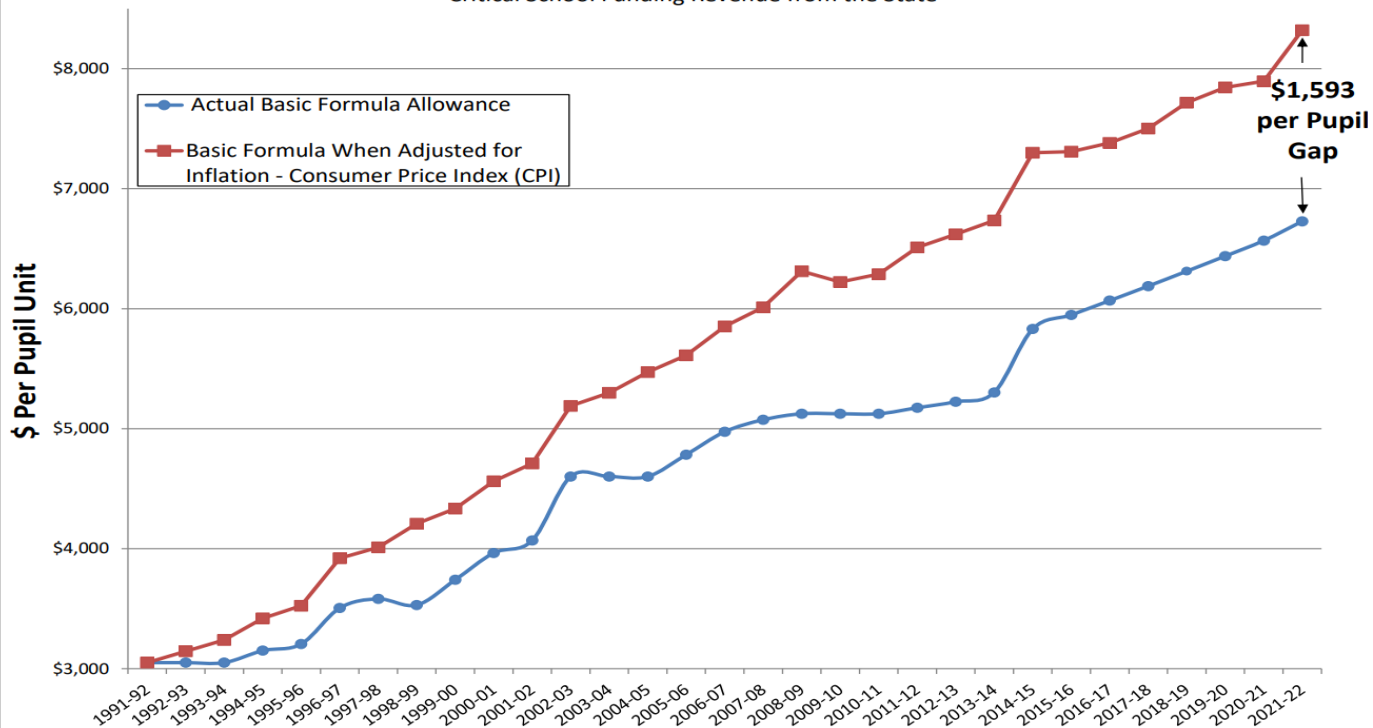
Legislative Changes That Affect the 2022 Levy

Legislative Changes That Affect the 2022 Levy

- The 2021 legislature approved an increase in the school General Education formula by 2.45% for the 2021-22 and 2% for the 2022-23 school years. The Pay 2022 levy reflects the change in the General Education formula for the 2022-23 school year.
- At this time, no legislative changes affect the Pay 2022 levy
- It is possible that legislation that will be passed during the 2022 legislative session that will impact school district funding for the 2022-23 school year

The Basic Formula Has Not Kept Up With Inflation

Critical School Funding Revenue from the State





Information on School Funding & District Budget

Fiscal Year 2022 Budget Overview

The Robbinsdale Area School District's fiscal year commences July 1 of each year, which is consistent with most school districts (and is law) in Minnesota. The School Board, by law, must have a budget adopted for the upcoming fiscal year prior to July 1.

The budget sets forth the financial plan for the forthcoming fiscal year. It is based on the projected financial needs of the District and serves to allocate limited resources in the best possible way to provide educational opportunities to students.

Fiscal Year 2022 Financial Structure

GENERAL FUND

The General Fund is used to account for K-12 educational activities, instruction and student support programs. Administrative, operational, building cleaning, maintenance and utilities, transportation, capital expenditures (excluding building construction and Long-Term Facilities Maintenance) and expenditures not required by State law to be accounted for in any other fund are also recorded within the General Fund.

Fiscal Year 2022 Financial Structure

CHILD NUTRITION FUND

The Child Nutrition Fund is used to record financial activities of the school district's food service program. Food service includes preparation and service of milk, meals and snacks in connection with school and community service activities.

All expenditures relating to meal preparation and service must be recorded in the Child Nutrition Fund. Eligible expenditures include application processing, Food Service management and staff tech support, food preparation, and meal service.

Fiscal Year 2022 Financial Structure

COMMUNITY SERVICE FUND

The Community Service Fund is used to record all financial activities of the Community Service program.

The focus of Community Education is to provide enrichment programs for any age level that are not part of the K-12 education program. Community Education programming may also include K-12 summer school enrichment activities which, although educational in nature, are not for credit and are not required for graduation.

A district may spend up to 10 percent of its community education revenue (levy, aids and fees) to purchase or lease computers and related items as well as equipment for instructional programs and library books used exclusively for community education.

Fiscal Year 2022 Financial Structure

BUILDING CONSTRUCTION FUND

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans. Revenues and expenses relating to the District's state approved Long Term Facility Maintenance (LTFM) Program are recorded in this fund when bonds have been issued for project costs, or if a single project cost is \$2,000,000 or greater using pay-as-you-go LTFM levy.

Construction costs for buildings and additions consist of the following: expenditures for general construction, advertisement for contracts, payments on contracts for construction, installations of plumbing, heating, lighting, ventilation and electrical systems, expenditures for lockers, elevators, and other equipment, architectural and engineering services, paint and decorating expenses, and any other related costs.

Fiscal Year 2022 Financial Structure

DEBT SERVICE FUND AND OPEB DEBT SERVICE FUND

The Debt Service Fund and the OPEB Debt Service Fund are used to record revenue and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, capital or OPEB liabilities, and whether for initial or refunding bonds.

When a bond issue is sold, the school board must levy a direct general tax upon the property of the District for the payment of principal and interest. The revenue from such a tax and related state aid must be separately accounted for in the two Debt Service Funds.

Fiscal Year 2022 Financial Structure

OPEB TRUST FUND

The OPEB Trust Fund is used to record revenue and expenditures for the school district's earnings on investments of OPEB Assets in the trust as well as retiree medical claims and direct reimbursement of Medicare supplement premiums as required by one union labor contract, net of any retiree premiums paid

Fiscal Year 2022 Financial Structure

INTERNAL SERVICE FUNDS

The district's medical and dental self-insured funds record premium revenues, claims and fixed costs associated with the medical and dental plans for employees and retirees.



FY22 General Fund Overview and Assumptions

GENERAL FUND OVERVIEW (Fund 01)

General Fund Revenues are estimated at \$184,266,791, which is \$3 Million over previous year revised budget despite an assumed 0% formula increase. This is primarily due to the use of budgeted Federal ESSER dollars.

FY22 General Fund Overview and Assumptions

GENERAL FUND REVENUE ASSUMPTIONS (Fund 01)

State General Education Aid

State Basic General Education Aid is budgeted at \$79,950,633. Under current law the basic formula amount is derived from estimated adjusted pupil units served times \$6,567. The basic formula is assumed to be flat in comparison to the 2020-21 school year amount of \$6,567. The basic general education aid serves as the district's primary funding source, accounting for 43.39% of the general operating fund revenue.

Per-Pupil Unit Allocation – Basic General Ed:

School Year	Basic Formula	Formula Change
2017-18	\$6,188	2%
2018-19	\$6,312	2%
2019-20	\$6,438	2%
2020-21	\$6,567	2%
2021-22	\$6567	0%
2021-22	\$6,728	2.45%



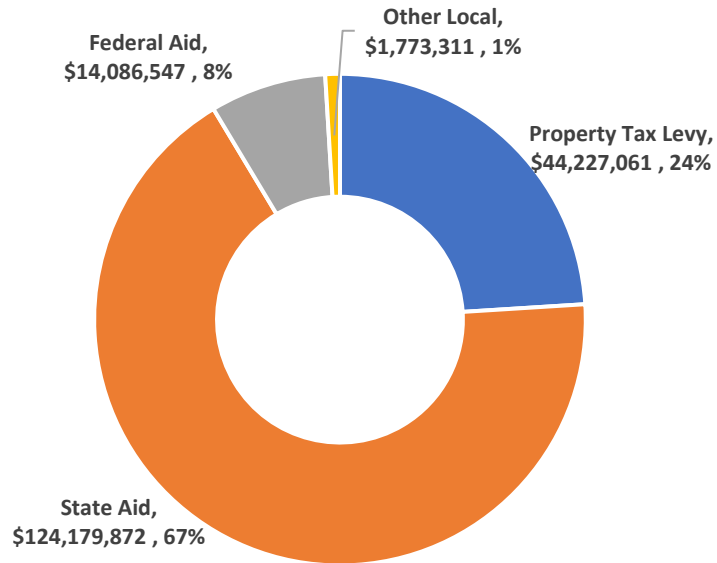
FY22 General Fund Overview and Assumptions

Other components of General Education Aid amount to \$14,766,331. These components are as follows:

Pension Adjustment	\$512,803
Gifted and Talented	\$157,874
Extended Time	\$614,040
Compensatory Revenue	\$11,589,856
Limited English Program	\$961,290
Declining Enrollment	\$930,468
Total	\$14,766,331

FY22 General Fund Overview and Assumptions

Revenue by Source



FY22 General Fund Overview and Assumptions

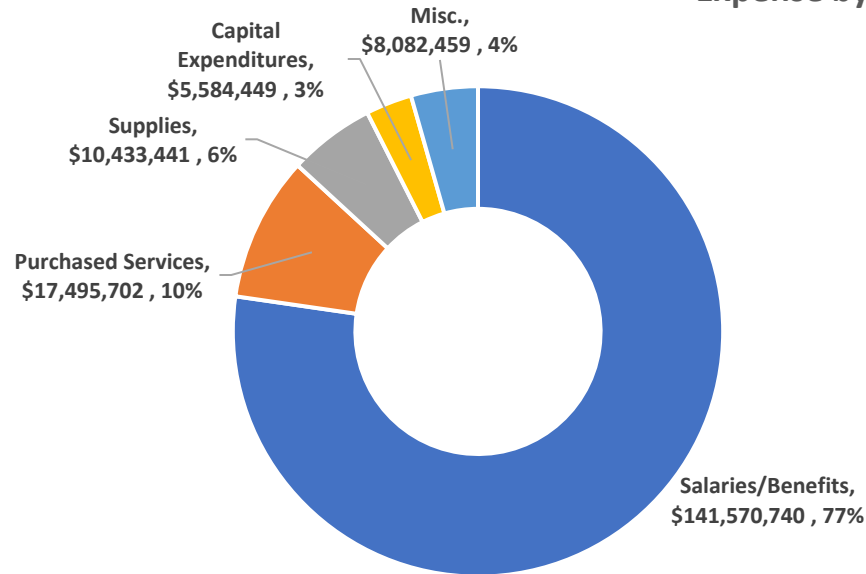
EXPENDITURE OVERVIEW

General Fund Expenditures are estimated to be \$183,166,791, which is up from previous year.

Increase anticipated within salary and fringe benefit cost due to settled contract negotiations in addition to steps and lanes increases. Costs of inflation (primarily in transportation and utilities) are also relative in expected increase in General Fund expenditures.

FY22 General Fund Overview and Assumptions

Expense by Object



FY22 General Fund Overview

ROBBINSDALE AREA SCHOOLS PROJECTED FUND BALANCES THROUGH JUNE 30, 2022

FUND DESCRIPTION	6/30/2021 Projected Budget Balance	2021-22 Budget Revenue	2021-22 Budget Expenditures	6/30/2022 Projected Budget Balance
GENERAL FUND				
Unassigned	1,682,473	155,270,403	154,170,403	2,782,473
Assigned				
Building Carryover	499,166	-	-	499,166
LCTCS	645,937	165,000	165,000	645,937
Q Comp	277,664	2,993,012	2,993,012	277,664
Scholarships	450,170	-	-	450,170
Non-Spendable-Prepaid				
Inventory	391,697	-	-	391,697
Prepaid	321,818	-	-	321,818
Restricted				
Technology Levy	805,991	5,273,882	5,273,882	805,991
Operating Capital	3,320,733	5,805,054	5,805,054	3,320,733
Basic Skills	626,401	12,551,156	12,551,156	626,401
Medical Assistance	140,000	700,000	700,000	140,000
Long Term Facilities Maintenance/H&S	191,056	896,877	896,877	191,056
Safe Schools Levy	(17,952)	611,407	611,407	(17,952)
Staff Development	-	-	-	-
Student Activities	92,997	-	-	92,997
TOTAL GENERAL FUND	9,428,152	184,266,791	183,166,791	10,528,152
<i>Original: Unassigned FB as a % of expenditures</i>	1.11%			1.80%

FY22 Budget – All Funds Overview

Revenues	General	Food Service	Community Education	Building Construction	Debt Service	Trust	OPEB Revocable Trust	OPEB Debt Service	Total
Property Tax Levy	44,227,061		2,144,123		18,000,000			2,600,000	66,971,184
State Aid Revenue	124,179,872	353,000	2,896,892						127,429,764
Federal Aid Revenue	14,086,547	8,585,000	200,709						22,872,256
Other Local Revenue	1,773,311	62,000	4,232,874	22,200,000		22,800,000	700,000		51,768,185
Transfers									-
Total Revenues	184,266,791	9,000,000	9,474,598	22,200,000	18,000,000	22,800,000	700,000	2,600,000	269,041,389

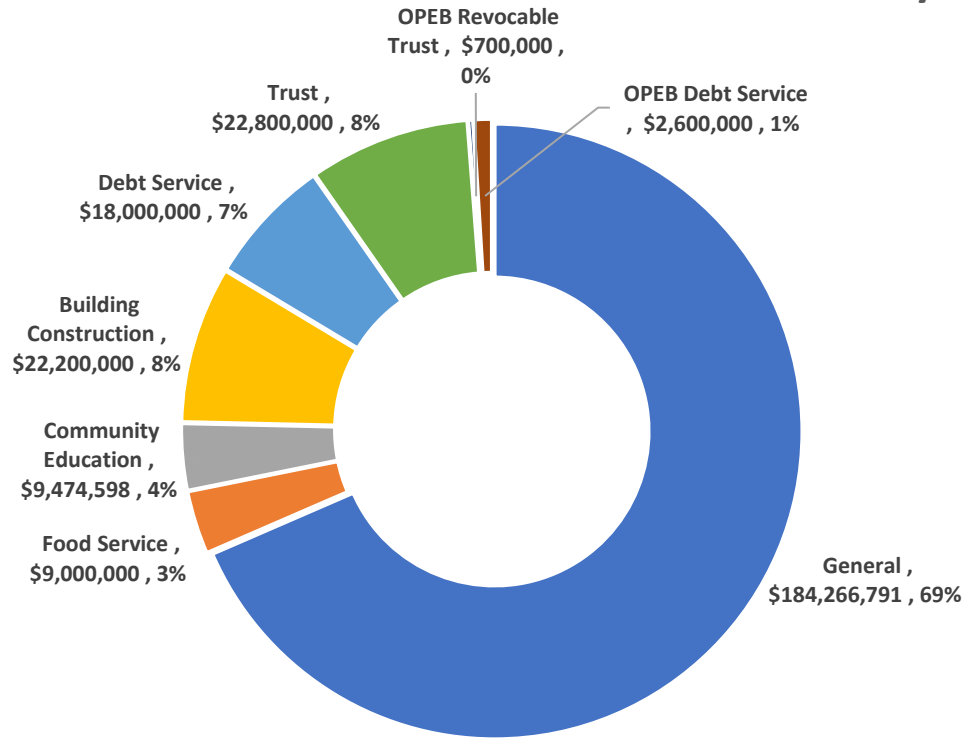
Expenses	General	Food Service	Community Education	Building Construction	Debt Service	Trust	OPEB Revocable Trust	OPEB Debt Service	Total
Salaries/Benefits	141,570,740	3,703,408	8,667,057			19,500,000	450,000		173,891,205
Purchased Services	17,495,702	180,288	732,567			1,800,000	50,000		20,258,557
Supplies	10,433,441	3,622,226	102,375						14,158,042
Capital Expenditures	5,584,449	60,178	52,025	19,500,000	297,583				25,494,235
Debt Service					17,702,417			2,600,000	20,302,417
Misc.	8,082,459	33,900	21,631						8,137,990
Total Expenses	183,166,791	7,600,000	9,575,655	19,500,000	18,000,000	21,300,000	500,000	2,600,000	262,242,446

Budget Balance	1,100,000	1,400,000	(101,057)	2,700,000	-	1,500,000	200,000	-	6,798,943
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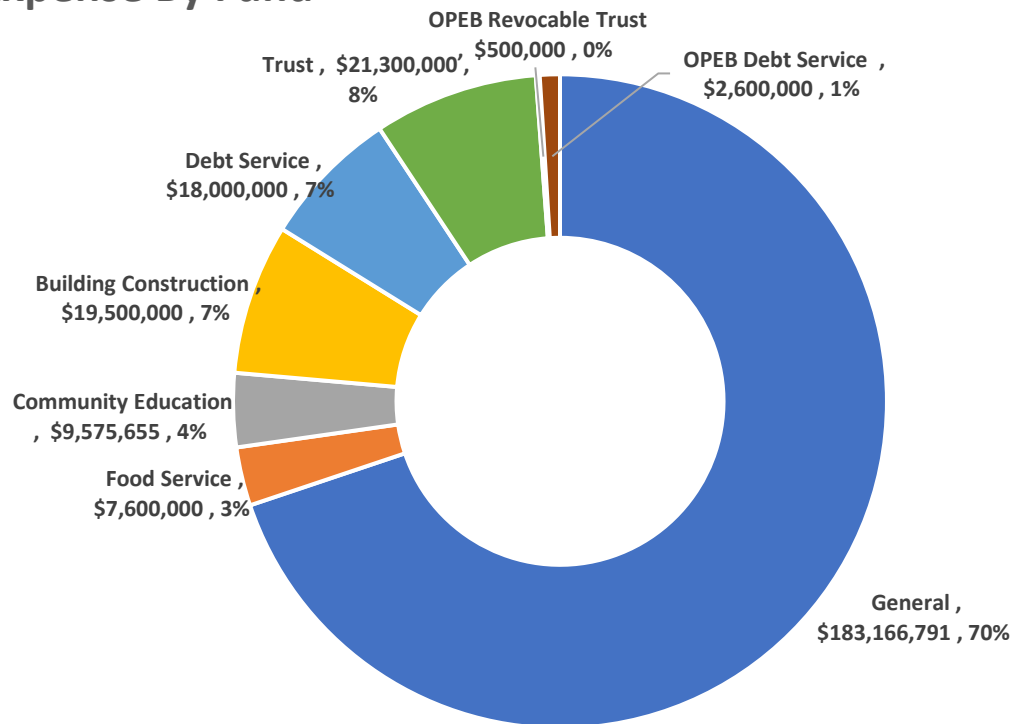


ROBBINSDALE
Area Schools

Revenue By Fund



Expense By Fund





Proposed Taxes Payable in 2022

Proposed Property Taxes Payable in 2022

	Certified Pay 2021 Levy	Proposed Pay 2022 Levy
Voter Approved Levies	\$ 29,359,445	\$ 29,384,610
Other Local Levies	<u>\$ 36,193,285</u>	<u>\$ 37,980,558</u>
School District Total	\$ 65,552,730	\$ 67,365,168

Proposed Property Taxes Payable in 2022

Funds	Certified Payable 2021 (\$)	Proposed Levy Payable 2022 (\$)	Difference from Pay 2021 (\$)	% Change
General Fund				
Referendum	21,868,789	21,587,202	-281,587	
Local Optional Revenue	8,755,827	8,049,179	-706,648	
Equity	881,117	834,145	-46,972	
Transition	240,194	227,510	-12,684	
Capital Project Referendum	5,279,520	5,524,476	244,956	
Operating Capital	1,316,984	1,456,520	139,535	
Alternative Teacher Compensation	1,166,817	1,066,658	-100,160	
Integration	851,916	825,635	-26,280	
Reemployment Insurance	150,000	300,000	150,000	
Safe Schools	448,263	424,591	-23,672	
Safe Schools Intermediate	186,776	176,913	-9,863	
Career Technical	364,887	364,887	0	
LT Facilities	981,489	1,393,745	412,256	
Lease	2,947,699	2,877,212	-70,487	
General Fund Adjustments	-1,213,208	-683,032	530,176	
Total General Fund	44,227,071	44,425,640	198,569	0.45%
Community Service	2,149,514	2,204,508	54,995	2.56%
Debt Service	16,580,877	18,036,407	1,455,529	8.78%
OPEB Debt Service	2,595,268	2,698,613	103,345	3.98%
Total Proposed Levy	\$65,552,730	\$67,365,168	1,812,438	2.76%

Factors That Cause Property Tax Changes

Many factors may cause the individual property tax statement to increase or decrease from year to year:

- Voter approved referendums
- Changes in enrollment
- Levy adjustments to prior years
- Legislative changes
- Changes in market values
- Changes in class rates/history

Major Areas of Change in Proposed Levy

Significant changes occurred in the following areas in this year's proposed levy

- Referendum – decrease of \$281,587
- Local Optional Revenue– decrease of \$706,648
- Capital Projects Referendum – increase of \$244,956
- Re-employment – increase of \$150,000
- LTFM – increase of \$412,256
- General Fund Adjustments – increase of \$530,176
- Debt Service – increase of \$1,455,529

Major Areas of Change in Proposed Levy

Category: General Fund - Voter Approved Referendum Authority

Change: -\$281,587

Use of Funds: Unrestricted general fund use

Cause of Change: Adjustments from prior years due to changes in enrollment and property valuations

Major Areas of Change in Proposed Levy

Category: General Fund – Local Optional Revenue

Change: -\$706,648

Use of Funds: Unrestricted general fund use

Cause of Change: Adjustments from prior years due to changes in enrollment and property valuations

Major Areas of Change in Proposed Levy

Category: General Fund – Capital Project Referendum

Change: +\$244,956

Use of Funds: Restricted general fund use – as established in approved Review & Comment

Cause of Change: Revenue is set at a % of Net Tax Capacity. With increasing NTC, the amount of revenue increases

Major Areas of Change in Proposed Levy

Category: General Fund – Re-employment Insurance

Change: +\$150,000

Use of Funds: Restricted general fund use for payment of unemployment claims

Cause of Change: District anticipated increased lay-offs during pandemic

Major Areas of Change in Proposed Levy

Category: General Fund – Long Term Facilities Maintenance

Change: +\$412,256

Use of Funds: Restricted general fund use for deferred maintenance and health & safety projects for district facilities

Cause of Change: Additional maintenance projects submitted to MDE on 10-year plan

Major Areas of Change in Proposed Levy

Category: General Fund – Adjustments

Change: +\$530,176

Use of Funds: Adjustments occur every year in the various categorical funding areas.

Cause of Change: Increase is a result of a smaller negative adjustment for Pay 22 than in Pay 21

Major Areas of Change in Proposed Levy

Category: Debt Service

Change: +\$1,455,529

Use of Funds: Restricted to use for payment of semi-annual debt service payments

Cause of Change: Increase will be used to make payments on new LTFM bonds that were issued in fall, 2021

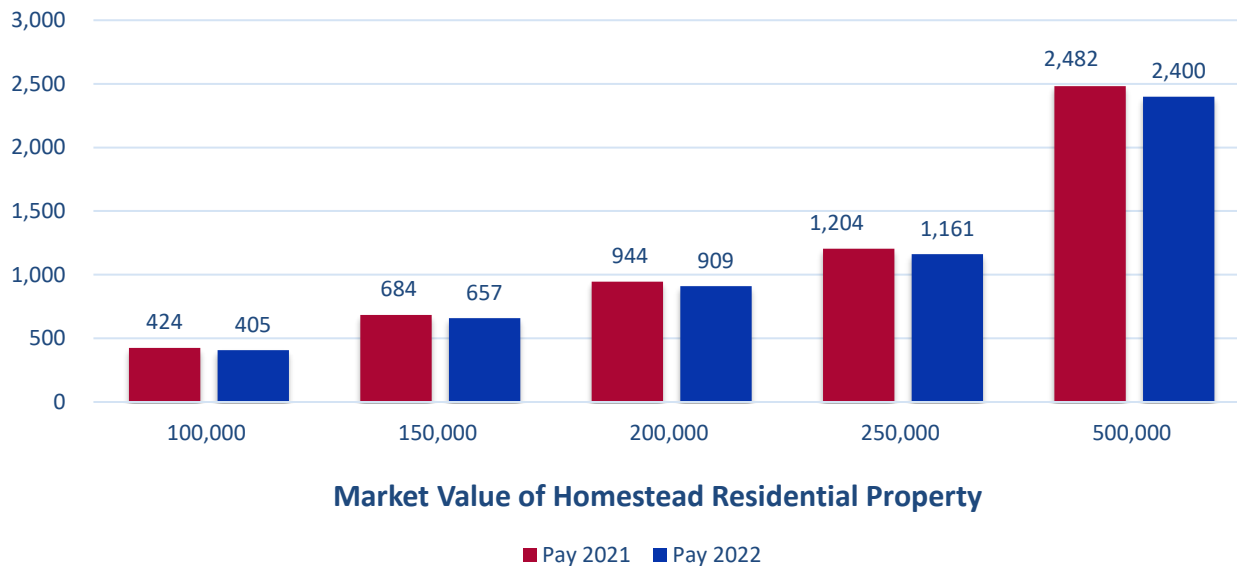


Impact on Taxpayer

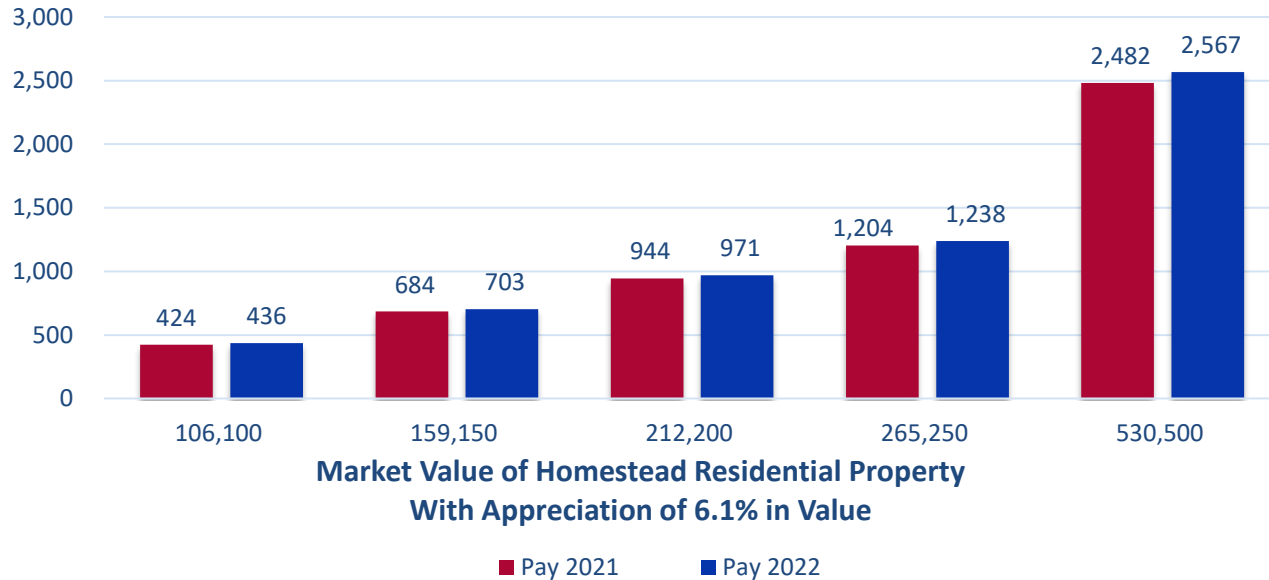
Impact on Taxpayer

- Following, are charts showing examples of changes in the School District portion of property taxes
- Examples include School District taxes only
- Figures for 2022 are estimates based on data available from the County (final figures may change slightly)

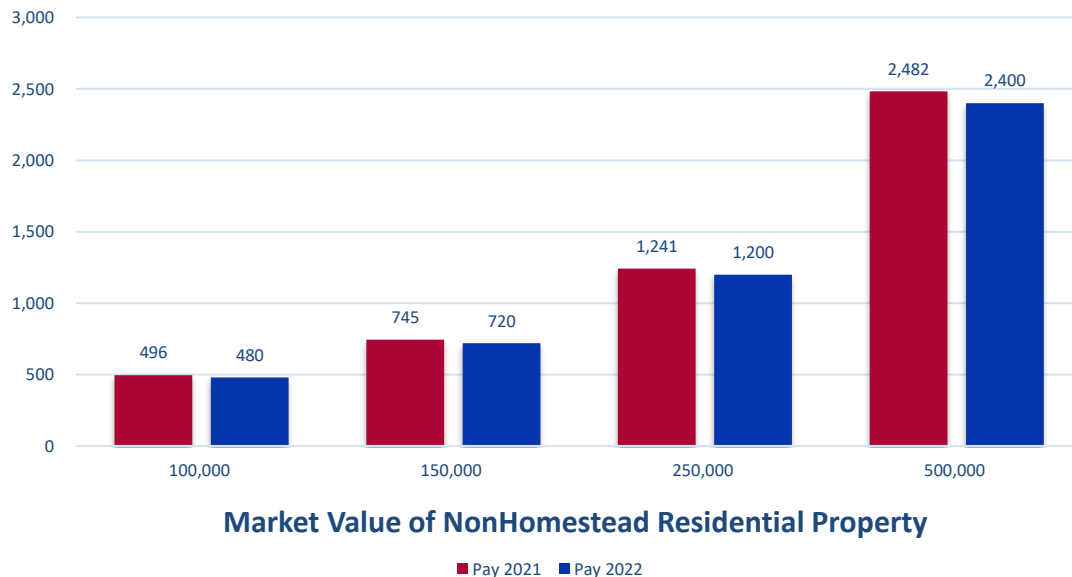
Property Tax Comparisons – Pay 2021 versus Pay 2022



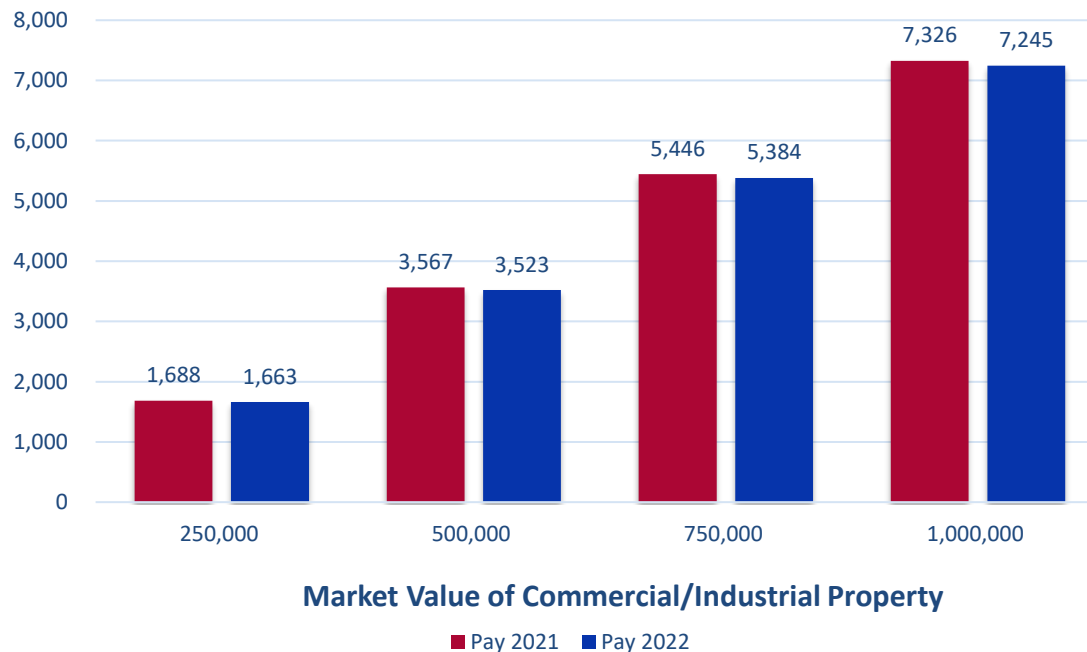
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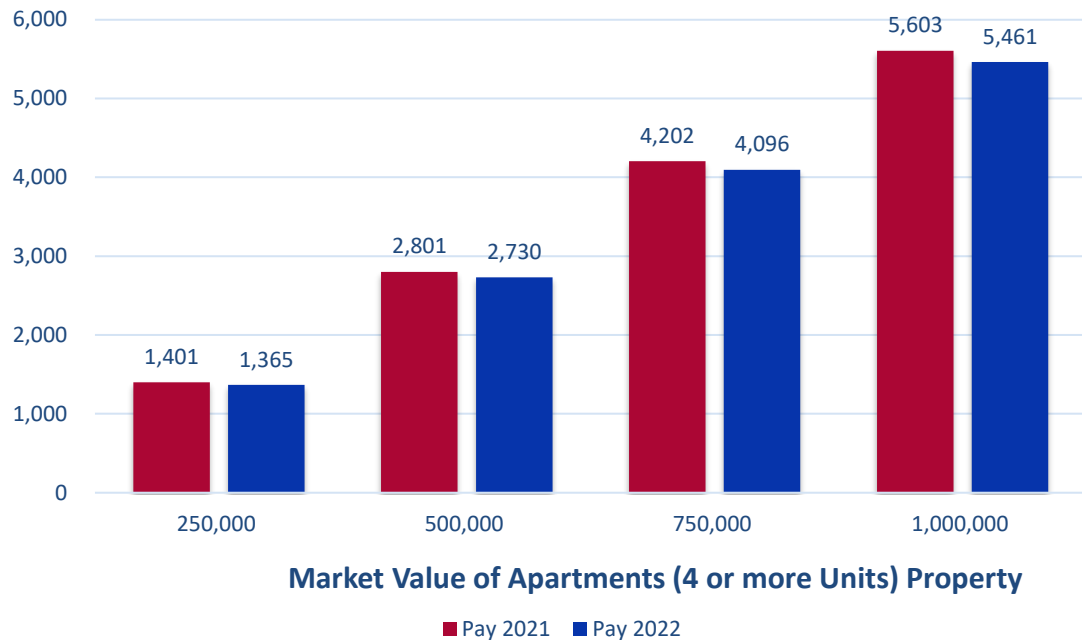
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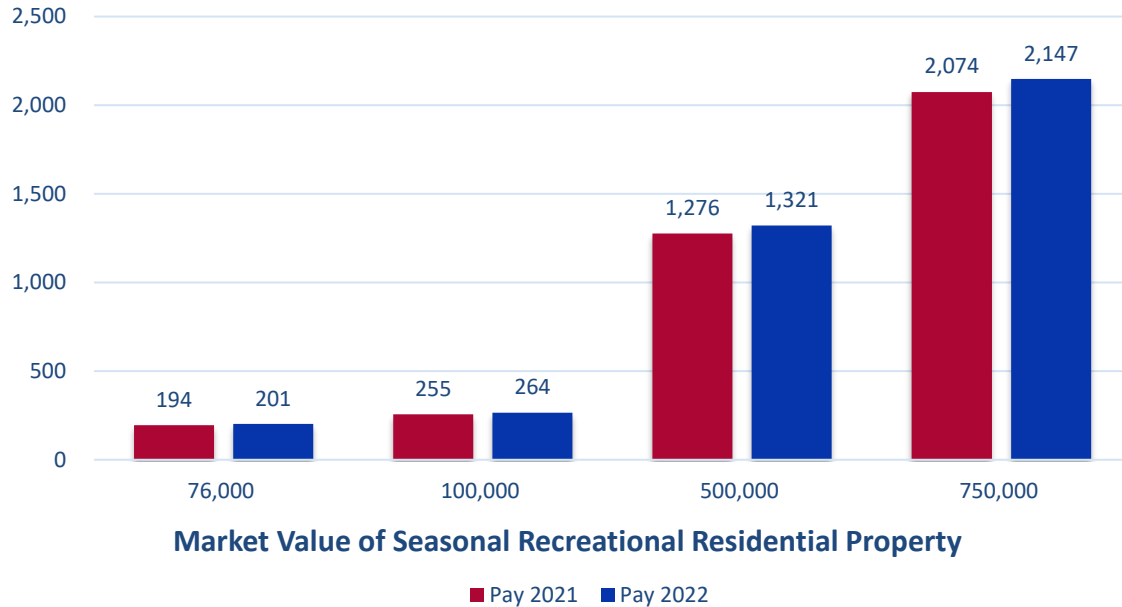
Property Tax Comparisons – Pay 2021 versus Pay 2022



Property Tax Comparisons – Pay 2021 versus Pay 2022



Property Tax Comparisons – Pay 2021 versus Pay 2022





Minnesota Property Tax Refunds



Minnesota Property Tax Refunds

Two different tax refund program available from the state

- Minnesota Property Tax Refund
(aka “circuit breaker” refund)
- Special Property Tax Refund

Complete form M-1PR

For help with the forms and instructions contact:

- Your tax professional
- Minnesota Department of Revenue
 - (651) 296-4444
 - www.taxes.state.mn.us

Comments and Questions

