

DETROIT LAKES PUBLIC SCHOOLS

Public Hearing

**2021-22 Budget &
Proposed Property Tax Levy Payable 2022**

**December 20, 2021 6:00 PM
Detroit Lakes City Chambers**

Agenda for Budget and Levy Public Hearing

- Review 2021-22 Budget
- Review Property Tax Levy Payable 2022 for School Year 2022-2023
- Public Comment

Why have a Truth in Taxation Meeting?

- **Truth in Taxation Law, passed in 1989**
- **Two major requirements:**
 - 1. Tax Statements**

Counties must send out proposed property tax statements in November based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)
 - 2. Public Hearing**

Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:

 - Payable 2022 levy
 - Fiscal year 2022 budget
 - Public comments

**This is the school district's
annual required hearing**



Who sets the School Levy?

Components of a District Tax Levy are either:

- **Set By State Formula By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds



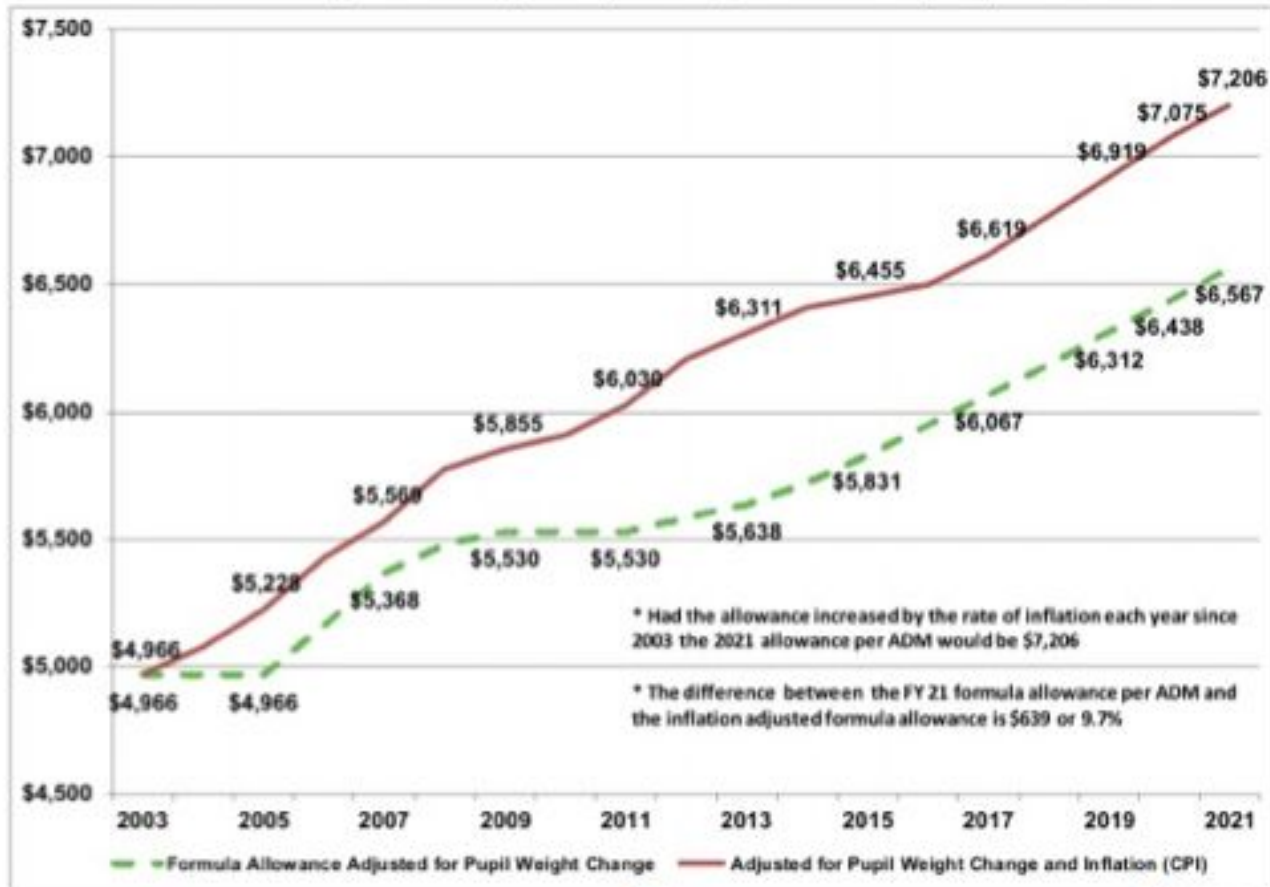
How is my property tax determined?

- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel based on the above.
- County Auditor divides the total levy by total tax capacity of the District to determine tax rate needed. Tax rate is multiplied by each property's tax capacity*.

*Certain levies are spread based on Market Value rather than tax capacity.



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



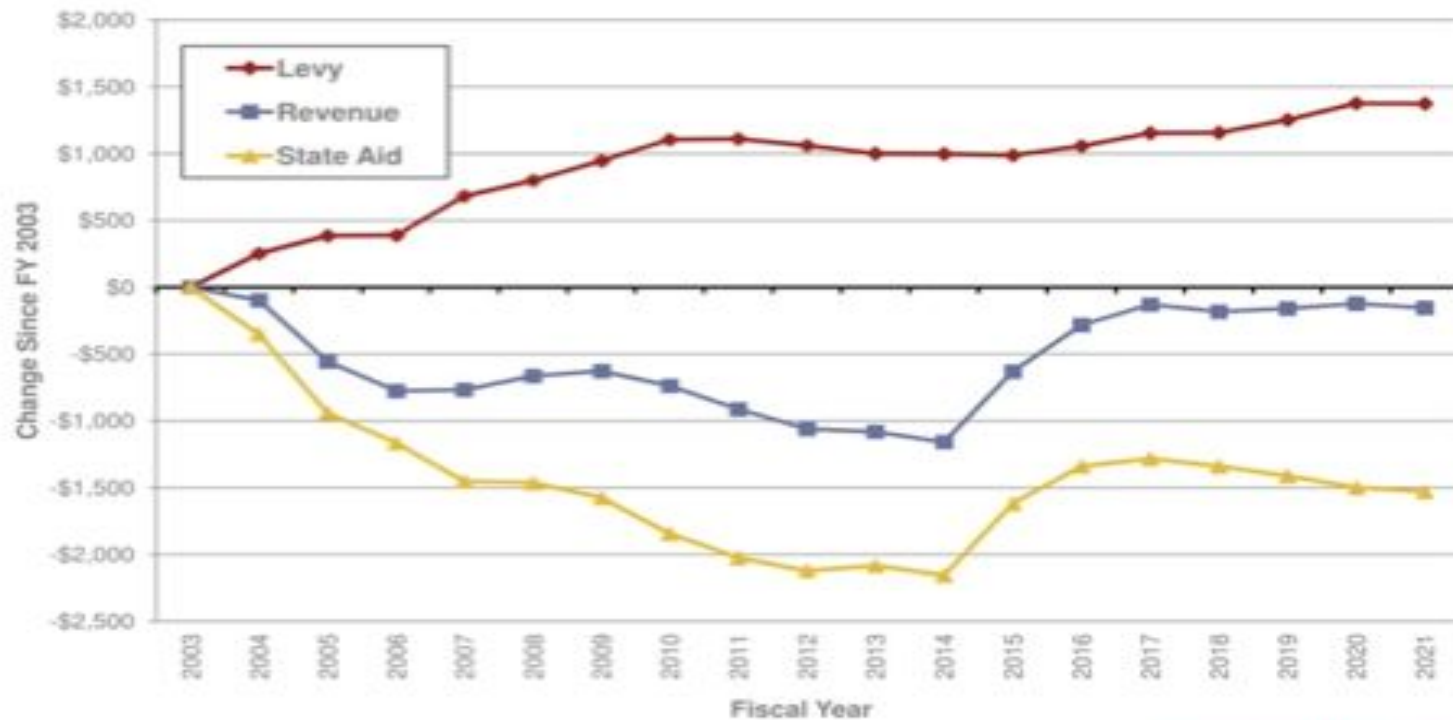
EHLERS

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)

mreavoices.org

Increases in Local Operating Referendum needed to replace decline in formula buying power.

Current Year Budget

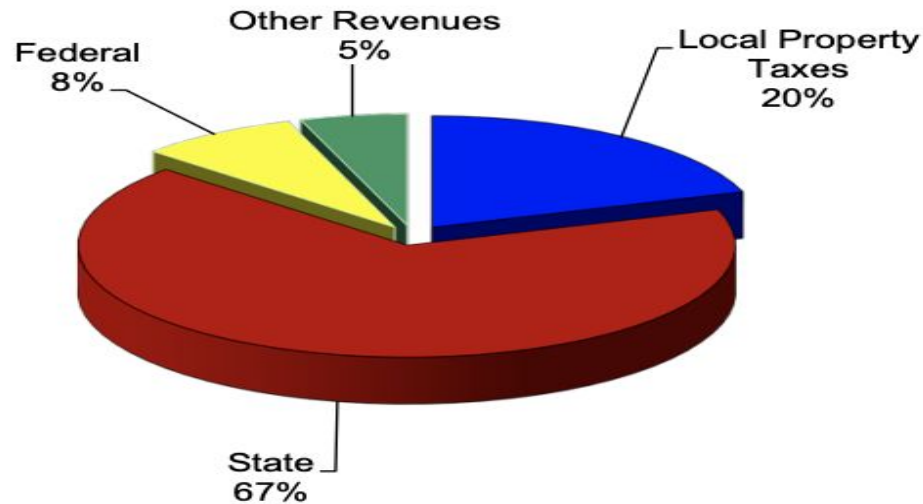
School Year 2021-22

Budget for School Year 2021-22

2021-22 Budget Summary

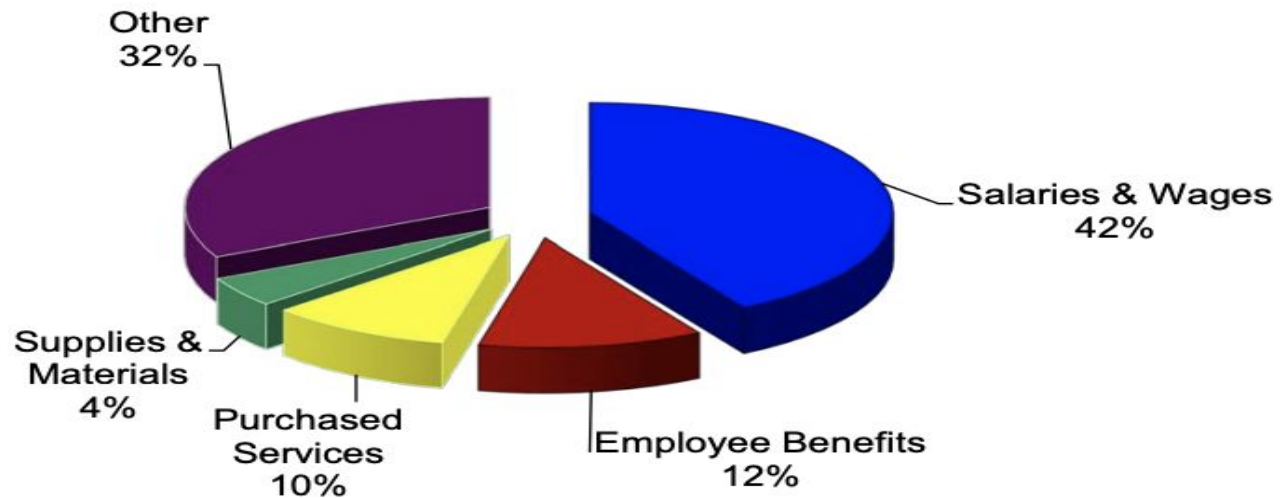
	Fund Balance 7/1/2021	Revenue	Expenditure	Fund Balance 6/30/2022	Difference
General Fund	\$ 12,214,378	\$ 34,271,064	\$ (34,849,803)	\$ 11,635,639	\$ (578,739)
Transportation Fund	\$ 837,103	2,311,051	(2,407,456)	740,698	(96,405)
Operating Capital Fund	\$ 211,298	1,960,427	(1,684,209)	487,516	276,218
Food Service Fund	\$ 816,040	1,907,493	(1,725,962)	997,571	181,531
Community Education Fund	\$ 359,923	1,316,424	(1,238,014)	438,333	78,410
Building Fund	\$ 8,723,105	225,000	(14,158,287)	(5,210,182)	(13,933,287)
Debt Service Fund	\$ 643,839	4,008,165	(3,736,181)	915,823	271,984
Custodial Accounts	\$ 89,226	70,000	(70,000)	89,226	-
Student Activities Fund	\$ 214,659	395,720	(356,095)	254,284	39,625
Total All Funds	\$ 24,109,571	\$ 46,465,344	\$ (60,226,007)	\$ 10,348,908	\$ (13,760,663)

Independent School District #22 2021-22 Revenue for all Funds by Major Source



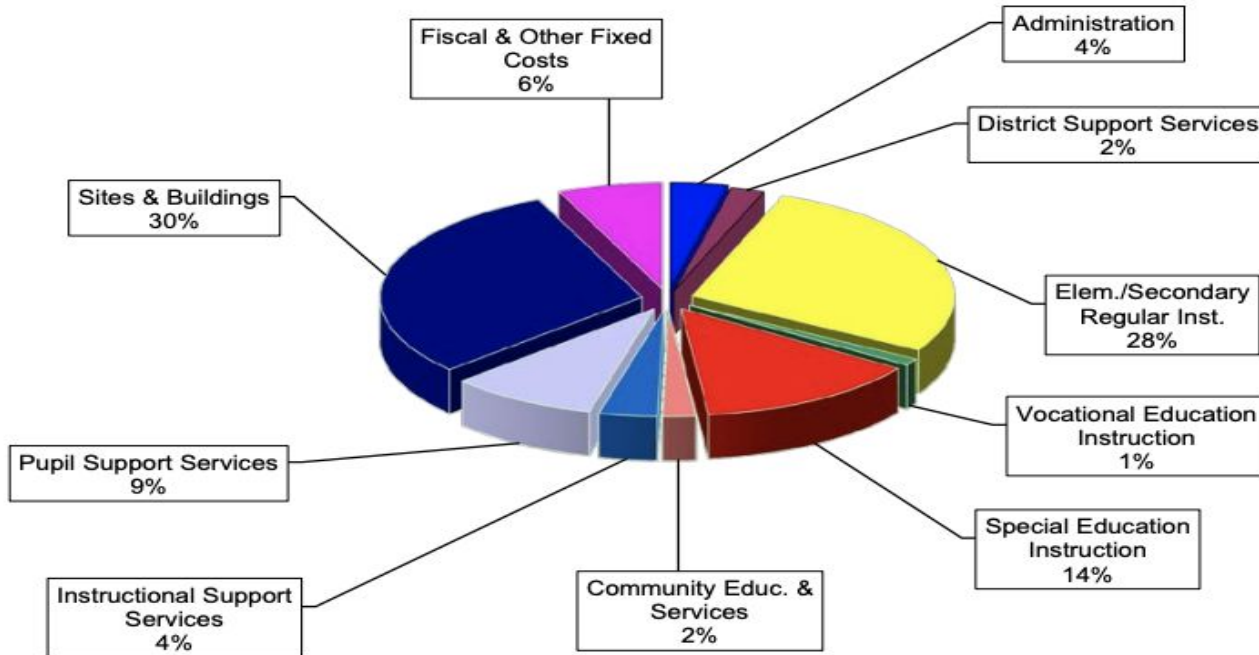
Local Property Taxes	\$ 9,171,398	20%
State	\$ 31,425,576	67%
Federal	\$ 3,659,575	8%
Other Revenues	\$ 2,208,795	<u>5%</u>
TOTAL REVENUE	\$ 46,465,344	100%

Independent School District #22
Detroit Lakes Public Schools
2021-22 Expenditure Budget by Major Object Category



Salaries & Wages	\$ 25,006,681	42%
Employee Benefits	\$ 7,181,288	12%
Purchased Services	\$ 5,828,082	10%
Supplies & Materials	\$ 2,752,471	4%
Other	\$ 19,457,485	32%
	\$ 60,226,007	100%

Independent School District #22
 Detroit Lakes Public Schools
2021-22 Expenditure Budget for all Funds by Major Program Areas



Administration	\$ 2,113,920	4%
District Support Services	\$ 1,239,728	2%
Elem./Secondary Regular Inst.	\$ 16,596,290	28%
Vocational Education Instruction	\$ 927,387	1%
Special Education Instruction	\$ 8,235,157	14%
Community Educ. & Services	\$ 1,238,014	2%
Instructional Support Services	\$ 2,139,537	4%
Pupil Support Services	\$ 5,736,893	9%
Sites & Buildings	\$ 18,154,050	30%
Fiscal & Other Fixed Costs	\$ 3,845,031	6%
	\$ 60,226,007	100%

Property Taxes Payable 2022

For School Year 2022-23

Property Taxes

- What makes up your property tax bill

- County
- City/Township
- School District
- Special Taxing Districts – Watershed & EDA
- Special Assessments
- Solid Waste Fee

Your School District Tax Levy

Possible reasons for changes to your parcel:

- Change in value or classification to your property
- Change in enrollment numbers
- Change in valuation of property in district
Equalization aid depends on district property wealth per pupil
- Local decisions and requirements
- Adjustment for prior years (estimate to actual)
- Legislative changes (Local Optional Revenue)

Know Your Valuation

- Property classification and market value
- Sent Spring 2021; cannot change value
- Watch for 2022 statement in SPRING and where to appeal

VALUATION NOTICE	2022
2021 Values for Taxes Payable in	

Property tax notices are delivered on the following schedule:

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

Step 2	Proposed Taxes Notice	
	2022 Proposed Tax:	<i>Coming November 2021</i>

Step 3	Property Tax Statement	
	1st Half Taxes:	<i>Coming March 2022</i>
	2nd Half Taxes:	
	Total Taxes Due in 2022:	

The time to appeal or question your CLASSIFICATION or VALUATION is NOW!

Effective Tax Rates

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

Property Classification	2021 Estimate
Farm	0.54%
Seasonal Rec	0.96%
Residential Homestead	1.22%
Apartment	1.55%
Public Utility	2.89%
Commercial-Industrial	3.18%

(Source: Tim Strom, Jared Swanson House Research)



Share of Tax Liability

Property Classification	Market Value Share (2020 Assessment)	Share of Net Taxes (Payable in 2021)
Farms	17.7%	6.8%
Seasonal Rec Residential	3.8%	2.6%
Commercial and Industrial	14.6%	32.6%
Residential Homes	49.8%	43.4%
Other Residential	14.1%	14.5%

(Source: Tim Strom- House Legislative Analyst)




Find Your Ag2School Credit

Truth in Taxation Notice:

- 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 2021			
THIS IS NOT A BILL. DO NOT PAY.			
Step 1	VALUES AND CLASSIFICATION		
	<u>Taxes Payable Year</u>	<u>2020</u>	<u>2021</u>
	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
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 2021		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			



Proposed Levy – General Fund Referendum Market Value

Fund / Levy Category	Actual Levy Payable 2021 Fiscal Year 2022	Proposed Levy Payable 2022 Fiscal Year 2023	Difference
General Fund			
Referendum Market Value			
Board Approved Referendum Prior Year Adjustment	-	(1,358)	(1,358)
Location Equity Revenue	7,640	(17,710)	(25,351)
Local Option Revenue	2,050,926	2,037,225	(13,701)
Local Option Revenue Prior Year Adjustment	(6,195)	(61,841)	(55,646)
Equity	545,630	529,469	(16,161)
Equity Prior Year Adjustment	(776)	(6,975)	(6,199)
Transition	28,946	28,086	(859)
Transition Prior Year Adjustment	(35)	(370)	(335)
Miscellaneous Adjustment - Taconite	-	(192)	(192)
Total General Fund Referendum Mkt Value	\$ 2,626,135.71	\$ 2,506,333.95	(119,802)
			-4.56%

Proposed Levy – General Fund Net Tax Capacity

Fund / Levy Category	Actual Levy Payable 2021 Fiscal Year 2022	Proposed Levy Payable 2022 Fiscal Year 2023	Difference
Net Tax Capacity - Other			-
Operating Capital	\$ 305,981	\$ 337,058	31,077
Operating Capital Prior Year Adjustment	935	8,120	7,185
Q-Comp	296,055	264,078	(31,978)
Q-Comp Adjustment	(689)	(39,207)	(38,518)
Achievement & Integration	95,809	103,988	8,179
A & I Prior Year Adjustment	7,071	(3,966)	(11,037)
Safe School Levy	117,612	114,120	(3,492)
Safe School Prior Year Adjustment	(3,702)	(1,085)	2,616
Re-employment	30,000	16,000	(14,000)
Re-employment Prior Year Adjustment	16,260	9,203	(7,057)
OPEB	157,992	155,468	(2,524)
Career Technical	170,375	146,685	(23,690)
Career Technical Prior Year Adjustment	1,332	(31,064)	(32,397)
LTFMR	952,797	949,258	(3,539)
LTFMR Prior Year Adjustment	(1,138)	(176,760)	(175,622)
Building Lease	179,777	266,087	86,310
Building Lease Prior Year Adjustment	(15,225)	(23,717)	(8,492)
Misc. Prior Year Adjustment	(132)	6,132	6,264
Other Net Tax Capacity	\$2,311,111.05	\$2,100,396.51	\$(210,714.54)
			-9.12%

Proposed Levy – General Fund Total

Fund / Levy Category	Actual Levy Payable 2021 Fiscal Year 2022	Proposed Levy Payable 2022 Fiscal Year 2023	Difference
Total General Fund Levy	\$ 4,937,246.75	\$ 4,606,730.46	\$(330,516.29) -6.69%

Proposed Levy – Community Service

Fund / Levy Category	Actual Levy Payable 2021 Fiscal Year 2022	Proposed Levy Payable 2022 Fiscal Year 2023	Difference
Community Service			-
Basic Community Education	\$ 127,992	\$ 138,617	10,624
ECFE	81,736	83,800	2,064
ECFE Prior Year Adjustment	132	521	390
Home Visits	1,792	1,901	109
Misc. Prior Year Adjustments	24	59	35
Abatement	(35)	299	334
Total Community Education	\$211,640.66	\$225,196.80	\$13,556.14
			6.41%

Proposed Levy – Debt Service

Fund / Levy Category	Actual Levy Payable 2021 Fiscal Year 2022	Proposed Levy Payable 2022 Fiscal Year 2023	Difference
Debt Service			
Voter Approved	\$ 3,341,133	\$ 3,385,604	\$ 44,471
Facility Maint Bonds - From LTFM	\$ 84,867	\$ 87,553	\$ 2,686
Abatement	440,948	\$ 442,155	\$ 1,207
Total Debt Service	\$3,866,948.24	\$3,915,312.41	\$48,364.17
			1.25%

Proposed Levy – District Wide

	Actual Fiscal 21-22 Pay 2021	Proposed Fiscal 22-23 Pay 2022
General Fund	\$4,937,247	\$4,606,730
Community Service	\$211,641	\$235,197
Debt Service	\$3,866,948	\$3,915,912
Total Levy	\$9,015,836	\$8,747,240
Difference	-\$268,596	
Percentage Change	-2.98%	

More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

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Budget and Levy Hearing Property Taxes Payable 2022

Public Comment & Questions

Thank you for attending this hearing

Close Hearing