



# Property Tax Levy Taxes Payable 2023

*December 13, 2022 School Board  
Meeting*



# Property Tax Levies and Schools

- Property tax levies are one important source of funding for schools.
- **The State of Minnesota** is highly regulated, and has the responsibility to set formulas determining the maximum level of funding school districts can levy.
  - School districts are allowed to levy *less* than the maximum which often results in a corresponding loss of state aid.
- **The Counties** also play a part in how school district levies are spread by determining the value of each land parcel in the district.

# Truth in Taxation Law

The state's **Truth in Taxation Law** requires that school districts present the following information and allow for public comment:

- 1. Current year budget**
- 2. Proposed property tax levy, including:**
  - Percentage increase or decrease over the prior year
  - Specific purposes and reasons for which taxes have significantly changed

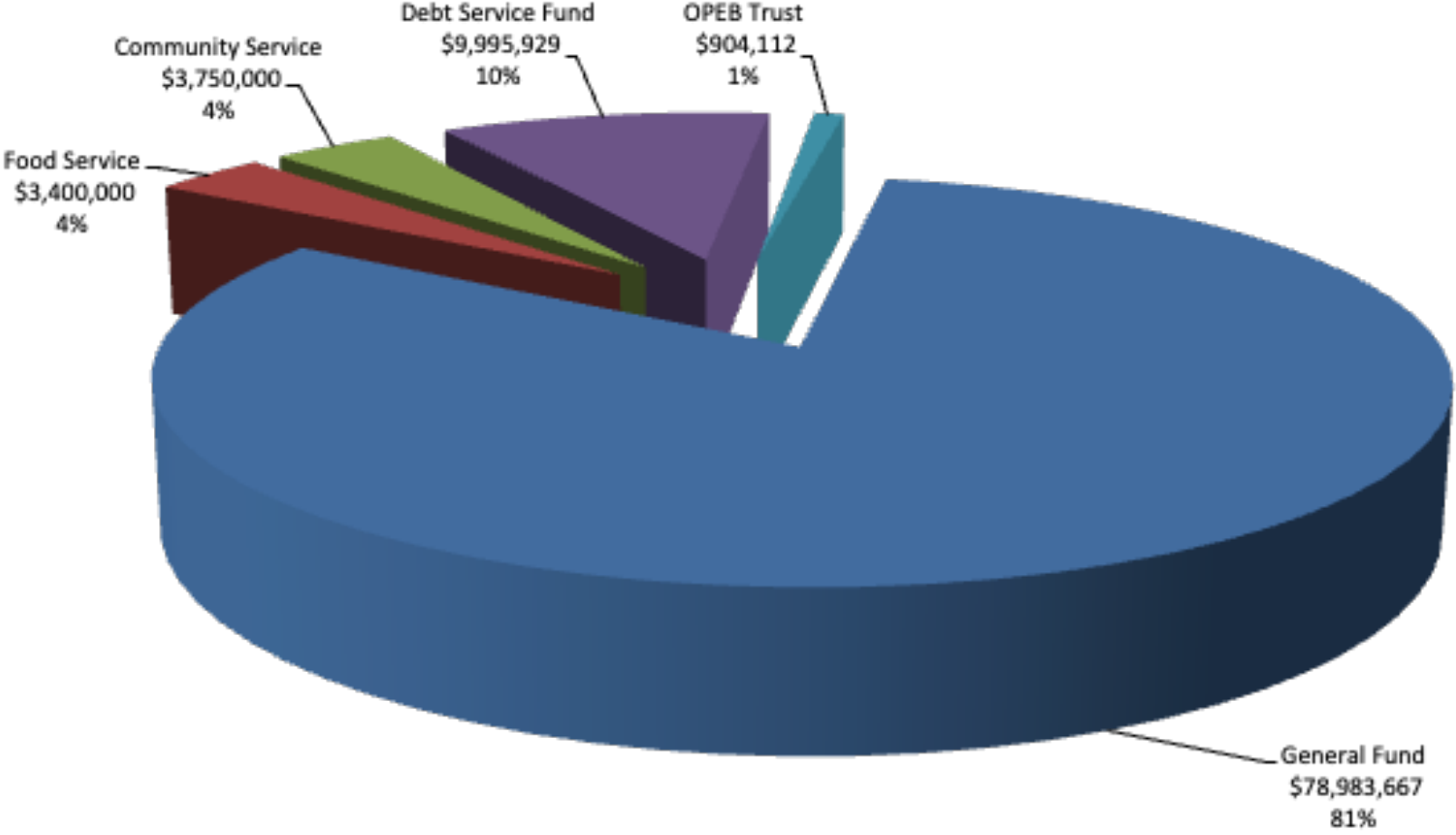
# 2022-2023 Budget

# 2022-2023 Budget

|                                  | Revenue<br>Budget<br>2022-23 | Expenditure<br>Budget<br>2022-23 |
|----------------------------------|------------------------------|----------------------------------|
| <b>General Fund</b>              |                              |                                  |
| General Operations               | \$ 74,197,540                | 74,001,572                       |
| Capital Account                  | 2,252,605                    | 2,222,223                        |
| Long Term Facilities Maintenance | 2,483,522                    | 2,541,197                        |
| Scholarships                     | 50,000                       | 50,000                           |
| <b>General Fund</b>              | <b>\$ 78,983,667</b>         | <b>\$ 78,814,992</b>             |
| <b>Food Service Fund</b>         | <b>3,400,000</b>             | <b>3,490,000</b>                 |
| <b>Community Service Fund</b>    | <b>3,750,000</b>             | <b>3,750,000</b>                 |
| <b>Debt Service Fund</b>         | <b>9,995,929</b>             | <b>10,054,950</b>                |
| <b>OPEB Debt Service Fund</b>    | <b>904,112</b>               | <b>917,015</b>                   |
| <b>Total All Funds</b>           | <b>\$ 97,033,708</b>         | <b>\$ 97,026,957</b>             |

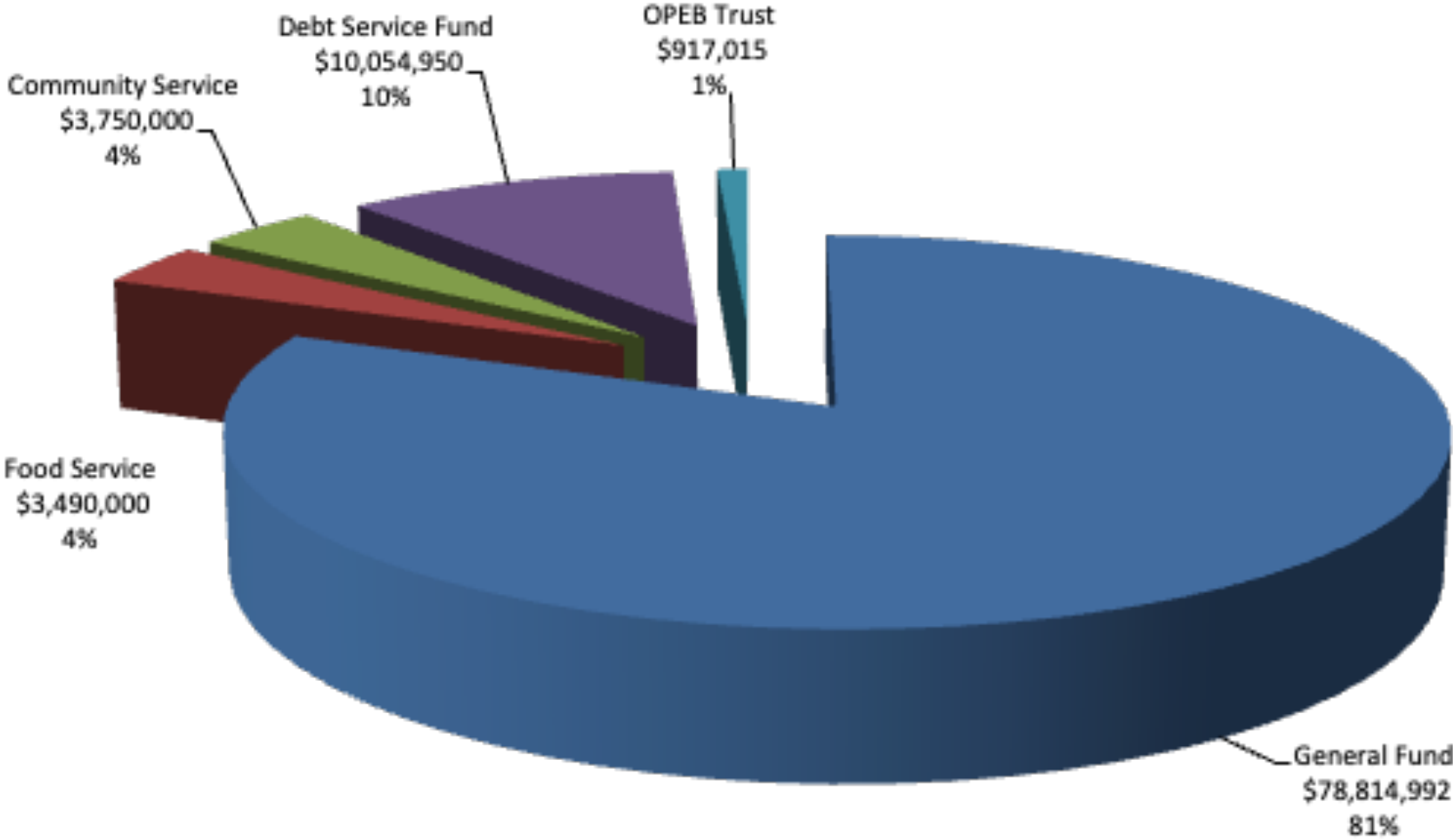
# 2022-2023 Budget - Revenues

## All Funds



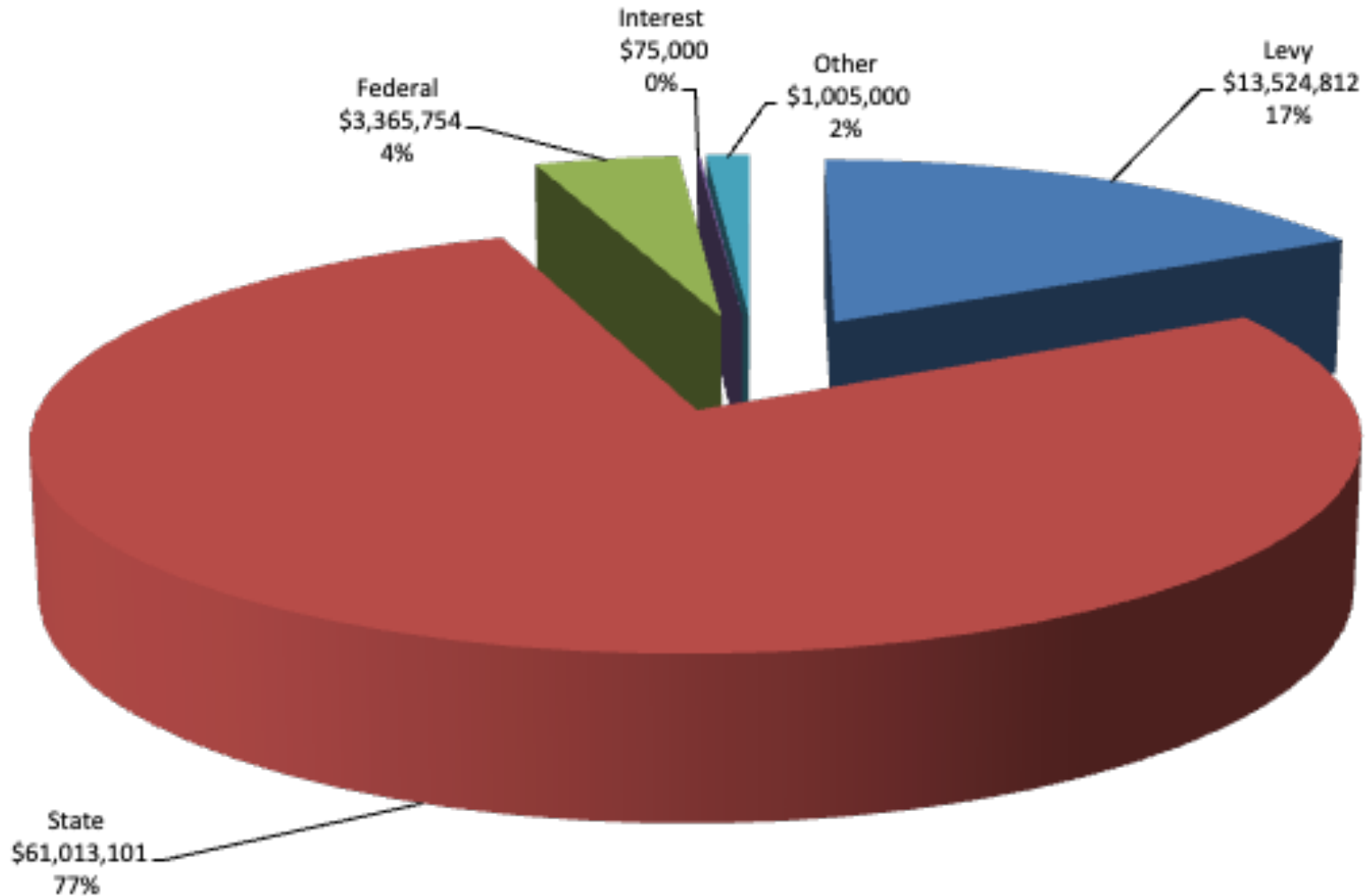
# 2022-2023 Budget - Expenditures

## All Funds



# 2022-2023 Budget – General Fund

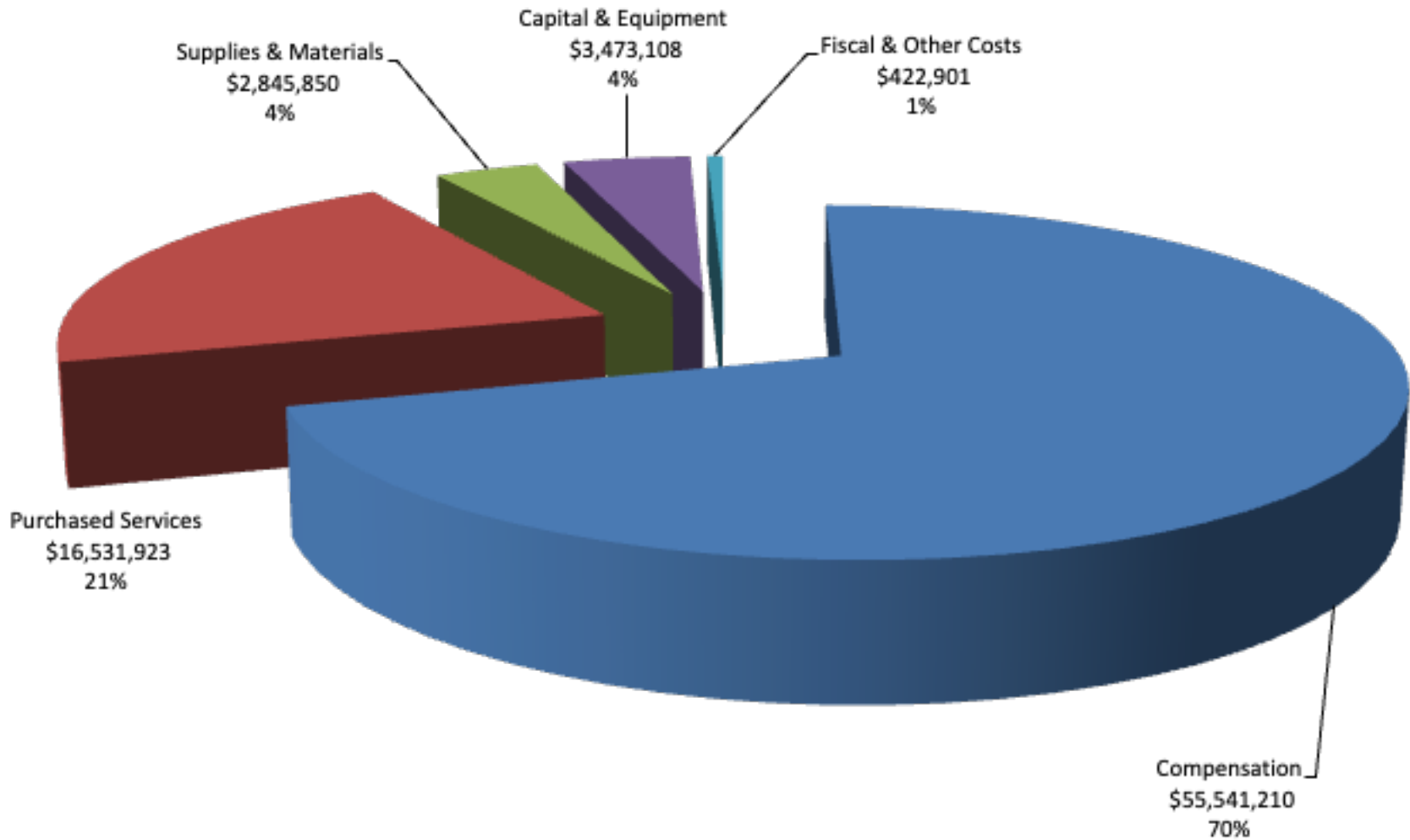
## Revenues





# 2022-2023 Budget – General Fund

## Expenditures



# 2022-2023 Budget Review Process

- The Spring Lake Park Schools' budget is reviewed internally several times during the school year.
- Informal updates are given to the school board throughout the year.
- Revisions for the 2022-2023 budget, if necessary, will be brought to the school board for approval prior to June 2023.

# Property Taxes Payable 2023

# Levy Calendar

## Key milestones:

- **Summer 2022:** Data submissions to MN Department of Education
- **September 2022:** Preliminary levy approval by school board
- **November 2022:** Preliminary tax statements mailed by county
- **December 2022:** Final levy approval by school board

Taxes related to this levy are collected during the 2023 calendar year, generating revenue for the 2023-2024 school year.

# How Components Are Calculated

- Levy formulas are set by the legislature and determine the maximum amount of funding the school district can levy.
- Each component has its own formula calculated on one, or a combination of:
  - Student enrollment
  - Actual expenditures
  - Property values
- Levy amounts can fluctuate year-to-year based on property values in the school district and/or the amounts of revenue the school district generates compared to other metro school districts.
- Formulas determine if the state will subsidize a portion of the tax levy, replacing that portion of property taxes with state aid (referred to as equalization). Equalization reduces taxes for taxpayers while keeping school district funding the same.

# Total Levy by Fund

| <b>Fund</b>              | <b>Proposed<br/>2023 Levy</b> | <b>Final<br/>2022 Levy</b> | <b>Change</b>       | <b>Percent<br/>Change</b> |
|--------------------------|-------------------------------|----------------------------|---------------------|---------------------------|
| <b>General</b>           | <b>\$ 13,110,607</b>          | <b>\$ 13,414,812</b>       | <b>\$ (304,205)</b> | <b>(2.27) %</b>           |
| <b>Community Service</b> | <b>\$ 502,711</b>             | <b>\$ 533,114</b>          | <b>\$ (30,403)</b>  | <b>(5.70) %</b>           |
| <b>Debt Service</b>      | <b>\$ 10,679,635</b>          | <b>\$ 9,795,657</b>        | <b>\$ 883,978</b>   | <b>9.02 %</b>             |
| <b>OPEB Debt Service</b> | <b>\$ 176,035</b>             | <b>\$ 901,112</b>          | <b>\$ (725,077)</b> | <b>(80.46) %</b>          |
|                          | <b>\$ 24,468,988</b>          | <b>\$ 24,644,695</b>       | <b>\$ (175,707)</b> | <b>(0.71) %</b>           |

# Levy Components

## General Fund

|                             | <u>Proposed<br/>2023 Levy</u> | <u>Final<br/>2022 Levy</u> | <u>Change</u>       | <u>Percent<br/>Change</u> |
|-----------------------------|-------------------------------|----------------------------|---------------------|---------------------------|
| Referendum Authority        | \$ 1,297,144                  | \$ 1,308,317               | \$ (11,173)         | (0.85) %                  |
| Local Option *              | 4,494,546                     | 4,439,679                  | 54,867              | 1.24 %                    |
| Transition                  | 318,101                       | 320,841                    | (2,740)             | (0.85) %                  |
| Equity                      | 1,047,769                     | 1,046,003                  | 1,766               | 0.17 %                    |
| Capital Projects Referendum | 1,558,802                     | 1,529,060                  | 29,742              | 1.95 %                    |
| Operating Capital *         | 548,354                       | 544,161                    | 4,193               | 0.77 %                    |
| Alternative Teacher Comp    | 580,477                       | 576,283                    | 4,194               | 0.73 %                    |
| Safe Schools/Crime          | 341,037                       | 343,975                    | (2,938)             | (0.85) %                  |
| Achievement & Integration   | 361,993                       | 348,553                    | 13,440              | 3.86 %                    |
| Lease                       | 782,192                       | 720,498                    | 61,694              | 8.56 %                    |
| Career Technical            | 185,901                       | 199,670                    | (13,769)            | (6.90) %                  |
| LT Facilities Maintenance * | 1,700,925                     | 2,008,765                  | (307,840)           | (15.32) %                 |
| Unemployment                | 75,000                        | 75,000                     | -                   | -                         |
| Adjustments                 | (227,977)                     | (91,266)                   | (136,711)           | 149.79 %                  |
| Abatements                  | 46,343                        | 45,273                     | 1,070               | 2.36 %                    |
|                             | <u>\$ 13,110,607</u>          | <u>\$ 13,414,812</u>       | <u>\$ (304,205)</u> | <u>(2.27) %</u>           |

\* Equalized levies where aid is received

# Changes to General Fund Levy

Significant changes include:

- Decrease in Long Term Facilities Maintenance is due to a corresponding increase in state aid.
- Lease levy increased due to Northeast Metro – Intermediate District 916 acquiring additional space to provide educational programming. Spring Lake Park Schools pays a proportionate share of these leases based on the number of students attending 916 programs.



# Levy Adjustments & Abatements

The Adjustments and Abatements components to the levy reflect a “clean up” to previous levies.

- **Adjustments:** Levies are set seven months prior to the start of the school year for which the funds are levied. Once a year is complete and the actual data for that school year is available, adjustments for final student counts and expenditures are compared to the initial levy and adjustments are made accordingly.
- **Abatements:** Reflect changes to property values by the county. If a parcel has its value decreased on appeal, the taxes collected are reduced. The reduction is then added to future levies and re-spread to all taxpayers.

# Levy Components

## Community Service Fund

|                        | <b>Proposed<br/>2023 Levy</b> | <b>Final<br/>2022 Levy</b> | <b>Change</b>      | <b>Percent<br/>Change</b> |
|------------------------|-------------------------------|----------------------------|--------------------|---------------------------|
| <b>Basic Levy</b>      | \$ 253,491                    | \$ 253,491                 | \$ -               | - %                       |
| <b>Early Childhood</b> | \$ 138,678                    | \$ 137,785                 | \$ 893             | 0.65 %                    |
| <b>Home Visitation</b> | \$ 2,592                      | \$ 2,381                   | \$ 211             | 8.86 %                    |
| <b>School Age Care</b> | \$ 95,000                     | \$ 105,000                 | \$ (10,000)        | (9.52) %                  |
| <b>Adjustments</b>     | \$ 11,590                     | \$ 32,512                  | \$ (20,922)        | (64.35) %                 |
| <b>Abatements</b>      | \$ 1,360                      | \$ 1,945                   | \$ (585)           | (30.08) %                 |
|                        | <b>\$ 502,711</b>             | <b>\$ 533,114</b>          | <b>\$ (30,403)</b> | <b>(5.70) %</b>           |

For an explanation on Adjustments and Abatements, see previous slide

# Levy Components

## Debt Service Fund

|   | <u>Proposed<br/>2023 Levy</u> | <u>Final<br/>2022 Levy</u> | <u>Change</u>     | <u>Percent<br/>Change</u> |
|---|-------------------------------|----------------------------|-------------------|---------------------------|
| <b>Required Levy of 105% of<br/>Scheduled Principal &amp;<br/>Interest Payments</b> | <b>\$ 11,268,759</b>          | <b>\$ 10,382,177</b>       | <b>\$ 886,582</b> | <b>8.54 %</b>             |
| <b>Adjustments</b>  | <b>\$ (629,767)</b>           | <b>\$ (628,824)</b>        | <b>\$ (943)</b>   | <b>0.15 %</b>             |
| <b>Abatements</b>   | <b>\$ 40,643</b>              | <b>\$ 42,304</b>           | <b>\$ (1,661)</b> | <b>(3.93) %</b>           |
|   | <b>\$ 10,679,635</b>          | <b>\$ 9,795,657</b>        | <b>\$ 883,978</b> | <b>9.02 %</b>             |

Bond principal and interest payments increased per bond amortization schedule.

For an explanation on Adjustments and Abatements, see previous slide

# Levy Components

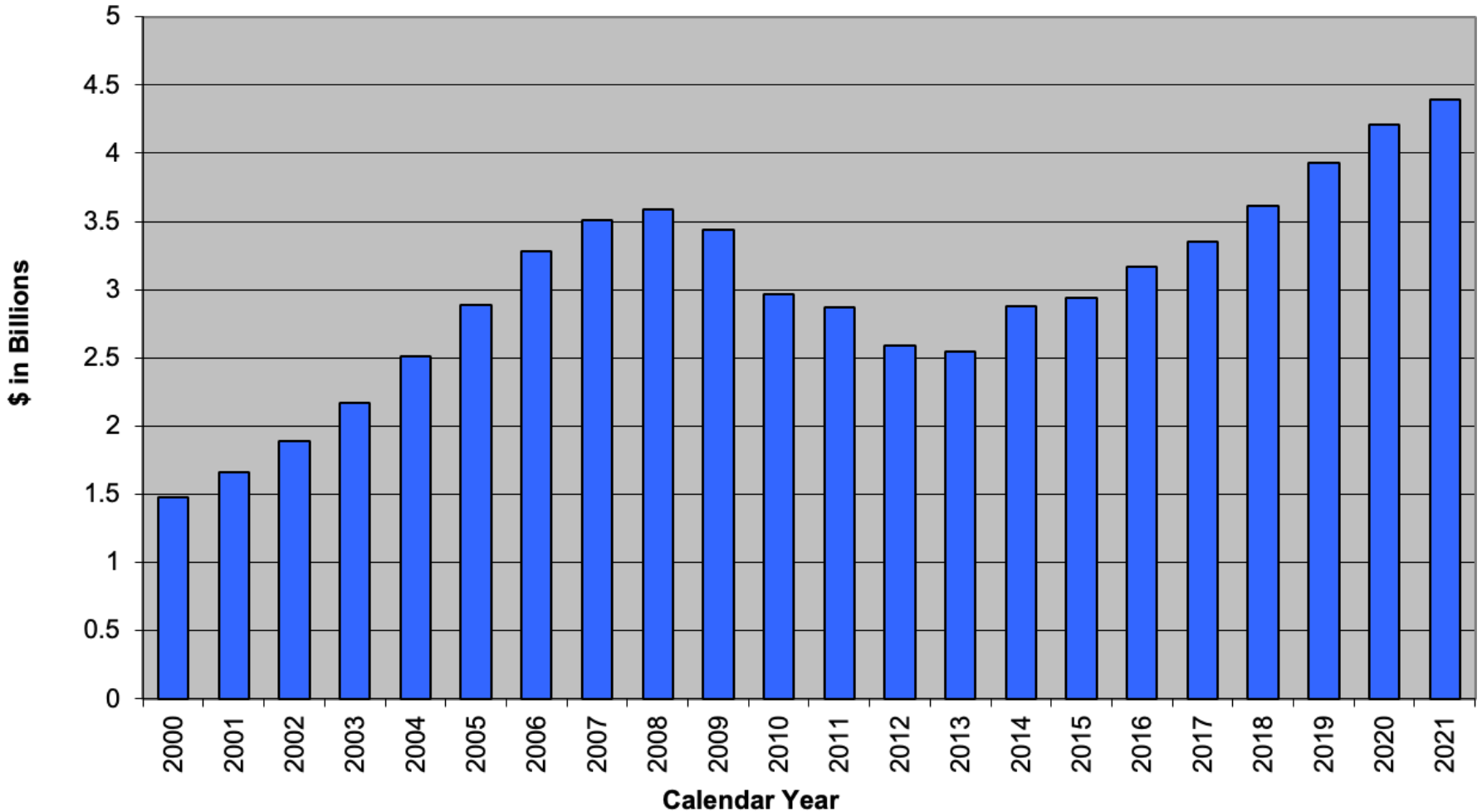
## *OPEB Debt Service Fund*

|   | <u>Proposed<br/>2023 Levy</u> | <u>Final<br/>2022 Levy</u> | <u>Change</u>       | <u>Percent<br/>Change</u> |
|---|-------------------------------|----------------------------|---------------------|---------------------------|
| <b>Required Levy of 105% of<br/>Scheduled Principal &amp;<br/>Interest Payments</b> | \$ 264,921                    | \$ 961,816                 | \$ (696,895)        | (72.46) %                 |
| <b>Adjustments</b>  | \$ (93,033)                   | \$ (64,597)                | \$ (28,436)         | 44.02 %                   |
| <b>Abatements</b>   | \$ 4,147                      | \$ 3,893                   | \$ 254              | 6.52 %                    |
|   | <u>\$ 176,035</u>             | <u>\$ 901,112</u>          | <u>\$ (725,077)</u> | <u>(80.46) %</u>          |

Bond principal and interest payments decreased per bond amortization schedule.

For an explanation on Adjustments and Abatements, see previous slide

# Market Value Changes Over Time



# Applying for Tax Relief

Minnesota has three property tax programs to assist residents with their property tax liability:

- Property Tax “Circuit Breaker” Refund
- Special Property Tax Refund
- Senior Citizen Property Tax Deferral

Please contact your tax professional or visit the Department of Revenue website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us) for additional information or to learn if you qualify for a refund.

# Responsibly Managing Resources

## *What Spring Lake Park Schools does to keep property taxes down*

- **Under-levying** is one way in which the district has historically accomplished lower property taxes for residents
- **Bond refunding** – refinancing existing debt at lower interest rates – has reduced future tax levies by a total of \$11,092,975. All savings from each bond refunding is passed on to taxpayers, and the owners of an average valued home are seeing an annual savings of over \$120 per year.
  - 2010 resulted in savings of \$475,734
  - 2014 resulted in savings of \$6,131,671
  - 2015 resulted in savings of \$4,353,421
  - 2017 resulted in savings of \$1,994,880
  - 2018 resulted in savings of \$132,149
  - Refunding opportunities are reviewed every six months, or sooner if markets are highly favorable



# Public Comment Period



**SLP**