



Truth in Taxation

December 20, 2022

Presented By:
Robyn Vosberg-Torgerson
Director of Business Services

Truth in Taxation Law

Minnesota's Truth in Taxation Law began back in 1988.

Requires cities, counties and school districts to follow two important steps before adopting a tax levy for the following year.

Mailed Notice to each property owner in the county including:

- Tax levies proposed by city, county, and school district
- What percent increase/(decrease) such a levy would mean in dollars

Pertains to a Truth in Taxation public hearing for each taxing jurisdiction, including a specific public notice.

***You are here tonight as part of the school district's
public hearing process.***

Requirements

- Current budget must be discussed.
- Discussion of taxes payable for the next year (2023).
- Provide and discuss information on the sources of revenue, and the distribution of the revenue and expenditures.
- The proposed percent increase (decrease) and the reasons for the change.
- Public must be given time to comment and ask questions.

- Minnesota Statute 275.065

MN Legislature Must Set Funding for Minnesota Public Schools

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 sure provisions by taxation or otherwise as weill secure a thorough and efficient system of public schools throughout the state.”

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)

State also authorizes school boards to submit referendums for operating and
Capital needs to voters for approval

Overview-2022 Payable 2023 Levy

*Proposed levy certified in September 2022

*Final levy certified in December 2022

*Payable in 2023

*Collected from taxpayers in calendar year 2023

*Revenue for Fiscal year 2023-24

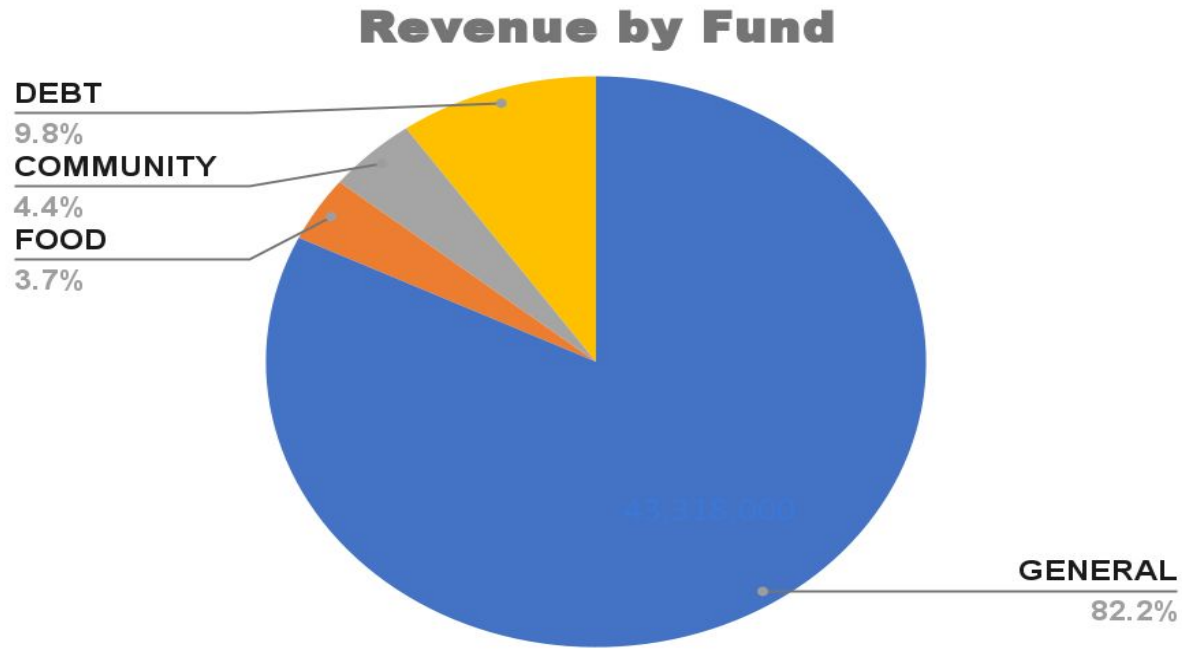
**School
District
Budget**

**Current School Year
2022-2023**

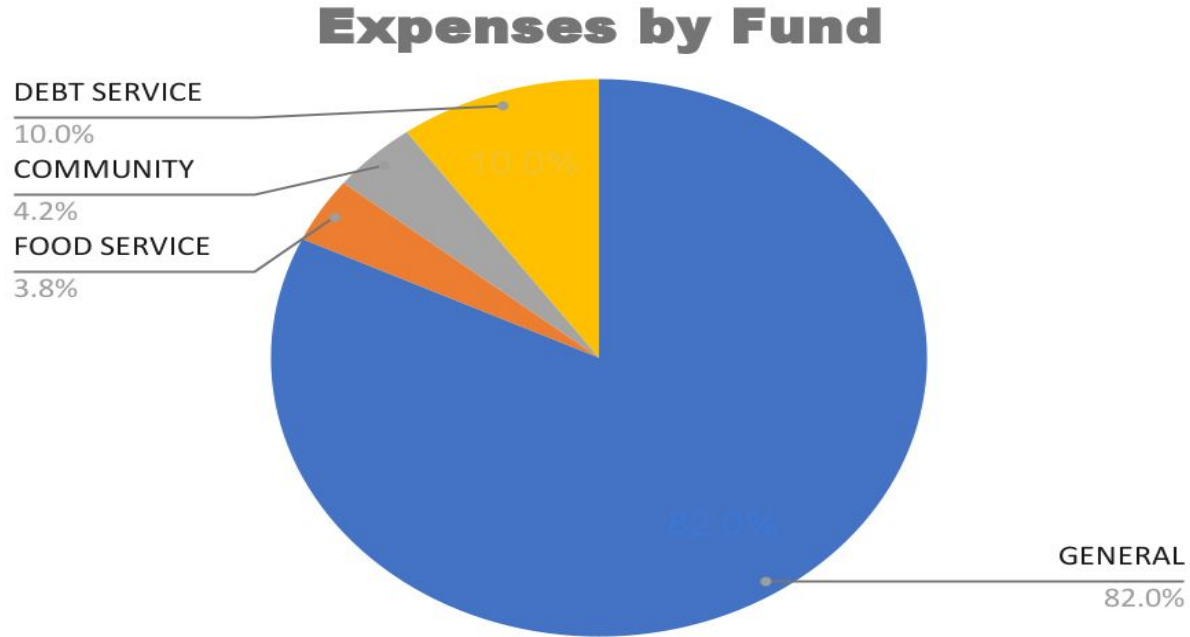
2022-2023 Budget

ISD 2144 - CHISAGO LAKES						
FISCAL YEAR 2022-2023 BUDGET						
		GENERAL FUND	FOOD SERVICE FUND	COMMUNITY SERVICE FUND	DEBT SERVICE FUND	TOTAL
REVENUE						
LEVY		5,751,133	-	335,317	4,987,239	11,073,689
STATE AID		32,344,285	90,000	262,430	155,596	32,852,311
FEDERAL AID		2,883,808	641,000	16,650	-	3,541,458
OTHER		2,338,774	1,214,550	1,706,345	2,000	5,261,669
TOTAL REVENUE		43,318,000	1,945,550	2,320,742	5,144,835	52,729,127
EXPENSES						
SALARIES/BENEFITS		32,256,138	841,078	1,923,490		35,020,706
PURCHASED SERVICES		7,628,234	76,400	173,458		7,878,092
SUPPLIES		1,785,618	1,049,000	115,470		2,950,088
EQUIPMENT/BUILDING		1,232,638	14,500	8,000		1,255,138
DEBT SERVICE					5,222,439	5,222,439
OTHER		58,172	2,500			60,672
TOTAL EXPENSES		42,960,800	1,983,478	2,220,418	5,222,439	52,387,135
NET CHANGE		357,200	(37,928)	100,324	(77,604)	341,992

Revenue by Fund

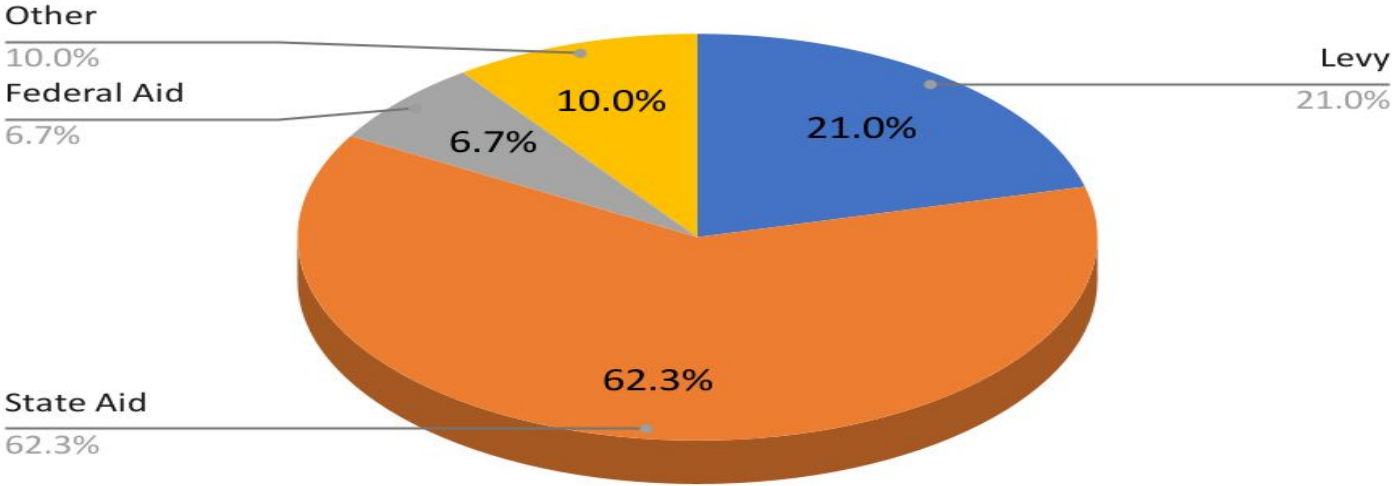


Expenses by Fund



State Aid vs. Levy

Revenue by Funding Type



How does our District Compare

Total Property Tax Revenue per Average Daily Membership (ADM):

-District 2144	\$1,785	per ADM
-State Wide	\$1,885	per ADM

(2020-2021 Statewide Data)

Proposed Tax Levy

Taxes Payable 2023

Funding for 2023-2024 School Year

Fiscal year 2024



Key Steps in Determining School District Property Taxes

***County Assessor determines the market value for each piece of property in the county.**

***The legislature establishes formulas to determine how much of the taxes should be paid by each type of property.**

***County Auditor calculates tax capacity for each parcel of property and the total tax capacity for each school district.**

Key Steps in Determining School District Property Taxes

***The legislature sets formulas that determine school district levy limits or the maximum amounts of taxes that districts can levy in each category.**

***Minnesota Department of Education (MDE) calculates detailed levy limits for each school district based on formulas approved by the legislature.**

***The School Board adopts a proposed levy in September, based on the limits set.**

Key Steps in Determining School District Property Taxes

***After a public hearing, the Board adopts the final levy in December.**

***The County Auditor divides the final levy by the district's total tax capacity to determine the tax rate needed to raise the proper levy amount. The Auditor multiplies this tax rate times each properties tax capacity to determine the school tax for that property.**

Categories

Legislation breaks property into numerous categories

Residential

Homestead

Non Homestead

Apartments

Commercial/Industrial

Seasonal Recreational

Agricultural

Homestead

Non Homestead

Other

**School
District
Funds**

General Fund

Community Service Fund

Debt Service Fund

General Fund Levy

*Voter Approved

*Career and Tech

*Safe Schools

*Reemployment Insurance

*Operating Capital

*Long Term Facilities

*Local Optional Revenue

*Equity

*Transition

*Q Comp

*Building Lease

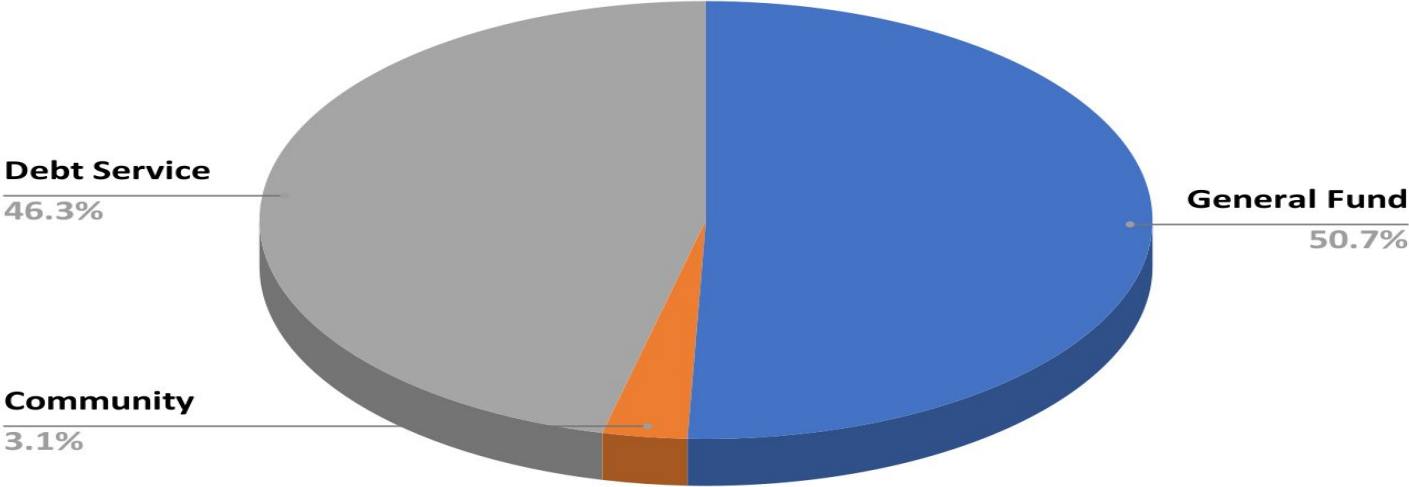
Community Service Fund Levy

- Basic Community Ed
- ECFE
- Home Visiting
- Adults with Disabilities
- School Aged Care

Debt Service Fund Levy

- Levy to pay off principal and interest payments for building projects approved by the voters, alternative facility bonds which relate to health and safety projects.
- Based on the annual debt retirement schedules

How Are Your School Property Taxes Spent?



**School
District
Levy**

Increasing by:

\$45,228.91

Or

.41%

School District Levy

Decreasing in the General Fund by:

\$(118,739.91)

Increasing in the Community Service Fund by:

\$6,139.31

Increasing in the Debt Service Fund by:

\$157,829.51

Tax Levy

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, and fund balance, not just by tax levies
- An increase in school taxes does not always correlate to an equal increase in the budget

Variables

What are the main variables that caused our property tax increases and decreases

Variables

Chisago Lakes School District #2144

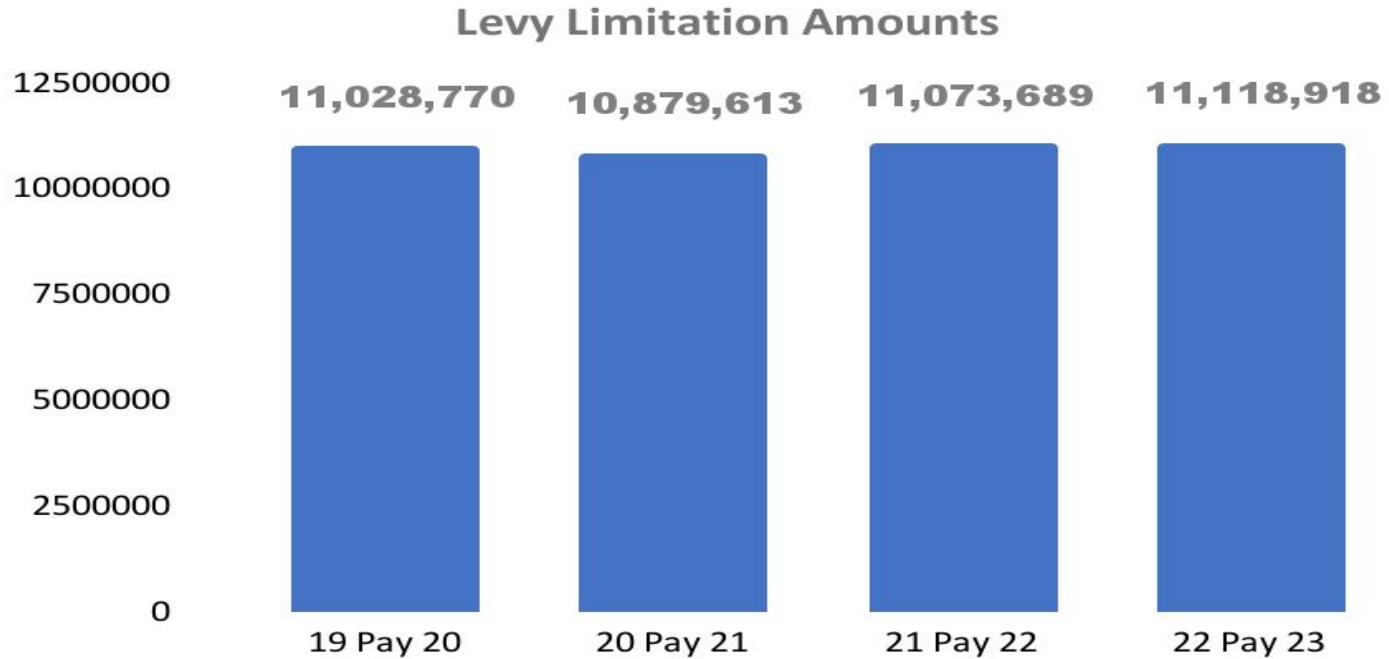
Comparison of Proposed Tax Levy Payable in 2022 to Actual Levy Payable in 2023 by Fund Using Final Levy Payable in 2023 as Base Year

	2022 Final Levy	2023 Proposed Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	\$ 832,250.14	\$ 804,343.50	\$ (27,906.64)	
2 Equity	\$ 575,441.62	\$ 560,075.53	\$ (15,366.09)	
3 Local Optional Revenue	\$ 2,443,601.52	\$ 2,399,800.59	\$ (43,800.93)	
4 Transition	\$ 37,864.34	\$ 36,463.57	\$ (1,400.77)	
5 Operating Capital	\$ 294,014.72	\$ 317,410.70	\$ 23,395.98	
6 Alt Teacher Comp (Q Comp)	\$ 292,351.88	\$ 318,362.43	\$ 26,010.55	
7 Reemployment Ins	\$ 31,234.36	\$ (40,000.00)	\$ (71,234.36)	
8 Safe Schools	\$ 136,689.48	\$ 128,478.96	\$ (8,210.52)	
9 Career Technical	\$ 348,755.63	\$ 349,387.75	\$ 632.12	
12 LT Facilities Equal	\$ 621,771.27	\$ 629,699.55	\$ 7,928.28	
14 Lease Levy	\$ 134,335.91	\$ 122,360.23	\$ (11,975.68)	
15 General Fund Adjustments	\$ 2,822.17	\$ 6,010.32	\$ 3,188.15	
Total General Fund Levy	\$ 5,751,133.04	\$ 5,632,393.13	\$ (118,739.91)	-2.06%

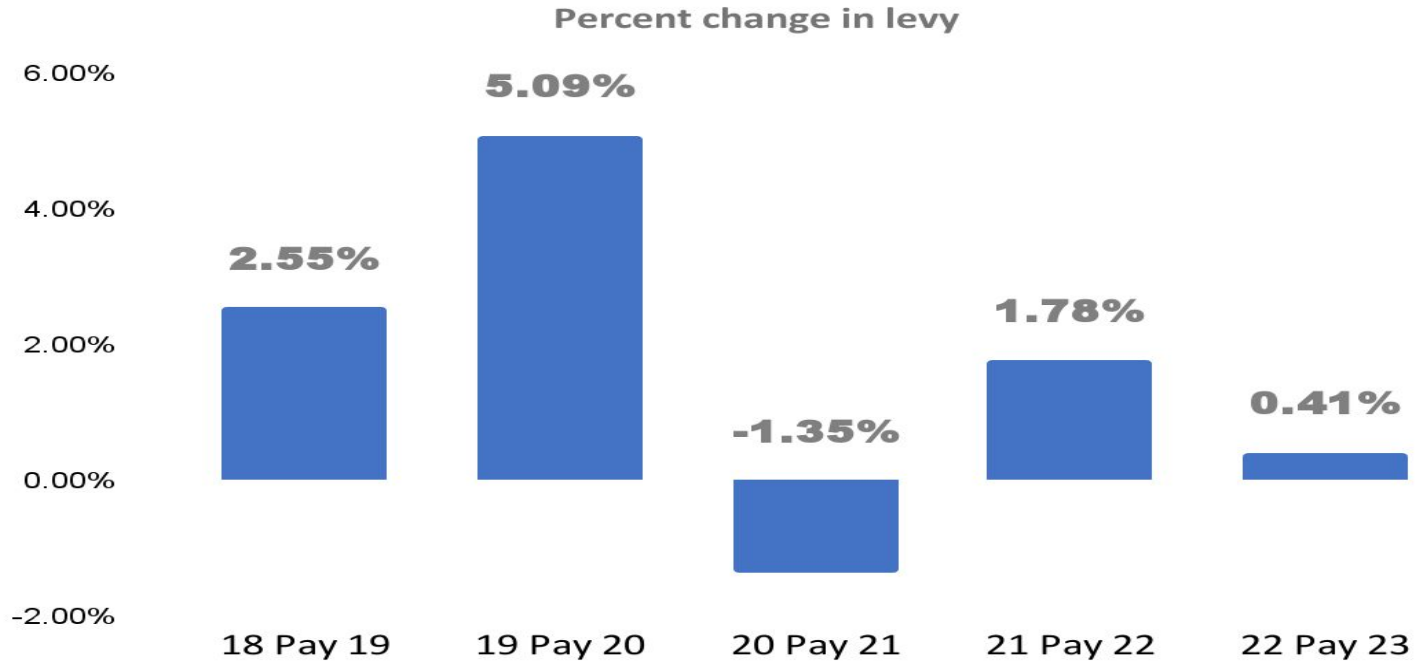
Variables

Community Service Fund							
1 Basic Community Education	\$	167,119.40	\$	167,119.40	\$	-	
2 Early Childhood Family Education	\$	75,823.90	\$	81,667.54	\$	5,843.64	
3 Home Visiting	\$	2,092.40	\$	2,273.08	\$	180.68	
4 Adults with Disabilities	\$	5,032.00	\$	5,032.00	\$	-	
5 School Age Care	\$	85,000.00	\$	85,000.00	\$	-	
6 CE Adjustments	\$	249.65	\$	364.64	\$	114.99	
Total Community Service Fund Levy	\$	335,317.35	\$	341,456.66	\$	6,139.31	1.83%
Debt Service Fund							
1 Voter Approved Debt Service	\$	4,988,964.00	\$	4,939,824.00	\$	(49,140.00)	
2 LT Facilities Debt Service	\$	334,198.10	\$	334,375.35	\$	177.25	
3 Reduction for Excess Fund Balance	\$	(339,869.84)	\$	(134,750.11)	\$	205,119.73	
4 Debt Service Fund Adjustments	\$	3,946.55	\$	5,619.08	\$	1,672.53	
Total Debt Service Fund Levy	\$	4,987,238.81	\$	5,145,068.32	\$	157,829.51	3.16%
Total Certified Levy	\$	11,073,689.20	\$	11,118,918.11	\$	45,228.91	0.41%

Levy Limitation Amounts



Percent Change in Levy





Questions & Comments

Robyn Vosberg-Torgerson
Director of Business Services
rvosberg-torgerson@isd2144.org