

Chisago Lakes School District #2144

December 16, 2021

**Robyn Vosberg-Torgerson
Director of Business Services**

Truth in Taxation



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 (2022).
- 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-2021 Payable 2022 Levy

*Proposed levy certified in September 2021

*Final levy certified in December 2021

*Payable in 2022

*Collected from taxpayers in calendar year 2022

*Revenue for Fiscal year 2022-23



School District Budget

Current School Year

2021-2022



Tax Levy Change vs Budget Change

*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



Tax Levy Change vs Budget Change

*Expenditure budget is limited by state set revenue formulas ,voter-approved levies, and fund balance.

*An increase in school taxes does not always correlate to an equal increase in budget

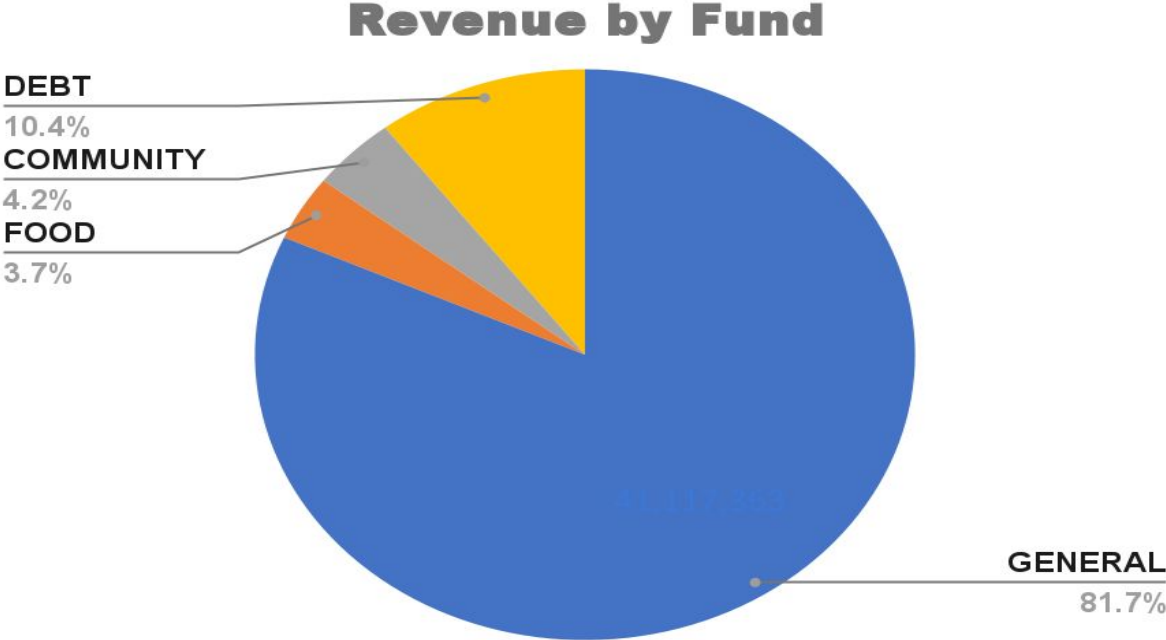


2021-2022 Budget

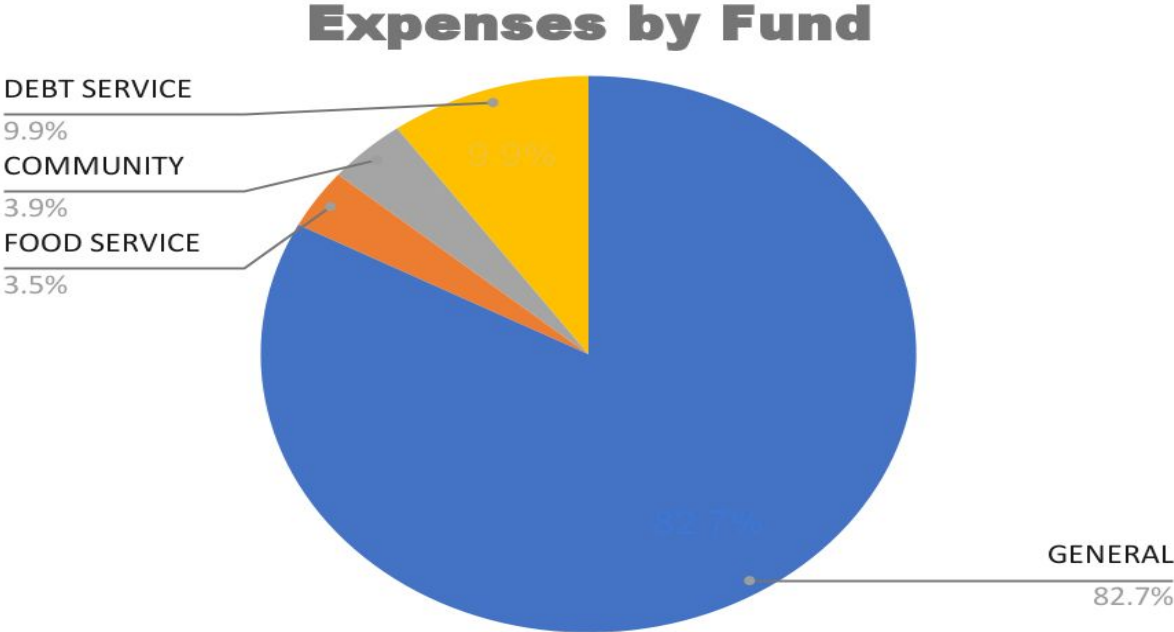
ISD 2144 - CHISAGO LAKES						
FISCAL YEAR 2021-2022 BUDGET						
	GENERAL FUND	FOOD SERVICE FUND	COMMUNITY SERVICE FUND	BUILDING CONSTRUCTION FUND	DEBT SERVICE FUND	TOTAL
REVENUE						
LEVY	5,494,503	-	359,928	-	5,049,630	10,904,061
STATE AID	33,000,377	6,400	251,400	-	160,000	33,418,177
FEDERAL AID	423,254	1,400,000	-	-	-	1,823,254
OTHER	2,199,229	456,080	1,499,861	1,500	2,000	4,158,670
TOTAL REVENUE	41,117,363	1,862,480	2,111,189	1,500	5,211,630	50,304,162
EXPENSES						
SALARIES/BENEFITS	34,350,204	746,647	1,727,200			36,824,051
PURCHASED SERVICES	7,770,419	75,435	195,011			8,040,865
SUPPLIES	175,066	989,500	128,934			1,293,500
EQUIPMENT/BUILDING	1,127,710	9,000	1,500	2,218,849		3,357,059
DEBT SERVICE					5,218,089	5,218,089
OTHER	57,872	2,500	1,420			61,792
TOTAL EXPENSES	43,481,271	1,823,082	2,054,065	2,218,849	5,218,089	54,795,356
NET CHANGE	(2,363,908)	39,398	57,124	(2,217,349)	(6,459)	(4,491,194)



Revenue by Fund

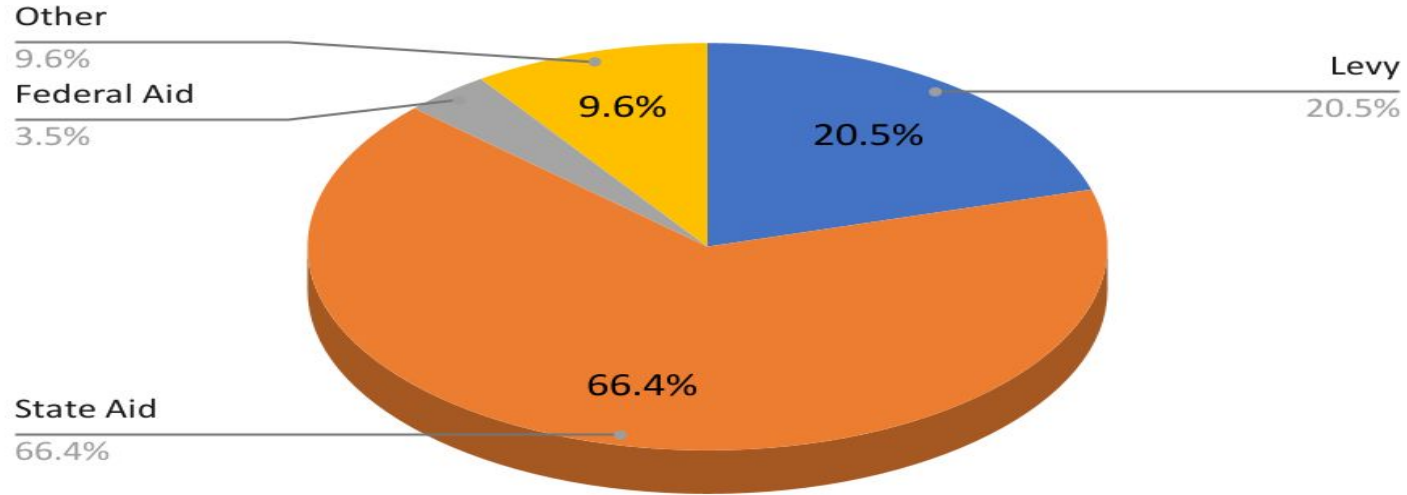


Expenses by Fund



State Aid vs. Levy

Revenue by Funding Type



How Does our District Compare?

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

-District 2144	\$1,587	per ADM
-State Wide	\$1,767	per ADM

(2019-2020 Statewide Data)



How Does our District Compare?

Total General Education Revenue per Average Daily Membership (ADM):

-District 2144 \$ 9,942 per ADM

-State Wide \$10,419 per ADM

(2019-2020 Statewide Data)



Proposed Tax Levy

Taxes Payable 2022

Funding for 2022-2023 School Year

Fiscal year 2023



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.**

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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



Community Service Levy

Accounts for the lifelong learning programs in the District Levy are based on:

- a) District population
- b) Early childhood levy is based on the number of children under 5 years of age

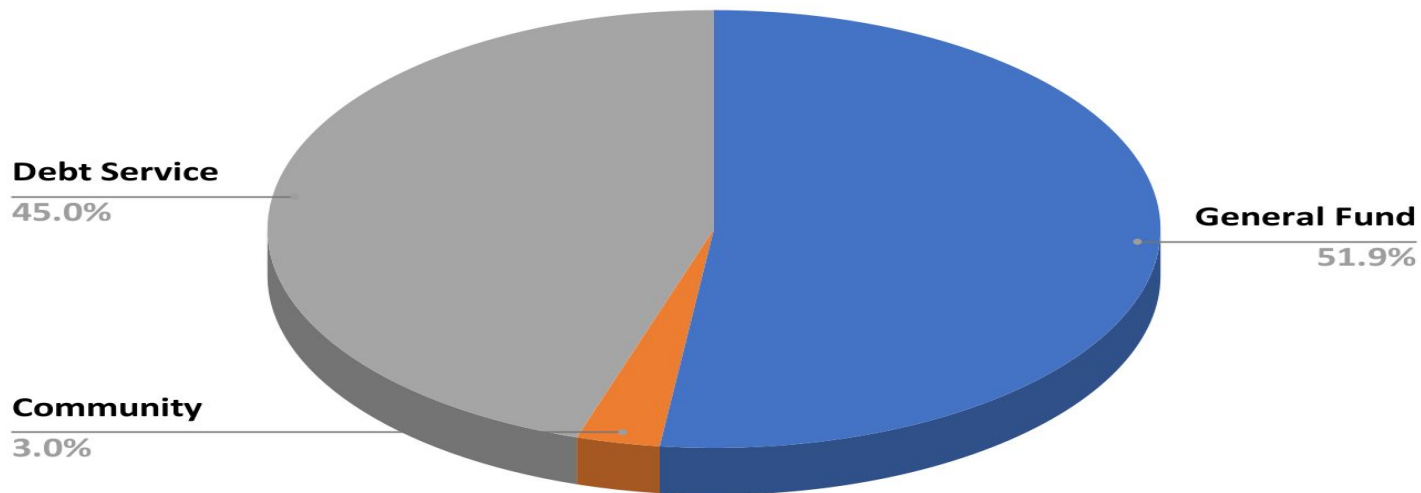


Debt Service Levy

- 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:

\$194,076.33

Or

1.78%



School District Levy

Increasing in the General Fund by:

\$281,078.02

Decreasing in the Community Service Fund by:

\$(24,610.02)

Decreasing in the Debt Service Fund by:

\$(62,391.67)



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 2021 by Fund Using Final Levy Payable in 2021 as Base Year

	2021 Final Levy	2022 Preliminary Proposed Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	\$ 814,793.71	\$ 832,250.14	\$ 17,456.43	
2 Equity	\$ 562,944.49	\$ 575,441.62	\$ 12,497.13	
3 Local Optional Revenue	\$ 2,337,862.92	\$ 2,443,601.52	\$ 105,738.60	
4 Transition	\$ 37,082.68	\$ 37,864.34	\$ 781.66	
5 Operating Capital	\$ 250,646.62	\$ 294,014.72	\$ 43,368.10	
6 Alt Teacher Comp (Q Comp)	\$ 320,570.61	\$ 292,351.88	\$ (28,218.73)	
7 Reemployment Ins	\$ 130,448.29	\$ 31,234.36	\$ (99,213.93)	
8 Safe Schools	\$ 135,624.96	\$ 136,689.48	\$ 1,064.52	
9 Career Technical	\$ 295,059.05	\$ 348,755.63	\$ 53,696.58	
12 LT Facilities Equal	\$ 392,942.27	\$ 621,771.27	\$ 228,829.00	
14 Lease Levy	\$ 190,694.93	\$ 134,335.91	\$ (56,359.02)	
15 General Fund Adjustments	\$ 1,384.49	\$ 2,822.17	\$ 1,437.68	
Total General Fund Levy	\$ 5,470,055.02	\$ 5,751,133.04	\$ 281,078.02	5.14%

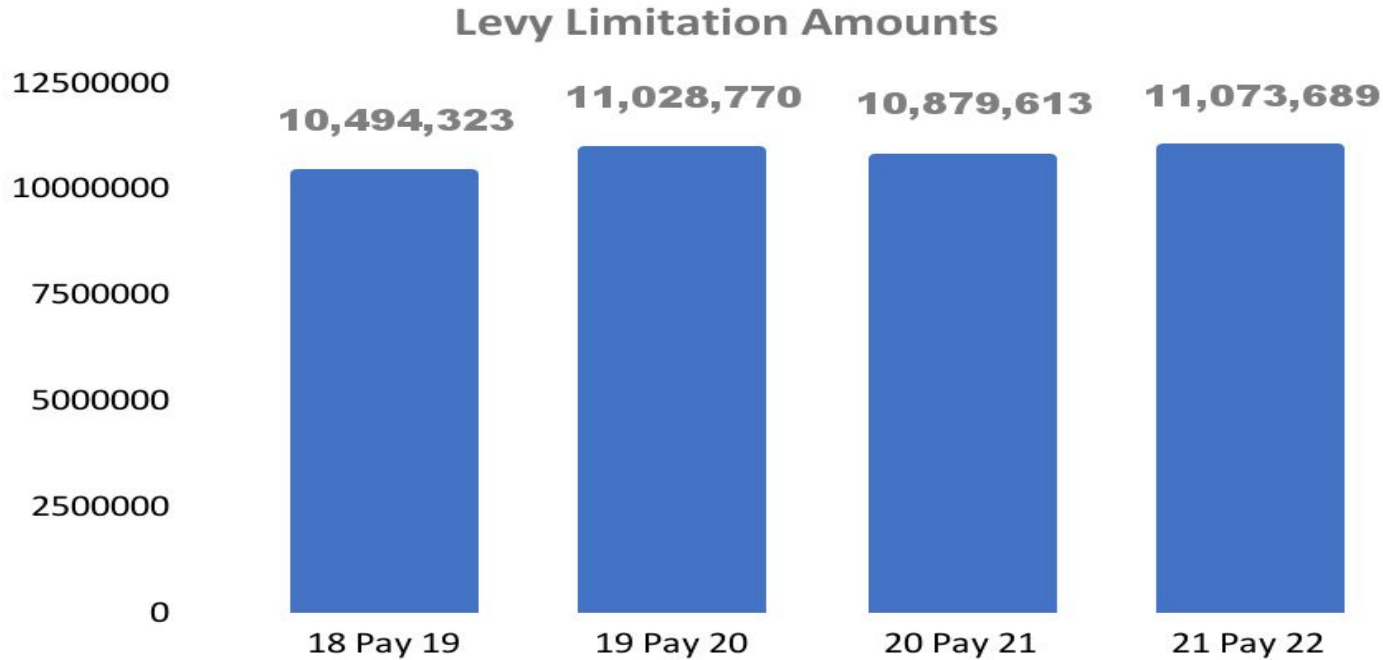


Variables

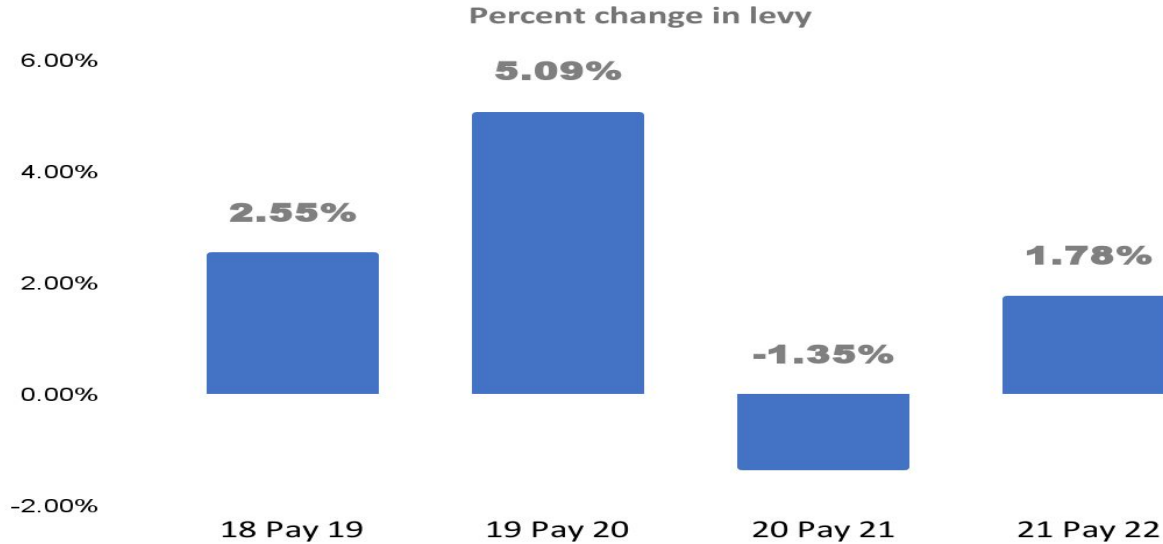
Community Service Fund				
1 Basic Community Education	\$ 160,214.60	\$ 167,119.40	\$ 6,904.80	
2 Early Childhood Family Education	\$ 73,988.68	\$ 75,823.90	\$ 1,835.22	
3 Home Visiting	\$ 1,751.40	\$ 2,092.40	\$ 341.00	
4 Adults with Disabilities	\$ 5,032.00	\$ 5,032.00	\$ -	
5 School Age Care	\$ 118,824.50	\$ 85,000.00	\$ (33,824.50)	
6 CE Adjustments	\$ 116.19	\$ 249.65	\$ 133.46	
Total Community Service Fund Levy	\$ 359,927.37	\$ 335,317.35	\$ (24,610.02)	-6.84%
Debt Service Fund				
1 Voter Approved Debt Service	\$ 4,990,591.00	\$ 4,988,964.00	\$ (1,627.00)	
2 LT Facilities Debt Service	\$ 323,871.00	\$ 334,198.10	\$ 10,327.10	
3 Reduction for Excess Fund Balance	\$ (268,040.30)	\$ (339,869.84)	\$ (71,829.54)	
4 Debt Service Fund Adjustments	\$ 3,208.78	\$ 3,946.55	\$ 737.77	
Total Debt Service Fund Levy	\$ 5,049,630.48	\$ 4,987,238.81	\$ (62,391.67)	-1.24%
Total Certified Levy	\$ 10,879,612.87	\$ 11,073,689.20	\$ 194,076.33	1.78%



Levy Limitation Amounts



Percent Change in Levy



School Building Bond Agricultural Credit

- For property taxes payable in 2018 and 2019, the credit was 40%
- 2019 Legislature increased the credit
 - * 50% for taxes payable in 2020
 - * 55% for taxes payable in 2021
 - * **65% for taxes payable in 2022**
 - * 70% for taxes payable in 2023 and thereafter



Property Tax Refunds

Two different refunds available from the State. Both may reduce your net taxes; however

YOU MUST COMPLETE THE FORMS

For help with the forms and instructions contact:

–Your tax professional

–Minnesota Department of Revenue

(651) 296-3781 or (800) 652-9094 Automated (651) 296-4444 (800) 657-3676

–www.taxes.state.mn.us



Property Tax Refunds

Homestead Credit Refunds (for Homeowners)

1. Household income up to \$116,180 (2020)
2. You must have owned and lived in your home on January 2, 2021
3. Your property must be classified as your homestead.
4. You must have paid or made arrangements to pay any delinquent property taxes on your home.

Maximum Refund is \$2,840 for 2020

Form M1PR



Property Tax Refunds

Special Refund

*Must reside in home on both January 2, 2020 & January 2, 2021

*Net property tax must increase 12% over prior year

*Increase is at least \$100

**No income limitations

Form M1PR Schedule 1



Questions and Comments

Robyn Vosberg-Torgerson

Director of Business Services

rvosberg-torgerson@isd2144.org

