



Truth in Taxation Meeting

2021 Payable 2022
Property Tax Levy

December 6, 2021

Truth in Taxation Meeting Requirements

- Must be after November 24th
- Must be before Final Levy Certification
 - May be at the same meeting
 - Deadline of December 30th
- Must be 6:00 p.m. or later
- Present current year budget
- Present proposed property tax levy
- Allow a time for the public to speak

Background on Public School Funding

MN Constitution Assigns Legislature Responsibility to Set Funding

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

School Funding is Highly Regulated

The State sets:

- Formulas which determine revenue
 - Most revenue is based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy (districts can levy less but not more than the amount authorized by state, unless approved by the voters)

The State also authorizes school boards to submit referendums for operating and capital needs to voters for approval.

School District

Property Tax Levy vs. Budget Cycle

Property Tax Levy

- Preliminary Levy set in September
- Final Levy set in December
- Property taxes levied on a calendar year basis

Budget Cycle

- Final budget approved in June
- Budget is for fiscal year (July 1 - June 30)
- Mid-year budget revisions

2021 Payable 2022 Levy / Fiscal Year 2022-2023 (July 1, 2022-June 30, 2023)

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

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

Budget Information

Budget Information

School district budgets are divided into separate funds, each with its own purpose.

Tax levy is *one* of the sources of revenue for *some* of the funds.

Fund Categories

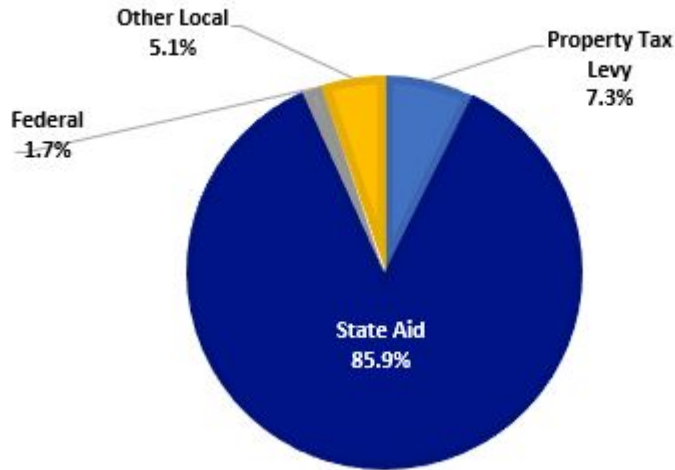
- **General**
- Food Service
- **Community Service**
- Building Construction
- **Debt Service**
- Custodial (previously Agency)
- Internal Service

FY 2021-2022 Budget

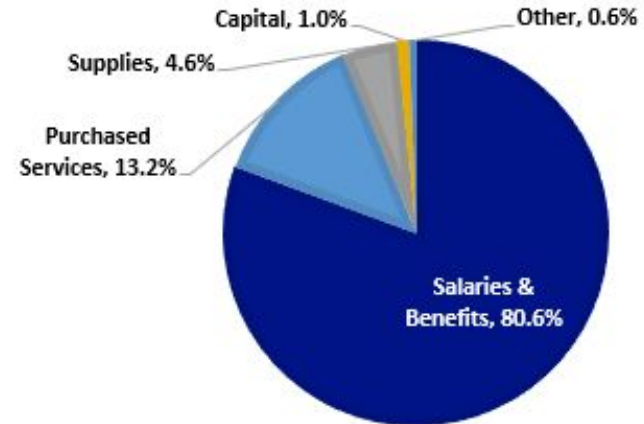
	<u>Revenue</u>	<u>Expenditures</u>
General Fund	\$68,854,472	\$69,674,387
Food Service Fund	3,107,657	3,031,280
Community Service Fund	5,359,943	5,112,862
Debt Service Fund	16,148,155	16,025,628
Total	<u>\$93,470,227</u>	<u>\$93,844,157</u>

General Fund Revenue and Expenditures

GENERAL FUND REVENUE



GENERAL FUND EXPENDITURES



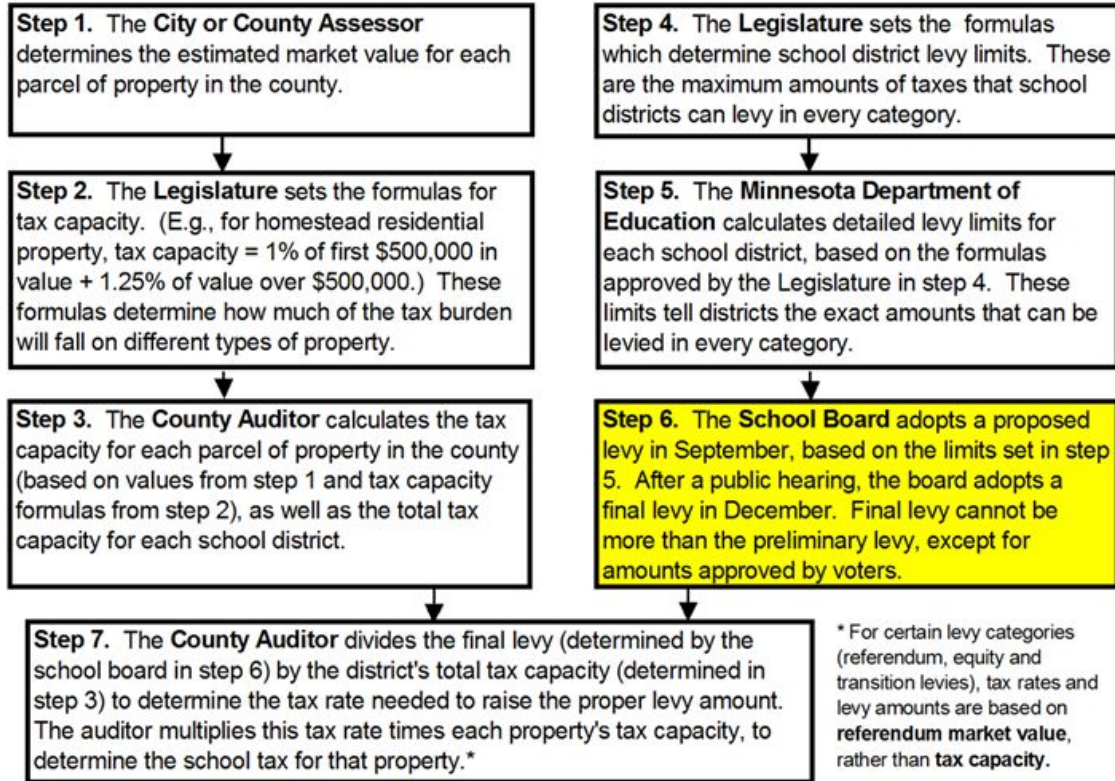
Property Tax Levy

School District Tax Levy Information

- State sets funding formulas which determine revenue
- State sets tax policy for school districts
- State sets maximum authorized property tax levy
- State authorizes school board to submit referendums for operating and capital needs to voters for approvals

Minnesota School District Levy Process

Minnesota School District Property Taxes - Key Steps in the Process



School District Property Tax Levy Timeline

July-August

- MDE Levy Information System is updated

September 8

- MDE prepared and distributed first draft of levy limit report

September 20

- School Board approved preliminary levy amount at the maximum

Mid-November

- County mailed "Proposed Property Tax Statements" to all property owners

December 6

- Truth in Taxation Meeting with time for public comment on proposed levy
- School Board certifies final levy amount

Proposed Property Tax Levy

Fund & Category	Prior Year Levy 2020 Pay 2021	Final Proposed Levy 2021 Pay 2022	Amount Change	% Change
General Fund				
Local Optional	3,151,741.68	3,092,752.06	(58,989.62)	-1.9%
Quality Compensation	392,878.41	396,609.38	3,730.97	0.9%
Equity	882,807.57	847,513.59	(35,293.98)	-4.0%
Transition	3,479.30	3,340.20	(139.10)	-4.0%
Operating Capital	235,573.77	263,068.14	27,494.37	11.7%
Safe Schools	258,098.40	250,113.60	(7,984.80)	-3.1%
Long Term Facilities Maintenance (LTFM)	595,249.13	607,227.22	11,978.09	2.0%
Building/Land Lease	103,166.77	66,732.00	(36,434.77)	-35.3%
Career & Tech	122,713.44	164,952.87	42,239.43	34.4%
Reemployment	50,000.00	50,000.00	-	0.0%
Prior Year Adjustments & Abatements	(194,969.15)	15,483.88	210,453.03	-107.9%
General Fund Total	5,600,739.32	5,757,792.94	157,053.62	2.8%
Community Service Fund				
Basic Community Education	189,813.45	185,395.20	(4,418.25)	-2.3%
Early Childhood Education	69,148.23	70,302.32	1,154.09	1.7%
School Age Child Care	70,000.00	70,000.00	-	0.0%
Home Visiting	1,375.22	1,476.63	101.41	7.4%
Prior Year Adjustments & Abatements	(23,450.89)	1,185.20	24,636.09	-105.1%
Community Service Fund Total	306,886.01	328,359.35	21,473.34	7.0%
Debt Service Fund				
Voter Approved Debt Service	10,555,472.93	10,881,423.40	325,950.47	3.1%
Reduction for Debt Excess	(856,560.90)	(869,526.90)	(12,966.00)	1.5%
Prior Year Adjustments & Abatements	(6,344.40)	19,578.78	25,923.18	-408.6%
Debt Service Fund Total	9,692,567.63	10,031,475.28	338,907.65	3.5%
Total Levy, All Funds	15,600,192.96	16,117,627.57	517,434.61	3.32%

Explanation of Levy Changes

- Changes in categories are due to:
 - Changes in enrollment
 - Change in building age
 - Change in prior levy to actual costs
 - Changes in market value rates
 - Change in debt service scheduled payments

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause an increase or decrease from year to year to a taxpayer's property taxes

- Changes in value of individual property
- Changes in total value of all property in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

The following 3 slides were provided by Ehlers, the District's municipal financial advisor.

St. Michael-Albertville School District, ISD 885

Estimated Changes in School Property Taxes, 2019 to 2022

Based on 15.8% Cumulative Changes in Property Value from 2019 to 2022 Taxes

Type of Property	Estimated Market Value for 2019 Taxes	Actual Taxes Payable in 2019	Estimated Market Value for 2020 Taxes	Actual Taxes Payable in 2020	Estimated Market Value for 2021 Taxes	Actual Taxes Payable in 2021	Estimated Market Value for 2022 Taxes	Estimated Taxes Payable in 2022	Change in Taxes 2019 to 2022	Change in Taxes 2021 to 2022
Residential Homestead	\$172,783	\$998	\$181,422	\$1,022	\$192,308	\$1,057	\$200,000	\$1,055	\$57	-\$2
	194,381	1,144	204,100	1,171	216,346	1,209	225,000	1,206	62	-3
	215,979	1,291	226,778	1,319	240,385	1,362	250,000	1,358	67	-4
	237,577	1,438	249,456	1,468	264,423	1,515	275,000	1,509	71	-6
	259,175	1,584	272,134	1,617	288,462	1,668	300,000	1,661	77	-7
	280,773	1,731	294,811	1,766	312,500	1,820	325,000	1,812	81	-8
	302,371	1,878	317,489	1,915	336,538	1,973	350,000	1,964	86	-9
	323,968	2,024	340,167	2,063	360,577	2,126	375,000	2,116	92	-10
	345,566	2,171	362,845	2,212	384,615	2,278	400,000	2,267	96	-11
431,958	2,750	453,556	2,791	480,769	2,862	500,000	2,841	91	-21	
Commercial/ Industrial #	\$172,783	\$1,561	\$181,422	\$1,598	\$192,308	\$1,664	\$200,000	\$1,667	\$106	\$3
	215,979	2,040	226,778	2,083	240,385	2,162	250,000	2,163	123	1
	259,175	2,518	272,134	2,567	288,462	2,661	300,000	2,660	142	-1
	302,371	2,997	317,489	3,052	336,538	3,160	350,000	3,156	159	-4
	431,958	4,433	453,556	4,505	480,769	4,657	500,000	4,645	212	-12
Agricultural Homestead (average value per acre of land and buildings)	\$4,320	\$6.83	\$4,536	\$6.01	\$4,808	\$5.81	\$5,000	\$5.39	-\$1.44	-\$0.42
	5,183	\$8.20	5,443	\$7.21	5,769	\$6.97	6,000	6.47	-1.73	-0.50
	6,911	\$10.93	7,257	\$9.62	7,692	\$9.30	8,000	8.63	-2.30	-0.67
	8,639	\$13.66	9,071	\$12.02	9,615	\$11.62	10,000	10.78	-2.88	-0.84

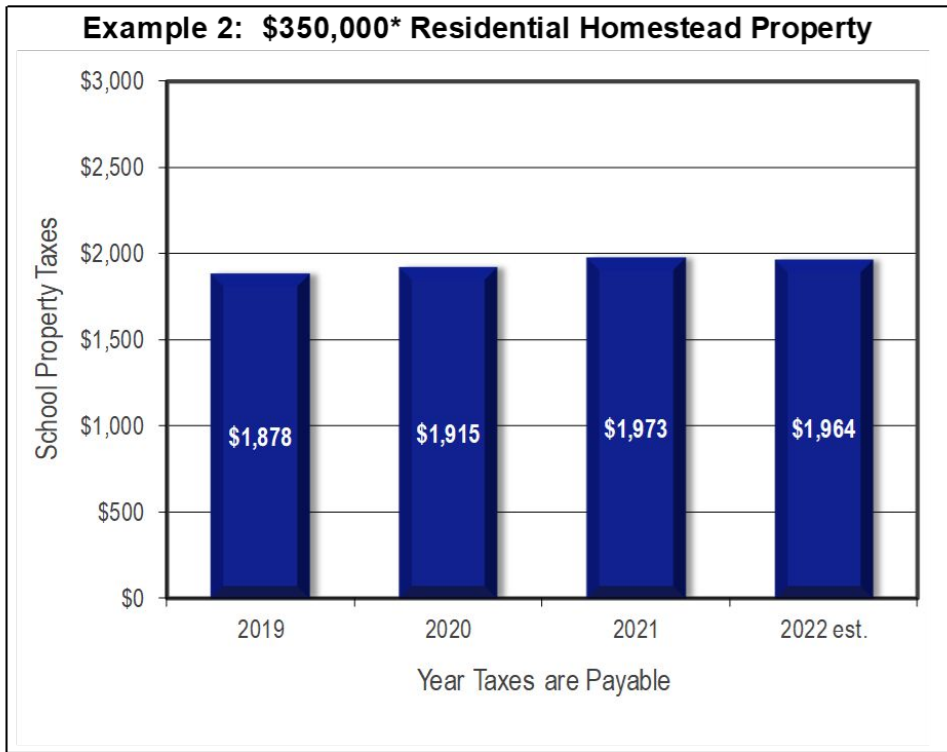
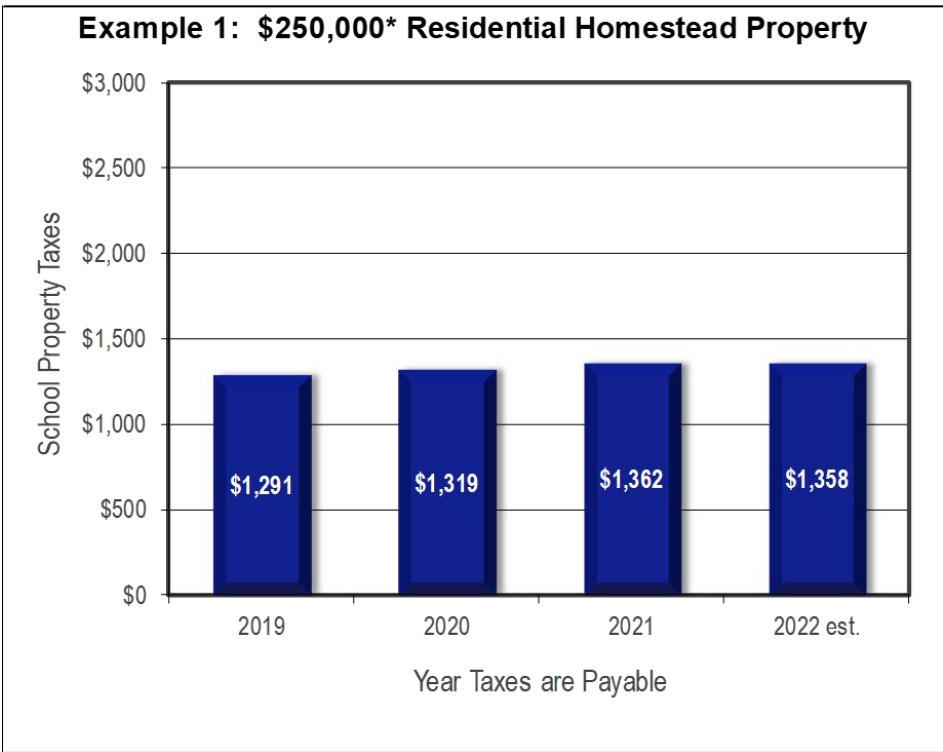
General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2022 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on changes in estimated market value of 5.0% from 2019 to 2020 taxes, 6.0% from 2020 to 2021, and 4.0% from 2021 to 2022.
4. For agricultural property, estimates of taxes payable beginning in 2019 include impact of School Building Bond Agricultural Credit. Average value per acre is total estimated market value of all land and buildings, divided by total acres. Homestead examples do not include value of house, garage, and one acre, for which tax impact will be same as on a residential homestead property. This calculation does not include impact of Agricultural Homestead Credit, which reduces taxes on each parcel of agricultural homestead property by varying amounts.

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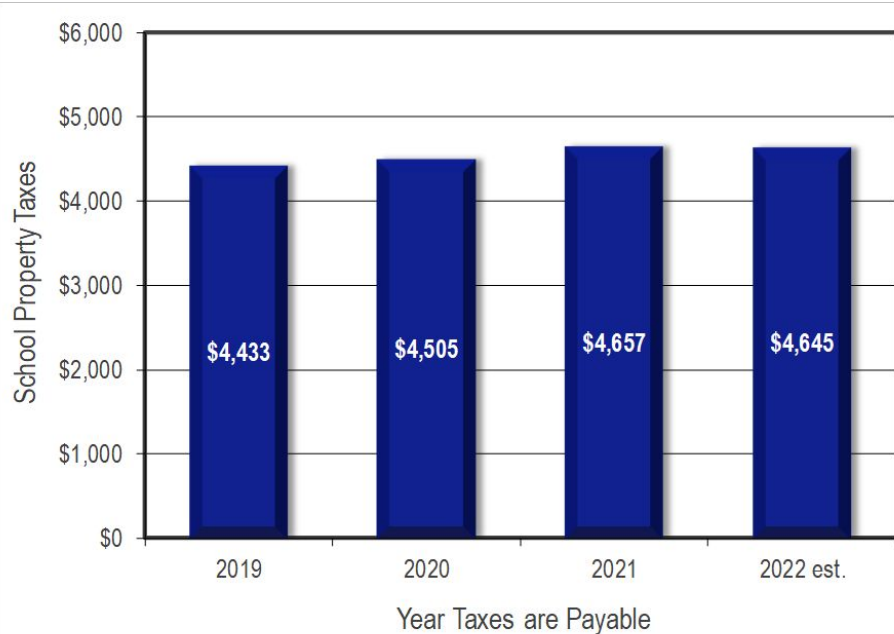
* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 5.0% from 2019 to 2020 taxes, 6.0% from 2020 to 2021, and 4.0% from 2021 to 2022.

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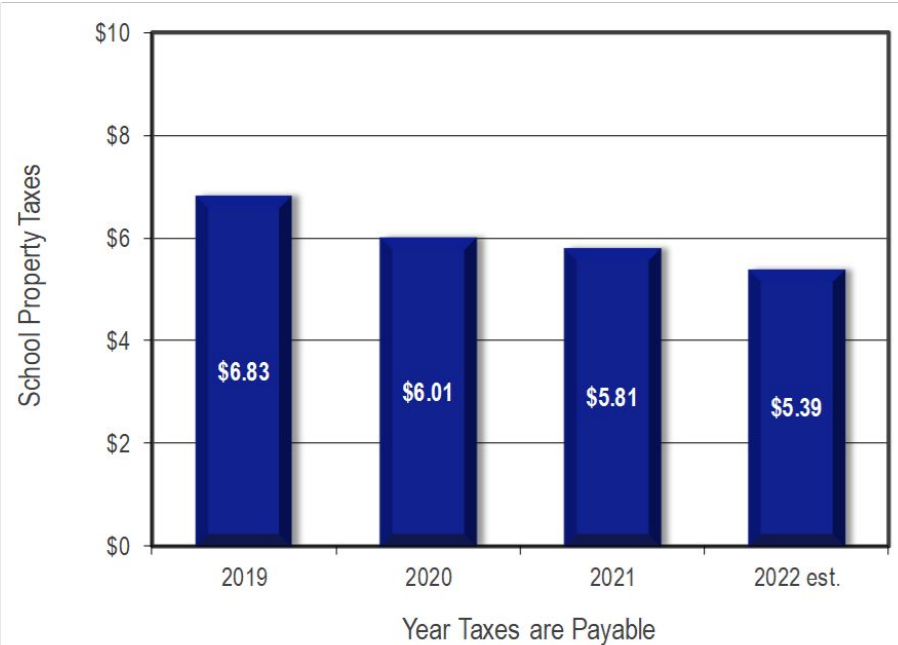
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Based on 15.8% Cumulative Changes in Property Value from 2019 to 2022 Taxes

Example 3: \$500,000* Commercial-Industrial Property



Example 4: \$5,000* Agricultural - Homestead



* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 5.0% from 2019 to 2020 taxes, 6.0% from 2020 to 2021, and 4.0% from 2021 to 2022.

Minnesota Special Property Tax Refund

Minnesota Homestead Credit Refund and Property Tax Refund

Consult with your tax professional for more information and refer to www.revenue.state.mn.us for more information about the M-1PR Form

Next Steps

1

The Board will accept public comments on the proposed levy

2

The Board will certify the 2021 Payable 2022 Property Tax Levy

