

Truth in Taxation 2023 Proposed Property Tax Levy



Monticello Public Schools
District Office
December 5, 2022
6:00 pm

Email: tina.burkholder@monticello.k12.mn.us

Truth in Taxation Timeline

2022 Payable 2023 Levy

- For -

2023-2024 School Year

- Or -

FY2024



Truth in Taxation Law

- State law initially approved in 1988
- Amended in 2009
- Requirements
 - Counties must send out “proposed property tax statements” between November 11-24, based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)
 - Taxing jurisdictions must present information and receive comments from audience at a regularly scheduled meeting between November 25 and December 26 at 6:00pm or later
 - Adopt final payable levy by December 28



Truth in Taxation Hearing

- State law requires that school districts present information on the current year budget
- State law also requires that we present information on the proposed property tax levy, including:
 - The percentage increase or decrease from the prior year
 - Specific purposes and reasons for which taxes are being increased
- District must also allow for public comment



Budget Cycle vs. Tax Levy

Unlike cities and counties, a school district does not set its budget when setting the tax levy

- Budget
 - School fiscal year is July 1 through June 30
 - Final budget approved in June, 6 months later
 - Mid-year budget revisions in January
- Property Tax Levy
 - Final levy set in December
 - Property taxes levied on a calendar year basis



Budget Information

Because approval of the budget lags behind certification of the tax levy by six months, only current year budget information will be presented at this hearing



Budget Information

- All school district budgets are divided into separate funds, based on purposes of revenue, as required by law
- For Monticello Public Schools:
 - General fund (includes the Special Ed Cooperative)
 - Food Service fund
 - Community Service fund (includes the Hockey fund)
 - Debt Service fund
 - Internal Service fund
 - OPEB Trust fund




2022-2023 Adopted Budget

	6/30/2022 Audited Balance	Revenues	Expenditures	6/30/2023 Projected Balance
General Fund	7,809,272	62,034,828	61,507,935	8,336,165
Food Service	1,112,380	2,224,803	2,297,882	1,039,301
Community Service	709,122	4,519,138	4,360,002	868,258
Debt Service	1,723,919	3,604,681	3,654,575	1,674,025
Internal Service	198,649	604,872	591,380	212,141
OPEB Trust	1,459,784	1,465,780	1,540,416	1,385,148
Total	13,013,126	74,454,102	73,952,190	13,515,038

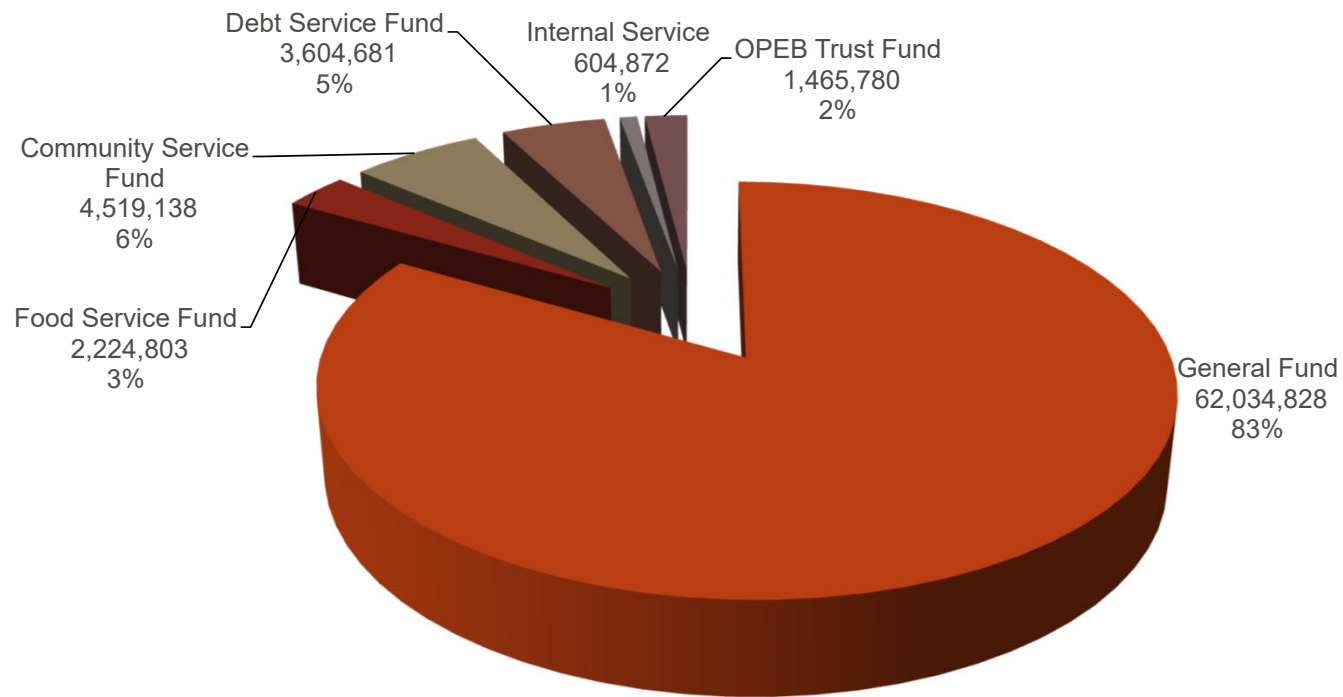


2022-2023 Budget Form

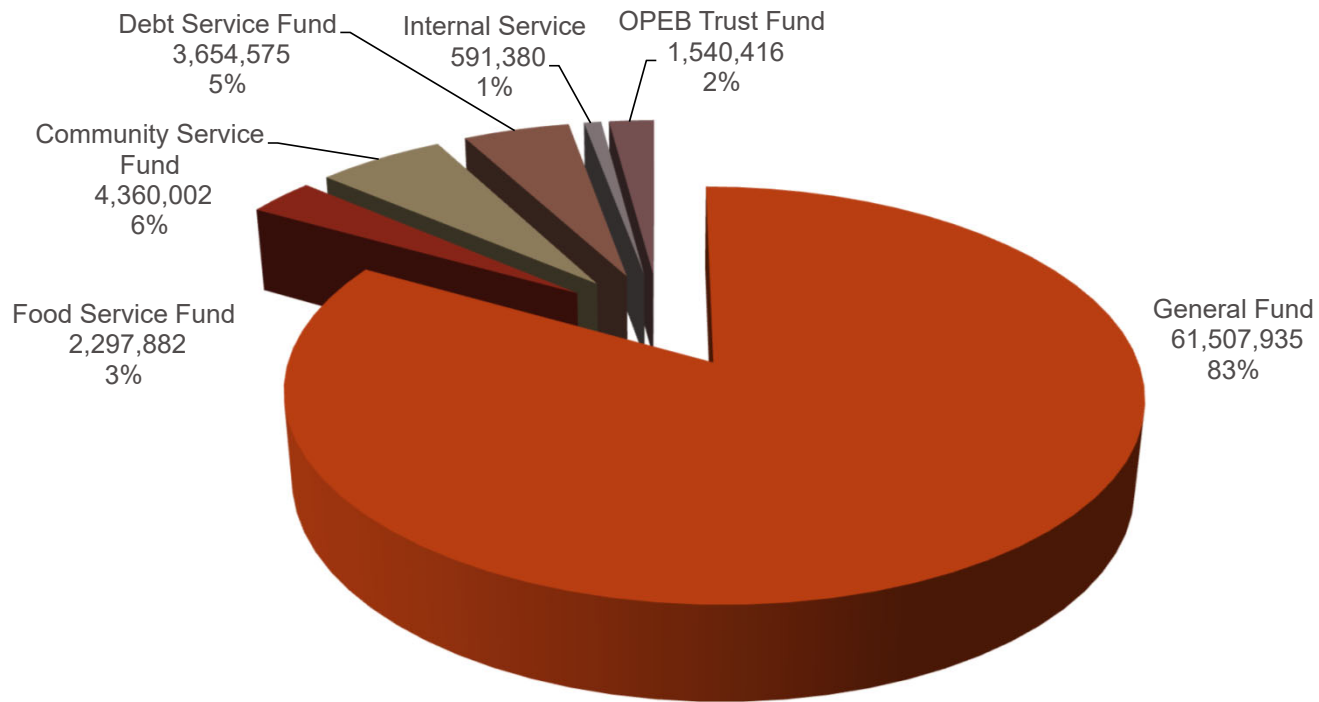
		Division of School Finance 400 NE Stinson Blvd. Minneapolis, MN 55413		District Revenues and Expenditures Budget for Fiscal Year (FY) 2022 and FY 2023			ED-00110-45
General Information: Minnesota Statutes 2021, section 123B.10, requires that every school board shall publish the subject data of this report.							
District Name:		Monticello Public Schools					District Number:
0882-01							
Fund	FY 2022 Beginning Fund Balances	FY 2022 Actual Revenues and Transfers In	FY 2022 Actual Expenditures and Transfers Out	June 30, 2022 Actual Fund Balances	FY 2023 Budget Revenues and Transfers In	FY 2023 Budget Expenditures and Transfers Out	June 30, 2023 Projected Fund Balances
General Fund/Restricted	\$ 3,126,589	\$ 4,410,950	\$ 4,815,694	\$ 2,721,845	\$ 3,696,482	\$ 3,901,028	\$ 2,517,299
General Fund/Other	\$ 4,467,193	\$ 58,790,881	\$ 58,170,646	\$ 5,087,428	\$ 58,338,346	\$ 57,606,907	\$ 5,818,867
Food Service Fund	\$ 377,186	\$ 3,523,514	\$ 2,788,321	\$ 1,112,379	\$ 2,224,803	\$ 2,297,882	\$ 1,039,300
Community Service Fund	\$ 476,332	\$ 5,183,488	\$ 4,950,698	\$ 709,122	\$ 4,519,138	\$ 4,360,002	\$ 868,258
Building Construction Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	\$ 1,684,670	\$ 3,677,424	\$ 3,638,175	\$ 1,723,919	\$ 3,604,681	\$ 3,654,575	\$ 1,674,025
Trust Fund	\$ 2,504,914	\$ 97,950	\$ 154,802	\$ 2,448,062	\$ -	\$ -	\$ 2,448,062
Internal Service Fund	\$ 233,056			\$ 198,649			\$ 212,141
* OPEB Revocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Irrevocable Trust Fund	\$ 1,593,180	\$ 1,710,048	\$ 1,843,444	\$ 1,459,784	\$ 1,465,780	\$ 1,540,416	\$ 1,385,148
OPEB Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total - All Funds	\$ 14,463,120	\$ 77,394,255	\$ 76,361,780	\$ 15,461,188	\$ 73,849,230	\$ 73,360,810	\$ 15,963,100
Long-Term Debt		Current Statutory Operating Debt per Minnesota Statutes 2021, section 123B.81					
Outstanding July 1, 2021	\$ 45,475,000	Amount of General Fund Deficit, if any, in excess of 2.5% of expenditures 06/30/2022				\$ -	
Plus: New Issues	\$ -						
Less: Redeemed Issues	\$ 2,260,000	Cost per student - Average Daily Membership (ADM) 06/30/2022					
Outstanding June 30, 2022	\$ 43,215,000						
Short-Term Debt		Total Operating Expenditures				\$ 68,345,499.00	
Certificates of Indebtedness	\$ -	FY 2022 Total ADM Served + Tuitioned Out ADM + Adjusted Extended ADM				4,238.13	
Other Short-Term Indebtedness	\$ -	FY 2022 Operating Cost per ADM				\$ 16,126.33	
The complete budget may be inspected upon request to the superintendent.							
Comments: The 2021-22 audit is pending School Board approval at the December 5th School Board meeting. The General Fund includes expenditures related to the Sherburne & Northern Wright Special Education Cooperative. The General Fund/Other Fund Balance includes the Nonspendable, Committed, and Assigned Fund Balances. The General Fund's 21-22 Unassigned/Nonspendable Fund Balance is \$4,244,264 which represents 8.12% of expenditures.							
* Other Post-Employment Benefits (OPEB)							



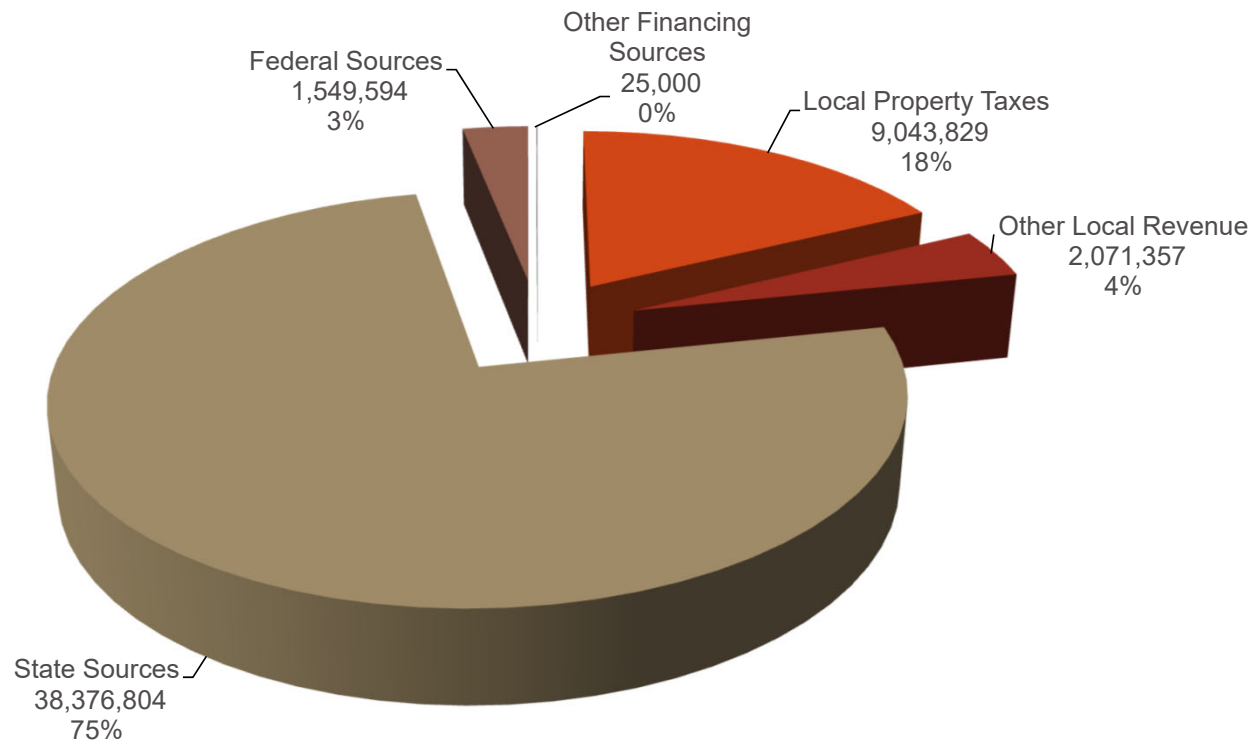
2022-2023 Revenue Budget



2022-2023 Expenditure Budget



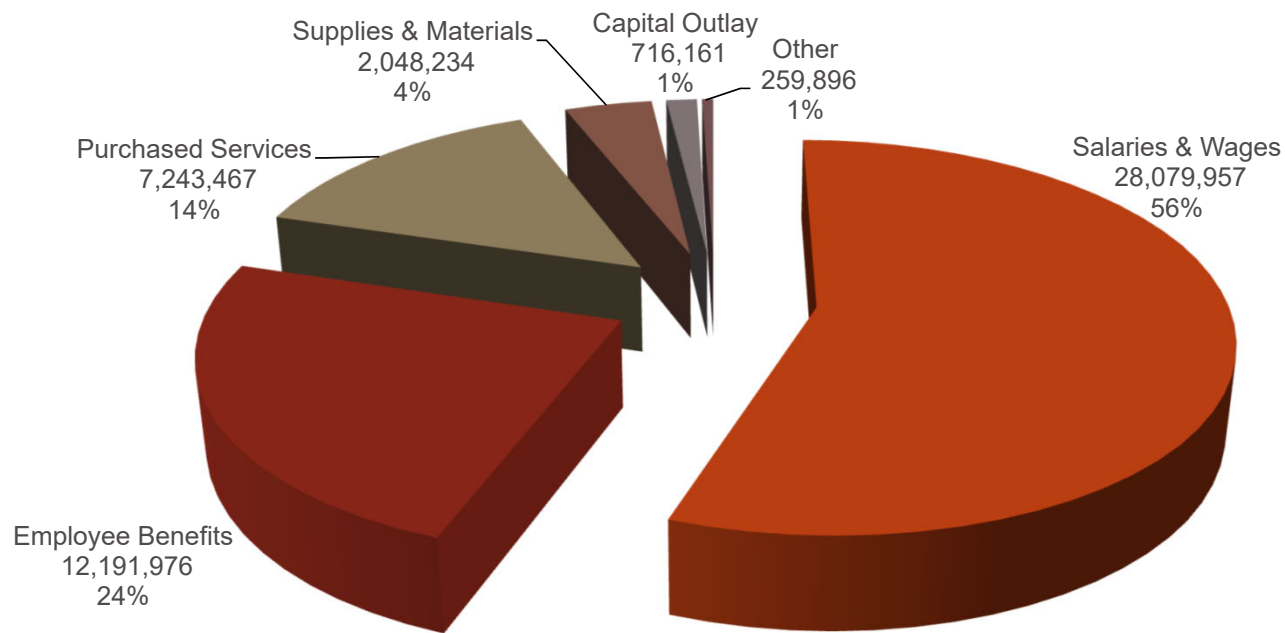
2022-2023 General Fund Rev.



**Does not include Fund 12 Sp Ed Coop revenues of \$10,968,244*



2022-2023 General Fund Exp.



**Does not include Fund 12 Sp Ed Coop expenses of \$10,968,244*



Proposed Levy Payable 2023

- Law requires that we explain the major changes in the levy
 - Review how taxes are determined
 - Review the major changes in the levy total and the reasons for those changes
 - Look at some specific examples of tax impact
 - Review the Minnesota Property Tax Refund programs



Proposed Levy Payable 2023

- Many factors can cause the tax bill for an individual property to increase or decrease from year to year
 - Change in value of the individual property
 - Change in total value of all property in the district
 - Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors
- Properties are assessed by January 2 of the previous year for which taxes are payable
 - January 2, 2022 for taxes payable in calendar year 2023



Proposed Levy Payable 2023

- **State sets** formulas which determine revenue; most revenue is based on specified amounts per pupil (other local levies)
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by the voters)
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval (voter approved levies)



Minnesota School District Property Taxes- Key Steps and Participants in the Process

A. Tax Determination and Preparation

Step 1. The **City or County Assessor** determines the estimated market value for each parcel of property in the county.

Step 2. The **Legislature** sets the formulas for tax capacity (e.g. for homestead residential property, tax capacity = 1% of first \$500,000 in value + 1.25% of value over \$500,000.) These formulas determine how much of the tax burden will fall on different types of property.

Step 3. The **County Auditor** calculates the tax capacity for each parcel of property in the county (based on values from step A.1. and tax capacity formulas from step A.2.), as well as the total tax capacity for each school district.

Step 4. The **County Auditor** divides the final levy (determined by the school board in step B.3. by the district's total tax capacity (determined in step A.3.) to determine the tax rate needed to raise the proper levy amount. The auditor multiplies this tax rate times each property's tax capacity to determine the school tax for that property.*

B. Levy Determination and Certification

Step 1. The **Legislature** sets the formulas which determine school district levy limits. These are the maximum amounts of taxes that school districts can levy in every category.

Step 2. The **Minnesota Department of Education** calculates detailed levy limits for each school district based on the formulas approved by the Legislature in step B.1. These limits tell districts the exact amounts that can be levied in every category.

Step 3. The **School Board** adopts a proposed levy in September based on the limits set in step B.1. and calculated in step B.2. After a public hearing, the board adopts a final levy in December. The final levy cannot be more than the preliminary levy, except for amounts approved by voters.

*For certain levy categories (referendum, equity, and transition levies), tax rates and levy amounts are based on **referendum market value**, rather than **tax capacity**.



Schedule of Events in Approval of Levy



Proposed Levy Payable 2023

- Proposed property tax levy for 2023 is an increase from 2022 of \$896,167.34 or 7.27%

	2022	2023
General Fund	8,567,314.47	10,328,428.68
Community Service	398,480.95	413,457.34
Debt Service	3,365,583.62	2,485,660.36
Total	12,331,379.04	13,227,546.38



Proposed Levy Payable 2023

Monticello School District #882

DATE 10/13/22

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

	2022 Final Levy	2023 Preliminary Proposed Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	\$ 2,319,970.55	\$ 3,245,336.94	\$ 925,366.39	
2 Equity	\$ 584,490.78	\$ 616,820.74	\$ 32,329.96	
3 Local Optional Revenue	\$ 2,735,802.68	\$ 3,047,807.20	\$ 312,004.52	
4 Transition	\$ 27,781.34	\$ 30,205.65	\$ 2,424.31	
5 Operating Capital	\$ 451,957.78	\$ 450,327.21	\$ (1,630.57)	
6 Achievement & Integration	\$ 106,856.56	\$ 106,151.22	\$ (705.34)	
7 Reemployment Ins	\$ 54,784.69	\$ 10,000.00	\$ (44,784.69)	
8 Safe Schools	\$ 154,085.04	\$ 160,377.12	\$ 6,292.08	
9 Career Technical	\$ 260,517.54	\$ 247,874.60	\$ (12,642.94)	
10 Other Postemployment Benefits	\$ 930,293.00	\$ 1,160,243.01	\$ 229,950.01	
11 LT Facilities Equal	\$ 213,549.89	\$ 668,626.04	\$ 455,076.15	
12 LT Facilities Unequal	\$ 389,599.54	\$ 308,794.85	\$ (80,804.69)	
13 Lease Levy	\$ 324,734.01	\$ 275,390.74	\$ (49,343.27)	
14 General Fund Adjustments	\$ 12,891.07	\$ 473.36	\$ (12,417.71)	
Total General Fund Levy	\$ 8,567,314.47	\$ 10,328,428.68	\$ 1,761,114.21	20.56%



Proposed Levy Payable 2023

Monticello School District #882

DATE 10/13/22

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

	2022 Final Levy	2023 Preliminary Proposed Levy	Change from Prior Year	Percent Change
Community Service Fund				
1 Basic Community Education	\$ 170,886.90	\$ 170,886.90	\$ -	
2 Early Childhood Family Education	\$ 108,523.73	\$ 112,608.36	\$ 4,084.63	
3 Home Visiting	\$ 2,895.57	\$ 2,466.00	\$ (429.57)	
4 Adults with Disabilities	\$ 6,900.00	\$ 6,900.00	\$ -	
5 School Age Care	\$ 100,000.00	\$ 95,000.00	\$ (5,000.00)	
6 CE Adjustments	\$ 9,274.75	\$ 25,596.08	\$ 16,321.33	
Total Community Service Fund Levy	\$ 398,480.95	\$ 413,457.34	\$ 14,976.39	3.76%
Debt Service Fund				
1 Voter Approved Debt Service	\$ 2,487,477.00	\$ 2,474,667.00	\$ (12,810.00)	
2 LT Facilities Debt Service	\$ 1,077,913.46	\$ 1,135,022.31	\$ 57,108.85	
3 Reduction for Excess Fund Balance	\$ (204,763.97)	\$ (1,124,744.40)	\$ (919,980.43)	
4 Debt Service Fund Adjustments	\$ 4,957.13	\$ 715.45	\$ (4,241.68)	
Total Debt Service Fund Levy	\$ 3,365,583.62	\$ 2,485,660.36	\$ (879,923.26)	-26.14%
Total Certified Levy	\$ 12,331,379.04	\$ 13,227,546.38	\$ 896,167.34	7.27%



Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: +925,366.39
- Use of funds: general operating expenses
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - This property tax levy is also affected by an inflation increase and an increase in student enrollment



Explanation of Levy Changes

- Category: Local Optional Revenue
- Change: +312,005
- Use of funds: general operating expenses
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - This property tax levy is also affected by an increase in student enrollment



Explanation of Levy Changes

- Category: Other Postemployment Benefits
- Change: +229,950
- Use of funds: other post employment benefit costs
- Reason for increase:
 - The district realized an increase in retirees.



Explanation of Levy Changes

- Category: Long-term Facility Maintenance
- Change: +374,271
- Use of funds: state approved projects on 10 year facilities plan
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - Higher pupil units caused an increase from the prior year
 - Less was needed for Debt Service Long-term Facility Maintenance



Explanation of Levy Changes

- Category: Long-Term Facilities Debt Service
- Change: +57,109
- Use of funds: principal and interest on Long-Term Facility Maintenance Revenue bonds
- Reason for increase:
 - Districts can issue bonds for the program, levy on a pay-as-you-go basis, or a combination of the two
 - Increase in principal and interest payments based on payment schedule



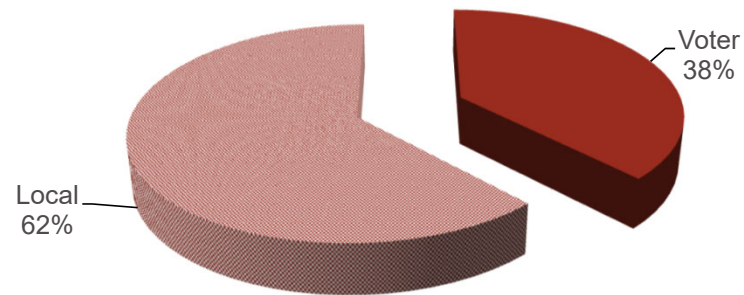
Explanation of Levy Changes

- Category: Reduction for Excess Fund Balance
- Change: -919,980
- Use of funds: to cover delinquencies in tax collections
- Reason for decrease:
 - School districts have to levy 105% of their bond and interest payments to cover future delinquent tax collections
 - The State reviews the Debt Service fund balance and makes adjustments accordingly
 - A transfer was approved in 20-21 the remaining funds back to the Debt Service fund to reduce future levies

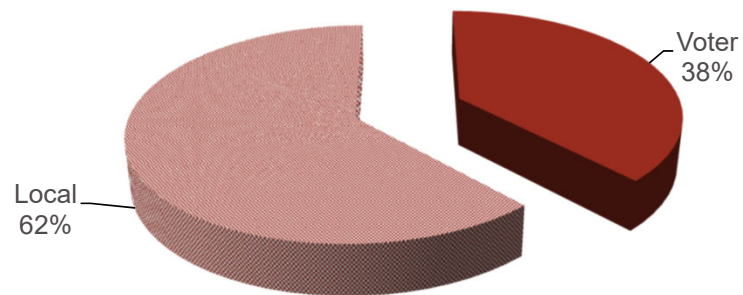


Levy Limitation Comparison

2023 Final Projected Tax Levy



2022 Tax Levy



Impact of Taxpayers – 4 years Levy Comparison

- Examples include school district taxes only & are shown based on no change and a 16.5% increase in property value for residential homes over the past four years
 - Actual changes in value may be more or less than this for any parcel of property
 - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Amounts for 2023 are preliminary estimates, based on best data available now – final figures could change slightly
- Estimates were prepared by Ehlers (District's financial advisors)



Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2020 to 2023

Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2020	Actual Taxes Payable in 2021	Actual Taxes Payable in 2022	Estimated Taxes Payable in 2023	Change in Taxes 2020 to 2023	Change in Taxes 2022 to 2023
Residential Homestead	\$100,000	\$310	\$304	\$290	\$282	-\$28	-\$8
	150,000	495	485	463	447	-48	-16
	200,000	679	666	637	611	-68	-26
	250,000	864	847	810	776	-88	-34
	300,000	1,049	1,028	984	941	-108	-43
	400,000	1,418	1,390	1,331	1,270	-148	-61
	500,000	1,775	1,740	1,666	1,590	-185	-76

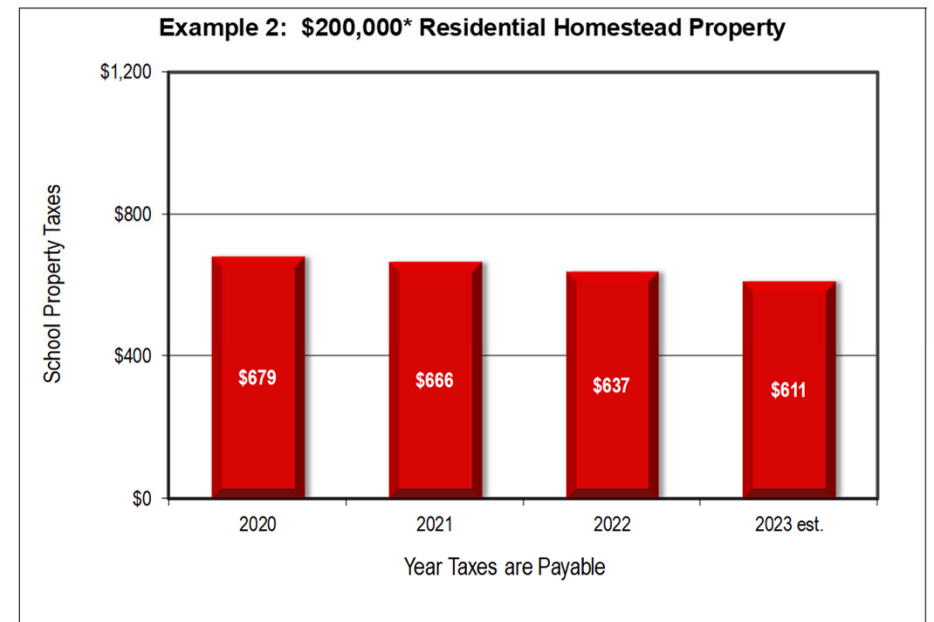
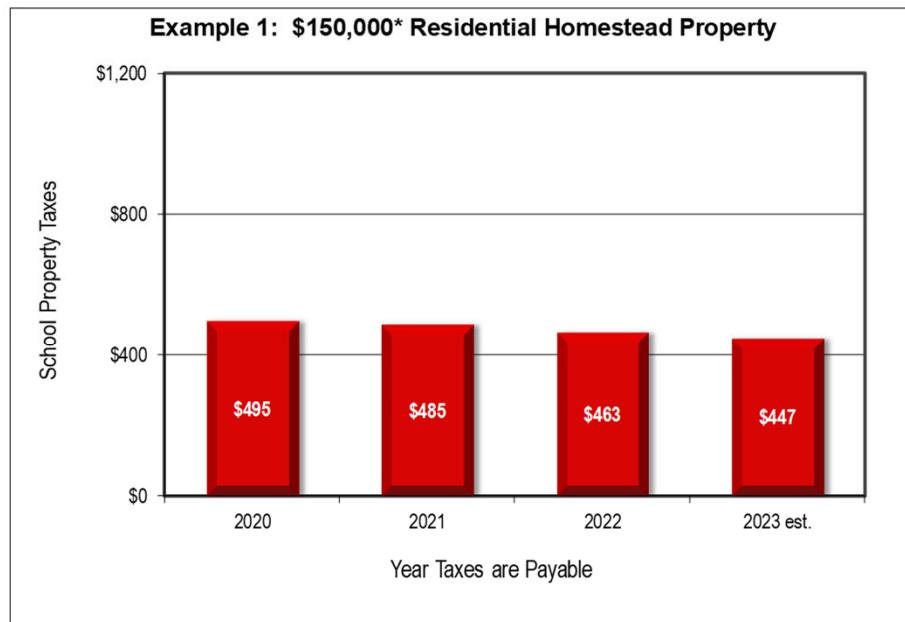
General Notes

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 2023 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2020 to 2023.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2020-23

Based on No Changes in Property Value

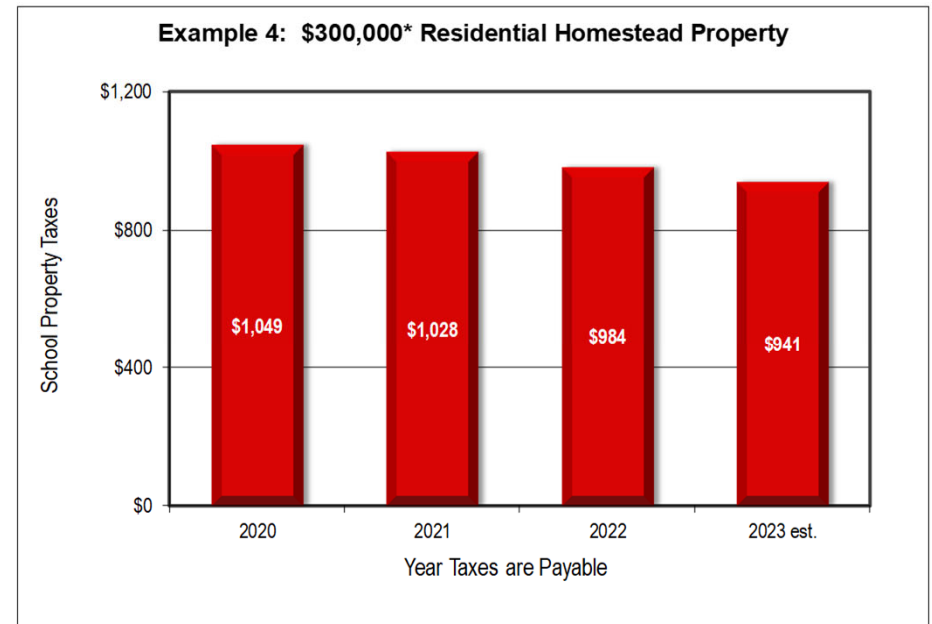
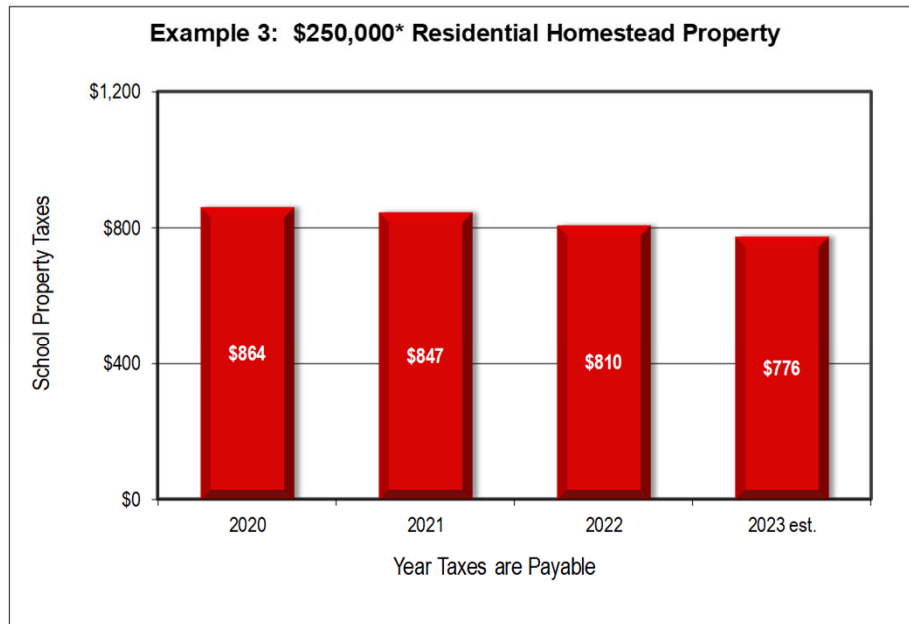


* Estimated market value for taxes payable in 2023. Taxes are calculated based on no changes in market value from 2020 to 2023.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2020-23

Based on No Changes in Property Value



* Estimated market value for taxes payable in 2023. Taxes are calculated based on no changes in market value from 2020 to 2023.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2020 to 2023

Based on 16.5% Cumulative Changes in Property Value from 2020 to 2023 Taxes

Type of Property	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	Actual Taxes Payable in 2022	Estimated Market Value for 2023 Taxes	Estimated Taxes Payable in 2023	Change in Taxes 2020 to 2023	Change in Taxes 2022 to 2023
Residential Homestead	\$85,819	\$258	\$87,535	\$259	\$89,286	\$252	\$100,000	\$282	\$24	\$30
	128,728	416	131,303	418	133,929	407	150,000	447	31	40
	171,637	575	175,070	576	178,571	562	200,000	611	36	49
	214,547	733	218,838	734	223,214	717	250,000	776	43	59
	257,456	892	262,605	893	267,857	872	300,000	941	49	69
	343,275	1,209	350,140	1,209	357,143	1,182	400,000	1,270	61	88
	429,093	1,523	437,675	1,523	446,429	1,488	500,000	1,590	67	102

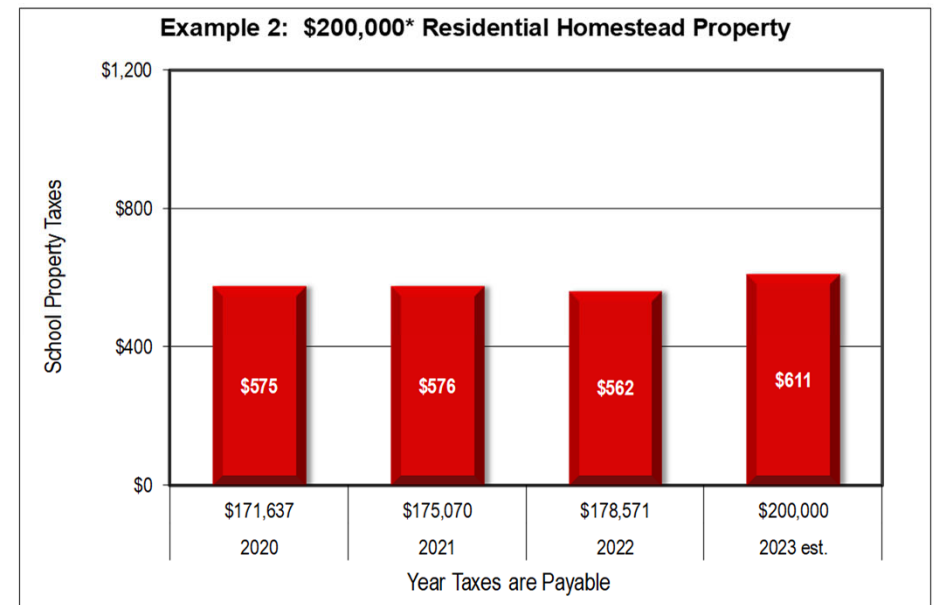
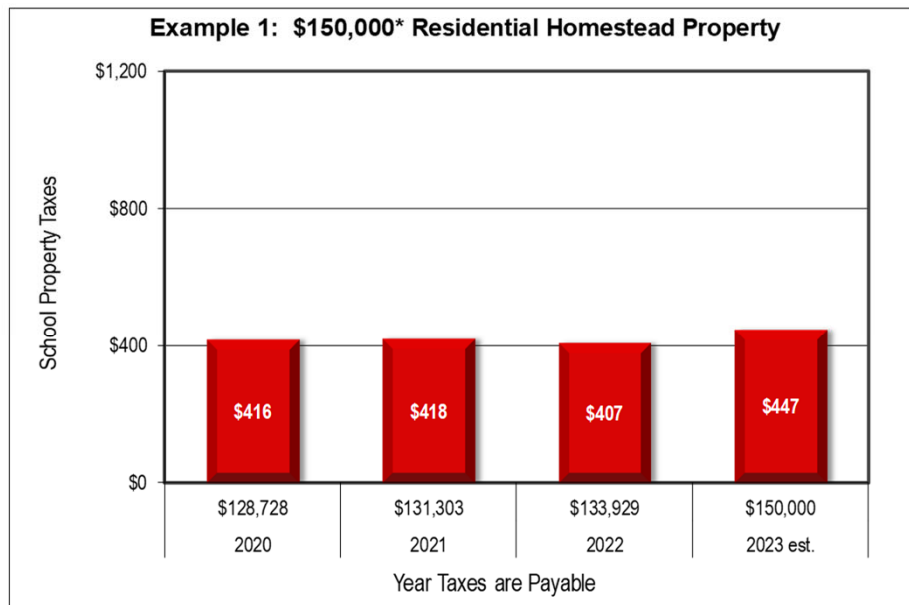
General Notes

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2. Estimates of taxes payable in 2023 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on changes in estimated market value of 2.0% from 2020 to 2021, 2.0% from 2021 to 2022 and 12.0% from 2022 to 2023.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2020-23

Based on 16.5% Cumulative Changes in Property Value

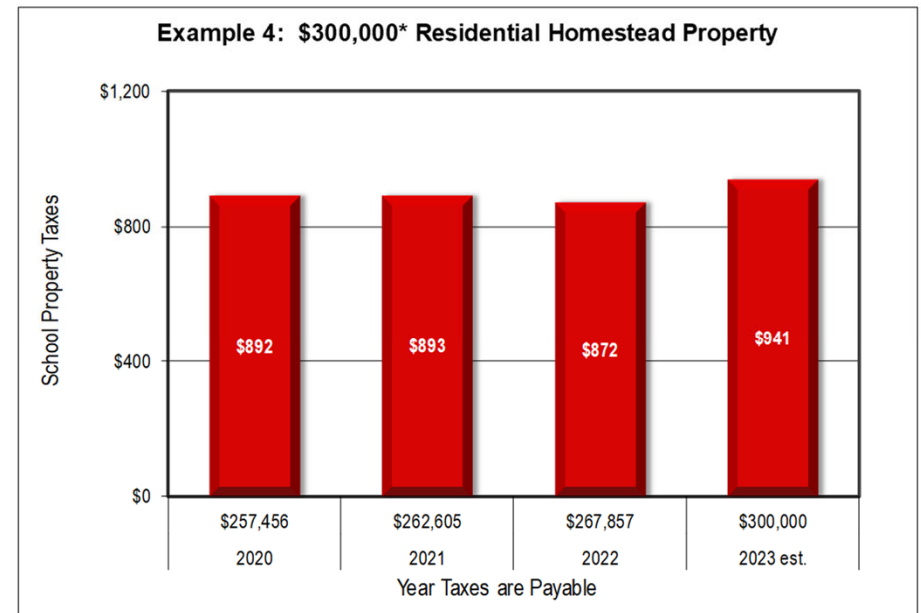
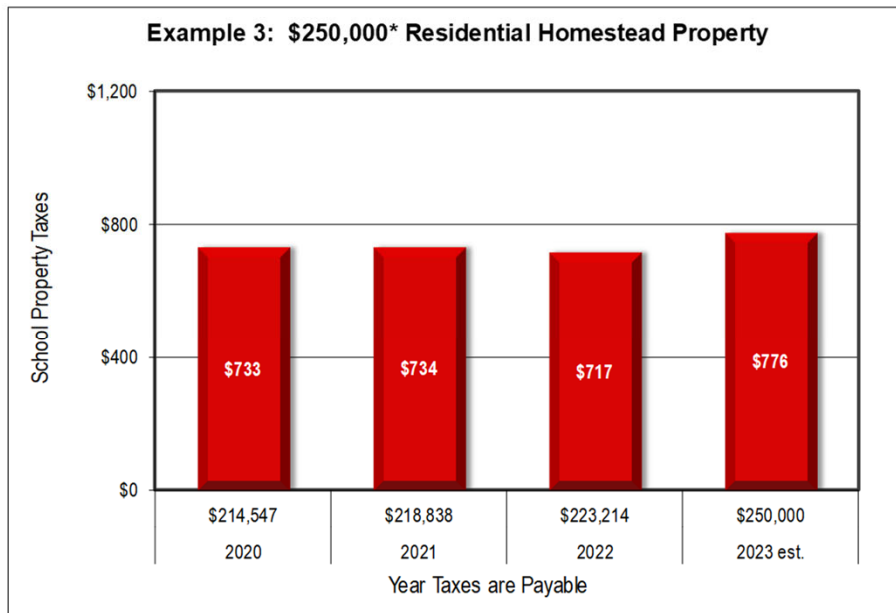


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Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2020-23

Based on 16.5% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 2.0% from 2020 to 2021, 2.0% from 2021 to 2022 and 12.0% from 2022 to 2023.

Impact of Taxpayers

Xcel Total Estimated Market Value, Wright County						
2022	2021	2020	2019	2018	2017	2016
652,765,300.00	639,313,800.00	670,273,600.00	650,984,500.00	656,090,400.00	743,551,900.00	714,047,000.00
129,511,800.00	124,283,500.00	142,216,000.00	135,618,800.00	141,076,800.00	134,303,200.00	118,026,500.00
782,279,122.00	763,599,321.00	812,491,620.00	786,605,319.00	797,169,218.00	877,857,117.00	832,075,516.00
2.45%	-6.02%	3.29%	-1.33%	-9.19%	5.50%	

Xcel Total Taxes Payable, Wright County						
	13,793,502.00	14,231,270.00	13,910,846.00	14,206,490.00	14,851,920.00	14,457,126.00
	3,533,476.00	4,026,796.00	3,934,168.00	4,232,402.00	3,843,782.00	3,455,848.00
	17,326,978.00	18,258,066.00	17,845,014.00	18,438,892.00	18,695,702.00	17,912,974.00
	-5.10%	2.31%	-3.22%	-1.37%	4.37%	

*Source: Wright County Beacon System



State Property Tax Refunds

- State of Minnesota has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional, or
 - Visit the Department of Revenue website at www.taxes.state.mn.us



State Property Tax Refunds (continued)

- Homestead Credit Refund
 - Available for all homestead property, both residential and agricultural (house, garage and 1 acre only - HGA)
 - Refund is sliding scale, based on total property taxes and income



State Property Tax Refunds (continued)

- Special Property Tax Refund
 - Available for all homestead property, both residential and agricultural (HGA only) with a gross tax increase of at least 12% and \$100 over prior year
 - Refund is 60% of tax increase that exceeds greater of 12% or \$100 (max \$1,000)



State Property Tax Refunds (continued)

- Senior Citizen Property Tax Deferral
 - Allows people 65 years of age or older with household income of \$60,000 or less to defer a portion of property taxes on their home
 - Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies



Final Levy Adoption

DATE: December 19, 2022
TIME: 6:00 pm
PLACE: Monticello Middle School
Board Room

