



Truth in Taxation 2022 Proposed Property Tax Levy

Monticello Public Schools
District Office
December 6, 2021
6:00 pm

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

Truth in Taxation Timeline

2021 Payable 2022 Levy

- For -

2022-2023 School Year

- Or -

FY2023



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

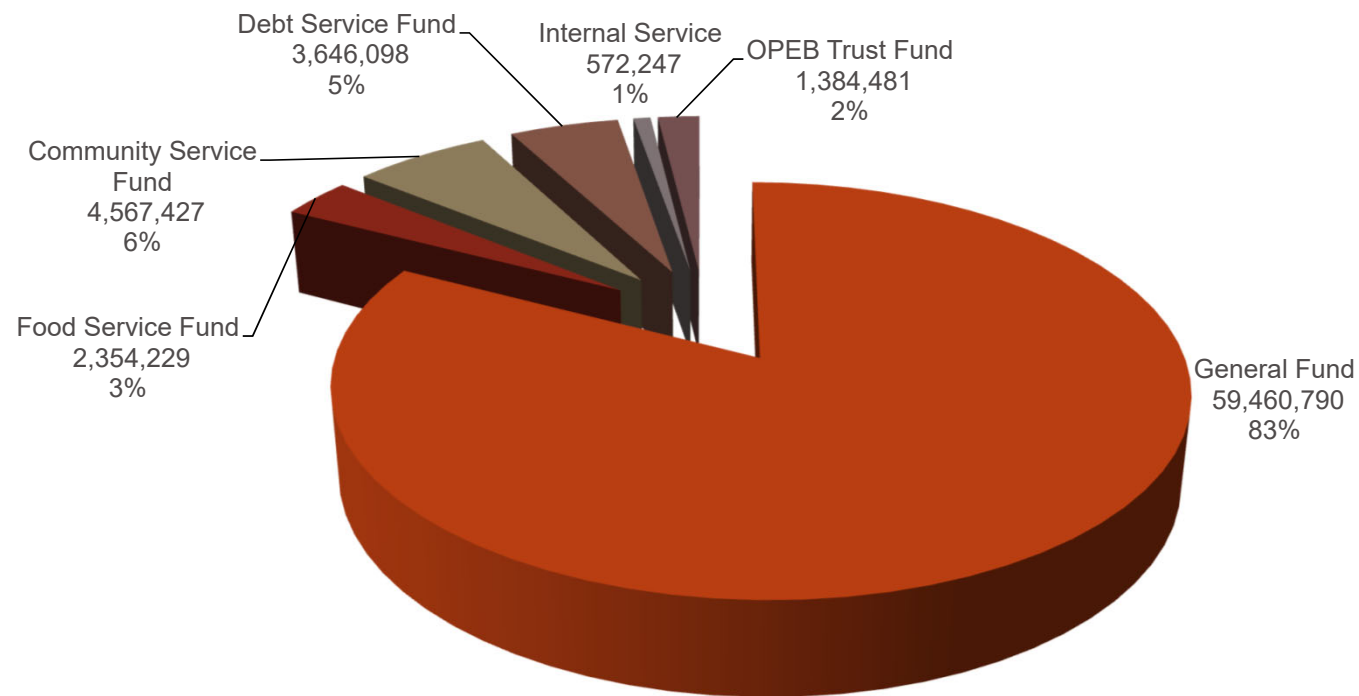


2021-2022 Adopted Budget

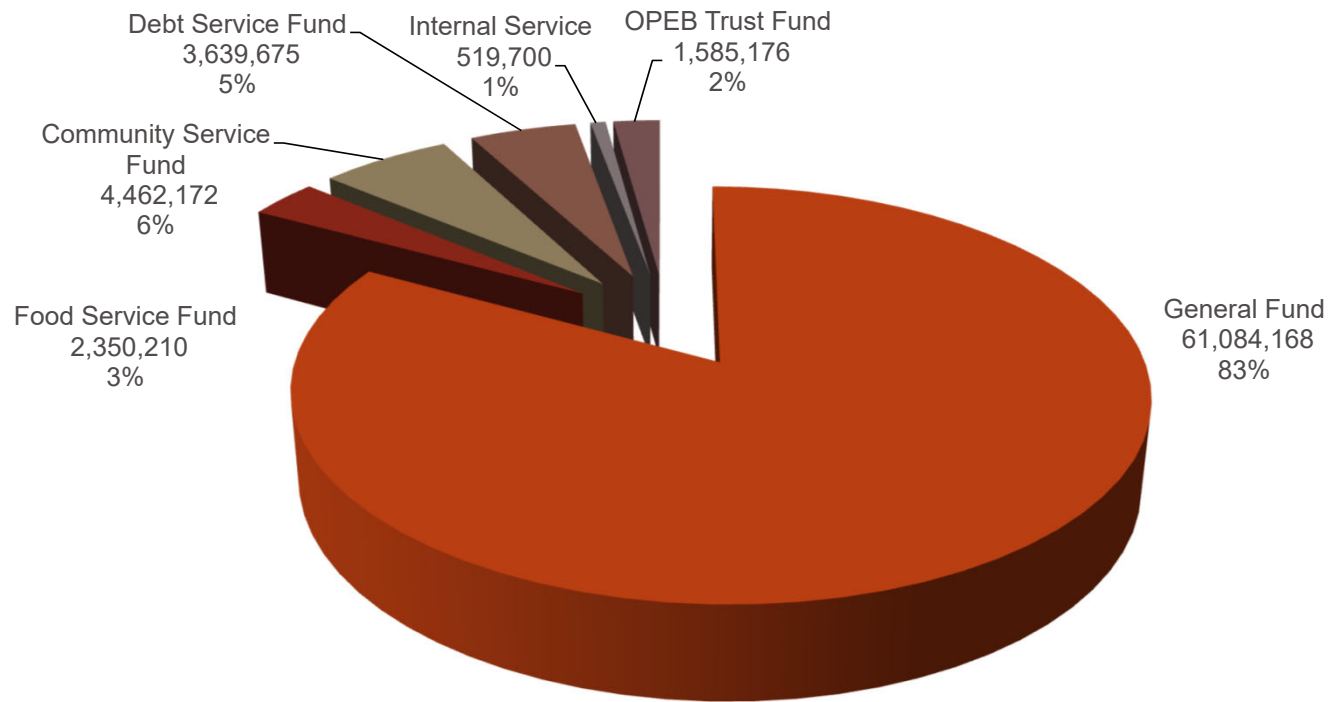
	6/30/2021 Audited Balance	Revenues	Expenditures	6/30/2022 Projected Balance
General Fund	7,593,782	59,460,790	61,084,168	5,970,404
Food Service	377,186	2,354,229	2,350,210	381,205
Community Service	476,332	4,567,427	4,462,172	581,587
Debt Service	1,684,670	3,646,098	3,639,675	1,691,093
Internal Service	233,056	572,247	519,700	285,603
OPEB Trust	1,593,180	1,384,481	1,585,176	1,392,485
Total	11,958,206	71,985,272	73,641,101	10,302,377



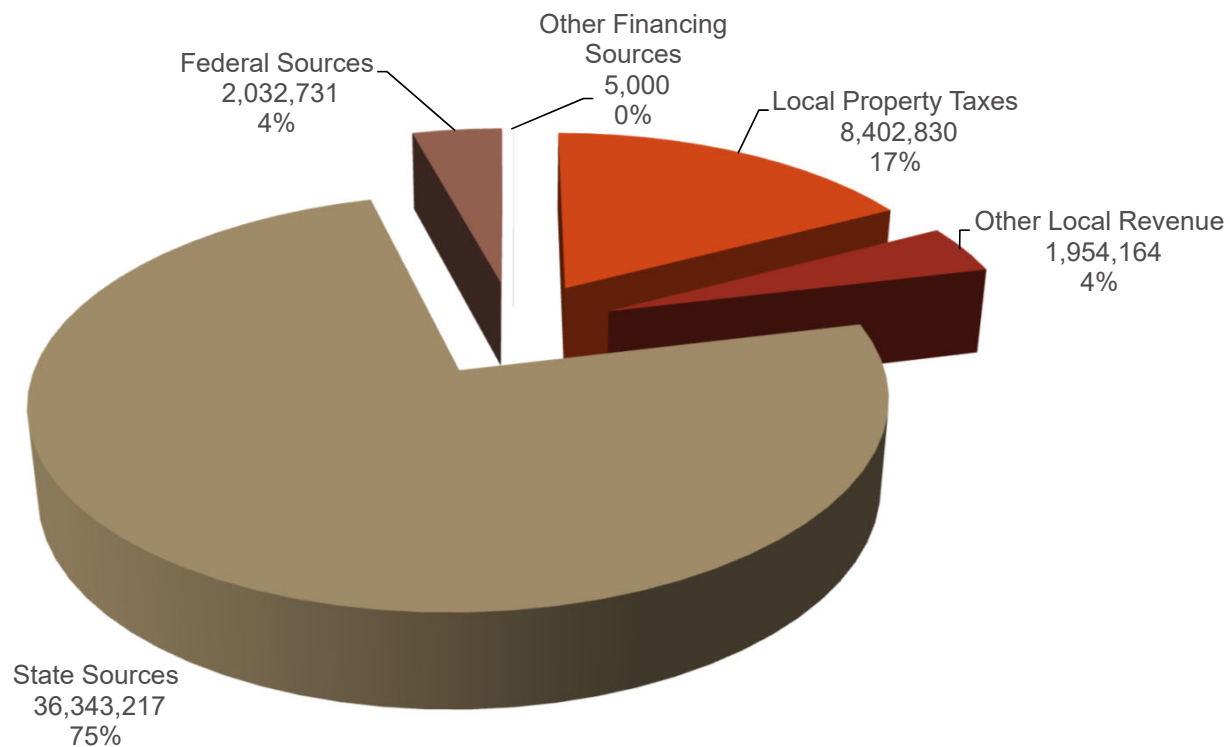
2021-2022 Revenue Budget



2021-2022 Expenditure Budget



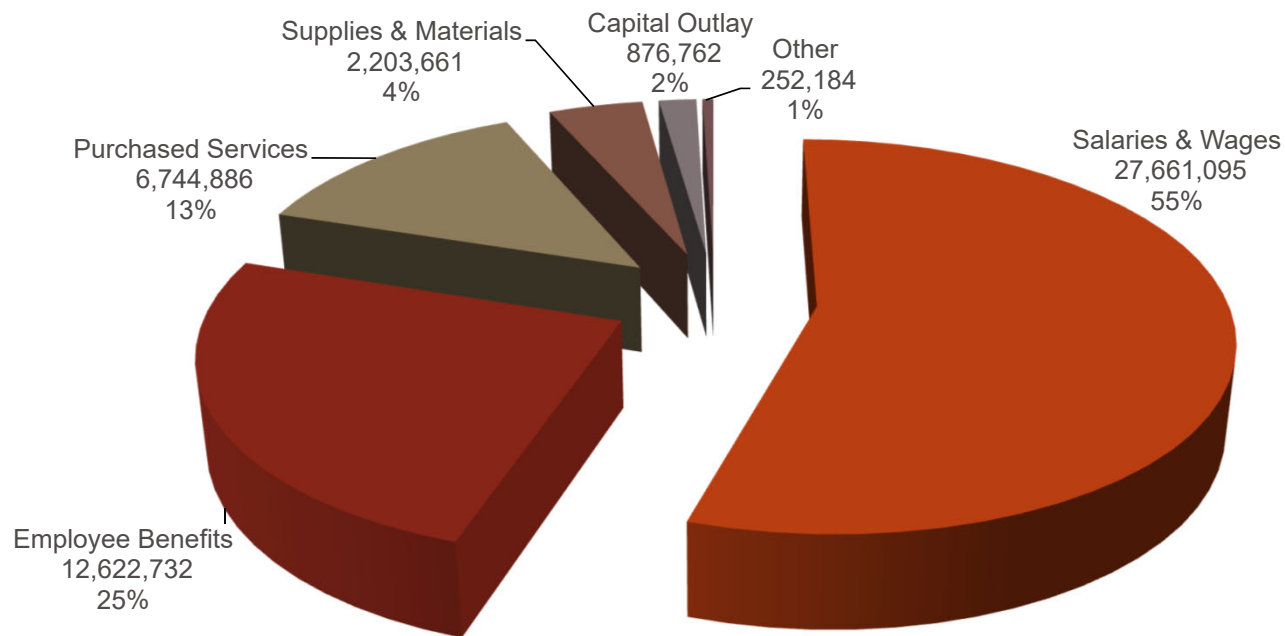
2021-2022 General Fund Rev.



**Does not include Fund 12 Sp Ed Coop revenues of \$10,722,848*



2021-2022 General Fund Exp.



**Does not include Fund 12 Sp Ed Coop expenses of \$10,722,848*



Proposed Levy Payable 2022

- 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 2022

- 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



Proposed Levy Payable 2022

- **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 2022

- Proposed property tax levy for 2022 is a decrease from 2021 of (\$93,558.73) or -0.75%

	2021	2022
General Fund	8,633,811.62	8,567,314.47
Community Service	364,730.60	398,480.95
Debt Service	3,426,395.55	3,365,583.62
Total	12,424,937.77	12,331,379.04



Proposed Levy Payable 2022

Monticello School District #882

DATE 10/11/21

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 Final Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	\$ 2,457,934.66	\$ 2,413,865.84	\$ (44,068.82)	
2 Equity	\$ 642,668.00	\$ 605,136.10	\$ (37,531.90)	
3 Local Optional Revenue	\$ 2,976,026.99	\$ 2,846,533.72	\$ (129,493.27)	
4 Transition	\$ 30,522.36	\$ 28,823.32	\$ (1,699.04)	
5 Operating Capital	\$ 398,544.34	\$ 431,579.96	\$ 33,035.62	
6 Achievement & Integration	\$ 75,330.08	\$ 92,489.92	\$ 17,159.84	
7 Reemployment Ins	\$ 80,000.00	\$ 80,000.00	\$ -	
8 Safe Schools	\$ 167,500.80	\$ 158,176.80	\$ (9,324.00)	
9 Career Technical	\$ 252,951.56	\$ 265,183.29	\$ 12,231.73	
10 Other Postemployment Benefits	\$ 732,989.00	\$ 930,293.00	\$ 197,304.00	
11 LT Facilities Equal	\$ 395,512.61	\$ 315,879.44	\$ (79,633.17)	
12 LT Facilities Unequal	\$ 396,776.42	\$ 389,972.73	\$ (6,803.69)	
13 Lease Levy	\$ 235,942.72	\$ 333,381.89	\$ 97,439.17	
14 General Fund Adjustments	\$ (208,887.92)	\$ (324,001.54)	\$ (115,113.62)	
Total General Fund Levy	\$ 8,633,811.62	\$ 8,567,314.47	\$ (66,497.15)	-0.77%



Proposed Levy Payable 2022

Monticello School District #882

DATE 10/11/21

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 Final Levy	Change from Prior Year	Percent Change
Community Service Fund				
1 Basic Community Education	\$ 159,920.05	\$ 170,886.90	\$ 10,966.85	
2 Early Childhood Family Education	\$ 110,020.30	\$ 108,523.73	\$ (1,496.57)	
3 Home Visiting	\$ 2,571.61	\$ 2,895.57	\$ 323.96	
4 Adults with Disabilities	\$ 6,900.00	\$ 6,900.00	\$ -	
5 School Age Care	\$ 85,000.00	\$ 100,000.00	\$ 15,000.00	
6 CE Adjustments	\$ 318.64	\$ 9,274.75	\$ 8,956.11	
Total Community Service Fund Levy	\$ 364,730.60	\$ 398,480.95	\$ 33,750.35	9.25%
Debt Service Fund				
1 Voter Approved Debt Service	\$ 2,467,842.00	\$ 2,487,477.00	\$ 19,635.00	
2 LT Facilities Debt Service	\$ 1,120,976.31	\$ 1,077,913.46	\$ (43,062.85)	
3 Reduction for Excess Fund Balance	\$ (163,743.05)	\$ (204,763.97)	\$ (41,020.92)	
4 Debt Service Fund Adjustments	\$ 1,320.29	\$ 4,957.13	\$ 3,636.84	
Total Debt Service Fund Levy	\$ 3,426,395.55	\$ 3,365,583.62	\$ (60,811.93)	-1.77%
Total Certified Levy	\$ 12,424,937.77	\$ 12,331,379.04	\$ (93,558.73)	-0.75%



Explanation of Levy Changes

- Category: Local Optional Revenue
- Change: -129,493
- Use of funds: general operating expenses
- Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - This property tax levy is also affected by a decrease in student enrollment



Explanation of Levy Changes

- Category: Other Postemployment Benefits
- Change: +197,304
- Use of funds: other post employment benefit costs
- Reason for increase:
 - The district realized an increase in health insurance premiums for the October 1, 2020 plan year and more retirees.



Explanation of Levy Changes

- Category: Long-term Facility Maintenance
- Change: -79,633
- Use of funds: state approved projects on 10 year facilities plan
- Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - Lower pupil units caused a decrease from the prior year



Explanation of Levy Changes

- Category: Lease Levy
- Change: +97,439
- Use of funds: operating leases or capital leases
- Reason for increase:
 - Property tax levy is used for leased space for instructional purposes
 - Additional space was leased for the Nature Base program at three different sites



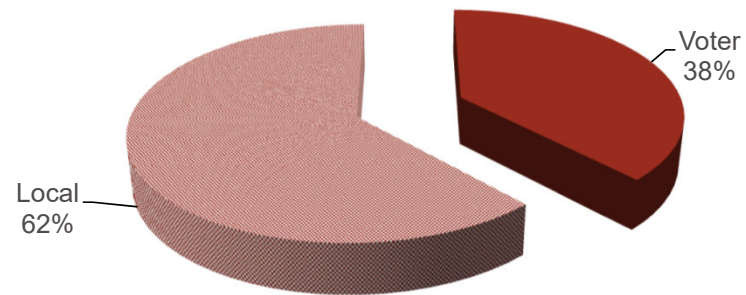
Explanation of Levy Changes

- Category: General Fund Adjustments
- Change: -115,114
- Use of funds: general operating expenses
- Reason for decrease:
 - Annually, the Minnesota Department of Education adjusts final program revenues to actual expenditures or final allocations for per student-based funding programs
 - Adjustments were made based on lower than expected student enrollment

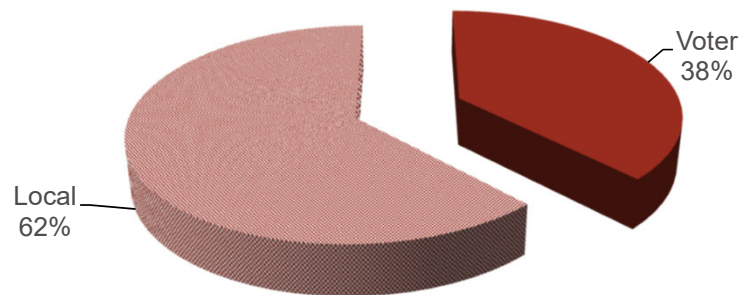


Levy Limitation Comparison

2022 Final Projected Tax Levy



2021 Tax Levy



Impact of Taxpayers

- Following are tables and graphs showing examples of changes in the school district portion of property taxes from 2019 to 2022
 - Actual changes in value may be more or less than this for any parcel of property
 - Amounts for 2022 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, 2019 to 2022

Based on No Increases in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2019	Actual Taxes Payable in 2020	Actual Taxes Payable in 2021	Estimated Taxes Payable in 2022	Change in Taxes 2019 to 2022	Change in Taxes 2021 to 2022
Residential Homestead	\$100,000	\$341	\$310	\$304	\$290	-\$51	-\$14
	125,000	442	403	395	377	-65	-18
	150,000	543	495	485	464	-79	-21
	175,000	644	587	576	551	-93	-25
	200,000	745	679	666	638	-107	-28
	250,000	946	864	847	811	-135	-36
	300,000	1,148	1,049	1,028	985	-163	-43
	350,000	1,350	1,233	1,209	1,159	-191	-50
	400,000	1,552	1,418	1,390	1,333	-219	-57
	500,000	1,943	1,775	1,740	1,668	-275	-72

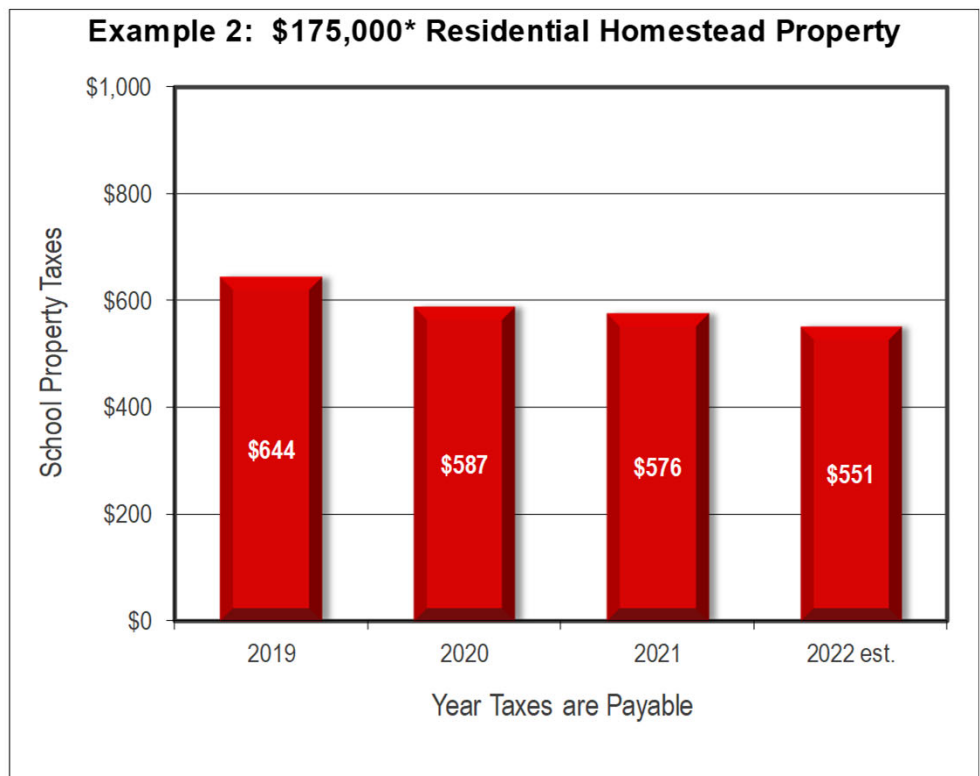
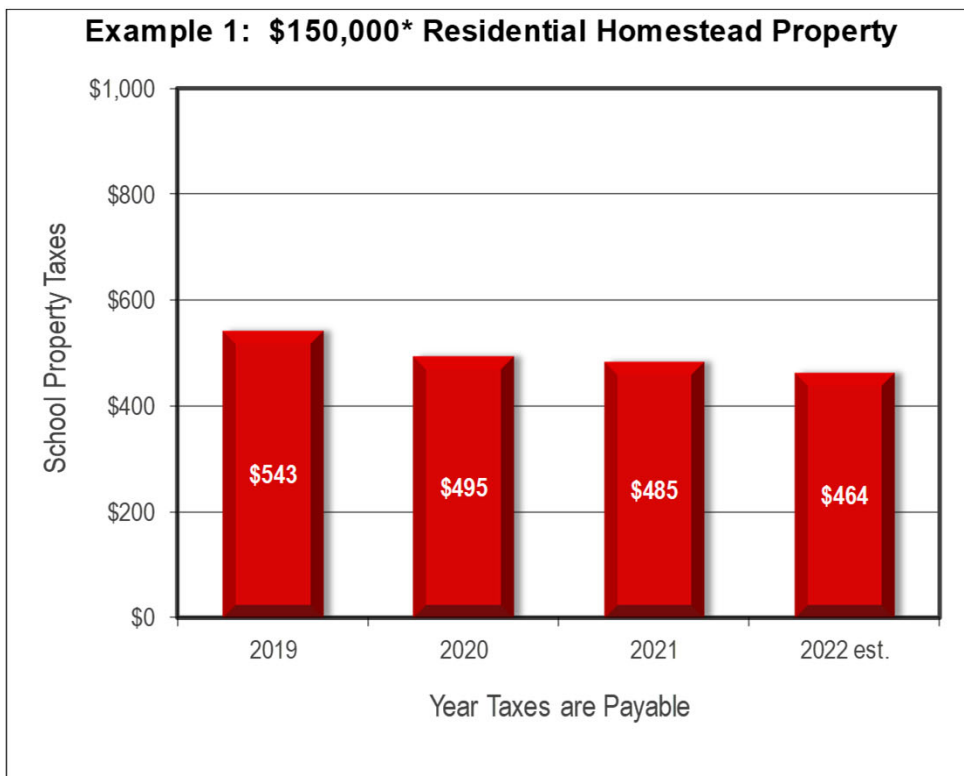
General Notes

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 no changes in estimated market value from 2019 to 2022.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2019 to 2022

Based on No Increases in Property Values

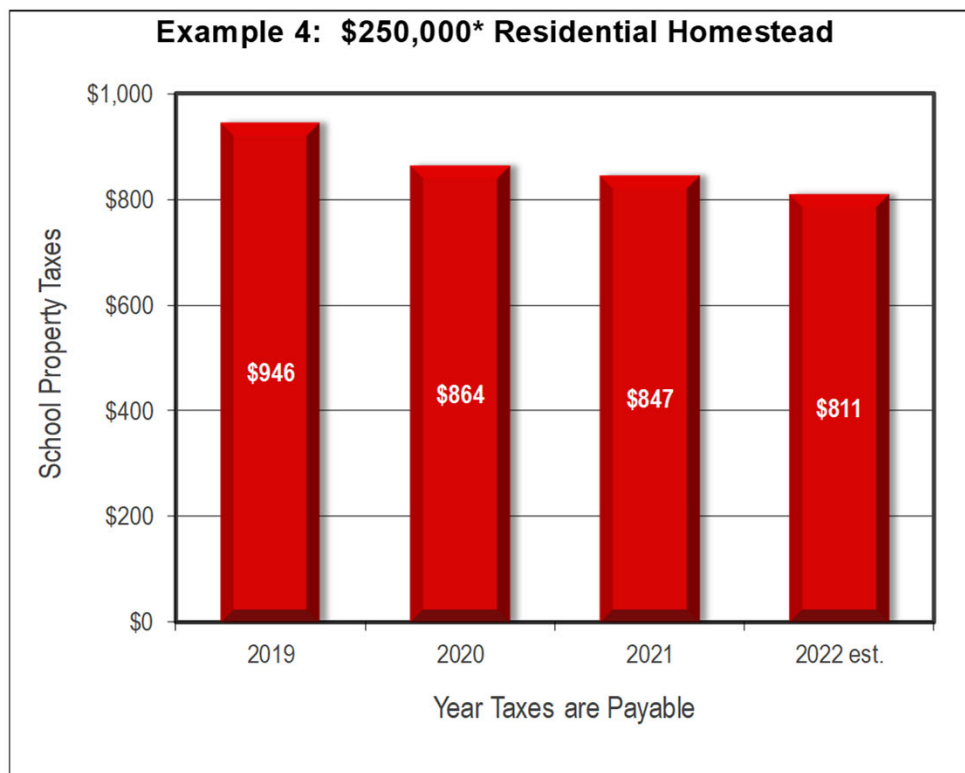
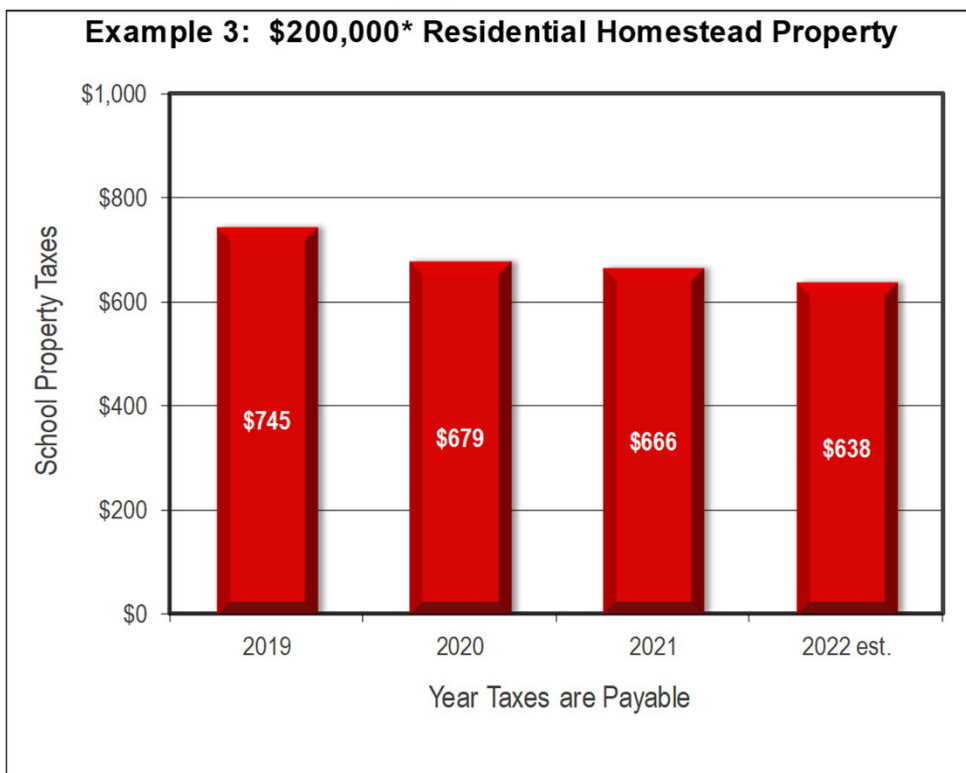


* Estimated market value for taxes payable in 2022. Taxes are calculated based on no changes in market value from 2019 to 2022.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2019 to 2022

Based on No Increases in Property Values



* Estimated market value for taxes payable in 2022. Taxes are calculated based on no changes in market value from 2019 to 2022.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2019 to 2022

Based on 8.2% 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	\$92,420	\$310	\$96,117	\$296	\$98,039	\$297	\$100,000	\$290	-\$20	-\$7
	115,525	403	120,146	385	122,549	386	125,000	377	-26	-9
	138,630	497	144,175	473	147,059	475	150,000	464	-33	-11
	161,735	590	168,205	562	171,569	563	175,000	551	-39	-12
	184,840	683	192,234	651	196,078	652	200,000	638	-45	-14
	231,050	870	240,292	828	245,098	829	250,000	811	-59	-18
	277,260	1,057	288,351	1,006	294,118	1,007	300,000	985	-72	-22
	323,470	1,243	336,409	1,183	343,137	1,184	350,000	1,159	-84	-25
	369,680	1,430	384,468	1,361	392,157	1,361	400,000	1,333	-97	-28
	462,100	1,796	480,584	1,706	490,196	1,705	500,000	1,668	-128	-37

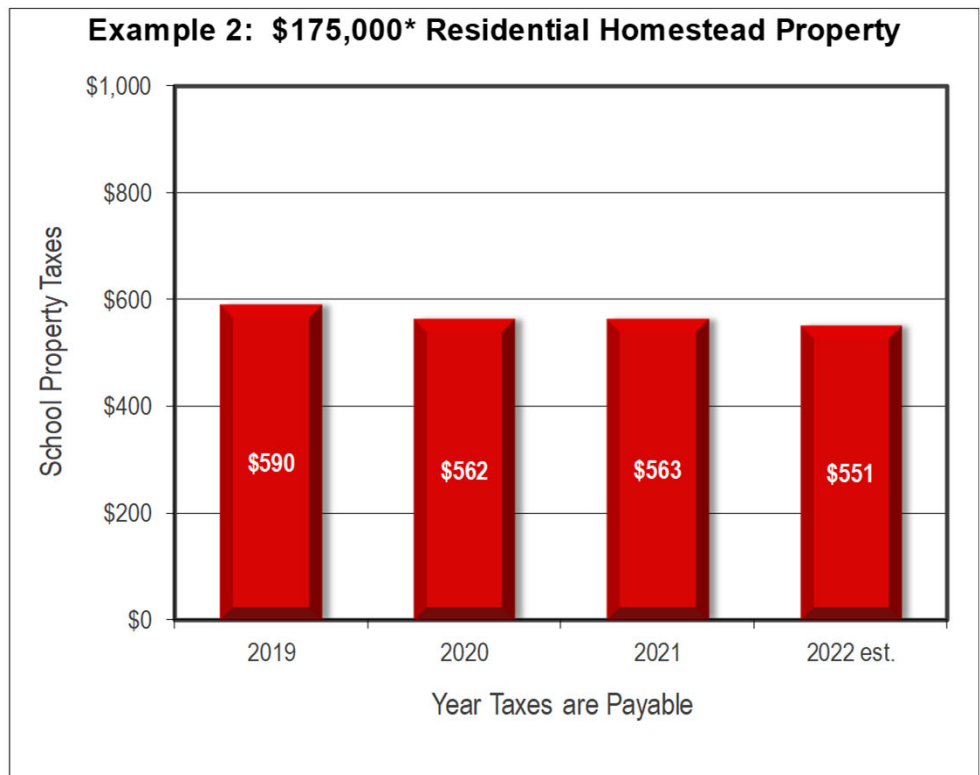
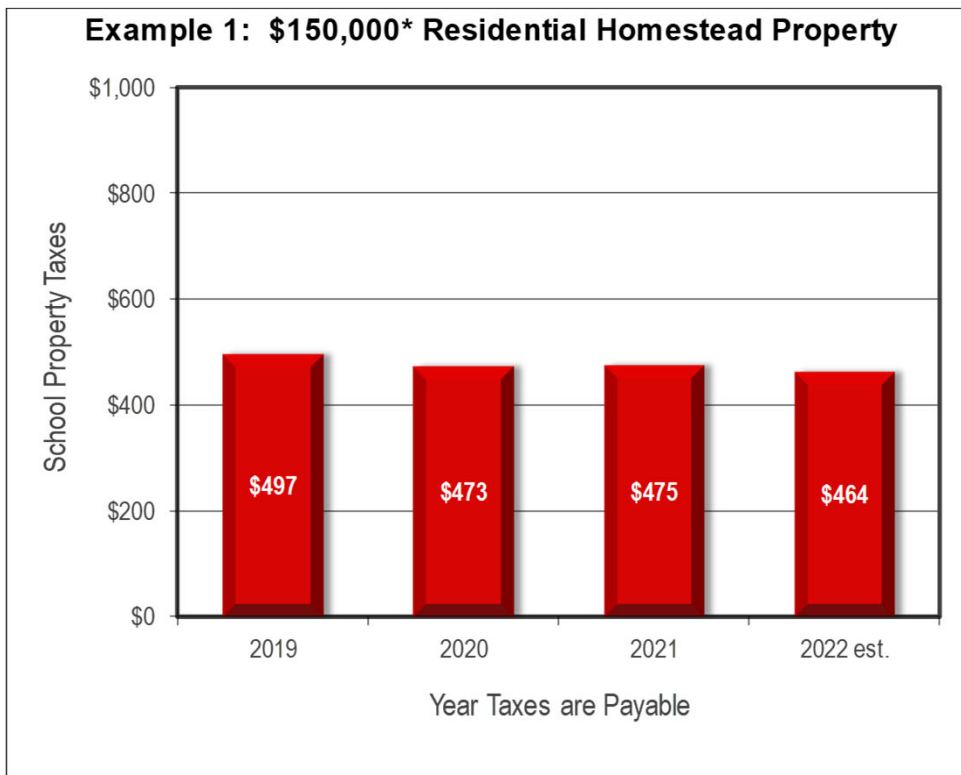
General Notes

- 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 4.0% from 2019 to 2020 taxes, 2.0% from 2020 to 2021, and 2.0% from 2021 to 2022.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2019 to 2022

Based on 8.2% Cumulative Changes in Property Value from 2019 to 2022 Taxes

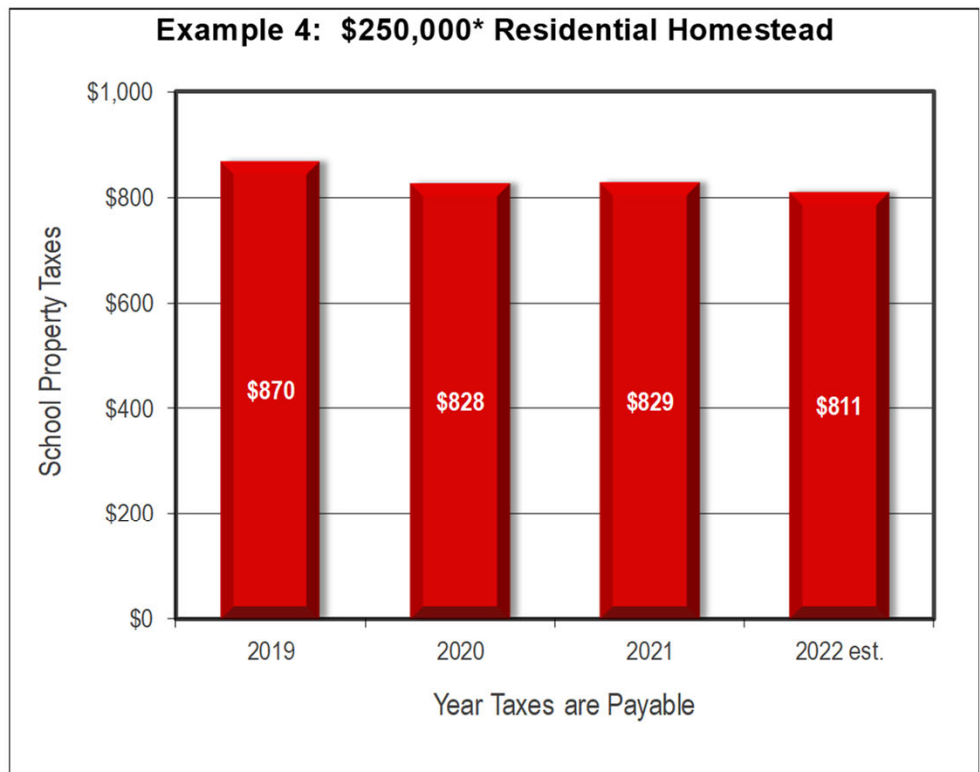
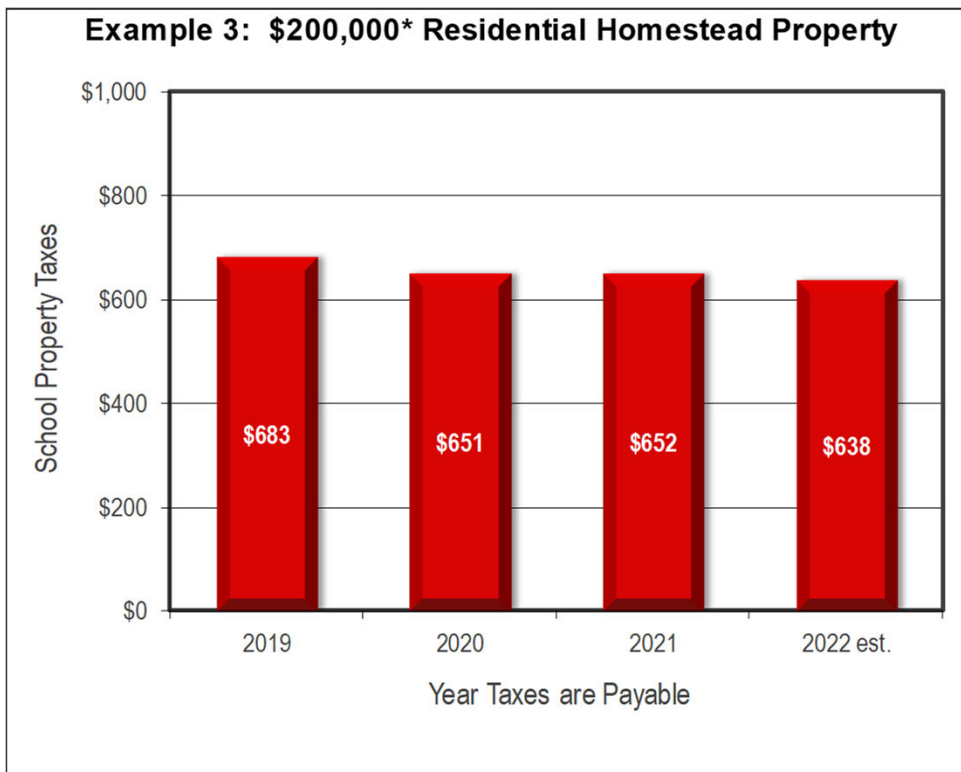


* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 4.0% from 2019 to 2020 taxes, 2.0% from 2020 to 2021, and 2.0% from 2021 to 2022.

Monticello School District, ISD 882

Estimated Changes in School Property Taxes, 2019 to 2022

Based on 8.2% Cumulative Changes in Property Value from 2019 to 2022 Taxes



* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 4.0% from 2019 to 2020 taxes, 2.0% from 2020 to 2021, and 2.0% from 2021 to 2022.

Impact of Taxpayers

Xcel Total Estimated Market Value, Wright County						
2021	2020	2019	2018	2017	2016	2015
639,313,800.00	670,273,600.00	650,984,500.00	656,090,400.00	743,551,900.00	714,047,000.00	680,037,200.00
124,283,500.00	142,216,000.00	135,618,800.00	141,076,800.00	134,303,200.00	118,026,500.00	99,502,700.00
763,597,300.00	812,489,600.00	786,605,319.00	797,169,218.00	877,857,117.00	832,075,516.00	779,541,915.00
-6.02%	3.29%	-1.33%	-9.19%	5.50%	6.74%	

Xcel Total Taxes Payable, Wright County						
	14,231,270.00	13,910,846.00	14,206,490.00	14,851,920.00	14,457,126.00	14,396,360.00
	4,026,796.00	3,934,168.00	4,232,402.00	3,843,782.00	3,455,848.00	3,060,054.00
	18,258,066.00	17,845,014.00	18,438,892.00	18,695,702.00	17,912,974.00	17,456,414.00
	2.31%	-3.22%	-1.37%	4.37%	2.62%	

**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

- Minnesota Property Tax Refund (aka “Circuit Breaker” Refund)
- Special Property Tax Refund
- Senior Citizen Property Tax Deferral



Final Levy Adoption

DATE: December 20, 2021
TIME: 6:00 pm
PLACE: Monticello Middle School
Board Room

