

Truth in Taxation

2021 Proposed Property Tax Levy



Monticello Public Schools
District Office
December 7, 2020
6:00 pm

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

Truth in Taxation Timeline

2020 Payable 2021 Levy

- For -

2021-2022 School Year

- Or -

FY2022

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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
 - Adopt final payable levy by December 28

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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

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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

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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

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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)
 - Building Construction fund
 - Debt Service fund
 - Internal Service fund
 - OPEB Trust fund

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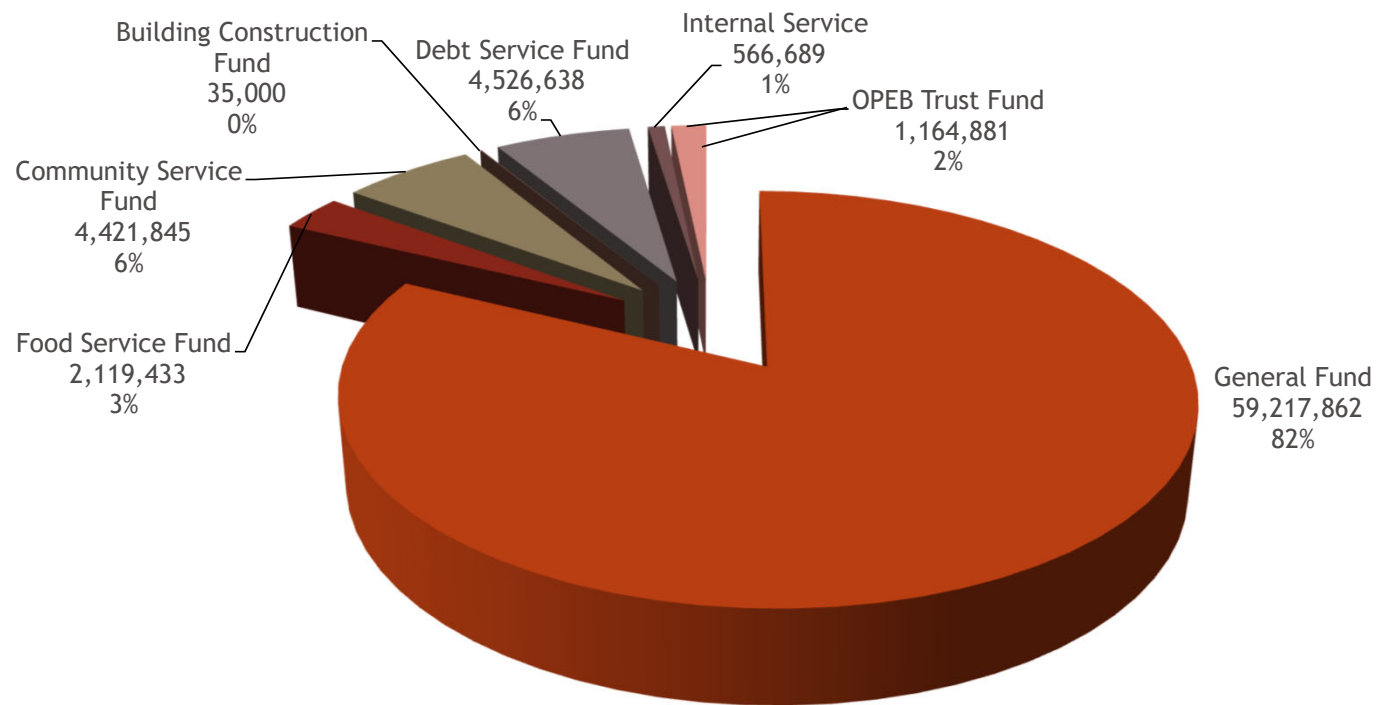
2020-2021 Adopted Budget

	6/30/2020 Audited Balance	Revenues	Expenditures	6/30/2021 Projected Balance
General Fund	7,615,178	59,217,862	58,893,765	7,939,275
Food Service	143,072	2,119,433	2,158,931	103,574
Community Service	367,572	4,421,845	4,396,991	392,426
Building Construction	2,207,359	35,000	2,434,609	(192,250)
Debt Service	778,073	4,526,638	3,637,075	1,667,636
Internal Service	214,644	566,689	514,556	266,777
OPEB Trust	1,695,684	1,164,881	1,193,721	1,666,844
Total	13,021,582	72,052,348	73,229,648	11,844,282

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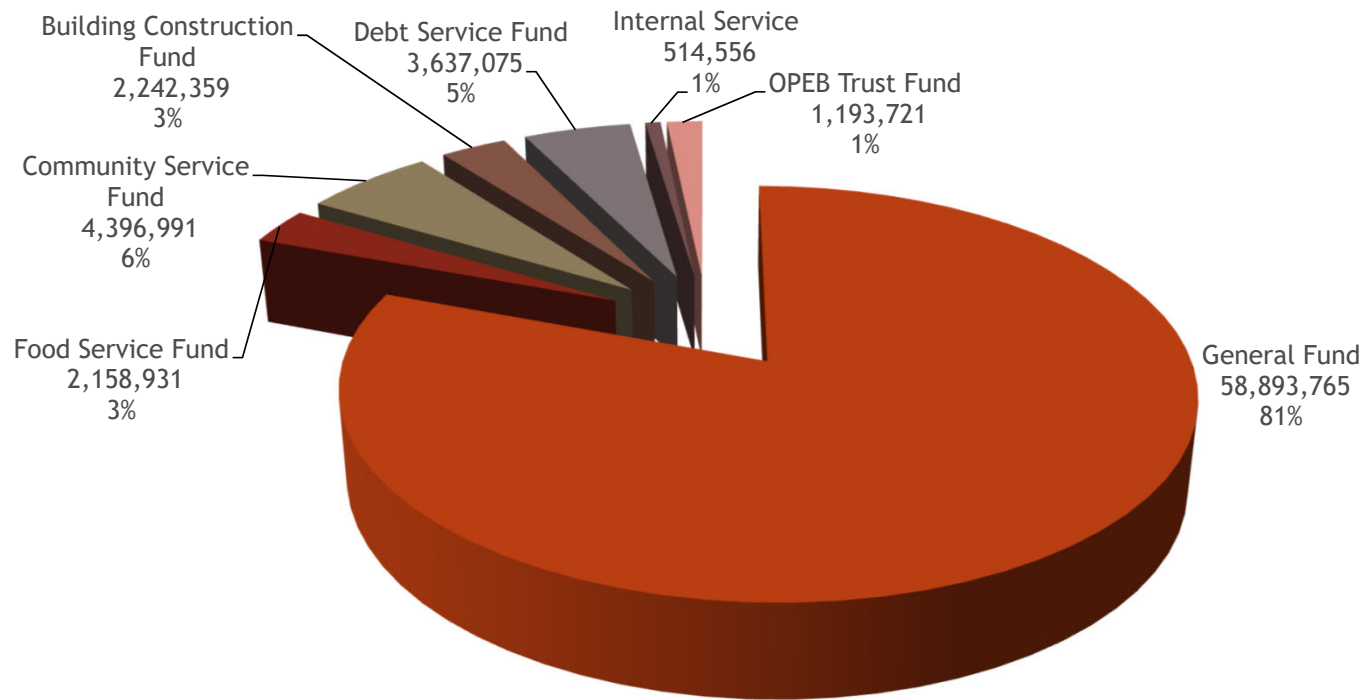
2020-2021 Revenue Budget



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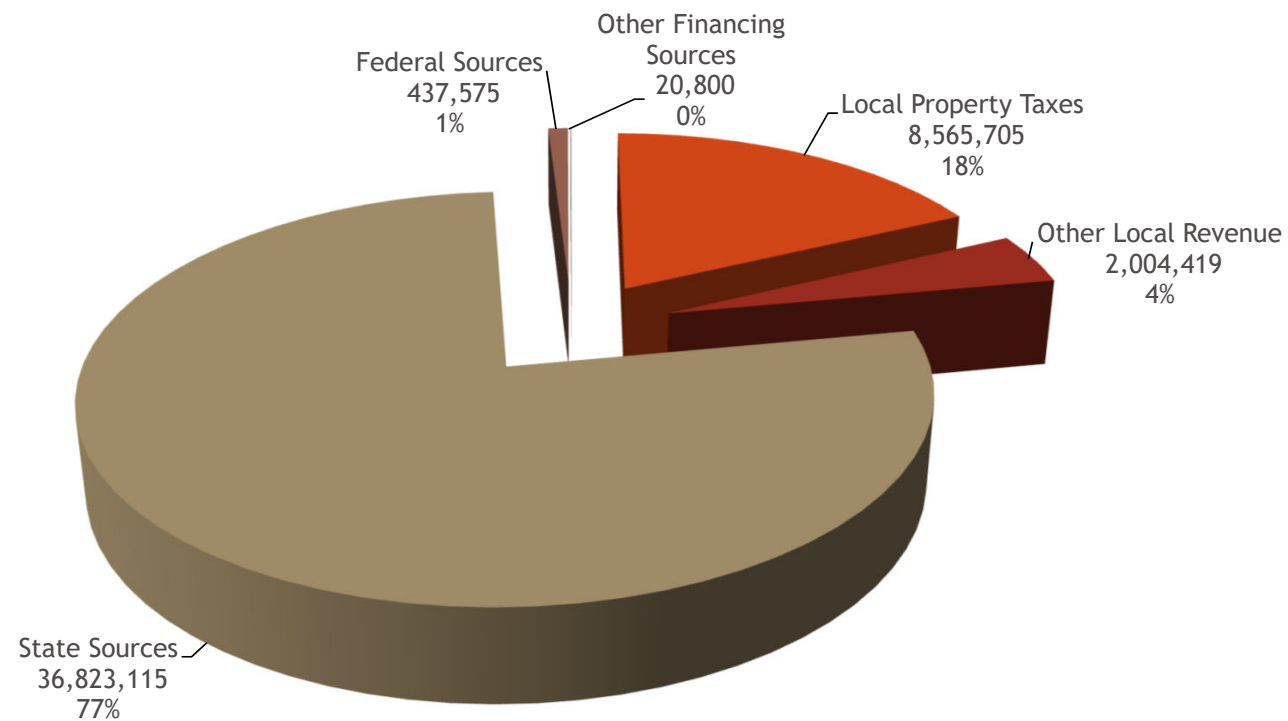
2020-2021 Expenditure Budget



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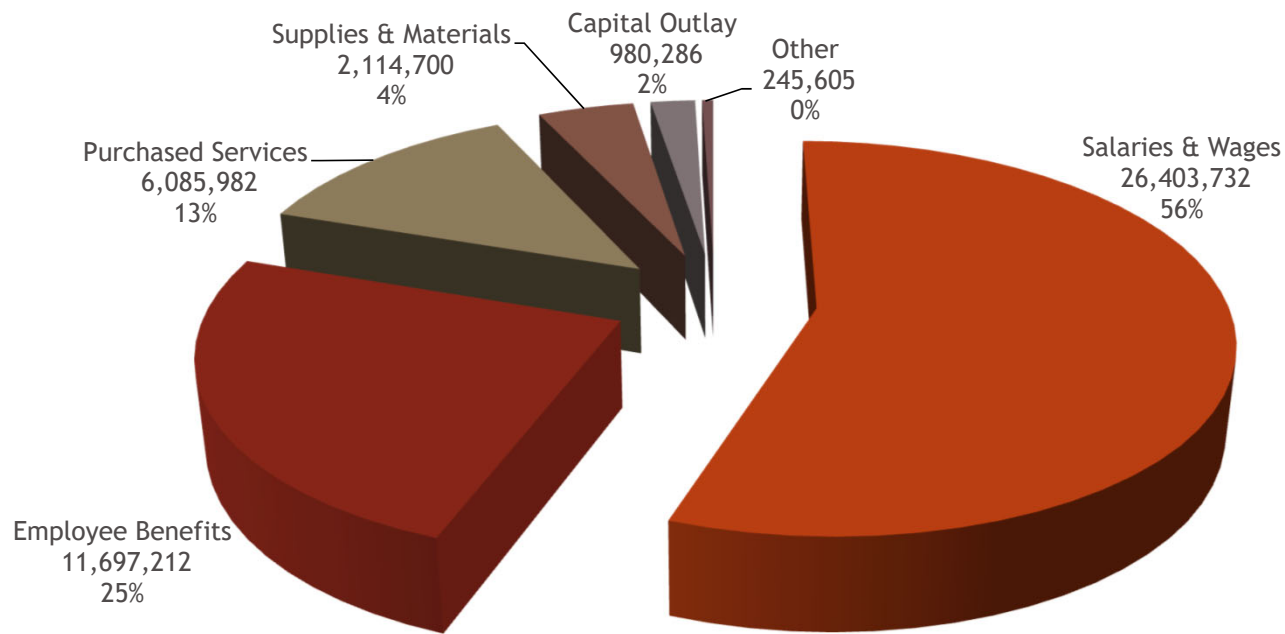
2020-2021 General Fund Rev.



**Does not include Fund 12 Sp Ed Coop revenues of \$11,366,248*



2020-2021 General Fund Exp.



**Does not include Fund 12 Sp Ed Coop expenses of \$11,366,248*



Proposed Levy Payable 2021

- 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

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Proposed Levy Payable 2021

- Many factors can cause the tax bill for an individual property to increase or decrease
 - 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

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Proposed Levy Payable 2021

- **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)

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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**.



Proposed Levy Payable 2021

Monticello School District #882

DATE 12/7/20

**Comparison of Proposed Tax Levy Payable in 2021 to Actual Levy Payable in 2020 by Fund
Using Final Levy Payable in 2020 as Base Year**

	2020 Final Levy	2021 Preliminary Proposed Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	\$ 2,403,404.52	\$ 2,457,934.66	\$ 54,530.14	
2 Equity	\$ 629,049.71	\$ 642,668.00	\$ 13,618.29	
3 Local Optional Revenue	\$ 2,890,053.59	\$ 2,976,026.99	\$ 85,973.40	
4 Transition	\$ 30,090.72	\$ 30,522.36	\$ 431.64	
5 Operating Capital	\$ 376,514.40	\$ 398,544.34	\$ 22,029.94	
6 Achievement & Integration	\$ 71,807.40	\$ 75,330.08	\$ 3,522.68	
7 Reemployment Ins	\$ 30,000.00	\$ 80,000.00	\$ 50,000.00	
8 Safe Schools	\$ 165,132.00	\$ 167,500.80	\$ 2,368.80	
9 Career Technical	\$ 213,915.68	\$ 252,951.56	\$ 39,035.88	
10 Other Postemployment Benefits	\$ 844,268.70	\$ 732,989.00	\$ (111,279.70)	
11 LT Facilities Equal	\$ 401,958.97	\$ 395,512.61	\$ (6,446.36)	
12 LT Facilities Unequal	\$ 380,348.98	\$ 396,776.42	\$ 16,427.44	
13 Lease Levy	\$ 201,379.00	\$ 235,942.72	\$ 34,563.72	
14 General Fund Adjustments	\$ (172,455.17)	\$ (208,887.92)	\$ (36,432.75)	
Total General Fund Levy	\$ 8,465,468.50	\$ 8,633,811.62	\$ 168,343.12	1.99%



Proposed Levy Payable 2021

Monticello School District #882

DATE 12/7/20

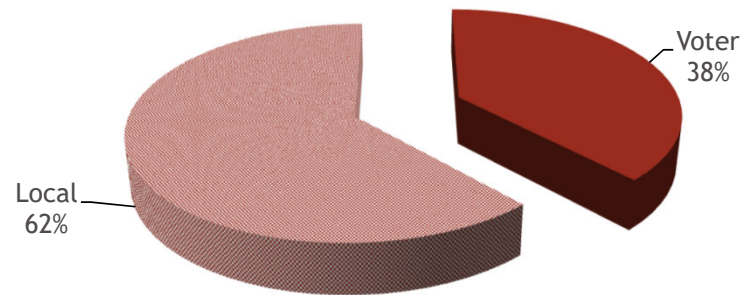
**Comparison of Proposed Tax Levy Payable in 2021 to Actual Levy Payable in 2020 by Fund
Using Final Levy Payable in 2020 as Base Year**

	2020 Final Levy	2021 Preliminary Proposed Levy	Change from Prior Year	Percent Change
Community Service Fund				
1 Basic Community Education	\$ 159,920.05	\$ 159,920.05	\$ -	
2 Early Childhood Family Education	\$ 111,549.88	\$ 110,020.30	\$ (1,529.58)	
3 Home Visiting	\$ 2,420.60	\$ 2,571.61	\$ 151.01	
4 Adults with Disabilities	\$ 6,900.00	\$ 6,900.00	\$ -	
5 School Age Care	\$ 75,000.00	\$ 85,000.00	\$ 10,000.00	
6 CE Adjustments	\$ 1,400.55	\$ 318.64	\$ (1,081.91)	
Total Community Service Fund Levy	\$ 357,191.08	\$ 364,730.60	\$ 7,539.52	2.11%
Debt Service Fund				
1 Voter Approved Debt Service	\$ 2,478,027.00	\$ 2,467,842.00	\$ (10,185.00)	
2 LT Facilities Debt Service	\$ 1,116,564.60	\$ 1,120,976.31	\$ 4,411.71	
3 Reduction for Excess Fund Balance	\$ (218,068.56)	\$ (163,743.05)	\$ 54,325.51	
4 Debt Service Fund Adjustments	\$ 6,257.93	\$ 1,320.29	\$ (4,937.64)	
Total Debt Service Fund Levy	\$ 3,382,780.97	\$ 3,426,395.55	\$ 43,614.58	1.29%
Total Certified Levy	\$ 12,205,440.55	\$ 12,424,937.77	\$ 219,497.22	1.80%

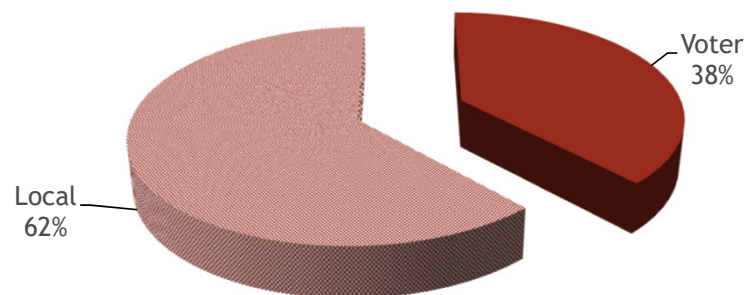


Levy Limitation Comparison

2021 Final Projected Tax Levy



2020 Tax Levy



Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: +54,530
- 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 of 2.31% and a small increase in student enrollment

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



Explanation of Levy Changes

- Category: Local Optional Revenue
- Change: +85,973
- 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 a small increase in student enrollment

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Explanation of Levy Changes

- Category: Reemployment Insurance
- Change: +50,000
- Use of funds: unemployment costs
- Reason for increase:
 - Unemployment claims created by the COVID-19 pandemic
 - Levy is based on actual costs. If costs are less than projected, the future levy will be reduced.

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Explanation of Levy Changes

- Category: Other Postemployment Benefits
- Change: -111,280
- Use of funds: other post employment benefit costs
- Reason for decrease:
 - The district realized a decrease in health insurance premiums for the October 1, 2019 plan year and less retirees.

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Explanation of Levy Changes

- Category: Reduction for Excess Fund Balance
- Change: +54,326
- Use of funds: to cover delinquencies in tax collections
- Reason for increase:
 - 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

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Impact of Taxpayers

- Following are tables and graphs showing examples of changes in the school district portion of property taxes from 2018 to 2021
 - Actual changes in value may be more or less than this for any parcel of property
 - Amounts for 2021 are preliminary estimates, based on best data available now - final figures could change slightly
 - Estimates were prepared by Ehlers (District's financial advisors)

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Monticello School District No. 882

Estimated Changes in School Property Taxes, 2018 to 2021

Based on No Increases in Property Values

Type of Property	Estimated Market Value for 2018 Taxes	Actual Taxes Payable in 2018	Actual Taxes Payable in 2019	Actual Taxes Payable in 2020	Estimated Taxes Payable in 2021	Change in Taxes 2018 to 2021	Change in Taxes 2020 to 2021
Residential Homestead	\$100,000	\$318	\$341	\$310	\$305	-\$13	-\$5
	125,000	412	442	403	395	-17	-8
	150,000	506	543	495	485	-21	-10
	175,000	600	644	587	576	-24	-11
	200,000	695	745	679	666	-29	-13
	250,000	883	946	864	847	-36	-17
	300,000	1,071	1,148	1,049	1,028	-43	-21
	350,000	1,259	1,350	1,233	1,209	-50	-24
	400,000	1,447	1,552	1,418	1,390	-57	-28
	500,000	1,811	1,943	1,775	1,740	-71	-35

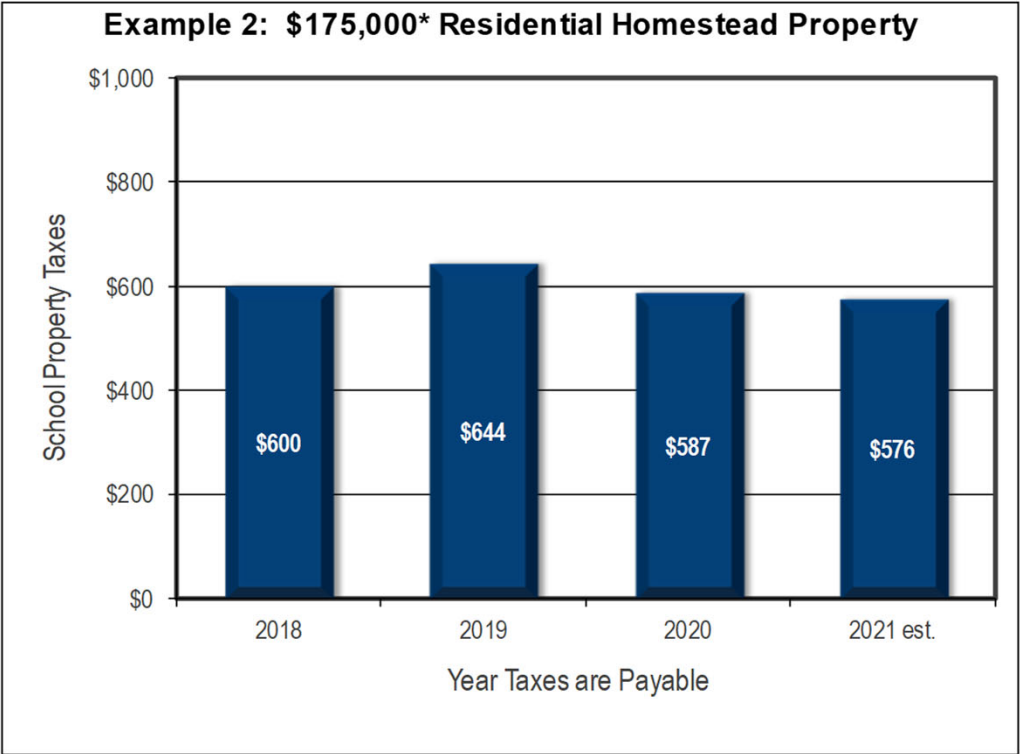
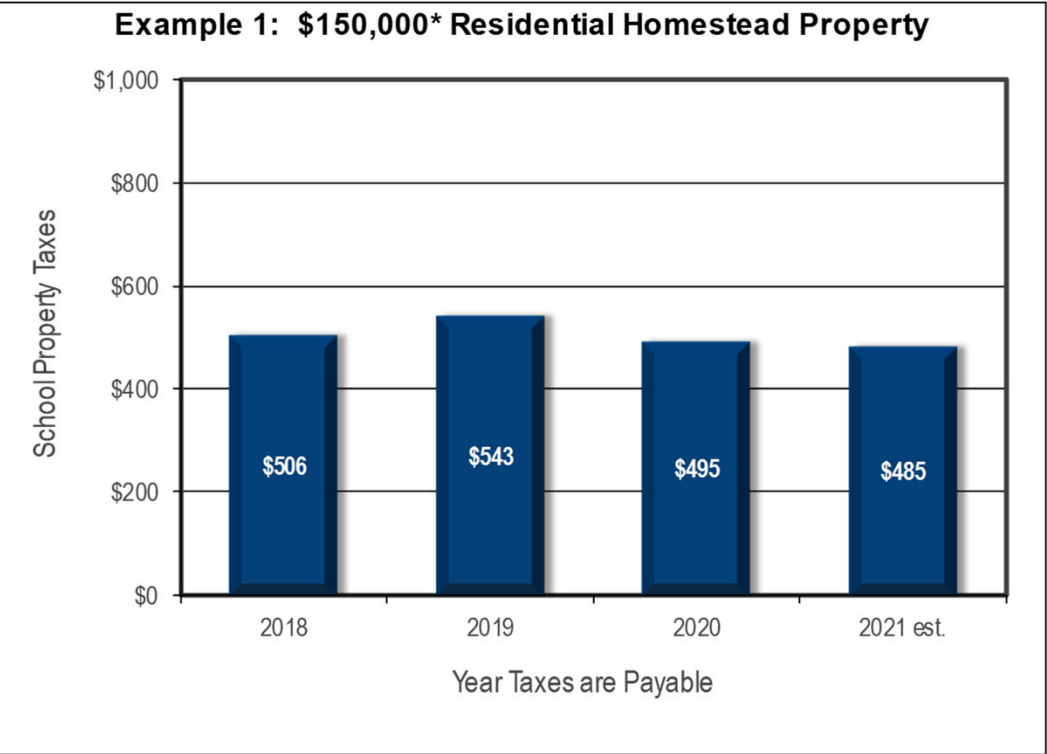
General Note

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 2021 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on no changes in estimated market value.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2018 to 2021

Based on No Increases in Property Values

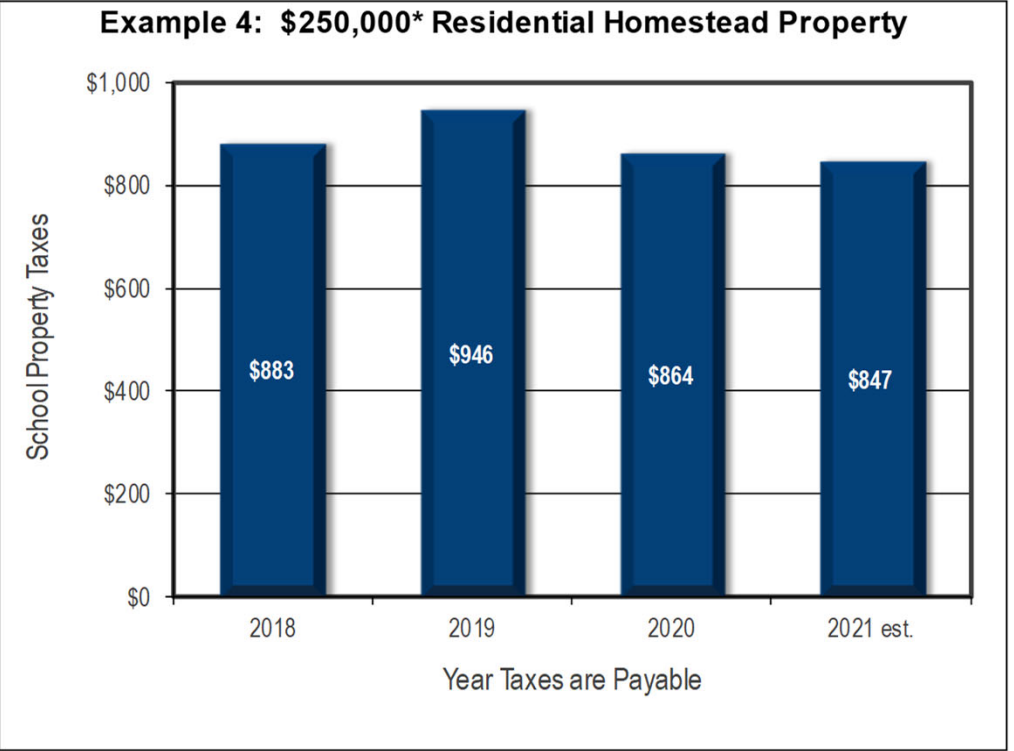
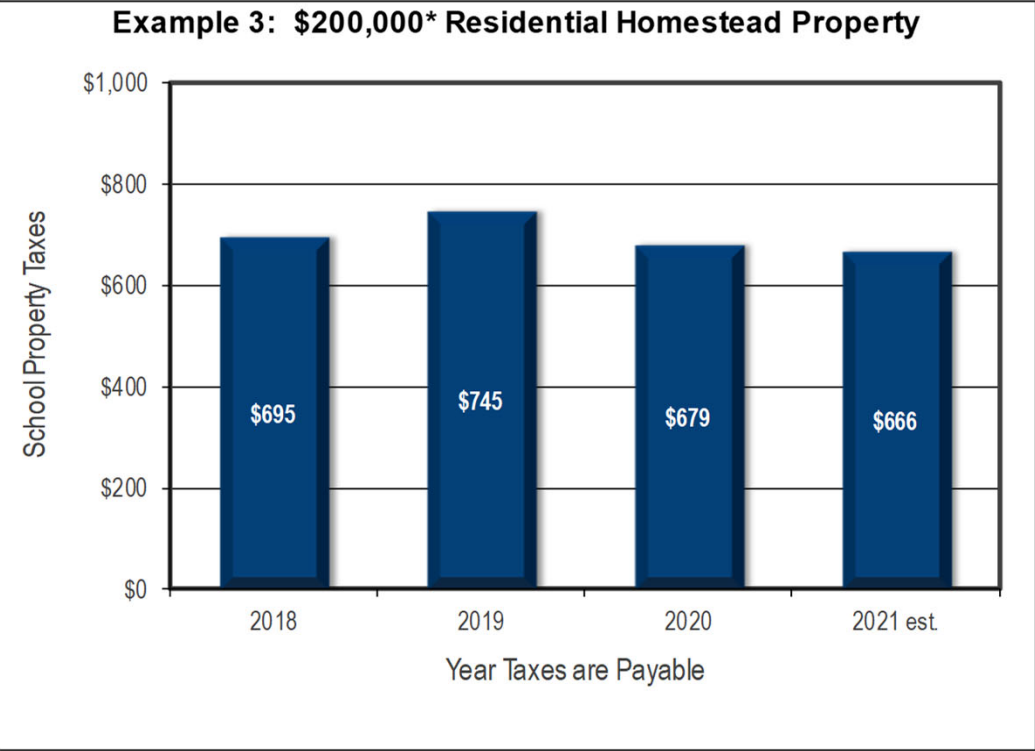


* The value shown in the title of the chart is the estimated market value for taxes payable in 2021. Taxes are calculated based on no change in market value from 2018 to 2021.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2018 to 2021

Based on No Increases in Property Values



* The value shown in the title of the chart is the estimated market value for taxes payable in 2021. Taxes are calculated based on no change in market value from 2018 to 2021.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2018 to 2021

Based on 8.2% Cumulative Changes in Property Value from 2018 to 2021 Taxes

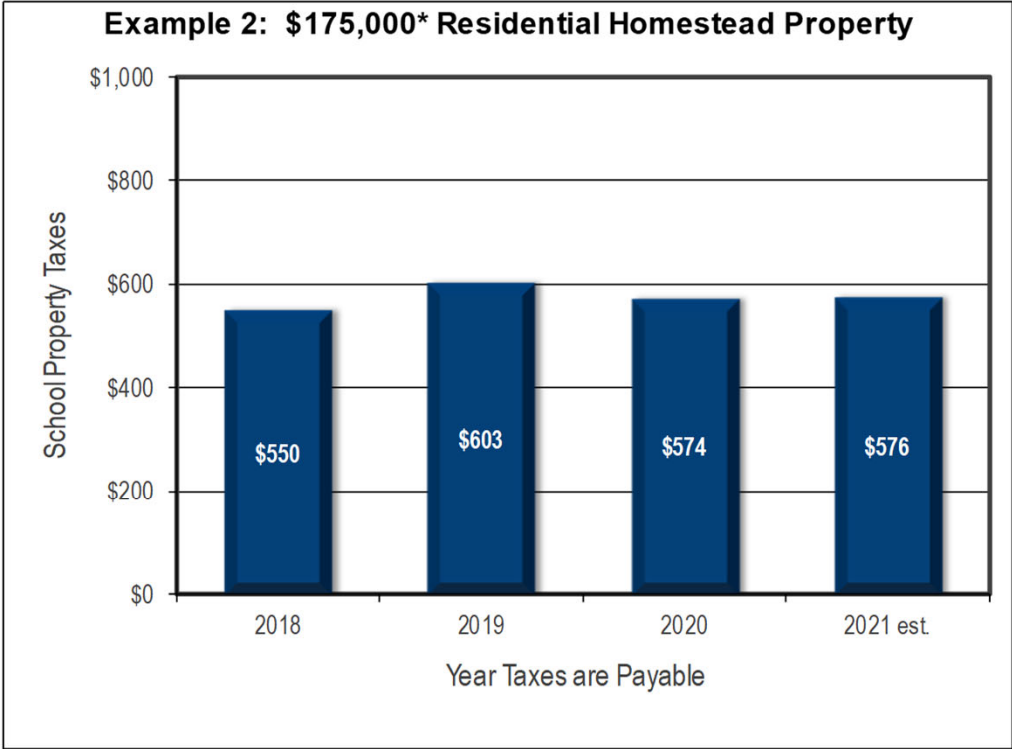
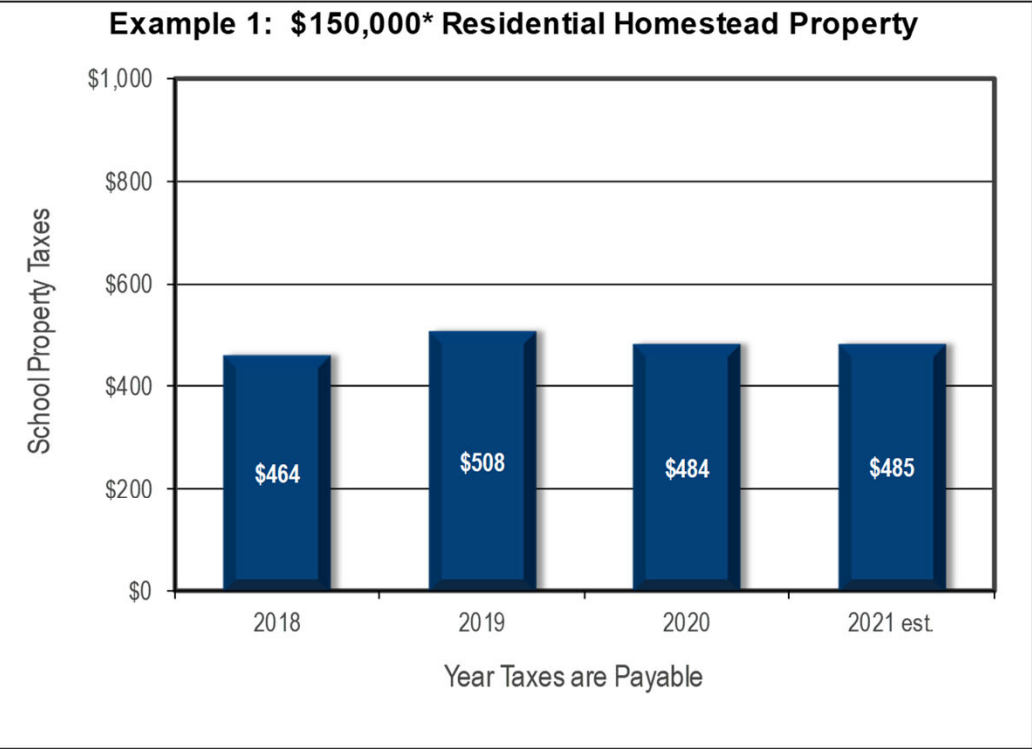
Type of Property	Estimated Market Value for 2018 Taxes	Actual Taxes Payable in 2018	Estimated Market Value for 2019 Taxes	Actual Taxes Payable in 2019	Estimated Market Value for 2020 Taxes	Actual Taxes Payable in 2020	Estimated Market Value for 2021 Taxes	Estimated Taxes Payable in 2021	Change in Taxes 2018 to 2021	Change in Taxes 2020 to 2021
Residential Homestead	\$92,420	\$290	\$94,268	\$318	\$98,039	\$303	\$100,000	\$305	\$15	\$2
	115,525	377	117,836	413	122,549	393	125,000	395	18	2
	138,630	464	141,403	508	147,059	484	150,000	485	21	1
	161,735	550	164,970	603	171,569	574	175,000	576	26	2
	184,840	637	188,537	698	196,078	665	200,000	666	29	1
	231,050	811	235,671	889	245,098	846	250,000	847	36	1
	277,260	985	282,805	1,079	294,118	1,027	300,000	1,028	43	1
	323,470	1,159	329,940	1,269	343,137	1,208	350,000	1,209	50	1
	369,680	1,333	377,074	1,460	392,157	1,389	400,000	1,390	57	1
	462,100	1,674	471,342	1,832	490,196	1,740	500,000	1,740	66	0

General Note

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 2021 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 2018 to 2019 taxes, 4.0% from 2019 to 2020, and 2.0% from 2020 to 2021.

Monticello School District No. 882

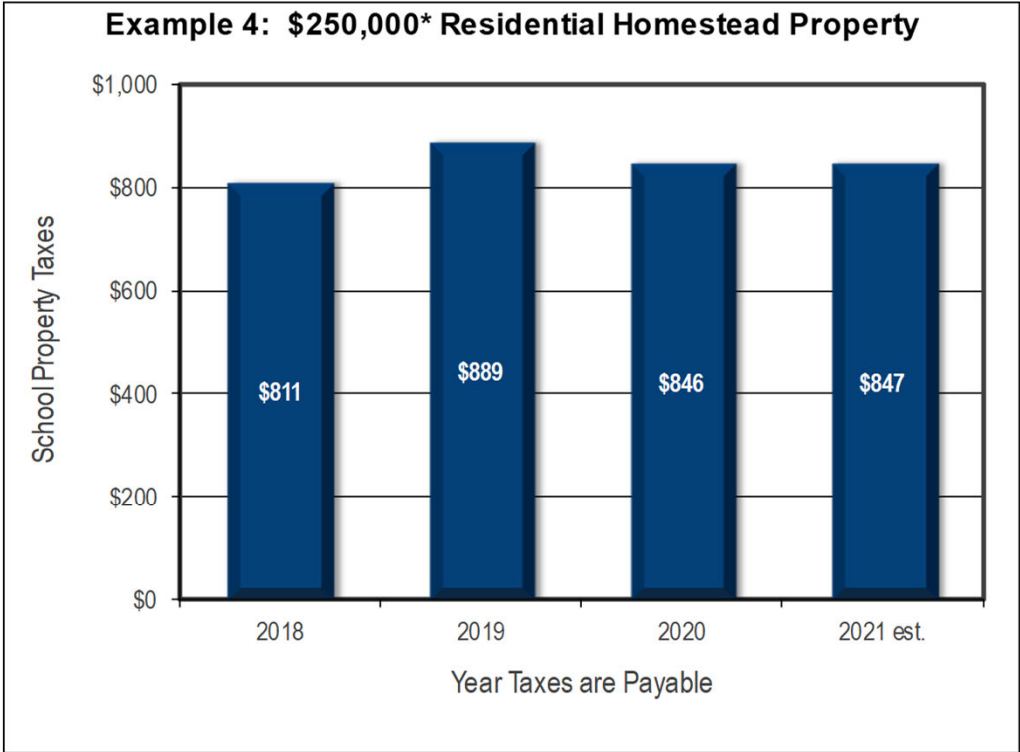
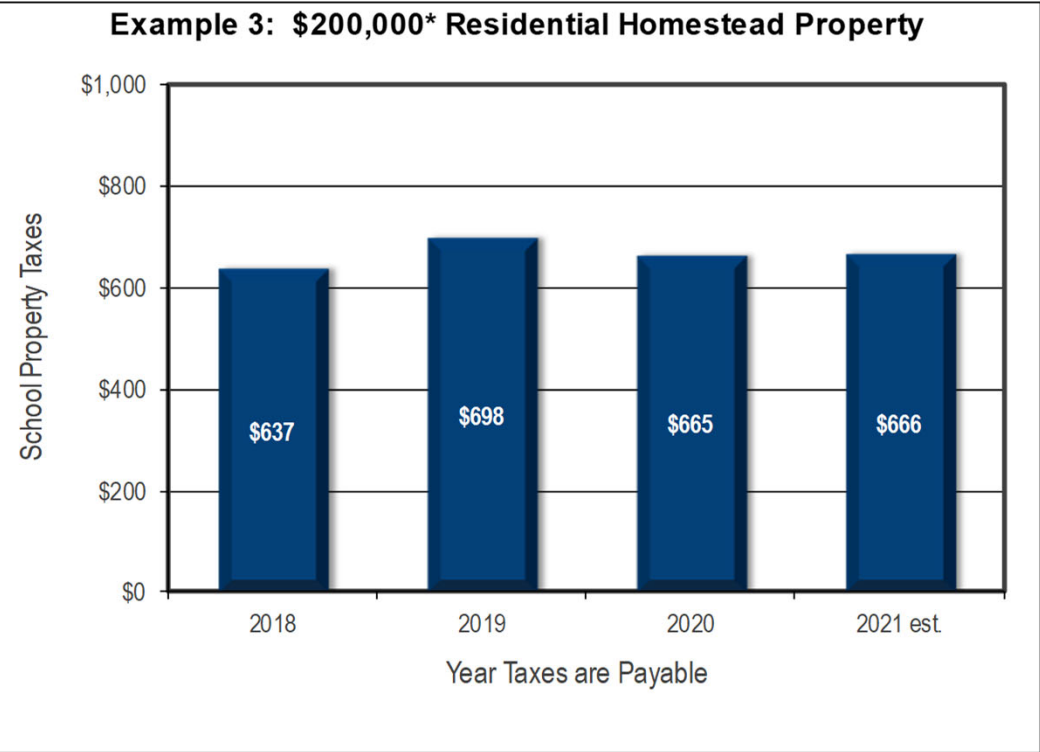
Estimated Changes in School Property Taxes, 2018 to 2021
Based on 8.2% Cumulative Changes in Property Value from 2018 to 2021 Taxes



* Estimated market value for taxes payable in 2021. Taxes are calculated based on changes in market value of 2.0% from 2018 to 2019 taxes, 4.0% from 2019 to 2020, and 2.0% from 2020 to 2021.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2018 to 2021
Based on 8.2% Cumulative Changes in Property Value from 2018 to 2021 Taxes



* Estimated market value for taxes payable in 2021. Taxes are calculated based on changes in market value of 2.0% from 2018 to 2019 taxes, 4.0% from 2019 to 2020, and 2.0% from 2020 to 2021.

Impact of Taxpayers

Xcel Total Estimated Market Value, Wright County						
2020	2019	2018	2017	2016	2015	2014
670,273,600.00	650,984,500.00	656,090,400.00	743,551,900.00	714,047,000.00	680,037,200.00	597,753,900.00
142,216,000.00	135,618,800.00	141,076,800.00	134,303,200.00	118,026,500.00	99,502,700.00	108,891,600.00
812,489,600.00	786,605,319.00	797,169,218.00	877,857,117.00	832,075,516.00	779,541,915.00	706,647,514.00
3.29%	-1.33%	-9.19%	5.50%	6.74%	10.32%	

Xcel Total Taxes Payable, Wright County						
	13,910,846.00	14,206,490.00	14,851,920.00	14,457,126.00	14,396,360.00	13,026,858.00
	3,934,168.00	4,232,402.00	3,843,782.00	3,455,848.00	3,060,054.00	3,447,864.00
	17,845,014.00	18,438,892.00	18,695,702.00	17,912,974.00	17,456,414.00	16,474,722.00
	-3.22%	-1.37%	4.37%	2.62%	5.96%	

**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

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



State Property Tax Refunds

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

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



Final Levy Adoption

DATE: December 21, 2020
TIME: 6:00 pm
PLACE: Monticello Middle School
Board Room

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

