



# Truth in Taxation 2020 Proposed Property Tax Levy

Monticello Public Schools

District Office

December 2, 2019

6:00 pm

# Truth in Taxation Timeline

2019 Payable 2020 Levy

- For -

2020-2021 School Year

- Or -

FY2021



# 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



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



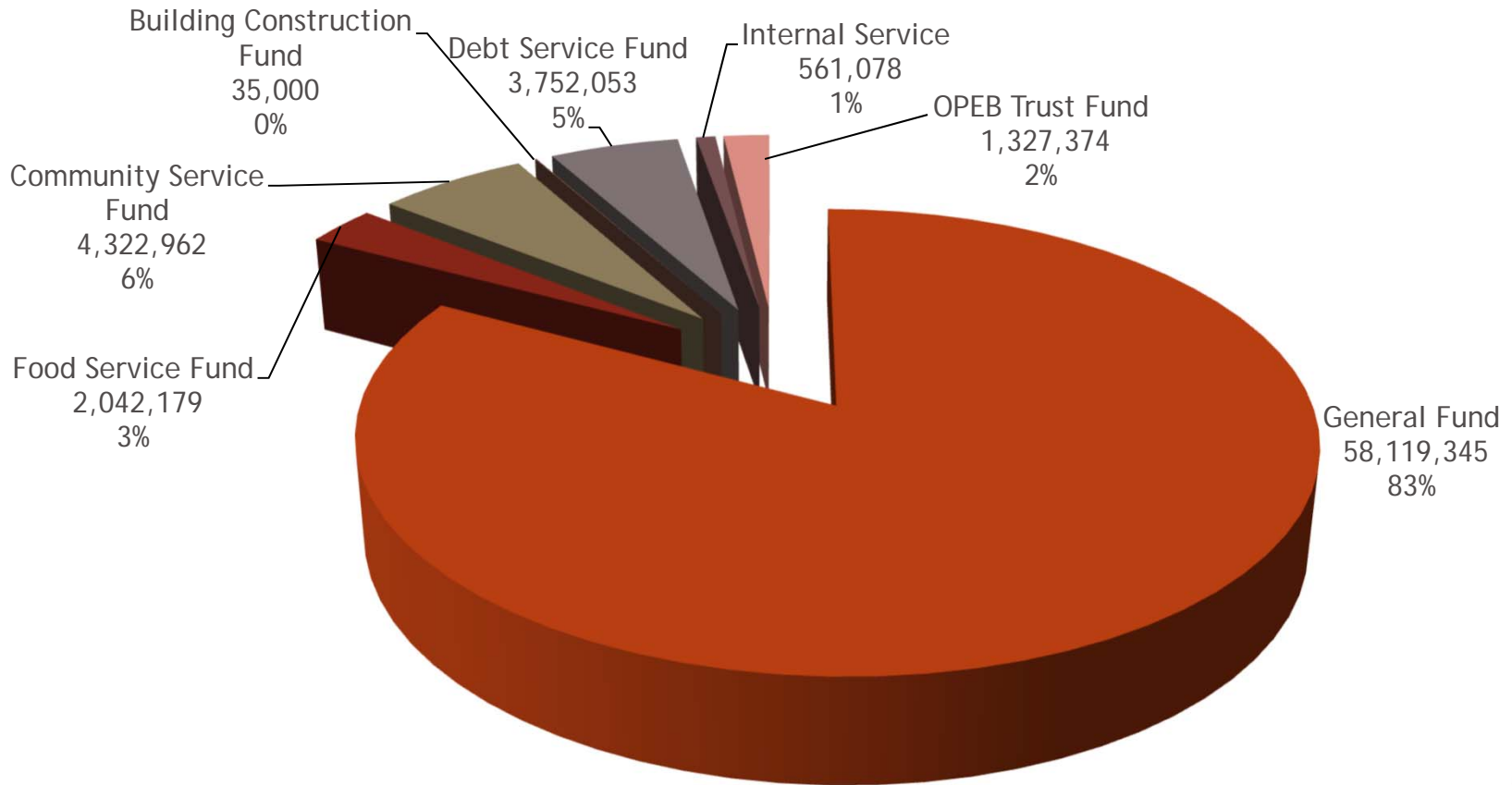
# 2019-2020 Adopted Budget

	6/30/2019 Audited Balance	Revenues	Expenditures	6/30/2020 Projected Balance
General Fund	5,034,049	58,119,345	57,245,768	5,907,626
Food Service	135,551	2,042,179	2,080,200	97,530
Community Service	422,338	4,322,962	4,318,404	426,896
Building Construction	7,499,334	35,000	4,172,374	3,361,960
Debt Service	721,154	3,752,053	3,688,078	785,129
Internal Service	141,166	561,078	509,461	192,783
OPEB Trust	1,715,875	1,327,374	1,409,477	1,633,772
<b>Total</b>	<b>15,669,467</b>	<b>70,159,991</b>	<b>73,423,762</b>	<b>12,405,696</b>

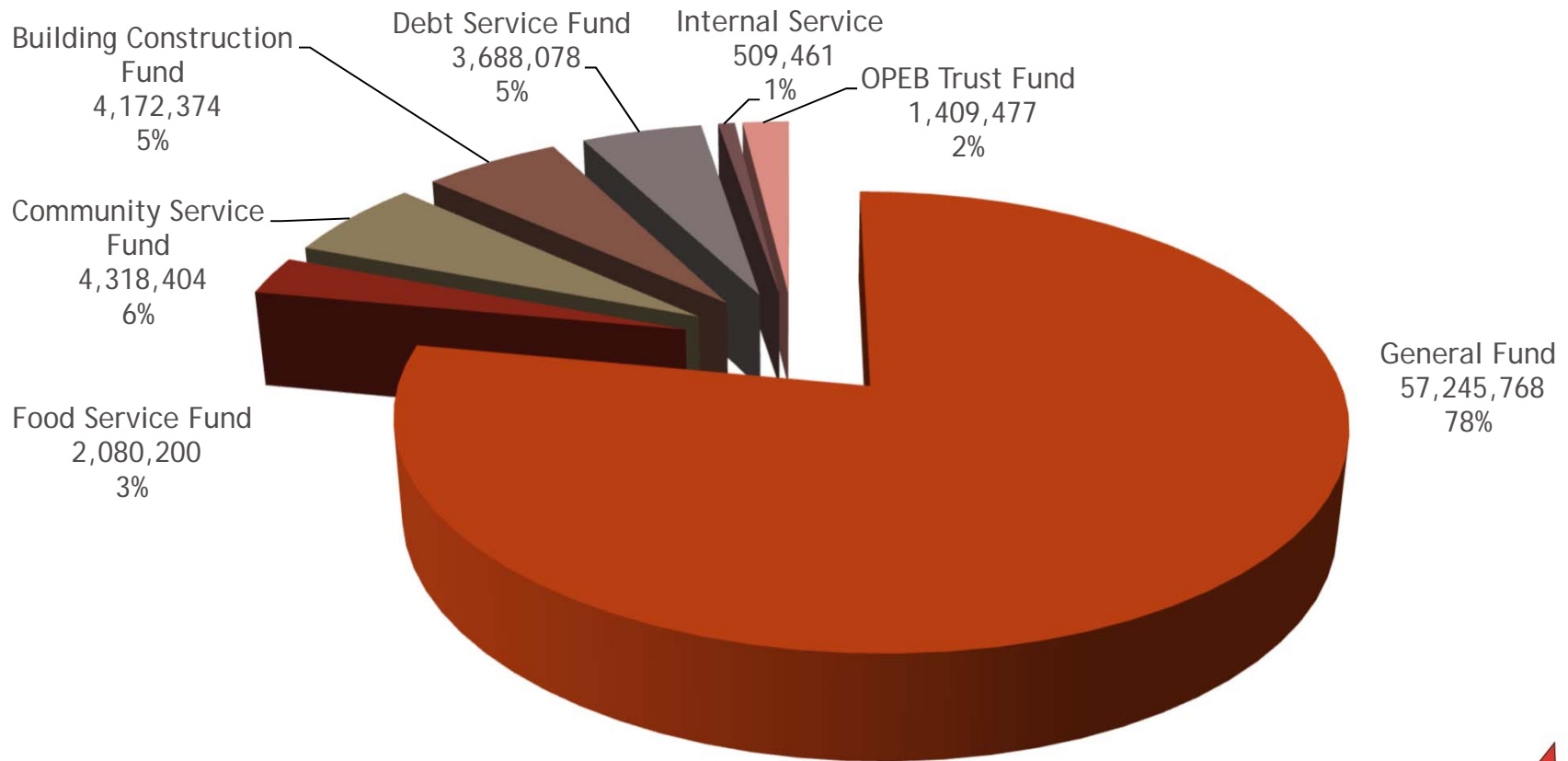




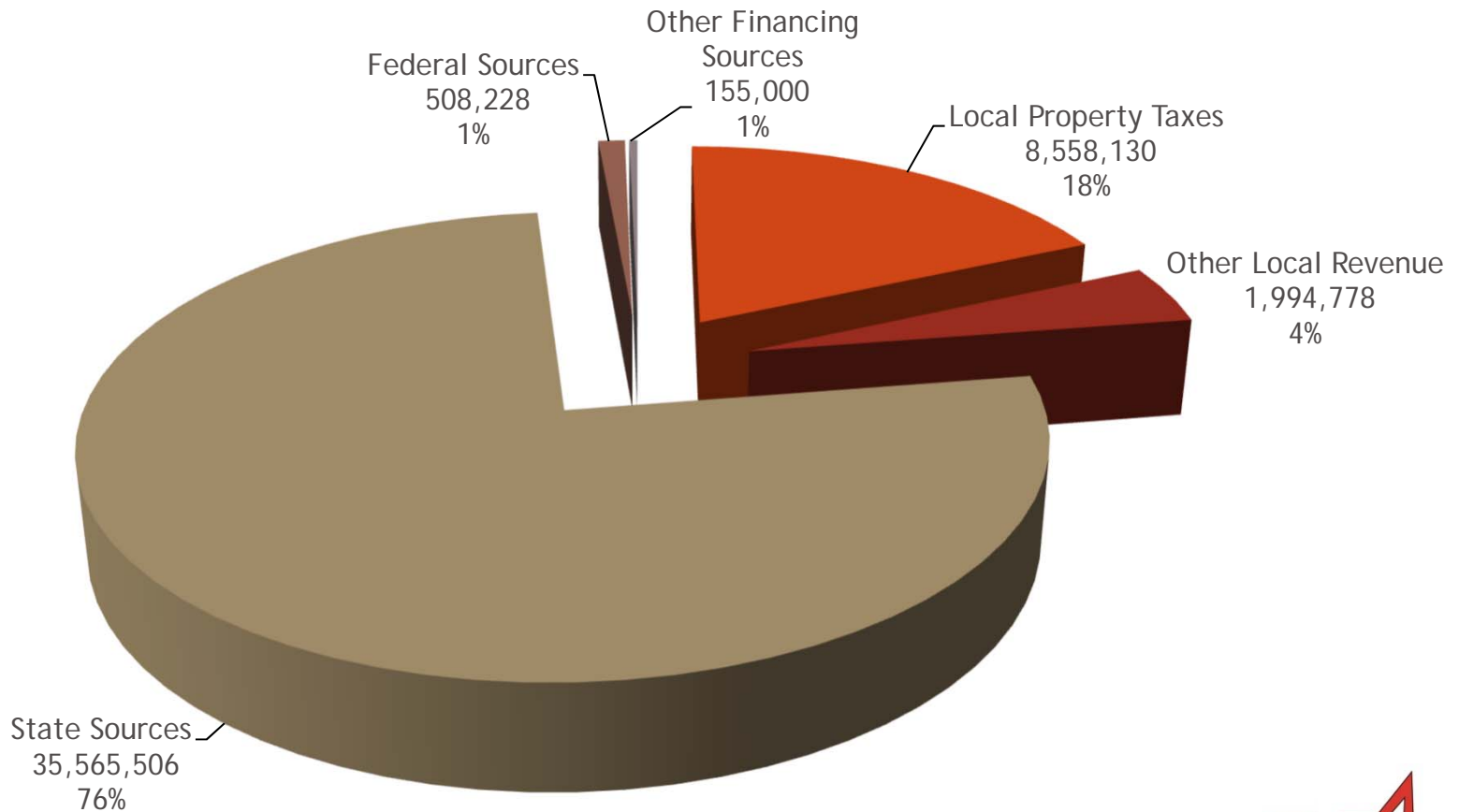
# 2019-2020 Revenue Budget



# 2019-2020 Expenditure Budget



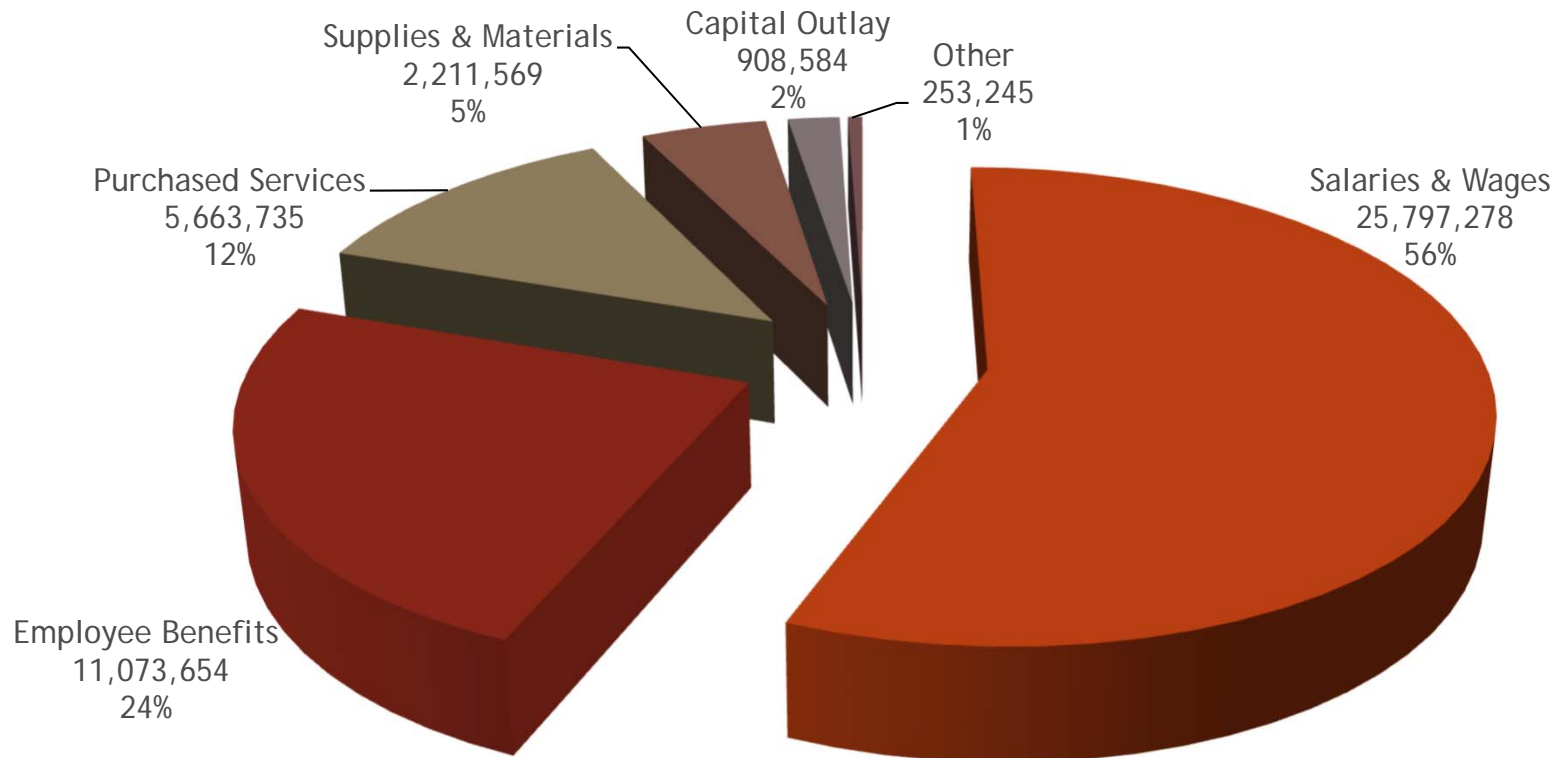
# 2019-2020 General Fund Rev.



*\*Does not include Fund 12 Sp Ed Coop*



# 2019-2020 General Fund Exp.



*\*Does not include Fund 12 Sp Ed Coop*



# Proposed Levy Payable 2020

- 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 2020

- 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



# Proposed Levy Payable 2020

- 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**.



# Proposed Levy Payable 2020

**Monticello School District #882**

**DATE 11/20/19**

**Comparison of Proposed Tax Levy Payable in 2020 to Actual Levy Payable in 2019 by Fund  
Using Final Levy Payable in 2019 as Base Year**

	2019 Final Levy	2020 Preliminary Proposed Levy	Change from Prior Year	Percent Change
<b>General Fund</b>				
1 Voter Approved Referendum	\$ 3,356,000.50	\$ 2,403,404.52	\$ (952,595.98)	
2 Equity	\$ 644,816.25	\$ 629,049.71	\$ (15,766.54)	
3 Local Optional Revenue	\$ 1,995,089.60	\$ 2,890,053.59	\$ 894,963.99	
4 Transition	\$ 30,867.42	\$ 30,090.72	\$ (776.70)	
5 Operating Capital	\$ 390,979.49	\$ 376,514.40	\$ (14,465.09)	
6 Achievement & Integration	\$ 71,122.89	\$ 71,807.40	\$ 684.51	
7 Reemployment Ins	\$ 30,000.00	\$ 30,000.00	\$ -	
8 Safe Schools	\$ 169,394.40	\$ 165,132.00	\$ (4,262.40)	
9 Career Technical	\$ 205,871.57	\$ 213,915.68	\$ 8,044.11	
10 Other Postemployment Benefits	\$ 824,304.13	\$ 844,268.70	\$ 19,964.57	
11 LT Facilities Equal	\$ 425,938.68	\$ 401,958.97	\$ (23,979.71)	
12 LT Facilities Unequal (&WTC)	\$ 365,361.90	\$ 380,348.98	\$ 14,987.08	
13 Lease Levy	\$ 213,841.63	\$ 201,379.00	\$ (12,462.63)	
14 General Fund Adjustments	\$ 106,489.53	\$ (172,455.17)	\$ (278,944.70)	
<b>Total General Fund Levy</b>	<b>\$ 8,830,077.99</b>	<b>\$ 8,465,468.50</b>	<b>\$ (364,609.49)</b>	<b>-4.13%</b>

# Proposed Levy Payable 2020

Monticello School District #882

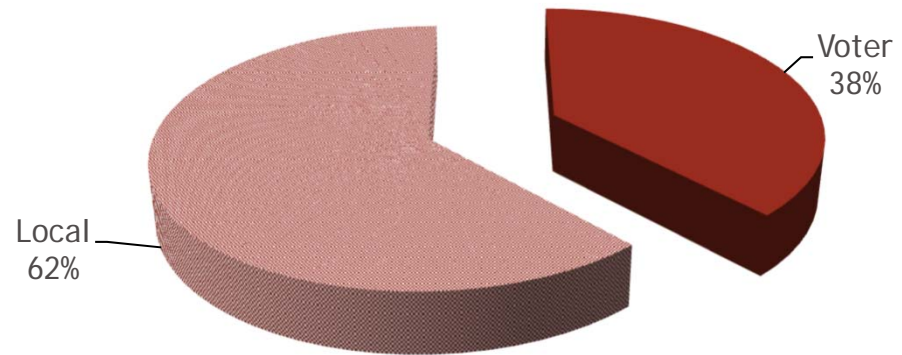
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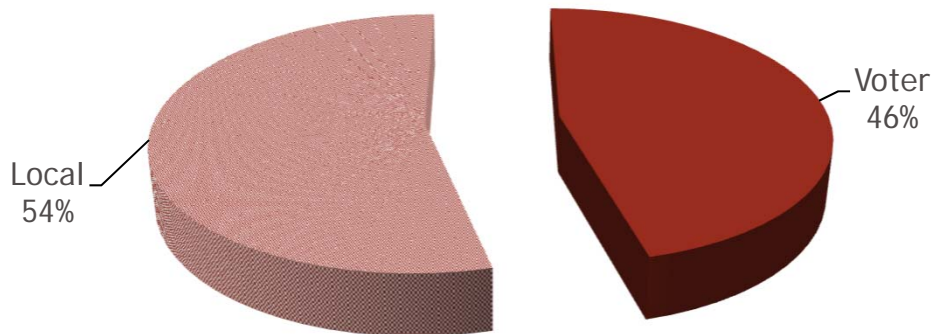
	2019 Final Levy	2020 Preliminary Proposed Levy	Change from Prior Year	Percent Change
<b>Community Service Fund</b>				
1 Basic Community Education	\$ 159,920.05	\$ 159,920.05	\$ -	
2 Early Childhood Family Education	\$ 117,700.36	\$ 111,549.88	\$ (6,150.48)	
3 Home Visiting	\$ 2,477.80	\$ 2,420.60	\$ (57.20)	
4 Adults with Disabilities	\$ 6,900.00	\$ 6,900.00	\$ -	
5 School Age Care	\$ 75,000.00	\$ 75,000.00	\$ -	
6 CE Adjustments	\$ (296.31)	\$ 1,400.55	\$ 1,696.86	
<b>Total Community Service Fund Levy</b>	<b>\$ 361,701.90</b>	<b>\$ 357,191.08</b>	<b>\$ (4,510.82)</b>	<b>-1.25%</b>
<b>Debt Service Fund</b>				
1 Voter Approved Debt Service	\$ 2,509,107.00	\$ 2,478,027.00	\$ (31,080.00)	
2 Reduction for Excess Fund Balance	\$ (96,339.52)	\$ (141,773.18)	\$ (45,433.66)	
3 LT Facilities Debt Service	\$ 1,217,868.57	\$ 1,116,564.60	\$ (101,303.97)	
4 Reduction for Excess Fund Balance	\$ (52,287.69)	\$ (76,295.38)	\$ (24,007.69)	
5 Debt Service Fund Adjustments	\$ 2,532.52	\$ 6,257.93	\$ 3,725.41	
<b>Total Debt Service Fund Levy</b>	<b>\$ 3,580,880.88</b>	<b>\$ 3,382,780.97</b>	<b>\$ (198,099.91)</b>	<b>-5.53%</b>
<b>Total Certified Levy</b>	<b>\$ 12,772,660.77</b>	<b>\$ 12,205,440.55</b>	<b>\$ (567,220.22)</b>	<b>-4.44%</b>

# Levy Limitation Comparison

2020 Final Projected Tax Levy



2019 Tax Levy



# Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: -952,596
- 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
  - The Legislature converted \$300 of the District's operating referendum to Local Optional Revenue
  - This property tax levy is also affected by an inflation increase of 1.85%



# Explanation of Levy Changes

- Category: Local Optional Revenue
- Change: +894,964
- 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
  - The Legislature converted \$300 of the District's operating referendum to Local Optional Revenue



# Explanation of Levy Changes

- Category: General Fund Adjustments
- Change: -278,945
- Use of funds: general operating expenses
- Reason for decrease:
  - Annually, the Minnesota Department of Education adjusts final program revenues to actual final expenditures or final allocations for per student-based funding programs
  - In 2019, the levy adjustments in the General Fund were 106,489 positive
  - In 2020, the levy adjustments in the General Fund were 172,455 negative
  - Adjustments were made based on lower than expected student enrollment



# Explanation of Levy Changes

- Category: Long-Term Facility Debt Service
- Change: -101,304
- Use of funds: principal and interest on Long-Term Facility Maintenance Revenue bonds
- Reason for decrease:
  - Districts can issue bonds for the program, levy on a pay-as-you-go basis, or a combination of the two
  - Decrease in principal and interest payments based on payment schedule



# Impact of Taxpayers

- Following are tables and graphs showing examples of changes in the school district portion of property taxes from 2017 to 2020
  - Actual changes in value may be more or less than this for any parcel of property
  - Amounts for 2020 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 No. 882**

### **Estimated Changes in School Property Taxes, 2017 to 2020**

***Based on No Increases in Property Values***

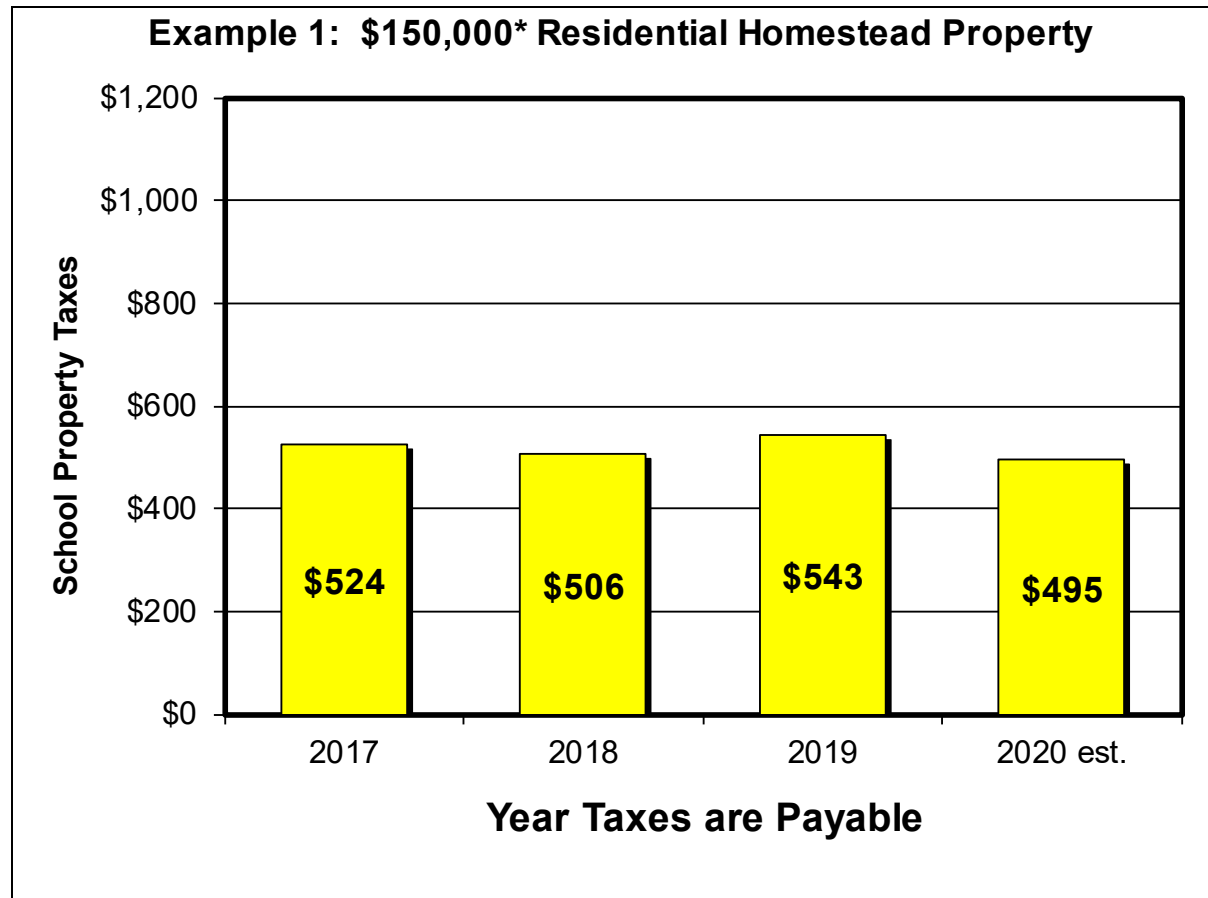
Type of Property	Estimated Market Value	Actual Taxes Payable in 2017	Actual Taxes Payable in 2018	Actual Taxes Payable in 2019	Estimated Taxes Payable in 2020	Change in Taxes 2017 to 2020	Change in Taxes 2019 to 2020
Residential Homestead	\$100,000	\$329	\$318	\$341	\$310	-\$19	-\$31
	125,000	426	412	442	402	-24	-40
	150,000	524	506	543	495	-29	-48
	175,000	621	600	644	587	-34	-57
	200,000	718	695	745	679	-39	-66
	250,000	913	883	946	864	-49	-82
	300,000	1,107	1,071	1,148	1,048	-59	-100
	350,000	1,302	1,259	1,350	1,233	-69	-117
	400,000	1,497	1,447	1,552	1,418	-79	-134
	500,000	1,874	1,811	1,943	1,775	-99	-168

#### **General Notes**

1. Amounts in the table are based on school district taxes only, and do not include taxes for the city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2020 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 2017 through 2020.

## Monticello School District No. 882

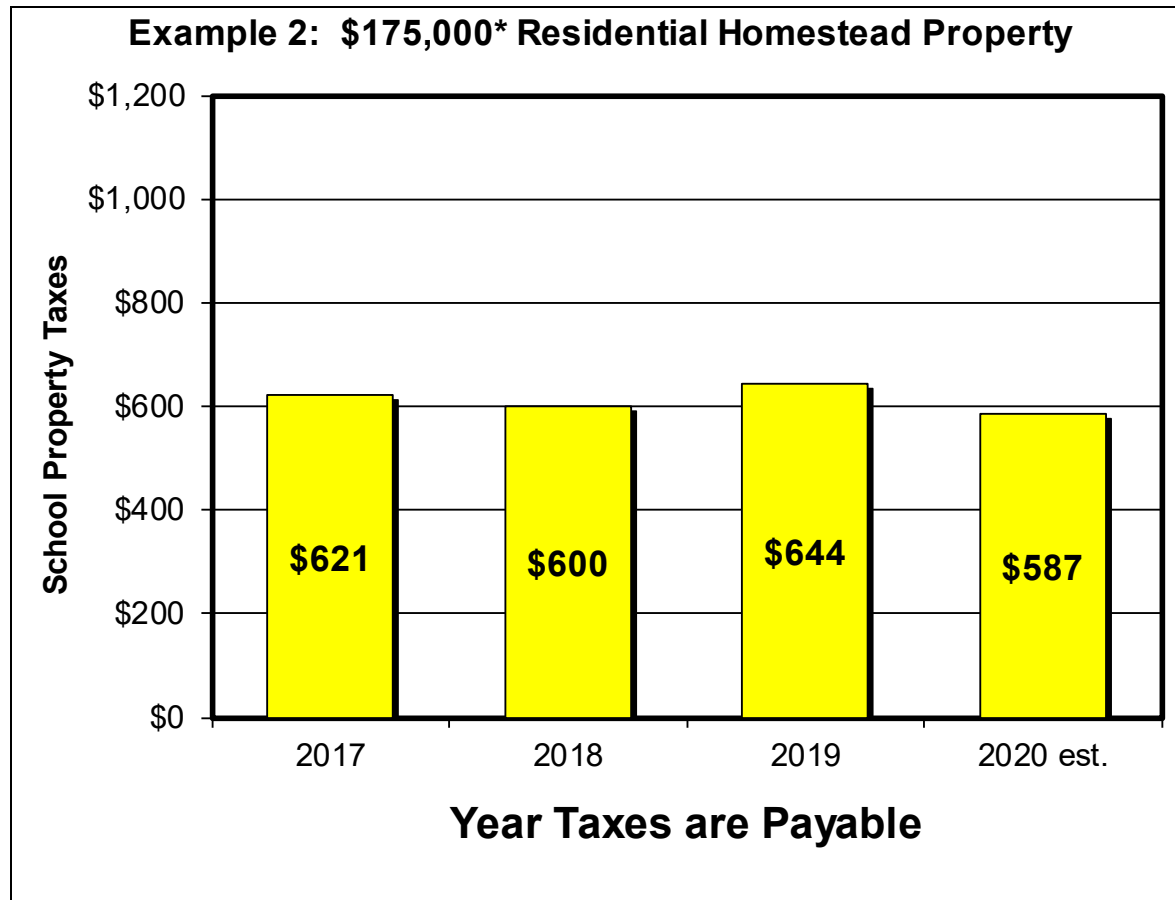
### Estimated Changes in School Property Taxes, 2017 to 2020 *Based on No Increases in Property Values*



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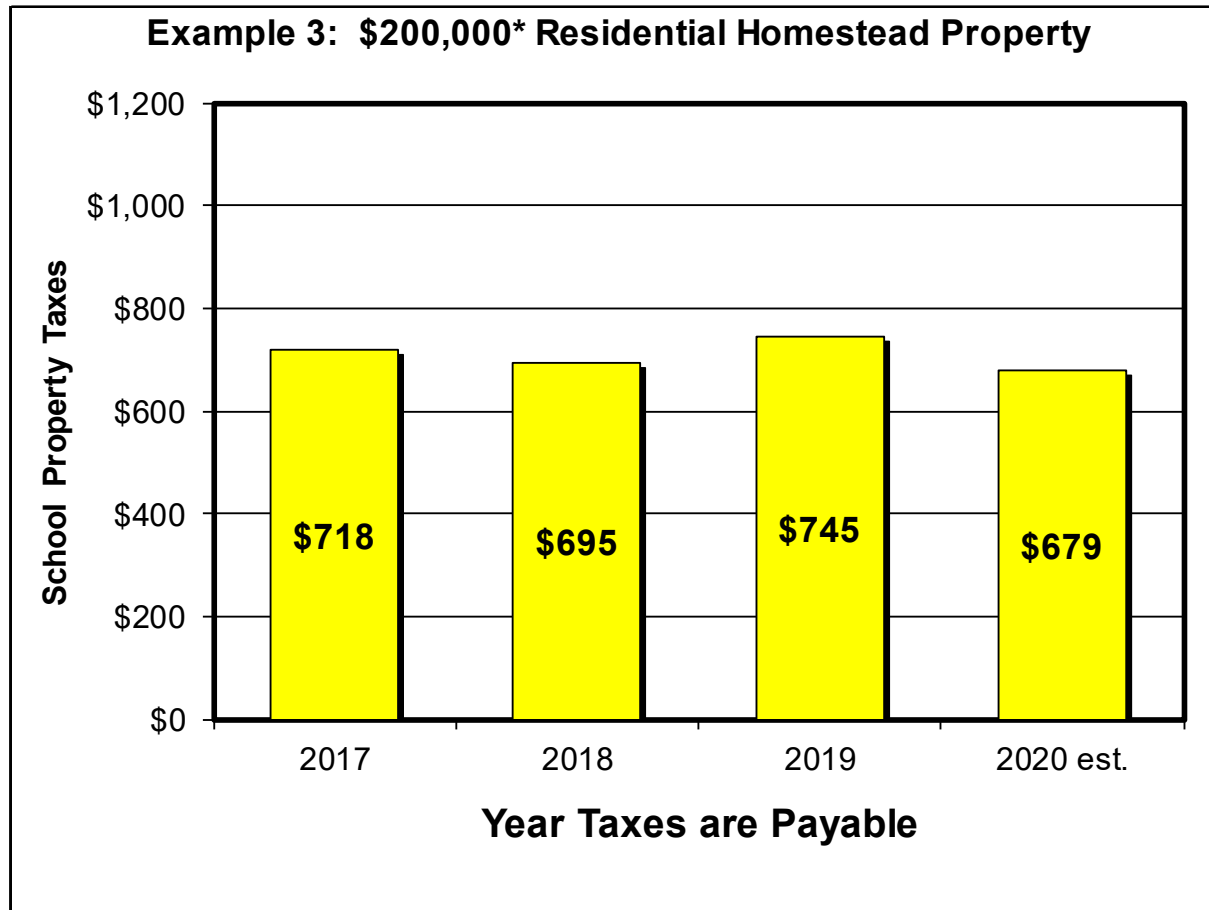
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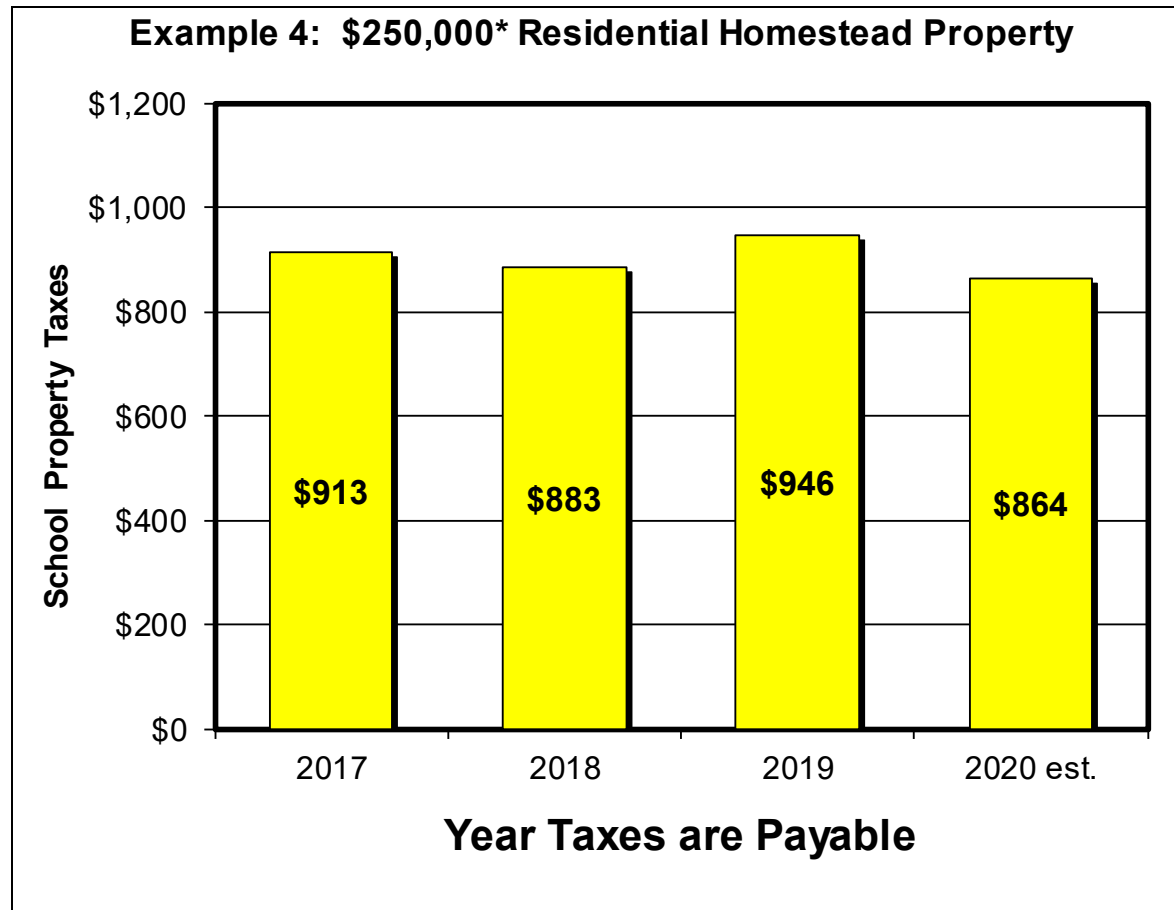
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**Monticello School District No. 882**  
**Estimated Changes in School Property Taxes, 2017 to 2020**  
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## Monticello School District No. 882

### Estimated Changes in School Property Taxes, 2017 to 2020

Based on 11.4% Cumulative Changes in Property Value from 2017 to 2020 Taxes

Type of Property	Estimated Market Value for 2017 Taxes	Actual Taxes Payable in 2017	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	Estimated Taxes Payable in 2020	Change in Taxes 2017 to 2020	Change in Taxes 2019 to 2020
Residential Homestead	\$89,780	\$289	\$94,268	\$297	\$96,154	\$325	\$100,000	\$310	\$21	-\$15
	112,224	376	117,836	385	120,192	422	125,000	402	26	-20
	134,669	464	141,403	474	144,231	519	150,000	495	31	-24
	157,114	551	164,970	563	168,269	616	175,000	587	36	-29
	179,559	639	188,537	651	192,308	713	200,000	679	40	-34
	224,449	813	235,671	829	240,385	908	250,000	864	51	-44
	269,339	988	282,805	1,006	288,462	1,102	300,000	1,048	60	-54
	314,228	1,163	329,940	1,184	336,538	1,296	350,000	1,233	70	-63
	359,118	1,338	377,074	1,361	384,615	1,490	400,000	1,418	80	-72
448,898	1,682	471,342	1,708	480,769	1,868	500,000	1,775	93	-93	

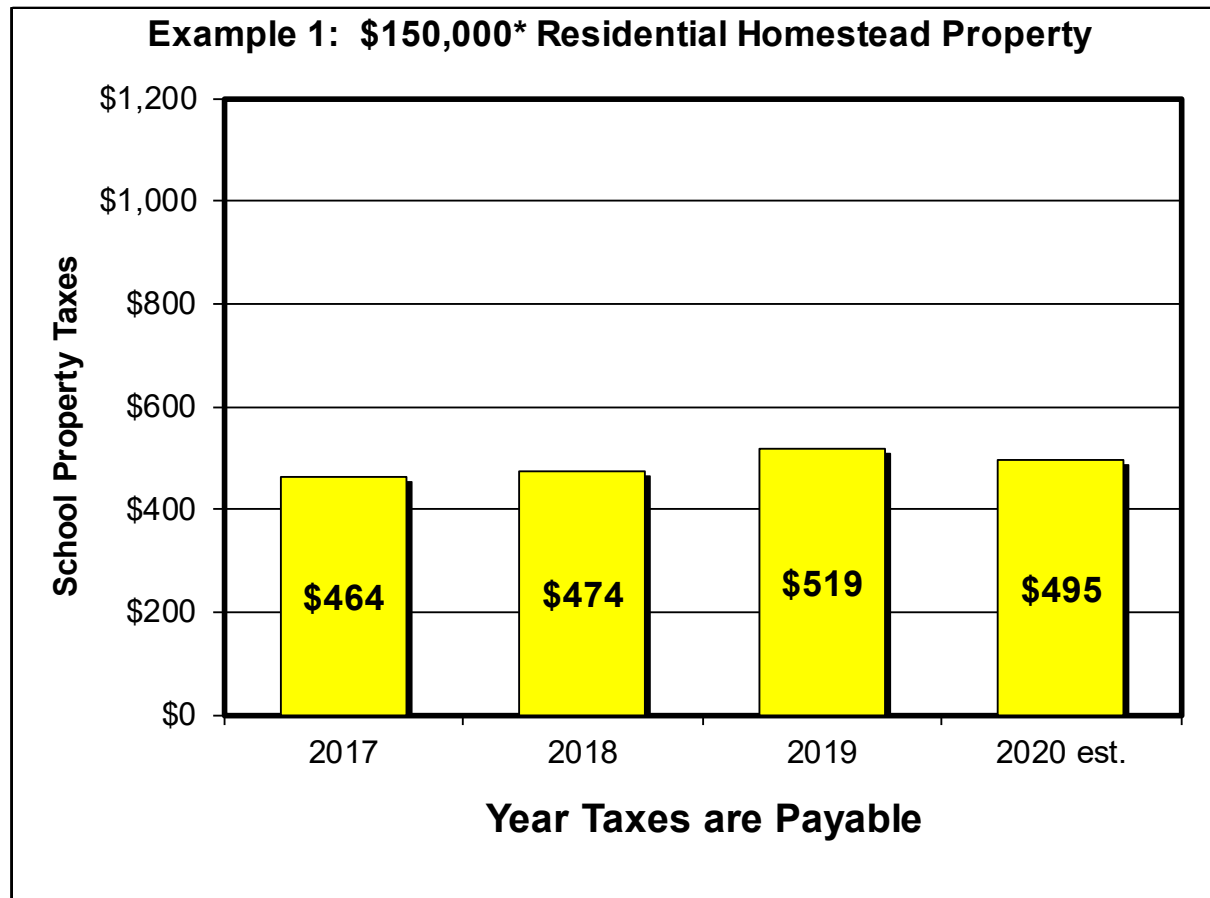
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3. For all examples of properties, taxes are based on changes in estimated market value of 5.0% from 2017 to 2018 taxes, 2.0% from 2018 to 2019, and 4.0% from 2019 to 2020.

**Monticello School District No. 882**

**Estimated Changes in School Property Taxes, 2017 to 2020**

***Based on 11.4% Cumulative Changes in Property Value from 2017 to 2020 Taxes***

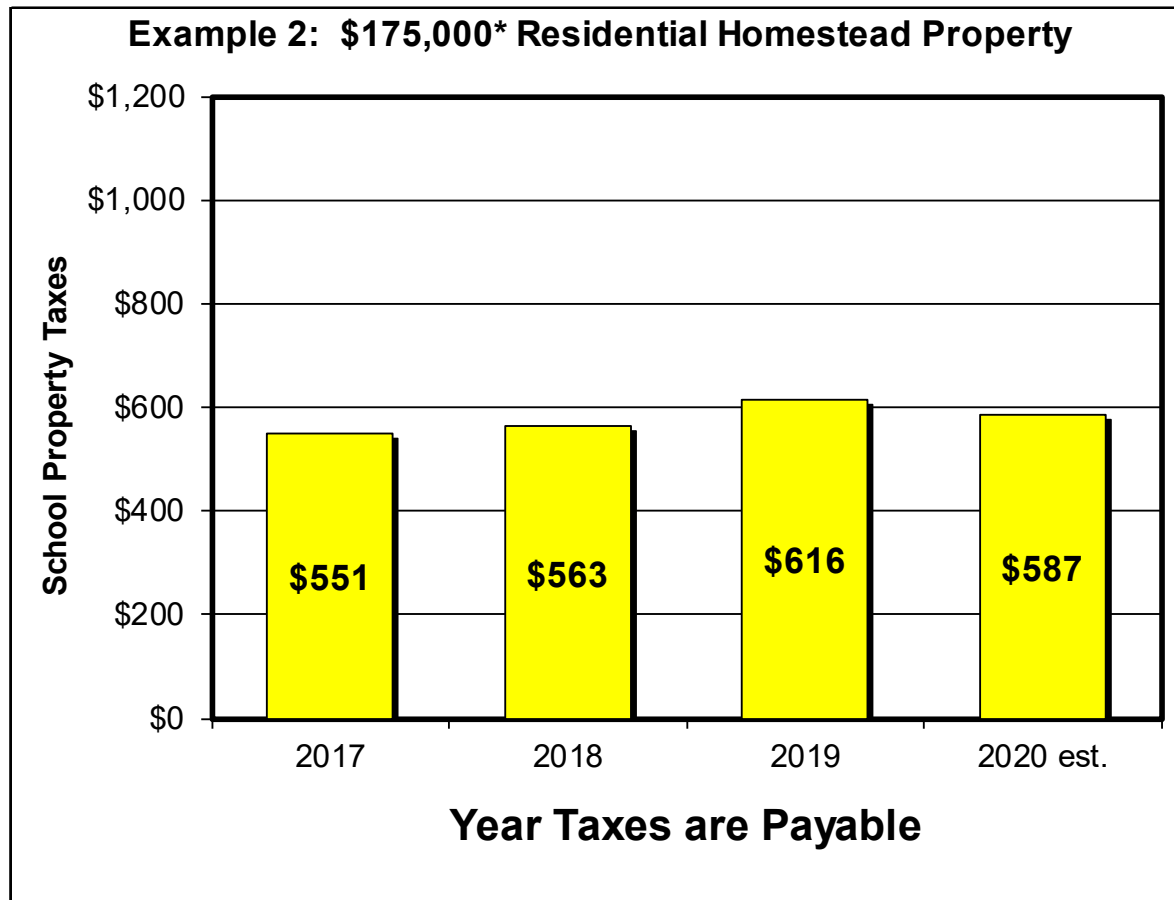


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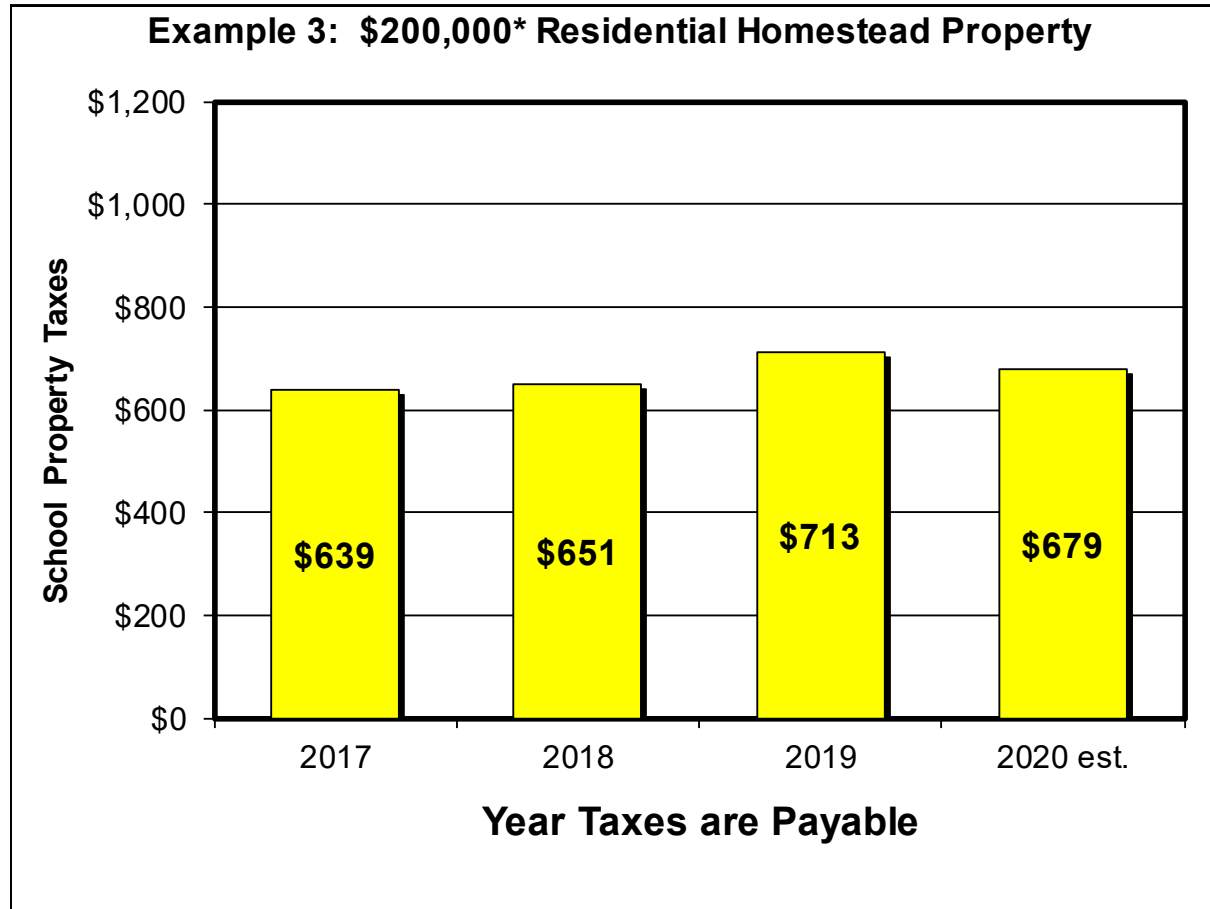
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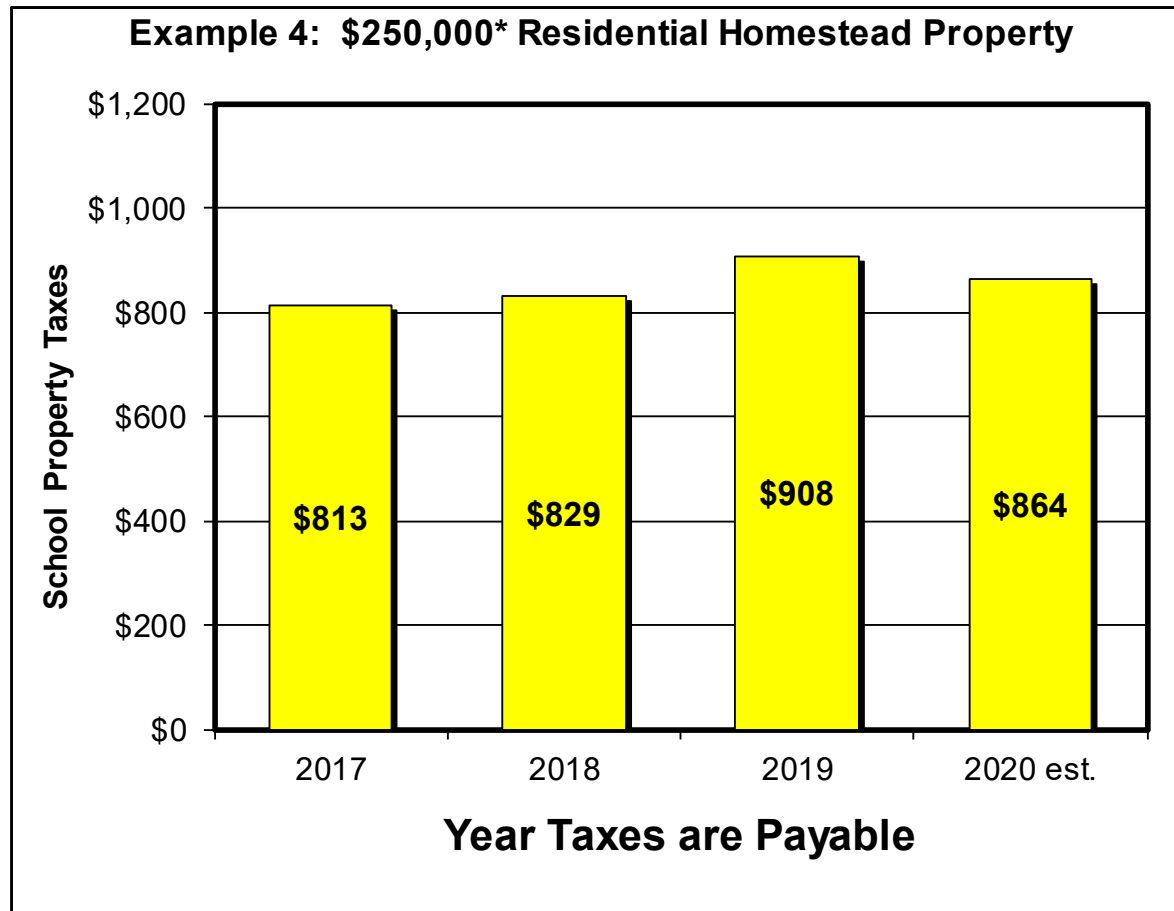


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**Monticello School District No. 882**

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# Impact of Taxpayers

Xcel Total Estimated Market Value, Wright County						
2019	2018	2017	2016	2015	2014	2013
650,984,500.00	656,090,400.00	743,551,900.00	714,047,000.00	680,037,200.00	597,753,900.00	346,599,800.00
135,618,800.00	141,076,800.00	134,303,200.00	118,026,500.00	99,502,700.00	108,891,600.00	101,924,400.00
786,605,319.00	797,169,218.00	877,857,117.00	832,075,516.00	779,541,915.00	706,647,514.00	448,526,213.00
-1.33%	-9.19%	5.50%	6.74%	10.32%	57.55%	

Xcel Total Taxes Payable, Wright County						
	14,206,490.00	14,851,920.00	14,457,126.00	14,396,360.00	13,026,858.00	8,828,806.00
	4,232,402.00	3,843,782.00	3,455,848.00	3,060,054.00	3,447,864.00	3,629,914.00
	18,438,892.00	18,695,702.00	17,912,974.00	17,456,414.00	16,474,722.00	12,458,720.00
	-1.37%	4.37%	2.62%	5.96%	32.23%	

*\*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](http://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 16, 2019  
TIME: 6:00 pm  
PLACE: Monticello Middle School  
Board Room

