



Truth in Taxation 2019 Proposed Property Tax Levy

Monticello Public Schools

District Office

December 3, 2018

6:15 pm

Truth in Taxation Timeline

2018 Payable 2019 Levy

- For -

2019-2020 School Year

- Or -

FY2020



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

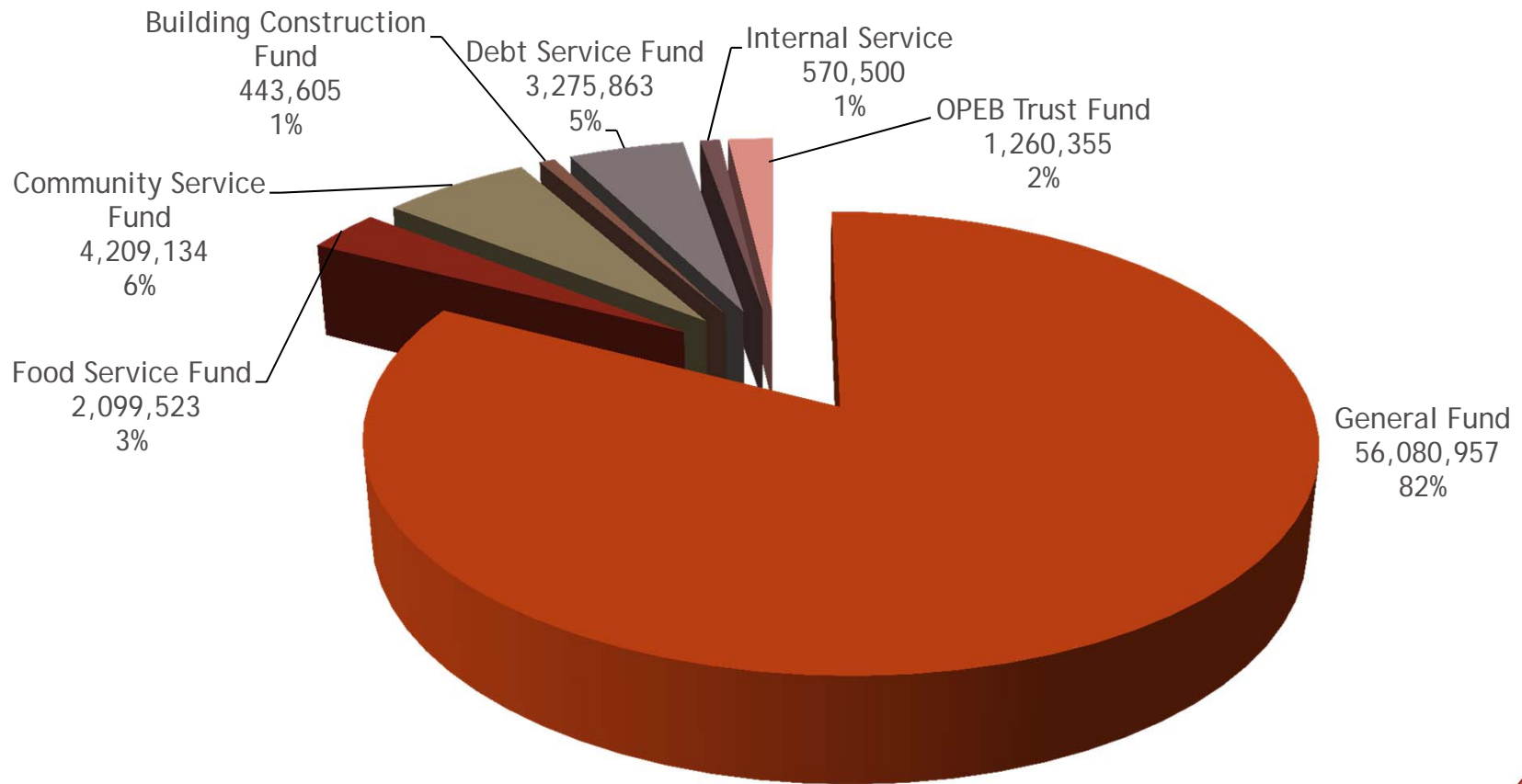


2018-2019 Adopted Budget

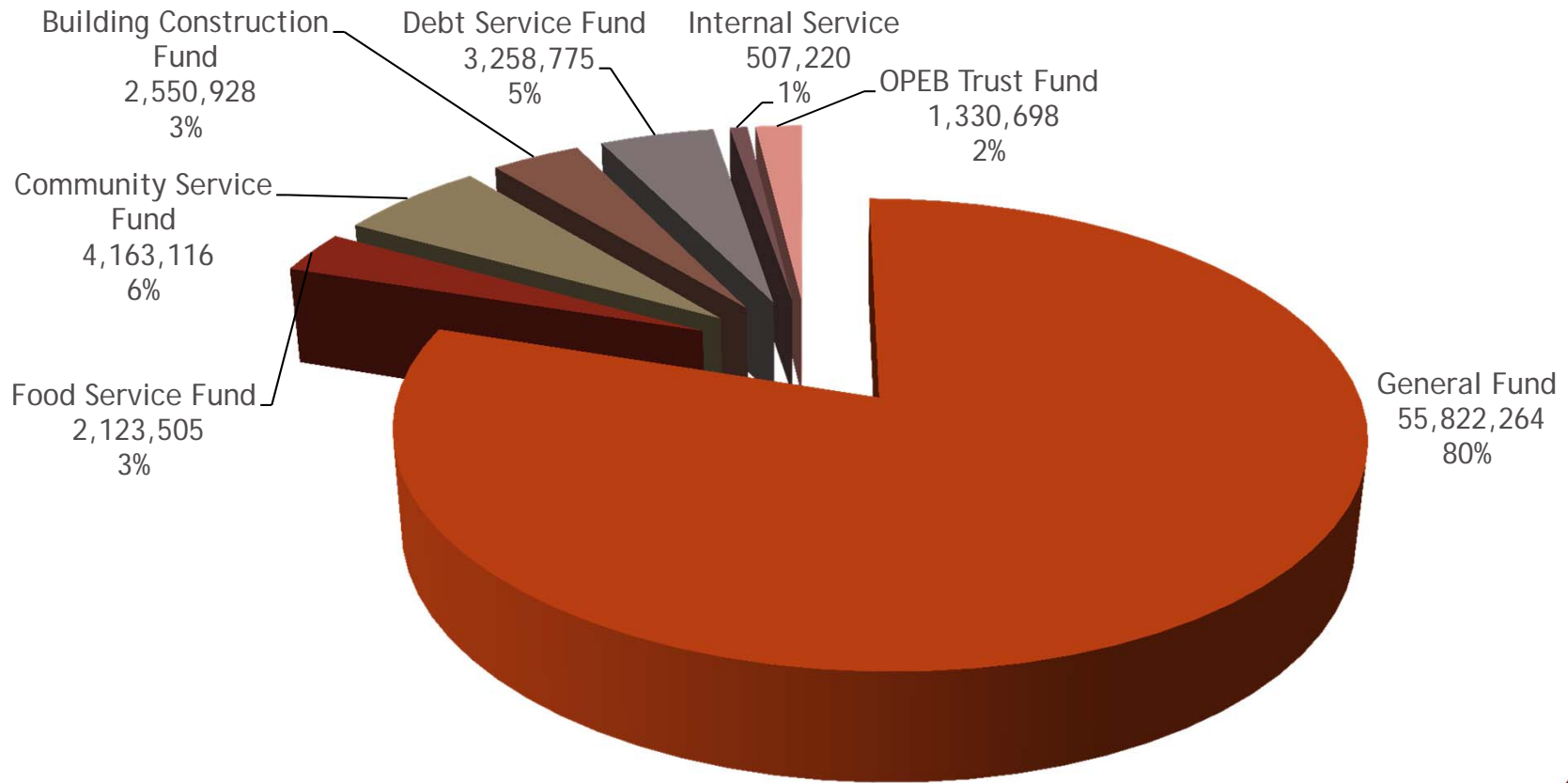
	6/30/2018 Audited Balance	Revenues	Expenditures	6/30/2019 Projected Balance
General Fund	4,427,053	56,080,957	55,822,264	4,685,746
Food Service	255,660	2,099,523	2,123,505	231,678
Community Service	639,311	4,209,134	4,163,116	685,329
Building Construction	5,965,951	443,605	2,550,928	3,858,628
Debt Service	675,509	3,275,863	3,258,775	692,597
Internal Service	98,962	570,500	507,220	162,242
OPEB Trust	1,815,465	1,260,355	1,330,698	1,745,122
Total	13,877,911	67,939,937	69,756,506	12,061,342



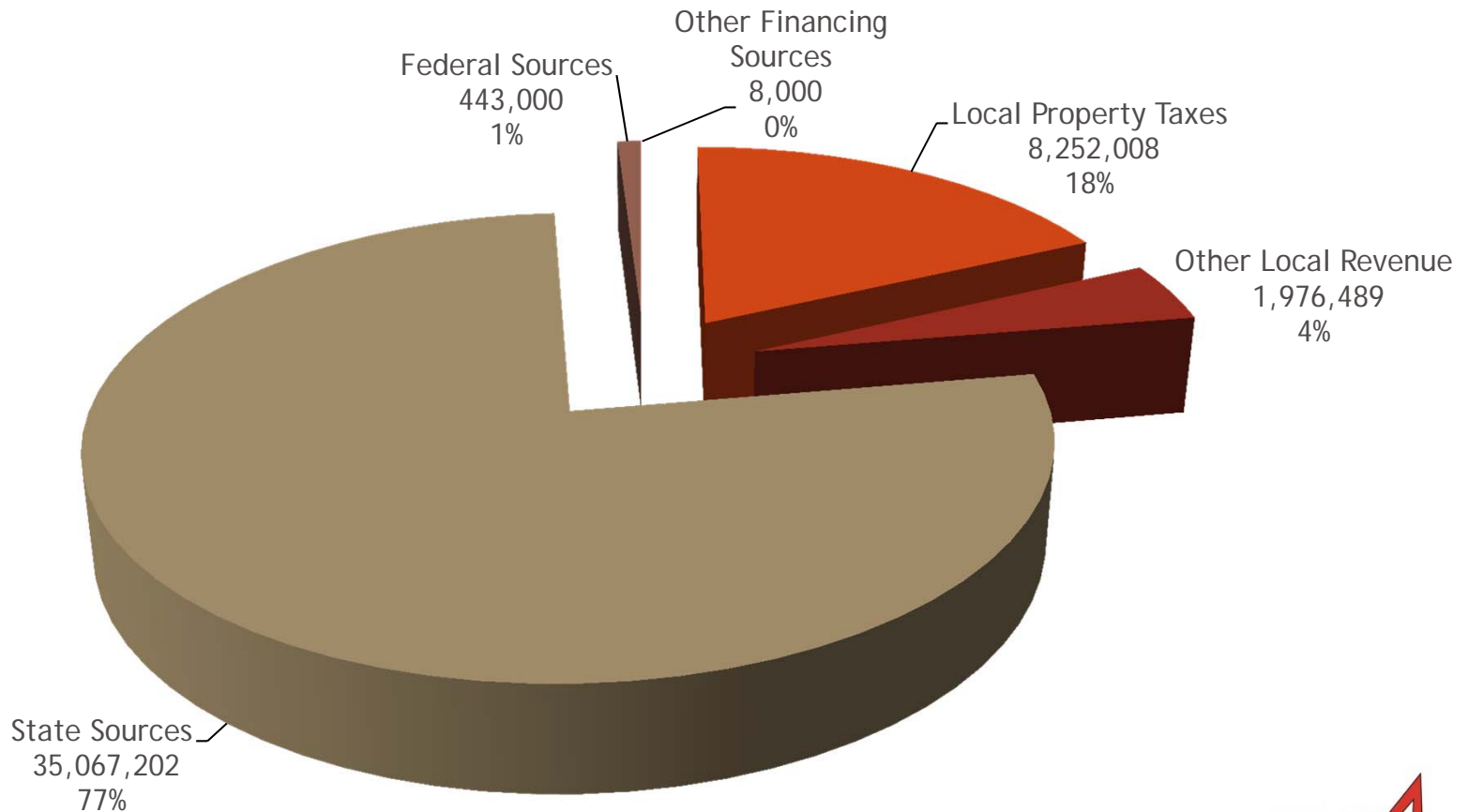
2018-2019 Revenue Budget



2018-2019 Expenditure Budget



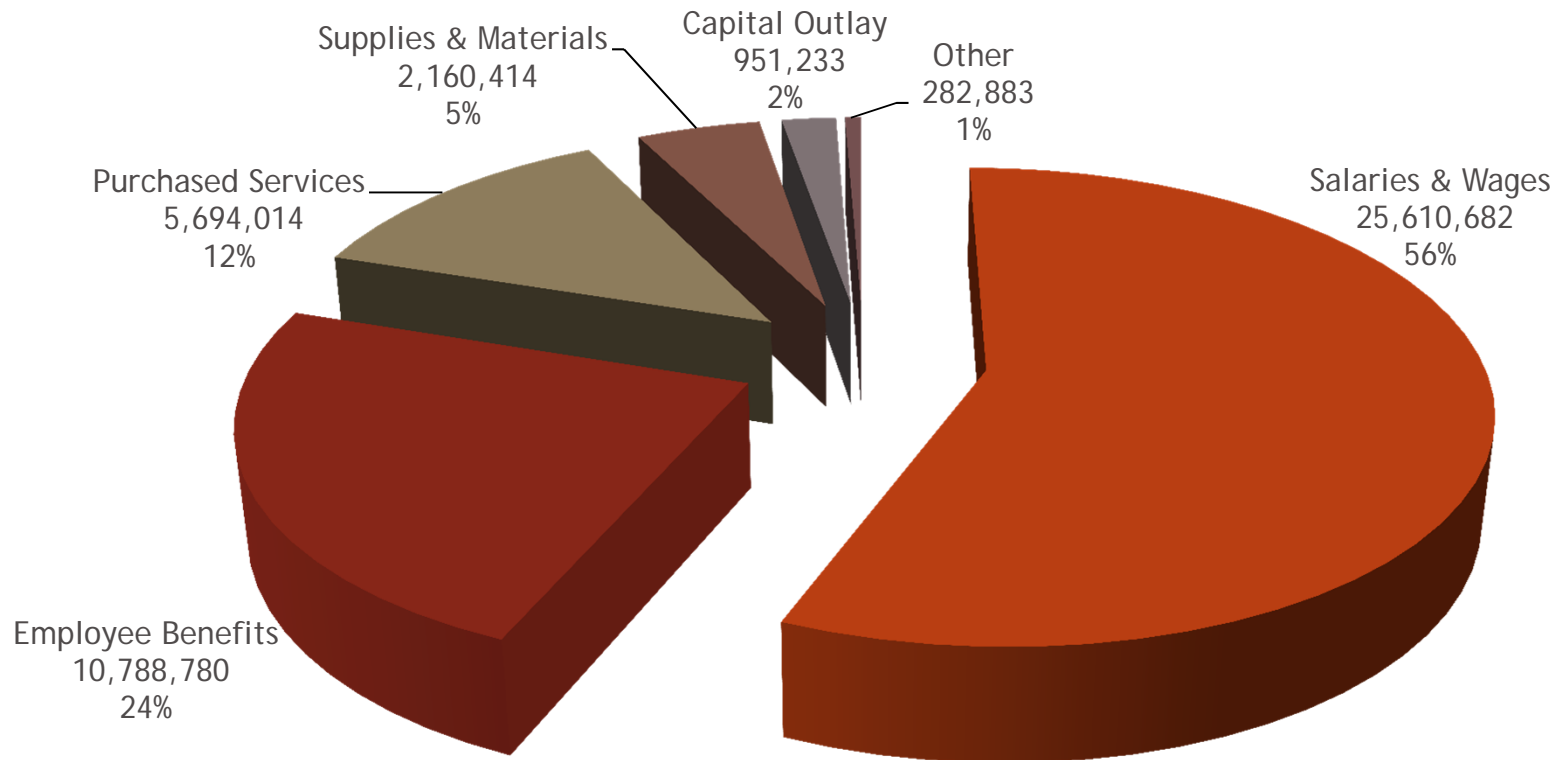
2018-2019 General Fund Rev.



**Does not include Fund 12 Sp Ed Coop*



2018-2019 General Fund Exp.



**Does not include Fund 12 Sp Ed Coop*



Proposed Levy Payable 2019

- 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 2019

- 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 2019

- 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 2019

Monticello School District #882

DATE 11/20/18

**Comparison of Proposed Tax Levy Payable in 2019 to Actual Levy Payable in 2018 by Fund
Using Final Levy Payable in 2018 as Base Year**

	2018 Final Levy	2019 Preliminary Proposed Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	\$ 3,060,389.19	\$ 3,356,000.50	\$ 295,611.31	
2 Equity	\$ 577,754.46	\$ 644,816.25	\$ 67,061.79	
3 Local Optional Revenue	\$ 1,914,529.60	\$ 1,995,089.60	\$ 80,560.00	
4 Transition	\$ 29,621.02	\$ 30,867.42	\$ 1,246.40	
5 Operating Capital	\$ 342,308.30	\$ 390,979.49	\$ 48,671.19	
6 Achievement & Integration		\$ 71,122.89	\$ 71,122.89	
7 Reemployment Ins	\$ 5,000.00	\$ 30,000.00	\$ 25,000.00	
8 Safe Schools	\$ 162,554.40	\$ 169,394.40	\$ 6,840.00	
9 Career Technical	\$ 45,916.12	\$ 205,871.57	\$ 159,955.45	
10 Other Postemployment Benefits	\$ 800,858.00	\$ 824,304.13	\$ 23,446.13	
11 LT Facilities WTC	\$ 22,680.00	\$ 25,250.40	\$ 2,570.40	
12 LT Facilities Equal	\$ 618,031.39	\$ 425,938.68	\$ (192,092.71)	
13 LT Facilities Unequal	\$ -	\$ 340,111.50	\$ 340,111.50	
14 Lease Levy	\$ 212,888.88	\$ 213,841.63	\$ 952.75	
15 General Fund Adjustments	\$ 490,392.68	\$ 106,489.53	\$ (383,903.15)	
Total General Fund Levy	\$ 8,282,924.04	\$ 8,830,077.99	\$ 547,153.95	6.61%

Proposed Levy Payable 2019

Monticello School District #882

DATE 11/20/18

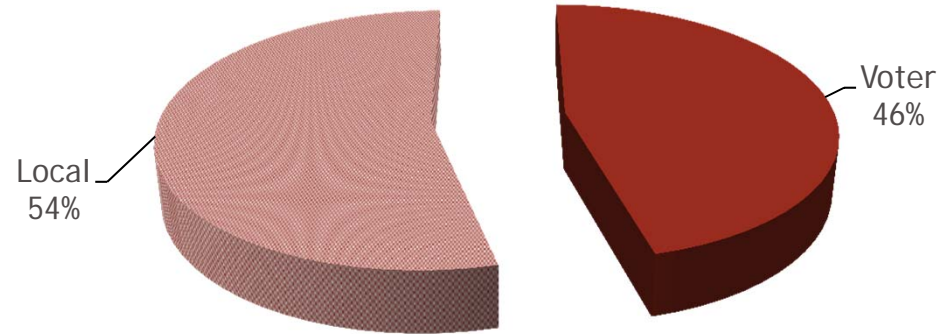
Comparison of Proposed Tax Levy Payable in 2019 to Actual Levy Payable in 2018 by Fund Using Final Levy Payable in 2018 as Base Year				
	2018 Final Levy	2019 Preliminary Proposed Levy	Change from Prior Year	Percent Change
Community Service Fund				
1 Basic Community Education	\$ 159,920.05	\$ 159,920.05	\$ -	
2 Early Childhood Family Education	\$ 116,620.50	\$ 117,700.36	\$ 1,079.86	
3 Home Visiting	\$ 2,143.51	\$ 2,477.80	\$ 334.29	
4 Adults with Disabilities	\$ 6,900.00	\$ 6,900.00	\$ -	
5 School Age Care	\$ -	\$ 75,000.00	\$ 75,000.00	
6 CE Adjustments	\$ 549.70	\$ (296.31)	\$ (846.01)	
Total Community Service Fund Levy	\$ 286,133.76	\$ 361,701.90	\$ 75,568.14	26.41%
Debt Service Fund				
1 Voter Approved Debt Service	\$ 2,459,652.00	\$ 2,509,107.00	\$ 49,455.00	
2 LT Facilities Debt Service	\$ 822,632.65	\$ 1,217,868.57	\$ 395,235.92	
3 Reduction for Excess Fund Balance	\$ (118,233.94)	\$ (148,627.21)	\$ (30,393.27)	
4 Debt Service Fund Adjustments	\$ (23,830.29)	\$ 2,532.52	\$ 26,362.81	
Total Debt Service Fund Levy	\$ 3,140,220.42	\$ 3,580,880.88	\$ 440,660.46	14.03%
Total Certified Levy	\$ 11,709,278.22	\$ 12,772,660.77	\$ 1,063,382.55	9.08%

Proposed Levy Payable 2019

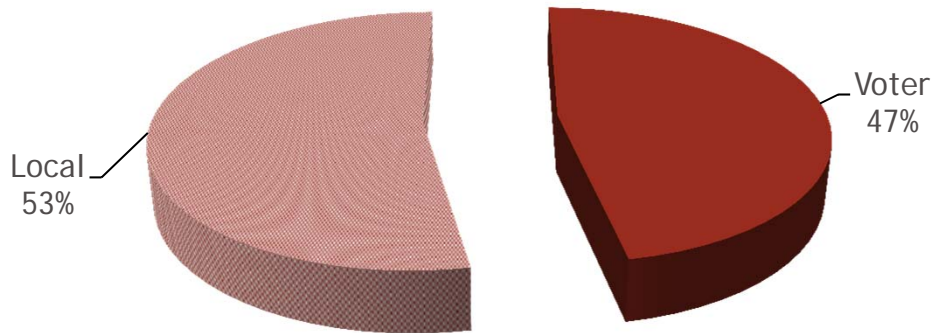
	2017 Payable 2018 Levy			2018 Payable 2019 Proposed Levy		
	Local Levy	Estimated State Aid	Total Revenue	Local Levy	Estimated State Aid	Total Revenue
General Fund						
1 Voter Approved Referendum	\$ 3,060,389.19	\$ 509,756.97	\$ 3,570,146.16	\$ 3,356,000.50	\$ 461,443.47	\$ 3,817,443.97
2 Equity	\$ 577,754.46	\$ -	\$ 577,754.46	\$ 644,816.25	\$ -	\$ 644,816.25
3 Local Optional Revenue	\$ 1,914,529.60	\$ -	\$ 1,914,529.60	\$ 1,995,089.60	\$ -	\$ 1,995,089.60
4 Transition	\$ 29,621.02	\$ -	\$ 29,621.02	\$ 30,867.42	\$ -	\$ 30,867.42
5 Operating Capital	\$ 342,308.30	\$ 660,155.65	\$ 1,002,463.95	\$ 390,979.49	\$ 653,384.04	\$ 1,044,363.53
6 Achievement & Integration	\$ -	\$ -	\$ -	\$ 71,122.89	\$ 140,574.89	\$ 211,697.78
7 Reemployment Ins	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 30,000.00	\$ -	\$ 30,000.00
8 Safe Schools	\$ 162,554.40	\$ -	\$ 162,554.40	\$ 169,394.40	\$ -	\$ 169,394.40
9 Career Technical	\$ 45,916.12	\$ -	\$ 45,916.12	\$ 205,871.57	\$ -	\$ 205,871.57
10 Other Postemployment Benefits	\$ 800,858.00	\$ -	\$ 800,858.00	\$ 824,304.13	\$ -	\$ 824,304.13
11 LT Facilities WTC	\$ 22,680.00	\$ -	\$ 22,680.00	\$ 25,250.40	\$ -	\$ 25,250.40
12 LT Facilities Equal	\$ 618,031.39	\$ 100,807.65	\$ 718,839.04	\$ 425,938.68	\$ 91,063.88	\$ 517,002.56
13 LT Facilities Unequal	\$ -	\$ -	\$ -	\$ 340,111.50	\$ -	\$ 340,111.50
14 Lease Levy	\$ 212,888.88	\$ -	\$ 212,888.88	\$ 213,841.63	\$ -	\$ 213,841.63
15 General Fund Adjustments	\$ 490,392.68	\$ -	\$ 490,392.68	\$ 106,489.53	\$ -	\$ 106,489.53
Totals - General Fund	\$ 8,282,924.04	\$ 1,270,720.27	\$ 9,553,644.31	\$ 8,830,077.99	\$ 1,346,466.28	\$ 10,176,544.27

Levy Limitation Comparison

2019 Final Projected Tax Levy



2018 Tax Levy



Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: +295,611
- Use of funds: general operating expenses
- Reason for increase:
 - On November 3, 2015, voters approved an operating referendum question of \$775 per pupil
 - Funding for this program is provided through a combination of state aid and local tax levies
 - Because the District's total property value increased, share of funding provided through tax levy increased
 - An increase will also happen with higher pupil units and an inflation increase of 2.24%



Explanation of Levy Changes

- Category: Equity
- Change: +67,062
- 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
 - Equity revenue will increase due to increasing property values and, thus a lesser portion being paid by state aid
 - An increase will also happen with higher pupil units



Explanation of Levy Changes

- Category: Local Optional Revenue
- Change: +80,560
- 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
 - Local Optional revenue will increase due to increasing property values and, thus a lesser portion being paid by state aid
 - An increase will also happen with higher pupil units



Explanation of Levy Changes

- Category: Achievement & Integration
- Change: +71,123
- Use of funds: state approved program for achievement & integration programs
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - New program that will increase equity for underserved students and families and partner with adjoining schools on cross-district student integration activities



Explanation of Levy Changes

- Category: Career Technical
- Change: +159,955
- Use of funds: state approved program for career technical classes
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - Business Ed, Industrial Tech, FACS, and other work experience classes were approved for this funding source



Explanation of Levy Changes

- Category: Long-Term Facilities Maintenance
- Change: +148,019
- 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



Explanation of Levy Changes

- Category: General Fund Adjustments
- Change: -383,903
- 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
 - Adjustments this year are primarily in the areas of long-term facility maintenance and health & safety projects



Explanation of Levy Changes

- Category: School Age Care
- Change: +75,000
- Use of funds: Magic Adventures program expenses
- Reason for increase:
 - Revenue is used to fund the additional costs of providing services to children with disabilities or children experiencing family or related problems of a temporary nature who participate in the school-age care program
 - Revenue is based on actual expenses and equalized for some districts



Explanation of Levy Changes

- Category: Long-Term Facility Debt Service
- Change: +395,236
- 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
 - New IAQ project at Pinewood Elementary



Impact of Taxpayers

- Following are tables and graphs showing examples of changes in the school district portion of property taxes from 2016 to 2019
 - Actual changes in value may be more or less than this for any parcel of property
 - Amounts for 2019 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, 2016 to 2019

Based on No Increases in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2016	Actual Taxes Payable in 2017	Actual Taxes Payable in 2018	Estimated Taxes Payable in 2019	Change in Taxes 2016 to 2019	Change in Taxes 2018 to 2019
Residential Homestead	\$100,000	\$326	\$329	\$318	\$341	\$15	\$23
	125,000	427	426	412	442	15	30
	150,000	527	524	506	543	16	37
	175,000	628	621	600	643	15	43
	200,000	729	718	695	744	15	49
	250,000	931	913	883	946	15	63
	300,000	1,132	1,107	1,071	1,148	16	77
	350,000	1,334	1,302	1,259	1,350	16	91
	400,000	1,536	1,497	1,447	1,552	16	105
	500,000	1,923	1,874	1,811	1,943	20	132

General Notes

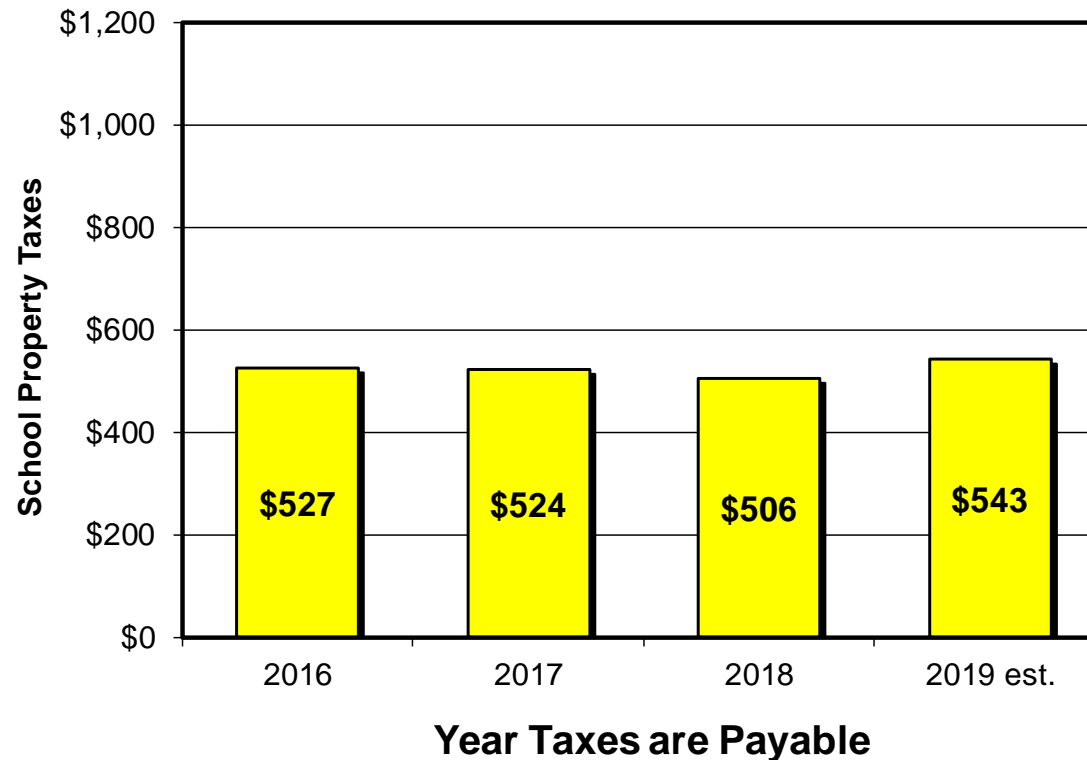
1. Amounts in the table are based on school district taxes only, and do not include taxes for the city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2019 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on no changes in estimated market value from 2016 through 2019.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on No Increases in Property Values

Example 1: \$150,000* Residential Homestead Property



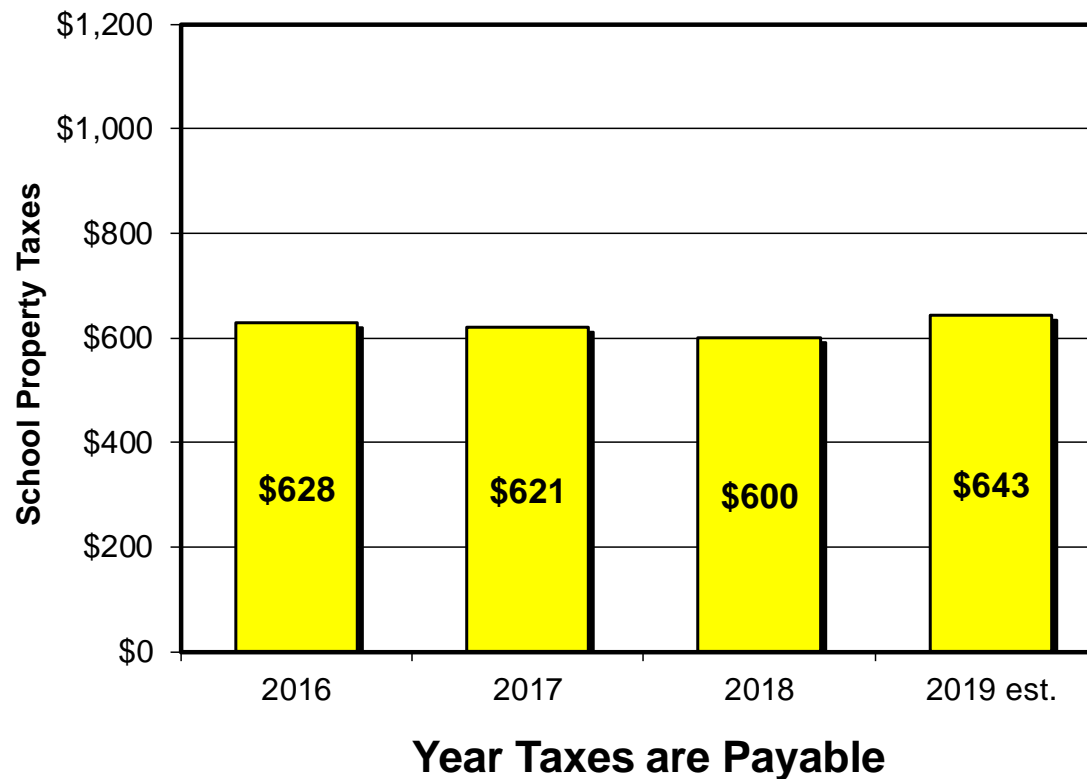
* The value shown in the title of the chart is the estimated market value for taxes payable in 2019. Taxes are calculated based on no change in market value from 2016 to 2019.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on No Increases in Property Values

Example 2: \$175,000* Residential Homestead Property



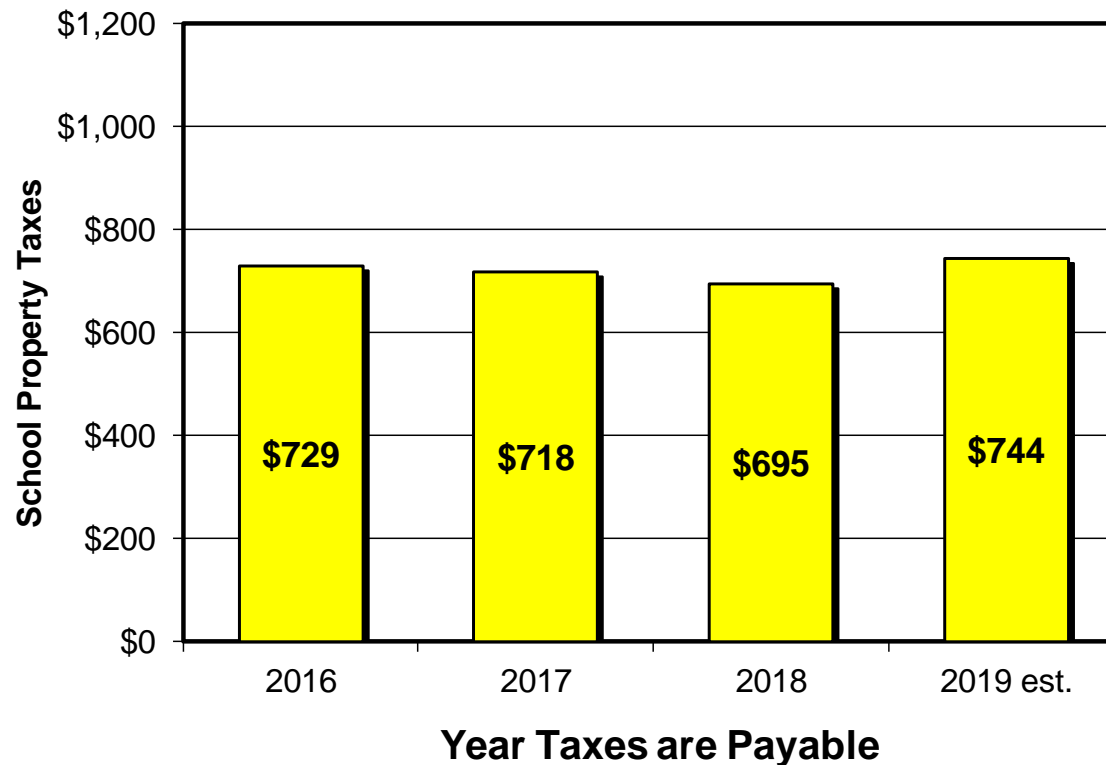
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Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on No Increases in Property Values

Example 3: \$200,000* Residential Homestead Property



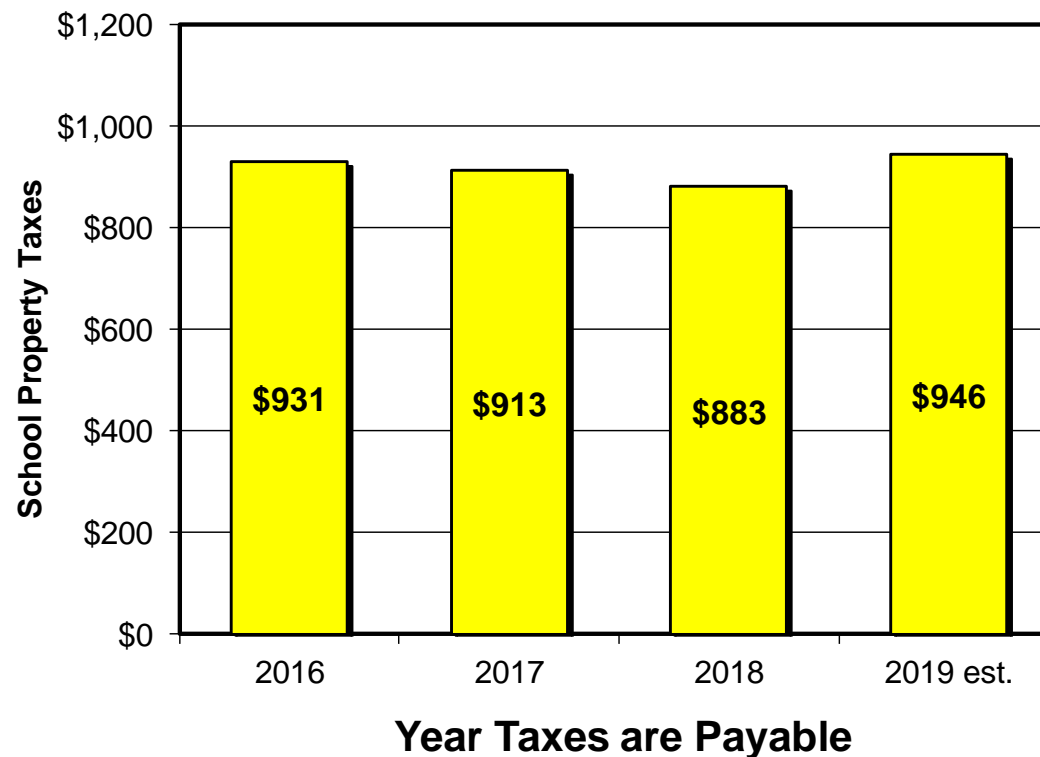
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Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on No Increases in Property Values

Example 4: \$250,000* Residential Homestead Property



* The value shown in the title of the chart is the estimated market value for taxes payable in 2019. Taxes are calculated based on no change in market value from 2016 to 2019.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on 15.8% Cumulative Changes in Property Value from 2016 to 2019 Taxes

Type of Property	Estimated Market Value	Actual Taxes Payable in 2016	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	Estimated Taxes Payable in 2019	Change in Taxes 2016 to 2019	Change in Taxes 2018 to 2019
Residential Homestead	\$86,384	\$271	\$90,703	\$293	\$95,238	\$300	\$100,000	\$341	\$70	\$41
	107,980	358	113,379	381	119,048	390	125,000	442	84	52
	129,576	445	136,054	469	142,857	479	150,000	543	98	64
	151,172	532	158,730	557	166,667	569	175,000	643	111	74
	172,768	619	181,406	646	190,476	659	200,000	744	125	85
	215,959	793	226,757	822	238,095	838	250,000	946	153	108
	259,151	968	272,109	999	285,714	1,017	300,000	1,148	180	131
	302,343	1,142	317,460	1,175	333,333	1,196	350,000	1,350	208	154
	345,535	1,316	362,812	1,352	380,952	1,375	400,000	1,552	236	177
	431,919	1,661	453,515	1,699	476,190	1,725	500,000	1,943	282	218

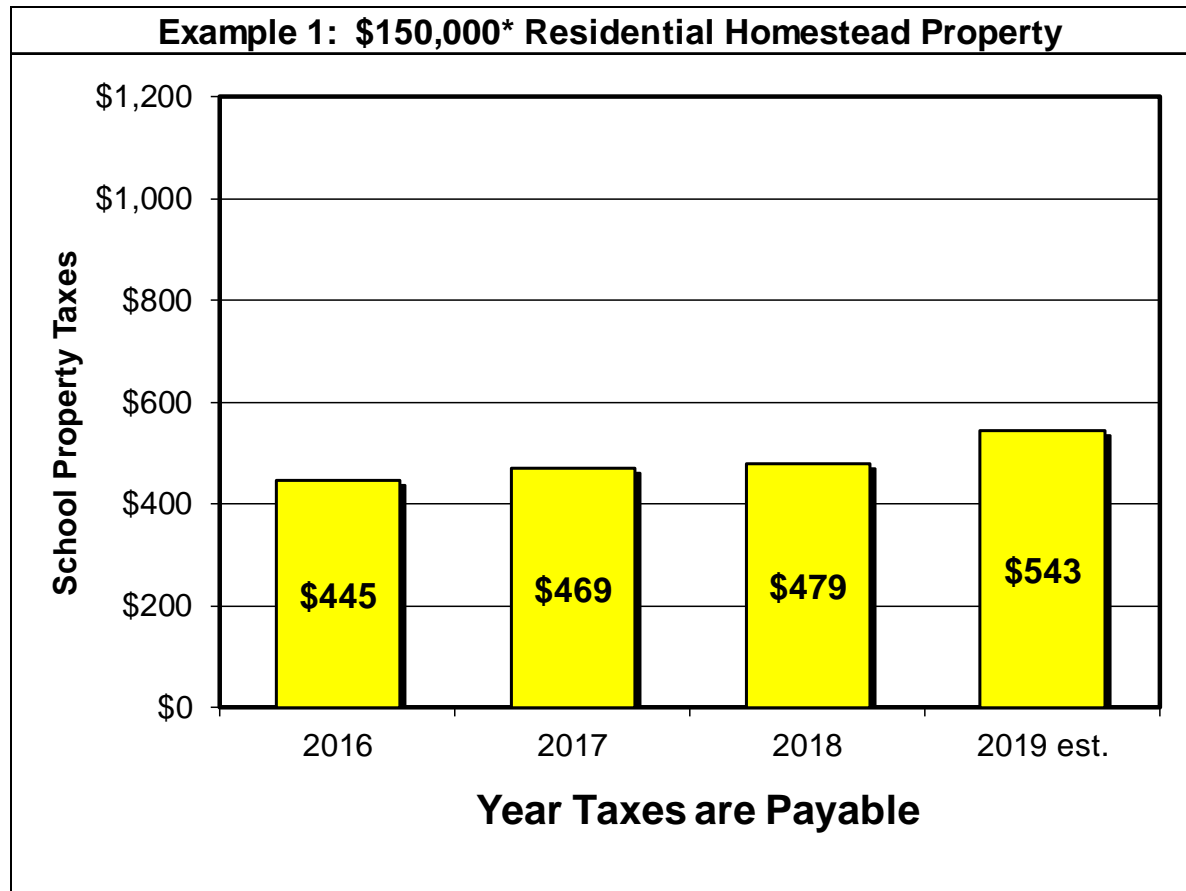
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2. Estimates of taxes payable in 2019 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on changes in estimated market value of 5.0% from 2016 to 2017 taxes, 5.0% from 2017 to 2018, and 5.0% from 2018 to 2019.

Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on 15.8% Cumulative Changes in Property Value from 2016 to 2019 Taxes

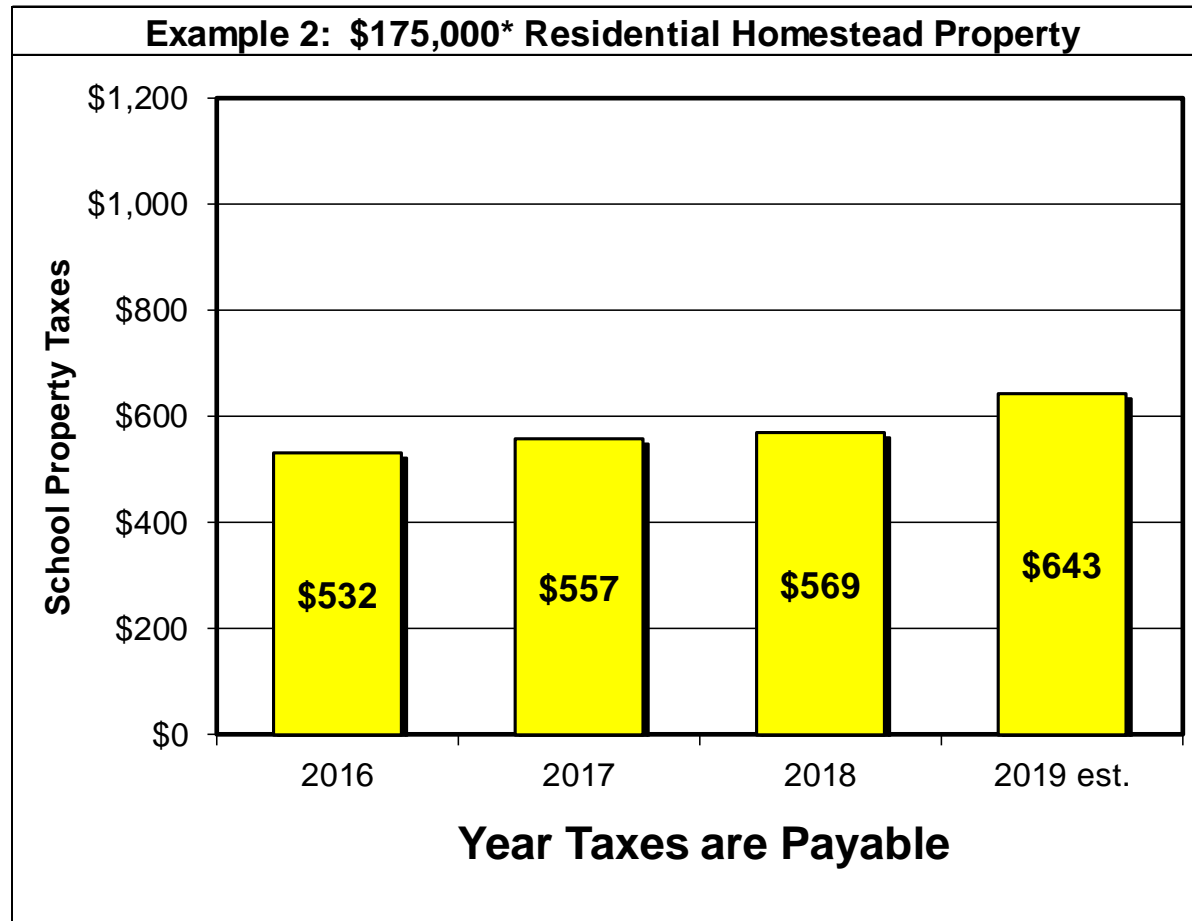


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Monticello School District No. 882

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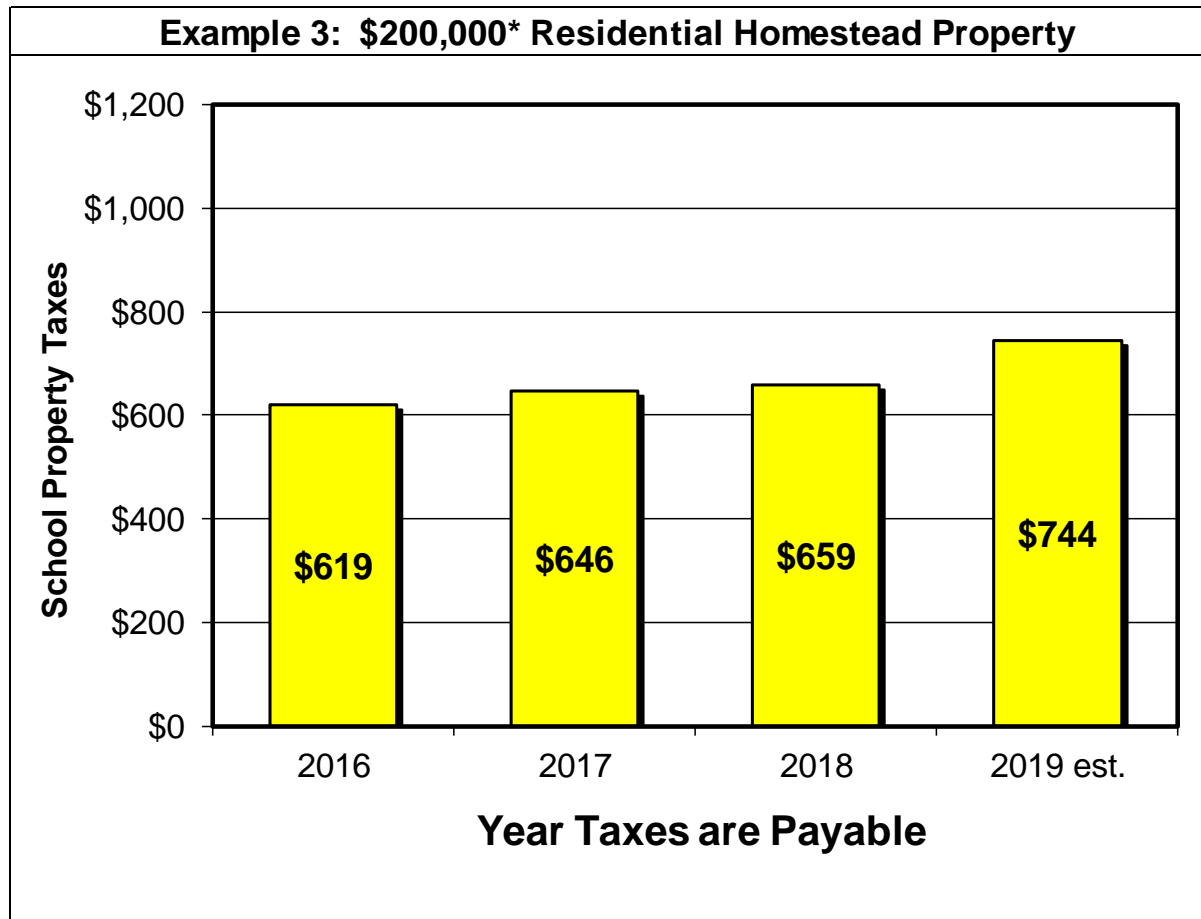


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Monticello School District No. 882

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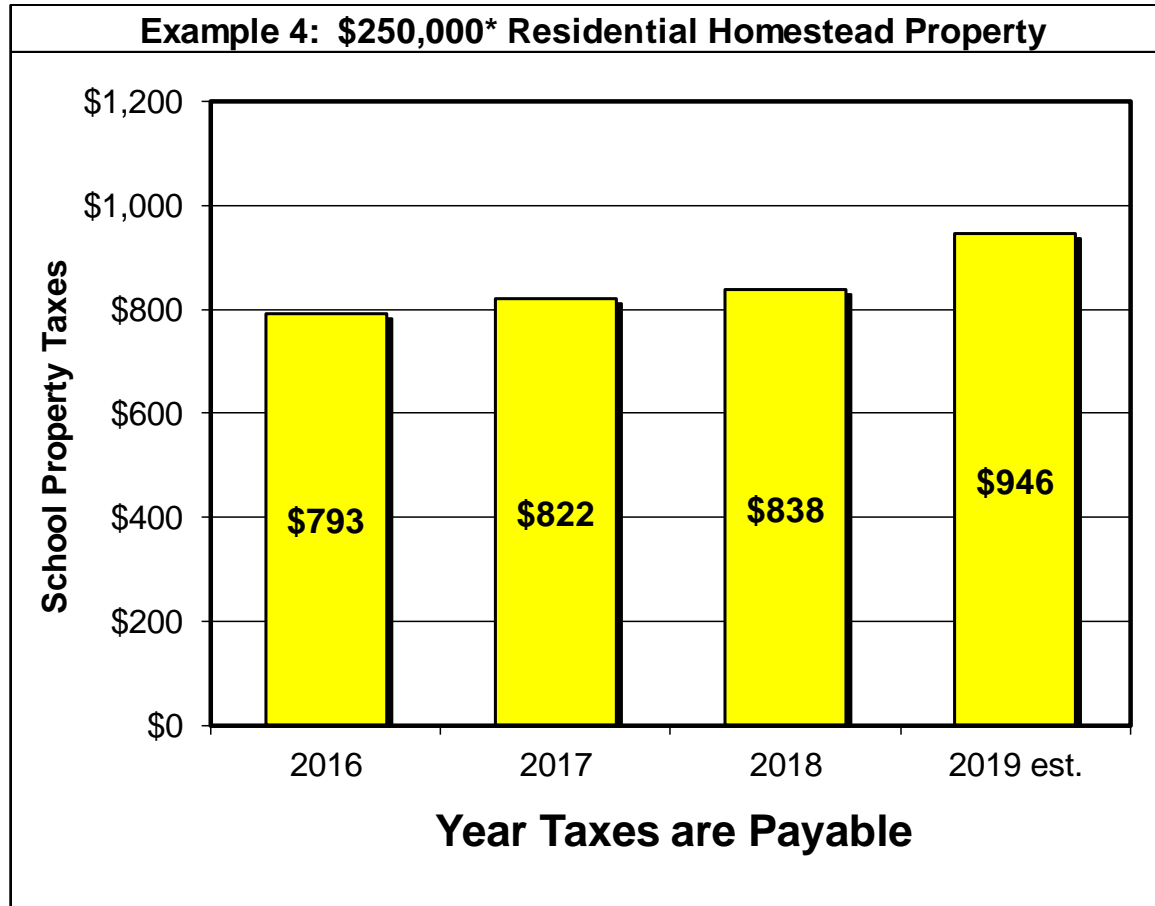


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Monticello School District No. 882

Estimated Changes in School Property Taxes, 2016 to 2019

Based on 15.8% Cumulative Changes in Property Value from 2016 to 2019 Taxes



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Impact of Taxpayers

Xcel Total Estimated Market Value, Wright County						
2018	2017	2016	2015	2014	2013	2012
656,090,400.00	743,551,900.00	714,047,000.00	680,037,200.00	597,753,900.00	346,599,800.00	377,028,900.00
141,076,800.00	134,303,200.00	118,026,500.00	99,502,700.00	108,891,600.00	101,924,400.00	102,420,100.00
797,169,218.00	877,857,117.00	832,075,516.00	779,541,915.00	706,647,514.00	448,526,213.00	479,451,012.00
-9.19%	5.50%	6.74%	10.32%	57.55%	-6.45%	

Xcel Total Taxes Payable, Wright County						
	14,851,920.00	14,457,126.00	14,396,360.00	13,026,858.00	8,828,806.00	9,440,232.00
	3,843,782.00	3,455,848.00	3,060,054.00	3,447,864.00	3,629,914.00	3,612,322.00
	18,695,702.00	17,912,974.00	17,456,414.00	16,474,722.00	12,458,720.00	13,052,554.00
	4.37%	2.62%	5.96%	32.23%	-4.55%	

**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 17, 2018
TIME: 6:15 pm
PLACE: Monticello Middle School
Board Room

