



**2023 Payable 2024  
Truth In Taxation Public Meeting**

7:00 p.m.

December 13, 2023

at the

Chatfield High School Forum Room

205 Union St NE

Chatfield, MN 55923

[www.chatfieldschools.com](http://www.chatfieldschools.com)

507-867-4210

# Truth in Taxation Law

Minnesota's Truth in Taxation Law requires that cities, counties and school districts follow certain steps before adopting a tax levy for the following year.

- The law requires a mailed notice to each property owner in the county, which describes the tax levies proposed by the city, county and school district and what percent increase (decrease) such a levy would mean in dollars.
- School districts are required to hold a single meeting in which the public is allowed to speak and the budget and levy is discussed. This meeting may be part of a regularly scheduled meeting but must occur after 6:00 P.M.
- The meeting date and location must be provided at the same time or prior to certifying the proposed property tax levy. The meeting date must be between November 25 and December 28.
- You are here tonight as part of the school district's public meeting process.

# Requirements of the Truth in Taxation Public Meeting

1. Discuss proposed property tax levy for taxes payable 2024
2. Provide and discuss information on the current budget (2023-2024)
3. Public must be given a reasonable amount of time to comment on the proposed property tax levy and budget and to ask questions

**- Minnesota Statute 275.065**

# Points to Remember

1. Revenue formulas are set by the State Legislature except for voter approved referendums
2. Local Levy and State Aid mix are set by the State Legislature
3. An increase in local taxes does not necessarily mean an increase in revenues for the school district

- **Minnesota Statute 275.065**

## Minnesota School District Property Taxes - Key Steps in the Process

**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 1 and tax capacity formulas from step 2), as well as the total tax capacity for each school district.

**Step 7.** The **County Auditor** divides the final levy (determined by the school board in step 6) by the district's total tax capacity (determined in step 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.\*

**Step 4.** 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 5.** The **Minnesota Department of Education** calculates detailed levy limits for each school district, based on the formulas approved by the Legislature in step 4. These limits tell districts the exact amounts that can be levied in every category.

**Step 6.** The **School Board** adopts a proposed levy in September, based on the limits set in step 5. After a public hearing, the board adopts a final levy in December. 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.

# Levy Cycles

	Calendar 2023												Calendar 2024												Calendar 2025												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
SCHOOL YEAR / STATE YEAR	SY 2023						SY 2024						SY 2025						SY 2026																		
LEVY							SY 2025												SY 2026																		
BUDGETING	SY 2024												SY 2025																								
AUDIT													SY 2024												SY 2025												



# School District Budget

Current School Year  
2023-2024

# Fund Accounting Overview

All school districts' budgets are divided into separate funds, as required by law.

For our District, there are 4 primary funds:

## **1. GENERAL FUND (Fund 01)**

- Revenue is based on student enrollment
- The local referendum levy is part of the General Fund
- Provides for classroom instruction, instructional supplies and equipment, and other educational activities
- Special Education, and State / Federal Mandated Programs
- Extra-curricular Activities / Student Activities
- Pupil Transportation
- Facilities Operation and Maintenance
- Capital Expenditures and Improvements
- Health and Safety Code Compliance



# Fund Accounting Overview

## **2. FOOD SERVICE (Fund 02)**

- School Breakfast and Lunch Program

## **3. COMMUNITY SERVICE (Fund 04)**

- Levy is based on adult population in the District
- Early childhood levy is based on the number of children under 5 years of age
- Provides for enrichment programs for any age level that are not part of the K-12 education program
- Early Childhood Family Education
- School Readiness
- Adult Basic Education

## **4. DEBT SERVICE (Fund 07)**

- Based on annual debt retirement schedules for the district's outstanding bonded indebtedness. Annual levy is for the payment of principal and interest on bonds as due. Current debt is a result of the voter approved Bond Issue for the current elementary school; high school HVAC update and building addition/remodel.; and parking lot project.



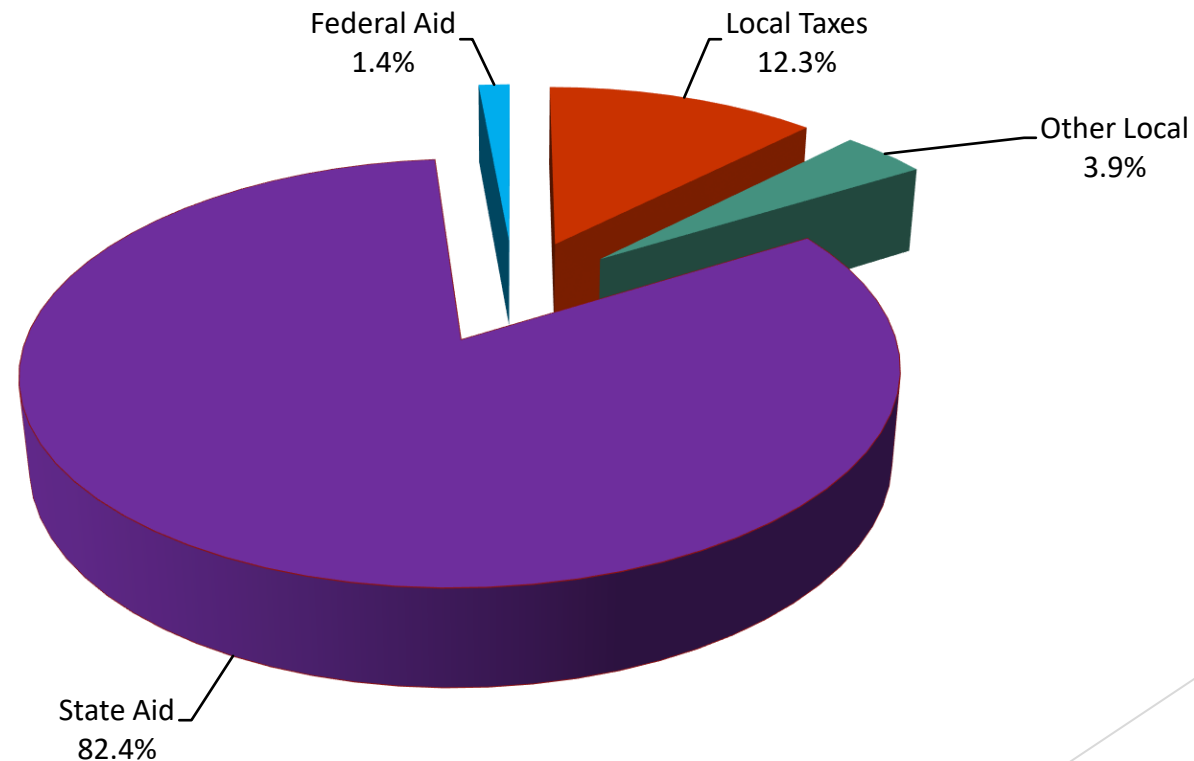
# CHATFIELD PUBLIC SCHOOLS

## 2023-2024 BUDGET OVERVIEW REVENUES

	22-23 Actual	23-24 Budget	Percent Change
General Fund	11,269,133	11,230,521	-0.34%
Food Service	524,059	625,437	19.34%
Community Service	748,882	729,178	-2.63%
Debt Service	1,913,420	2,020,935	5.62%
Totals	<u>\$ 14,455,494</u>	<u>\$ 14,606,071</u>	<u>1.04%</u>

## General Fund Revenue Budget

*Where Do Our School Revenues Come From?*





# CHATFIELD PUBLIC SCHOOLS

## 2023-2024 BUDGET OVERVIEW EXPENDITURES

	22-23 Actual	23-24 Budget	Percent Change
General Fund	11,377,846	11,408,507	0.27%
Food Service	612,370	641,790	4.80%
Community Service	741,945	805,804	8.61%
Debt Service	<u>1,914,129</u>	<u>2,000,413</u>	<u>4.51%</u>
Totals	<u>\$ 14,646,290</u>	<u>\$ 14,856,514</u>	<u>1.44%</u>

# CHATFIELD PUBLIC SCHOOLS

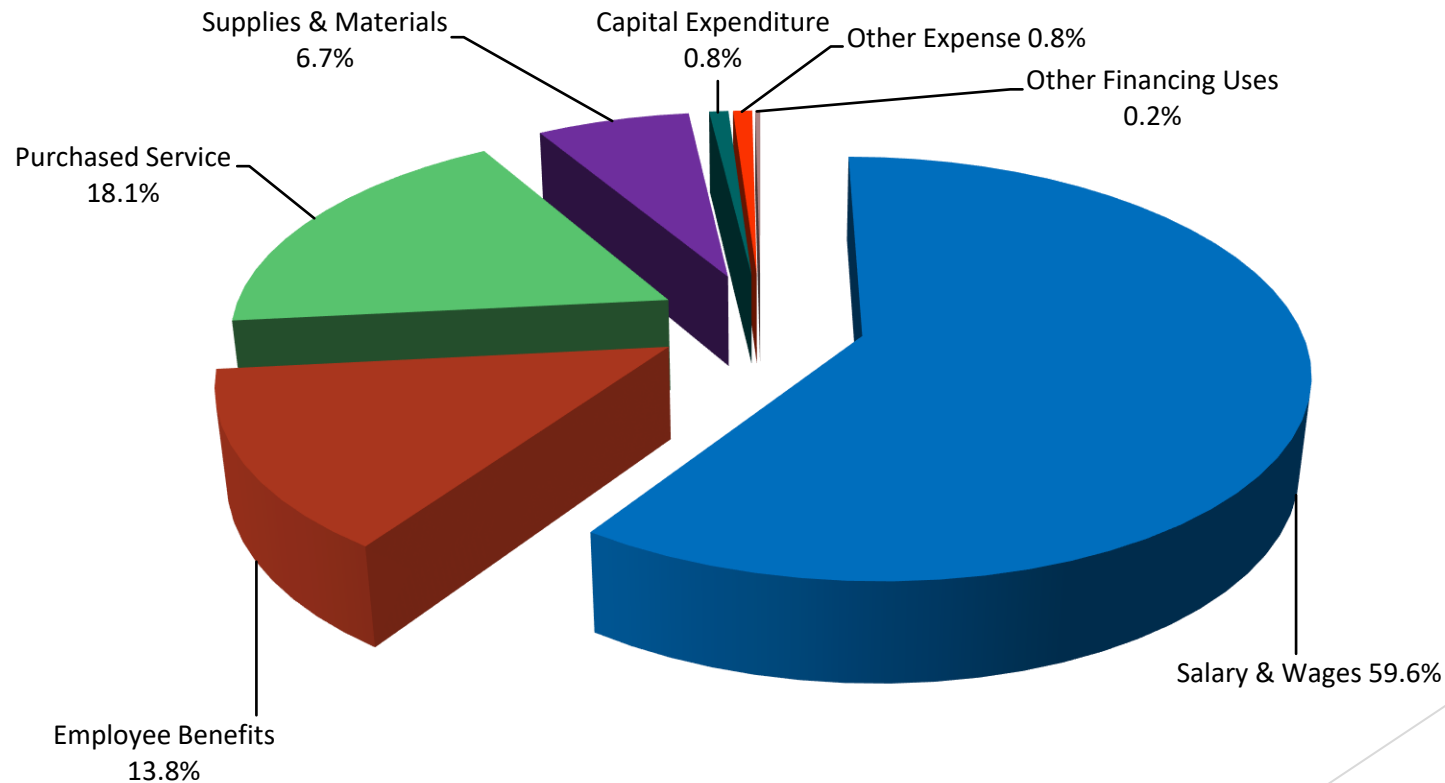
## HOW ARE GENERAL FUND DOLLARS SPENT?

Expenses incurred in the operation of the district are paid from the General Fund. The following schedule relates how the dollars allocated to the General Fund are spent:

District & School Administration	9.0%
District Support Services	5.5%
Regular Instruction	43.7%
Vocational Instruction	1.8%
Special Education Instruction	15.7%
Instructional Support Services	3.4%
Pupil Support Services	9.1%
Sites-Buildings, Equipment	10.7%
Fiscal and Other	1.1%
	100.0%

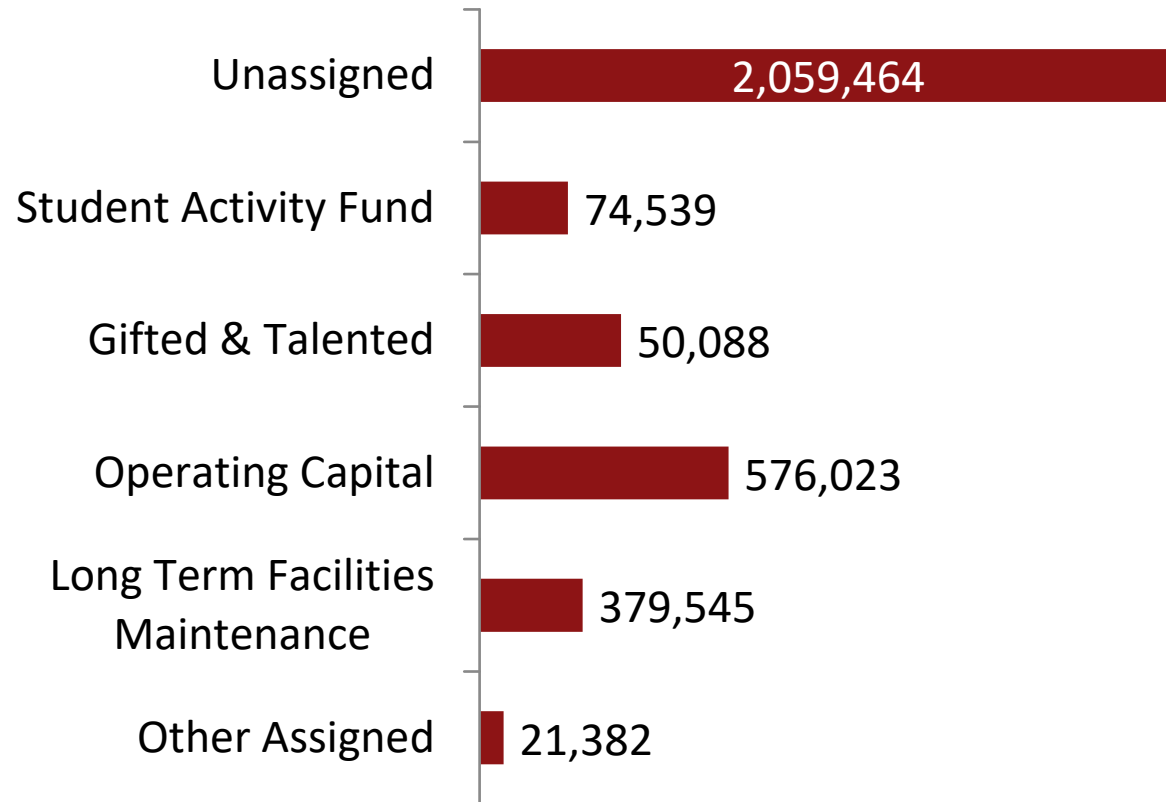
## General Fund Expenditure Budget

*What Do Our Expenditures Pay For?*



# CHATFIELD PUBLIC SCHOOLS

## Components of the Projected General Fund Balance at June 30, 2024





## **School District Levy**

The current levy is 2023 Payable 2024

- This levy will be certified in 2023
- This levy will be collected in 2024
- This levy will be recognized as revenue in Fiscal Year 2025

## **Authority for School Levies**

A School District Tax Levy must be either:

- Set by State Formula
- OR
- Voter Approved





## **Factors Impacting Tax Change**

### **Issues Driven by Legislative Decisions:**

- Change in sales ratio (impacting ANTC)
- Change in tax capacity rate structure
- Laws mandating code compliance (Health & Safety and Buildings)

### **Issues Determined by District Voters:**

- Voter approved building bond issue
- Voter approved excess levy referendum



## Factors Impacting Tax Change (*cont.*)

### Local Factors:

- Inflationary pressure on real estate market
- Abatements
- Property improvements not previously taxed
- Change in individual assessed market value
- Possible change in property classification (*e.g. homestead to rental*)

# CHATFIELD PUBLIC SCHOOLS

## How will your 2024 school taxes be spent?

### General Fund

Provides additional funding for district instructional programs by means of the approved excess referendum. Provides funds for operating capital expenses, building/land lease, and Health & Safety costs:

Percent

44%

### Community Education Fund

Levy for Community Education Programs:

3%

### Debt Service

Levy for repayment of principal and interest on district debt:

53%

**Total Levy Before Credits:**

100%



## LEVY LIMITATION AND CERTIFICATION 2022 Payable 2023

Comparison of Certified Payable 2022 Levy with Proposed Payable 2023 Levy

<b>GROSS LEVIES BY FUND</b>	<b>ACTUAL 22 PAY 23</b>	<b>PROPOSED 23 PAY 24</b>	<b>DOLLAR DIFFERENCE</b>	<b>PERCENT DIFFERENCE</b>
<b>General Fund</b>	<b>1,390,337.52</b>	<b>1,486,220.52</b>	<b>95,883.00</b>	<b>6.90%</b>
Community Services	91,826.09	87,760.74	(4,065.35)	-4.43%
Debt Redemption	1,848,143.26	1,837,017.26	(11,126.00)	-0.60%
<b>Total</b>	<b>3,330,306.87</b>	<b>3,410,998.52</b>	<b>80,691.65</b>	<b>2.42%</b>



# CHATFIELD PUBLIC SCHOOLS

Category	Pay 2023	Pay 2024	Change
<b>General Fund</b>			
Operating Capital	80,815.25	96,851.45	16,036.20
Judgement	-	-	-
Long Term Facilities	143,864.17	70,764.73	(73,099.44)
Referendum Voter App	386,546.85	461,139.60	74,592.75
Equity and Transition	130,276.86	144,872.37	14,595.51
Other General Fund	648,834.39	712,592.37	63,757.98
<b>Sub-Total</b>	<u>1,390,337.52</u>	<u>1,486,220.52</u>	<u>95,883.00</u>
<b>Community Service</b>	91,826.09	87,760.74	(4,065.35)
<b>Debt Service</b>	1,848,143.26	1,837,017.26	(11,126.00)
<b>Total Change</b>			<u>80,691.65</u>



## **What are the main variables that cause property tax increases and decreases?**

- Changes in market values, classification or class rates
- Change in property tax credits (*e.g. change in Homestead Benefit from a credit to an exclusion*)
- Voter approved referendums
- Increases or decreases in levy amounts caused by changes in state funding formulas



## **What are the main variables that cause property tax increases and decreases? (*cont.*)**

- The value of your property may increase or decrease
- The value of other properties may increase or decrease and change the share that your property is of the total tax base, whether your property's value changed or not
- School Board Actions



# CHATFIELD PUBLIC SCHOOLS

**Whereas,** Pursuant to Minnesota Statutes the School Board of Independent School District 227, Chatfield, Minnesota, is authorized to make the following proposed tax levies for general purposes:

Maintenance (General Fund)	\$1,486,220.52
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▶ Includes Referendum

Community Service	87,760.74
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Debt Service	<u>1,837,017.26</u>
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<b>Total Proposed School Tax Levy</b>	<b>\$ 3,410,998.52</b>
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**Now Therefore,** Be it resolved by the School Board of Independent School District 227, Chatfield, Minnesota, that the levy to be levied in 2023 to be collected in 2024 is set at \$3,410,998.52. The clerk of Chatfield Public Schools' Board is authorized to certify the proposed levy to the County Auditors of Olmsted, Fillmore and Winona Counties, Minnesota.