



Truth in Taxation

December 21, 2023

Presented By:
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Director of Business Services

Requirements

- Must be after November 24
- Must be before Final Levy Certification
 - May be at the same meeting
 - Deadline of December 30th
- Must be 6:00 p.m. or later
- Present current year budget
- Present proposed property tax levy
- Allow a time for the public to speak and or ask questions

Background on Public School Funding

MN Constitution assigns legislature responsibility to set funding

Article XIII

Miscellaneous Subjects

Section 1

“Uniform System of Public Schools. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.”

School Funding is Highly Regulated

The State sets:

- Formulas which determine revenue
 - Most revenue is based on specified amounts per student
- Tax policy for local schools
- Maximum authorized property tax levy
 - Districts can levy less, but not more than the amount authorized by the state, unless approved by voters

The State also authorizes school boards to submit referendums for operating and capital needs to voters for approval.

School District Property Tax Levy Timeline

July - August

MDE Levy Information System is updated.

September

MDE prepared and distributed first draft of levy limit report.

September 28

School Board approved preliminary levy amount at the maximum.

Mid-November

County mailed "Proposed Property Tax Statements" to all property owners.

December 21

Truth in Taxation meeting with time for public comment on proposed levy; School Board certifies final levy amount.

School District: Property Tax Levy vs Budget Cycle

Property Tax Levy

- Preliminary Levy set in September
- Final Levy set in December
- Property taxes levied on a calendar year basis

Budget Cycle

- Final budget approved in June
- Budget is for fiscal year (July 1 - June 30)
- Mid-year budget revisions

2023 Payable 2024 Levy / Fiscal Year 2024 - 2025 (July 1, 2024 - June 30, 2025)

Budget Information

Budget Information

School district budgets are divided into separate funds, each with its own purpose.

Tax levy is *one* of the sources of revenue for *some* of the funds.

Fund Categories

General

Food Service

Community Service

Debt Service

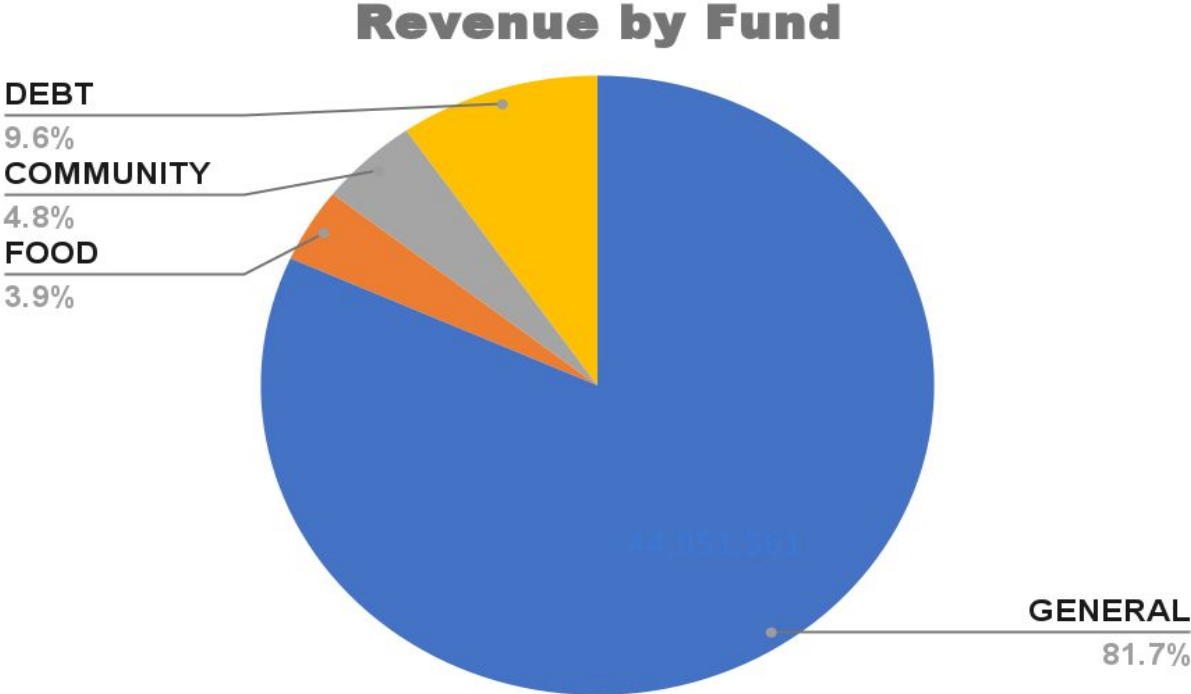
Custodial

FY 2023-2024 Budget

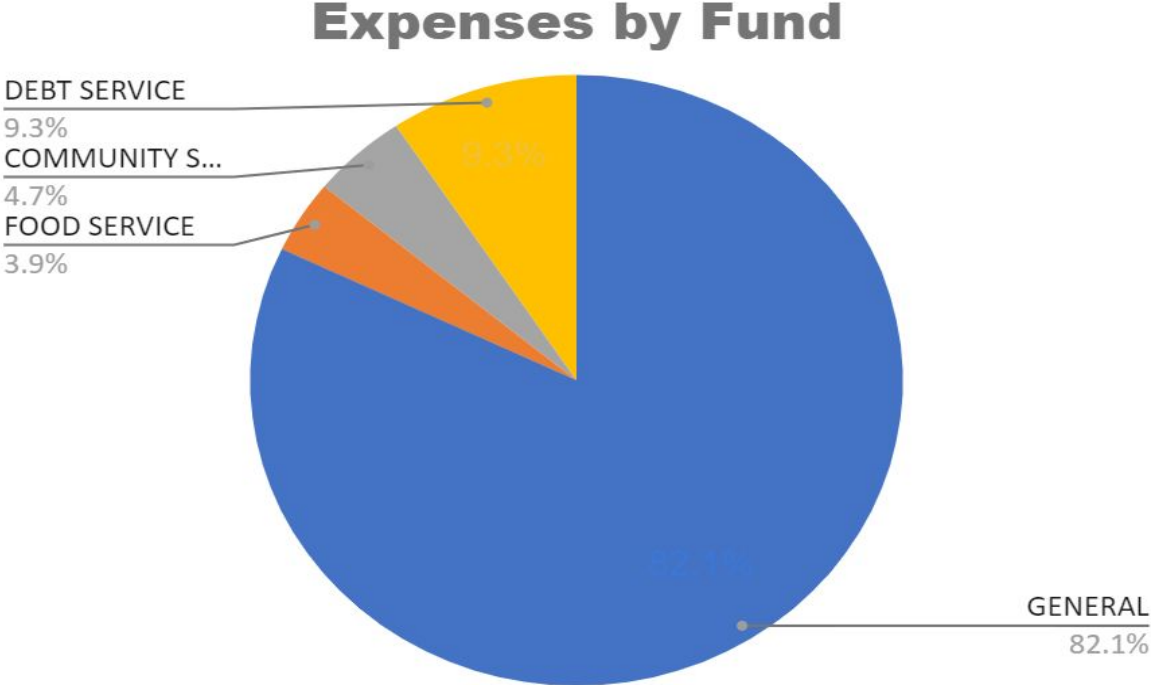
Fund	Revenue	Expenditures
General Fund	\$44,951,561	\$45,500,424
Food Service Fund	\$2,130,000	\$2,149,653
Community Service Fund	\$2,632,560	\$2,621,225
Debt Service Fund	\$5,290,068	\$5,170,564
Custodial(Scholarship)	<u>\$30,000</u>	<u>\$30,000</u>
Total Budget	\$55,441,867	\$55,004,189

School Board approved June 22, 2023

Revenue by Fund



Expenses by Fund



Property Tax Levy

School District Tax Levy Information

- State sets funding formulas which determine revenue
- State sets tax policy for school districts
- State sets maximum authorized property tax levy
- State authorizes school board to submit referendums for operating and capital needs for voter approvals

Minnesota School District Levy Process

1

The **City or County Assessor** determines the estimated market value for each parcel of property in the county.

2

The **Legislature** sets the formulas for tax capacity. These formulas determine how much of the tax burden will fall on different types of property. determines the estimated market value for each parcel of property in the county.

3

The **County Auditor** calculates the tax capacity for each parcel of property in the county as well as the total tax capacity for each school district.

4

The **Legislature** sets the formulas which determine school district levy limits. These are maximum amounts of taxes that school districts can level in every category.

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 amount that can be levied in every category.

6

The **School Board** adopts a proposed levy in September. 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.

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 rate times each property's tax capacity, to determine the school tax for that property.*

*For certain levy categories (referendum, equity and transition levies), tax rates and levy amounts are based on referendum market value rather than tax capacity.

Change in Tax Levy Does Not Determine Change in Budget

Tax levy is based on many state determined formulas plus voter approved referendums

Some increases in tax levies are revenue neutral, offset by reductions in state aid

Expenditure budget is limited by state-set revenue formulas, voter approved levies, and fund balance

An increase in school taxes does not always correlate to an equal increase in budget

Explanation of Levy Changes

- Changes in categories due to:
 - Changes in enrollment
 - Change in building age
 - Change in prior levy to actual costs
 - Changes in legislation
 - Change in debt service scheduled payments

Proposed Property Tax Levy

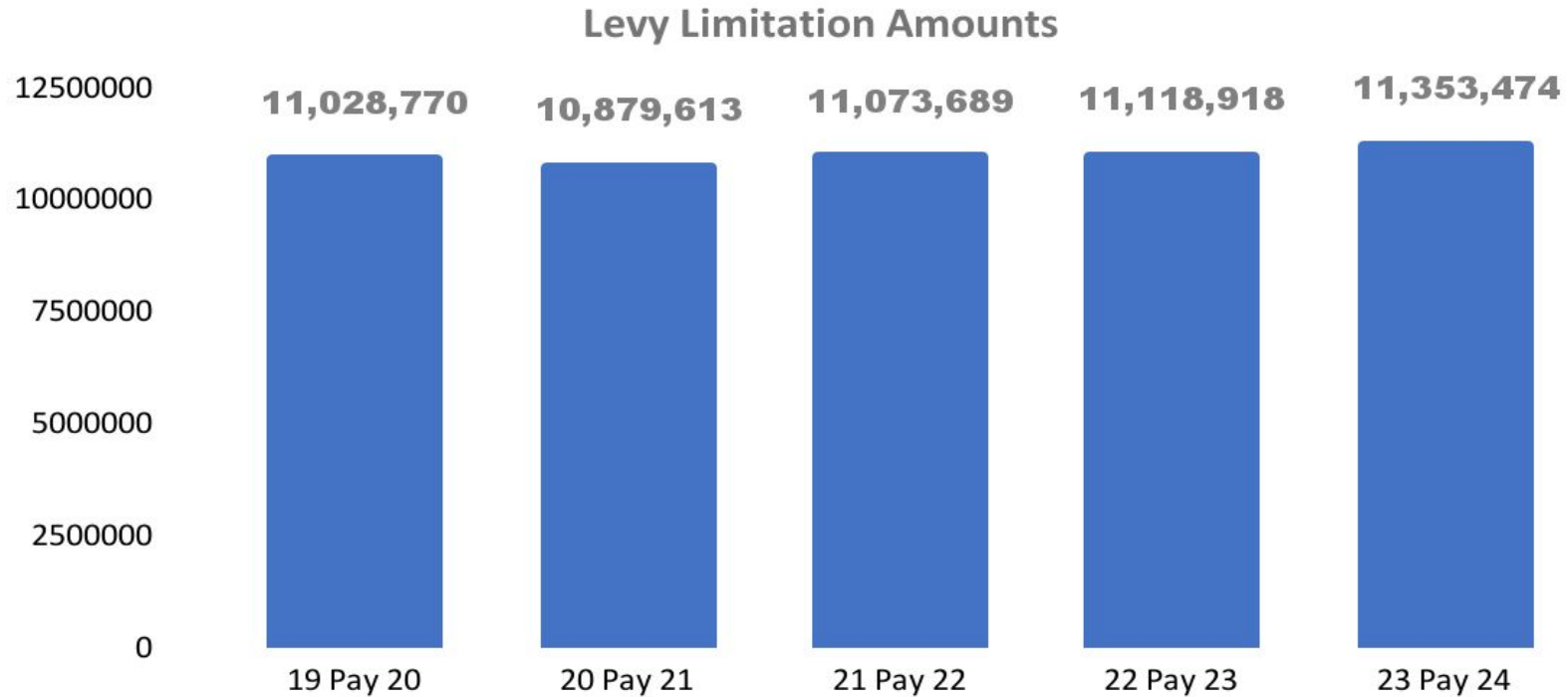
Chisago Lakes School District #2144					
Comparison of Proposed Tax Levy Payable in 2023 to Actual Levy Payable in 2024 by Fund					
Using Final Levy Payable in 2024 as Base Year					
	2023	2024	Change from	Percent	
	Final Levy	Preliminary Proposed Levy	Prior Year	Change	
General Fund					
1 Voter Approved Referendum	\$ 804,343.50	\$ 797,035.50	\$ (7,308.00)		
2 Equity	\$ 560,075.53	\$ 557,938.97	\$ (2,136.56)		
3 Local Optional Revenue	\$ 2,399,800.59	\$ 2,565,752.61	\$ 165,952.02		
4 Transition	\$ 36,463.57	\$ 36,132.28	\$ (331.29)		
5 Operating Capital	\$ 317,410.70	\$ 380,324.56	\$ 62,913.86		
6 Alt Teacher Comp (Q Comp)	\$ 318,362.43	\$ 301,864.89	\$ (16,497.54)		
7 Reemployment Ins	\$ (40,000.00)	\$ 43,572.27	\$ 83,572.27		
8 Safe Schools	\$ 128,478.96	\$ 130,787.28	\$ 2,308.32		
9 Career Technical	\$ 349,387.75	\$ 383,950.00	\$ 34,562.25		
12 LT Facilities Equal	\$ 629,699.55	\$ 643,019.57	\$ 13,320.02		
14 Lease Levy	\$ 122,360.23	\$ 120,069.36	\$ (2,290.87)		
15 General Fund Adjustments	\$ 6,010.32	\$ 118.34	\$ (5,891.98)		
Total General Fund Levy	\$ 5,632,393.13	\$ 5,960,565.63	\$ 328,172.50	5.83%	
Community Service Fund					
1 Basic Community Education	\$ 167,119.40	\$ 147,580.07	\$ (19,539.33)		
2 Early Childhood Family Education	\$ 81,667.54	\$ 74,827.69	\$ (6,839.85)		
3 Home Visiting	\$ 2,273.08	\$ 2,969.72	\$ 696.64		
4 Adults with Disabilities	\$ 5,032.00	\$ 2,361.28	\$ (2,670.72)		
5 School Age Care	\$ 85,000.00	\$ 106,715.18	\$ 21,715.18		
6 CE Adjustments	\$ 364.64	\$ 4.66	\$ (359.98)		
Total Community Service Fund Levy	\$ 341,456.66	\$ 334,458.60	\$ (6,998.06)	-2.05%	
Debt Service Fund					
1 Voter Approved Debt Service	\$ 4,939,824.00	\$ 4,989,961.00	\$ 50,137.00		
2 LT Facilities Debt Service	\$ 334,375.35	\$ 346,324.73	\$ 11,949.38		
3 Reduction for Excess Fund Balance	\$ (134,750.11)	\$ (278,718.05)	\$ (143,967.94)		
4 Debt Service Fund Adjustments	\$ 5,619.08	\$ 882.30	\$ (4,736.78)		
Total Debt Service Fund Levy	\$ 5,145,068.32	\$ 5,058,449.98	\$ (86,618.34)	-1.68%	
Total Certified Levy	\$ 11,118,918.11	\$ 11,353,474.21	\$ 234,556.10	2.11%	

Factors Impacting Taxpayers' School Taxes

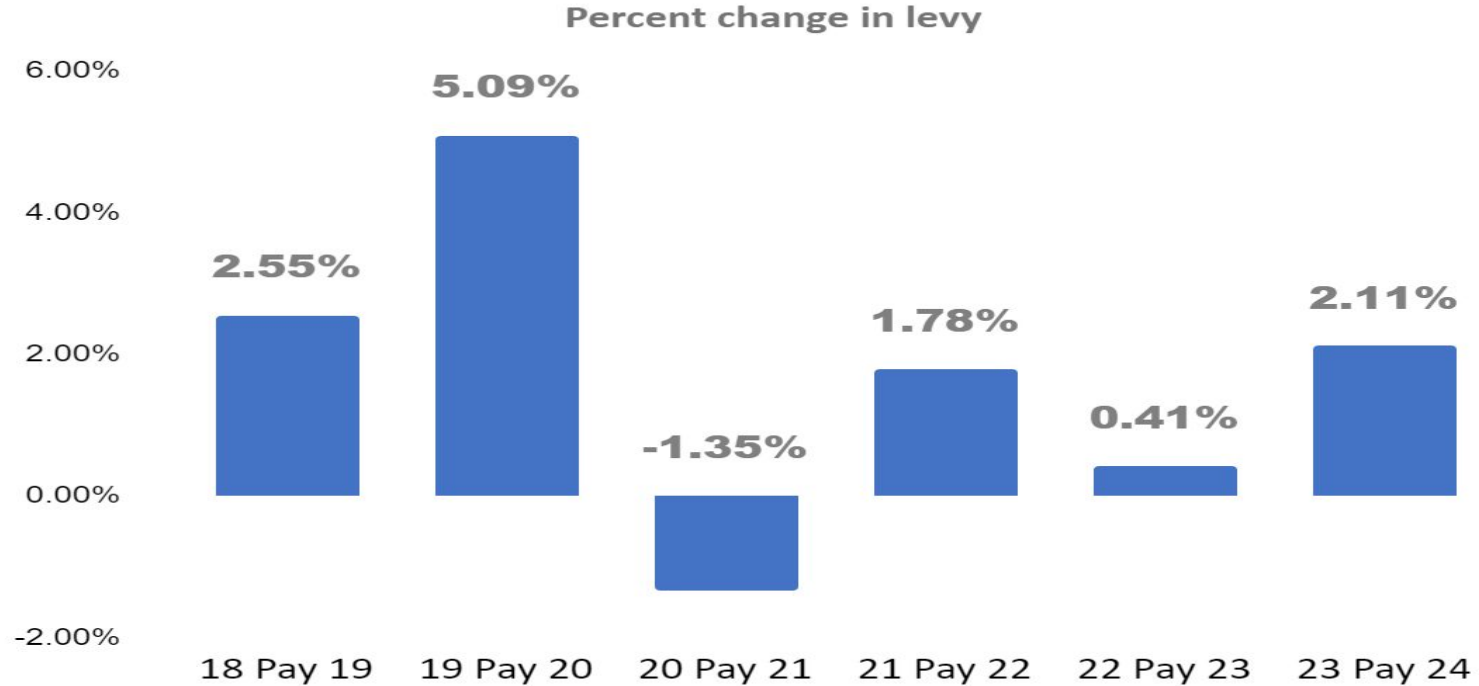
Many factors can cause an increase or decrease from year to year to a taxpayer's property taxes.

- Changes in value of individual property
- Changes in total value of all property in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

Levy Limitation Amounts



Percent Change in Levy



Minnesota Special Property Tax Refund

Minnesota Homestead Credit Refund and Property Tax Refund

Consult with your tax professional for more information and refer to www.revenue.state.mn.us for more information about the M-1PR Form

Next Steps

Next Steps

1

The Board will accept public comments on the proposed levy.

2

The Board will certify the 2023 Payable 2024 Property Tax Levy.



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