



Willmar Public Schools

Truth in Taxation

Public Hearing
for Taxes Payable in 2024

December 11, 2023 at 6:00 p.m.

Willmar Education & Art Center (WEAC) Board Room



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Agenda

- Truth in Taxation Hearing Requirements
- Current Year Budget
- Levy Certification Process
- Proposed Levy for Taxes Payable in 2024
- Public Comment



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Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 28th
- After 6:00 pm
- Must allow for public comments

... and Presentation of:

- Current year budget
- Proposed property tax levy, including % increase
- Specific purpose & reasons taxes are being increased



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Budget Information

- Change in Tax Levy does not determine a change in budget
 - Tax levy is based on many state-determined formulas plus voter-approved referendums
 - Some increase 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



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Budget Cycle vs. Levy Cycle

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
 - Original budget approved in June, 6 months later
 - Mid-year budget revisions
- Property Tax Levy
 - Final levy set in December
 - Property taxes levied on a calendar year basis



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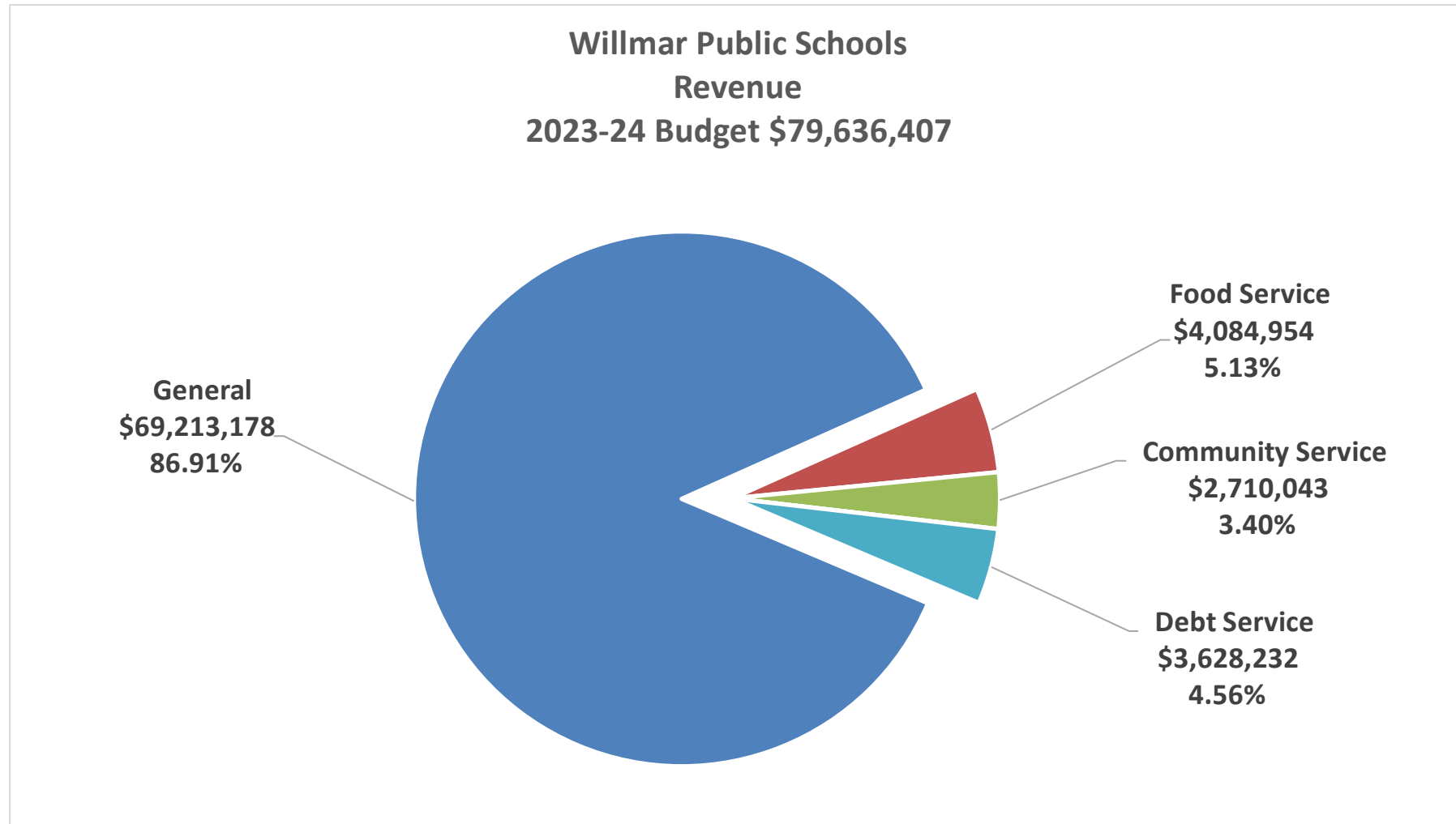
Budget Information

- All school district budgets are divided into separate funds, based on purpose of revenue, as required by law
- Our District's Funds:
 - General ^
 - Food Service
 - Community Service ^
 - Building Construction
 - Debt Service ^
 - Internal Service

^ These Funds have a Tax Levy Component

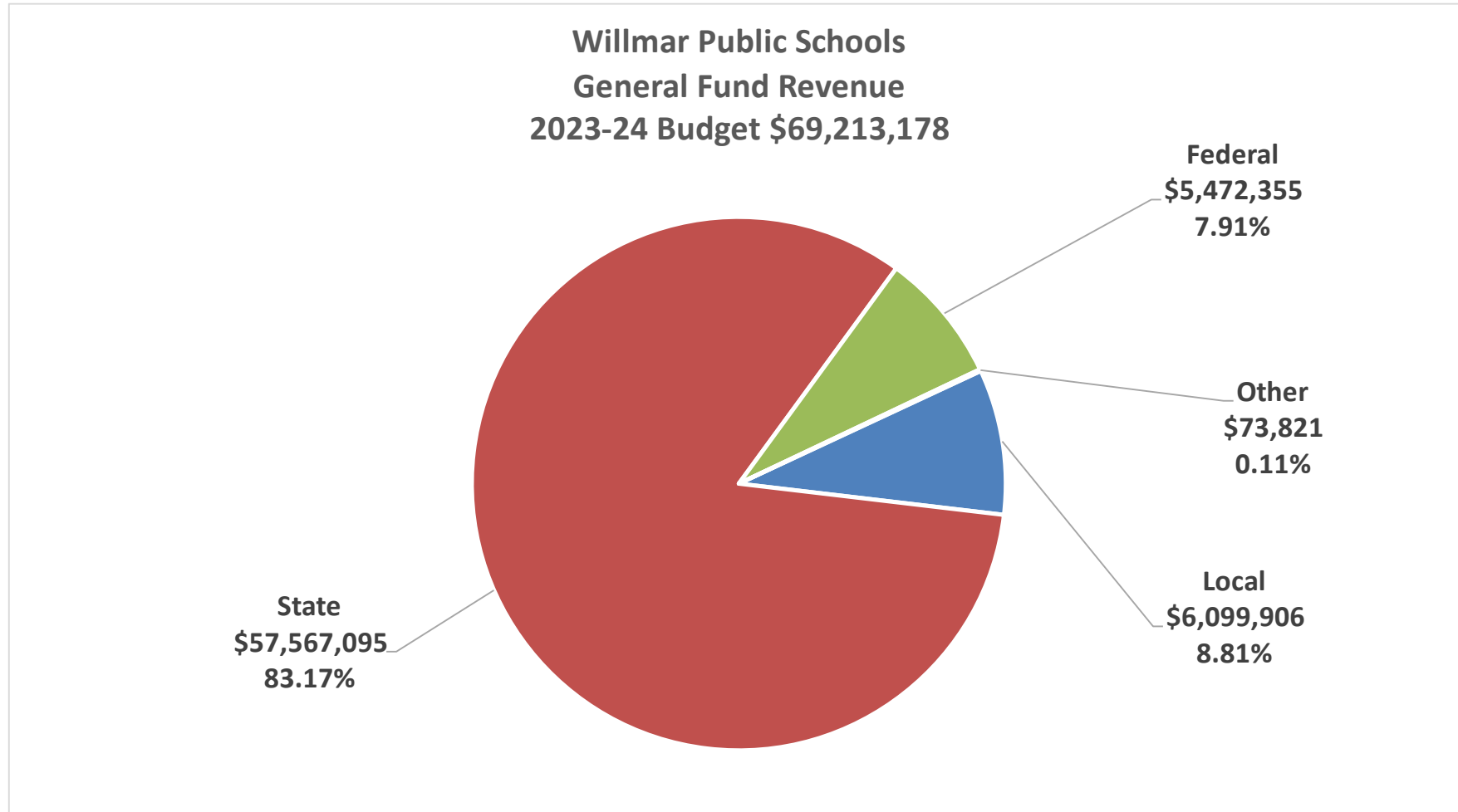


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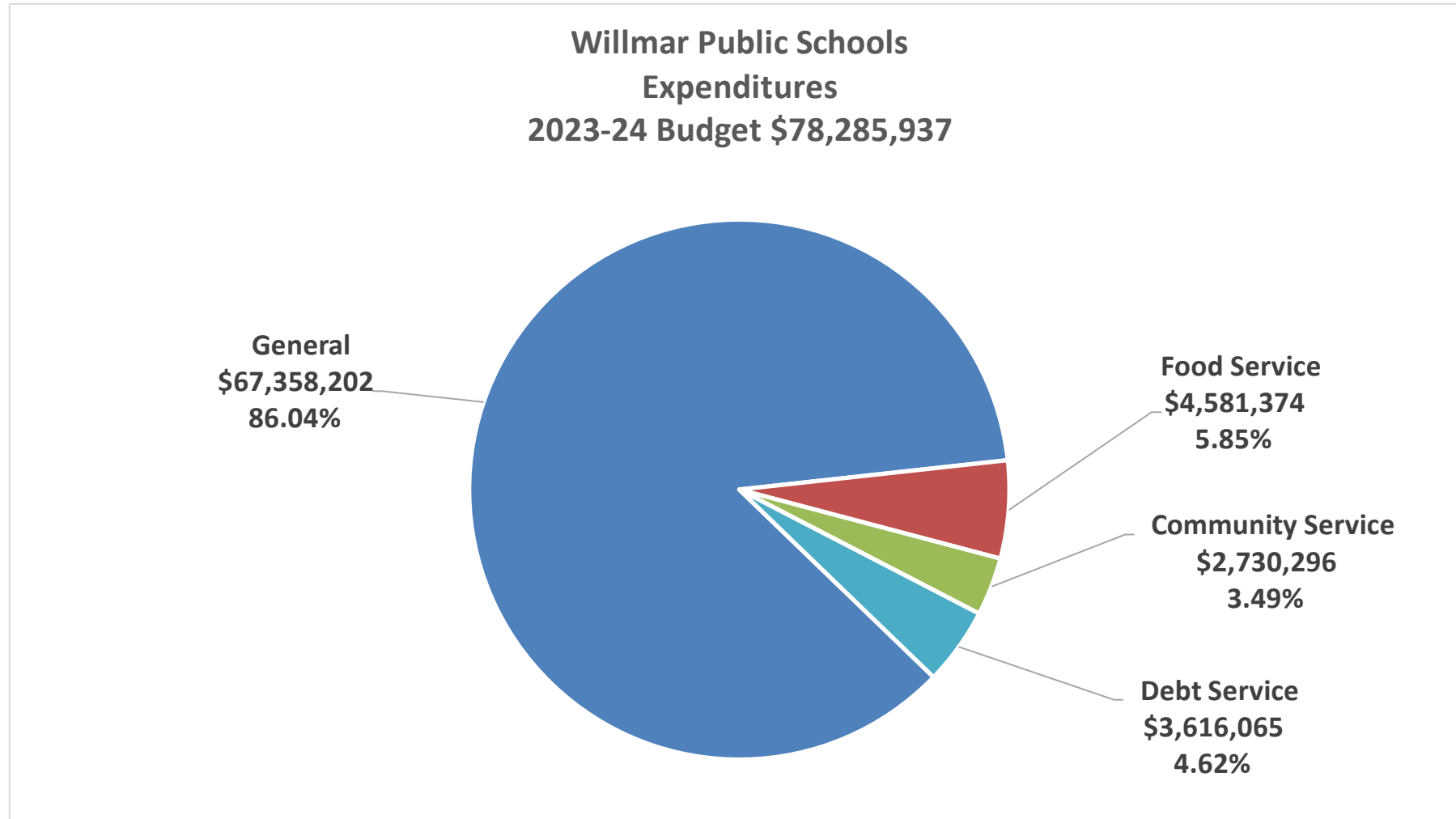


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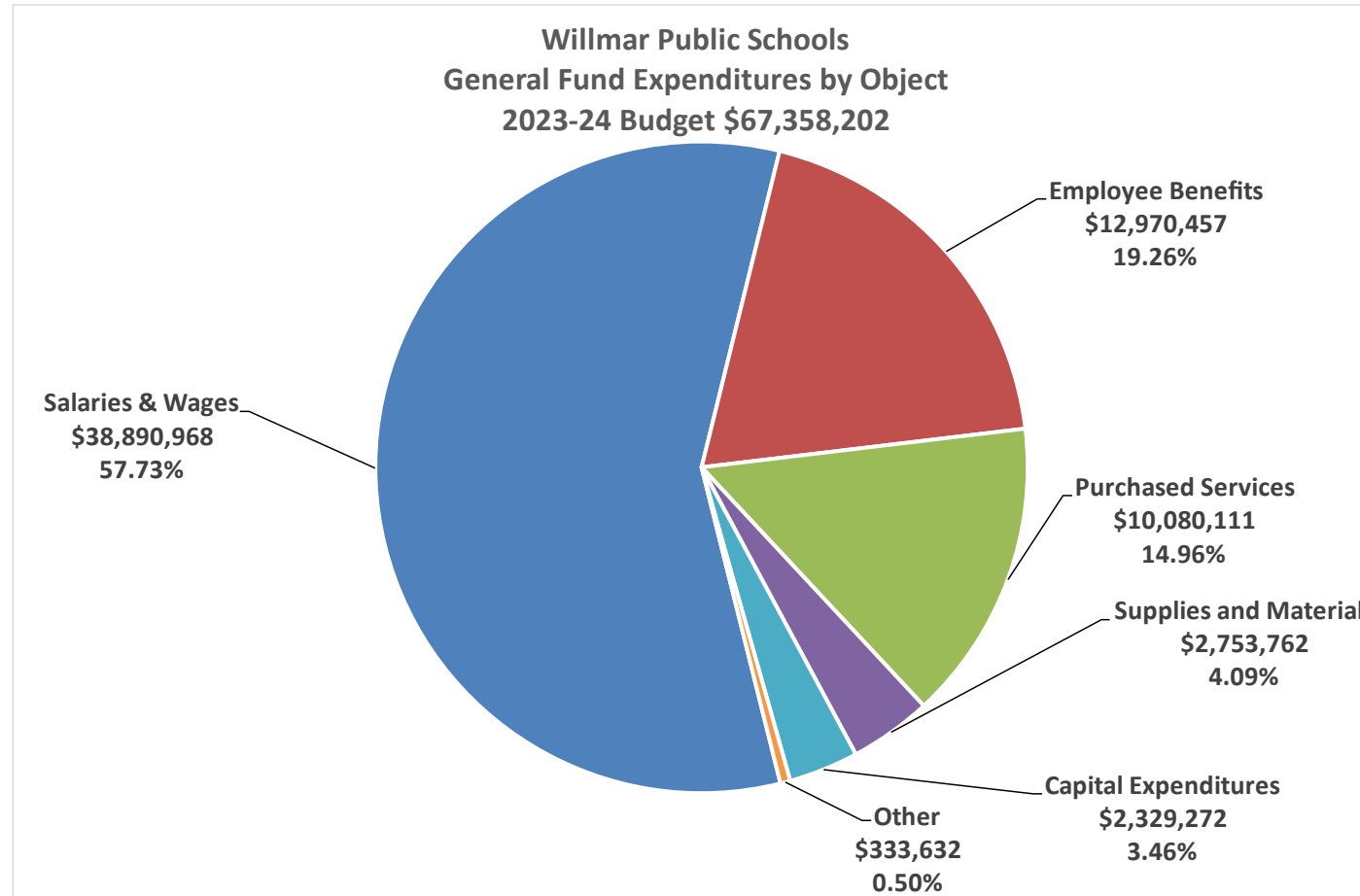


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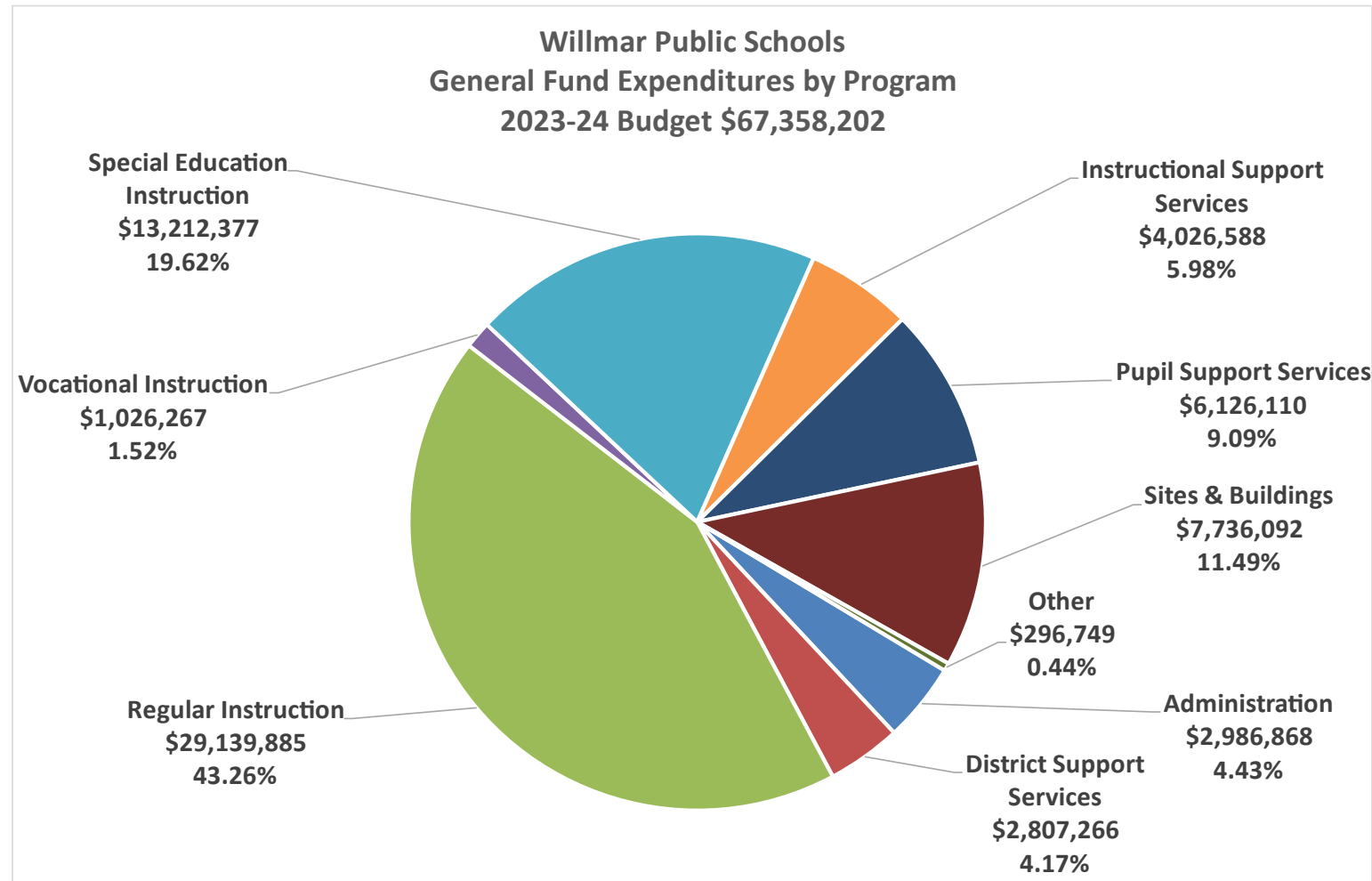


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What is the levy certification?

- A levy is the amount of money a school district intends to raise from property taxes in the upcoming year.
- School district levies are limited by state statute and are either based on statutory formulas or provide revenue for specific costs.
- Final levy cannot be more than preliminary levy, except for amounts approved by voters.





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Property Tax Background

- Every owner of taxable property pays property taxes for the various “taxing jurisdictions” (county, city or township, school district, special districts) in which the property is located.
- Each taxing jurisdiction sets its own tax levy, often based on limits in state law
- County sends out bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions



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Who Levies Property Taxes?

- Counties
- Cities and townships
- School districts
- State
- Various special taxing jurisdictions



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Other Factors Impacting Tax Changes

Other factors that may affect your individual property tax statement:

- Increase or decrease in assessed valuation of individual property
- Increase or decrease in total value of all property in the district
- Legislative decisions
- Voter-approved referendums
- Actions taken by other taxing entities



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The Levy Cycle

Certified in 2023 PAY 2024 for FY 2025

School Board adopts
final levy in December
2023.

Property owners pay
taxes to counties in May
2024 and October 2024.
Counties remit these
funds to school districts.

School districts record
funds collected in
calendar year 2024 as
revenues in school fiscal
year 2025.



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School Funding is Highly Regulated

- **State sets** formulas which determine revenue; most revenue is based on specific amounts per pupil
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval



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Property Tax Background

- School District Property Taxes
 - Key steps in the process are summarized on the next slide
 - Any of these steps may affect the taxes on a parcel of property, but the district has control over only 1 of the 7 steps



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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**.



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Key Dates for Levy Certification

Date	Description
Summer	MDE collects data from school districts using the Levy Information System
September 8	MDE releases levy limits to school districts
September 30	Deadline for school districts to submit levy changes to MDE Deadline for school boards to certify preliminary property tax levies to home county auditor
November 24	Deadline for county auditor to prepare and county treasurer to deliver by mail a notice of proposed property taxes for all taxing authorities to each tax payer
Nov 25–Dec 28	Truth in Taxation hearing must be held after Nov 24, but before the final levy is adopted • Meeting must take place at 6:00pm or later and the public must be allowed to speak
December 28	Deadline for school districts to certify final adopted levies to home county auditor



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Overview of Levy Changes

The proposed levy for 2023 Payable 2024 increased \$3,732,085.42 or 44.45% compared to the current levy.

Category	Pay 2023	Pay 2024	Change	
	(FY 24)	(FY 25)	\$	%
General	4,410,783.54	7,214,024.19	2,803,240.65	63.55%
Community Education	362,327.64	462,347.71	100,020.07	27.60%
Debt Service	3,622,420.59	4,451,245.29	828,824.70	22.88%
TOTAL	\$8,395,531.77	\$12,127,617.19	\$3,732,085.42	44.45%



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Explanation of Levy Changes

- Category: General Fund (Referendum/General)
- Net Change: +\$2,803,241
- Reason for Increase:
 - Voters approved operating referendum increase of \$704.90 per Adjusted Pupil Unit in November 2023



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Explanation of Levy Changes

- Category: Community Service Fund
- Net Change: +\$100,020
- Reason for Increase:
 - Increased estimate for School Age Child Care for costs of providing school-age care services to students with disabilities
 - New legislation allows levy for programming for adults with disabilities
 - Partially offset by basic Community Education Revenue for Pay 24 qualifying to be partially funded as state aid rather than local levy



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Explanation of Levy Changes

- Category: Debt Service Fund
- Net Change: +\$828,824
- Reason for Increase:
 - Voters approved issuance of school building bonds in November 2023 for acquisition and betterment of school sites and facilities, including the construction of a gymnasium addition at the Middle School site
 - The District is required to levy 105% of the scheduled debt service payments



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2023 Payable 2024 Levy

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	(FY 24)	(FY 25)	\$	%
General	4,410,783.54	7,214,024.19	2,803,240.65	63.55%
Community Education	362,327.64	462,347.71	100,020.07	27.60%
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TOTAL	\$8,395,531.77	\$12,127,617.19	\$3,732,085.42	44.45%

Recommendation: Certify levy at \$12,127,617.19



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Next Steps

- Board will accept public comments and questions on proposed levy
- Board action to certify the 2023 Pay 2024 school tax levy



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Public Comment



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Questions?

District-Specific Levy Questions:

Kathryn Haase, Director of Business & Finance

haasek@willmar.k12.mn.us (320) 231-8511

Questions Regarding Your Property Value:

Kandiyohi County Assessor's Office

Assessor@kcmn.us (320) 231-6200