



Willmar Public Schools

Truth in Taxation

Public Hearing
for Taxes Payable in 2021

December 14, 2020 at 6:00 p.m.

Meeting held via Video Teleconference



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Agenda

- Tax Hearing Requirements
- Current Year Budget
- Levy Certification Process
- Proposed Levy for Taxes Payable in 2021
- Public Comment



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Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 30th
- After 6:00 pm
- May be part of a regularly-scheduled meeting
- May adopt final levy at same meeting
- 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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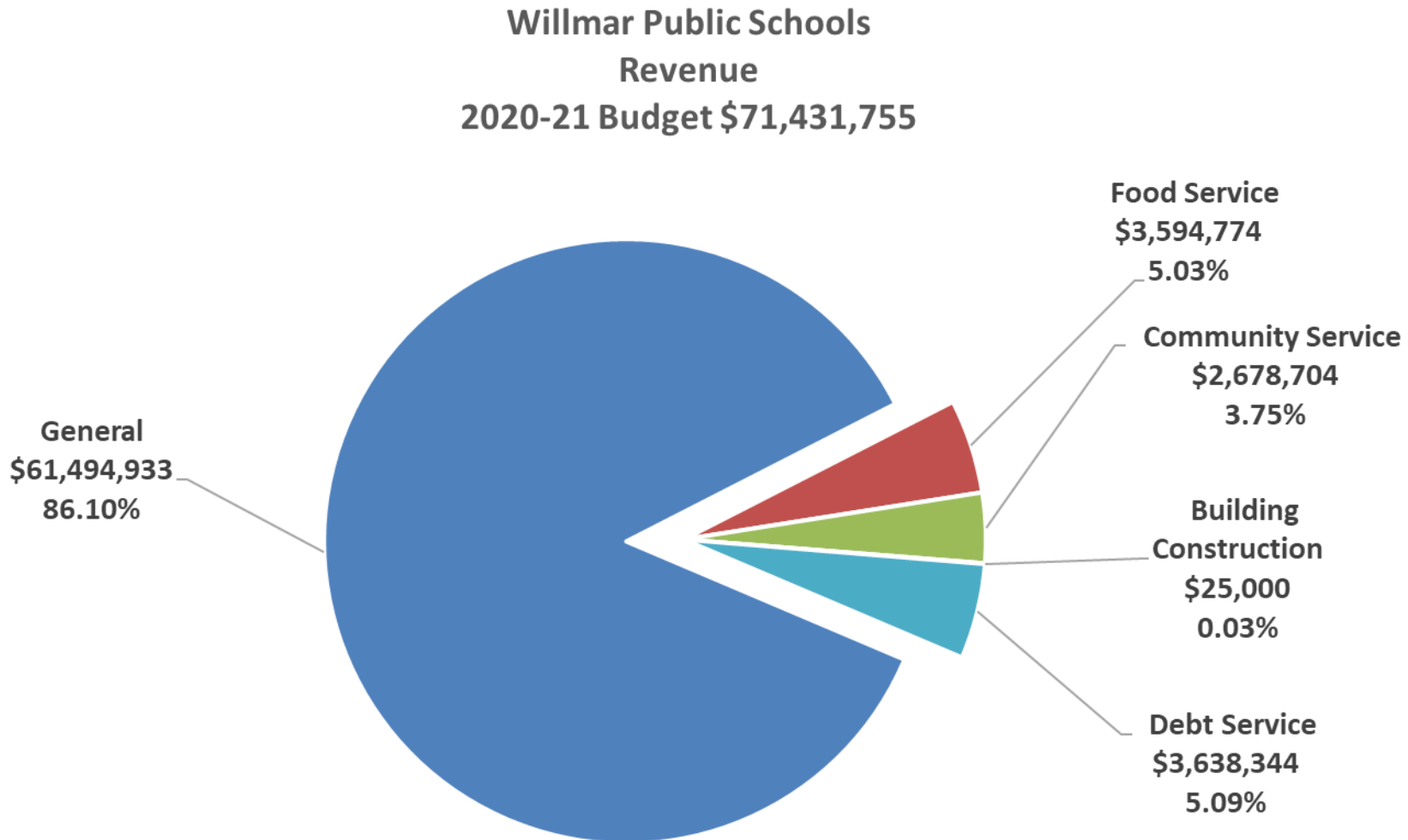
Budget Information

- All school districts' budgets are divided into separate funds, based on purpose of revenue, as required by law
- Fund Accounting Structure:
 - General Fund *
 - Food Service Fund
 - Community Service Fund *
 - Building Construction Fund
 - Debt Service Fund *
 - Internal Service

* These Funds have a Tax Levy Component

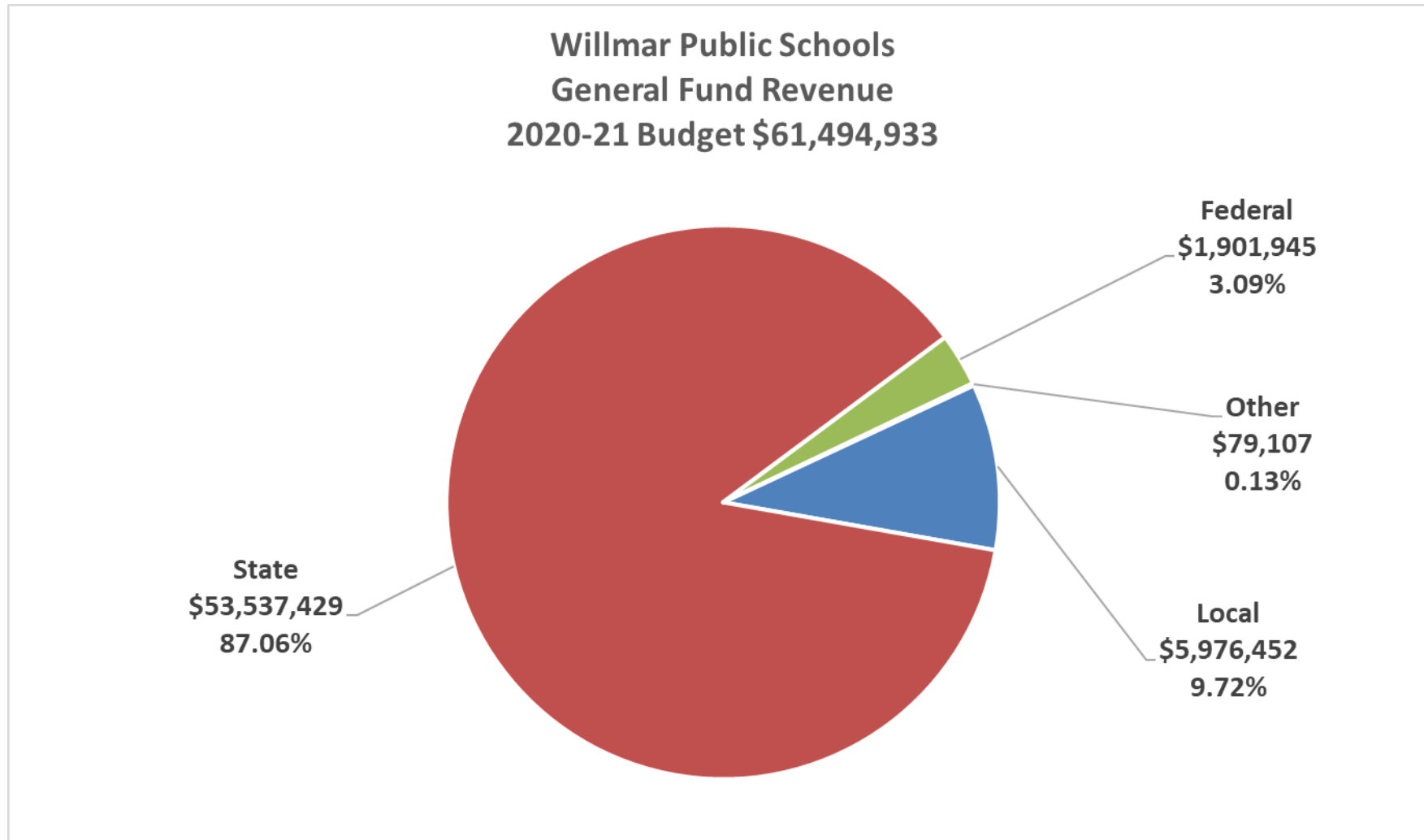


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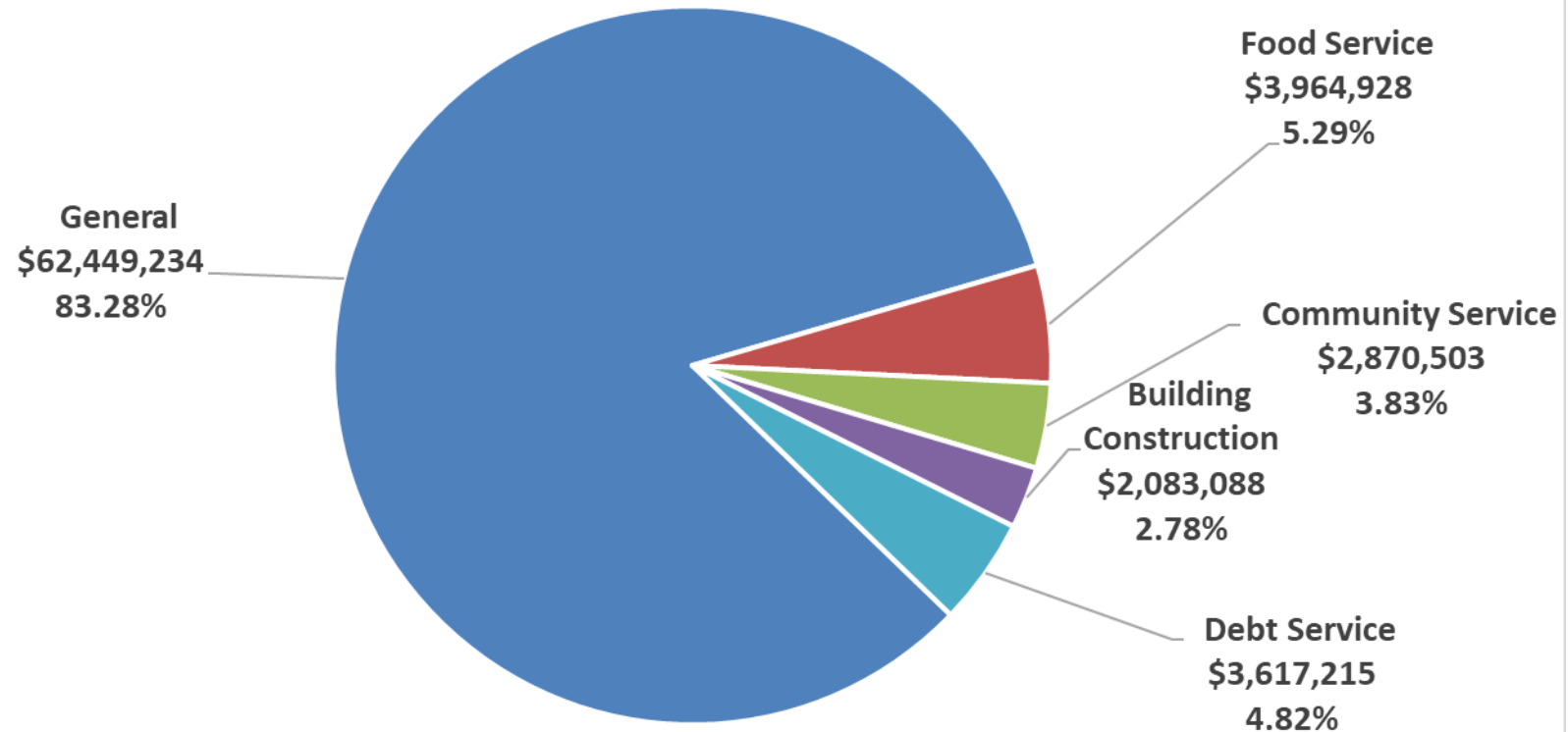
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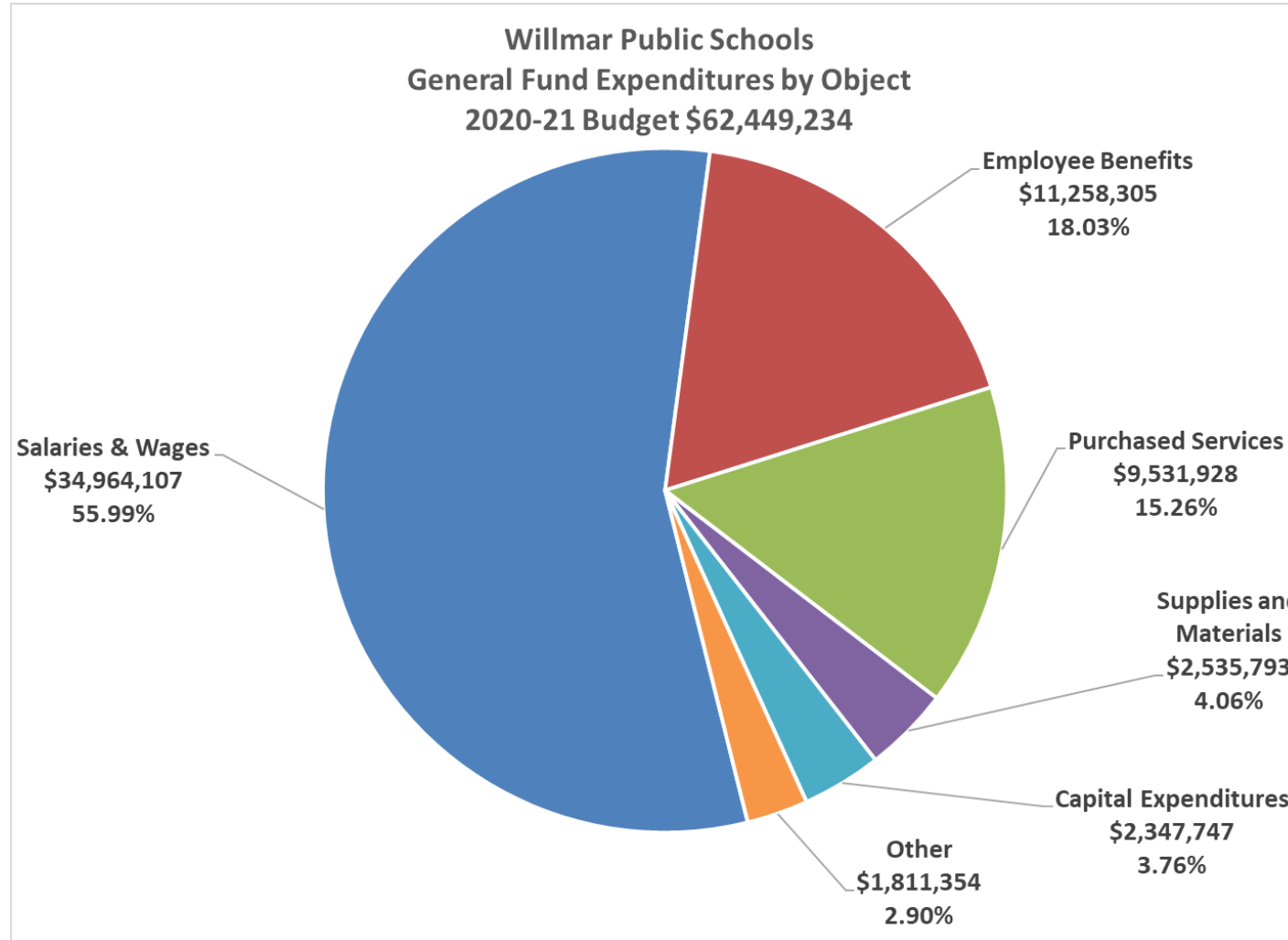
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Expenditures
2020-21 Budget \$74,984,968



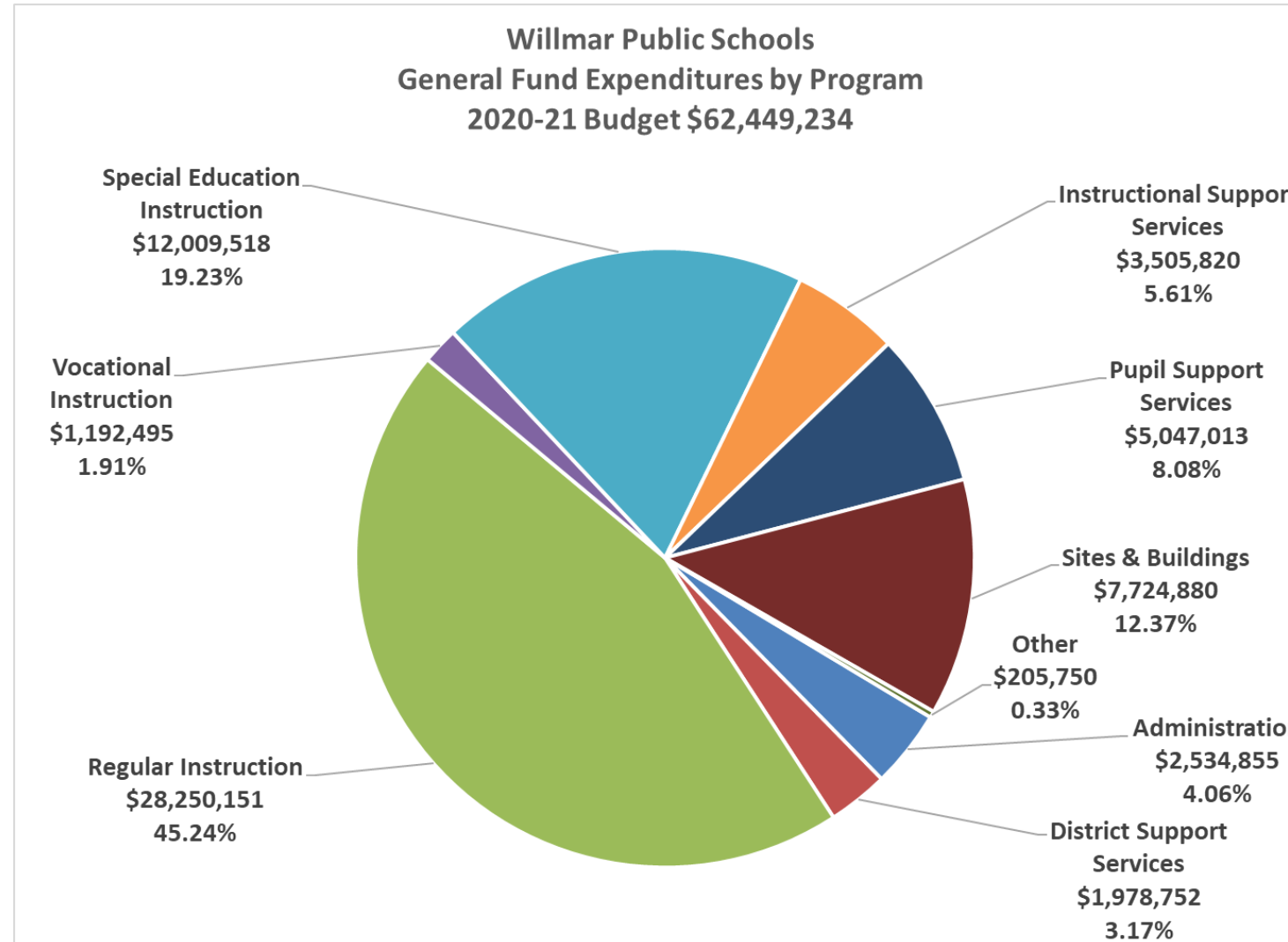


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What is the levy certification?

- 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.



NOTE: Picture taken prior to COVID-19



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The Levy Cycle

Certified in 2020 PAY 2021 for FY 2022

School Board adopts
final levy in December
2020.

Property owners pay
taxes to counties in May
2021 and October 2021.
Counties remit these
funds to school districts.

School districts record
funds collected in
calendar year 2021 as
revenues in school fiscal
year 2022.



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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

- 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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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 2020	MDE collects data from school districts using the Levy Information System
September 8, 2020	MDE releases levy limits to school districts
September 30, 2020	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, 2020	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, 2020	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, 2020	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 2020 Payable 2021 decreased \$4,693.06 or 0.06% compared to the current levy.

Category	Pay 2020	Pay 2021	Change	
	(FY 21)	(FY 22)	\$	%
Referendum	\$112,119.14	\$120,147.74	\$8,028.60	7.16%
General	4,038,414.47	4,102,896.21	64,481.74	1.60%
Community Education	397,848.34	357,060.56	(40,787.78)	-10.25%
Debt Service	3,621,077.51	3,584,661.89	(36,415.62)	-1.01%
TOTAL	\$8,169,459.46	\$8,164,766.40	(\$4,693.06)	-0.06%



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Explanation of Levy Changes

- Category: General Fund (Referendum/General)
- Net Change: +\$72,510.34
- Reason for Increase:
 - Prior year adjustment due to reemployment actual cost being greater than estimated
 - Offset by negative adjustments related to Long Term Facility Maintenance



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Explanation of Levy Changes

- Category: Community Service Fund
- Net Change: -\$40,787.78
- Reason for Decrease:
 - Adjustment of estimated to actual expenditures for School Age Child Care



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Explanation of Levy Changes

- Category: Debt Service Fund
- Net Change: -\$36,415.62
- Reason for Decrease:
 - The District is required to levy 105% of the scheduled debt service payment so that there are enough funds available to make the bond payment, even if some taxpayers are delinquent in making their tax payments.
 - Excess funds have accumulated, so the levy is being reduced this year, as the excess funds will be used to make the bond payment thus lower the tax burden for this year.



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2020 Payable 2021 Levy

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TOTAL	\$8,169,459.46	\$8,164,766.40	(\$4,693.06)	-0.06%

Recommendation: Certify levy at \$8,164,766.40



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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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Next Steps

- Board will accept public comments and questions on proposed levy
- Board action to certify the 2020 Pay 2021 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