



A World-Class Community of Learners

Fridley Public Schools, ISD 14

Public Hearing for Taxes Payable in 2022

DECEMBER 20, 2022

PRESENTED BY:

CRAIG WIEBER,


DIRECTOR OF FINANCE &
OPERATIONS

Minnesota Statute § 275.065 Subd. 7 (Truth in Taxation Law) Requires:

A Public Meeting...

- Between November 25th & December 28th
- At 6:00 PM or later
- May be part of regularly scheduled meeting
- Must allow for public comments
- May adopt final levy at same meeting

...and Presentation of:

- Current year budget
 - Proposed property tax levy
- 

Hearing Agenda

- Current Year Budget Information
- Legislation Affecting School Funding and the Payable 2023 Levy
- Proposed Taxes Payable in 2023
- Estimated Impact on Taxpayers
- Minnesota Property Tax Refunds
- Public Comments & Question

Current Year Budget Information

Levy/Budget Cycle Comparison

		2022												2023												2024											
		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
		a	e	r	a	a	u	u	u	e	c	o	e	a	e	r	a	a	u	u	u	e	c	o	e	a	e	r	a	a	u	u	u	e	c	o	e
		n	b	r	r	y	n	i	g	p	t	v	c	n	b	r	r	y	n	i	g	p	t	v	c	n	b	r	r	y	n	i	g	p	t	v	c
State																																					
Legislative Session		Supplemental Budget												Operating Budget												Supplemental Budget											
Budget Year(s)		FY 2021-23												FY 2023-25																							
School District																																					
Tax Levy Certification																																					
Levy Collection																																					
Budget Year		FY 2021-22					FY 2022-23							FY 2023-24					FY 2024-25																		
City/Township/County																																					
Tax Levy Certification																																					
Levy Collection																																					
Budget Year		FY 2022					FY 2023							FY 2024																							

Current Year Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information be presented at this hearing. Fiscal Year 2023-24 budget will be adopted by School Board in June 2023.

All school district budgets are divided into separate funds, based on purposes of revenue, as required by law

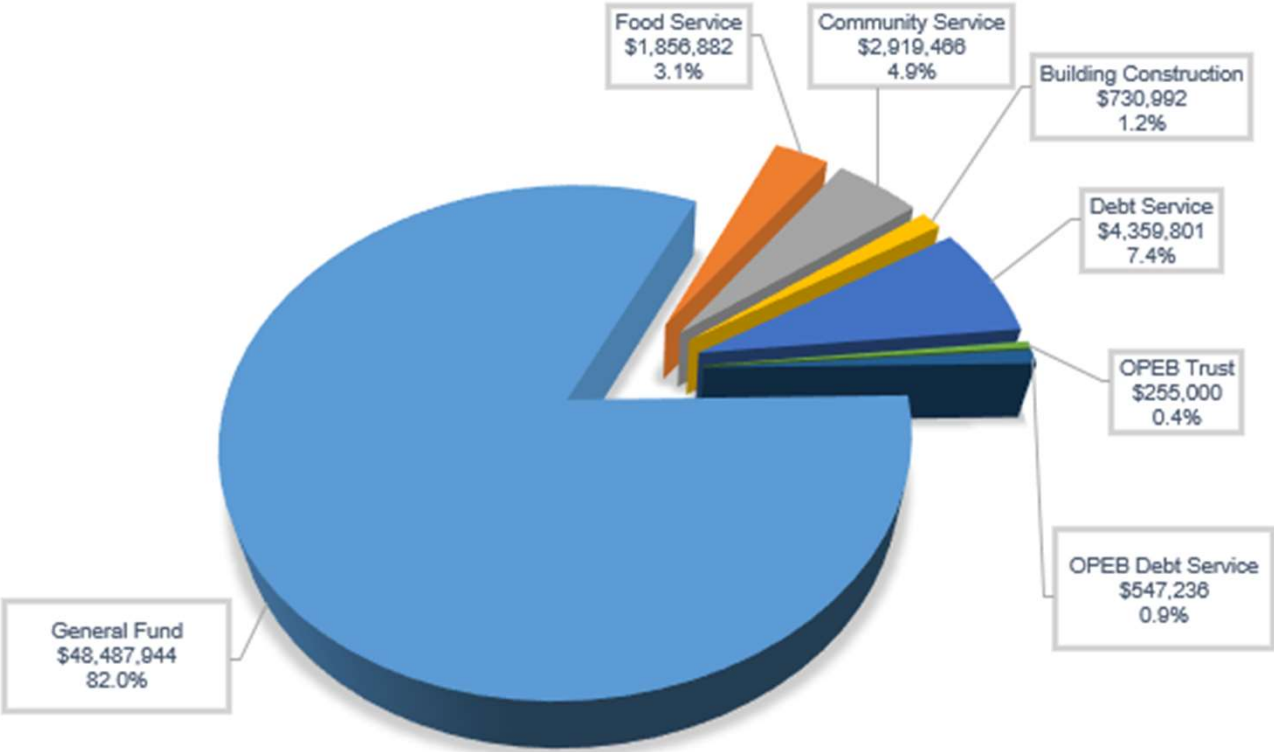
Our District's Funds:

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- Internal Service
- OPEB* Trust
- OPEB* Debt Service

**Other Post-Employment Benefits*

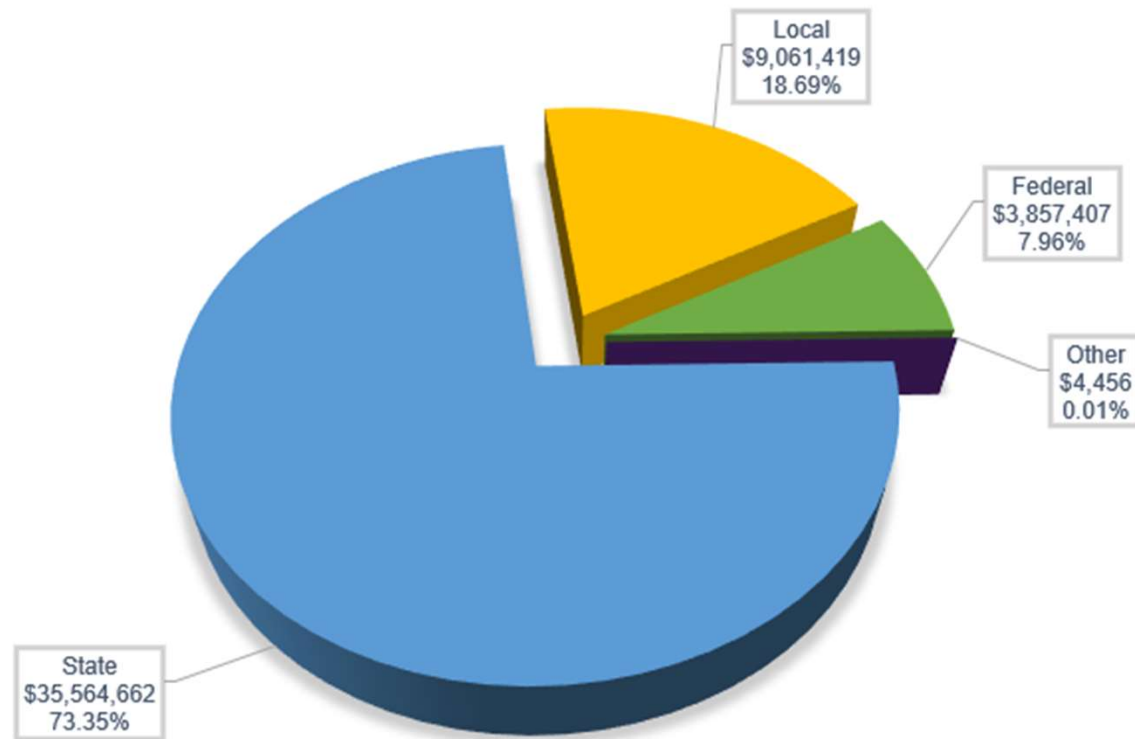
Fridley Public Schools

Revenue – All Funds
2022-23 Budget \$59,157,321



Fridley Public Schools

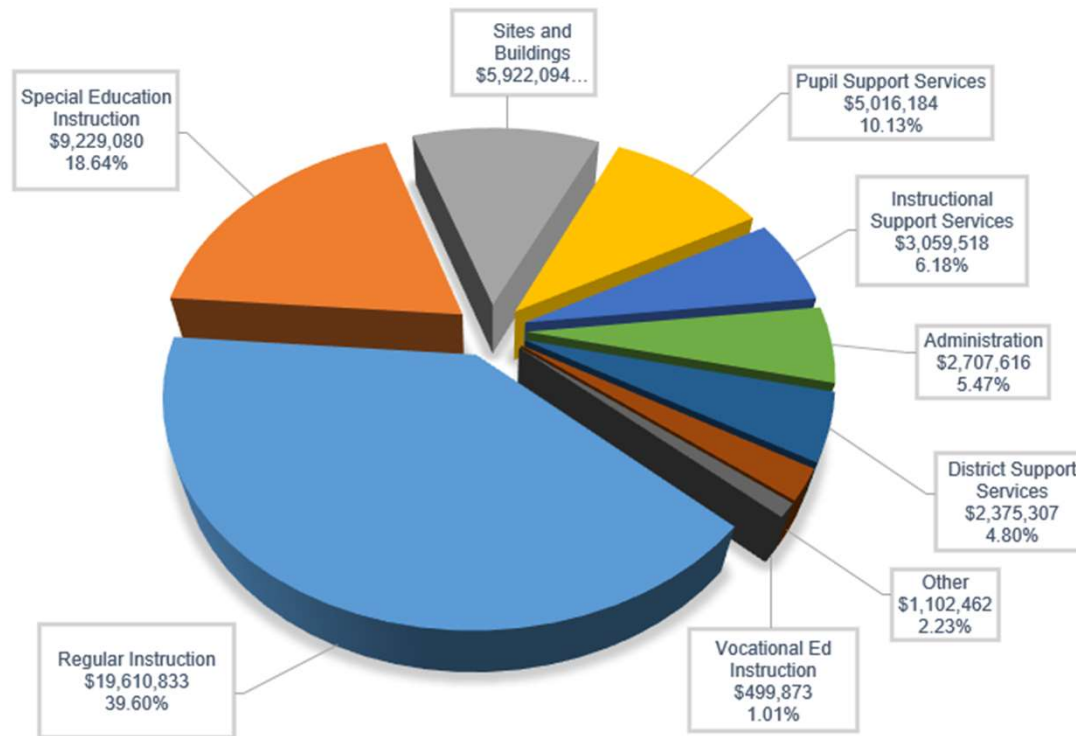
General Fund Revenue
2022-23 Budget \$48,487,944



Fridley Public Schools

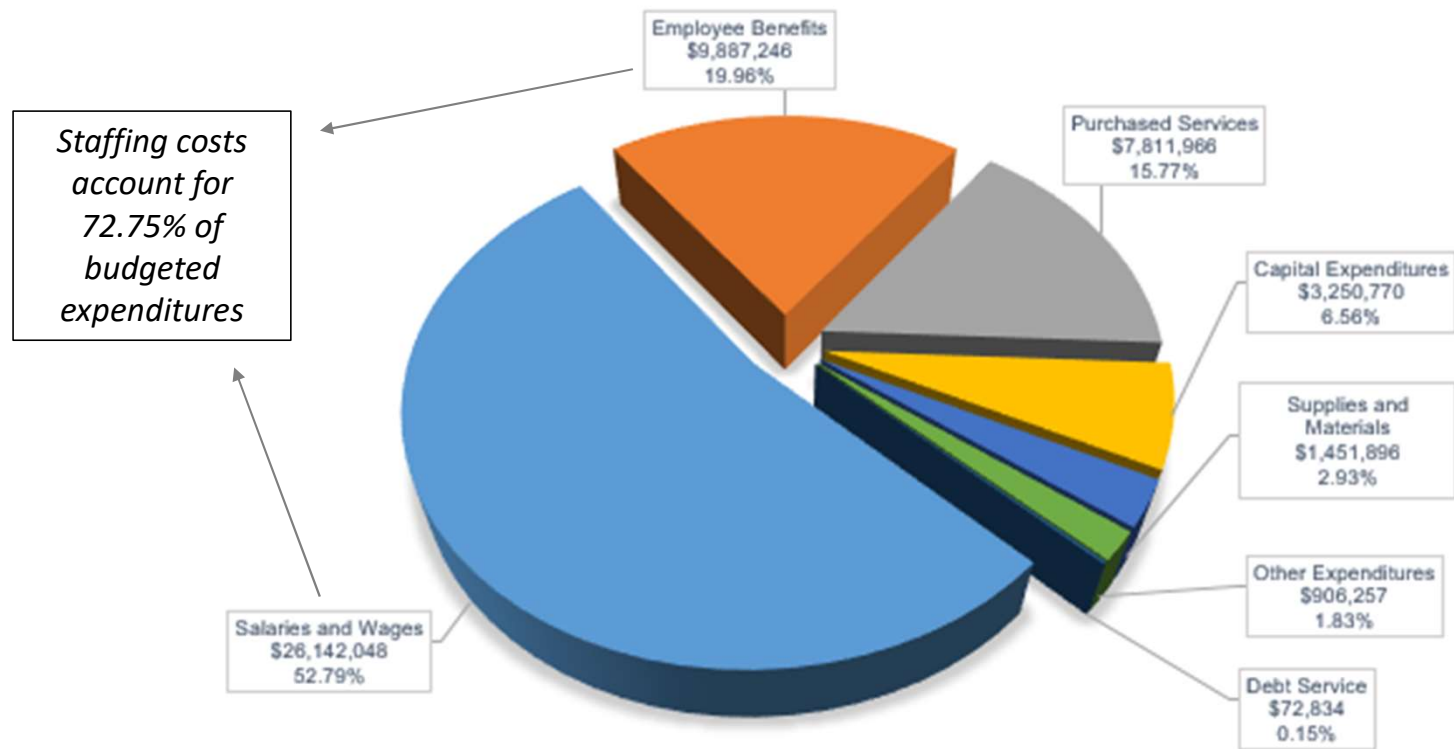
General Fund Expenditures by Program

2022-23 Budget \$49,522,967



Fridley Public Schools

General Fund Expenditures by Object
2022-23 Budget \$49,522,967



Fridley Independent School District, ISD 14

Revenue and Expenditure Comparison

Fund	BEGINNING BALANCES	FY 2021-22 ACTUAL			FY 2022-2023 BUDGET		
		REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	JUNE 30, 2022 BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	JUNE 30, 2023 PROJECTED BALANCES
General/Restricted	\$2,980,036	\$10,363,948	\$11,676,304	\$1,667,680	\$12,273,461	\$13,391,729	\$549,412
General/Other	6,611,492	36,289,437	37,347,441	5,553,488	36,214,483	36,131,288	5,636,683
Food Service	637,067	2,323,741	1,958,336	1,002,472	1,856,882	2,361,762	497,592
Community Service	(53,039)	2,413,629	2,681,120	(320,530)	2,919,486	2,909,437	(310,481)
Building Construction	1,429,921	690,994	2,116,945	3,970	730,992	1,000,000	(265,038)
Debt Service	923,892	4,556,749	4,280,201	1,200,440	4,359,801	4,283,650	1,276,591
Internal Service	5,771,014			6,193,030			5,889,980
OPEB* Revocable Trust	4,422,738	86,614	538,471	3,970,881	255,000	345,400	3,880,481
OPEB Debt Service	116,214	581,205	545,830	151,589	547,236	539,990	158,835
Total - All Funds	\$22,839,335	\$63,442,985	\$66,859,300	\$19,423,019	\$64,887,341	\$66,996,306	\$17,314,054

*Other Post Employment Benefits

Legislation Affecting School Funding and the Payable 2023 Levy

State revenues received by the district (roughly 73% of general fund revenue) are set by formula or appropriation by the state legislature in the biennial budget

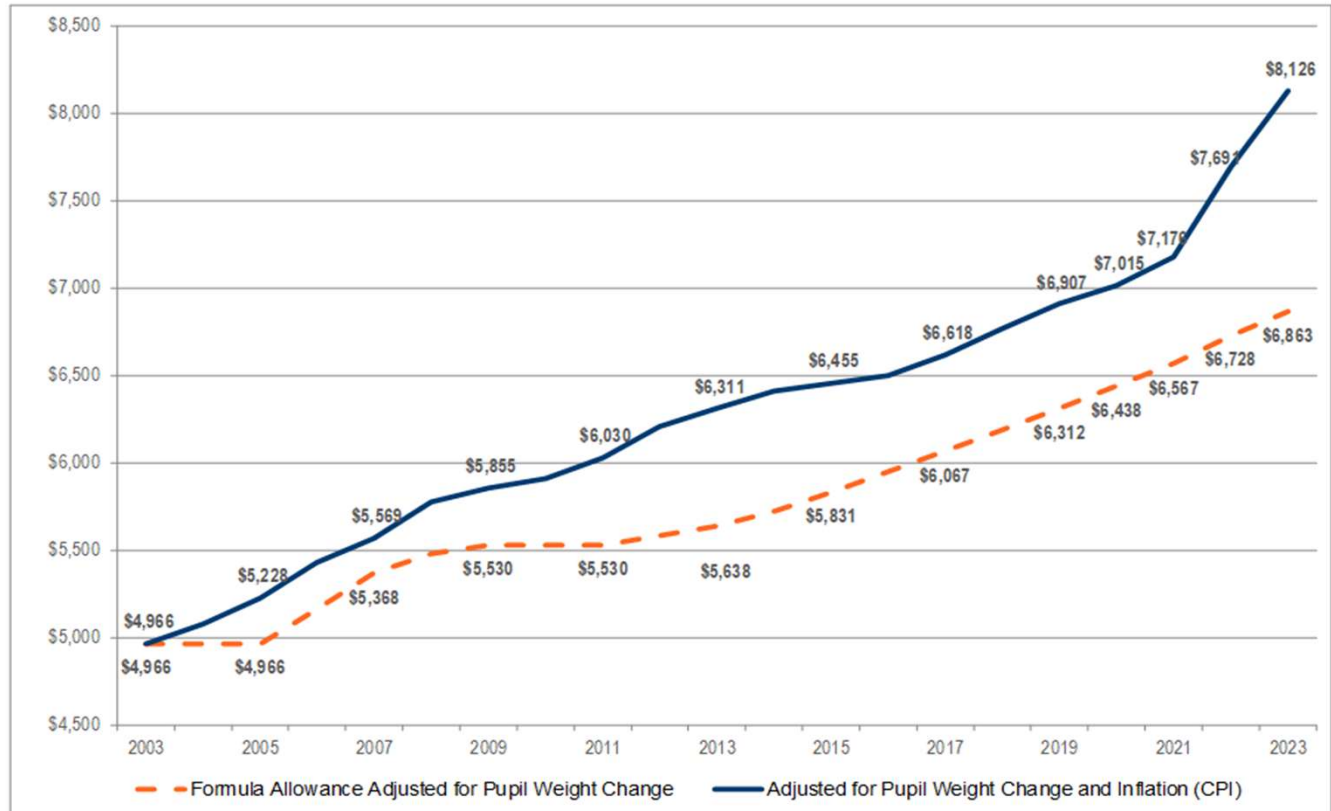
Funding for Schools in MN is determined by legislation:

- Variables and formulas which determine revenue are set in statute; most revenue based on specified amounts per pupil with certain adjustment factors
- Ability of school districts to independently raise property tax revenue
- Maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by voters in November)

General Education Funding

Had the per pupil allowance increased by the rate of inflation each year since 2003, the 2023 amount would be \$1,263 (18.4%) higher

Per Pupil Formula Allowance, 2003-2023 Adjusted for Pupil Weight Change & Inflation



Source: MDE June 2022 Inflation Estimates

Special Education Funding

MDE reports FY 2021 costs of providing special education programs were underfunded statewide by \$591 million

MDE estimates by FY 2025 costs of providing special education statewide will be underfunded by \$806 million

Underfunding of special education costs requires a transfer from regular program resources to support an underfunded program mandated by state and federal law

Primary options to bridge special education funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both

Legislative Changes Affecting the 2023 Levy

- No legislative changes directly affecting the Pay 2023 levy in the 2022 legislative session
- Last change to the general education formula was during the 2021 legislative session
 - Increased by 2.45% for the 2021-22 school year, 2.0% for the 2022-23 school year
 - Continued underfunding creates challenges for districts
- Highly likely the 2023 legislative session will impact school district funding overall, and could impact future levy amounts

Change in Tax Levy does not Determine Change in Budget

1

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

2

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

3

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

4

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

Payable 2023 Property Tax Levy

- Background & Determination of Levy
- Comparison of 2022 to 2023 levies
- Reasons for changes in tax levy
- Impact on taxpayers

Property Tax Background

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

Sample of parcel specific notice mailed to every property owner between November 11 & November 24 with information on impact of Proposed 2023 levy

Contents:

- Proposed property taxes compared to last year
- By taxing jurisdiction
- Contains time and place of public meetings
- By voter approved and other for school district



Spruce County
 Jane Smith, Auditor-Treasurer
 345 12th Street East, Box 78
 Spruceville, MN 55555-5555
 (555) 345-6789
 www.co.spruce.mn.us

TAXPAVER(S):
 John and Mary Johnson
 123 Pine Rd S
 Spruceville, MN 55555-5555

Property Information
 PIN Number: 01.234.56.789.R1 Property Address: 789 Pine Rd S
 Spruceville, MN 55555

Property Description:
 Lot 1, Block 1, Spruce Acres Subdivision

PROPOSED TAXES 2023			
THIS IS NOT A BILL. DO NOT PAY.			
VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2022	2023
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
PROPOSED TAX			
2	Property Taxes before credits	\$1,562.46	
	School building bond credit	\$	\$ 12.00
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,550.46	
PROPERTY TAX STATEMENT			
Step	Coming in 2023		
The time to provide feedback on PROPOSED LEVIES is NOW			

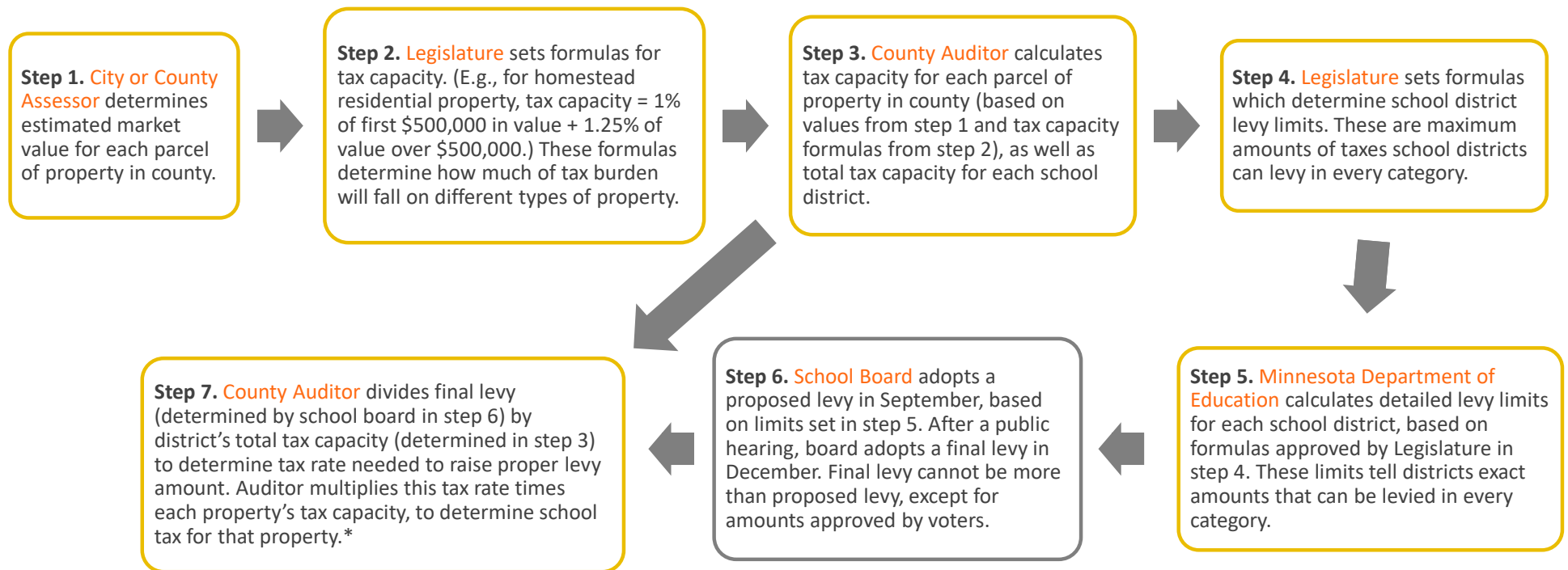
Proposed Property Taxes and Meetings by Jurisdiction for Your Property				
Contact Information	Meeting Information	Actual 2022	Proposed 2023	
State General Tax	No meeting required	\$0	\$0	
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 2, 7:00 PM	\$438.06	\$484.18	
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 1, 6:30 PM Spruceville City Hall	\$273.79	\$312.06	
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789 Voter Approved Levies Other Levies	December 9, 7:00 PM Spruceville High School Cafeteria	\$289.35 \$340.11	\$296.68 \$374.60	
<i>Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2023 may be higher than the proposed amount shown on this notice.</i>				
Metro Special Taxing Districts		\$57.76	\$58.70	
Spruceville Metropolitan Council www.spruce.metrocouncil.org (555) 555-5555 Spruceville, MN 55055	December 12, 7:30 PM Spruce Park Centre 500 Pine St.			
Other Special Taxing Districts Tax Increment Tax	No meeting required No meeting required	\$12.80 \$10.15	\$13.02 \$11.22	
Total excluding any special assessments		\$1,422.02	\$1,550.46	9.0%

School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- Maximum levy amounts for each category are set by:
 - State law
 - Voter approval

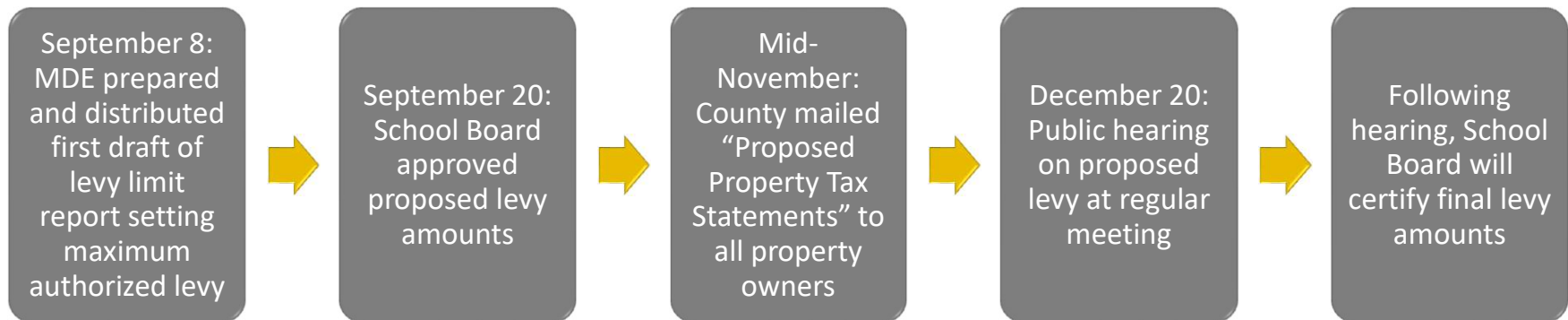
**Minnesota Department of Education determines levy maximums for each district*

School District Property Tax Process



Step 7*. For certain levy categories (referendum, equity & transition levies), tax rates & levy amounts are based on referendum market value, rather than tax capacity.

Schedule of Events in Approval of District's 2022 (Payable 2023) Tax Levy



Proposed Levy Payable in 2023

Fridley Public School District, ISD 14

Comparison of Tax Levy Payable in 2022 to Proposed Levy Payable in 2023

	Actual Levy Payable 2022	Proposed Levy Payable 2023	\$ Change	% Change
General Fund				
Voter Approved Operating Referendum	\$1,648,295	\$1,833,505	\$185,210	
Local Optional Revenue (LOR)	1,994,131	1,875,145	(118,986)	
Equity Revenue	452,459	410,958	(41,501)	
Capital Project Referendum	1,044,275	1,080,189	35,914	
Operating Capital	220,889	230,382	9,493	
Alternate Teacher Compensation	251,623	272,160	20,537	
Long Term Facilities Maintenance (LTFM)	1,205,018	1,104,173	(100,845)	
Safe Schools	152,342	149,215	(3,127)	
Instructional Lease	587,007	603,352	16,346	
Other	460,476	356,685	(103,791)	
Subtotal, General Fund	\$8,016,514	\$7,915,765	(\$100,749)	-1.26%
Community Service Fund				
Basic Community Education	\$132,835	\$132,835	(\$0)	
Early Child Family Education	50,563	54,728	4,165	
School-Age Care	190,733	160,000	(30,733)	
Other	1,839	2,097	258	
Subtotal, Community Service Fund	\$375,971	\$349,660	(\$26,310)	-7.00%

Explanation of Levy Changes

Category: General Fund, Overall

Change: -\$100,749 (-1.26%)

Use of Funds: General operations, capital improvements & technology, facilities maintenance, funding for leasing space

Reason for Change:

- Formula for levy is based on pupil counts, district's pupil count is lower
- Portion of voter approved operating referendum is tied to inflation, increase is due to adjustment tied to this

Proposed Levy Payable in 2023

Fridley Public School District, ISD 14

Comparison of Tax Levy Payable in 2022 to Proposed Levy Payable in 2023

	Actual Levy Payable 2022	Proposed Levy Payable 2023	\$ Change	% Change
General Debt Service				
Voter Approved	\$2,271,781	\$2,278,080	\$6,299	
Non-Voter Approved	261,818	260,295	(1,523)	
Long Term Facilities Maintenance (LTFM)	1,405,031	1,461,505	56,474	
Debt Excess Reduction	(120,387)	(310,870)	(190,483)	
Other	5,500	6,671	1,171	
Subtotal, General Debt Service Fund	\$3,823,743	\$3,695,681	(\$128,062)	-3.35%
OPEB Debt Service				
Non-Voter Approved	\$566,491	\$569,993	\$3,502	
Debt Excess Reduction	(20,013)	(31,629)	(11,616)	
Other	758	940	182	
Subtotal, OPEB Debt Service Fund	\$547,236	\$539,304	(\$7,932)	-1.45%

Explanation of Levy Changes

Category: General and OPEB Debt Service Funds

Change: -\$128,062 (-3.35%)

Use of Funds: Pays principal and interest on district's outstanding general obligation bonds

Reason for Change:

- Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections
- Since delinquencies are generally less than 5%, most districts gradually build up fund balances in debt service funds
- Formulas in state law determine adjustments to tax levy for debt excess balances
- State calculated levy reduction for 2023 is more than 2022

Proposed Levy Payable in 2023

Fridley Public School District, ISD 14

Comparison of Tax Levy Payable in 2022 to Proposed Levy Payable in 2023

By Fund	Actual Levy Payable 2022	Proposed Levy Payable 2023	\$ Change	% Change
General Fund	\$8,016,514	\$7,915,765	(\$100,749)	
Community Service Fund	\$375,971	\$349,660	(\$26,310)	
General Debt Service	\$3,823,743	\$3,695,681	(\$128,062)	
OPEB Debt Service	\$547,236	\$539,304	(\$7,932)	
Total Levy, All Funds	\$12,763,464	\$12,500,410	(\$263,054)	-2.06%

By Truth in Taxation Categories	Actual Levy Payable 2022	Proposed Levy Payable 2023	\$ Change	% Change
Voter Approved	\$4,908,996	\$5,040,591	\$131,595	
Other	\$7,854,468	\$7,459,820	(\$394,648)	
Total	\$12,763,464	\$12,500,410	(\$263,054)	-2.06%

Factors Impacting Individual Taxpayers' School Taxes

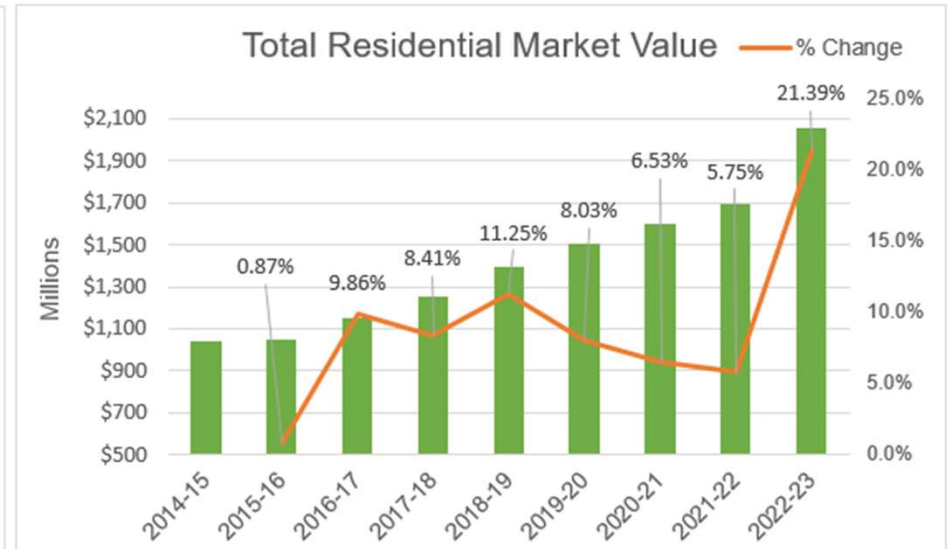
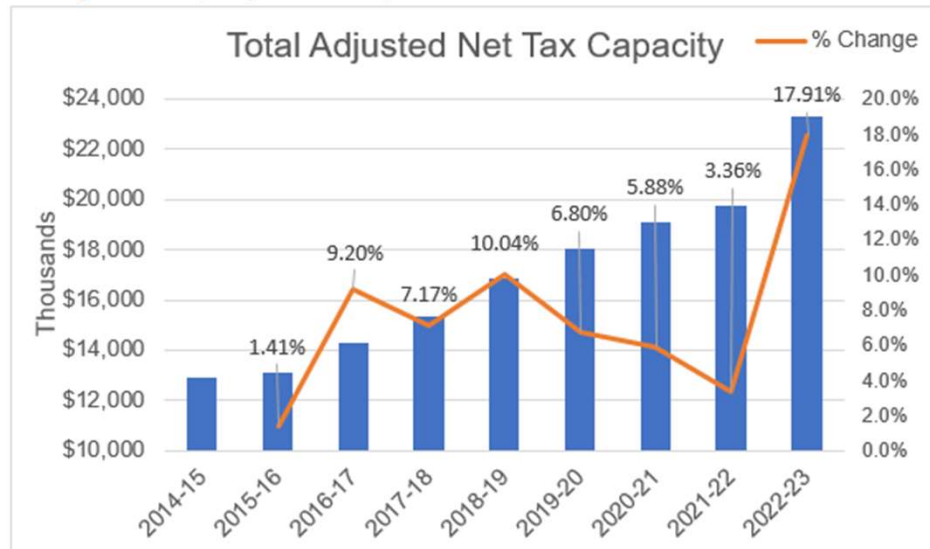
Many factors can cause tax bill for an individual property to increase or decrease from year to year

- 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

Underlying Property Values

Fridley Public Schools, ISD 14

Changes in Property Valuation, 2015-2023



Four Year School Levy Comparison

- Following slides show examples of changes in school district portion of property taxes from 2019 to 2022
- Examples include school district taxes only
 - Actual changes in value may be more or less than this for any parcel of property
 - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Examples are for property in City of Fridley
- Amounts for 2023 are preliminary estimates, based on best available data – final amounts could change slightly

Estimated Impact on Taxpayers

Fridley Public Schools, ISD 14

Estimated Changes in School Property Taxes, 2020 to 2023

		Pay 2020	Pay 2021	Pay 2022	Pay 2023	Change in Taxes 2000 to 2023	Change in Taxes 2022 to 2023
		Total	Total	Total	Estimate		
	NTC Tax Rate	46.213%	44.306%	43.699%	34.305%		
	RMV Tax Rate	0.21396%	0.18896%	0.20099%	0.16425%		
Property Type	Estimated Market Value ¹						
Residential Homestead	\$100,000	\$546	\$507	\$515	\$410	(\$135)	(\$104)
	150,000	904	843	853	680	(225)	(174)
	200,000	1,263	1,179	1,192	949	(315)	(243)
	250,000	1,622	1,515	1,531	1,218	(404)	(313)
	300,000	1,981	1,851	1,869	1,487	(494)	(382)
	400,000	2,699	2,523	2,547	2,025	(674)	(522)
	500,000	3,380	3,160	3,190	2,536	(844)	(653)
	600,000	4,172	3,903	3,937	3,130	(1,043)	(808)
	800,000	5,755	5,388	5,432	4,316	(1,440)	(1,116)
1,000,000	7,339	6,874	6,926	5,502	(1,837)	(1,424)	
Commercial/Industrial ²	\$250,000	\$1,842	\$1,709	\$1,670	\$1,391	(\$451)	(\$279)
	500,000	3,914	3,636	3,545	2,955	(959)	(591)
	750,000	5,986	5,563	5,421	4,519	(1,467)	(902)
	1,000,000	8,058	7,490	7,297	6,082	(1,976)	(1,214)
	1,500,000	12,203	11,344	11,048	9,210	(2,993)	(1,838)
	2,000,000	16,347	15,199	14,799	12,338	(4,009)	(2,462)
5,000,000	41,213	38,324	37,307	31,104	(10,110)	(6,203)	
Apartments & Res. Non-Homestead (4 or More Units)	\$100,000	\$792	\$743	\$747	\$593	(\$199)	(\$154)
	200,000	1,583	1,486	1,494	1,186	(397)	(308)
	500,000	3,958	3,714	3,736	2,965	(993)	(771)
	750,000	5,937	5,571	5,604	4,448	(1,489)	(1,156)
1,000,000	7,916	7,428	7,472	5,931	(1,986)	(1,542)	

¹ Estimated market value is the assessed value, the basis for how each property's taxable market value is calculated.

² For commercial-industrial property, amounts above are for property in the City of Fridley. Taxes for similar property in other municipalities may be slightly different due to the impact of the Fiscal Disparities Program.

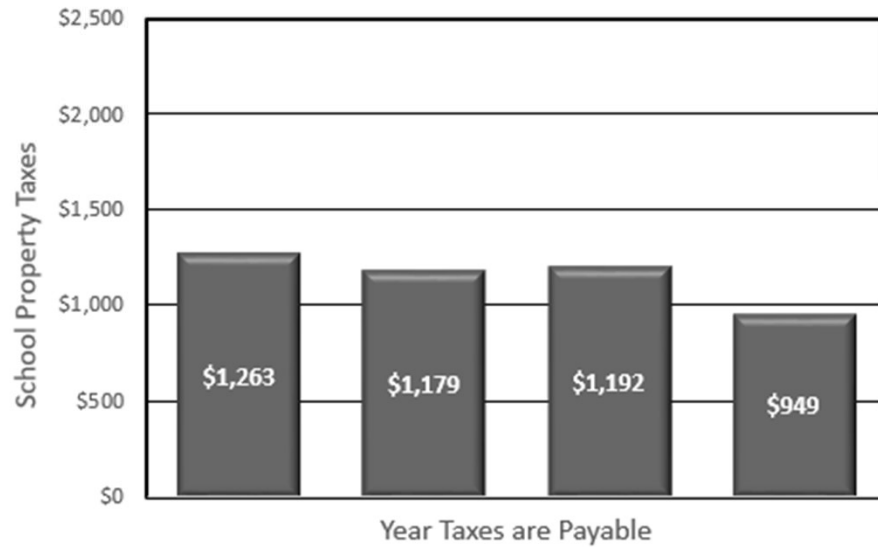
General Notes

1. Amounts are based on school taxes only, not including taxes for city, county, state, or any other taxing jurisdictions.
2. Estimates of taxes payable in 2022 are preliminary, based on best available data.
3. For all examples of property, taxes are based on tax rates retrieved from MDE's school tax report for each respective year.

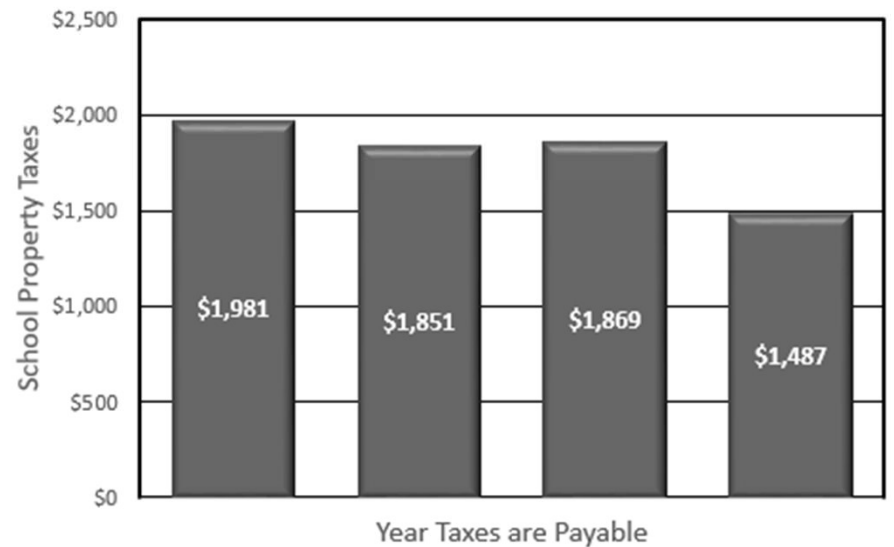
Fridley Public Schools, ISD 14

Estimated Changes in School Property Taxes, 2020 to 2023

Example 1: \$200,000 Residential Homestead Property



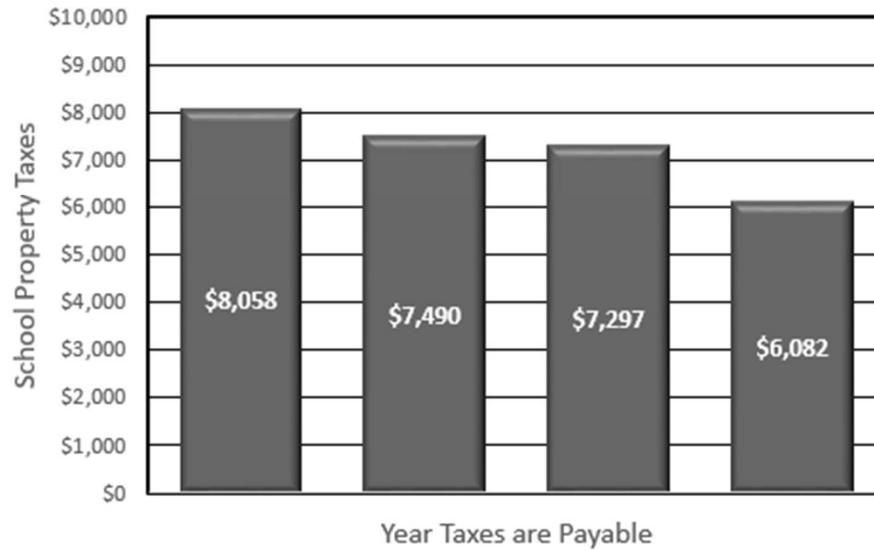
Example 2: \$300,000 Residential Homestead Property



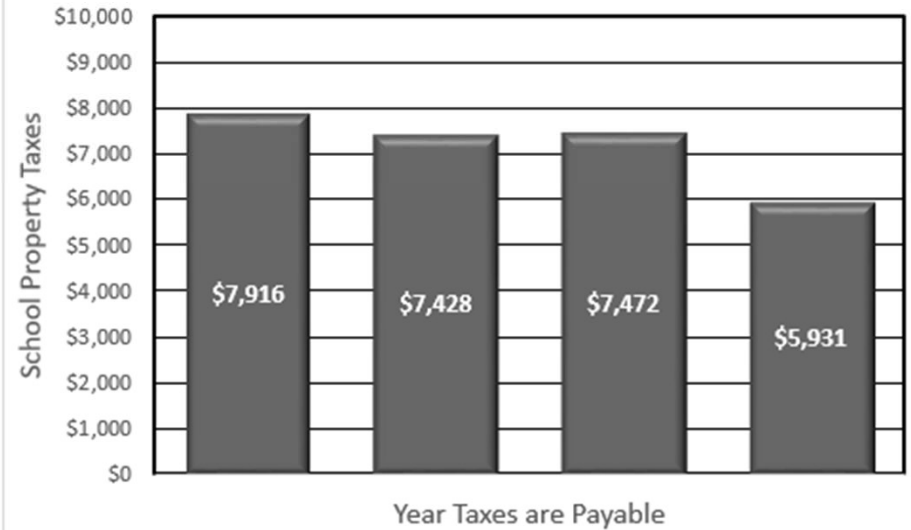
Fridley Public Schools, ISD 14

Estimated Changes in School Property Taxes, 2020 to 2023

Example 3: \$1,000,000 Commercial-Industrial Property



Example 4: \$1,000,000 Apartment - Non Residential Homestead



Minnesota Homestead Credit Refund “Circuit Breaker”

- Has existed since 1970s
- Available each year to owners of homestead property
(applies to taxes paid on house, garage and one acre for ag homestead property)
- Annual income must be approximately \$116,180 or less
(income limit is higher if you have dependents)
- Sliding scale - refund based on income and total property taxes
- Maximum refund for homeowners is \$2,840
- Also available to renters
- Complete state tax form M-1PR (www.revenue.state.mn.us)

Minnesota Special Property Tax Refund

Available each year to owners of homestead properties with a gross tax increase of at least 12% and \$100 over prior year

Helpful in first year after referendum

Refund is 60% of amount by which tax increase exceeds greater of 12% or \$100, up to a maximum of \$1,000

No income limits

Complete state tax form
M-1PR
(www.revenue.state.mn.us)

Senior Citizen Property Tax Deferral

- Allows people age 65 and older with household income of \$60,000 or less to defer a portion of property taxes on home
- Must have lived in, owned, and homesteaded for last 15 years
- Limits maximum amount of property tax paid to 3% of household income
- Additional taxes are deferred, not forgiven
- Provides predictability; amount of tax paid will not change while participating in program
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

Next Steps

1

Board will accept public comments on proposed levy

2

Board will certify 2023 property tax levy



A World-Class Community of Learners

PUBLIC COMMENTS