



A World-Class Community of Learners

Fridley Public Schools, ISD 14

Public Hearing for Taxes Payable in 2024

DECEMBER 19, 2023

PRESENTED BY:

RON MEYER, BUSINESS & FINANCE

Minnesota State Law Requirements

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



Background
Information on
School Funding



District's Budget



District's Proposed
Tax Levy for Taxes
Payable in 2024



Public Comments

MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution 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.”

As a Result,
Funding is
Highly
Regulated

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
 - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

State also authorizes school board to submit referendums for operating & capital needs to voters for approval

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 & fund balance



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

Difference in Levy Cycles



School District:

- Budget year begins July 1st
- 2024 taxes provide revenue for 2024-25 fiscal year
- Budget adopted in June 2024



City/County:

- Budget year begins Jan. 1st
- 2024 taxes provide revenue for 2024 calendar year budget

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 2024-25 budget will be adopted by School Board in June 2024.

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

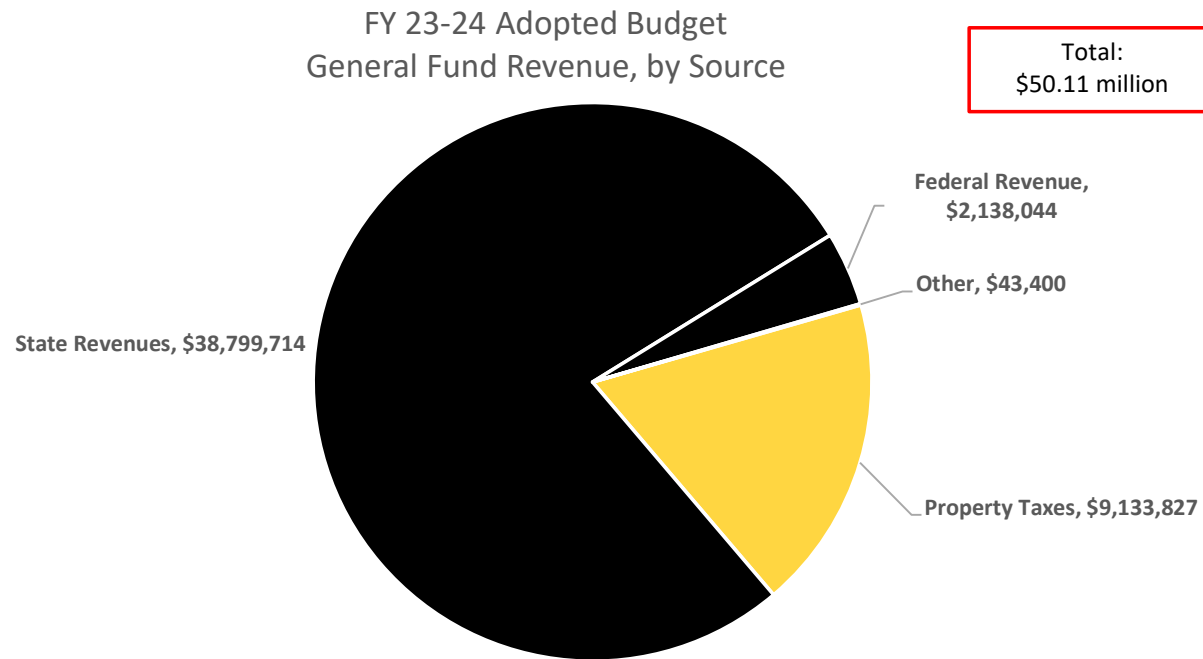
**Other Post-Employment Benefits*



2023-2024 Budget All Funds

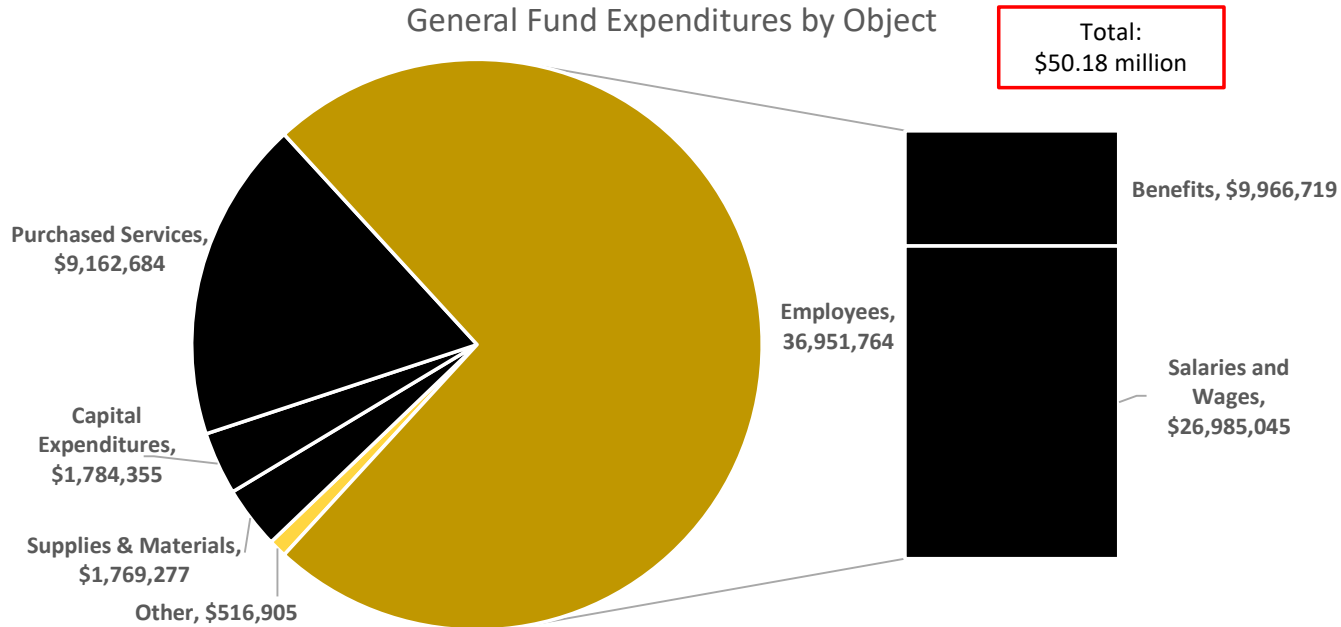
Fund	June 30, 2023 Fund Balances	FY 2024 Budget Revenues and Transfers In	FY 2024 Budget Expenditures and Transfers Out	June 30, 2024 Projected Fund Balances
General Fund/Restricted	1,565,515	12,975,440	14,498,034	42,921
General Fund/Other	3,889,294	37,139,545	35,686,578	5,342,261
Food Service Fund	905,479	2,280,583	2,782,949	403,113
Community Service Fund	(456,108)	2,828,638	3,087,616	(715,086)
Building Construction Fund	4,000	756,113	749,520	10,593
Debt Service Fund	1,056,280	4,184,496	4,206,025	1,034,751
Internal Service Fund	6,198,620	6,130,000	6,034,325	6,294,295
OPEB Revocable Trust Fund	3,732,208	255,000	846,255	3,140,953
OPEB Debt Service Fund	126,216	539,304	533,925	131,595
Total - All Funds	17,021,504	60,961,119	62,390,902	15,685,396

2023-2024 Budget General Fund Revenue



2023-2024 Budget General Fund Expenditures

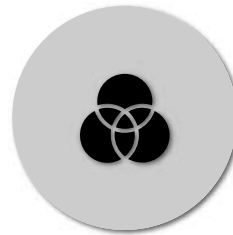
FY 23-24 Adopted Budget
General Fund Expenditures by Object



Payable 2024 Property Tax Levy



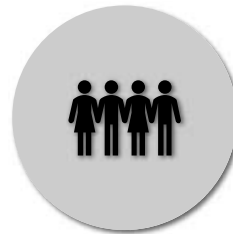
Determination of levy



Compare 2023 to 2024 levies



Reasons for changes in tax
levy



Impact on taxpayers

Sample of parcel specific notice mailed to every property owner between November 11 & November 24

Contents:

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



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

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

Property Information
 PIN Number: 01.234.36.789.R1 Property Address: 789 Pine Rd S
 Spruceville, MN 55555
 Property Description:
 Lot 1, Block 1, Spruce Acres Subdivision

PROPOSED TAXES 2024		
THIS IS NOT A BILL. DO NOT PAY.		
Step 1	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2023 2024
	Estimated Market Value	\$125,000 \$150,000
	Homestead Exclusion	\$ \$23,800
	Taxable Market Value	\$125,000 \$126,200
Class	Res N/Hmstd Res Hmstd	
Step 2	PROPOSED TAX	
	Property Taxes before credits	\$1,479.52
	School building bond credit	\$ 12.00
	Agricultural market value credit	
	Other credits	
Property Taxes after credits	\$1,467.52	
Step 3	PROPERTY TAX STATEMENT	
	Coming in 2024	
The time to provide feedback on PROPOSED LEVIES is NOW It is too late to appeal your value without going to Tax Court.		

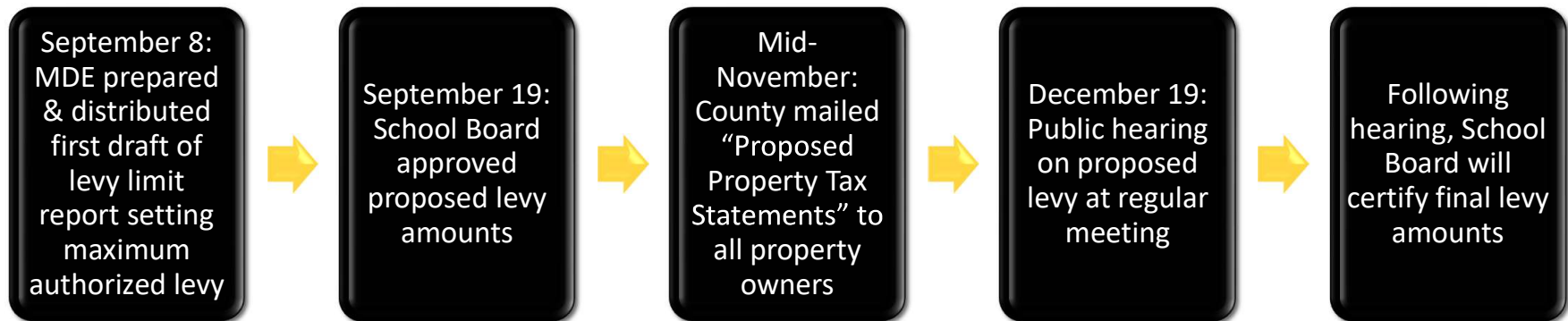
Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2023	Proposed 2024
State General Property Tax	No public meeting	\$0	\$0
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 6, 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 2, 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
Total excluding any special assessments		\$1,341.31	\$1,467.52 9.4%

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 2024 may be higher than the proposed amount shown on this notice.

School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- Maximum levy amounts (calculated by MDE) for each category are set by:
 - State law
 - Voter approval
- Property Tax Process
 - Key steps in process are summarized on next slide
 - Any of these steps may affect taxes on a parcel of property, but district has control over only 1 of 6 steps

Approval of District's Tax Levy in 2023 (Payable 2024)





Overview of District's Proposed Tax Levy

- Proposed Payable 2024 tax levy is an increase from 2023 of \$602,856 or 4.8%
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides

Comparison of Actual Tax Levy Payable in 2023 to Proposed Levy Payable in 2024

Fund Levy Category	Actual Levy Payable in 2023	Proposed Levy Payable in 2024	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$1,678,485	\$1,695,969	\$17,484	
Local Optional Revenue (LOR)	1,883,553	1,926,031	42,478	
Equity	410,358	396,450	(13,908)	
Voter Approved Capital Project Levy	1,080,189	1,272,850	192,661	
Operating Capital	231,363	275,215	43,852	
Alternate Teacher Compensation	267,958	250,065	(17,893)	
Achievement and Integration	231,175	225,198	(5,977)	
Long Term Facilities Maintenance	1,113,525	1,284,078	170,553	
Instructional Lease	613,804	609,592	(4,212)	
Other	387,541	403,646	16,105	
Prior Year Adjustments	17,813	14,339	(3,475)	
Total, General Fund	\$7,915,765	\$8,353,434	\$437,669	5.5%
Community Service				
Basic Community Education	\$132,835	\$98,898	(\$33,937)	
Early Childhood Family Education	54,739	52,817	(1,921)	
School-Age Child Care	160,000	160,000	0	
Other	1,477	3,363	1,887	
Prior Year Adjustments	610	38,927	38,316	
Total, Community Service Fund	\$349,660	\$354,005	\$4,345	1.2%
Debt Service				
Voter Approved	\$2,278,080	\$2,863,981	\$585,901	
Other	260,295	263,865	3,570	
Long Term Facility Maintenance	1,457,144	1,496,815	39,671	
Other Post Employment Benefits	569,993	0	(569,993)	
Reduction for Debt Excess	(342,499)	(245,304)	97,195	
Prior Year Adjustments	11,973	16,471	4,498	
Total, Debt Service Fund	\$4,234,985	\$4,395,827	\$160,842	3.8%
Total Levy, All Funds	\$12,500,410	\$13,103,266	\$602,856	4.8%
Subtotal by Truth in Taxation Categories:				
Voter Approved	5,040,591	5,758,786	718,195	
Other	7,459,820	7,344,480	(115,340)	
Total	\$12,500,410	\$13,103,266	\$602,856	4.8%

Explanation of Levy Changes

Category:

General Fund – Voter Approved Capital Project Levy

Change:

+\$192,661

Use of Funds:

Deferred Maintenance and Technology Costs

Reasons for Change:

- Levy is based on voter approved tax rate applied to tax base
- District's tax base increased

Explanation of Levy Changes

Category:

General Fund – Long Term Facilities Maintenance (LTFM)

Change:

+\$170,553

Use of Funds:

Deferred Facility Maintenance & Health & Safety Program Costs

Reason for Change:

- Revenue provided through a combination of property tax levy and state aid
- District is eligible for additional LTFM revenue based on state-approved project costs; estimated project costs for those projects are \$196,100 for Fiscal Year 2024-25

Explanation of Levy Changes

Category:	Debt Service – Voter Approved & Other Post Employment Benefits (OPEB)
Change:	+\$585,901 (Voter Approved) & -\$569,993 (OPEB)
Use of Funds:	Debt Payments
Reason for Change:	Debt service levies are coordinated to maintain a level tax rate

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause a 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 within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors

Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and a 35.9% increase in property value for residential homes over the past four years
 - 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 2024 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal financial advisors)

Estimated Changes in School Property Taxes, 2021 to 2024
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2021	Actual Taxes Payable in 2022	Actual Taxes Payable in 2023	Estimated Taxes Payable in 2024	Change in Taxes 2021 to 2024	Change in Taxes 2023 to 2024
Residential Homestead	\$150,000	\$844	\$853	\$684	\$701	-\$143	\$17
	200,000	1,180	1,192	955	981	-199	26
	250,000	1,517	1,531	1,226	1,261	-256	35
	300,000	1,853	1,869	1,497	1,540	-313	43
	350,000	2,189	2,208	1,768	1,820	-369	52
	400,000	2,525	2,547	2,039	2,100	-425	61
	500,000	3,164	3,190	2,554	2,631	-533	77
	600,000	3,907	3,937	3,152	3,249	-658	97
	800,000	5,394	5,432	4,347	4,487	-907	140
1,000,000	6,881	6,926	5,542	5,725	-1,156	183	
Commercial/ Industrial #	\$500,000	\$3,748	\$3,545	\$2,977	\$3,112	-\$636	\$135
	750,000	5,735	5,421	4,552	4,763	-972	211
	1,000,000	7,723	7,297	6,128	6,414	-1,309	286
	1,500,000	11,698	11,048	9,280	9,716	-1,982	436
	2,000,000	15,673	14,799	12,431	13,017	-2,656	586
Apartments and Res. Non-Homestead (2 or more units)	\$200,000	\$1,487	\$1,494	\$1,195	\$1,238	-\$249	\$43
	600,000	4,461	4,483	3,585	3,713	-748	128
	1,000,000	7,435	7,472	5,975	6,189	-1,246	214

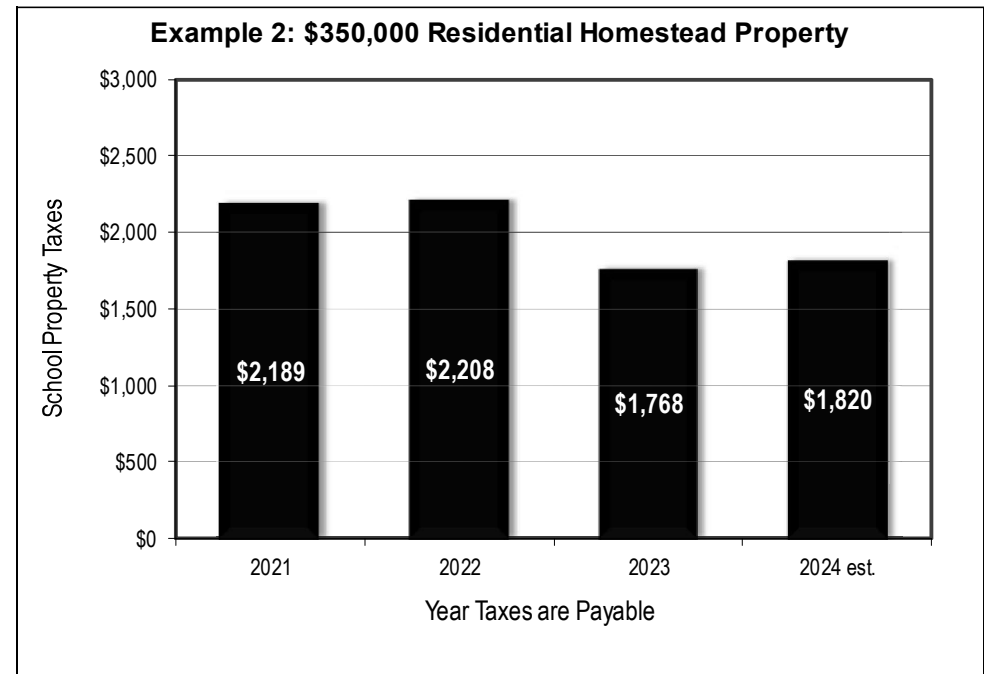
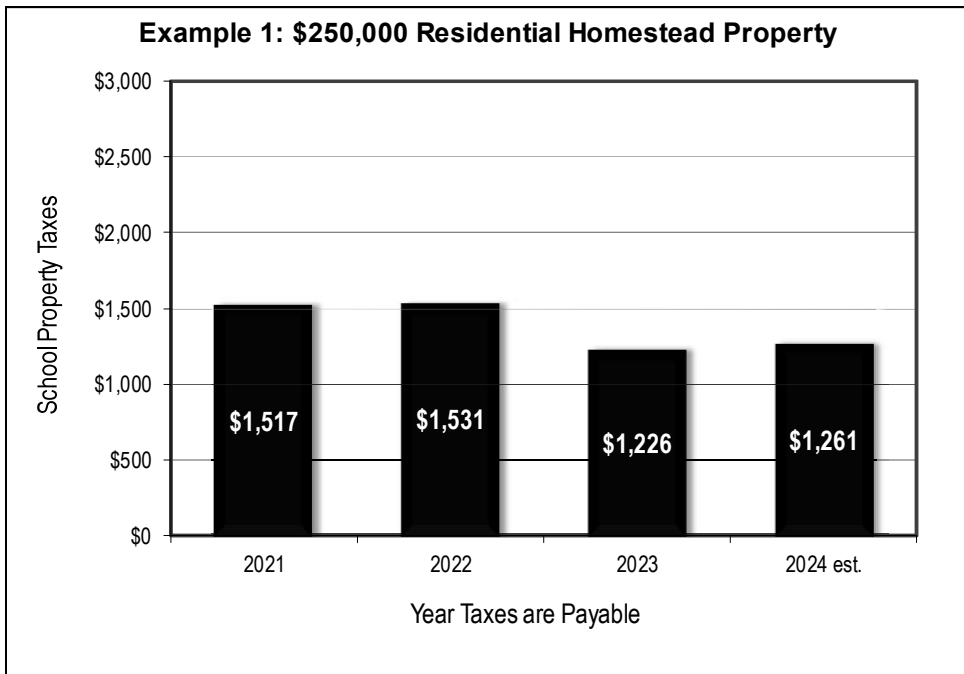
For commercial-industrial property, amounts above are for property in Fridley . Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2024 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2021 to 2024.

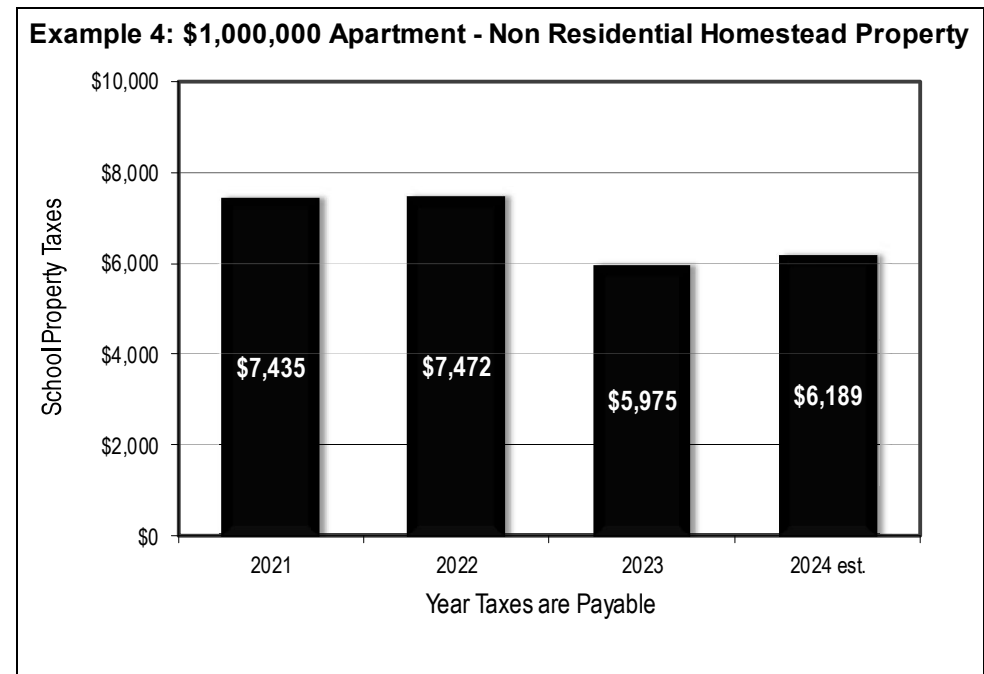
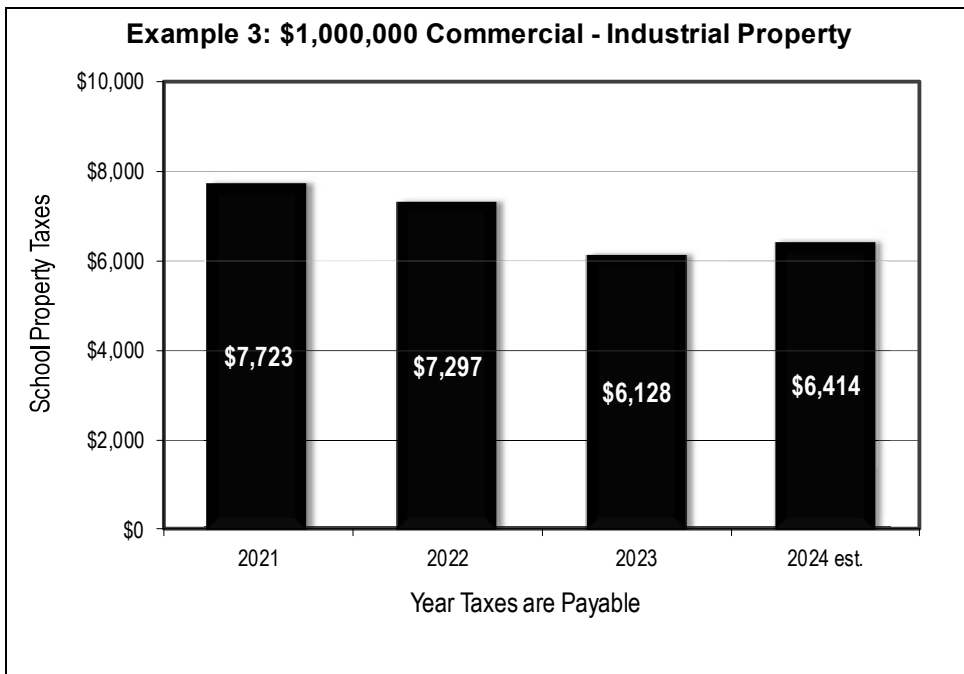
Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value



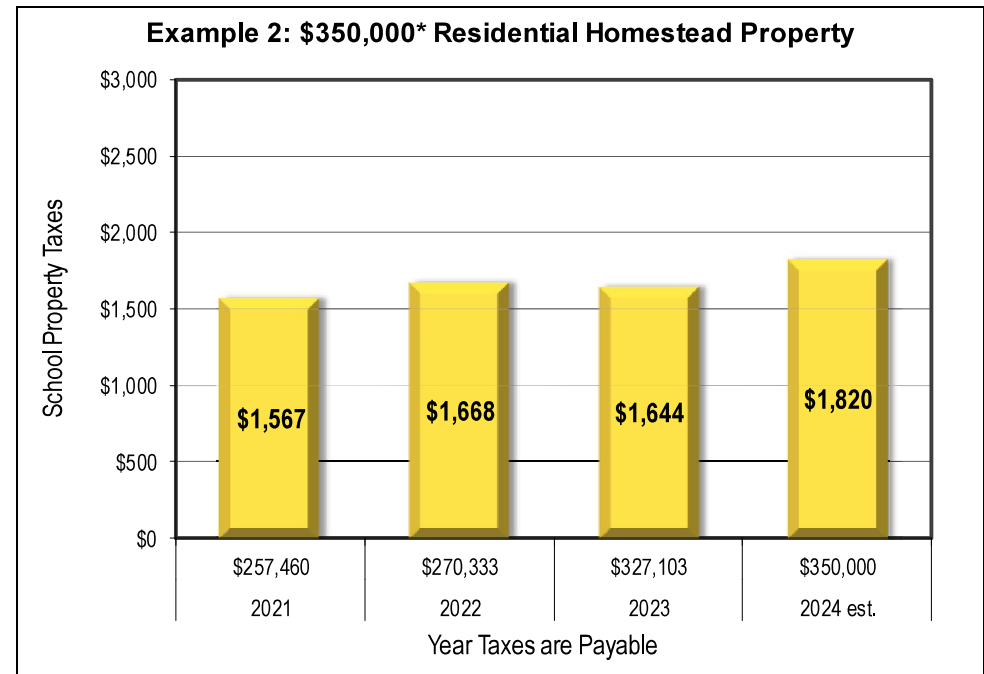
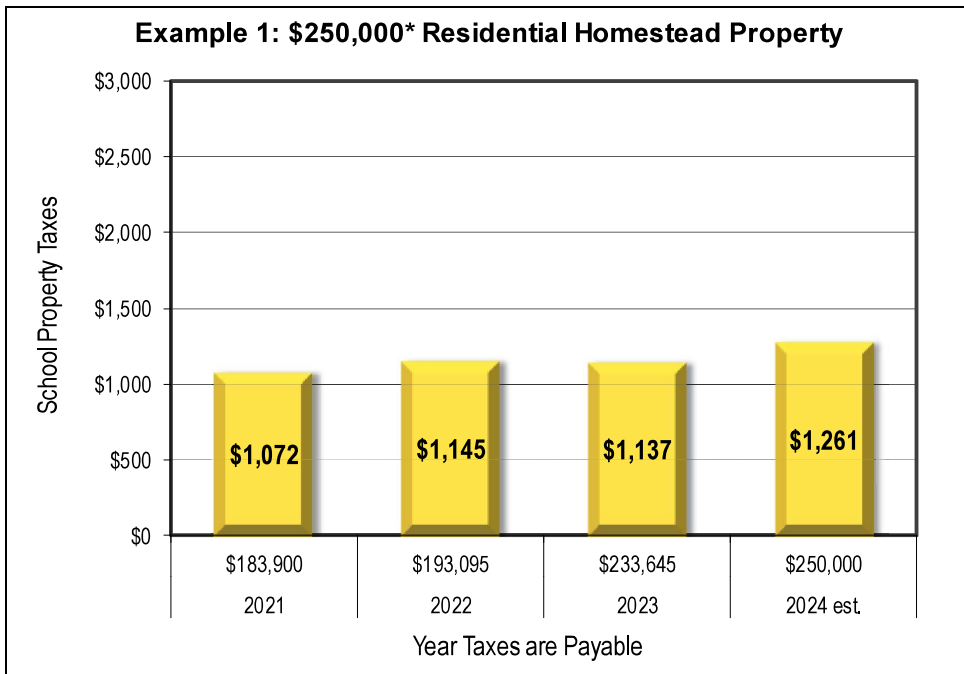
Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value



Estimated Changes in School Property Taxes, 2021-24

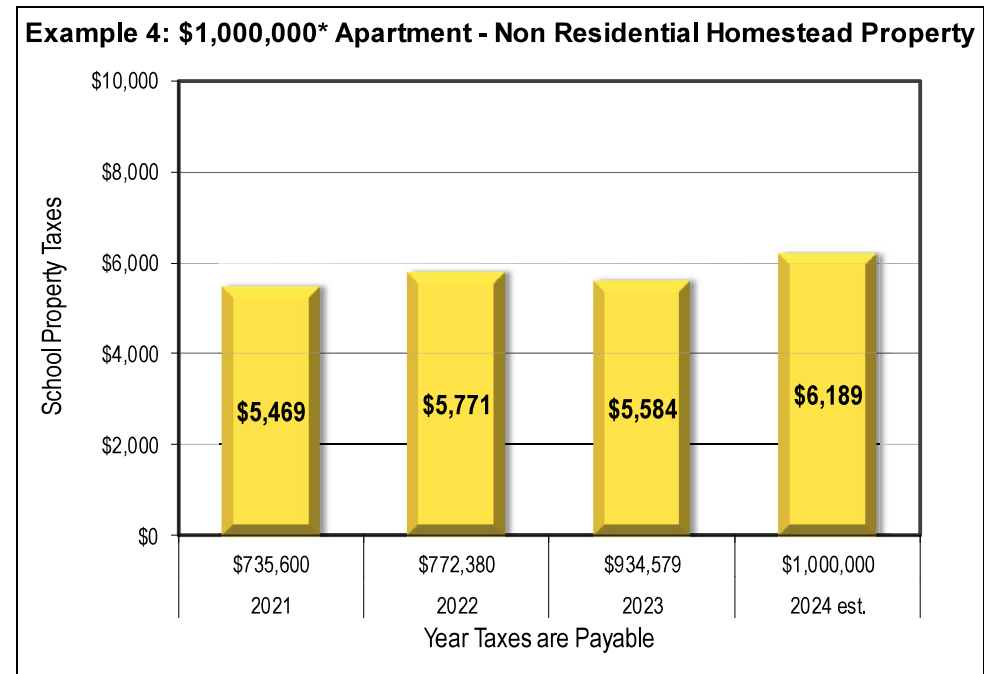
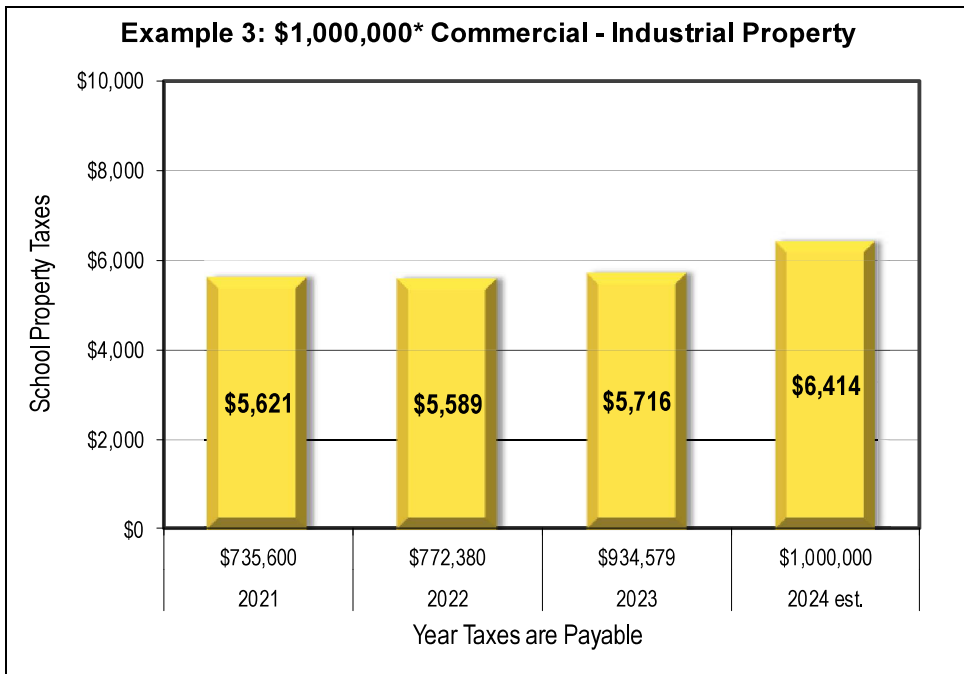
Based on 35.9% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2024. Taxes are calculated based on changes in market value of 5.0% from 2021 to 2022, 21.0% from 2022 to 2023 and 7.0% from 2023 to 2024.

Estimated Changes in School Property Taxes, 2021-24

Based on 35.9% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2024. Taxes are calculated based on changes in market value of 5.0% from 2021 to 2022, 21.0% from 2022 to 2023 and 7.0% from 2023 to 2024.

State Property Tax Refunds & Deferral

Homestead Credit Refund

- Available for all homestead property, both residential and agricultural (house, garage and one acre (HGA) only)
- Refund is sliding scale, based on total property taxes and income (maximum refund is \$3,140 for homeowners and \$2,440 for renters)

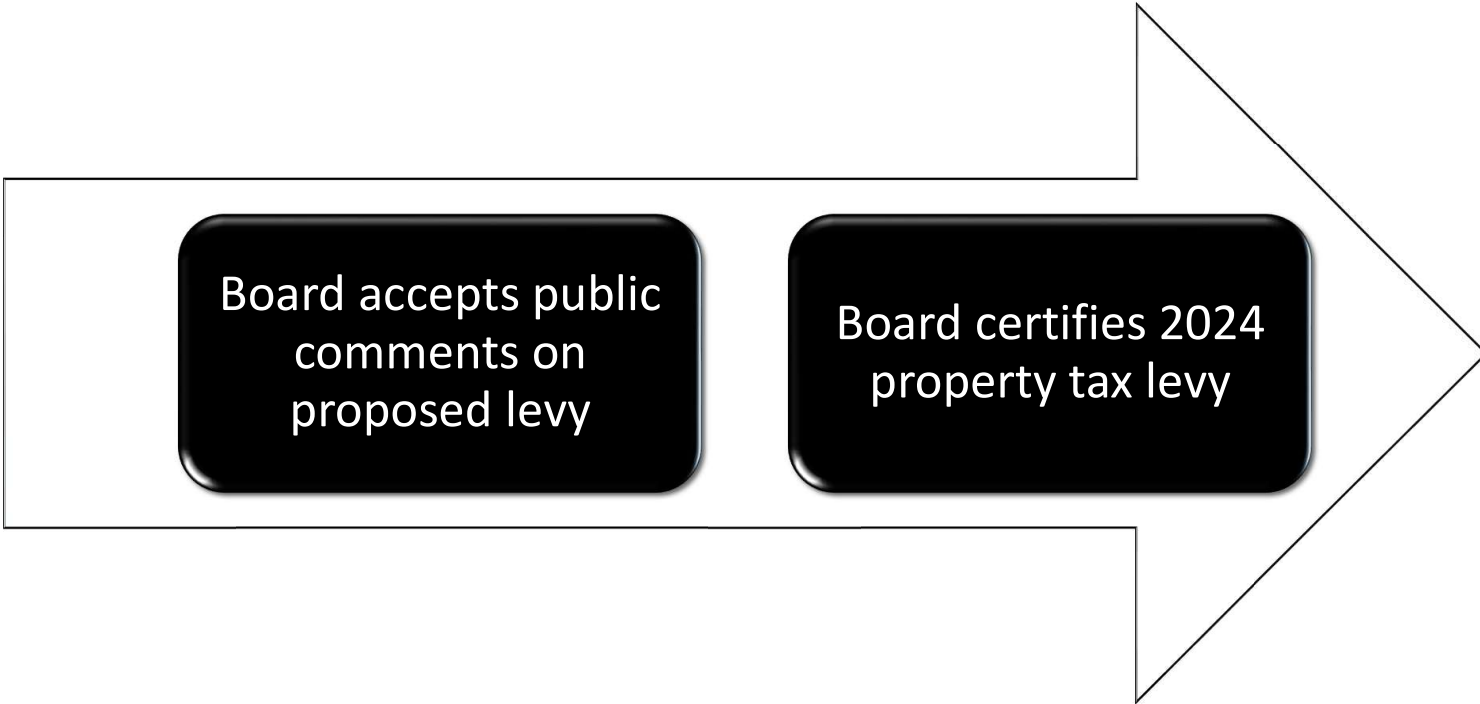
Special Property Tax Refund

- Available for all homestead property, both residential & agricultural (HGA only) with a gross tax increase of at least 6% and \$100 over prior year
- Refund is 60% of tax increase that exceeds greater of 6% or \$100 (max \$2,500)

Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

Next Steps



Board accepts public
comments on
proposed levy

Board certifies 2024
property tax levy



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PUBLIC COMMENTS