


TRUTH-IN-TAXATION
HEARING FOR TAXES
PAYABLE IN 2025

December 9, 2024
Presented by:
Megan Tormanen
Director of Business Management & Finance



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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 comment
- May adopt final levy at same meeting

...and Presentation of:

- Background information on school funding
- Current year budget
- Proposed property tax levy

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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.”

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As a Result,
Funding is Highly
Regulated

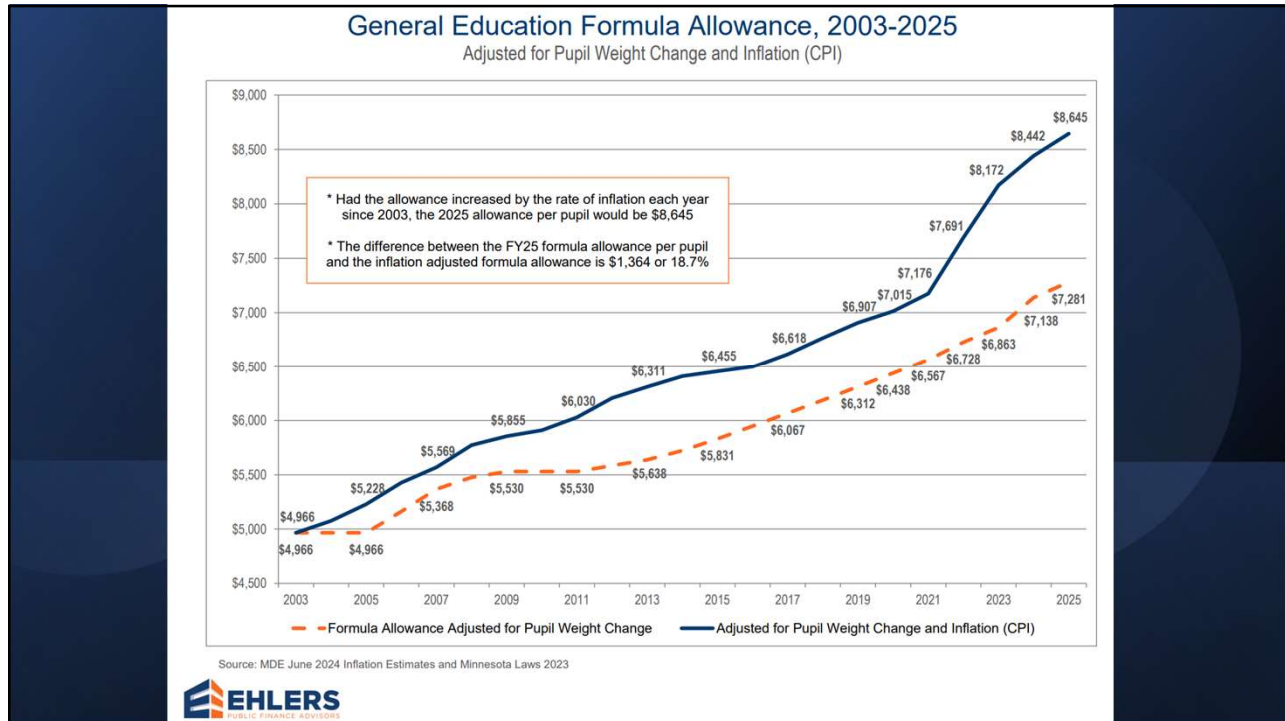
Minnesota Legislature

- Establishes overall tax policy for the state
- Sets formulas which determine revenue; most revenue based on specified amounts per pupil
- Sole authority to create school levy options
- Control school levy parameters, including:
 - Amount of state aid
 - Tax basis used for levies

School Board


- Participate in state education programs for the district’s children, which are either financed entirely by levies, or a combination of local levy and state aids
- Ask voters to approve referendums for general operations and major capital projects


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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

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Difference in Levy Cycles



School District:

- Budget year begins July 1st
- 2025 taxes provide revenue for 2025-26 fiscal year
- Budget adopted in June 2025



City/County:

- Budget year begins Jan. 1st
- 2025 taxes provide revenue for 2025 calendar year budget

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 2025-26 budget will be adopted by School Board in June 2025.

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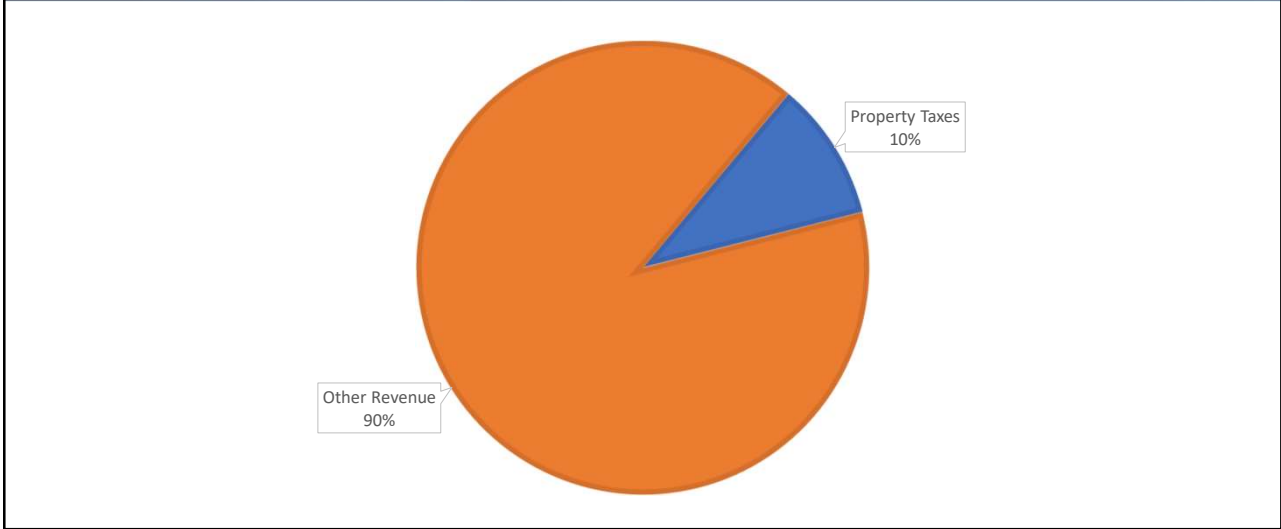
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Howard Lake – Waverly – Winsted School District Revenues and Expenditures Actual for FY 2024, Budget for FY 2025

Fund	FY 2024 Beginning Fund Balances	FY 2024 Actual Revenues and Transfers In	FY 2024 Actual Expenditures and Transfers Out	June 30, 2024 Actual Fund Balances	FY 2025 Budget Revenues and Transfers In	FY 2025 Budget Expenditures and Transfers Out	June 30, 2025 Projected Fund Balances
General Fund/Restricted	\$ 174,110	\$ 2,436,346	\$ 2,445,795	\$ 164,661	\$ 2,542,397	\$ 1,213,786	\$ 1,493,272
General Fund/Other	\$ 386,532	\$ 15,766,907	\$ 15,365,810	\$ 787,629	\$ 16,671,579	\$ 17,466,309	\$ (7,101)
Food Service Fund	\$ 395,132	\$ 1,408,261	\$ 1,327,195	\$ 476,198	\$ 1,322,800	\$ 1,311,643	\$ 487,355
Community Service Fund	\$ (80,101)	\$ 1,028,671	\$ 973,406	\$ (24,836)	\$ 976,780	\$ 1,068,718	\$ (116,774)
Building Construction Fund	\$ 8,533	\$ -	\$ 8,533	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	\$ 620,320	\$ 3,242,532	\$ 3,427,706	\$ 435,146	\$ 3,339,748	\$ 3,141,222	\$ 633,672
Total - All Funds	\$ 1,504,526	\$ 23,882,717	\$ 23,548,445	\$ 1,838,798	\$ 24,853,304	\$ 24,201,678	\$ 2,490,424

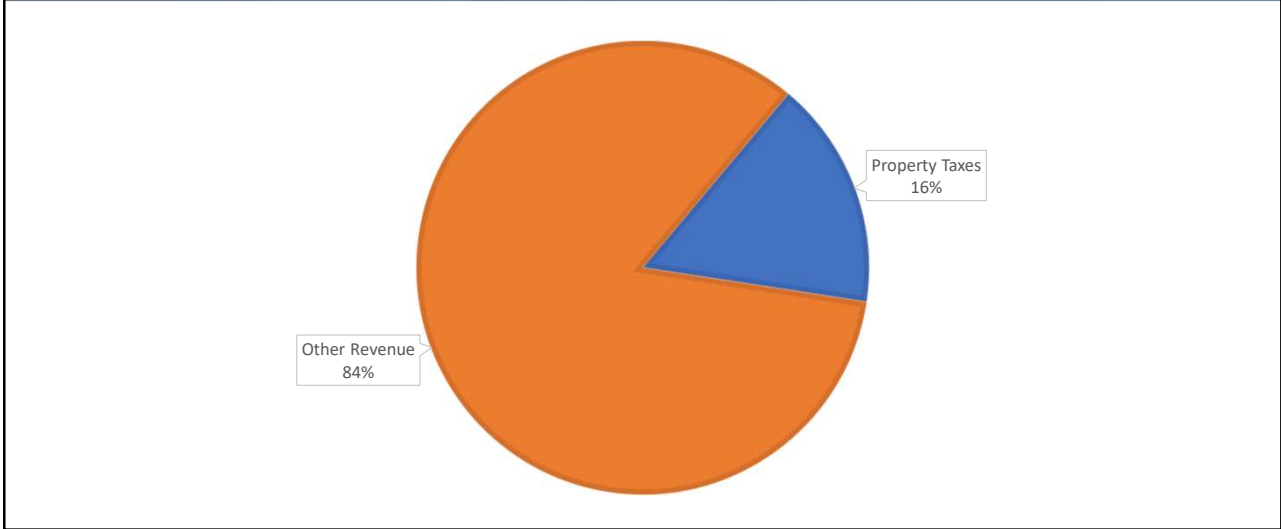
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General Fund 2023-2024 Property Taxes (prior year)



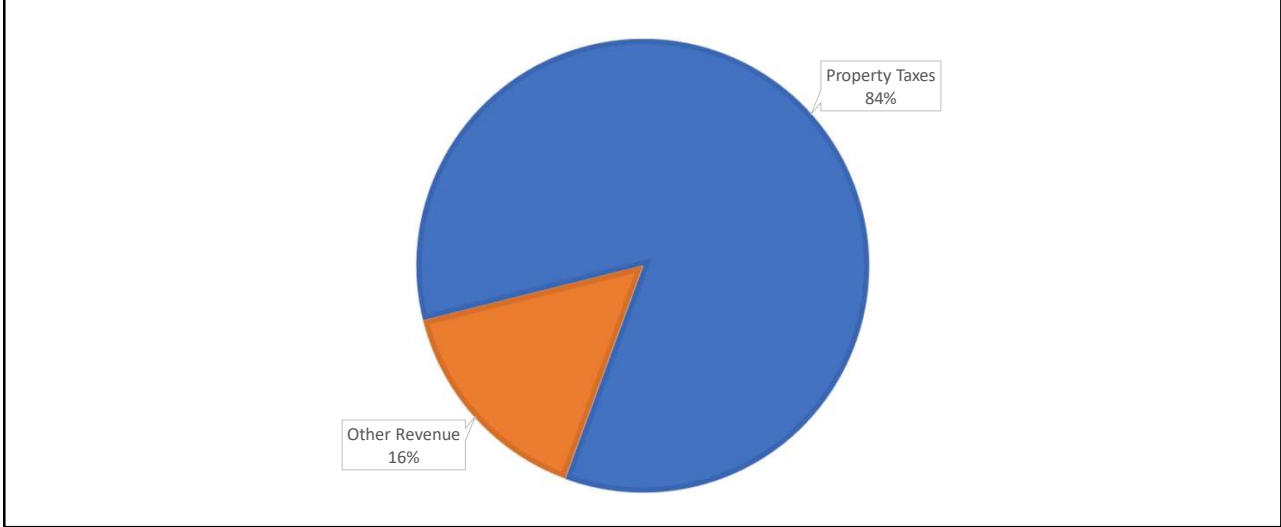
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Community Education Fund 2023-2024 Property Taxes (prior year)



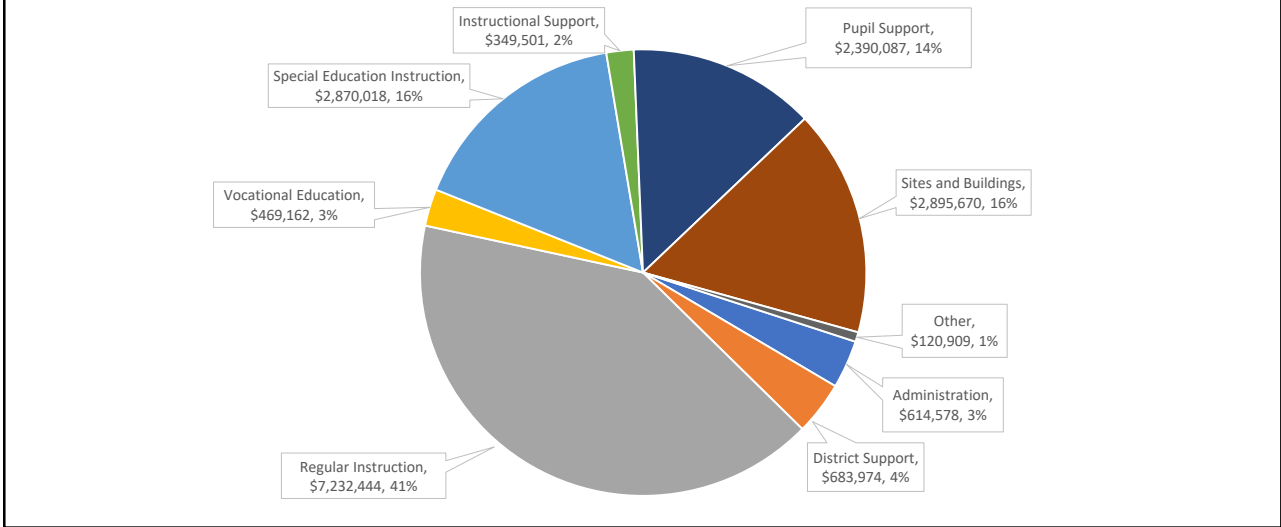
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Debt Service Fund 2023-2024 Property Taxes (prior year)



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General Fund 2023-2024 Expenses (prior year)



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Property Tax Background

- Owners 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, often based on limits in state law
- County sends bills, collects taxes from property owners & distributes funds back to other taxing jurisdictions

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State law requires a notice be mailed to each property owner in the county between November 11 and November 24

Contents:

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

Wright County Treasurer Services 300 Braddock Ave NE Ste 1400 Buffalo, MN 55313-2073 www.co.wright.mn.us (763) 882-7574 or (763) 882-7577		PROPOSED TAXES 2025																																													
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<p>PROPERTY TAX STATEMENT Coming in Spring of 2025</p> <p>The time to provide feedback on PROPOSED LEVIES is NOW It is too late to appeal your value without going to Tax Court.</p>																																															

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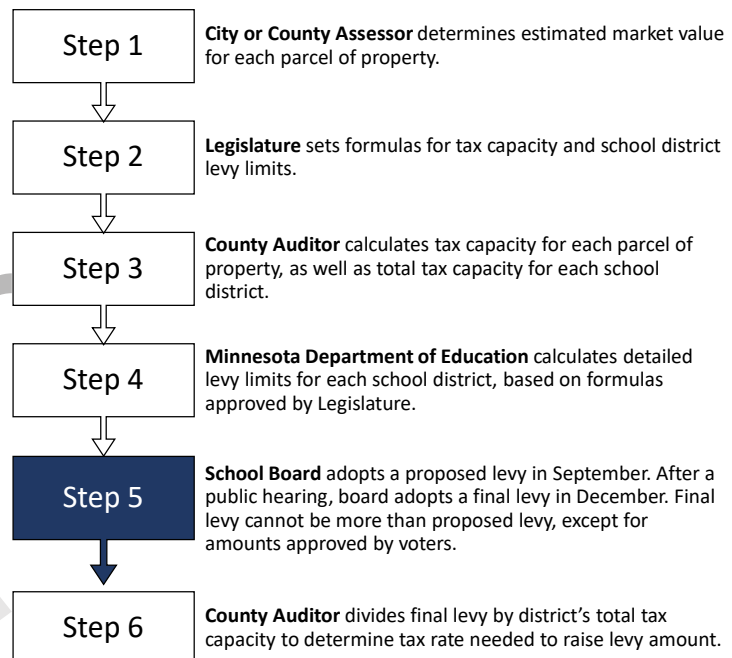
School District Property Taxes

- 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 the district has control over only 1 of 6 steps

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School District Property Tax Process

Note: For certain levy categories, tax rates & levy amounts are based on referendum market value, rather than tax capacity.



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What's happening with each slice?



Each Property Owner pays a portion of the pie

Higher Market Value = Bigger Slice



Lower Market Value = Smaller Slice



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Overview of District's Proposed Tax Levy

- Proposed Payable 2025 tax levy is \$6,222,983.96 an increase of \$184,444 or 3.05% from 2024
- Changes by levy category and reasons for major increases & decreases in the levy are included on following slides

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Comparison of Actual Tax Levy Payable in 2024 to Proposed Levy Payable in 2025

Fund Levy Category	Actual Levy Payable 2024	Proposed Levy Payable in 2025	Change in Levy	
			\$	%
General Fund				
Equity Revenue	\$212,369	\$211,163	(\$1,206)	
Transition	\$11,540	\$11,387	(\$153)	
Voter Approved Operating Referendum	\$862,312	\$891,959	\$29,647	
Local Optional Revenue (LOR)	\$945,639	\$971,412	\$25,773	
Operating Capital	\$137,962	\$162,374	\$24,412	
Alternate Teacher Compensation	\$117,455	\$114,434	(\$3,022)	
Achievement & Integration	\$0	\$18,960	\$18,960	
Reemployment	\$0	\$7,969	\$7,969	
Safe Schools	\$51,565	\$54,403	\$2,838	
Career & Tech	\$126,370	\$129,658	\$3,289	
OPEB (Other Post-Emp'l Benefits)	\$18,789	\$23,847	\$5,078	
Long Term Facilities Maintenance	\$192,048	\$201,708	\$9,660	
Lighting Project Bond	(\$67,315)	(\$66,493)	\$822	
Lease Levy	\$215,113	\$169,522	(\$45,591)	
Abatements/Other Adj	(\$309)	(\$3,879)	(\$3,570)	
Total - General Fund	\$2,823,517	\$2,898,422	\$74,906	2.7%
Community Service Fund				
Basic Levy	\$56,055	\$58,182	\$2,127	
Early Childhood	\$28,421	\$35,212	\$6,791	
Early Childhood Home Visit	\$1,200	\$1,467	\$267	
Youth Service	\$0	\$0	\$0	
Adults w/Disabilities	\$897	\$935	\$38	
School Age Care	\$37,910	\$84,192	\$46,282	
Other Adjustments	\$1	\$187	\$186	
Comm Ed Excess	\$0	\$0	\$0	
Total - Community Service	\$124,484	\$180,174	\$55,690	44.7%
Debt Service Fund				
Basic Levy	\$3,099,910	\$3,148,134	\$48,224	
Long Term Facilities Maintenance	\$82,992	\$86,962	\$3,970	
Lighting Project Bond	\$67,315	\$66,493	(\$822)	
Debt Excess	(\$159,678)	(\$157,202)	\$2,476	
Total - Debt Service Fund	\$3,090,539	\$3,144,387	\$53,848	1.7%
Total Levy, All Funds	\$6,038,540	\$6,222,984	\$184,444	3.1%

Explanation of Levy Changes

Category:	General Fund - Voter Approved Operating Referendum
Change:	+\$29,647
Use of Funds:	General Operating Expenses
Reason for Change:	This increase is driven by changes in enrollment and the inflationary adjustment built into the referendum.

Explanation of Levy Changes

Category:	General Fund – Local Optional
Change:	+\$25,772
Use of Funds:	Staffing, Educational Programs, Facility Maintenance
Reason for Change:	This increase is driven by changes in enrollment, Referendum Market Value and Equalization Aid

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Explanation of Levy Changes

Category:	General Fund – Lease Levy
Change:	-\$45,591
Use of Funds:	Lease Payments
Reason for Change:	This decrease is due to the expiration of the lease for the portable classrooms at Humphrey Elementary

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Explanation of Levy Changes

Category:	General Fund – Achievement & Integration
Change:	+\$18,960
Use of Funds:	Achievement & Integration Program
Reason for Change:	This is the first year the district will be receiving A&I funds. It is used for collaborative programs between HLWW and Lester Prairie to increase integration opportunities and academic enrichment programs.

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Explanation of Levy Changes

Category:	Community Service Fund – School Age Care
Change:	+\$46,281
Use of Funds:	Laker Care
Reason for Change:	There is an increase of \$20,000 for FY26 levy amount as well as an adjustment of \$24,161 for prior years.

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Explanation of Levy Changes

Category:	Debit Service Fund-Basic Levy
Change:	+\$48,224
Use of Funds:	Bond Payments
Reason for Change:	The Debt Service levy covers the costs of bond payments for the year. The annual payments can vary, and there is an increase projected for FY26.

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FINAL LEVY AMOUNT

THE AMOUNT RECOMMENDED FOR APPROVAL
AND CERTIFICATION FOR THE
2024 PAYABLE 2025 LEVY IS

\$6,222,983.96

TOTAL INCREASE OF
3.05%



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Next Steps

Board will accept public comments on proposed levy

Board will certify 2025 property tax levy