

TRUTH-IN-TAXATION HEARING FOR TAXES PAYABLE IN 2024

December 11, 2023

Presented by:

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Director of Business Management & 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 comment
- May adopt final levy at same meeting

...and Presentation of:

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

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

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

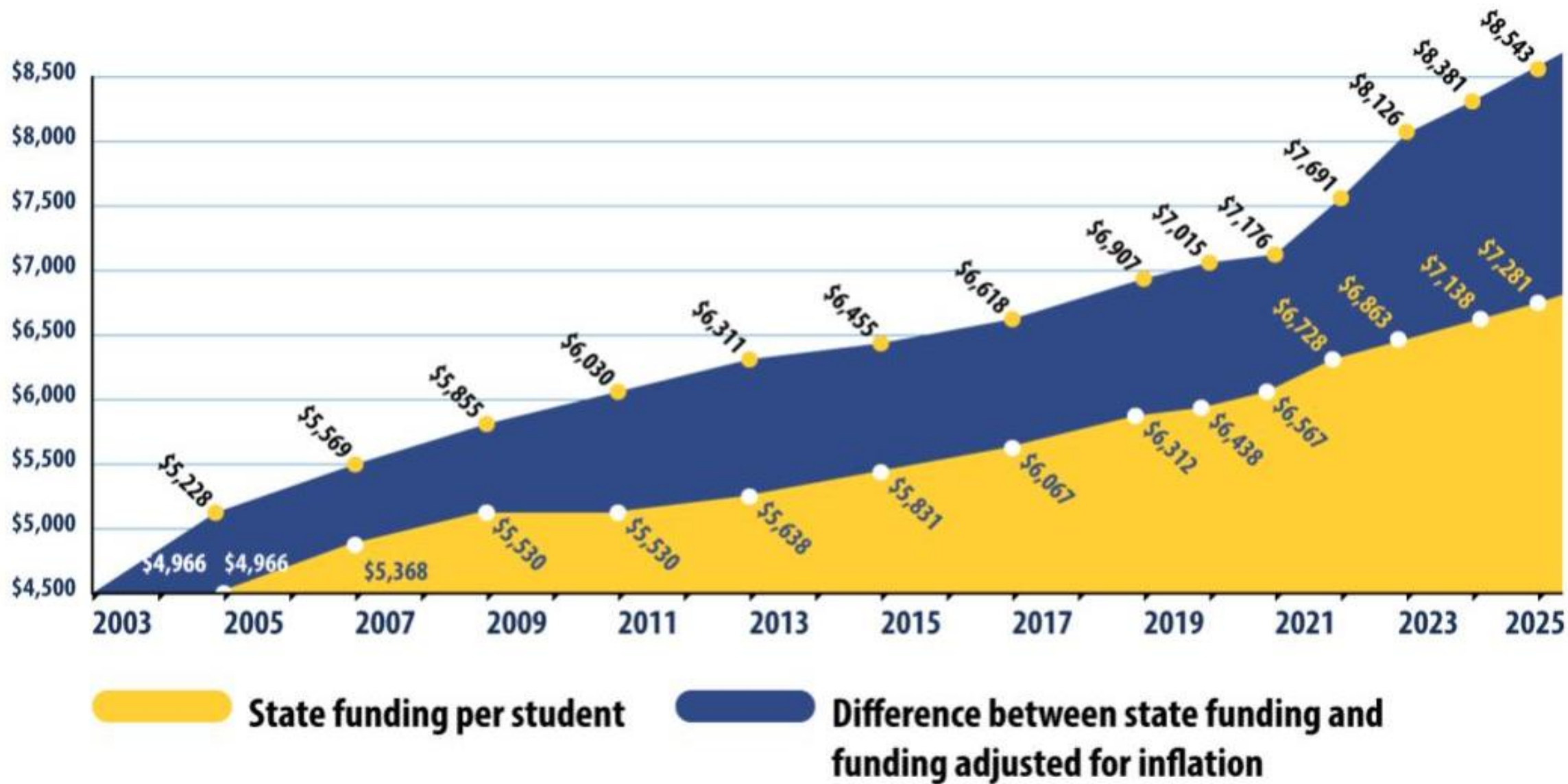
School Board

- 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

Basic General Education Formula Lags Inflation

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2023-24, an increase of 4.00% or \$275 over previous year was approved
- For Fiscal Year 2024-25, an increase of 2.00% or \$143 over previous year was approved

Per-pupil allowance for Fiscal Year 2024-25 of \$7,281 would need to increase by another \$1,262 to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,543



Source: MDE June 2023 Inflation Estimates

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



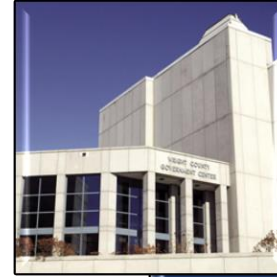
An increase in school taxes does not always correlate to an equal increase in budget

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

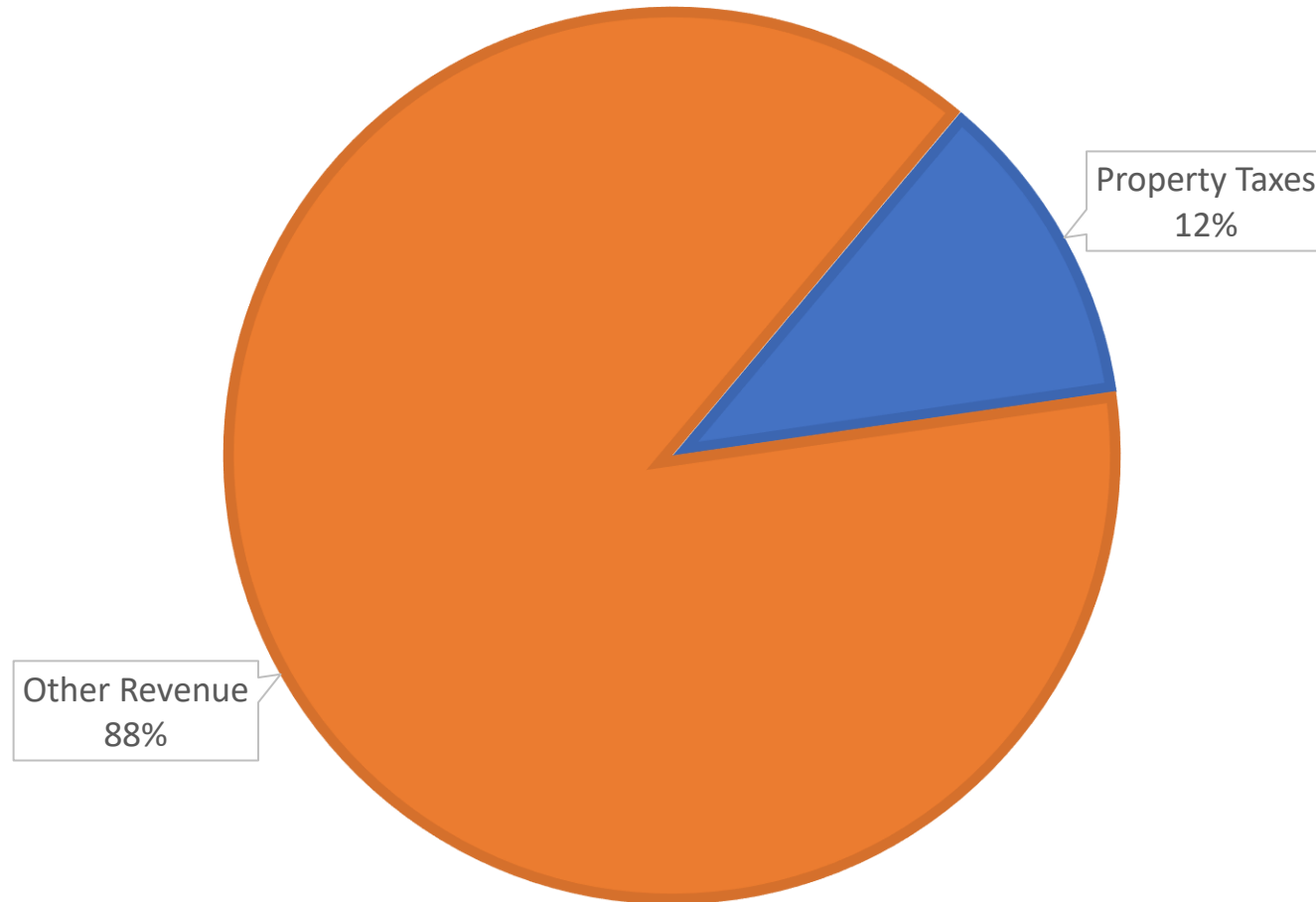
Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information be presented at this hearing.

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

Howard Lake – Waverly – Winsted School District
Revenues and Expenditures
Actual for FY 2023, Budget for FY 2024

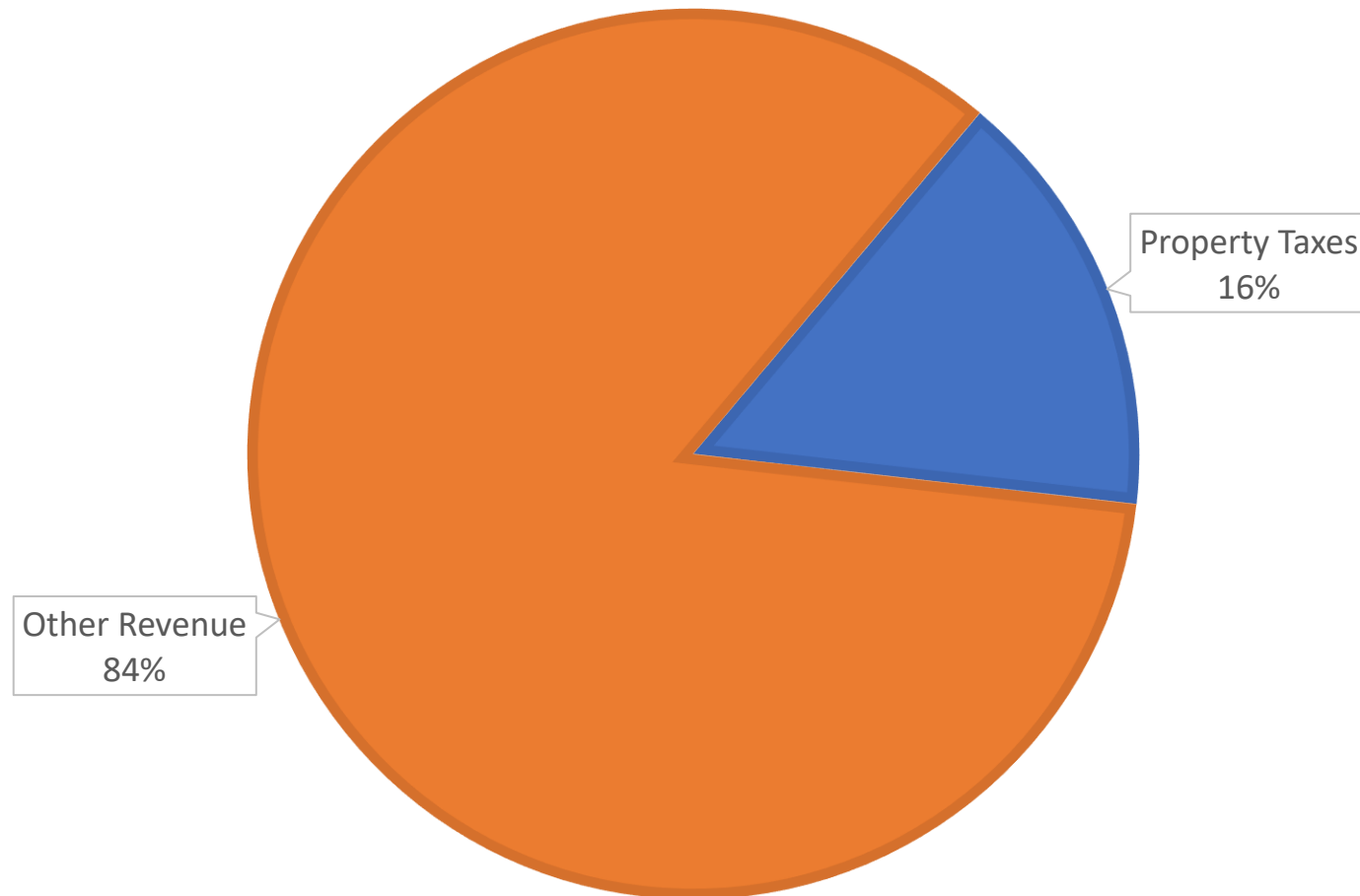
Fund	FY 2023 Beginning Fund Balances	FY 2023 Actual		June 30, 2023, Actual	FY 2024 Budget		June 30, 2024, Projected
		Revenues & Transfers In	Expenditures & Transfers Out	Fund Balances	Revenues & Transfers In	Expenditures & Transfers Out	Fund Balances
General Fund/Restricted	\$ 141,826	\$ 2,000,245	\$ 1,967,961	\$ 174,110	\$ 1,966,014	\$ 2,000,830	\$ 139,294
General Fund/Other	\$ 1,152,292	\$ 15,052,175	\$ 15,817,935	\$ 386,532	\$ 15,565,415	\$ 15,689,570	\$ 262,377
Food Service Fund	\$ 513,047	\$ 1,031,878	\$ 1,149,793	\$ 395,132	\$ 935,950	\$ 1,176,799	\$ 154,283
Community Service Fund	\$ (32,093)	\$ 775,793	\$ 823,801	\$ (80,101)	\$ 826,491	\$ 885,165	\$ (138,775)
Building Construction Fund	\$ 441,940	\$ -	\$ 433,407	\$ 8,533	\$ -	\$ -	\$ 8,533
Debt Service Fund	\$ 625,373	\$ 3,066,301	\$ 3,071,354	\$ 620,320	\$ 3,319,150	\$ 3,133,378	\$ 806,092
Total - All Funds	\$ 2,842,385	\$ 21,926,392	\$ 23,264,251	\$ 1,504,526	\$ 22,613,020	\$ 22,885,742	\$ 1,231,804

General Fund 2022-2023 Property Taxes (prior year)

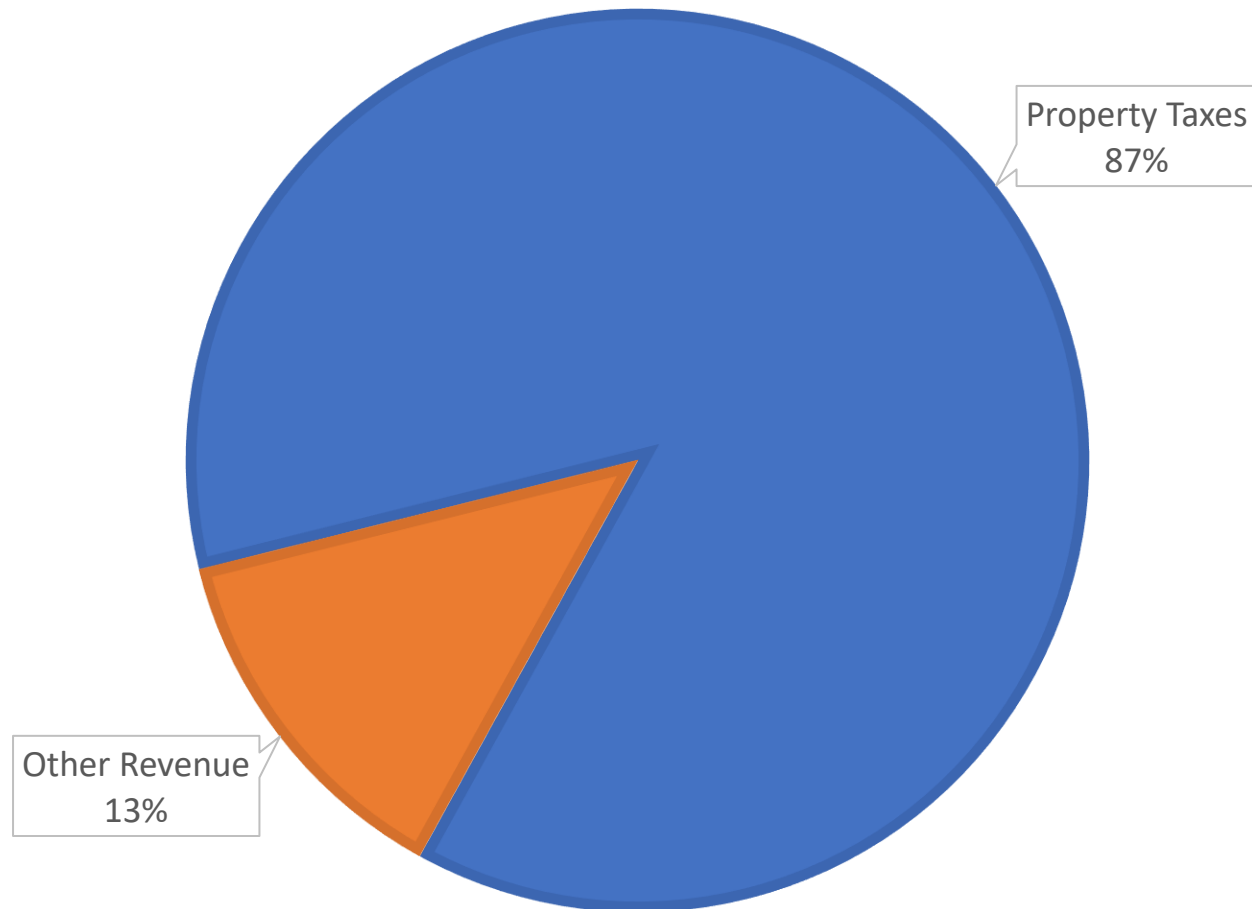


Community Education Fund 2022-2023

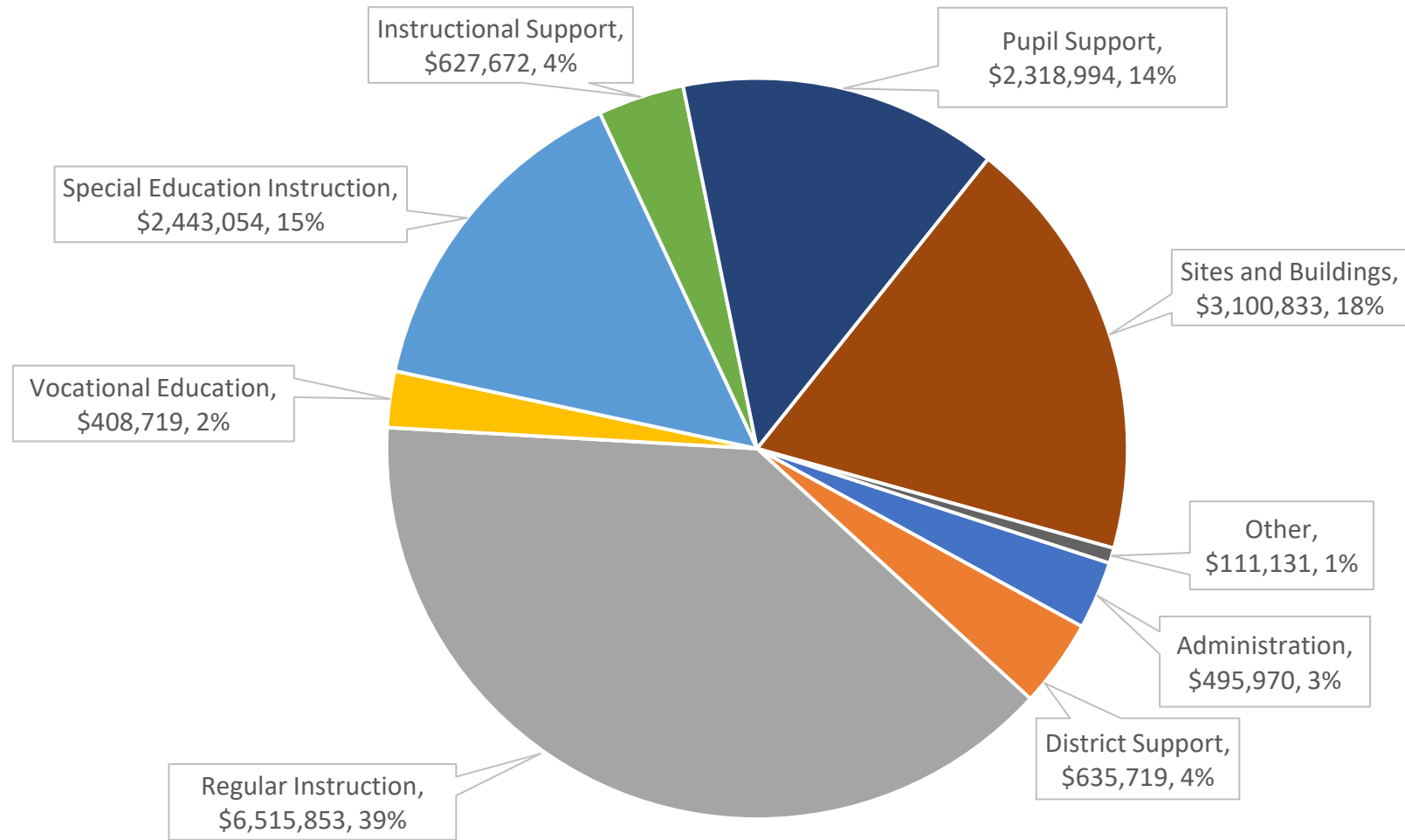
Property Taxes (prior year)



Debt Service Fund 2022-2023 Property Taxes (prior year)



General Fund 2022-2023 Expenses (prior year)




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

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 Taxpayer Services
3650 Braddock Ave NE Ste 1400
Buffalo, MN 55313-3673
www.co.wright.mn.us
(763) 682-7574 or (763) 682-7577

TAXPAYER(S):

Property Information
Property ID: _____ Property Address: _____

Property Description: _____

PROPOSED TAXES 2024

THIS IS NOT A BILL. DO NOT PAY.

VALUES AND CLASSIFICATION			
	Taxes Payable Year	2023	2024
Step 1	Estimated Market Value	299,800	333,800
	Homestead Exclusion	10,258	7,216
	Other exclusion:	0	0
	Taxable Market Value	289,542	326,384
	Class	RES HSTD	RES HSTD

PROPOSED TAX		
Step 2	Property Taxes Before Credits	\$3,564.00
	School Building Bond Credit	\$0.00
	Agricultural Market Value Credit	\$0.00
	Other Credits	\$0.00
	Property Taxes After Credits	\$3,564.00

Step 3 **PROPERTY TAX STATEMENT**
Coming in Spring of 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 TAX	NO MEETING REQUIRED	\$0.00	\$0.00
LAKE IMPROVEMENT DISTRICT	NO MEETING REQUIRED	\$0.00	\$0.00
WRIGHT COUNTY 3650 BRADDOCK AVE NE BUFFALO MN 55313 763-682-7578 WWW.CO.WRIGHT.MN.US	DEC 7 AT 6:00 PM GOVERNMENT CENTER COUNTY BOARD ROOM 3650 BRADDOCK AVE NE BUFFALO MN 55313 EMAIL BUDGET QUESTIONS TO: BUDGET@CO.WRIGHT.MN.US	\$1,095.34	\$1,101.30
CITY OF WAVERLY CITY OF WAVERLY 502 ATLANTIC AVE PO BOX 189 WAVERLY MN 55390 763-658-4217 WWW.WAVERLYMN.ORG	DEC 12 AT 6:30 PM WAVERLY CITY HALL COUNCIL CHAMBERS 502 ATLANTIC AVE WAVERLY MN 55390	\$1,292.04	\$1,342.68
SD 2687 HOWARD LAKE SD 2687 HOWARD LAKE PO BOX 708 HOWARD LAKE MN 55349 320-543-4646 WWW.HLWW.K12.MN.US	DEC 11 AT 6:30 PM HLWW HIGH SCHOOL MEDIA CENTER 8700 COUNTY ROAD 6 SW HOWARD LAKE MN 55349 Voter Approved Levies Other Levies	\$599.04 \$475.58	\$588.74 \$531.28
SPECIAL TAXING DISTRICTS	NO MEETING REQUIRED	\$0.00	\$0.00
TAX INCREMENT TAX	NO MEETING REQUIRED	\$0.00	\$0.00

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.

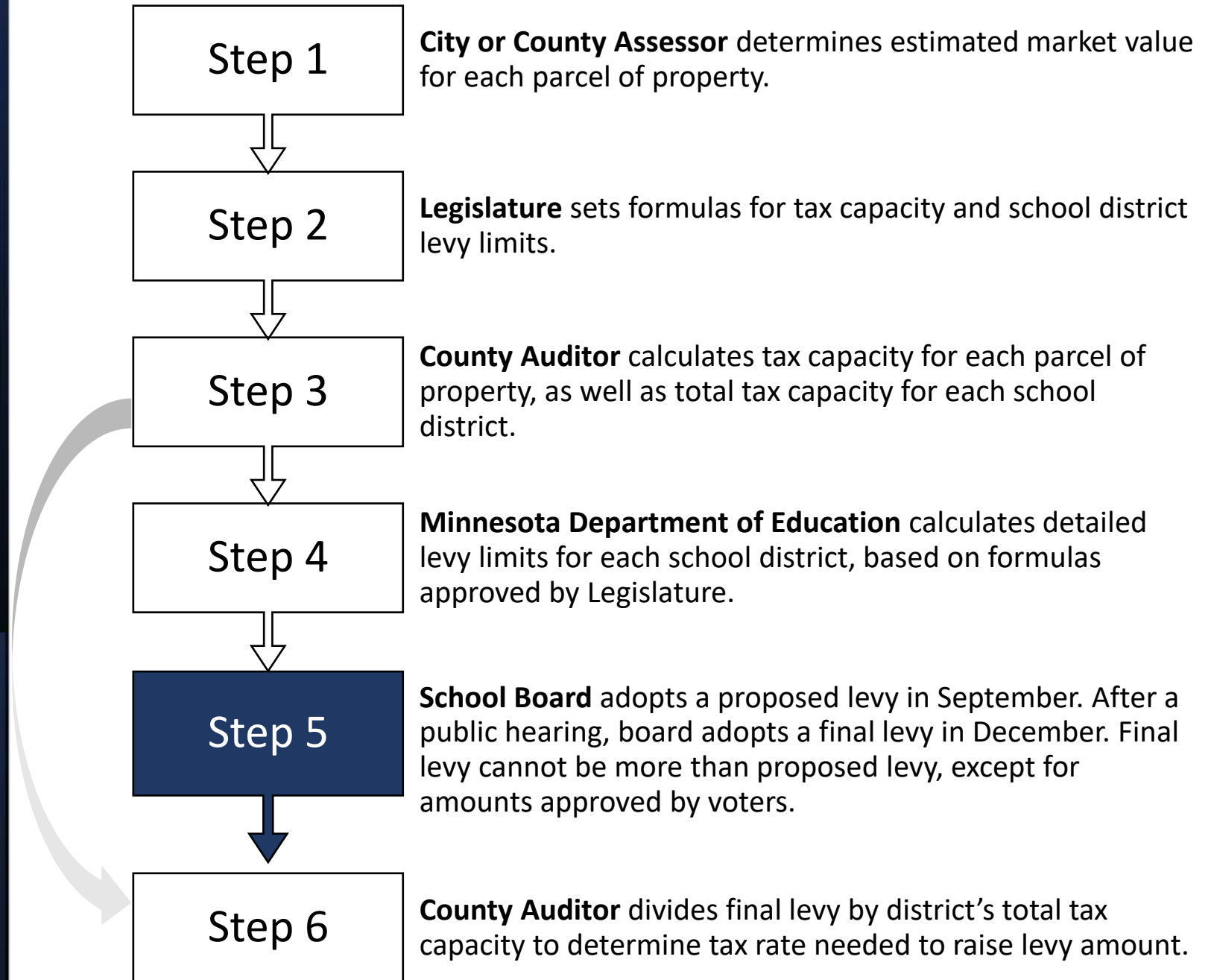
TOTAL Excluding any Special Assessments	Percent Change	2.95%	\$3,462.00	\$3,564.00
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School District Property Taxes

- 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

School District Property Tax Process

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





Overview of District's Proposed Tax Levy

- Proposed Payable 2024 tax levy is an increase from 2023 of \$1,031,253 or 20.6%
- 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 2023	Proposed Levy Payable in 2024	Change in levy	
			\$	%
General Fund				
Equity Revenue	\$226,761	\$212,369	(\$14,392)	
Transition	\$10,321	\$11,540	\$1,219	
Voter Approved Operating Referendum	(\$1,326)	\$862,312	\$863,638	
Local Optional Revenue (LOR)	\$849,087	\$945,639	\$96,552	
Operating Capital	\$114,921	\$137,962	\$23,040	
Alternate Teacher Compensation	\$124,040	\$117,455	(\$6,585)	
Reemployment	(\$2,000)	\$0	\$2,000	
Safe Schools	\$47,997	\$51,565	\$3,568	
Career & Tech	\$104,961	\$126,370	\$21,409	
OPEB (Other Post-Empl Benefits)	(\$45,000)	\$18,769	\$63,769	
Long Term Facilities Maintenance	\$171,496	\$192,048	\$20,551	
Lighting Project Bond	(\$68,136)	(\$67,315)	\$821	
Lease Levy	\$215,652	\$215,113	(\$539)	
Abatements/Other Adj	\$1,117	(\$309)	(\$1,426)	
Total - General Fund	\$1,749,892	\$2,823,517	\$1,073,624	61.4%
Community Service Fund				
Basic Levy	\$78,044	\$56,055	(\$21,989)	
Early Childhood	\$31,019	\$28,421	(\$2,598)	
Early Childhood Home Visit	\$959	\$1,200	\$241	
Youth Service	\$0	\$0	\$0	
Adults w/Disabilities	\$3,360	\$897	(\$2,463)	
School Age Care	\$34,373	\$37,910	\$3,537	
Other Adjustments	\$61	\$1	(\$60)	
Comm Ed Excess	\$0	\$0	\$0	
Total - Community Service	\$147,817	\$124,484	(\$23,332)	-15.8%
Debt Service Fund				
Basic Levy	\$3,103,484	\$3,099,910	(\$3,574)	
Long Term Facilities Maintenance	\$74,499	\$82,992	\$8,493	
Lighting Project Bond	\$68,136	\$67,315	(\$821)	
Debt Excess	(\$136,542)	(\$159,678)	(\$23,136)	
Total - Debt Service Fund	\$3,109,578	\$3,090,539	(\$19,039)	-0.6%
Total Levy, All Funds	\$5,007,287	\$6,038,540	\$1,031,253	20.6%
Subtotal by Truth in Taxation Categories:				
Voter Approved	(\$1,326)	\$862,312	\$863,638	
LTFM Debt Service	\$5,008,612	\$5,176,228	\$167,616	
Total	\$5,007,287	\$6,038,540	\$1,031,253	20.6%

Explanation of Levy Changes

Category:

General Fund - Voter Approved Operating Referendum

Change:

+\$863,638

Use of Funds:

General Operating Expenses

Reason for Change:

Voter approved operating referendum was passed on November 7, 2023

Explanation of Levy Changes

Category:

General Fund – Prior Year Adjustments

Change:

+\$63,931

Use of Funds:

Various

Reason for Change:

Initial levies are based on estimates. In later years, amounts are updated and levies are retroactively adjusted

Explanation of Levy Changes

Category:

General Fund – OPEB (Other Post-Employment Benefits)

Change:

+\$63,769

Use of Funds:

Post-Employment Benefits

Reason for Change:

There was a large negative adjustment in 2023 for prior years when OPEB funds were budgeted, but no qualifying expenses occurred. The levy amount for 2024 is \$18,769.

Explanation of Levy Changes

Category:

Community Service Fund – Basic Levy

Change:

-\$21,989

Use of Funds:

General Expenses

Reason for Change:

Change in the levy calculation

Explanation of Levy Changes

Category:

Debit Service Fund-Debt Excess

Change:

-\$23,136

Use of Funds:

Bond Payments

Reason for Change:

The Debt Service levy covers the costs of bond payments, and districts are allowed to levy for 105% of the costs of the principal and interest payments to cover the possibility of delinquent tax payments. Calculations are done each year by MDE to adjust for the excess that districts may have accumulated because of levying the extra portion.

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



FINAL LEVY AMOUNT

THE AMOUNT RECOMMENDED FOR APPROVAL
AND CERTIFICATION FOR THE
2023 PAYABLE 2024 LEVY IS

\$6,038,539.95

TOTAL INCREASE OF
20.60%



Next Steps

Board will accept
public comments on
proposed levy

Board will certify
2024 property tax
levy