

Agenda
Truth in Taxation Public Meeting
December 14, 2021
6:00 PM

1. Truth in Taxation Presentation

2



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Roseville Area Schools, ISD 623

Public Hearing for Taxes Payable in 2022

DECEMBER 14, 2021

PRESENTED BY:

SHARI THOMPSON,

DIRECTOR OF BUSINESS SERVICES

Minnesota State 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

- Background Information on School Funding
- District's Budget
- District's Proposed Tax Levy for Taxes Payable in 2022
- 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 and capital needs to voters for approval

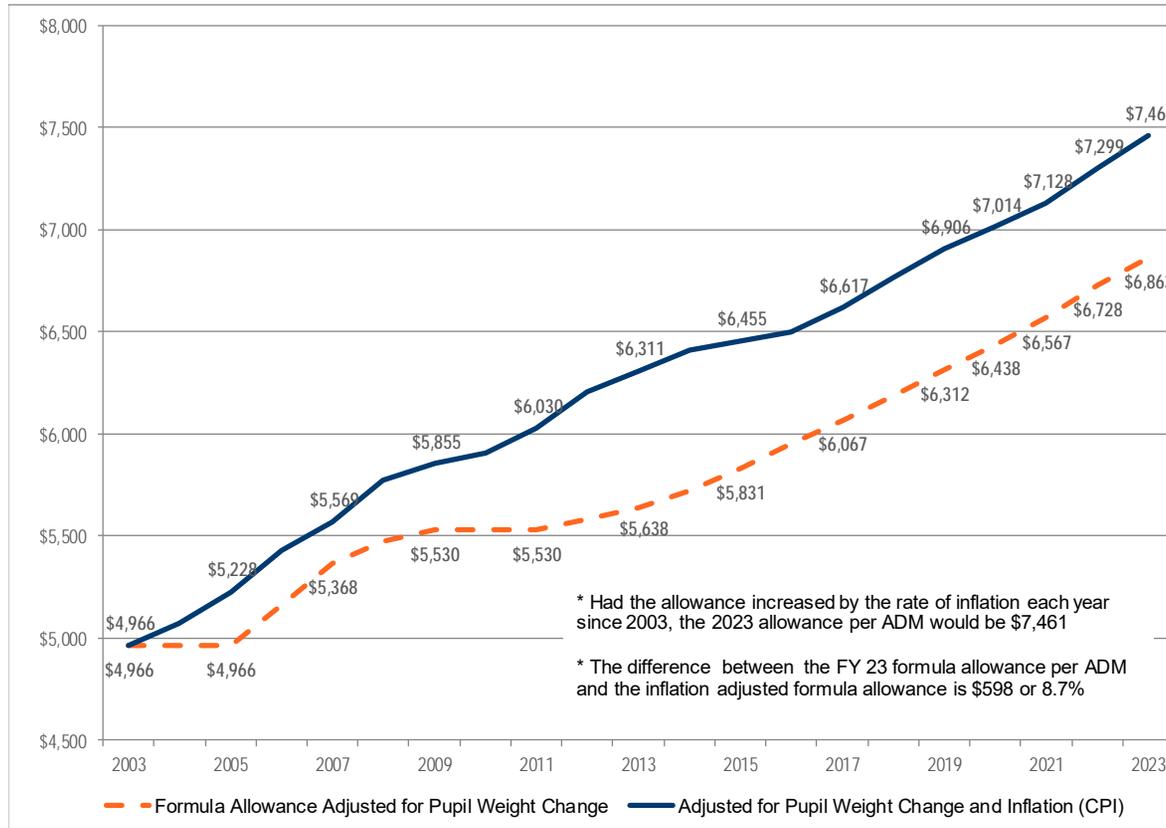
Challenge: State Set Basic General Education Formula Lags Inflation

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2021-22, an increase of 2.45% or \$161 over previous year was approved
- For Fiscal Year 2022-23, an increase of 2.00% or \$135 over current year was approved

Per-pupil allowance for Fiscal Year 2022-23 of \$6,863 would need to increase by another \$598 (8.7%) to have kept pace with inflation since 2002-03

General Education Formula Allowance, 2003-2023

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE April 2021 Inflation Estimates

Underfunding of Special Education

MDE reports FY 2020 costs of providing special education programs were underfunded statewide by \$673 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

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

School District Levy Cycle Differs from City/County Levy Cycle

City/County:

- Budget Year same as calendar year
- 2022 taxes provide revenue for 2022 calendar year budget

Schools:

- Budget year begins July 1st and coincides with school year
- 2022 taxes provide revenue for 2022-23 school fiscal year
- Budget will be adopted in June 2022

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 2022-23 budget will be adopted by School Board in June 2022.

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*

Roseville Area Schools, ISD 623

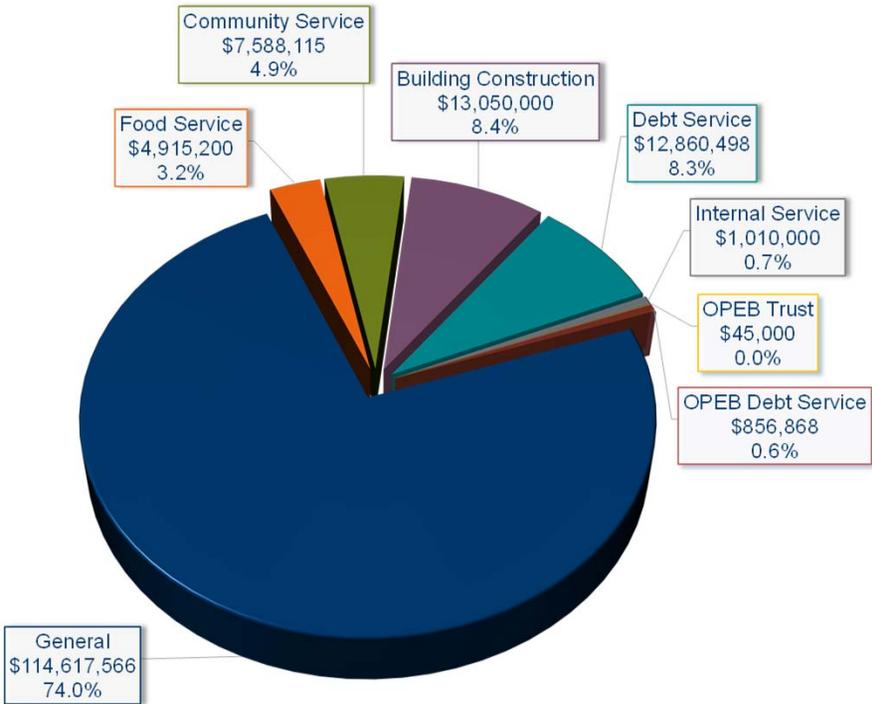
District Revenues and Expenditures
Actual for FY 2021, Budget for FY 2022

FUND	FISCAL 2021 BEGINNING	2020-21 ACTUAL	2020-21 ACTUAL	JUNE 30, 2021 ACTUAL	2021-22 BUDGET	2021-22 BUDGET	JUNE 30, 2022 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES	REVENUES & TRANSERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES
General/Restricted	\$2,226,463	\$13,801,281	\$14,294,758	\$1,732,986	\$18,106,122	\$18,542,848	\$1,296,260
General/Other	6,624,473	92,059,594	95,909,444	2,774,623	96,511,444	98,086,987	1,199,080
Food Service	379,921	6,199,219	4,826,876	1,752,264	4,915,200	4,800,849	1,866,615
Community Service	740,545	7,433,301	6,957,063	1,216,783	7,588,115	7,429,432	1,375,466
Building Construction	54,211,068	20,861,911	65,034,676	10,038,303	13,050,000	21,400,000	1,688,303
Debt Service	1,514,555	12,007,620	11,562,439	1,959,736	12,860,498	9,619,300	5,200,934
Internal Service	602,252	990,069	1,010,955	581,366	1,010,000	995,000	596,366
OPEB* Irrevocable Trust	8,588,557	113,102	734,023	7,967,636	45,000	995,000	7,017,636
OPEB* Debt Service	819,876	893,048	911,913	801,011	856,868	859,313	798,566
Total All Funds	\$75,707,710	\$154,359,145	\$201,242,147	\$28,824,708	\$154,943,247	\$162,728,729	\$21,039,226

*Other Post Employment Benefits

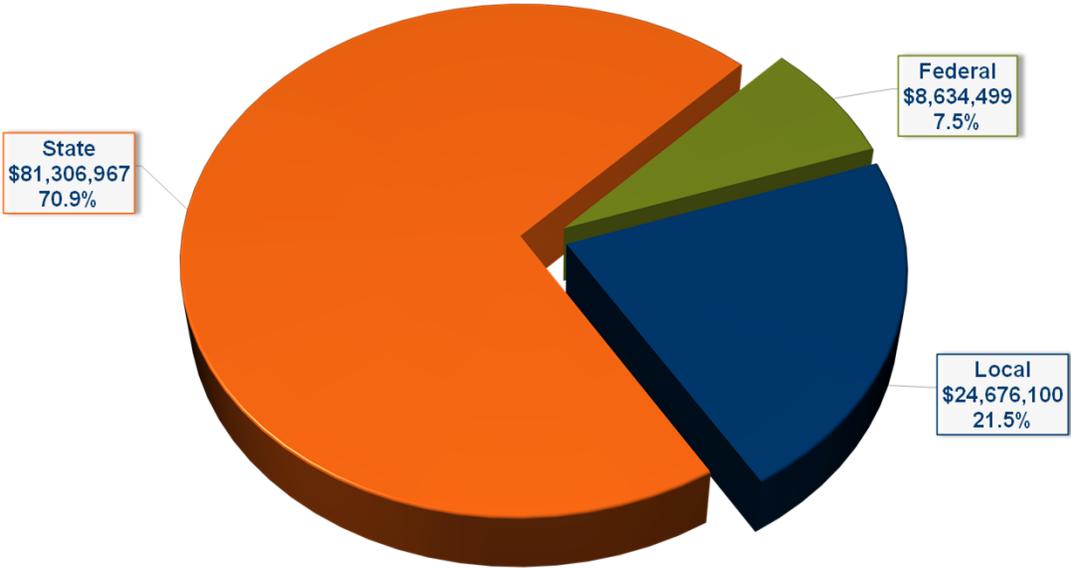
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Revenue – All Funds
2021-22 Budget \$154,943,247



Roseville Area Schools

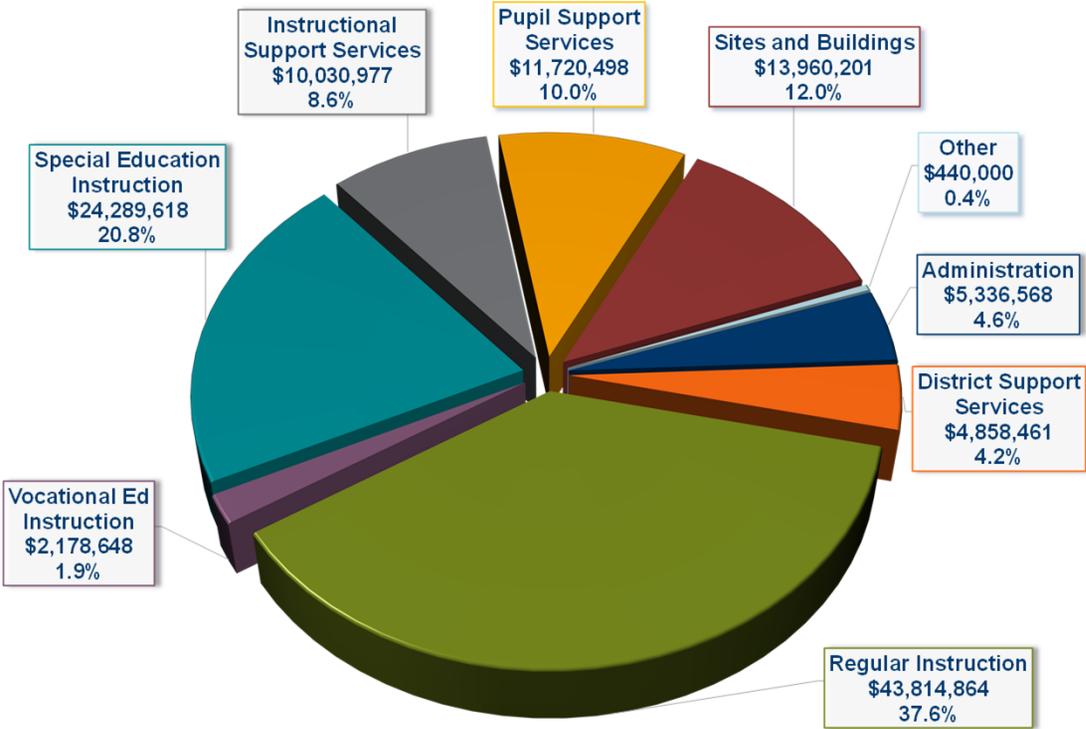
General Fund Revenue
2021-22 Budget \$114,617,566



Roseville Area Schools

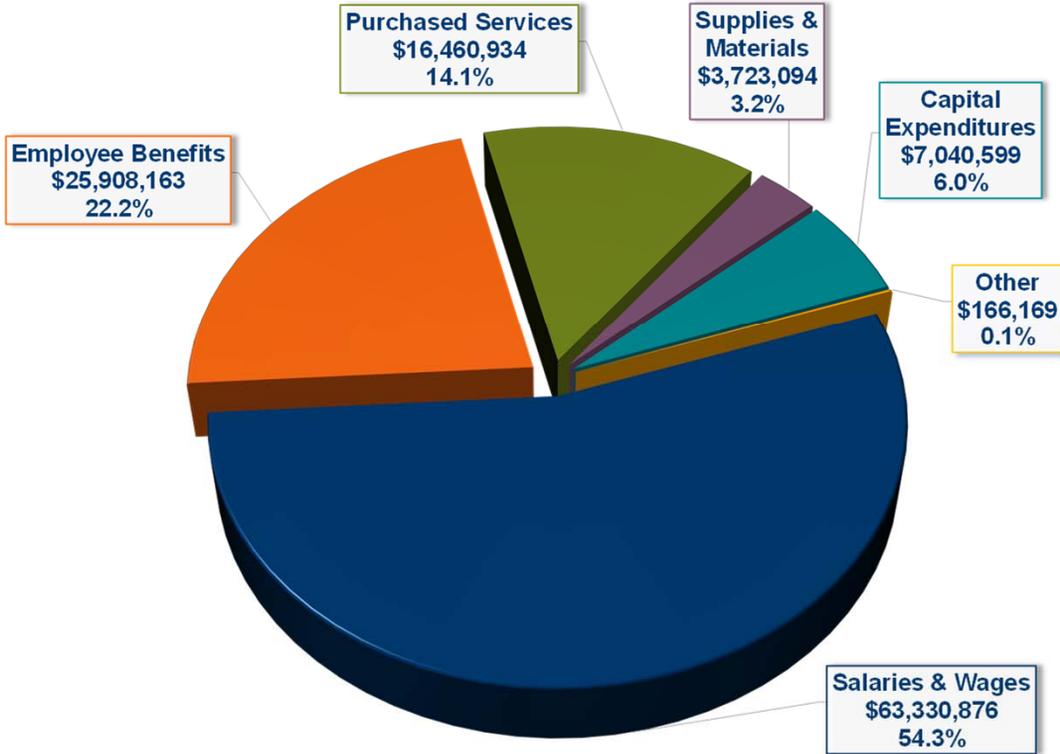
General Fund Expenditures by Program

2021-22 Budget \$116,629,835



Roseville Area Schools

General Fund Expenditures by Object
2021-22 Budget \$116,629,835



Payable 2022 Property Tax Levy

- Determination of levy
- Comparison of 2021 to 2022 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, often based on limits 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 2022 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

PROPOSED TAXES 2022

THIS IS NOT A BILL. DO NOT PAY.



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 Road South
Spruceville, MN 55555-5555

Property Information

PDN Number: Property Address:
01.234.56.789.R.1 789 Pine Rd S
Spruceville, MN
55555

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

The time to provide feedback on PROPOSED LEVIES is NOW

It is too late to appeal your value without going to 1st Court.

VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2021	2022
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class:	Res N/Hmstd	Res Hmstd
PROPOSED TAX			
2	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	
PROPERTY TAX STATEMENT			
3	Coming in 2022		

Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2021	Proposed 2022
State General 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 3, 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 999 130 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789	December 10, 7:00 PM Spruceville High School Cafeteria		
Voter Approved Levies		\$389.35	\$206.68
Other Levies		\$340.11	\$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 2022 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 for each category are set by:
 - State law
 - Voter approval

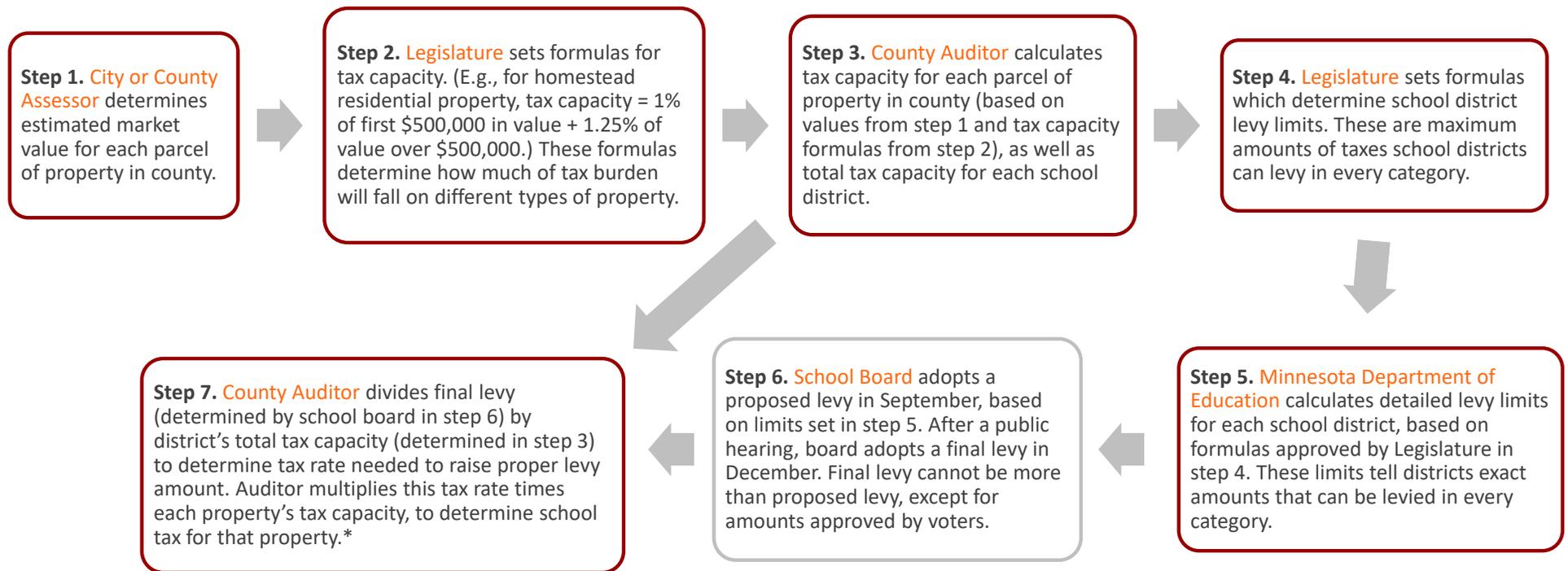
Minnesota Department of Education (MDE) calculates levy maximums for each district

Property Tax Background

School District Property Taxes

- 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 7 steps

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 2021 (Payable 2022) Tax Levy



Overview of Proposed Levy Payable in 2022

- Proposed property tax levy for 2022 is an increase from 2021 of \$4,817,917 or 11.7%
- Includes \$14,658,635 net increase from proposed levy approved by School Board in September and amounts in proposed tax statements
 - District refinanced some of its existing bonds, reducing debt service levy
 - Total savings from refinancing is approximately \$174,000, with reduction in debt service levies for taxes payable in 2022 through 2025
 - Operating referendum renewal and increase questions approved by the voters in election held on November 2nd
- Reasons for major increases and decreases in levy are included on following slides

Roseville Area Schools, ISD 623

Comparison of Actual Tax Levy Payable in 2021 to Proposed Levy Payable in 2022

Fund Levy Category	Actual Levy Payable in 2021	Proposed Levy Payable in 2022	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$7,936,803	\$15,527,326	\$7,590,523	
Local Optional Revenue (LOR)	5,967,794	5,985,050	17,256	
Equity	946,836	564,565	(382,271)	
Operating Capital	799,597	931,256	131,658	
Alternate Teacher Compensation	739,026	706,109	(32,917)	
Achievement and Integration	527,906	528,041	135	
Safe Schools	420,679	421,873	1,194	
Career and Technical	433,473	433,473	0	
Long Term Facilities Maintenance (LTFM)	5,104,516	5,178,196	73,680	
Instructional Lease	2,185,987	2,133,624	(52,363)	
Other	398,544	324,108	(74,436)	
Prior Year Adjustments	910,921	(1,897,500)	(2,808,421)	
Total, General Fund	\$26,372,082	\$30,836,121	\$4,464,039	16.9%
Community Service				
Basic Community Education	\$389,053	\$413,137	\$24,085	
Early Childhood Family Education	210,627	225,140	14,513	
School-Age Child Care	425,000	440,000	15,000	
Other	12,934	13,544	610	
Prior Year Adjustments	(22,159)	16,051	38,211	
Total, Community Service Fund	\$1,015,454	\$1,107,872	\$92,418	9.1%
Debt Service				
Voter Approved	\$12,340,913	\$12,006,313	(\$334,600)	
Long-Term Facility Maintenance (LTFM)	754,173	1,117,917	363,744	
Other Post Employment Benefits	901,754	1,240,221	338,467	
Reduction for Debt Excess	(439,139)	(408,189)	30,950	
Prior Year Adjustments	159,665	22,564	(137,101)	
Total, Debt Service Fund	\$13,717,366	\$13,978,826	\$261,460	1.9%
Total Levy, All Funds	\$41,104,902	\$45,922,819	\$4,817,917	11.7%
Subtotal by Truth in Taxation Categories:				
Voter Approved	19,228,848	26,750,927	7,522,078	
Other	21,876,054	19,171,893	(2,704,161)	
Total	\$41,104,902	\$45,922,819	\$4,817,917	11.7%

Explanation of Levy Changes

Categories: General Fund – Voter Approved Operating Referendum & Equity

Changes: +\$7,590,523 (Operating Referendum) and -\$382,271 (Equity)

Use of Funds: General operating expenses

Reason for Changes:

- Voters approved election questions to renew and increase operating referendum authority in a referendum held on November 2, 2021
- Increases in operating referendum authority result in a reduction to equity revenue, based on state-determined formula

Explanation of Levy Changes

Category: General Fund – Prior Year Adjustments

Change: -\$2,808,421

Use of Funds: Various

Reason for Change:

- Each year, initial levies are based on estimates of enrollment, values, and expenditures for future years
- In later years, estimates are updated, and levies are retroactively adjusted
- For Long Term Facilities Maintenance category, adjustments for taxes payable in 2021 were a large positive amount as compared to large negative amount for taxes payable in 2022

Explanation of Levy Changes

Categories: Debt Service Fund – Voter Approved, Long Term Facilities Maintenance (LTFM), and Other Post Employment Benefits (OPEB)

Changes: -\$334,600 (Voter Approved), +\$363,744 (LTFM), and +\$338,467 (OPEB)

Use of Funds: Payments on bonds

Reason for Changes:

- District refinanced some of its existing voter approved bonds, reducing debt service levy
- Planned increase in total debt service levies to maintain a level tax rate and minimize interest costs, due to expected growth in the District's tax base

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

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
- All examples are based on no change in property value over this four-year period
 - 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

Impact on Taxpayers

- Examples are for property in City of Roseville
- Amounts for 2022 are preliminary estimates, based on best available data – final amounts could change slightly
- Estimates prepared by Ehlers, District's municipal financial advisors

Roseville Area Schools, ISD 623

Estimated Changes in School Property Taxes, 2019 to 2022

Based on No Increases in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2019	Actual Taxes Payable in 2020	Actual Taxes Payable in 2021	Estimated Taxes Payable in 2022			Change in Taxes 2019 to 2022	Change in Taxes 2021 to 2022
					Initial Proposed	Net Change*	Total		
Residential Homestead	\$175,000	\$881	\$818	\$775	\$537	\$342	\$879	-\$2	\$104
	200,000	1,023	951	902	628	391	1,019	-4	117
	225,000	1,166	1,084	1,030	719	440	1,159	-7	129
	280,000	1,480	1,377	1,310	919	547	1,466	-14	156
	300,000	1,594	1,483	1,412	992	587	1,579	-15	167
	350,000	1,879	1,749	1,666	1,174	685	1,859	-20	193
	400,000	2,165	2,016	1,921	1,356	782	2,138	-27	217
	450,000	2,440	2,272	2,166	1,529	880	2,409	-31	243
	500,000	2,711	2,524	2,406	1,699	978	2,677	-34	271
550,000	3,021	2,815	2,686	1,902	1,075	2,977	-44	291	
Commercial/ Industrial #	\$100,000	\$541	\$496	\$486	\$329	\$195	\$524	-\$17	\$38
	500,000	3,072	2,827	2,799	1,942	977	2,919	-153	120
	750,000	4,688	4,315	4,278	2,977	1,465	4,442	-246	164
	1,000,000	6,303	5,804	5,756	4,013	1,954	5,967	-336	211
	1,500,000	9,533	8,780	8,714	6,083	2,930	9,013	-520	299

* Net Change includes estimates for the voter-approved operating referendum questions (renewal and increase) and savings from refunding of a bond issue.

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

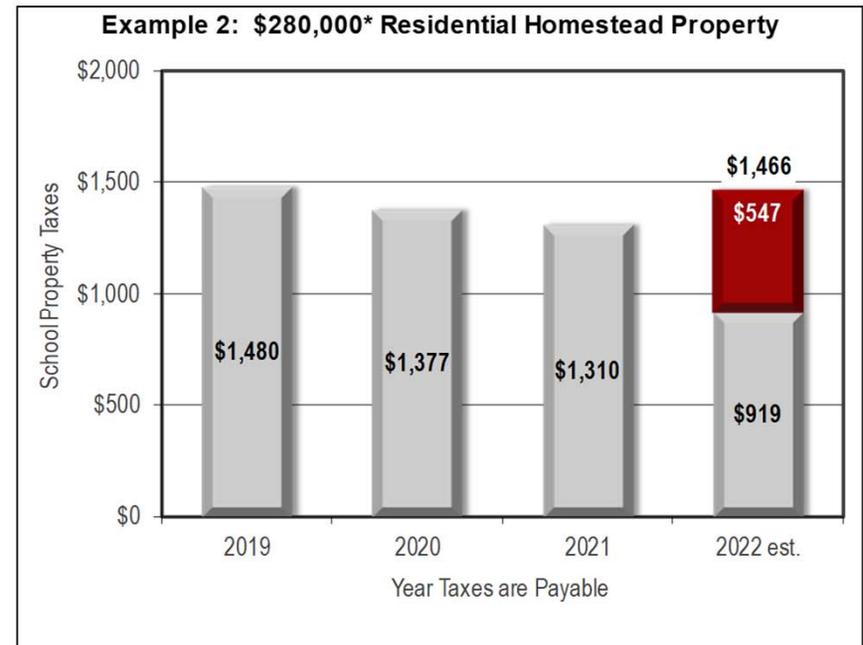
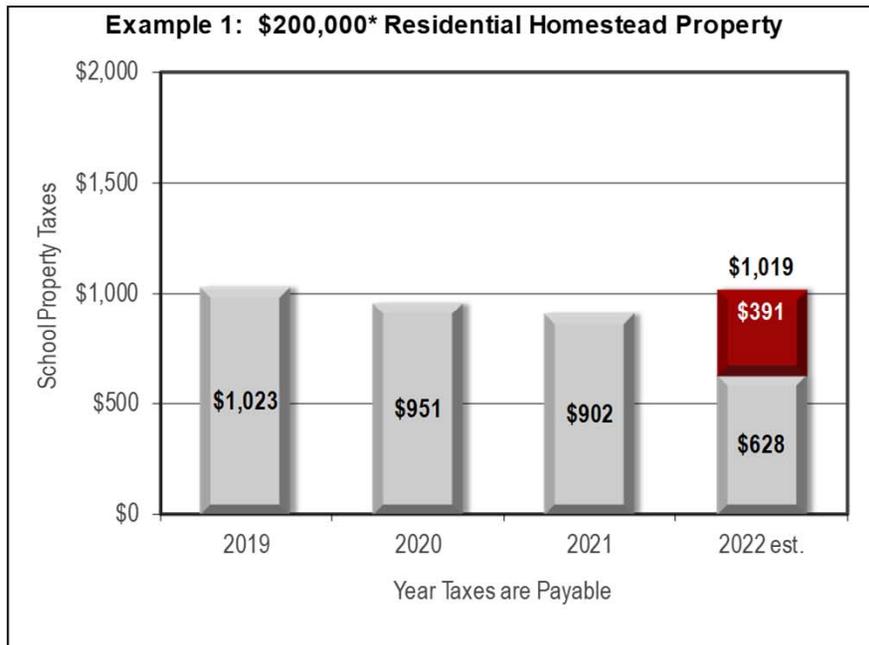
General Notes

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 2022 are preliminary, based on best data available.
3. For all examples of properties, taxes are based on no changes in estimated market value from 2019 to 2022.

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Estimated Changes in School Property Taxes, 2019 to 2022

Based on No Increases in Property Values



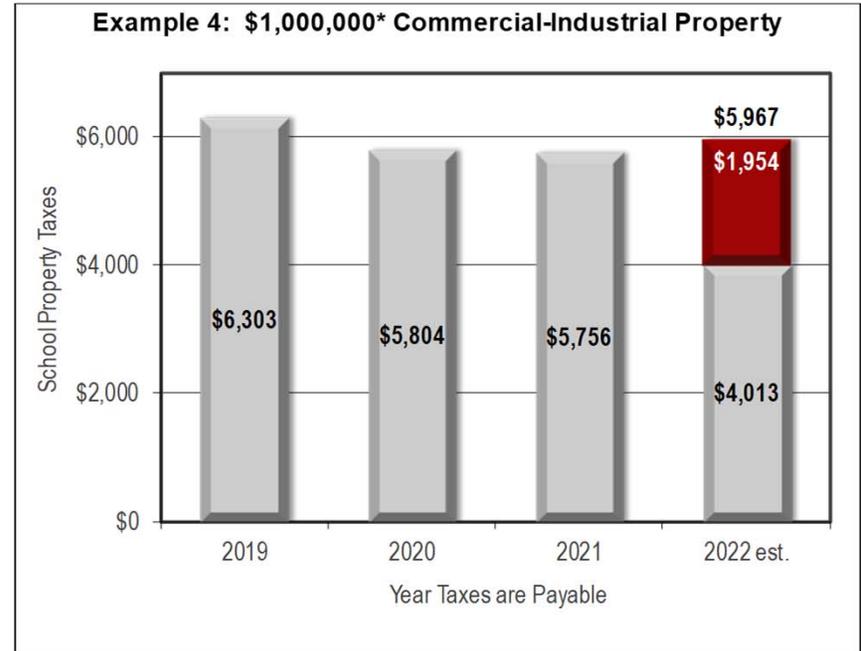
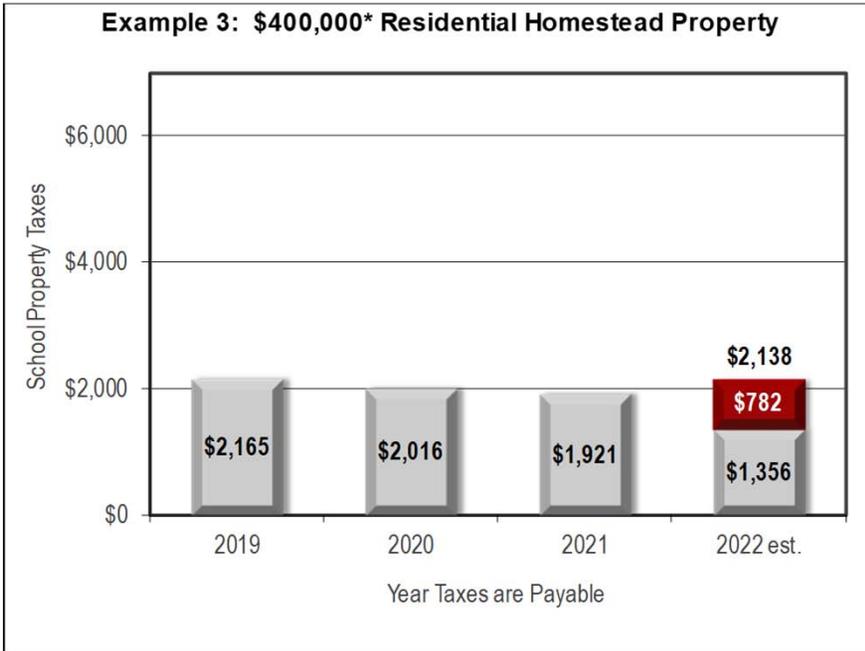
* Estimated market value for taxes payable in 2022. Taxes are calculated based on no changes in market value from 2019 to 2022.

** Darker portion of 2022 bar represents net increase in estimated taxes due to the voter-approved operating referendum questions (renewal and increase) and savings from refunding of a bond issue.

Roseville Area Schools, ISD 623

Estimated Changes in School Property Taxes, 2019 to 2022

Based on No Increases in Property Values



* Estimated market value for taxes payable in 2022. Taxes are calculated based on no changes in market value from 2019 to 2022.

** Darker portion of 2022 bar represents net increase in estimated taxes due to the voter-approved operating referendum questions (renewal and increase) and savings from refunding of a bond issue.

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 2022 property tax levy



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

PUBLIC COMMENTS