

Truth in Taxation Hearing/Special Mtg

Monday, December 18, 2023 6:00 PM

High School Media Center, 810 First Street North, Pine River, MN 56474

1. **Call to Order and Pledge to the Flag**

Speaker(s): Board
Chair

Members: Leslie Bouchonville, Wanda Carlson,
Chris Cunningham, Roger D. Hoplin, Nicki Linsten-
Lodge, David Sheley, Ryan Trumble and
Superintendent Jonathan Clark

2. **Welcome to Visitors**

Speaker(s): Board
Chair

2.1. Public Comments and Time for Interaction with
the Board on Agenda Items

Speaker(s): Board
Chair

3. **Truth in Taxation Hearing**

4. **Discussion Items**

5. **Action Items**

5.1. Approve the Final 2023 Pay 2024 Levy

5.2. Adopt a Resolution for Support of Pine River-
Backus Schools Application as a Highly Reliable
School Model Site

6. **Open Forum**

7. **Adjourn**

Truth In Taxation Meeting Taxes Payable 2024

DECEMBER 18, 2023

PRESENTED BY:
JOLENE BENGTON
BUSINESS MANAGER
PINE RIVER-BACKUS SCHOOLS

Meeting Agenda

- Truth in Taxation Law
- District's 2022-23 Actuals
 - Revenues & Expenditures
- District's 2023-24 Budget
 - Revenues & Expenditures
- Background on Property Taxes
 - Ag2School – Agricultural Land Bond Credit
 - Referendum Market Value vs Net Tax Capacity
- Proposed Tax Levy, Taxes Payable 2024
- Additional Resources
- Public Comments



Truth in Taxation: Law

- State approved property tax law in 1988.
- Seasonal/Recreational properties removed from the district's RMV tax base in 2001.
- Counties required to send out proposed tax statements based on all preliminary tax levies set by counties, cities, townships, schools, etc.
- Most jurisdictions required to hold Truth in Taxation Meetings prior to certifying the final levy



Truth in Taxation: Law

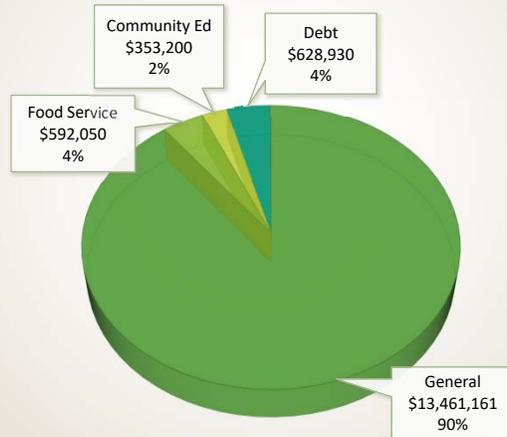
- School Districts are required by law to present information on
 - Prior year 2022-23 actual revenues and expenditures
 - Current year 2023-24 budget to include sources of revenues and expenditures by program
 - The proposed property tax levy to include percentage changes from previous year and explanations of the changes
- A final levy amount must be certified no later than December 28, 2023. The exact dollar amount must be referenced when approving the levy.
- Districts must allow for public comments.

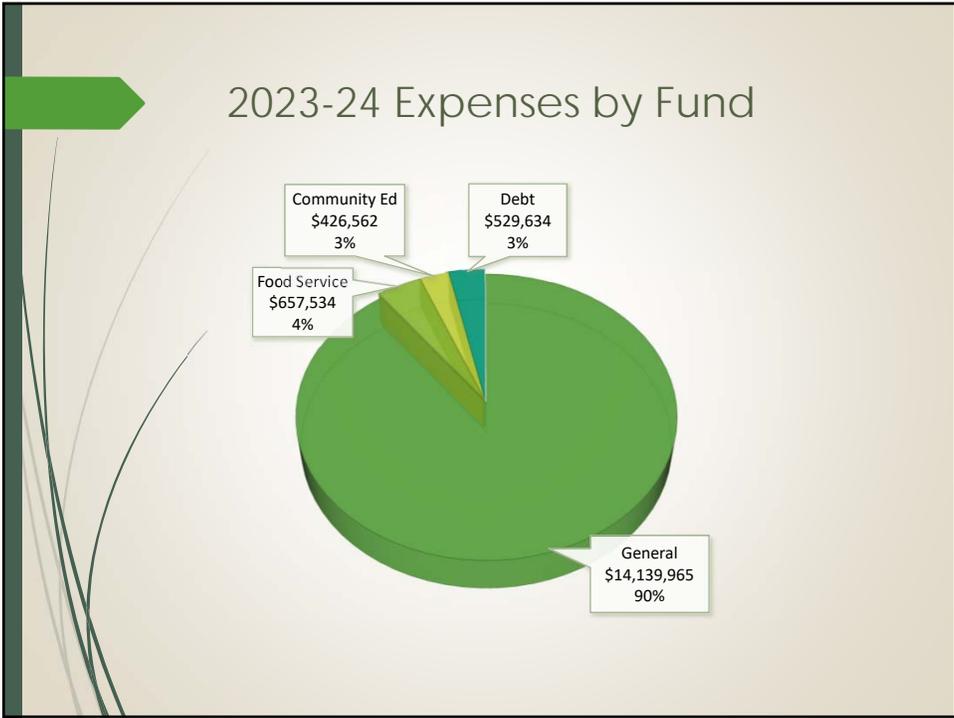
PRB Schools ISD 2174 Revenues & Expenditures

Fund	6/30/2022 Actual Fund Balances	FY 2023 Revenues/Transfers In	FY 2023 Expenses/Transfers Out	6/30/2023 Actual Fund Balances	FY 2024 Budgeted Revenues/Transfers In	FY 2024 Budgeted Expenses/Transfers Out	6/30/2024 Projected Fund Balances
General (01)	4,261,324	12,778,802	(13,274,390)	3,765,736	13,461,161	(14,139,965)	3,086,932
Food Service (02)	299,530	621,028	(593,677)	326,881	592,050	(657,534)	261,397
Community Ed (04)	138,143	371,581	(443,567)	66,157	353,200	(426,562)	(7,205)
Debt (07)	752,573	603,176	(483,592)	872,157	628,930	(529,634)	971,453
TOTAL	5,451,570	14,374,586	(14,795,225)	5,030,931	15,035,341	(15,753,695)	4,312,577

The 2023-24 General Fund budgeted expenses cover \$1,674,512 in construction costs on the Health Services Addition, elementary DCD classroom remodel and districtwide fire alarm system.

2023-24 Revenues by Fund





General Fund Revenue Highlights

Local	1,517,203	11%
State	10,332,737	77%
Federal	1,611,221	12%
	13,461,161	

State funding (General Education Aid, Special Education Aid, etc.) accounts for 77% of total General Fund revenues.

Of the Federal funding, \$939,649 of COVID funds will expire at the end of the 2023-24 school year.

General Fund Expense Highlights

Salaries/Benefits	9,683,068	68%
Purchased Services	1,888,824	13%
Supplies/Materials	722,065	5%
Capital Expenditures	1,663,314	12%
Other	182,694	1%
Total	14,139,965	

Employee pay and benefits account for 68% of 2023-24 General Fund overall budgeted expenses.

With construction costs removed, salary/benefits account for 78% of remaining General Fund expenses.

Background on Property Taxes Determination of Local Tax Rate

- City/County Assessor determines market value for each parcel
- Legislature sets formula for tax capacity
- County Auditor uses formula to determine tax capacity for each parcel and district as a whole
- State Legislature sets formulas for each levy category
- MDE uses formula to determine school district levy limits allowed in each category
- **School Board adopts proposed levy amount in September based on levy limits allowed, certifies final amounts in December**
- County Auditor divides final levy amount by district's total tax capacity to determine tax rate. Applies tax rate to each individual parcel to determine tax amount paid to district.
- NOTE: District has control of only 1 of 7 steps in the levy process.

Background on Property Taxes

- Owners of taxable properties pay taxes to the various jurisdictions applied to their property
 - County, City, Township, School District, etc.
- Each jurisdiction sets its own tax levy as determined by limits based in state law
- Amount of taxes on each property are impacted by changes in levies, individual property values and property values of the district as a whole
 - School district tax amounts are also impacted by changes in enrollment.
- County sends out tax bills, collects payments from property owners, distributes back to each jurisdiction

Background on Property Taxes

- School district property taxes
 - Each school district may levy in up to 40 separate categories (may not qualify for all categories)
 - Limits on maximum amounts in all categories set by state law or voter approval
 - Minnesota Department of Education calculates detailed levy limits for each district

Background on Property Taxes Agricultural Building Bond Tax Credit

- Ag2School was passed into law June 2017.
- Farm & private timber land taxes are given a state-paid reduction on school district debt service levies.
- Phased in through 2023
 - Taxes payable 2020 at 50% credit, 2021 at 55%, 2022 at 60%, final year of phase in taxes payable 2023 at 70%.
 - Subsequent years are funded at 70%.
 - Our district is approximately 10% Ag & Timber property
- Reductions are funded through income/sales/other tax revenues and do not show up in district levy calculations.

Background on Property Taxes

REFERENDUM MARKET VALUE (RMV)

- Spread based on "referendum market value"
- Seasonal/recreational (cabins) and rural vacant (timber) properties do not pay
- Ag properties: Only the house, garage and one acre of land is taxed
- Commercial property taxed at same rate as residential
- Equalized based on a tiered system

Operating Referendum

NET TAX CAPACITY (NTC)

- Spread based on "net tax capacity"
- Values multiplied by classification rates
- All properties are taxed – residential, commercial, seasonal/recreational, rural vacant and all ag land (not just house and one acre)
- **PRB is 45% Seasonal/Rec and 10% Agricultural**

Bond Referendum

All levies are spread on either RMV or NTC parcels

Background on Property Taxes



Cass County

Maple Township

Ponto Township

City of Pine River

ISD

ISD 2174 Net Tax Capacity

Ag

ISD 2174 RMV

Seasonal

ISD 2174 RMV

Seasonal

ISD 2174 RMV

Proposed Levy Taxes Payable 2024

- Required Process for Levy
 - Early September – MDE prepares & distributes the first draft of levy limitation worksheets
 - September School Board Meeting – PRB School Board approves proposed levy amounts
 - Mid-November – Cass and Crow Wing Counties send proposed 2024 tax statements to all taxpayers
 - December School Board Meeting – Truth in Taxation Meeting, PRB School Board approves final levy amounts

Final Certified Levy: Maximum Allowable Amount

GENERAL LEVY

Local Option Revenue	768,296.58
Operating Capital w/adj	218,626.11
Reemployment w/adj.	19,175.65
Safe Schools Levy w/adj	30,902.40
Career Technical	21,167.49
Long Term Facility Maint	369,680.16
Facility & Equip Bond Adjust	-86,543.10
Tree Growth	11,950.92
Abatement	37.41
GENERAL TOTAL	1,353,293.62

COMMUNITY SERVICE LEVY

Basic	71,833.60
Early Childhood	45,976.58
Home Visiting	1,013.54
Abatement	3.63
COMM SERVICE TOTAL	118,827.35

DEBT SERVICE LEVY

DEBT SERVICE TOTAL	536,146.43
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TOTAL LEVY	2,008,267.40
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Final Certified Levy: Maximum Allowable Amount

	Certified Pay 2023	Maximum Pay 2024	\$ Change
General	1,044,853	1,353,294	308,441
Community Service	114,379	118,827	4,448
Debt Service	554,514	536,146	(18,367)
TOTAL	1,713,746	2,008,267	294,522

Maximum allowable amount for taxes payable 2024 increased by \$294,522 or 17.19% above the certified amounts for taxes payable 2023.

When certifying the proposed levy in September, PRB School Board certified the proposed maximum amount allowed for 2024. Cass and Crow Wing Counties then used this number when sending out proposed 2024 tax statements to all property taxpayers.

Final Certified Levy: Specific Levy Category Changes

	Certified Pay 2023	Maximum Pay 2024	\$ Change
Local Option Revenue	693,652	768,297	74,645
Operating Capital	199,679	218,626	18,947
Long Term Facilities Maint	141,389	369,680	228,291
TOTAL	1,034,720	1,356,603	321,883

Local Option Revenue and Operating Capital are equalized levy categories, meaning the state will contribute aid based on a district's property values/pupil units. When property values increase and enrollment stays constant or decreases, your district's equalization factor increases. If your district's equalization factor exceeds the state's limit you get no state aid to help offset property taxes. Our levy in these two categories increased \$93,592. Our state aid for the same two categories decreased \$90,674.

Long Term Facilities Maintenance for the 2024 levy cycle includes a \$238,715 one-time cost for districtwide fire alarm replacements.

Final Certified Levy Maximum by Tax Category

	Certified Pay 2023	Maximum Pay 2024	\$ Change
RMV	693,652	768,297	74,644
Net Tax Capacity	1,020,093	1,239,971	219,878
TOTAL	1,713,746	2,008,267	294,522

Referendum Market Value - The increase in this category assumes Local Option Revenue is certified at \$424/pupil unit and is calculated based on property values and pupil counts. LOR is the only levy assessed solely on RMV.

Net Tax Capacity is assessed on all taxable property in the district. All other levy categories are assessed on NTC.

Additional Resources

- Cass County Auditor/Treasurer
 - (218) 547-7260
 - <https://www.casscountymn.gov/>
- Crow Wing County Land Services
 - (218) 824-1010
 - <https://www.crowwing.gov/>
- MN Department of Revenue – Property Tax Refund
 - Form M1PR 2023
 - Can be filed with your income taxes or due August 15, 2024.
 - <https://www.revenue.state.mn.us/filing-property-tax-refund>

Public Comments?



PINE RIVER-BACKUS SCHOOLS
 2023 Pay 2024 Levy Information
 Levy Amounts as of December 14, 2023

Category:	Maximum Levy 22 Pay 23	Proposed 22 Pay 23	Maximum Levy 23 Pay 24	Proposed 23 Pay 24	Maximum Difference	Certified Prior Year vs Proposed Current Year Difference
GENERAL						
Local Option Revenue	693,652.30	693,652.30	768,296.58	768,296.58	74,644.28	74,644.28
Operating Capital w/adj	199,679.32	199,679.32	218,626.11	218,626.11	18,946.79	18,946.79
Deferred Maintenance	0.00	0.00	0.00	0.00	0.00	0.00
Reemployment w/adj.	5,000.00	5,000.00	19,175.65	19,175.65	14,175.65	14,175.65
Safe Schools Levy w/adj	32,879.52	32,879.52	30,902.40	30,902.40	(1,977.12)	(1,977.12)
Career Technical	47,597.82	47,597.82	21,167.49	21,167.49	(26,430.33)	(26,430.33)
Health & Safety w/adj.	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Facility Maint	141,388.71	141,388.71	369,680.16	369,680.16	228,291.45	228,291.45
Building Lease	0.00	0.00	0.00	0.00	0.00	0.00
Facility & Equip Bond Adjust	(87,174.00)	(87,174.00)	(86,543.10)	(86,543.10)	630.90	630.90
Tree Growth	11,950.92	11,950.92	11,950.92	11,950.92	0.00	0.00
Abatement	(121.83)	(121.83)	37.41	37.41	159.24	159.24
GENERAL TOTAL	1,044,852.76	1,044,852.76	1,353,293.62	1,353,293.62	308,440.86	308,440.86
COMMUNITY SERVICE						
Basic	64,572.16	64,572.16	71,833.60	71,833.60	7,261.44	7,261.44
Early Childhood	48,618.72	48,618.72	45,976.58	45,976.58	(2,642.14)	(2,642.14)
Home Visiting	1,020.00	1,020.00	1,013.54	1,013.54	(6.46)	(6.46)
School Age Care	179.83	179.83	0.00	0.00	(179.83)	(179.83)
Abatement	(11.76)	(11.76)	3.63	3.63	15.39	15.39
COMM SERVICE TOTAL	114,378.95	114,378.95	118,827.35	118,827.35	4,448.40	4,448.40
DEBT SERVICE	554,513.89	554,513.89	536,146.43	536,146.43	(18,367.46)	(18,367.46)
TOTAL LEVY	1,713,745.60	1,713,745.60	2,008,267.40	2,008,267.40	294,521.80	294,521.80

Change from Prior Year: 17.19% 17.19%

TOTALS BY TAX BASE	2022 Pay 2023	2023 Pay 2024	Change	Change
Referendum Market Value	693,652.30	768,296.58	74,644.28	10.76%
Net Tax Capacity	1,020,093.30	1,239,970.82	219,877.52	21.55%
	1,713,745.60	2,008,267.40	294,521.80	17.19%

PROPERTY VALUES

	2021	2022	\$ Change	% Change
Market Value	1,756,248,173	2,404,398,517	648,150,344	37%
RMV	768,832,376	1,154,880,397	386,048,021	50%
NTC	17,935,281	26,321,089	8,385,808	47%
ANTC	19,688,085	24,142,745	4,454,660	23%

PUPIL COUNTS

	2024	2025	Change	% Change
RPU	1,111.50	1,109.10	(2.40)	-0.22%
APU	924.90	937.30	12.40	1.34%

LOCAL OPTIONAL REVENUE	2023	2024	Change		
LOR Levy (\$424)	408,354.40	397,415.20	(10,939.20)		
Board Approved LEVY (\$300)	220,443.97	281,190.00	60,746.03		
Equity LEVY	161,319.25	156,997.75	(4,321.50)		
Adjusts	(96,465.32)	(67,306.36)	29,158.96		
TOTAL LEVY	693,652.30	768,296.59	74,644.29		
TOTAL AID	68,486.03	-	(68,486.03)		
Total LOR	762,138.33	768,296.59	6,158.26		

OPERATING CAPITAL	2023	2024	Change	District ANTC/APU	State Equalization
Levy	199,187	217,369	18,182	25,757.76	22,912.00
Levy Adjusts	492	1,257	765		
Aid	24,063	1,875	(22,188)		
Total	223,742	220,501	(3,241)	<i>20,442.41 last year</i>	

Pursuant to due call and notice thereof, a meeting of the School Board of Independent School District No. 2174, Pine River-Backus, Minnesota, was held on the 18th day of December, 2023 at 6:00 p.m.

The following Board Members were present:

and the following were absent:

Board member _____ introduced the following resolution and moved its adoption.

***RESOLUTION FOR SUPPORT OF PINE RIVER-BACKUS SCHOOLS APPLICATION AS A
HIGHLY RELIABLE SCHOOL MODEL SITE***

WHEREAS, This resolution from the Pine River-Backus District School Board indicates our support of the HRS Model School Application for the PRB School District..

NOW THEREFORE BE IT RESOLVED, by the School Board of Independent School District No. 2174 that the Board of Education is in support of the Pine River-Backus Schools application for being designated as a Highly Reliable School (HRS) Model Site.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

Chris Cunningham, Chair

Wanda Carlson, Clerk