

ISD 821

Menahga Public Schools

Truth in Taxation Presentation

December 17, 2024



Agenda

- Review of Meeting Requirements
- Presentation of current school year budget
- Presentation of proposed tax levy
- Public comment



Truth in Taxation Requirements

- Meeting must be held between November 25 and December 30 at 6pm or later
- May be a part of a regularly scheduled meeting
- Presentation must include discussion on:
 - Fiscal Year 2025 budget
 - Pay 2025 Proposed Tax Levy
- Must allow for public comments



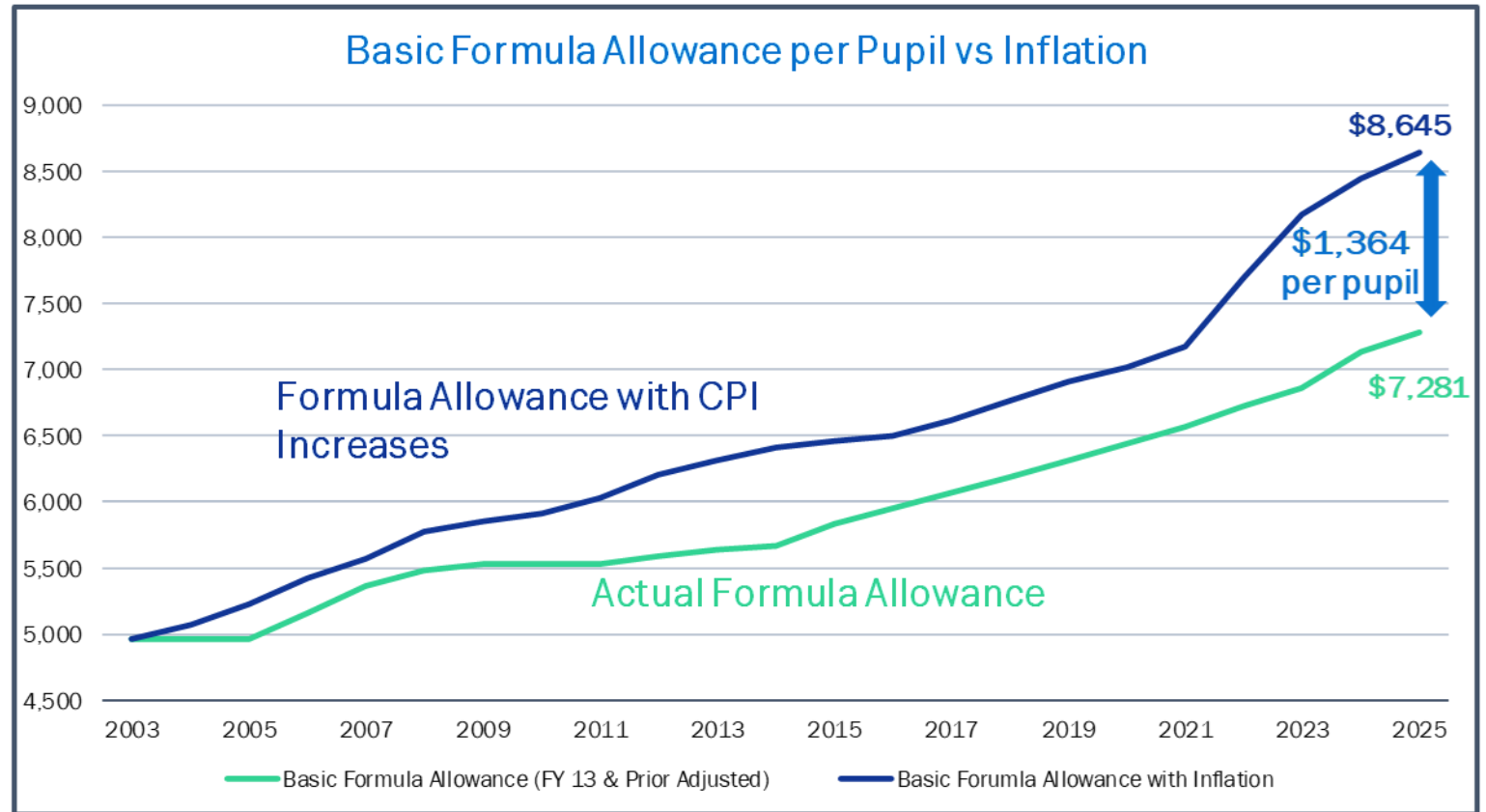
Minnesota School Funding

- Public school districts are funded by the federal government, state government, local fees and local taxpayers through property taxes with the state of Minnesota being the largest source of funding.



State Funding

Basic general formula has not kept up with state funding over the last 20 years



¹ Inflation is based on consumer price index

² Basic formula allowance includes changes made by legislature in 2023 and is adjusted for FY 2014 and earlier due to pupil weight changes

³ FY 2024-25 are based on estimated inflation forecasts updated in June 2024 by the State of Minnesota



FY 2025 Budget

- Our school district is required to use “Fund Accounting” thus we account for our revenues and expenditures using six separate funds:

- General Fund *
- Food Service Fund
- Community Service Fund *
- Building Construction Fund
- Debt Service Fund *

*Funds have a tax levy component



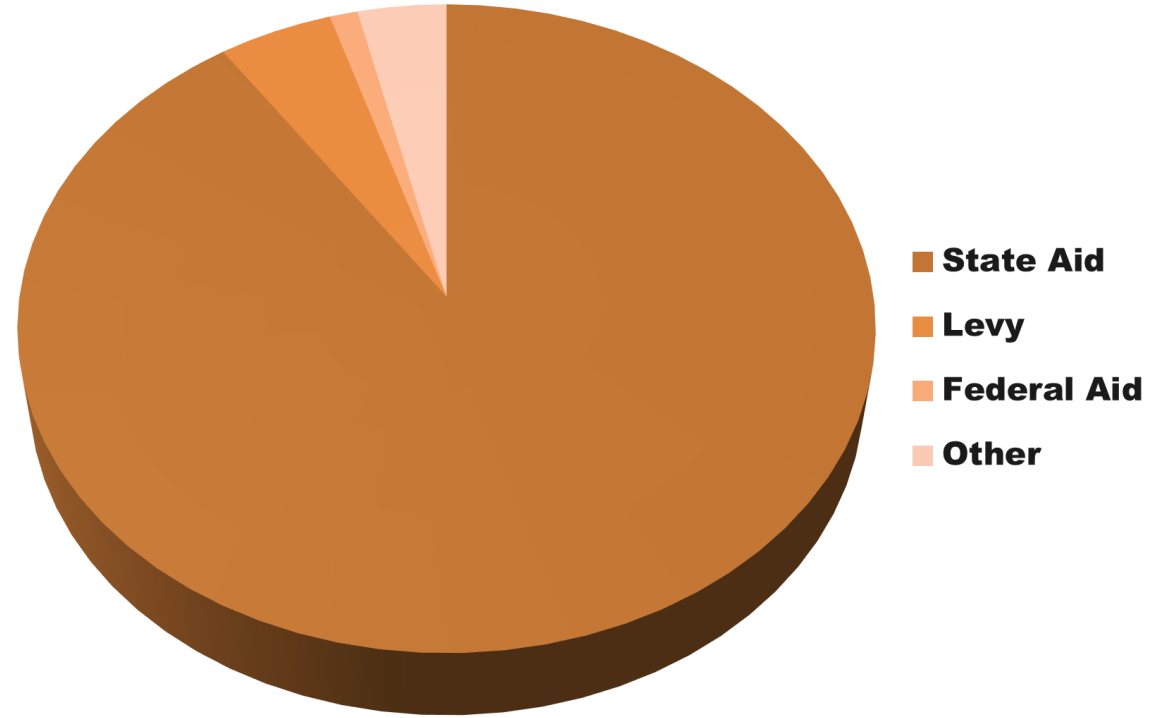
Budget Overview

2024-25 Original Budget Summary			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess/(Deficit)</u>
General Fund	\$ 13,469,138	\$ 13,329,984	\$ 139,154
Food Service	\$ 864,800	\$ 982,795	\$ (117,995)
Community Service	\$ 212,444	\$ 225,139	\$ (12,695)
Debt Service	\$ 1,331,897	\$ 1,307,275	\$ 24,622

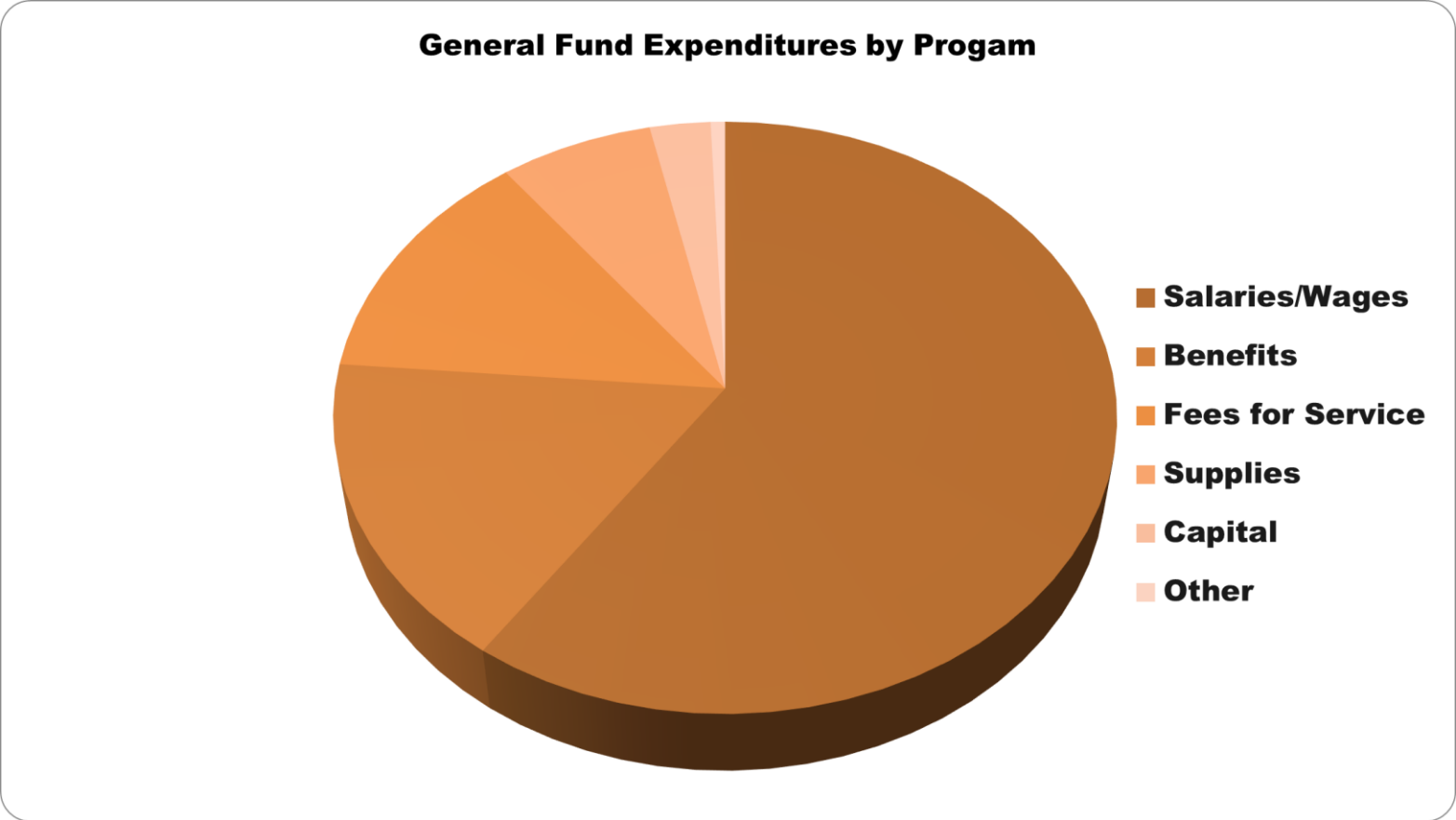


FY 2025 Revenues by Source

General Fund Revenue by Source



FY 2025 Expenditures by Program



School District Tax Levy Timeline

Summer	September	November 5	November 25 - December 30	2025
Information provided to State for preliminary levy calculations	Preliminary levy certification by school board	Hold elections; elections for bonds or levies can cause the final levy to be higher than the preliminary levy set in September	School District holds Truth in Taxation meeting and certify final property tax levy for taxes payable in 2025	Property taxes collected by counties and distributed to the school district



Local Property Tax Levy

- State limits the local property tax levy by statutorily defined formulas
 - Levy limitation formulas are driven by:
 - Pupil Counts
 - Specific eligible expenditure types
 - Population
 - Voter authorization
 - Districtwide Property Valuations



Levy Overview

	Final Pay 2024	Proposed Pay 2025	\$ Change	% Change
General Fund (Fund 1)				
Local Optional	405,550	447,626	42,076	10.4%
Equity	123,365	144,708	21,343	17.3%
Transition	40,975	48,009	7,034	17.2%
Operating Capital	52,755	63,101	10,346	19.6%
Safe Schools	-	37,679	37,679	-
Career & Technical	38,489	52,262	13,774	35.8%
Long Term Facilities Maintenance	39,935	45,885	5,951	14.9%
Building/Land Lease	-	4,620	4,620	-
Tree Growth	14,585	14,585	-	0.0%
<i>Adjustments and Abatements</i>	<i>(77,489)</i>	<i>6,847</i>	<i>84,336</i>	<i>-</i>
General Fund Total Levy	638,164	865,324	227,160	35.6%
Community Service (Fund 4)				
Basic Community Education	21,053	22,049	996	4.7%
Early Childhood Education	11,244	13,365	2,122	18.9%
Home Visiting	318	411	93	29.2%
<i>Adjustments and Abatements</i>	<i>(555)</i>	<i>81</i>	<i>636</i>	<i>-</i>
Community Service Fund Total Levy	32,060	35,906	3,847	12.0%
Debt Service Fund (Fund 7)				
Voter Approved Debt Service	1,088,715	1,150,433	61,718	5.7%
Non-Voter Approved Debt Service	75,598	96,975	21,377	28.3%
<i>Adjustments and Abatements</i>	<i>(37,808)</i>	<i>(125,891)</i>	<i>(88,083)</i>	<i>-</i>
Debt Service Fund Total Levy	1,126,506	1,121,517	(4,989)	-0.4%
Total Property Tax Levy All Funds	1,796,729	2,022,747	226,018	12.58%



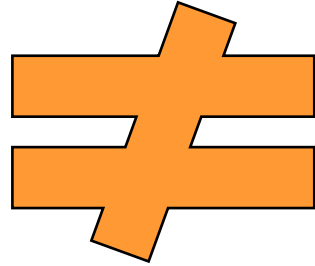
Levy Highlights

Safe Schools	+ \$37,679 Increase due to no Safe Schools levy certified for Pay 2024
Local Optional Revenue	+ \$42,076 Increase due to increasing enrollment and reduction in state aid
Adjustments and Abatements	+ \$84,336 Increase due to change in amount of prior year adjustments and abatements.



Tax Levy and Budget

% Change to Tax
Levy



% Change to
Budget Revenue

Some levy increases are offset by a reduction in state aid meaning no additional revenue for school district budget



Tax Valuation Types

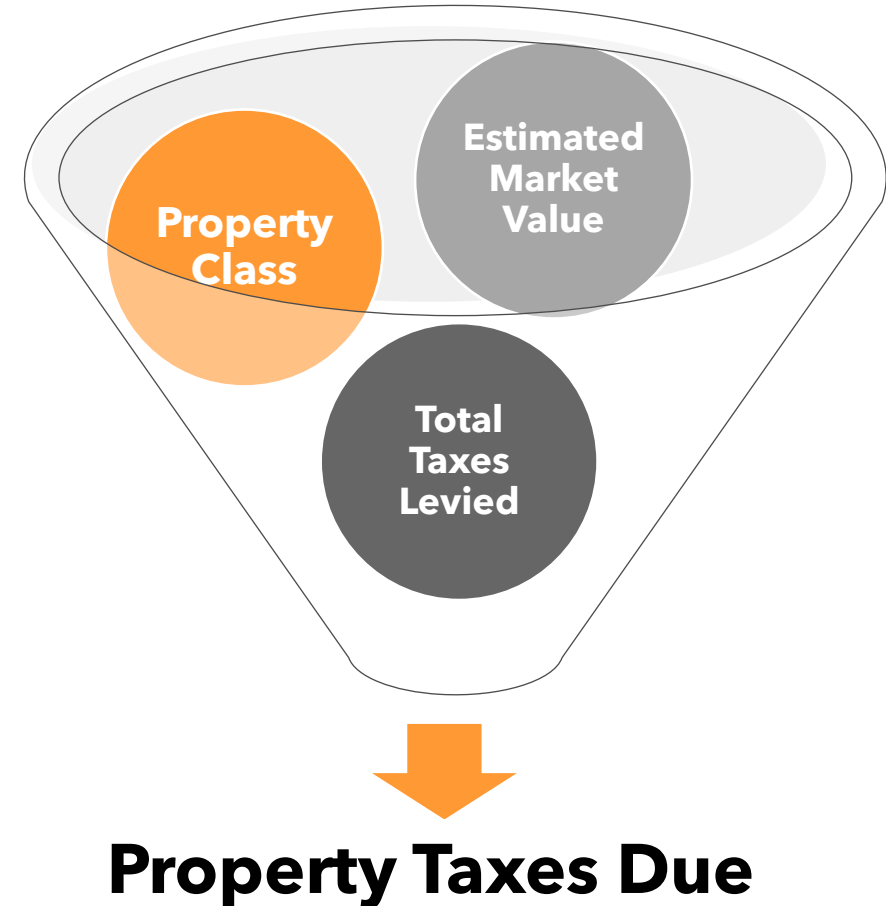
- Net Tax Capacity
 - Most all property types pay on this amount
- Referendum Market Value
 - **EXCLUDES** Ag Land and Seasonal Rec properties



Calculating Property Taxes

3 Key Variables

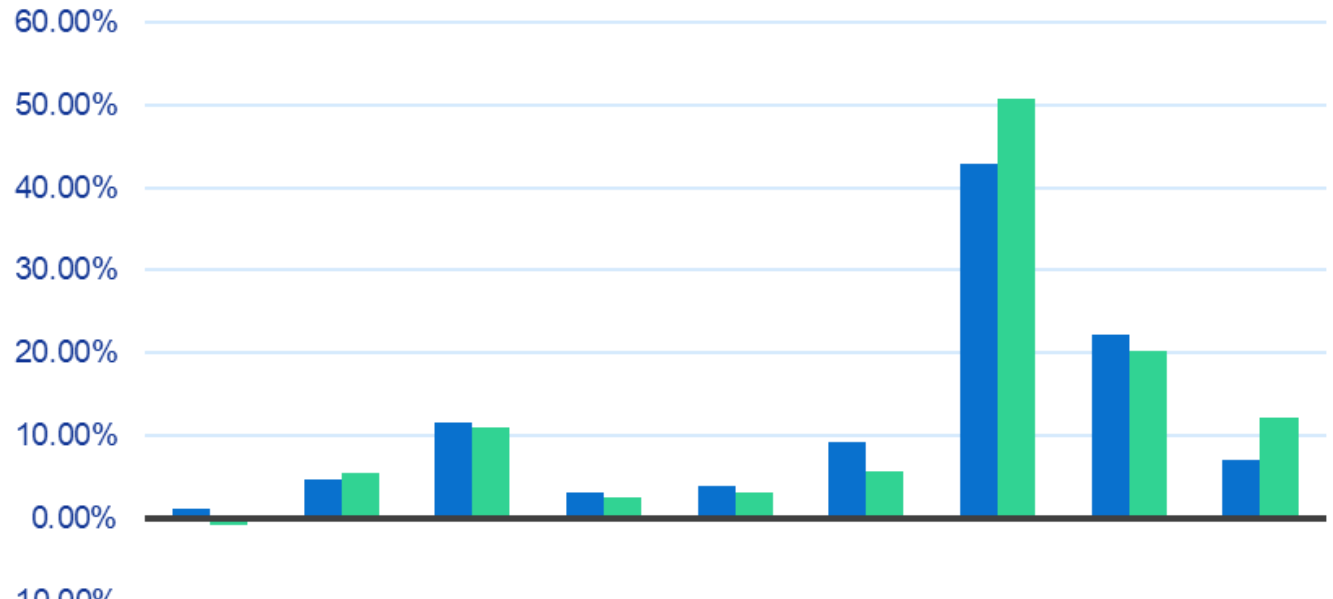
- 1. Estimated Market Value**
established for each parcel
by Assessor
- 2. Property Classification**
rates established by state
legislature
- 3. Tax levy** established by
taxing jurisdictions (School,
City, County and others)



Valuation History

Property Value % Increase Trend

- Referendum Market Value
- Net Tax Capacity



	Pay 2017	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Pay 2023	Pay 2024	Est. Pay 2025
■ Referendum Market Value	1.29%	4.67%	11.67%	3.25%	3.95%	9.26%	42.81%	22.22%	7.12%
■ Net Tax Capacity	-0.71%	5.48%	10.96%	2.66%	3.13%	5.75%	50.68%	20.24%	12.22%



Dividing the Property Tax Pie

Property values do not rise uniformly across all properties

The burden of the levy shifts from taxpayers with lower increases to those with higher increases.



Higher increase =
Larger piece of the property tax pie.



Dividing the Property Tax Pie

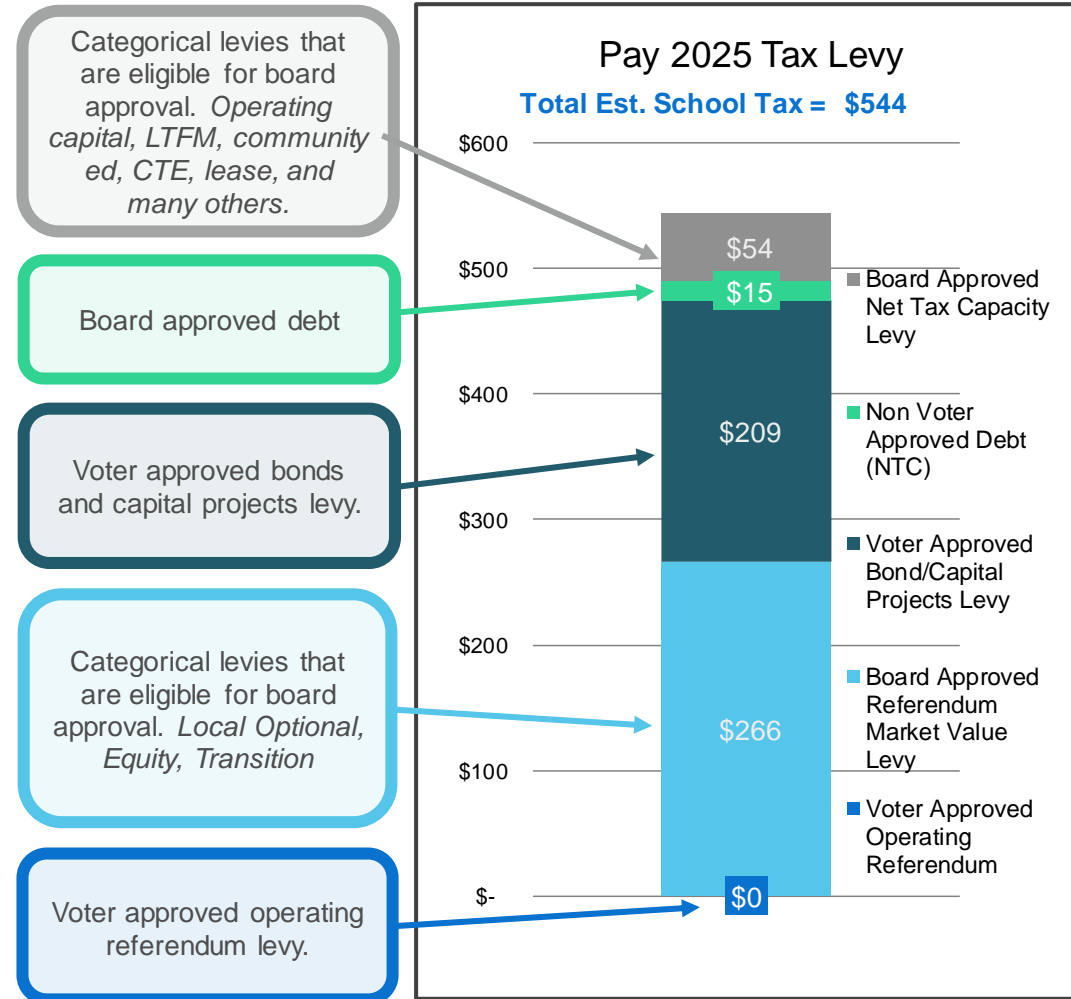
Our District for Taxes Payable in 2025

- Net Tax Capacity \$1,393,205.62
 - Most all property types pay on this amount
- Referendum Market Value \$629,641.56
 - **EXCLUDES** Ag Land and Seasonal Rec properties



Home Value = \$200,000

Est. Pay 2025 Tax for Residential



Estimated Tax Impacts

Residential, Commercial, and Seasonal Recreation with 7% increase

Agriculture with a 10% increase

Summary				
	Pay 2024	Est. Pay 2025	% Change	
Referendum Market Value	\$ 441,809,900	\$ 473,278,700	7.12%	
RMV Tax Rate	0.10859%	0.13302%	22.49%	
Net Tax Capacity	\$ 7,657,265	\$ 8,593,324	12.22%	
NTC Tax Rate	17.20%	16.21%	-5.73%	

Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change
Residential Homestead (Value Increase 7%)	\$46,700	\$50,000	\$99	\$115	\$16	16.46%
	93,500	100,000	213	234	22	10.12%
	140,200	150,000	351	389	38	10.87%
	186,900	200,000	489	544	55	11.19%
	233,600	250,000	628	699	71	11.37%
	327,100	350,000	904	1,009	104	11.53%
420,600	450,000	1,180	1,318	138	11.72%	
Commercial / Industrial** (Value Increase 7%)	\$93,500	\$100,000	\$343	\$376	\$33	9.76%
	233,600	250,000	928	1,022	93	10.06%
	467,300	500,000	1,986	2,165	179	9.01%
934,600	1,000,000	4,101	4,451	350	8.54%	
Seasonal Recreational Residential (Cabins) (Value Increase 7%)	\$93,500	\$100,000	\$161	\$162	\$1	0.82%
	186,900	200,000	321	324	3	0.87%
	233,600	250,000	402	405	4	0.88%
	420,600	450,000	723	730	6	0.86%
Agricultural Homestead (Value Increase 10%)	\$900	\$1,000	\$0.31	\$0.35	\$0.04	13.95%
	1,800	2,000	0.62	0.71	0.09	13.95%
	2,700	3,000	0.93	1.06	0.13	13.95%
	3,600	4,000	1.24	1.42	0.17	13.95%
Agricultural Non-Homestead (Value Increase 10%)	\$900	\$1,000	\$0.62	\$0.71	\$0.09	13.95%
	1,800	2,000	1.24	1.42	0.17	13.95%
	2,700	3,000	1.86	2.12	0.26	13.95%
	3,600	4,000	2.48	2.83	0.35	13.95%

*Actual taxes may be lower in certain taxing districts due to Disparity Reduction Aid.



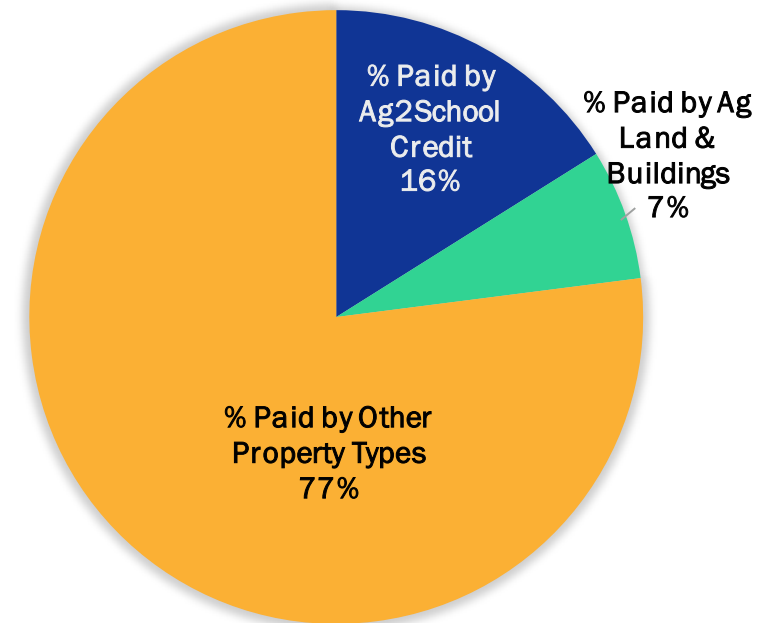
Ag2School Impact

The state will pay for approximately \$180,000 of the \$1,121,517 debt service levy for Pay 2025 via the Ag2School Credit.



ISD No. 821, Menahga Public School District

Source of Debt Service Payments
(Assuming 70% Ag2School Credit)
(Based on Valuations for taxes payable in 2024)



Notes:

1. The Ag2School credit applies to agricultural land and buildings. The house, garage and first acre of land do not benefit from the Ag2School credit.
2. The Ag2School credit does not increase or decrease the tax impact on all other property types.

School District Tax Levy Timeline

March 2024

Taxpayers received preliminary valuations notice from county for taxes payable the following year

Spring/Early Summer

Local and county board of appeal and equalization meetings held providing taxpayers opportunity to challenge property valuations.

November 10-24

Counties deliver mailed notice of proposed property taxes to each taxpayer.

November 25 - December 30

School District holds Truth in Taxation meeting and certify final property tax levy for taxes payable in 2025

March 2025

Taxpayers receive tax statement from counties for taxes payable in 2025



Proposed Tax Levy for taxes Payable in 2025



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: 01.234.56.789.R1 Property Address: 789 Pine Rd S
Spruceville, MN 55555

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

PROPOSED TAXES 2025

THIS IS NOT A BILL. DO NOT PAY.


VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2024	2025
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$33,050
	Taxable Market Value	\$125,000	\$116,950
	Class	Res NHmstd	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 2025		
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 2024	Proposed 2025
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 5, 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	December 9, 7:00 PM Spruceville High School Cafeteria		
Voter Approved Levies		\$289.35	\$296.68
Other Levies		\$340.11	\$374.60
<i>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 2025 may be higher than the proposed amount shown on this notice.</i>			
Total excluding any special assessments		\$1,341.31	\$1,467.52 9.4%



March Valuation Notice



Spruce County
Jane Stevens, Assessor
345 12th Street East, Box 77
Spruceville, MN 55555-5555
(555) 345-6780
www.co.spruce.mn.us

Property ID Number: 01.234.56.7890.R1

Property Description:
Lot 5, Block 13 of the Spruceville Estates Addition to the City of Spruceville.

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

VALUATION NOTICE

2024

2023 Values for Taxes Payable In

Property tax notices are delivered on the following schedule:

Step	Valuation and Classification Notice	See Details Below.
1	Class: Residential Homestead Estimated Market Value: \$150,000 Homestead Exclusion: \$23,800 Taxable Market Value: \$126,200	
2	Proposed Taxes Notice 2024 Proposed Tax: Coming November 2023	
3	Property Tax Statement 1st Half Taxes: Coming March 2024 2nd Half Taxes: Total Taxes Due in 2024.	

The time to appeal or valuation your CLASSIFICATION or VALUATION is NOW!

It will be too late when proposed taxes are sent.

Your Property's Classification(s) and Values

	Taxes Payable in 2023 (2022 Assessment)	Taxes Payable in 2024 (2023 Assessment)
<i>The assessor has determined your property's classification(s) to be:</i>		
Residential Homestead 1a		Residential Homestead 1a
<input type="checkbox"/> If this box is checked, your classification has changed from last year's assessment.		
<i>The assessor has estimated your property's market value to be:</i>		
Estimated Market Value (EMV)	\$158,000	\$150,000
<i>Several factors can reduce the amount that is subject to tax:</i>		
Green Acres Value Deferral		
Rural Preserve Value Deferral		
Open Space Deferral		
Platted Vacant Land Deferral		
Exclusion for Veterans With Disabilities		
Mold Damage Exclusion		
Homestead Market Value Exclusion	\$23,000	\$23,800
Taxable Market Value (TMV)	\$135,000	\$126,200
<i>The following values (if any) are reflected in your estimated and taxable market values:</i>		
New Improvement Value		\$0
<i>The classification(s) of your property affect the rate at which your value is taxed.</i>		

How to Respond

If you believe your valuation and property class are correct, it is not necessary to contact your assessor or attend any listed meetings.

If you have concerns about the information on this notice, **please contact your assessor**. If your questions or concerns are not resolved, more formal appeal options are available.

Please read the back of this notice for important information about the formal appeal process.

The following meetings are available to discuss or appeal your value and classification:

<p>Local Board of Appeal and Equalization/Open Book</p> <p>10 a.m. April 19, 2023 Spruceville Town Hall 123 Main Street, Spruceville</p>	<p>County Board of Appeal and Equalization Meeting</p> <p>5 p.m. June 10, 2023 Spruce County Courthouse 345 12th Street East, Spruceville</p>
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Information on the Appeal process is located on the valuation notice sent in March

Appealing the Value or Classification of Your Property

Informal Appeal Options - Contact Your Assessor

If you have questions or concerns, the assessor can help explain the details of your property's valuation and classification. Contact information for your assessor's office is on the other side of this notice.

Some jurisdictions choose to hold open book meetings to allow property owners to discuss their concerns with the assessor. If this is an option available to you, the meeting time(s) and location(s) will be indicated on the other side of this notice.

Formal Appeal Options

If your questions or concerns are not resolved after meeting with your assessor, you have two formal appeal options:

Option 1 - The Boards of Appeal and Equalization

You may appear before the Boards of Appeal and Equalization in person, through a letter, or through a representative authorized by you. The meeting times and locations are on the other side of this notice. You must have presented your case to the Local Board of Appeal and Equalization BEFORE appealing to the County Board of Appeal and Equalization.

Step 1 - Local Board of Appeal and Equalization

If you believe your value or classification is incorrect, you may bring your case to the Local Board of Appeal and Equalization. Please contact your assessor's office for more information. If your city or township does not have a Local Board of Appeal and Equalization (as indicated on the other side of this notice) you may appeal directly to the County Board of Appeal and Equalization.

Step 2 - County Board of Appeal and Equalization

If the Local Board of Appeal and Equalization did not resolve your concerns, you may bring your case to the County Board of Appeal and Equalization. Please contact the county assessor's office to get on the agenda or for more information.

Option 2 - Minnesota Tax Court

Depending on the type of appeal, you may take your case to either the Small Claims Division or the Regular Division of Tax Court. You have until April 30 (October 1 for manufactured homes assessed as personal property) of the year in which taxes are payable to file an appeal with the Small Claims Division or the Regular Division of Tax Court for your valuation and classification.

For more information, contact the Minnesota Tax Court:
Phone: 651-539-3269 or for MN Relay call 1-800-627-3529
On the web: www.mn.gov/tax-court

Definitions

Exclusion for Veterans With Disabilities - Veterans with qualifying disabilities may be eligible for a valuation exclusion on their homesteaded property.

Estimated Market Value - This value is what the assessor estimates what your property would likely sell for on the open market.

Green Acres - Applies to class 2a agricultural property that is facing increasing values due to pressures not related to the agricultural value of the land. This value is determined by looking at what comparable agricultural land is selling for in areas where there is no development pressure. The taxes on the higher value are deferred until the property is sold, transferred, withdrawn, or no longer qualifies for the program.

Homestead Market Value Exclusion - Applies to residential homesteads and to the house, garage, and one acre of land for agricultural homesteads. The exclusion is a maximum of \$30,400 at \$76,000 of market value, and then decreases by nine percent for value over \$76,000. The exclusion phases out for properties valued at \$413,800 or more.

New Improvements - This is the assessor's estimate of the value of new or previously unassessed improvements that have been made to your property within the past five years.

Plat Deferment - For land that has been recently platted (divided into individual lots) but not yet improved with a structure, the increased market value due to platting is phased in over time. If construction begins, or if the lot is sold before expiration of the phase-in period, the lot will be assessed at full market value in the next assessment.

Rural Preserve - Applies to class 2b rural vacant land that is part of a farm homestead or that had previously been enrolled in Green Acres, if it is contiguous to agricultural land enrolled in Green Acres. This value may not exceed the Green Acres value for tilled lands. The taxes on the higher value are deferred so long as the property qualifies.

Taxable Market Value - This is the value that your property taxes are actually based on, after all reductions.

For more information on appeals, visit the Department of Revenue website: www.revenue.state.mn.us.



Important Changes to Property Tax Law

- Homestead Market Value Exclusion is increasing for taxes payable in 2025
 - This will reduce taxes for residential homestead properties valued up to \$517,200
- Agricultural Homestead Classification Increasing
 - Limited to \$2,150,000 for taxes payable in 2024
 - Limited to \$3,500,000 for taxes payable in 2025
 - This will reduce taxes for landowners with greater than \$2,150,000 in land classified as homestead



Levy Certification

Recommended Levy
Certification Amount

\$2,022,747.18





Public Comments