

# Truth in Taxation

for Taxes Payable in 2022

Waterville-Elysian-Morristown  
Public Schools

Presented December 20, 2021

# Truth in Taxation Process

# Minnesota Truth in Taxation Law

- \* The county auditor prepares a notice of proposed property taxes to be delivered to each taxpayer
- \* The regular meeting at which the Property Tax Levy is certified is to include:
  - \* Discussion of the current year budget
  - \* Discussion of taxes payable for the next year
  - \* Opportunity for public comment

# Budget Overview

# Revenue Budget Overview

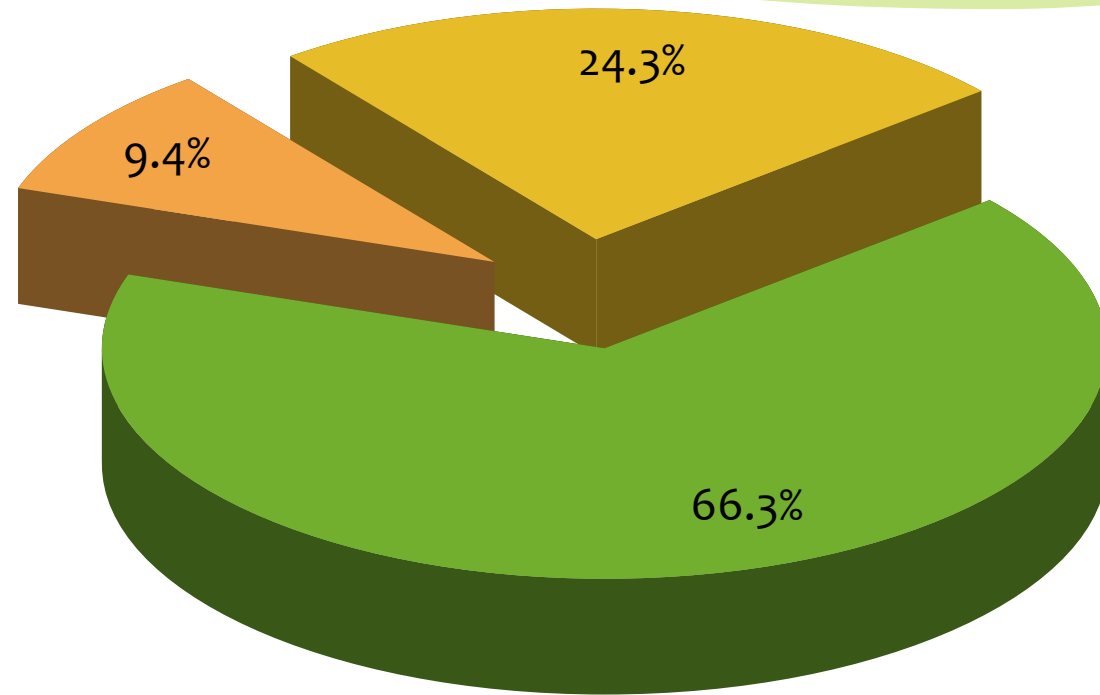
	2020-2021 Actual*	2021-2022 Budget	Percentage Change
General Fund	10,547,301	10,264,841	-2.7%
Food Service Fund	458,986	507,881	10.7%
Community Ed Fund	302,793	290,522	-4.1%
Building Fund	58,956	34,000	-42.3%
Debt Service Fund	1,325,515	1,321,554	-0.3%
Custodial Fund	26,723	8,500	-68.2%
Total All Funds	12,720,274	12,427,298	-2.3%

\* 2020-2021 Revenues & Expenditures pending audit approval.

# 2021-2022 General Fund Revenue

**Where Does Our Revenue Come From?**

■ State  
■ Federal  
■ Local



# Expenditure Budget Overview

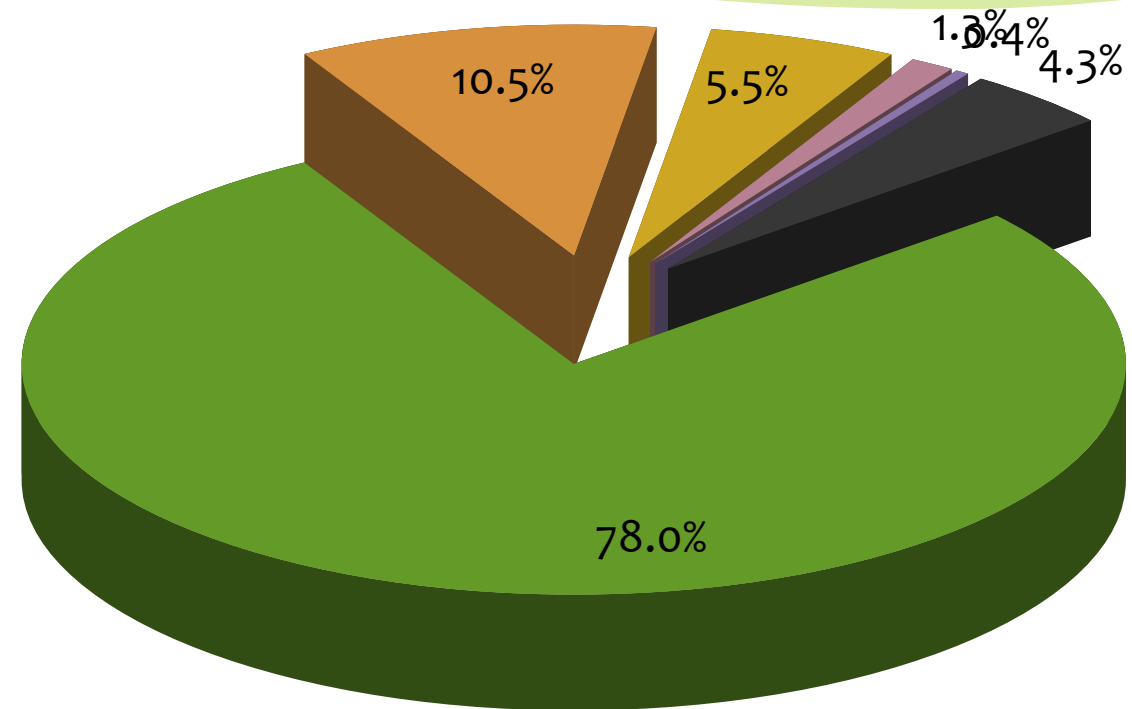
	2020-2021 Actual*	2021-2022 Budget	Percentage Change
General Fund	9,929,839	10,244,933	3.2%
Food Service Fund	457,485	491,381	7.4%
Community Ed Fund	338,329	310,989	-8.1%
Building Fund	10,491,284	5,103,238	-51.4%
Debt Service Fund	1,263,098	1,325,754	5%
Custodial Fund	8,000	11,000	37.5%
Total All Funds	22,488,035	17,487,295	-22.2%

\* 2020-2021 Revenues & Expenditures pending audit approval.

# 2021-2022 General Fund Expenditures

## Where Do Our Expenditures Go?

- Salaries & Benefits
- Purchased Services
- Supplies & Materials
- Capital Equipment
- Other Expenditures
- Long-Term Facilities





# Projected Fund Balances

	Audited* 6/30/21	Budgeted Revenues	Budgeted Expenses	Transfers	Projected 6/30/22
General Fund	3,188,003	10,264,841	10,244,933		3,207,911
Food Service Fund	31,320	507,881	491,381		47,820
Community Ed Fund	73,437	290,522	310,989		52,970
Building Fund	3,326,910	34,000	5,103,238		-1,742,328
Debt Service Fund	126,723	1,321,554	1,325,754		122,523
Custodial Fund	36,324	8,500	11,000		33,824
Total All Funds	6,782,717	12,427,289	17,487,295	0	1,722,720

\* 2020-2021 Fund Balances pending audit approval.

General Fund	Audited* 6/30/21	Budgeted Revenues	Budgeted Expenses	Transfers	Projected 6/30/22
Staff Development	55,820	88,024	54,165	(45,000)	89,679
Long-Term Facilities	112,396	323,599	435,840		155
Learning & Development	19,620	144,173	140,420		23,373
Gifted & Talented	6,710	10,122	10,290		6,542
Basic Skills	27,606	136,595	135,133		29,068
Operating Capital	73,962	185,784	225,280		34,466
Safe Schools	32,015	30,603	27,794		34,824
Nonspendable	18,640	0	0		18,640
Separation/Retirement	114,000	0	0		114,000
Medical Assistance	66,602	65,000	66,550		65,052
Student Activities	95,786	0	0		95,786
Unassigned	2,564,846	9,280,941	9,149,461	45,000	2,696,326
Total General Fund	3,188,003	10,264,841	10,244,933		3,207,911

\* 2020-2021 Fund Balances pending audit approval.

# Levy Overview

# Key Steps in the Levy Process

- \* County Assessors determine estimated market values for each parcel of property in the WEM School District
- \* The Minnesota Legislature sets the formulas for tax capacity and market value, which determine how much of the tax burden is allocated to different types of property
- \* County Auditors calculate the tax capacity and market value for each parcel of property, as well as the total tax capacity for the WEM School District
- \* The Minnesota Legislature sets the formulas which determine the maximum amount of taxes a school may levy in each category

# Key Steps in the Levy Process

- \* The Minnesota Department of Education calculates detailed levy limits for the WEM School District in each levy category
- \* The WEM School Board adopts a proposed levy in September based on the limits set by the Minnesota Legislature and adopts a final levy in December
- \* The County Auditor divides the final levy by the tax capacity to determine the tax rate needed to raise the approved levy amount

# Property Tax Statement Example

	Taxes Payable in 2021	Taxes Payable in 2022
Classification	Residential Homestead	Residential Homestead
Taxable Market Value	\$213,900	\$231,900
Proposed Tax		\$3,872
School District 2143		
Voter Approved Levy	\$720.28	\$676.62
Other Local Levies	\$368.23	\$361.77
Total Excluding Special Assessments	\$3,681	\$3,872
Percent Change		5.2%

# Voter Approved Levy

- \* Referendum Operating Levy
  - \* Funds used to support classroom instruction

The operating levy approved by voters in November of 2015 applies to property taxes to be paid from 2016 to 2025. The taxes paid will generate revenue for the district through in the 2025-2026 school year.

To maintain revenue from this levy, the board will need to present an operating levy to taxpayers in November 2025.

# Voter Approved Levy

- \* Building Levy

- \* Funds used for major renovations and new construction

The building levy approved by voters in November of 2018 applies to property taxes to be paid from 2019 to 2038. The taxes paid will generate revenue for the district through in the 2038-2039 school year to repay the bonds sold on January 30, 2019.



# Other Local Levies

- \* Local Option
  - \* Board Approved portion of operating Levy
- \* Equity Levy
  - \* An attempt by the state to close the funding gap between schools
- \* Operating Capital
  - \* Funds designated for equipment, basic maintenance and upkeep
- \* Safe Schools
  - \* Funds used for Police Liaison and other safety measures

# Other Local Levies

- \* Long-Term Facility Maintenance
  - \* Funds for building improvements and current Health & Safety projects
- \* Career & Technical Education
  - \* Funds for Vocational Agriculture & Vocational Family & Consumer Science programs

# Other Local Levies

- \* Basic Community Education
  - \* Funds for Community Education programs
- \* Early Childhood & Family Education
  - \* Funds for early childhood and parent education programs

# Factors that Affect Property Taxes

- \* Changes in Market Value
- \* Changes in Class Rates
- \* Changes in Enrollment
- \* Changes in Local Levy vs State Aid
- \* Voter Approved Levies
- \* Other Local Levies
- \* Homestead Credits
- \* Property Tax Refunds

# Levy Limitation & Certification

## Formula Allowance

2012-2013	5,224*
2013-2014	5,302*
2014-2015	5,831
2015-2016	5,948
2016-2017	6,067
2017-2018	6,188
2018-2019	6,312
2019-2020	6,438
2020-2021	6,567
2021-2022	6,863

## Pupil Weighting

	2009-2014*	2015 & After
Pre-K	1.250	1.000
HK	1.000	1.000
K (all day)	0.612	1.000
1-3	1.115	1.000
4-6	1.060	1.000
7-12	1.300	1.200

# Levy Limitation & Certification

	Market Value	Referendum Market Value	Net Tax Capacity	Sales Ratio**
2016	\$989,446,300	\$485,306,075	\$8,874,277	.963
2017	\$1,006,886,447	\$505,901,275	\$9,125,135	1.012
2018	\$1,050,758,353	\$542,929,225	\$9,604,038	.998
2019	\$1,106,522,550	\$542,929,225	\$10,151,254	.952
2020*	\$1,133,111,802	\$622,354,375	\$10,492,245	.960

\*Property values in 2020 are used to calculate the levy certified in 2021 for taxes paid in 2022 and received in the district as Revenue in the 2022-2023 school year.

\*\*When the Sales Ratio is over 1, properties sold for less than the Market Value. When the Sales Ratio is under 1, properties sold for more than the Market Value

# Proposed Levy

	2020 Pay 2021 Limitation	2021 Pay 2022 Limitation	Increase/ (Decrease)	Percent Change
General	2,069,319.94	2,050,035.74	-19,284.20	-.93%
Community Education	64,573.97	62,512.62	-2,061.35	-3.19%
General Debt Service	1,321,554	1,381,168.81	59,614.81	4.51%
Total	3,455,447.91	3,493,717.17	38,269.26	1.11%

- \* Overall, the District's local levy increased 1.11% from the prior year
- \* Increases are due to
  - \* Increase in Debt Service

# Public Comment