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BOARD OF EDUCATION

Regular Meeting - September 23, 2024 - 6:00 PM
Creekside
16000 41st Ave N.
Plymouth, MN 55446

AGENDA

- | | | |
|----|---|-----------|
| 1. | CALL TO ORDER/ROLL CALL | 2 |
| 2. | APPROVAL OF AGENDA | 3 |
| 3. | FINANCE AND OPERATIONS | |
| | A. Preliminary 2024 Payable 2025 Levy Certification | 4 |
| 4. | CLOSED SESSION | |
| | The Open Meeting Law, Minnesota Statute Section 13D.05, Subdivision 3(a), states that a public body may close a meeting to evaluate the performance of an individual who is subject to its authority. During the closed meeting, the Board will present the results of the annual performance evaluation with Dr. Anderson. Board feedback and goals for 2024-25 will be discussed. | |
| 5. | ADJOURN | 26 |

In case of inclement weather, the meeting will be held on the next business day at the same time and same place, unless a quorum of the board is not available.



Board of Education
Regular Meeting – September 23, 2024

AGENDA SECTION: Call to Order

ITEM: Roll Call Attendance

COMMENTS BY: Milind Sohoni, Board Chair

	PRESENT	ABSENT
Heidi Kader	_____	_____
Sheila Prior	_____	_____
Sarah Johansen	_____	_____
Paras Bhende	_____	_____
Valentina Eyres	_____	_____
Dan Ginestra	_____	_____
Milind Sohoni	_____	_____
Chace Anderson, ex-officio	_____	_____



Board of Education
Regular Meeting – September 23, 2024

AGENDA SECTION: Approval of Agenda

ITEM: Approval of Agenda

COMMENTS BY: Milind Sohoni, Board Chair

A. Preliminary 2024 Payable 2025 Levy Certification

Recommended Action: Approve the full agenda as presented.

Motion by: _____

Passed: _____

Second by: _____

Failed: _____

Abstentions: _____



BOARD OF EDUCATION

Special Meeting – September 23, 2024

AGENDA SECTION: Finance and Operations

ITEM: Preliminary 2024 Payable 2025 Property Tax Levy

COMMENTS BY: Scott LeSage, Executive Director of Finance and Operations

Preliminary Levy Limitation and Certification 2024 – Taxes Payable 2025

Minnesota law requires school districts to certify their proposed tax levy payable in 2025 to the county auditor on or before September 30, 2024. We have recently received the levy data from the Minnesota Department of Education and have analyzed the details. A summary written analysis of the proposed levy is included for your review.

The Minnesota Department of Education is still in the process of adjusting school district levies and will provide districts with updated reports if changes are made. While most components of the levy are materially accurate and complete, the District administration recommends that the Board levy a preliminary amount in all funds. If the Board of Education approves the maximum allowed, the county auditor will automatically include any positive adjustments to the levy. Otherwise, the final levy amount cannot exceed the preliminary levy amount, except for some very limited exceptions. The District administration recommends that the Board of Education adopt this preliminary levy at the "maximum" amount allowed by state statute.

The Board will set the final levy certification amounts at its regular board meeting on December 9, 2024.

Recommended Action: Approve the Preliminary 2024 Payable 2025 Levy Limitation and Certification, at the "maximum" amount allowed by the state.

Motion by: _____ **ROLL CALL** **Passed:** _____

Second by: _____ **Failed:** _____

Abstentions: _____

To: Members of the Board of Education
Dr. Chace B. Anderson, Superintendent of Schools

From: Scott LeSage, Executive Director of Finance & Operations

Date: September 23, 2024

Subject: Recommendation of the 2024 Payable 2025 Preliminary Property Tax Levy Certification to Finance a Portion of the 2025-26 School Year Operations

The District has received the 2024 Payable 2025 Preliminary Levy Limitation and Certification document from the Minnesota Department of Education (MDE). Based on state authorization, enclosed are several exhibits summarizing the District’s preliminary property tax levy for your consideration.

The District’s 2024 Payable 2025 Preliminary Levy must be certified by the Board of Education by September 30, 2024. Therefore, it is necessary that the District certifies a preliminary tax levy at the special meeting scheduled for Monday, September 23, 2024. Typically, once the District has submitted its preliminary tax levy certification to the county auditor, it can only be increased with authorization from the Minnesota Department of Education. However, individual items may be decreased by the Board of Education prior to final approval, which will occur in December 2024.

The District’s property tax levy is allocated to individual parcels of property within the District using formulas based upon market values assessed by Hennepin County. The preliminary estimate of the District’s total assessed market value has increased by \$1.785 billion from \$19.22 billion to \$21.01 billion. This represents approximately a 9.29% increase in market value and includes existing and new properties. A sample of individual parcel school property tax estimates will be available prior to approval of the final levy scheduled in December.

Legislative actions combined with revenue formulas, student enrollment growth and fluctuations in individual taxpayer’s market value add complexity to a school district’s local property tax levy. The purpose of this document is to discuss the significant changes that have occurred in the 2024 payable 2025 preliminary levy and to provide clarity to the Board of Education and to the community.

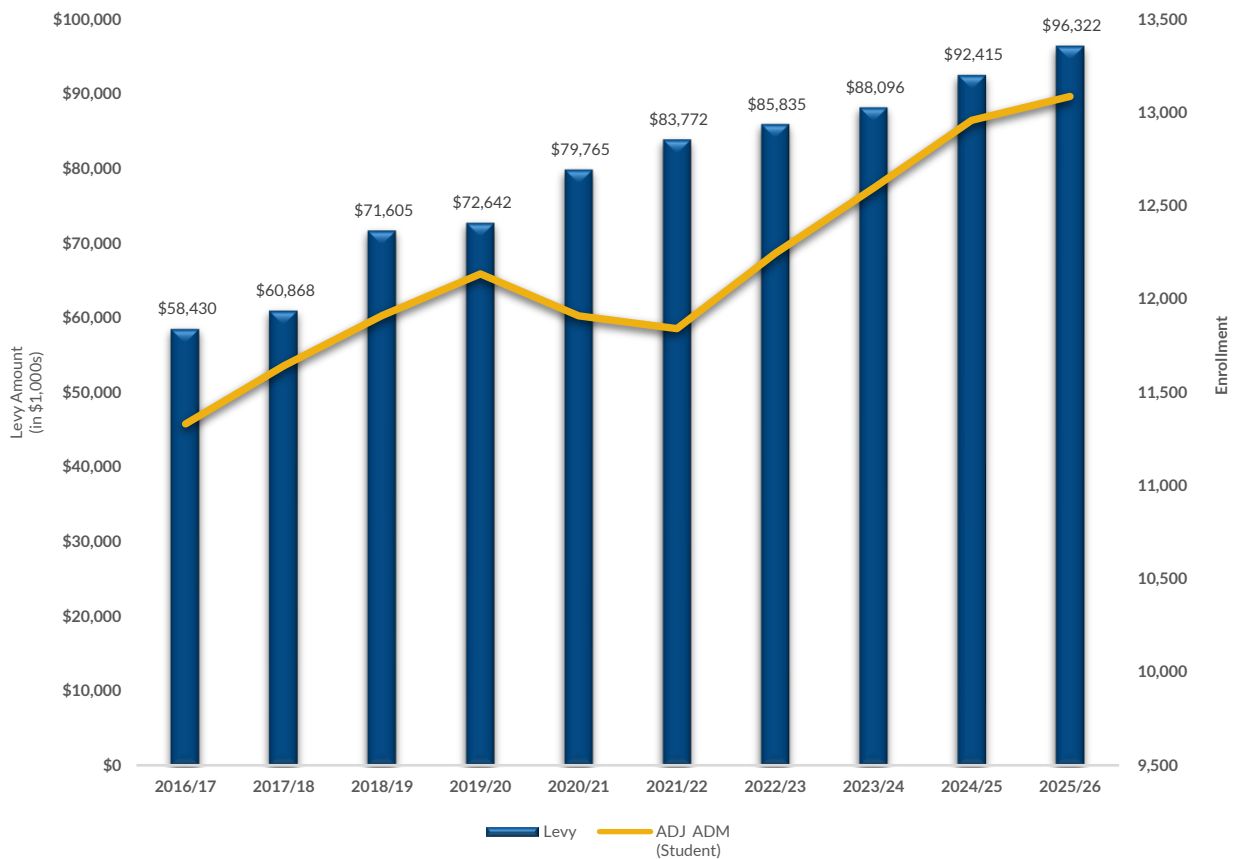
PROPOSED PRELIMINARY PROPERTY TAX LEVY

The District’s total preliminary levy for taxes payable in 2025 is \$96.3 million. This levy amount represents an overall increase of just over \$3.9 million or 4.26% from the previous year.

The table below shows a comparison of the preliminary levy payable in 2025 with the District’s certified levy payable in 2024. While the levy detail is presented by separate funds, it is important to focus on the District’s total payable 2025 levy when comparing it to the total payable 2024 levy.

Fund	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
General	\$72,629,685	\$75,487,101	\$2,857,416	3.93%
Community Service	2,023,442	2,118,627	\$95,185	4.70%
Debt Service	17,732,354	18,717,216	\$984,862	5.55%
Total Levy	\$92,385,480	\$96,322,944	\$3,937,464	4.26%

The District experienced strong student enrollment growth until the pandemic in March 2020. Over the last seven years, the District's total levy increase has averaged 4.36% while the Net Tax Capacity (NTC) has increased by 8.49% over the same period. This corresponding growth in NTC has served to minimize the tax impact to the property owners for increases to the District's levy.



The following pages provide a detailed analysis of the levy by fund.

GENERAL FUND

Exhibit I on page 5 is a detailed analysis of the proposed levy recommendation for the General Fund. Overall, the General Fund levy increased by 3.93% or \$2,857,416.

RMV – Voter Approved Levies decreased by \$660K due to

- Increase in enrollment (just under 1%)
- Increase in operating referendum allowance of 2.88% which increases the per pupil amount from \$2,163.46 to \$2,225.75 – Increased revenue by approximately \$1.2m
- Pay 2024 levy saw large prior period levy adjustments as the districts operating referendum allowance were recalculated by MDE to account for increases in the CPI and the district increased enrollment projections post-pandemic. For Pay 2024 Adjustments were approximately \$ 2.5M. In pay 2025 adjustments are much more typical and total approximately \$600,000. The net difference results in a decrease of \$1.9m more than offsetting the increase as a result of the districts operating referendum allowance increasing.

RMV Other

- LOR \$107K increase
- There were large adjustments in Pay 2024 but nothing notable in Pay 2025

The District's voter-approved operating referendum changed based on two main factors: enrollment and increase to the annual inflation factor.

- Enrollment continues to be up post-pandemic. The district increased those projections as part of the taxes payable 2024 levy, which was reflected in the larger than typical adjustments in Pay 2024.
- It is worth noting that the annual inflation factor for the 2024 levy is 2.88% which increases the per pupil amount from \$2,163.46 to \$2,225.75.

District voters authorized an annual capital project levy which funds technology expenditures such as student and staff devices, district-wide technology infrastructure, and technology access and support.

- **NTC Voter Approved** – The payable 2025 Capital Project (Tech) Levy at \$12.1 million increased by \$1.17 million (10.71%) due to/directly tied to the increase in district's net tax capacity (NTC). The voter approved tax rate is applied to the district's previous years NTC. The increase for Pay 2026 will be much less as estimates have the district's overall net tax capacity growth slowing for taxes payable 2025.

The District's Long-Term Facilities Maintenance (LTFM) levy finances deferred maintenance projects on school facilities, improve accessibility, and meets health and safety requirements. To receive revenue, the Board of Education must annually approve a ten-year plan which is subsequently submitted to the MDE for approval.

- LTFM revenue will finance projects throughout the District and can be carried over from year to year until projects are completed but are adjusted on the annual levy.
- For the taxes payable 2025 the District's LTFM levy of \$6.58 million, is a continued decrease from the prior year. It includes another large negative adjustment of \$8.8 million which is due to project timing and those projects which the district was unable to initiate.

The General Fund levy also includes several other levies that are primarily formula driven and have changed either due to revised estimates, enrollment fluctuations or increases in the District's tax capacity. These levy amounts are authorized by statute and the District must levy for each component or risk losing the revenue, or in some cases, lose a corresponding state aid.

The Other Post-Employment Benefits (OPEB) levy represents the unfunded actuarial accrued liability (UAAL) as calculated by the District's actuary under the Government Accounting Standards Board Statement No. 75 (GASB 75). Due to changes in the discount rate and an increase in the liabilities, this levy is \$490,657 which is lower than the 2024 levy by roughly \$70K. Overall, each individual component of the General Fund levy has been reviewed for reasonableness and accuracy with the corresponding formula that drives its calculation.

NTC Other

- Most notable change in NTC other is a prior period adjustment for an MDE error in taxes payable 2024. In Pay 2025 MDE is correcting the districts lease levy to account for a negative lease levy adjustment of \$1.5m in Pay 2024. The district's levy has been increased by \$1.5m to account for the mistake in Pay 2025.

**Payable 2025 Property Tax Analysis
Proposed General Fund Levy**

Exhibit I

	<u>2024 Certified Levy</u>	<u>2025 Proposed Levy</u>	<u>Change (\$\$\$)</u>	<u>Change (%)</u>
1 Referendum Levy Authority	\$30,686,517	\$31,899,449	\$1,212,932	
Prior Year Adjustments	\$2,511,429	\$638,287	(\$1,873,143)	
Local Optional (Location Equity)	10,239,480	10,346,632	\$107,152	
Prior Year Adjustments	318,003	370,793	\$52,790	
Equity Revenue	709,200	1,013,093	\$303,893	
Prior Year Adjustments	61,879	300,035	\$238,156	
Transition Revenue	16,737	16,912	\$175	
Prior Year Adjustments	518	265	(\$253)	
2 Capital Projects Levy (Tech Levy)	10,934,348	12,105,615	\$1,171,268	
Operating Capital	2,260,730	2,588,736	\$328,006	
Alternative Teacher Compensation (Q Comp)	1,152,788	1,179,476	\$26,688	
Achievement & Integration	611,829	762,165	\$150,336	
Reemployment (State Unemployment)	5,000	5,000	\$0	
Safe Schools	510,624	515,952	\$5,328	
Safe Schools Intermediate 287	212,760	214,980	\$2,220	
Ice Arena	270,000	271,000	\$1,000	
Career Technical Education	717,298	717,298	\$0	
Other Post-Employment Benefits (OPEB)	561,087	490,657	(\$70,430)	
Long-Term Facilities Maintenance	13,946,228	15,391,778	\$1,445,550	
Prior Year Adjustments	(5,430,027)	(8,811,304)	(\$3,381,277)	
Lease Levy	3,559,209	3,550,208	(\$9,001)	
Prior Year Adjustments	(1,507,277)	1,458,089	\$2,965,366	
Abatements	491,130	353,134	(\$137,997)	
3 Other Adjustments	(209,806)	108,850	\$318,656	
Total General Fund Levy	<u>\$72,629,685</u>	<u>\$75,487,101</u>	<u>\$2,857,416</u>	<u>3.93%</u>

Notes:

- 1 These levy categories represent voter-approved revenue sources indexed for inflation or student enrollment growth.
- 2 This voter-approved levy is based on Net Tax Capacity (NTC)
- 3 Includes several prior-year levy adjustments due to more current and accurate data.

COMMUNITY SERVICE FUND

Exhibit II is a detailed analysis of the proposed levy recommendation for the Community Service Fund. These levies are based on statewide tax rates applied to all property in the state. Statewide revenue formulas remained stable.

- The largest component of the Community Service Levy, school age care, is estimated to be flat at \$985,000.
- Relatively stable figures for the Community Service Levy with the exception of an increase for the Early Childhood Levy component which is based on the district census.

Payable 2025 Property Tax Analysis Proposed Community Service Fund Levy				Exhibit II
	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
1 Basic Levy	\$583,673	\$590,037	\$6,364	
2 Early Childhood Levy	466,567	531,219	64,652	
Home Visitation Levy	12,711	13,500	789	
Adults with Disabilities	13,978	14,084	106	
School Age Care	975,000	985,000	10,000	
Abatements & PY Adjustments	(28,487)	(15,213)	13,274	
Total Community Service Fund Levy	\$2,023,442	\$2,118,627	\$95,185	4.70%

1 Based on District population (not increased this year per Met Council)
2 Based on District census

DEBT SERVICE FUND

Exhibit III is a detailed analysis of the proposed levy recommendation for the Debt Service Fund. The District is required to levy 105.0% of scheduled principal and interest payments. To compensate for this, negative debt excess adjustments are made in subsequent years.

- The levy of 105% for principal and interest increased due to:
 - The district’s overall debt is structured in a manner to achieve level principal and interest payments. When combining the \$16,309,608 of principal and interest in the first line with the \$3,020,028 of Alternative Facilities Bonds (LTFM) in the third line the amount is just over \$19.3 million compared to the prior year of \$18.3 million.
 - As a reminder, the district is began levying for the 2023A bond principal and interest payments in the prior year levy.
- In total, the 2025 debt excess adjustments equal -\$709,973 versus -\$764,000 in 2024.

Payable 2025 Property Tax Analysis Proposed Debt Service Levy				Exhibit III
	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
Levy of 105% of P&I	\$15,372,771	\$16,309,608	\$936,837	
Debt Excess	(639,029)	(599,048)	\$39,981	
Alt Facilities Bonds (LTFM)	3,011,156	3,020,028	\$8,872	
Debt Excess	(125,170)	(110,925)	\$14,245	
Abatements & PY Adjustments	112,627	97,553	(\$15,074)	
Total Debt Service Fund Levy	\$17,732,354	\$18,717,216	\$984,862	5.55%

SUMMARY

The 2024 Payable 2025 Preliminary Property Tax Levy represents the total impact, across all funds, of the legislated property tax levy authority. As the state continues to refine the more than 40 pages of formulas that derive the levy amounts, it is important to note that minor changes may still occur. The state allows local school boards to simply approve a “maximum” preliminary levy certification to allow changes made until September 30th which will then be reflected in the parcel specific notices mailed out this fall. The District administration recommends that the Board of Education approve the maximum levy amount. The Board of Education retains the option to subsequently reduce the amount of the levy prior to certifying the levy at its December 9, 2024 meeting.

The District administration recommends approval of the presented preliminary amounts by allowing the maximum.

TRUTH IN TAXATION LAW

The public will have the opportunity to speak to the Board of Education about Wayzata Public Schools’ Tax Levy at the regular school board meeting on December 9, 2024, at 7:00 p.m. If you have questions regarding the enclosed materials or desire additional information, please contact me at 763-745-5038 or scott.lesage@wayzataschools.org



Preliminary 2024 Payable 2025 Levy Certification

Special School Board Meeting
September 23, 2024

Initial Levy Limitation



Deadline is September 30

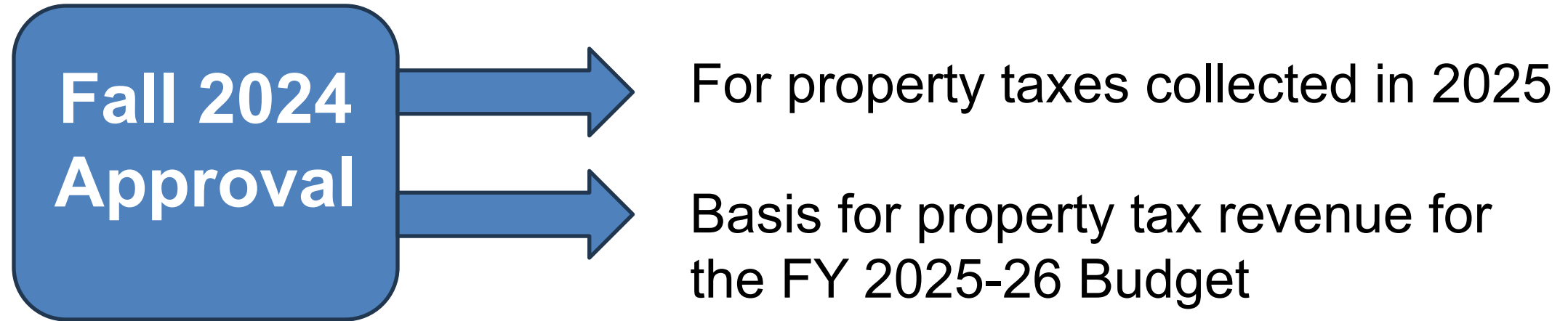


Provides information to Hennepin County Auditor for proposed tax statements



Final levy certification takes place in December

MN Department of Education Calculates Tax Levy



What Causes Increases/Decreases in Levies?

State Law

Pupil Units
and
Population

Market
Value/Tax
Capacity

Changes in
Expenditures

Tax Base Definitions

- **Referendum Market Value (RMV):**

- Taxable market value of all taxable property in school district excluding seasonal recreational & agricultural lands
- School taxes for local share of a few categories of funding (including voter-approved operating referendum) are spread against RMV

- **Net Tax Capacity (NTC):**

- Value of property in which property taxes will be levied against for all other school funding formulas
- Calculated by multiplying a property's taxable market value by its assigned classification rate (as determined by the Legislature)

Proposed Payable 2025 vs. Final Payable 2024 Levy

Fund	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
General	\$72,629,684	\$75,487,101	\$2,857,416	3.93%
Community Service	\$2,023,442	\$2,118,627	\$95,185	4.70%
Debt Service	\$17,732,354	\$18,717,215	\$984,862	5.55%
Total Levy	\$92,385,480	\$96,322,943	\$3,937,463	4.26%

Proposed Payable 2025 - General Fund

Fund	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
RMV - Voter Approved Levies	\$33,197,946	\$32,537,736	-\$660,210	-1.99%
RMV Other	\$11,345,817	\$12,047,730	\$701,913	6.19%
NTC Voter Approved	\$10,934,348	\$12,105,615	\$1,171,268	10.71%
NTC Other	\$17,151,573	\$18,796,019	\$1,644,446	9.59%
Total General Fund Levy	\$72,629,684	\$75,487,101	\$2,857,417	3.93%

Proposed Payable 2025 – Community Service

	Fund	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
1	Basic Levy	\$583,673	\$590,037	\$6,364	1.09%
2	Early Childhood Levy	\$466,567	\$531,219	\$64,652	13.86%
	School Age Care	\$975,000	\$985,000	\$10,000	1.03%
	Other Levies	\$26,689	\$27,584	\$895	3.35%
	Abatements & PY Adjustments	-\$28,487	-\$15,213	\$13,275	-46.60%
	Total General Fund Levy	\$2,023,442	\$2,118,627	\$95,185	4.70%
1	Based on District population				
2	Based on District census				

Proposed Payable 2025 – Debt Service Fund

Fund	2024 Certified Levy	2025 Proposed Levy	Change (\$\$\$)	Change (%)
Levy of 105% of P&I	\$15,372,770.75	\$16,309,608.00	\$936,837.25	6.09%
Debt Excess	-\$639,029.48	-\$599,048.48	\$39,981.00	-6.26%
Alt Facilities Bonds (LTFM)	\$3,011,156.00	\$3,020,028.00	\$8,872.00	0.29%
Debt Excess	-\$125,170.45	-\$110,924.91	\$14,245.54	-11.38%
Abatements & PY Adjustments	\$112,626.95	\$97,552.70	-\$15,074.25	-13.38%
Total General Fund Levy	\$17,732,353.77	\$18,717,215.31	\$984,861.54	5.55%

Estimated Preliminary 2025 Tax Impact: Residential, Commercial/Industrial and Apartments

Wayzata Public School District No. 284

September 18, 2024

Property Taxes - Actual for Payable 2024 and Estimates for Payable 2025

Estimates include \$490,657 for OPEB on line 389 of LLC

		Actual Taxes Payable in 2024	Preliminary Estimate of Taxes Payable in 2025	Estimated Change in Annual Taxes	Estimated % Change
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes *			
Residential Homestead	\$200,000	\$770	\$764	-\$6	-0.8%
	300,000	1,192	1,196	4	0.3%
	400,000	1,614	1,627	13	0.8%
	450,000	1,818	1,843	25	1.4%
	500,000	2,020	2,059	39	1.9%
	550,000	2,247	2,294	47	2.1%
	600,000	2,474	2,527	53	2.1%
	650,000	2,701	2,760	59	2.2%
	700,000	2,928	2,992	64	2.2%
	800,000	3,381	3,457	76	2.2%
	1,000,000	4,288	4,388	100	2.3%
Commercial/Industrial	\$250,000	\$1,084	\$1,109	\$25	2.3%
	500,000	2,268	2,326	58	2.6%
	750,000	3,452	3,542	90	2.6%
	1,000,000	4,636	4,759	123	2.7%
	2,000,000	9,373	9,624	251	2.7%
Apartments	\$500,000	\$2,268	\$2,326	\$58	2.6%
	1,000,000	4,536	4,652	116	2.6%
	2,000,000	9,072	9,303	231	2.5%
	5,000,000	22,679	23,258	579	2.6%

Key Assumptions:

1. Preliminary Pay 2025 RMV is estimated to change by 2.50% and NTC by 1.75% as compared to taxes payable 2024.
 2. Assumes no change in the value of individual parcels of property from 2024 to 2025 taxes. If the value of a parcel changed, the change in taxes will be different than shown above.
 3. Taxes payable in 2025 are based on latest estimates of proposed levy, as of the date above.
- * The Homestead Market Value Exclusion was modified starting with 2024 assessments (taxes payable in 2025) during Minnesota's 2023 legislative session. The change provides additional property tax relief for residential homestead properties with a value greater than \$76,000 and less than \$517,200.
- ** For commercial-industrial property, the estimates above are for property in the City of Wayzata. The tax impact for commercial industrial property in other municipalities in the school district may be slightly different due to the varying impact of the Twin Cities Fiscal Disparity program.



Tax Base Composition

School District: Wayzata

Assessment Year 2023 (Taxes Payable 2024) Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value*	Percent of Total	Net Tax Capacity**	Percent of Total
Totals	21,136,200,073	100.0%	20,745,950,267	100.0%	241,093,180	100.0%
Residential Homestead	12,920,573,880	61.1%	12,887,621,374	62.1%	138,188,365	57.3%
Other Residential	4,145,838,117	19.6%	4,092,572,617	19.7%	47,347,086	19.6%
Commercial / Industrial	3,753,200,700	17.8%	3,753,200,700	18.1%	74,519,143	30.9%
Non Qualifying Agricultural	6,607,576	0.0%	6,607,576	0.0%	69,663	0.0%
Qualifying Agriculture	24,821,700	0.1%	-	0.0%	216,254	0.1%
Seasonal Recreational	285,158,100	1.3%	5,948,000	0.0%	3,390,880	1.4%
TIF & FD					-22,638,210	-9.4%

**Totals include TIF and Fiscal Disparities adjustments

- Operating Referendum
 - Local Optional Revenue
 - Transition & Equity
46% of Total Levy

All other school taxes including building bonds
 Capital Project Levy
54% of Total Levy

Next Steps



**Approve
Preliminary Levy
at Maximum
9-23-24**



**Truth in Taxation
& Public
Comment 12-9-24**



**Certify Final
Levy
12-9-24**

Recommendation – Approve at Maximum

Fund	2025 Proposed Levy	Change (%)
General	\$75,487,100.83	3.93%
Community Service	\$2,118,626.85	4.70%
Debt Service	\$18,717,215.31	5.55%
Total Levy	\$96,322,942.99	4.26%
<i>* LY Overall Increase:</i>		4.90%



Thank You

Scott LeSage, MBA, MAcc
Executive Director, Finance & Operations



Board of Education
Regular Meeting – July 22, 2024

AGENDA SECTION: Adjourn

ITEM: Adjourn

COMMENTS BY: Milind Sohoni, Board Chair

This agenda item brings closure to the School Board meeting.

Recommended Action: Call the meeting to a close.

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Time of Adjournment: _____