



AGENDA  
TRUTH IN TAXATION PUBLIC HEARING  
ROYALTON BOARD OF EDUCATION  
EARLY CHILDHOOD ENTRANCE FOYER, ENTER DOOR #1  
120 SOUTH HAWTHORN STREET  
ROYALTON, MN 56373  
DECEMBER 20, 2022  
6:05 PM

PER MINNESOTA STATUTES 13D.02 SUBD.4, SCHOOL BOARD CHAIR RUSS GERADS  
WILL BE JOINING THROUGH INTERACTIVE TECHNOLOGY AT THE FOLLOWING  
LOCATION:

HOMEWOOD SUITES BY HILTON WILMINGTON/MAYFAIRE, NC  
BUSINESS CENTER  
6732 SWAN MILL RD  
WILMINGTON, NC 28405

1. **Call to Order**
2. **Pledge to Flag**
3. **Roll Call**
4. **Truth in Taxation Public Hearing**
5. **Adjournment**

**2**

# Royalton School District

**2022 Payable 2023**

## **Truth In Taxation Public Meeting**

6:05pm

12/13/2022

at the

Royalton School District Board Room

120 South Hawthorn Street

Royalton, MN 56373

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# Truth in Taxation Law

Minnesota's Truth in Taxation Law requires that cities, counties and school districts follow certain steps before adopting a tax levy for the following year.

- The law requires a mailed notice to each property owner in the county, which describes the tax levies proposed by the city, county and school district and what percent increase (decrease) such a levy would mean in dollars.
- School districts are required to hold a single meeting in which the public is allowed to speak and the budget and levy is discussed. This meeting may be part of a regularly scheduled meeting but must occur after 6:00 P.M.
- The meeting date and location must be provided at the same time or prior to certifying the proposed property tax levy. The meeting date must be between November 25 and December 27.
- You are here tonight as part of the school district's public meeting process.

# Requirements of the Truth in Taxation Public Meeting

1. Discuss proposed property tax levy for taxes payable 2023
2. Provide and discuss information on the current budget (2022-2023).
3. Public must be given a reasonable amount of time to comment on the proposed property tax levy and budget and to ask questions.

**- Minnesota Statute 275.065**

# Points to Remember

1. Revenue formulas are set by the State Legislature except for voter approved referendums.
2. Local Levy and State Aid mix are set by the State Legislature.
3. An increase in local taxes does not necessarily mean an increase in revenues for the school district.

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# Levy Cycles

	Calendar 2022												Calendar 2023												Calendar 2024																								
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SCHOOL YEAR / STATE YEAR	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	SY 2021
LEVY							Red	Red	Red	Red	Red	Red								Green	Green	Green	Green	Green														SY 2022											
BUDGETING	Blue	Blue	Blue	Blue	Blue	Blue							Red	Red	Red	Red	Red	Red	Red						Green	Green	Green	Green	Green	Green	Green	Green						SY 2023											
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																																						SY 2025											

# **Royalton School District**

## **School District Budget**

**Current School Year  
2022-2023**

# Fund Accounting Overview

All school districts' budgets are divided into separate funds, as required by law.

For our District, there are 5 funds:

## **1. GENERAL FUND (Fund 01)**

- Revenue is based on student enrollment
- The local referendum levy is part of the General Fund
- Provides for classroom instruction, instructional supplies and equipment, and other educational activities
- Special Education, and State / Federal Mandated Programs
- Extra-curricular Activities
- Pupil Transportation
- Facilities Operation and Maintenance
- Capital Expenditures and Improvements
- Health and Safety Code Compliance

# Fund Accounting Overview

## **2. FOOD SERVICE (Fund 02)**

- School Breakfast and Lunch Program

## **3. COMMUNITY SERVICE (Fund 04)**

- Levy is based on adult population in the District
- Early childhood levy is based on the number of children under 5 years of age
- Provides for enrichment programs for any age level that are not part of the K-12 education program
- Early Childhood Family Education
- School Readiness
- Adult Basic Education

## **4. CONSTRUCTION FUND (Fund 06)**

- Building Project

## **5. DEBT SERVICE (Fund 07)**

- Based on annual debt retirement schedules for the district's outstanding bonded indebtedness. Annual levy is for the payment of principal and interest on bonds as due. Current debt is a result of the voter approved Bond Issue for
  - Building Bonds 2015 A \$20,085,000
  - Building Bonds 2016 A \$1,425,000

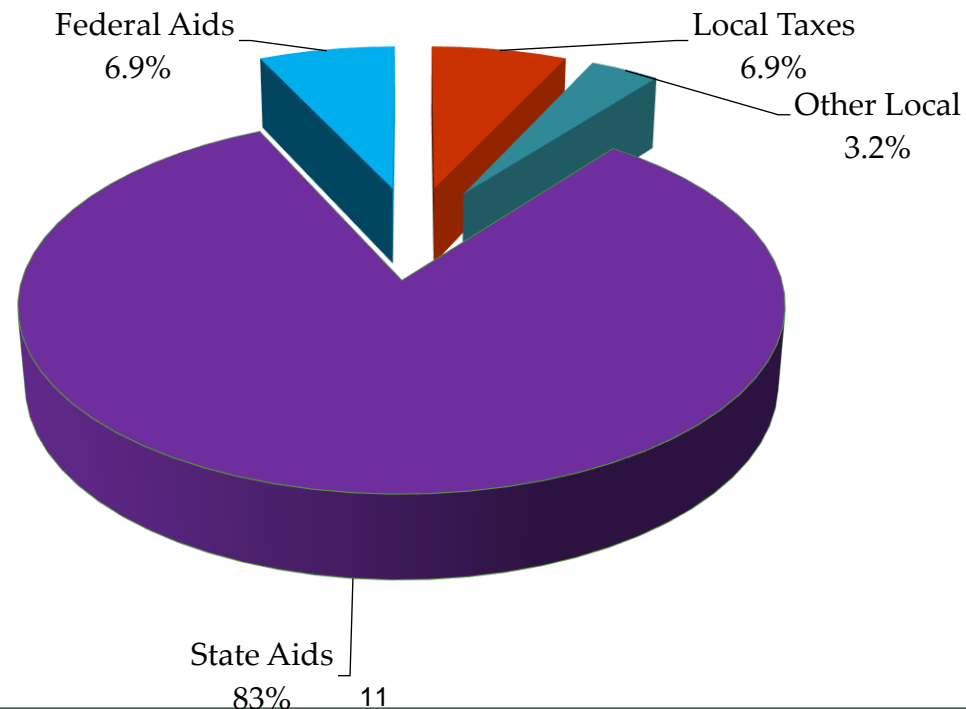
# Royalton School District

	21-22 Actual	22-23 Budget	Percent Change
General Fund	10,481,919	10,463,629	-0.17%
Food Service	740,389	400,800	-45.87%
Community Service	442,905	398,649	-9.99%
Construction Fund	-	-	N/A
Debt Service	<u>2,010,808</u>	<u>2,011,466</u>	<u>0.03%</u>
Totals	<u>\$ 13,676,021</u>	<u>\$ 13,274,544</u>	<u>-2.94%</u>

# Royalton School District

## General Fund Revenue Budget

*Where Do Our School Revenues Come From?*



# Royalton School District

## 2021-2022 BUDGET OVERVIEW EXPENDITURES

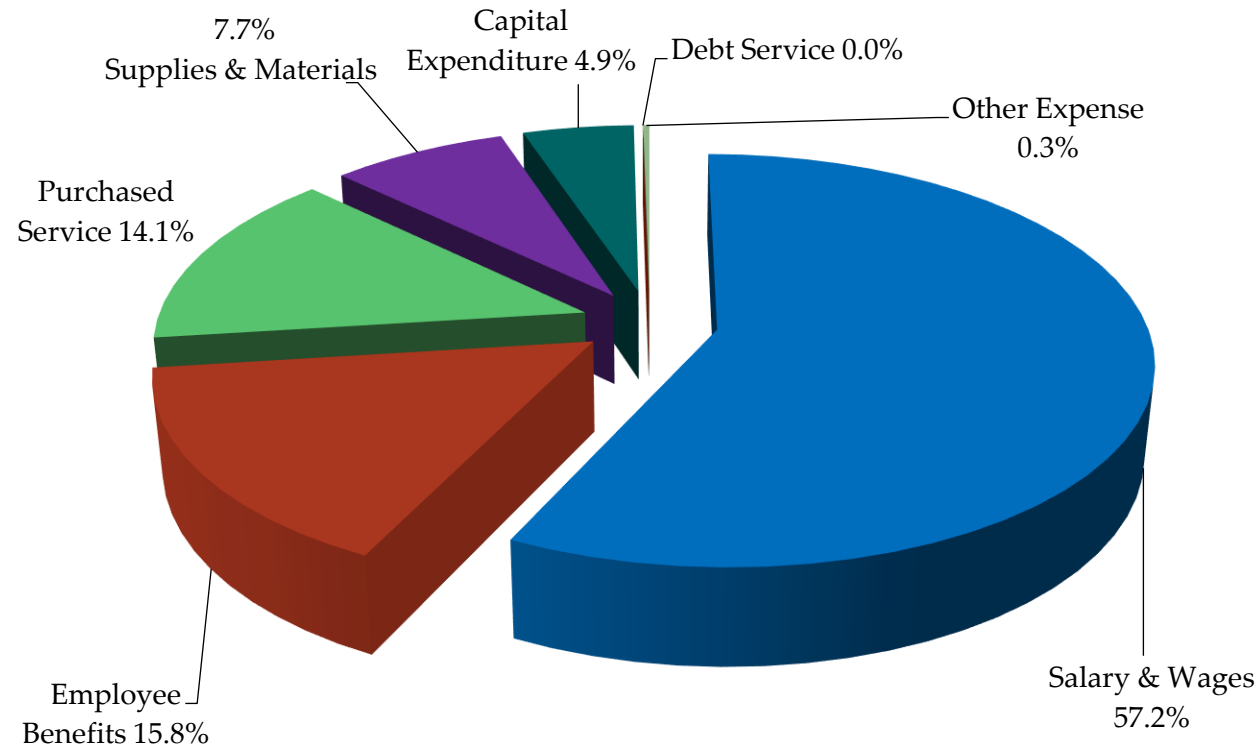
	21-22 Actual	22-23 Budget	Percent Change
General Fund	10,842,205	10,389,444	-4.18%
Food Service	628,948	540,888	-14.00%
Community Service	370,910	311,788	-15.94%
Construction Fund	-	-	N/A
Debt Service	2,015,884	2,004,883	-0.55%
Totals	\$ 13,857,947	\$ 13,247,003	-4.41%



# Royalton School District

## General Fund Expenditure Budget

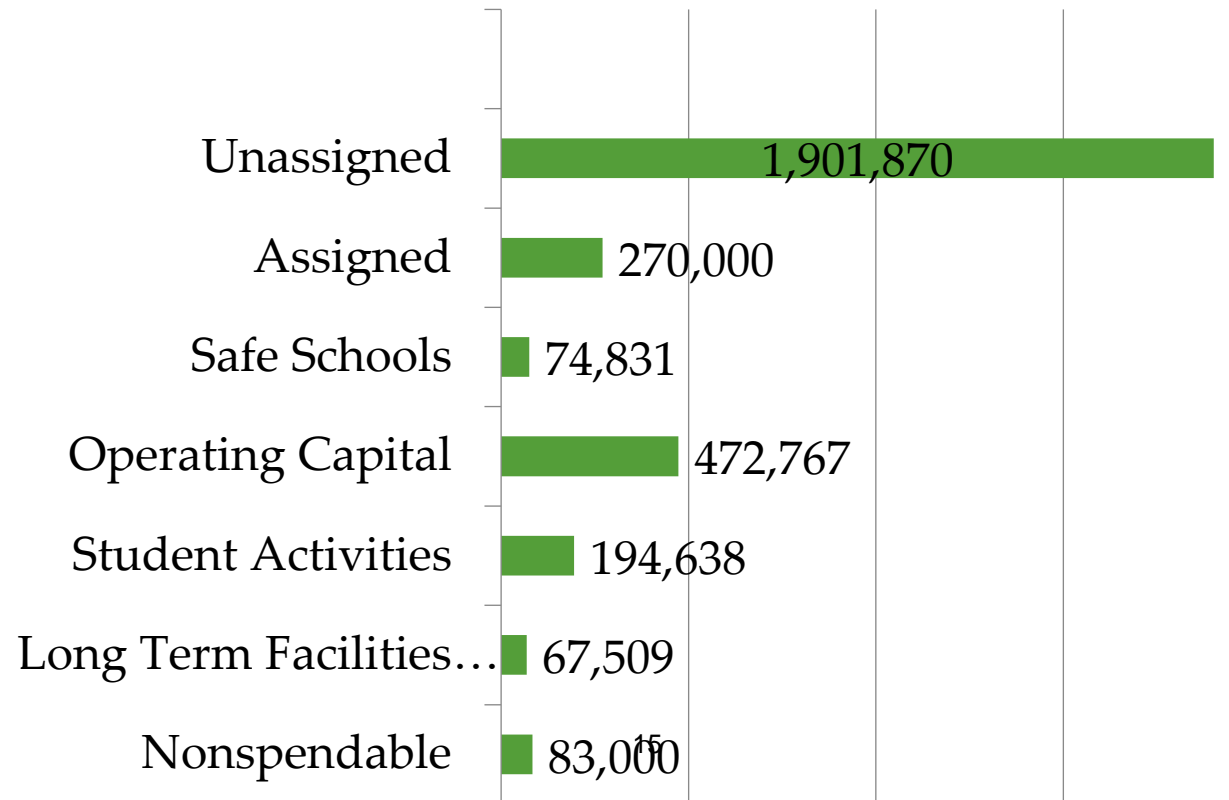
*What Do Our Expenditures Pay For?*



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# Royalton School District

## Components of the Projected General Fund Balance at June 30, 2022



# Royalton School District

## School District Levy

- 2022 Payable 2023
- 2023-2024 School Year
- Fiscal Year 2024

# Royalton School District

## Authority for School Levies

A School District Tax Levy must be either:

- Set by State Formula
- or-
- Voter Approved

# Royalton School District

## Factors Impacting Tax Change

### **Issues Driven by Legislative Decisions:**

- Change in sales ratio (impacting ANTC)
- Change in tax capacity rate structure
- Laws mandating code compliance (Health & Safety and Buildings)

### **Issues Determined by District Voters:**

- Voter approved building bond issue
- Voter approved excess levy referendum

# Royalton School District

## Factors Impacting Tax Change (*cont.*)

### Local Factors:

- Inflationary pressure on real estate market
- Abatements
- Property improvements not previously taxed
- Change in individual assessed market value
- Possible change in property classification (*e.g. homestead to rental*)

# Royalton School District

## How will your 2023 school taxes be spent?

	<u>Percent</u>
<b>General Fund</b> Provides funding for district instructional programs by means of the approved excess referendum. Provides funds for operating capital expenses, building/land lease, and Health & Safety costs:	<b>32%</b>
<b>Community Education Fund</b> Levy for Community Education Programs:	<b>2%</b>
<b>Debt Service</b> Levy for repayment of principal and interest on district debt:	<b>66%</b>
<b>Total Levy Before Credits:</b>	<b>100.0%</b>

# Royalton School District

## Comparison of Certified Payable 2022 Levy with Proposed Payable 2023 Levy

BY FUND	ACTUAL 21 PAY 22	PROPOSED 22 PAY 23	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
<b>General Fund</b>	<b>685,608.00</b>	<b>743,816.00</b>	<b>58,208.00</b>	<b>8.49%</b>
Community Services	46,043.00	46,124.00	81.00	0.18%
Debt Redemption	1,566,561.00	1,571,587.00	5,026.00	0.32%
<b>Total</b>	<b>2,298,212.00</b>	<b>2,361,527.00</b>	<b>63,315.00</b>	<b>2.75%</b>

# Royalton School District

## What are the main variables that cause property tax increases and decreases?

- Changes in market values, classification or class rates
- Change in property tax credits (*e.g. change in Homestead Benefit from a credit to an exclusion*)
- Voter approved referendums
- Increases or decreases in levy amounts caused by changes in state funding formulas

# Royalton School District

## **What are the main variables that cause property tax increases and decreases? (*cont.*)**

- The value of your property may increase or decrease.
- The value of other properties may increase or decrease and change the share that your property is of the total tax base, whether your property's value changed or not.
- School Board Actions.

# Royalton School District

**Whereas,** Pursuant to Minnesota Statutes the School Board of Royalton School District, Royalton, Minnesota, is authorized to make the following proposed tax levies for general purposes:

Maintenance (General Fund)	\$ 743,815.97
• Includes Referendum	
Community Service	46,123.87
Debt Service	1,571,586.72

**Total Proposed School Tax Levy            \$2,361,526.56**

**Now Therefore,** Be it resolved by the School Board of Royalton School District, Royalton, Minnesota, that the levy to be levied in 2022 to be collected in 2023 is set at \$2,361,526.56. The clerk of the Royalton School Board is authorized to certify the proposed levy to the County Auditor of Morrison and Benton County, Minnesota.

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**2022 Payable 2023**

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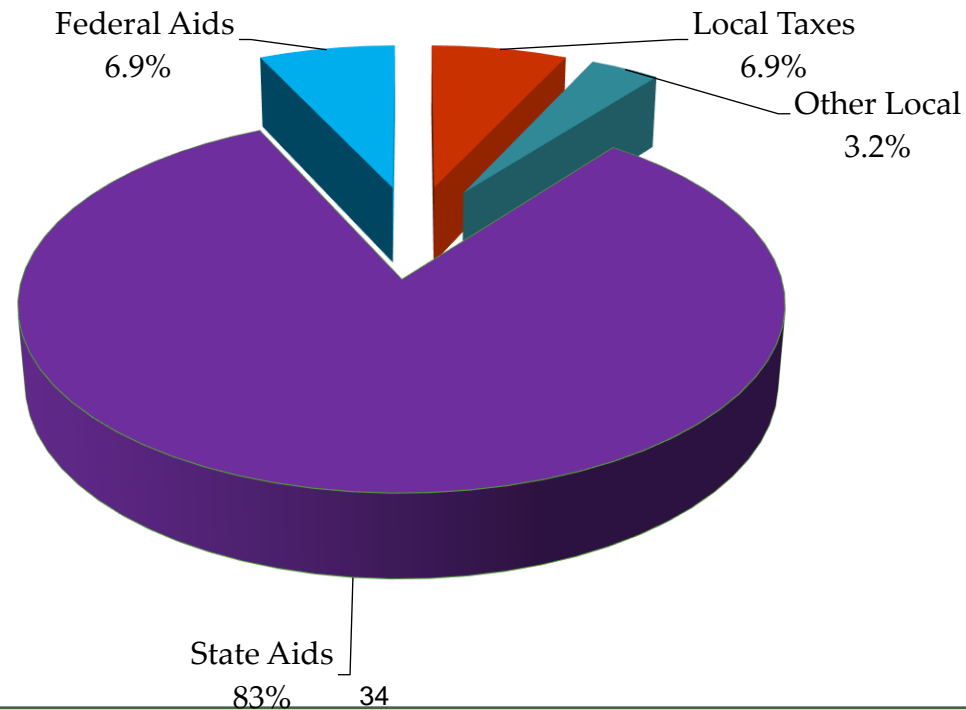
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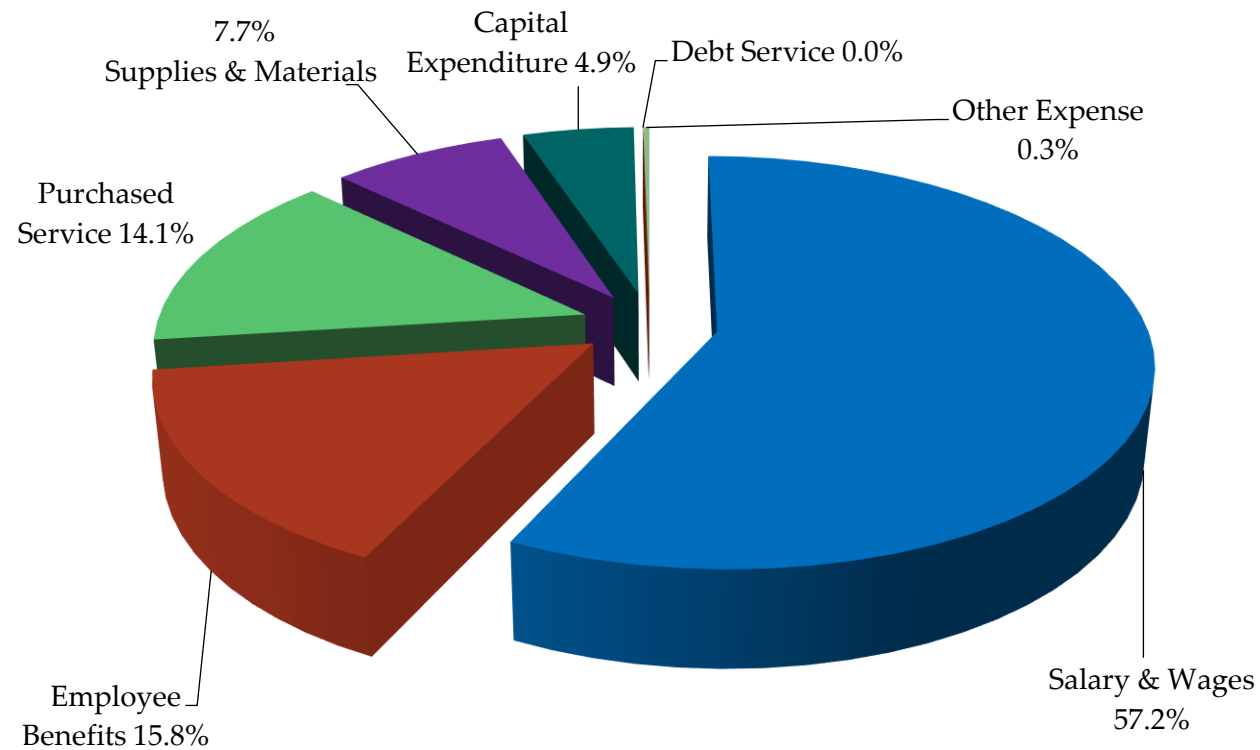
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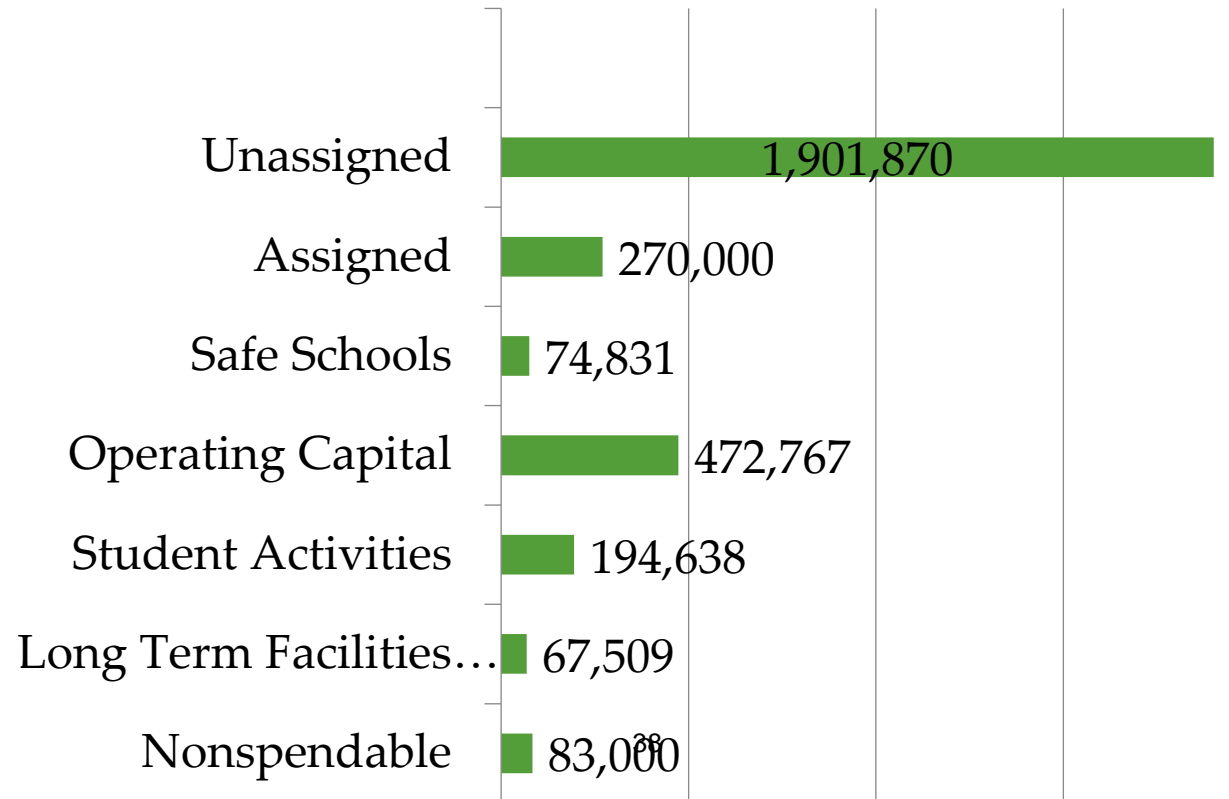
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