



AGENDA
TRUTH IN TAXATION MEETING
ROYALTON BOARD OF EDUCATION
EARLY CHILDHOOD ENTRANCE FOYER, ENTER DOOR #1
120 SOUTH HAWTHORN STREET
ROYALTON, MN 56373
DECEMBER 11, 2023
6:05 PM

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

Royalton School District

2023 Payable 2024

Truth In Taxation Public Meeting

6:05pm

12/11/2023

at the

Royalton School District Board Room

120 South Hawthorn Street

Royalton, MN 56373

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 2024
2. Provide and discuss information on the current budget (2023-2024).
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.

- Minnesota Statute 275.065

Levy Cycles

	Calendar 2023												Calendar 2024												Calendar 2025												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
SCHOOL YEAR / STATE YEAR																																					SFY2023
																																					SFY2024
LEVY																																					SFY2025
																																					SFY2026
BUDGETING																																					For SFY 2027
AUDIT																																					

Royalton School District

School District Budget

**Current School Year
2023-2024**

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 \$18,995,000
 - Building Bonds 2016 A \$1,300,000

Royalton School District

2022-23 BUDGET OVERVIEW

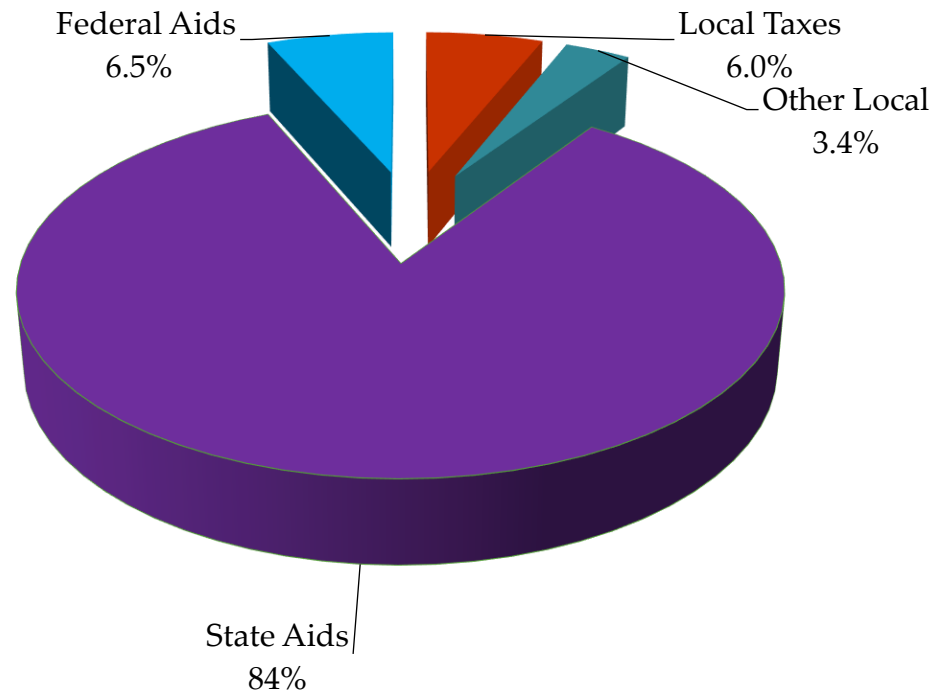
REVENUES

	22-23 Actual	23-24 Budget	Percent Change
General Fund	11,529,704	11,136,474	-3.41%
Food Service	681,762	569,685	-16.44%
Community Service	469,765	425,509	-9.42%
Construction Fund	-	-	N/A
Debt Service	<u>2,032,740</u>	<u>2,010,909</u>	<u>-1.07%</u>
Totals	<u>\$ 14,713,971</u>	<u>\$ 14,142,577</u>	<u>-3.88%</u>

Royalton School District

General Fund Revenue Budget

Where Do Our School Revenues Come From?



Royalton School District

2022-2023 BUDGET OVERVIEW EXPENDITURES

	22-23 Actual	23-24 Budget	Percent Change
General Fund	12,049,745	10,834,449	-10.09%
Food Service	721,057	568,645	-21.14%
Community Service	436,612	393,884	-9.79%
Construction Fund	-	-	N/A
Debt Service	2,020,583	2,020,608	0.00%
Totals	\$ 15,227,997	\$ 13,817,586	-9.26%

Royalton School District

HOW ARE GENERAL FUND DOLLARS SPENT?

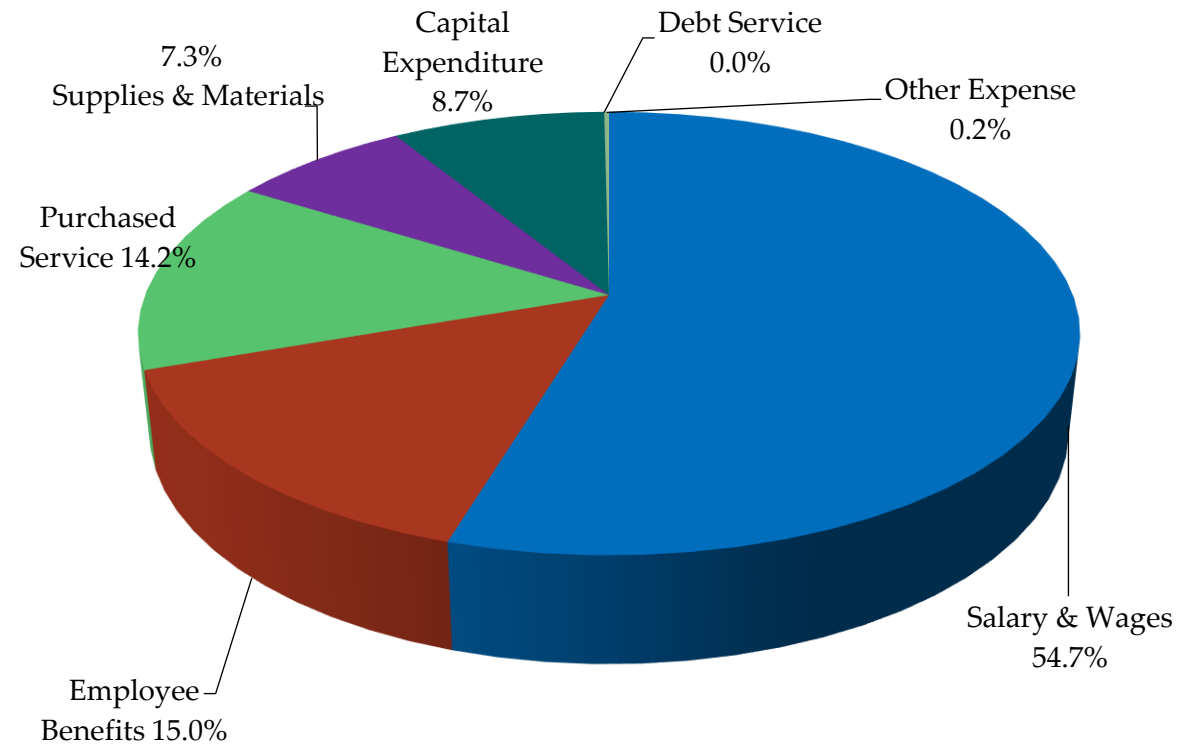
Expenses incurred in the operation of the district are paid from the General Fund. The following schedule relates how the dollars allocated to the General Fund are spent:

District & School Administration	6.4%	753,989.00	
District Support Services	3.1%	365,835.00	
Regular Instruction	41.3%	4,840,514.00	
Vocational Instruction	2.0%	235,669.00	
Special Education Instruction	12.3%	1,444,518.00	
Instructional Support Services	7.3%	853,633.00	
Pupil Support Services	11.0%	1,288,990.00	
Sites-Buildings, Equipment	15.6%	1,831,906.00	
Fiscal and Other	1.0%	111,449.00	
	<u>100.0%</u>	<u>11,726,503.00</u>	

Royalton School District

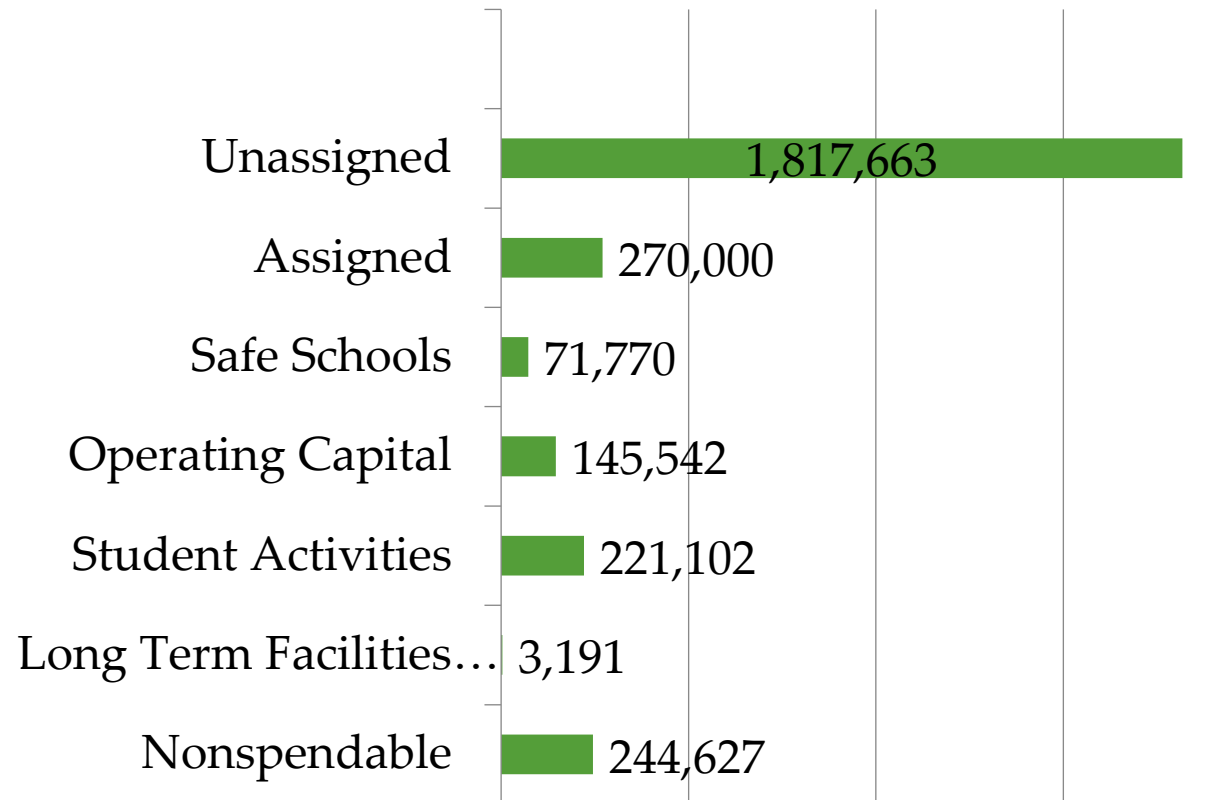
General Fund Expenditure Budget

What Do Our Expenditures Pay For?



Royalton School District

Components of the Projected General Fund Balance at June 30, 2023



Royalton School District

School District Levy

- 2023 Payable 2024
- 2024-2025 School Year
- Fiscal Year 2025

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 2024 school taxes be spent?

	<u>Percent</u>
General Fund 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:	32.26%
Community Education Fund Levy for Community Education Programs:	1.38%
Debt Service Levy for repayment of principal and interest on district debt:	66.36%
Total Levy Before Credits:	100.0%

Royalton School District

Comparison of Certified Payable 2023 Levy with Proposed Payable 2024 Levy

BY FUND	ACTUAL 22 PAY 23	PROPOSED 23 PAY 24	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
General Fund	746,460.16	830,772.51	84,312.35	11.29%
Community Services	46,123.87	35,572.93	(10,550.94)	-22.88%
Debt Redemption	1,571,586.72	1,709,472.67	137,885.95	8.77%
Total	2,364,170.75	2,575,818.11	211,647.36	8.95%

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)	\$ 830,772.51
• Includes Referendum	
Community Service	35,572.93
Debt Service	1,709,472.67

Total Proposed School Tax Levy \$2,575,818.11

Now Therefore, Be it resolved by the School Board of Royalton School District, Royalton, Minnesota, that the levy to be levied in 2023 to be collected in 2024 is set at \$2,575,818.11. The clerk of the Royalton School Board is authorized to certify the proposed levy to the County Auditor of Morrison County, Minnesota.