Alexandria Public Schools
ISD #206

Public Hearing for Taxes Payable in 2023

DECEMBER 19, 2022

PRESENTED BY:
TREVOR PETERSON
DIRECTOR OF BUSINESS SERVICES
Minnesota State Law Requirements

A Public Meeting...
- Between November 25th & December 28th
- At 6:00 PM or later
- May be part of regularly scheduled meeting
- Must allow for public comments
- May adopt final levy at same meeting

...and Presentation of:
- Current year budget
- Proposed property tax levy
Truth in Taxation Hearing Agenda

- Background on Property Tax Levies
- Legislative Changes that Affect the 2023 Levy
- Information on School Funding
- Budget
- Proposed Tax Levy for Taxes Payable in 2023
- Estimated Impact on Taxpayers
- Minnesota Property Tax Refunds
- Public Comments
Background on Property Tax Levies
Property Tax Background

• Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located

• Each taxing jurisdiction sets own tax levy, often based on limits in state law

• County sends bills, collects taxes from property owners & distributes funds back to other taxing jurisdictions
MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1

“UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.”
State Sets:

• Formulas which determine revenue
  ◦ Most revenue based on specified amounts per pupil

• Tax policy for local schools

• Maximum authorized property tax levy
  ◦ Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

State also authorizes school board to submit referendums for operating & capital needs to voters for approval
Complexity of MN School District Property Tax System

• Comprised of 39 pages of levy calculations
• Contains 40 different levy categories
• Calculated on two property tax bases
  ◦ Referendum Market Value (RMV)
  ◦ Net Tax Capacity (NTC)
• Contains 4 different funds
  ◦ General Fund, Community Service, Debt Service, OPEB Debt Service
• Separated into two categories on property tax statements
  ◦ Voter Approved Levies
  ◦ Other Local Levies
Levy Timeline Overview

• Proposed levy certified in September 2022

• Final levy certified in December 2022

• Payable 2023 means collected from taxpayers in calendar year 2023
  ◦ 1st half due May 15th, 2023
  ◦ 2nd half due October 15th, 2023

• Provides revenue for the district in Fiscal Year 2023-24
  ◦ July 2023 – June 2024
Levy Timeline Overview

**September 8**
MDE prepared & distributed first draft of levy limit report setting maximum authorized levy

**September 26**
School Board approved proposed levy amounts

**Mid-November**
County mailed “Proposed Property Tax Statements” to all property owners

**December 19**
Public hearing on proposed levy at regular meeting

**December 19**
Following hearing, School Board will certify final levy amounts
Difference in Levy Cycles

School Districts
- Budget year begins July 1\textsuperscript{st}
- 2023 taxes provide revenue for 2023-24 fiscal year

Cities, Counties & Townships
- Budget year begins January 1\textsuperscript{st}
- 2023 taxes provide revenue for 2023 calendar year budget
## Difference in Levy Cycles

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<tbody>
<tr>
<td><strong>Legislation</strong></td>
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<td>Tax Levy Decision</td>
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<tr>
<td>Collection of Levy</td>
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<td>Budget Year</td>
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</table>

### School District

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<th>2024</th>
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</thead>
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<td></td>
</tr>
<tr>
<td>Budget Year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Payable 2023 Property Tax Levy

- Levy Calculation
- Levy Comparisons
- Notable Levy Changes
- Impact on Taxpayers
City or County Assessor (Douglas & Pope County) determines estimated market value and property classification for each parcel of property.

Some levy categories, tax rates & levy amounts are based on referendum market value, and some are based on tax capacity.

Of these six steps, school districts have control over only one of the steps.
School District Property Tax Process

City or County Assessor (Douglas & Pope County) determines estimated market value and property classification for each parcel of property.

Legislature sets formulas for tax capacity and school district levy limits.

Residential & Agricultural Homestead
- house, garage & 1 acre
- 1.00% up to $500,000
- 1.25% over $500,000

Commercial
- 1.50% up to $150,000
- 2.00% over $150,000

Agricultural Land & Buildings
- 0.50% up to $1,900,000
- 1.00% over $1,900,000
A property’s tax capacity is determined by multiplying the property’s market value by the relevant class rate. Class rates are set by statute, vary by property type, and are uniform statewide.

### School District Property Tax Process

1. **City or County Assessor** (Douglas & Pope County) determines estimated market value and property classification for each parcel of property.

2. **Legislature** sets formulas for tax capacity and school district levy limits.

3. **County Auditor** calculates tax capacity for each parcel of property, as well as total tax capacity for each school district.
School District Property Tax Process

Each category has its own unique set of calculations. Many formulas are based on a per-pupil basis, while others are more specific.

Operating Capital
- Based on age and square footage of district buildings

Transportation Sparsity
- Based on attendance area and number of square miles per resident student

**Step 1**
City or County Assessor (Douglas & Pope County) determines estimated market value and property classification for each parcel of property.

**Step 2**
Legislature sets formulas for tax capacity and school district levy limits.

**Step 3**
County Auditor calculates tax capacity for each parcel of property, as well as total tax capacity for each school district.

**Step 4**
Minnesota Department of Education calculates detailed levy limits for each school district, based on formulas approved by Legislature.

**Step 5**

**Step 6**
**School District Property Tax Process**

**Equity Revenue**
- Based on a district’s per-pupil revenue (basic formula, referendum, transition, up to $300 LOR) compared to the state average
  - APS = $7,773.12
  - Rural 5th Percentile = $7,163.00
  - Rural 95th Percentile = $9,153.22

**Career & Technical**
- 35% of eligible expenditures

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- **Step 1**: City or County Assessor (Douglas & Pope County) determines estimated market value and property classification for each parcel of property.
- **Step 2**: Legislature sets formulas for tax capacity and school district levy limits.
- **Step 3**: County Auditor calculates tax capacity for each parcel of property, as well as total tax capacity for each school district.
- **Step 4**: Minnesota Department of Education calculates detailed levy limits for each school district, based on formulas approved by Legislature.
- **Step 5**
- **Step 6**
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County Auditor divides final levy by district’s total tax capacity to determine tax rate needed to raise levy amount.
Sample of parcel specific notice mailed to every property owner between November 11 & November 24

Contents:

• Estimated Market Value of property (1)
  • Change in property value has a large impact

• Homestead Exclusion (2)
  • Value excluded or deferred from taxation

• Taxable Market Value (3)

• Property Classification (4)
  • Different tax capacity calculations for different classifications

• Proposed property taxes compared to last year (5)
  • By taxing jurisdiction
  • By voter approved & other for school district (6)
    • 2 separate line items, but no total

• Time & place of public meetings (7)
Legislative Changes that Affect the 2023 Levy
Legislative Changes that Affect the 2023 Levy

• The 2023 Legislature will address the next biennium for formula allowances for the 2023-24 and 2024-25 fiscal years

• The 2022 Payable 2023 levy reflects the current 2022-23 General Education Basic formula for the 2023-24 fiscal year of $6,863.00 per Adjusted Pupil Unit

• At this time, no legislative changes affect the 2022 Payable 2023 levy
Information on School Funding
Basic General Education Formula Lags Inflation

• Since 2002-03, state General Education Revenue formula has not kept pace with inflation

• For Fiscal Year 2021-22, an increase of 2.45% or $161 over previous year was approved

• For Fiscal Year 2022-23, an increase of 2.00% or $135 over previous year was approved

Per-pupil allowance for Fiscal Year 2022-23 of $6,863 would need to increase by another $1,263 (18.4%) to have kept pace with inflation since 2002-03, resulting in an allowance of $8,126
General Education Formula Allowance (2003-2023)

- General Education Formula Allowance: $4,966
- Inflation Rate: $5,000


Values:
- 2003: $4,966
- 2005: $5,228
- 2007: $5,569
- 2009: $5,855
- 2011: $6,030
- 2013: $6,311
- 2015: $6,455
- 2017: $6,618
- 2019: $6,907
- 2021: $7,176
- 2023: $8,126

Additional values:
- 2004: $5,000
- 2006: $5,500
- 2008: $6,000
- 2010: $6,500
- 2012: $7,000
- 2014: $7,500
- 2016: $8,000
- 2018: $8,500
Underfunding of Special Education

According to MN Department of Education (MDE):

- FY 2020 costs of providing programs were underfunded statewide by $591 million
- By FY 2025 costs of providing programs statewide will be underfunded by $806 million

Primary options to bridge funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both
Change in Tax Levy does not Determine Change in Budget

- Tax levy is based on many state-determined formulas plus voter approved referendums
- Some increases in tax levies are revenue neutral, offset by reductions in state aid
- Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance
- An increase in school taxes does not always correlate to an equal increase in budget
Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information be presented at this hearing. A preliminary Fiscal Year 2023-24 budget will be adopted by the School Board in June 2023.

School district budgets are divided into separate funds, based on purposes of revenue, as required by law.

Our District’s Funds:

- General (includes Student Activity Funds)
- Food Service
- Community Service
- Building Construction
- Debt Service
- Internal Service
- OPEB* Debt Service

*Other Post-Employment Benefits
## District Revenues & Expenditures

**Actual for FY 2021-22 & Budget for FY 2022-23**

<table>
<thead>
<tr>
<th>FUND</th>
<th>Beginning Fund Balance</th>
<th>FY 2021-22 Actual</th>
<th>Ending Fund Balance</th>
<th>FY 2022-23 Budget</th>
<th>Projected Fund Balance</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>7/1/2021</td>
<td>Revenues &amp; Expenditures &amp; Transfers In</td>
<td>6/30/2022</td>
<td>Revenues &amp; Expenditures &amp; Transfers In</td>
<td>6/30/2022</td>
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<tr>
<td>**General (Restricted) ***</td>
<td>$501,649.83</td>
<td>$4,593,226.77</td>
<td>$4,549,323.93</td>
<td>$545,552.67</td>
<td>$4,727,374.99</td>
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<tr>
<td><strong>General (Other)</strong></td>
<td>$9,109,382.54</td>
<td>51,331,569.20</td>
<td>52,939,044.74</td>
<td>7,501,907.00</td>
<td>55,118,451.19</td>
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<tr>
<td><strong>Food Service</strong></td>
<td>$640,546.88</td>
<td>3,993,358.15</td>
<td>3,606,378.69</td>
<td>1,027,526.34</td>
<td>3,551,545.12</td>
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<tr>
<td><strong>Community Service</strong></td>
<td>$1,503,231.16</td>
<td>3,099,516.97</td>
<td>3,319,801.06</td>
<td>1,282,947.07</td>
<td>3,227,889.53</td>
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<tr>
<td><strong>Building Construction</strong></td>
<td>$(555,380.21)</td>
<td>11,154,784.72</td>
<td>6,918,021.48</td>
<td>3,681,383.03</td>
<td>25,000.00</td>
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<tr>
<td><strong>Debt Service</strong></td>
<td>$(206,771.03)</td>
<td>6,531,237.58</td>
<td>6,292,388.05</td>
<td>32,078.50</td>
<td>6,487,030.54</td>
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<td><strong>Internal Service</strong></td>
<td>$87,219.29</td>
<td>361,106.13</td>
<td>400,593.27</td>
<td>47,732.15</td>
<td>367,050.00</td>
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<tr>
<td><strong>OPEB Debt Service</strong></td>
<td>$(43,325.15)</td>
<td>740,143.53</td>
<td>704,877.50</td>
<td>$(8,059.12)</td>
<td>739,898.34</td>
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<tr>
<td><strong>TOTALS</strong></td>
<td>$11,036,553.31</td>
<td>$81,804,943.05</td>
<td>$78,730,428.72</td>
<td>$14,111,067.64</td>
<td>$74,244,239.71</td>
</tr>
</tbody>
</table>

* includes Student Activity Funds
Revenue - All Funds -

2022-23 Budget $74,244,239.71
General Fund Revenue

2022-23 Budget
$59,845,826.18
General Fund Expenditures
- by Object -

2022-23 Budget
$61,516,995.11
General Fund Expenditures
- by Program -

2022-23 Budget
$61,516,995.11
### General Education Aid per ADM (2021-22)

*(Alphabetical)*

<table>
<thead>
<tr>
<th>Location</th>
<th>Aid</th>
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<tbody>
<tr>
<td>Alexandria</td>
<td>$8,014</td>
</tr>
<tr>
<td>Bemidji</td>
<td>$8,757</td>
</tr>
<tr>
<td>Brainerd</td>
<td>$8,462</td>
</tr>
<tr>
<td>Cambridge-Isanti</td>
<td>$8,281</td>
</tr>
<tr>
<td>Detroit Lakes</td>
<td>$8,547</td>
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<tr>
<td>Grand Rapids</td>
<td>$8,755</td>
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<tr>
<td>Monticello</td>
<td>$8,960</td>
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<tr>
<td>Moorhead</td>
<td>$8,593</td>
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<tr>
<td>Northfield</td>
<td>$8,214</td>
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<tr>
<td>Owatonna</td>
<td>$8,818</td>
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<tr>
<td>Princeton</td>
<td>$8,202</td>
</tr>
<tr>
<td>Sartell-St. Stephen</td>
<td>$8,263</td>
</tr>
<tr>
<td>Sauk Rapids-Rice</td>
<td>$8,322</td>
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<tr>
<td>Willmar</td>
<td>$10,000</td>
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**Average:** $8,939
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<th>School</th>
<th>General Education Aid per ADM</th>
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<tr>
<td>Montello</td>
<td>$7,960</td>
</tr>
<tr>
<td>ALEXANDRIA</td>
<td>$8,014</td>
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<tr>
<td>Princeton</td>
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<td>Willmar</td>
<td>$9,733</td>
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Equalization Aid

• Based on Referendum Market Value (RMV) per Resident Student

• Higher RMV per Resident Student equates to less equalization aid and more responsibility to local levy

• Our district calculates to be a very property-rich district
  ◦ This leads to limited ability to receive equalization aid and mandates the balance to be shifted heavily toward local levy
Referendum Market Value per Resident Pupil Unit
(Alphabetical)
## Equalization Aid

<table>
<thead>
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<th></th>
<th>AID</th>
<th>LEVY</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
<td>$</td>
</tr>
<tr>
<td>Operating Capital</td>
<td>460,659.19</td>
<td>48.3%</td>
<td>493,187.91</td>
</tr>
<tr>
<td>Local Optional</td>
<td>224,595.89</td>
<td>6.9%</td>
<td>3,026,135.15</td>
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<tr>
<td>Equity</td>
<td>-</td>
<td>0.0%</td>
<td>634,319.10</td>
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<tr>
<td>Transition</td>
<td>-</td>
<td>0.0%</td>
<td>67,888.20</td>
</tr>
<tr>
<td>Referendum</td>
<td>-</td>
<td>0.0%</td>
<td>2,177,630.60</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>685,255.08</strong></td>
<td><strong>9.7%</strong></td>
<td><strong>6,399,160.96</strong></td>
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</tbody>
</table>
Equalization Aid

Aid/Levy Split for Comparable Districts

Based on 2021-22 Revenue
Proposed Tax Levy for Taxes Payable in 2023
Overview of Proposed Tax Levy for Taxes Payable in 2023

• Proposed Payable 2023 tax levy is an increase from 2022 of $1,526,170.18

• Represents a 9.40% increase

• Changes by levy category and reasons for major increases & decreases in levy are included on following slides
Comparison of Actual Tax Levy Payable in 2022 to Proposed Tax Levy Payable in 2023

<table>
<thead>
<tr>
<th>Levy Category</th>
<th>2022 Payable</th>
<th>2021 Payable</th>
<th>Change from Prior Year</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Proposed Levy</td>
<td>Final Levy</td>
<td>$ Change</td>
</tr>
<tr>
<td>GENERAL</td>
<td></td>
<td></td>
<td>% Change</td>
</tr>
<tr>
<td>Operating Capital</td>
<td>$560,222.88</td>
<td>$521,102.34</td>
<td>$39,120.54</td>
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<tr>
<td>Equity Allowance</td>
<td>614,374.38</td>
<td>610,056.16</td>
<td>318.22</td>
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<tr>
<td>Local Optional Revenue</td>
<td>3,212,211.86</td>
<td>3,109,575.31</td>
<td>102,636.55</td>
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<td>Reemployment Insurance</td>
<td>70,569.49</td>
<td>22,139.63</td>
<td>48,429.86</td>
</tr>
<tr>
<td>Referendum Revenue</td>
<td>2,671,193.00</td>
<td>2,692,256.00</td>
<td>(21,063.00)</td>
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<tr>
<td>Safe Schools</td>
<td>161,618.40</td>
<td>162,892.80</td>
<td>(1,274.40)</td>
</tr>
<tr>
<td>Lease</td>
<td>951,752.80</td>
<td>959,257.60</td>
<td>(7,504.80)</td>
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<tr>
<td>Transition Revenue</td>
<td>67,879.72</td>
<td>68,414.97</td>
<td>(535.25)</td>
</tr>
<tr>
<td>Career &amp; Technical</td>
<td>215,655.18</td>
<td>202,798.25</td>
<td>12,856.93</td>
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<tr>
<td>Long-Term Facilities Maintenance</td>
<td>1,267,293.48</td>
<td>1,224,089.92</td>
<td>43,203.56</td>
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<td>Alternative Teacher Compensation</td>
<td>379,098.34</td>
<td>380,159.77</td>
<td>(1,061.43)</td>
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<tr>
<td>Facility &amp; Equipment Bond</td>
<td>(692,063.00)</td>
<td>(692,812.00)</td>
<td>749.00</td>
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<tr>
<td>Other Post-Employment Benefits</td>
<td>804,472.00</td>
<td>242,144.74</td>
<td>562,327.26</td>
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<tr>
<td>Other &amp; Previous Years Adjustments</td>
<td>(316,525.32)</td>
<td>(1,132,724.78)</td>
<td>816,199.46</td>
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<tr>
<td>TOTAL GENERAL FUND</td>
<td>$9,967,753.21</td>
<td>$8,369,350.71</td>
<td>$1,598,402.50</td>
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<td>COMMUNITY SERVICE</td>
<td></td>
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<tr>
<td>Basic Levy</td>
<td>$230,961.40</td>
<td>$230,961.40</td>
<td>-</td>
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<tr>
<td>Early Childhood Family Educ.</td>
<td>149,235.52</td>
<td>139,239.87</td>
<td>9,995.65</td>
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<tr>
<td>Home Visit</td>
<td>3,644.35</td>
<td>3,342.01</td>
<td>302.34</td>
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<tr>
<td>School Age Care</td>
<td>250,000.00</td>
<td>250,000.00</td>
<td>-</td>
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<tr>
<td>Other &amp; Previous Years Adjustments</td>
<td>1,635.94</td>
<td>16,297.02</td>
<td>(14,661.08)</td>
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<td>TOTAL COMMUNITY SERVICE FUND</td>
<td>$635,477.21</td>
<td>$639,840.30</td>
<td>$4,363.09</td>
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<td>DEBT SERVICE</td>
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<td></td>
</tr>
<tr>
<td>Basic Levy</td>
<td>$5,608,050.00</td>
<td>$5,654,355.00</td>
<td>(46,305.00)</td>
</tr>
<tr>
<td>Alternative / Capital Facilities Bonds</td>
<td>692,063.00</td>
<td>692,812.00</td>
<td>(749.00)</td>
</tr>
<tr>
<td>Long-Term Facilities Maintenance</td>
<td>132,878.00</td>
<td>129,720.14</td>
<td>3,157.86</td>
</tr>
<tr>
<td>Other Post-Employment Benefits</td>
<td>725,789.00</td>
<td>738,337.00</td>
<td>(12,548.00)</td>
</tr>
<tr>
<td>Other &amp; Previous Years Adjustments</td>
<td>(284.26)</td>
<td>11,140.83</td>
<td>(11,425.09)</td>
</tr>
<tr>
<td>TOTAL DEBT SERVICE FUND</td>
<td>$7,158,495.74</td>
<td>$7,226,364.97</td>
<td>(67,869.23)</td>
</tr>
<tr>
<td>TOTAL - ALL FUNDS</td>
<td>$17,761,726.16</td>
<td>$16,235,555.98</td>
<td>$1,526,170.18</td>
</tr>
</tbody>
</table>
# Overview of Proposed Tax Levy for Taxes Payable in 2023

<table>
<thead>
<tr>
<th>By Truth in Taxation Category</th>
<th>Proposed Tax Levy Payable in 2023</th>
<th>Actual Tax Levy Payable in 2022</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voter Approved Levies</td>
<td>$8,164,673.43</td>
<td>$8,295,468.49</td>
<td>-1.58%</td>
</tr>
<tr>
<td>Other Local Levies</td>
<td>9,597,052.73</td>
<td>7,940,087.49</td>
<td>20.87%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$17,761,726.16</td>
<td>$16,235,555.98</td>
<td>9.40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Tax Base</th>
<th>Proposed Tax Levy Payable in 2023</th>
<th>Actual Tax Levy Payable in 2022</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referendum Market Value</td>
<td>$6,284,681.03</td>
<td>$6,318,564.17</td>
<td>-0.54%</td>
</tr>
<tr>
<td>Net Tax Capacity</td>
<td>11,477,045.13</td>
<td>9,916,991.81</td>
<td>15.73%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$17,761,726.16</td>
<td>$16,235,555.98</td>
<td>9.40%</td>
</tr>
</tbody>
</table>
Payable 2023 Property Tax Levy

- Levy Calculation
- Levy Comparisons
- Notable Levy Changes
- Impact on Taxpayers
# Explanation of Levy Changes from Payable 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>General Fund – Other Post Employment Benefits (OPEB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>+$562,327.26</td>
</tr>
<tr>
<td>Use of Funds</td>
<td>District is eligible to levy to pay for OPEB costs, based on amounts determined by an annual actuarial study</td>
</tr>
<tr>
<td>Reason for Change</td>
<td>Payable 2022 levy was for only a partial year ($242,144.74) as the OPEB trust expired. Payable 2023 is a full year of $804,472.00</td>
</tr>
</tbody>
</table>
Explanation of Levy Changes from Payable 2022

<table>
<thead>
<tr>
<th>Category:</th>
<th>General Fund – Local Optional Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change:</td>
<td>+$102,636.55</td>
</tr>
<tr>
<td>Use of Funds:</td>
<td>Unrestricted general fund use</td>
</tr>
<tr>
<td>Reason for Change:</td>
<td>Increase is a result of change in ratio of Referendum Market Value to Resident Pupil Units</td>
</tr>
</tbody>
</table>
## Explanation of Levy Changes from Payable 2022

<table>
<thead>
<tr>
<th>Category:</th>
<th>General Fund – Prior Year Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change:</td>
<td>+$816,199.46</td>
</tr>
<tr>
<td>Use of Funds:</td>
<td>Various</td>
</tr>
<tr>
<td>Reason for Change:</td>
<td>Initial levies are based on estimates. In later years, amounts are updated, and levies are retroactively adjusted.</td>
</tr>
</tbody>
</table>
**Explanation of Levy Changes from Payable 2022**

<table>
<thead>
<tr>
<th>Category:</th>
<th>All Other Funds &amp; All Other Categories Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change:</td>
<td>+$45,006.91</td>
</tr>
<tr>
<td>Use of Funds:</td>
<td>Various</td>
</tr>
</tbody>
</table>
Explanation of Levy Changes from Preliminary

Category: All Funds & All Categories

Change: $0.00 (No Change)
3-Year Total Levy Change

Comparable 14 Districts
Levy as Percentage of Adjusted Net Tax Capacity

- Net Tax Capacity (NTC) = Total tax capacity of all properties in the district based on their property classification

- District’s NTC (from 2021) = $55,992,416

- Sales Ratio = 92.6%
  - Average of property sales (estimated market value = 92.6% of sales price)

- Adjusted Net Tax Capacity = $60,420,952
Levy as Percentage of Adjusted Net Tax Capacity

• Payable 2023 Levy = $17,761,726.16 / ANTC of $60,420,952 = 29.4%

• State average = 39.3% (from Payable 2022)
• Comparable district average = 37.8%
Levy as Percentage of Adjusted Net Tax Capacity (Comparable Districts)

ALEXANDRIA: 29.4%
Bemidji: 24.4%
Brainerd: 32.7%
Cambridge-Isanti: 40.8%
Detroit Lakes: 25.0%
Grand Rapids: 28.9%
Monticello: 29.0%
Moorhead: 47.7%
Northfield: 53.9%
Owatonna: 49.1%
Princeton: 35.2%
Sartell-St. Stephen: 53.6%
Sauk Rapids-Rice: 41.5%
Willmar: 29.1%
AVERAGE: 37.8%
Estimate Impact on Taxpayers
Payable 2023 Property Tax Levy

- Levy Calculation
- Levy Comparisons
- Notable Levy Changes
- Impact on Taxpayers
Factors Impacting Individual Taxpayers’ School Taxes

Many factors can cause property taxes for an individual property to increase or decrease from year to year:

- Changes in value of individual property
- Changes in total value of all property within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors
Easy as Pie

Higher Market Value Increase = Bigger Slice

Lower Market Value Increase = Smaller Slice

Each Property Owner pays a portion of the pie
Impact of Property Valuations

Two properties in the district
◦ Both houses are valued at $100,000

Total levy of $500
◦ Each property will pay $250 of levy
Impact of Property Valuations

Two properties in the district
- Orange house value increases by 10%
- Blue house value increases by 25%

Total levy of $500
- School District will still generate the same amount of levy even though values increased
- Orange house pays less
- Blue house pays more
Impact on Taxpayer

• Following charts show examples of changes in the School District portion of property taxes only

• Amounts for 2023 are preliminary estimates based on data available from the county (final amounts could change slightly)

• 4-year comparisons are shown based on no change to property value and a 24.6% increase in property value for residential homes over the past four years
  ◦ Actual changes in value may be more or less than this for any parcel of property
  ◦ Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
Estimated Changes in School Property Taxes 2020-2023

Based on No Changes in Property Value

Valuation growth (16% for NTC and 15% for RMV) is outpacing the increase in the district’s levy, which means tax rates are lower for taxes payable 2023 compared to payable 2022.
Estimated Changes in School Property Taxes 2020-2023

Based on No Changes in Property Value

Valuation growth (16% for NTC and 15% for RMV) is outpacing the increase in the district’s levy, which means tax rates are lower for taxes payable 2023 compared to payable 2022.
Estimated Changes in School Property Taxes 2020-2023

Based on No Changes in Property Value

Valuation growth (16% for NTC and 15% for RMV) is outpacing the increase in the district’s levy, which means tax rates are lower for taxes payable 2023 compared to payable 2022.

$500,000 Commercial / Industrial Property

- Payable 2020: $2,789
- Payable 2021: $2,633
- Payable 2022: $2,446
- Payable 2023: $2,334
Estimated Changes in School Property Taxes 2020-2023

Based on **No Changes** in Property Value

Valuation growth (16% for NTC and 15% for RMV) is outpacing the increase in the district’s levy, which means tax rates are lower for taxes payable 2023 compared to payable 2022.
## Estimated Changes in School Property Taxes 2020-2023

**Based on No Changes in Property Values**

<table>
<thead>
<tr>
<th>Type of Property</th>
<th>Estimated Market Value</th>
<th>Actual Taxes Payable</th>
<th>Estimated Taxes Payable in 2023</th>
<th>Change in Taxes from 2020 to 2023</th>
<th>Change in Taxes from 2022 to 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Homestead</td>
<td>$100,000</td>
<td>$316</td>
<td>$306</td>
<td>$289</td>
<td>$267</td>
</tr>
<tr>
<td></td>
<td>$250,000</td>
<td>$909</td>
<td>$873</td>
<td>$820</td>
<td>$766</td>
</tr>
<tr>
<td></td>
<td>$300,000</td>
<td>$1,107</td>
<td>$1,062</td>
<td>$998</td>
<td>$932</td>
</tr>
<tr>
<td></td>
<td>$350,000</td>
<td>$1,304</td>
<td>$1,251</td>
<td>$1,175</td>
<td>$1,098</td>
</tr>
<tr>
<td></td>
<td>$500,000</td>
<td>$1,881</td>
<td>$1,804</td>
<td>$1,693</td>
<td>$1,583</td>
</tr>
<tr>
<td></td>
<td>$1,000,000</td>
<td>$4,029</td>
<td>$3,852</td>
<td>$3,607</td>
<td>$3,387</td>
</tr>
<tr>
<td>Commercial / Industrial</td>
<td>$100,000</td>
<td>$483</td>
<td>$458</td>
<td>$427</td>
<td>$405</td>
</tr>
<tr>
<td></td>
<td>$500,000</td>
<td>$2,789</td>
<td>$2,633</td>
<td>$2,446</td>
<td>$2,334</td>
</tr>
<tr>
<td></td>
<td>$1,000,000</td>
<td>$5,739</td>
<td>$5,412</td>
<td>$5,024</td>
<td>$4,801</td>
</tr>
<tr>
<td></td>
<td>$10,000,000</td>
<td>$58,836</td>
<td>$55,437</td>
<td>$51,440</td>
<td>$49,200</td>
</tr>
<tr>
<td>Agricultural Homestead (average value per acre of land and buildings)</td>
<td>$4,500</td>
<td>$3.32</td>
<td>$2.84</td>
<td>$2.43</td>
<td>$2.42</td>
</tr>
<tr>
<td></td>
<td>$5,000</td>
<td>$3.68</td>
<td>$3.16</td>
<td>$2.69</td>
<td>$2.69</td>
</tr>
<tr>
<td></td>
<td>$5,500</td>
<td>$4.06</td>
<td>$3.47</td>
<td>$2.96</td>
<td>$2.95</td>
</tr>
<tr>
<td></td>
<td>$6,500</td>
<td>$4.80</td>
<td>$4.10</td>
<td>$3.50</td>
<td>$3.49</td>
</tr>
<tr>
<td>Agricultural Non-Homestead (average value per acre of land and buildings)</td>
<td>$4,500</td>
<td>$6.64</td>
<td>$5.68</td>
<td>$4.84</td>
<td>$4.83</td>
</tr>
<tr>
<td></td>
<td>$5,000</td>
<td>$7.38</td>
<td>$6.31</td>
<td>$5.38</td>
<td>$5.37</td>
</tr>
<tr>
<td></td>
<td>$5,500</td>
<td>$8.12</td>
<td>$6.94</td>
<td>$5.92</td>
<td>$5.91</td>
</tr>
<tr>
<td></td>
<td>$6,500</td>
<td>$9.59</td>
<td>$8.21</td>
<td>$6.99</td>
<td>$6.98</td>
</tr>
<tr>
<td>Apartments &amp; Residential Non-Homestead (2 or more units)</td>
<td>$100,000</td>
<td>$430</td>
<td>$410</td>
<td>$383</td>
<td>$361</td>
</tr>
<tr>
<td></td>
<td>$1,000,000</td>
<td>$4,296</td>
<td>$4,095</td>
<td>$3,829</td>
<td>$3,608</td>
</tr>
<tr>
<td></td>
<td>$10,000,000</td>
<td>$42,962</td>
<td>$40,954</td>
<td>$38,288</td>
<td>$36,081</td>
</tr>
<tr>
<td>Seasonal Recreational Residential</td>
<td>$50,000</td>
<td>$107</td>
<td>$98</td>
<td>$89</td>
<td>$88</td>
</tr>
<tr>
<td></td>
<td>$100,000</td>
<td>$214</td>
<td>$195</td>
<td>$177</td>
<td>$177</td>
</tr>
<tr>
<td></td>
<td>$250,000</td>
<td>$534</td>
<td>$488</td>
<td>$443</td>
<td>$442</td>
</tr>
<tr>
<td></td>
<td>$500,000</td>
<td>$1,069</td>
<td>$975</td>
<td>$886</td>
<td>$884</td>
</tr>
</tbody>
</table>

Amounts are based on school district taxes only and do not include taxes for city/township, county, state, or other taxing jurisdictions.

Estimates of taxes payable in 2023 are preliminary, based on the best data available.

For all examples of properties, taxes are calculated based on no changes in estimated market value from 2020 to 2023.

For agricultural property, estimates of taxes include impact of School Building Bond Agricultural Credit. Average value per acre is total estimated market value of all land and buildings, divided by total acres. Homestead examples do not include value of house, garage, and one acre, for which tax impact will be same as on a residential homestead property. This calculation does not include impact of Agricultural Homestead Credit, which reduces taxes on each parcel of agricultural homestead property by varying amounts.
$250,000 Residential Homestead Property

Estimated Changes in School Property Taxes 2020-2023

Based on 24.6% Cumulative Changes in Property Value

Calculated based on changes in market value of 4.0% from 2020 to 2021, 6.0% from 2021 to 2022 and 13.0% from 2022 to 2023.
Estimated Changes in School Property Taxes 2020-2023

Based on 24.6% Cumulative Changes in Property Value

Calculated based on changes in market value of 4.0% from 2020 to 2021, 6.0% from 2021 to 2022 and 13.0% from 2022 to 2023.
School Property Taxes - Payable 2022
Residential Homestead - Estimated Market Value of $250,000

<table>
<thead>
<tr>
<th>Location</th>
<th>Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandria</td>
<td>$820</td>
</tr>
<tr>
<td>Bemidji</td>
<td>$670</td>
</tr>
<tr>
<td>Brainerd</td>
<td>$918</td>
</tr>
<tr>
<td>Cambridge-Isanti</td>
<td>$1,164</td>
</tr>
<tr>
<td>Detroit Lakes</td>
<td>$765</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>$845</td>
</tr>
<tr>
<td>Monticello</td>
<td>$810</td>
</tr>
<tr>
<td>Moorhead</td>
<td>$1,268</td>
</tr>
<tr>
<td>Northfield</td>
<td>$1,542</td>
</tr>
<tr>
<td>Owatonna</td>
<td>$1,334</td>
</tr>
<tr>
<td>Princeton</td>
<td>$872</td>
</tr>
<tr>
<td>Sartell-St. Stephen</td>
<td>$1,402</td>
</tr>
<tr>
<td>Sault Rapids-Rice</td>
<td>$1,114</td>
</tr>
<tr>
<td>Willmar</td>
<td>$812</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>$1,040</td>
</tr>
</tbody>
</table>
School Property Taxes - Payable 2022

Residential Homestead - Estimated Market Value of $250,000

- Bemidji: $670
- Detroit Lakes: $765
- Monticello: $810
- Willmar: $812
- ALEXANDRIA: $820
- Grand Rapids: $845
- Princeton: $872
- Brainerd: $918
- AVERAGE: $1,040
- Sauk Rapids-Rice: $1,114
- Cambridge-Iront: $1,164
- Moorhead: $1,268
- Owatonna: $1,334
- Sartell-St. Stephen: $1,402
- Northfield: $1,542
School Property Taxes - Payable 2022

One Acre Agricultural Homestead - Estimated Market Value of $5,500
School Property Taxes - Payable 2022
One Acre Agricultural Homestead - Estimated Market Value of $5,500
Minnesota Property Tax Refunds
State Property Tax Refunds & Deferral

**Homestead Credit Refund**
- Available for all homestead property, both residential and agricultural (house, garage and one acre only)
- Refund is sliding scale, based on total property taxes and income (maximum refund is $2,930 for homeowners and $2,280 for renters)

**Special Property Tax Refund**
- Available for all homestead property, both residential & agricultural (house, garage and once acre only) with a gross tax increase of at least 12% and $100 over prior year
- Refund is 60% of tax increase that exceeds greater of 12% or $100 (max $1,000)

**Senior Citizen Property Tax Deferral**
- Allows people 65 years of age or older with household income of $60,000 or less to defer a portion of property taxes on their home
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies
Minnesota Property Tax Refunds

For assistance with details, forms and instructions contact:

• Your tax professional

• Minnesota Department of Revenue
  (651) 296-4444
  www.taxes.state.mn.us
Next Steps

- Board will accept public comments on proposed levy
- Board will certify 2023 property tax levy