



Excellence. For each and every student.

BOARD OF EDUCATION

Special Meeting - September 26, 2022 - 4:00 PM
Wayzata Public Schools District Office
210 County Road 101 North
Plymouth, Minnesota 55447

AGENDA

- | | | |
|----|---|-----------|
| 1. | ROLL CALL/CALL TO ORDER | 2 |
| 2. | Business and Finance Services Reports | |
| | A. Preliminary 2022 Payable 2022 Levy Certification | 3 |
| 3. | ADJOURN | 23 |



Board of Education
Special Meeting – September 26, 2022

AGENDA SECTION: Call to Order

ITEM: Roll Call Attendance

COMMENTS BY: Bonita Lucky, Board Clerk

	PRESENT	ABSENT
Linda Cohen	_____	_____
Bonita Lucky	_____	_____
Jay Hesby	_____	_____
Heidi Kader	_____	_____
Milind Sohoni	_____	_____
Cheryl Polzin	_____	_____
Sarah Johansen	_____	_____
Chace Anderson, ex-officio	_____	_____



BOARD OF EDUCATION
Special Meeting – September 26, 2022

AGENDA SECTION: Finance and Business Services

ITEM: Preliminary Payable 2023 Property Tax Levy

COMMENTS BY: DeeDee Kahring, Executive Director, Finance and Operations

Preliminary Levy Limitation and Certification 2022 – Taxes Payable 2023

Minnesota law requires school districts to certify their proposed tax levy payable in 2023 to the county auditor on or before September 30, 2022. 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 12, 2022.

Recommended Action: Approve the Preliminary Levy Limitation and Certification for 2022, payable 2023, at the “maximum” amount allowed by the state.

Motion by: _____

ROLL CALL

Passed:

Second by: _____

Failed:

Abstentions:



Board of Education Roll Call Vote

AGENDA ITEM: _____

	YES	NO	ABSTAIN	ABSENT
Jay Hesby	_____	_____	_____	_____
Heidi Kader	_____	_____	_____	_____
Bonita Lucky	_____	_____	_____	_____
Cheryl Polzin	_____	_____	_____	_____
Milind Sohoni	_____	_____	_____	_____
Linda Cohen	_____	_____	_____	_____
Sarah Johansen	_____	_____	_____	_____



DeeDee Kahring, Executive Director, Finance & Operations
210 County Road 101 North, P.O. Box 660 | Wayzata, MN 55391-0660
763-745-5023 | Fax: 763-745-5091 | DeeDee.Kahring@wayzataschools.org

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

From: DeeDee Kahring, Executive Director of Finance & Operations

Date: September 26, 2022

Subject: Recommendation of the 2022 Payable 2023 Preliminary Property Tax Levy Certification to Finance a Portion of the 2023-24 School Year Operations

The District has received the 2022 Payable 2023 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 2022 Payable 2023 Preliminary Levy must be certified by the Board of Education by September 30, 2022. Therefore, it is necessary that the District certifies a preliminary tax levy at the special meeting scheduled for Monday, September 26, 2022. 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 2022.

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 \$688 million from \$15.76 billion to \$16.44 billion. This represents approximately a 4.37% 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 payable 2023 levy and to provide clarity to the Board of Education and to the community.

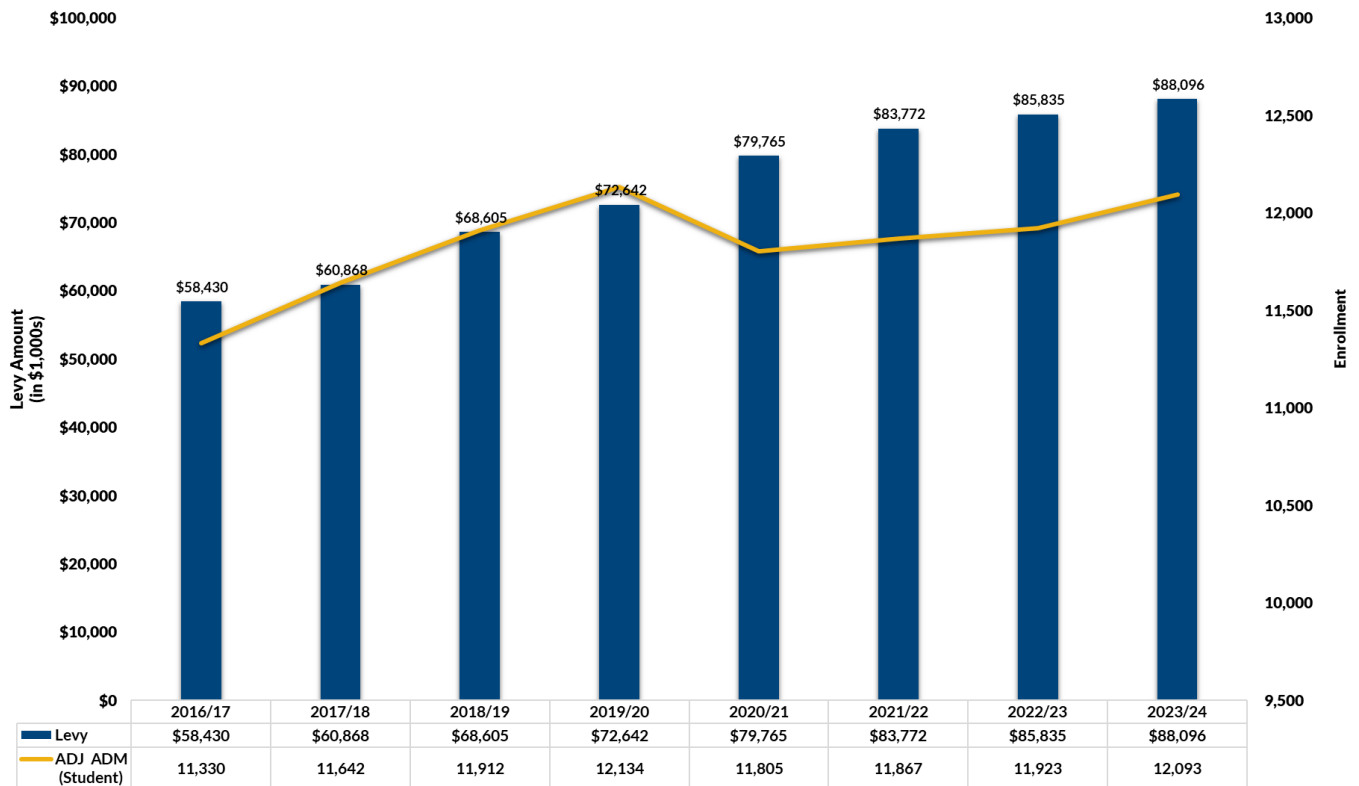
PROPOSED PROPERTY TAX LEVY

The District’s total preliminary levy for taxes payable in 2023 is \$88.1 million. This levy amount represents an overall increase of just over \$2.3 million or 2.63% from the previous year.

The table below shows a comparison of the preliminary levy payable in 2023 with the District's certified levy payable in 2022. While the levy detail is presented by separate funds, it is important to focus on the District's total payable 2023 levy when comparing to the total payable 2022 levy.

Fund	2023 Proposed Levy	2022 Certified Levy	Change (\$\$\$)	Change (%)
General	\$69,973,660	\$67,202,463	\$2,771,197	4.12%
Community Service	2,153,956	2,105,551	\$48,405	2.30%
Debt Service	15,968,503	16,527,148	-\$558,645	(3.38%)
Total Levy	\$88,096,119	\$85,835,162	\$2,260,957	2.63%

As displayed on the chart below, the District experienced strong student enrollment growth until the pandemic in March 2020. Over the last five years, the District's total levy increase, including the voter approved bonds in 2017, has averaged 4.3% while the Net Tax Capacity (NTC) has increased by 5.95% 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 is a detailed analysis of the proposed levy recommendation for the General Fund. Overall, the General Fund levy increased by 4.12% or \$2,771,197.

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

- While enrollment is beginning to show signs of growth, it has not surpassed the pre-pandemic projections used in prior levy certifications. This is depicted in the \$2.5 million referendum levy adjustment in 2022 compared to the 2023 adjustment of \$358,547.
- It is worth noting that the annual inflation factor for the 2023 levy is 2.38% which increases the per pupil amount from \$2017.73 to \$2,072.89.

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.

- The payable 2023 capital projects levy at \$9.2 million is \$324,000 (3.65%) more than the prior year as it is directly tied to the increase in the net tax capacity (NTC) of the District.

The District levies Long-Term Facilities Maintenance (LTFM) revenue finances deferred maintenance projects on school facilities, improve accessibility, and meet 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.

- For the payable 2023 levy the District will levy \$16.9 million, an increase of \$184,000 from the prior year, including adjustments.
- This revenue will finance projects throughout the District and can be carried over from year to year until projects are completed.

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 a decrease in the liabilities, this levy is approximately \$623,000 lower than the 2022 levy.

Overall, each individual component of the General Fund levy has been reviewed for reasonableness and accuracy with the corresponding formula that drives its calculation.

Payable 2023 Property Tax Analysis Proposed General Fund Levy				Exhibit I
	2023 Proposed Levy	2022 Certified Levy	Change (\$\$\$)	Change (%)
1 Referendum Levy Authority	\$26,994,417	\$24,965,430	\$2,028,987	
Prior Year Adjustments	(\$358,547)	(\$2,508,871)	\$2,150,324	
Local Optional (Location Equity)	9,398,626	9,754,110	(355,484)	
Prior Year Adjustments	(1,041,373)	(910,880)	(130,493)	
Equity Revenue	922,163	959,466	(37,303)	
Prior Year Adjustments	(94,291)	(70,274)	(24,017)	
Transition Revenue	15,367	15,946	(579)	
Prior Year Adjustments	(1,697)	(1,600)	(97)	
2 Capital Projects Levy (Tech Levy)	9,191,345	8,867,336	324,009	
Operating Capital	1,895,639	1,769,034	126,605	
Alternative Teacher Compensation (Q Comp)	1,124,356	1,126,570	(2,214)	
Achievement & Integration	684,159	696,811	(12,652)	
Reemployment (State Unemployment)	5,000	50,000	(45,000)	
Safe Schools	468,814	486,490	(17,676)	
Safe Schools Intermediate 287	195,339	202,704	(7,365)	
Ice Arena	270,000	265,000	5,000	
Career Technical Education	717,298	695,364	21,934	
Other Post-Employment Benefits (OPEB)	243,242	865,841	(622,599)	
Long-Term Facilities Maintenance	17,123,244	16,791,090	332,154	
Prior Year Adjustments	(231,700)	(83,685)	(\$148,015)	
Lease Levy	3,441,429	3,629,771	(188,342)	
Abatements	24,830	303,901	(279,071)	
3 Other Adjustments	(1,014,000)	(667,089)	(346,911)	
Total General Fund Levy	\$69,973,660	\$67,202,464	\$2,771,197	4.12%

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 school age care levy amount is estimated to be \$975,000, an increase of \$100,000 from the prior year.
- The increase to the school age care levy combined with prior year adjustments result in a slight increase to the Community Service Fund levy of \$48,405 or 2.3%.

Payable 2023 Property Tax Analysis Proposed Community Service Fund Levy				Exhibit II	
	<u>2023 Proposed Levy</u>	<u>2022 Certified Levy</u>	<u>Change (\$\$\$)</u>	<u>Change (%)</u>	
1 Basic Levy	\$515,599	\$515,599	(\$0)		
2 Early Childhood Levy	483,539	452,232	31,307		
Home Visitation Levy	11,281	10,096	1,185		
Adults with Disabilities	7,500	7,500	-		
School Age Care	975,000	875,000	100,000		
Abatements and Prior-Year Adjustments	161,037	245,124	(84,087)		
Total Community Service Fund Levy	<u>\$2,153,956</u>	<u>\$2,105,551</u>	<u>\$48,405</u>	<u>2.30%</u>	

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.

- In total, the debt excess adjustments equal \$1.4 million which reduces the debt service tax impact to property taxpayers.
- While debt service increased by \$893,000, the reduction in debt excess provides a 3.38% decrease in the Debt Service Levy for taxes payable 2023.

In July 2021, the District issued the Series 2021A Taxable General Obligation Refunding Bonds to advance refund the Series 2014A and Series 2014B General Obligation School Bonds due on February 1, 2023. While the refunding will yield savings of over \$13.3 million over the life of the bonds, the transaction was structured so that the savings begin with the payable 2024 levy. The District continues to monitor its bond obligations for future refunding opportunities to further reduce the Debt Service Levy.

**Payable 2023 Property Tax Analysis
Proposed Debt Service Levy**

Exhibit III

	<u>2023 Proposed Levy</u>	<u>2022 Certified Levy</u>	<u>Change (\$\$\$)</u>	<u>Change (%)</u>
Levy of 105% of Principal and Interest	\$11,153,740	\$10,725,392	\$428,348	
Debt Excess (Refunded to Taxpayers)	(897,052)	(6)	(897,046)	
Alternative Facilities Bonds (LTFM)	6,199,901	5,734,908	464,993	
Debt Excess (Refunded to Taxpayers)	(498,634)	(3)	(498,631)	
Abatements and Prior Year Adjustments	10,548	66,857	(56,309)	
Total Debt Service Fund Levy	<u>\$15,968,503</u>	<u>\$16,527,148</u>	<u>-\$558,645</u>	<u>-3.38%</u>

SUMMARY

The 2022 Payable 2023 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 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 12, 2022 meeting.

The District administration recommends approval of presented amounts.

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 12, 2022, at 7:00 p.m. If you have questions regarding the enclosed materials or desire additional information, please contact me at 763-745-5023 or deedee.kahring@wayzataschools.org



Preliminary 2022 Payable 2023 Levy Certification

Special Board Meeting September 26, 2022

Excellence. For each and every student.



Initial Levy Limitation



Deadline is September 30

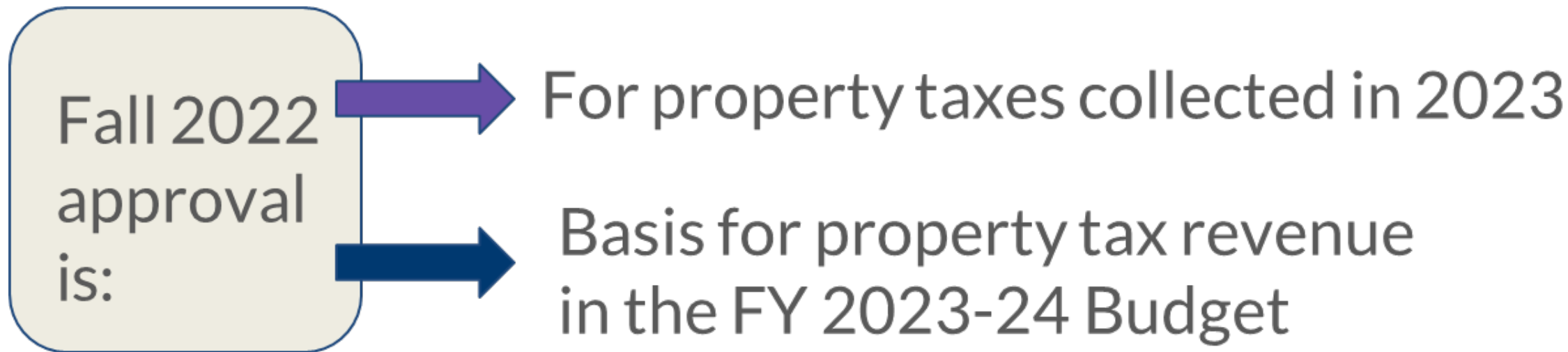


Provides information to Hennepin County Auditor for proposed tax statements



Final levy certification takes place in December

MN Dept of Education Calculates Tax Levy



What Causes Increases/Decreases in Levies?

State Law

Pupil Units
and
Population

Market
Value/Tax
Capacity

Changes in
Expenditures

Proposed Payable 2023 to Final Payable 2022 Levy

Fund	2023 Proposed Levy	2022 Certified Levy	Change (\$\$\$)	Change (%)
General	\$69,973,660	\$67,202,463	\$2,771,197	4.12%
Community Service	2,153,956	2,105,551	\$48,405	2.30%
Debt Service	15,968,503	16,527,148	-\$558,645	(3.38%)
Total Levy	\$88,096,119	\$85,835,162	\$2,260,957	2.63%

Proposed Payable 2023 - General Fund

	2023 <u>Proposed Levy</u>	2022 <u>Certified Levy</u>	<u>Change (\$\$\$)</u>	<u>Change (%)</u>
RMV - Voter Approved Levies	\$26,635,870	\$22,456,559	\$4,179,311	
RMV Other	9,198,795	9,746,768	(547,973)	
NTC Voter Approved	9,191,345	8,867,336	324,009	
NTC Other	24,947,650	26,131,801	(1,184,151)	
Total General Fund Levy	<u>\$69,973,660</u>	<u>\$67,202,464</u>	<u>\$2,771,197</u>	<u>4.12%</u>

Proposed Payable 2023 – Community Service

	2023 <u>Proposed Levy</u>	2022 <u>Certified Levy</u>	Change <u>(\$\$\$)</u>	Change <u>(%)</u>
Basic Levy	\$515,599	\$515,599	(\$0)	
Early Childhood Levy	483,539	452,232	31,307	
School Age Care	975,000	875,000	100,000	
Other Levies	18,781	17,596	1,185	
Abatements & PY Adjustments	161,037	245,124	(84,087)	
Total Community Service Fund	<u>\$2,153,956</u>	<u>\$2,105,551</u>	<u>\$48,405</u>	<u>2.30%</u>

Proposed Payable 2023 – Debt Service Fund

	2023 <u>Proposed Levy</u>	2022 <u>Certified Levy</u>	<u>Change (\$\$\$)</u>	<u>Change (%)</u>
Levy of 105% of P&I	\$11,153,740	\$10,725,392	\$428,348	
Debt Excess	(897,052)	(6)	(897,046)	
Alt Facilities Bonds (LTFM)	6,199,901	5,734,908	464,993	
Debt Excess	(498,634)	(3)	(498,631)	
Abatements & PY Adjustments	10,548	66,857	(56,309)	
Total Debt Service Fund Levy	<u>\$15,968,503</u>	<u>\$16,527,148</u>	<u>-\$558,645</u>	<u>-3.38%</u>

Estimated Preliminary 2023 Tax Impact - Residential

Property Tax Levy and Rate Summary, Taxes Payable in 2022 and 2023							9-22-22
		Actual 2022 Taxes Payable	Prelim Est 2023 Taxes Payable			Estimated Change in Annual Taxes	Estimated % Change
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes					
Residential Homestead	250,000	1,160			1,068	-92	-7.9%
	300,000	1,414			1,301	-113	-8.0%
	400,000	1,922			1,767	-155	-8.1%
	500,000	2,407			2,212	-195	-8.1%
	600,000	2,962			2,719	-243	-8.2%
	700,000	3,516			3,227	-289	-8.2%
	800,000	4,071			3,734	-337	-8.3%
	900,000	4,625			4,241	-384	-8.3%
	1,000,000	5,180			4,748	-432	-8.3%

Estimated Preliminary 2023 Tax Impact Commercial/Apartments

Property Tax Levy and Rate Summary, Taxes Payable in 2022 and 2023							9-22-22
		Actual 2022 Taxes Payable	Prelim Est 2023 Taxes Payable	Estimated Change in Annual Taxes	Estimated % Change		
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes					
Commercial/ Industrial *	500,000	2,577	2,363	-214	-8.3%		
	750,000	3,932	3,603	-329	-8.4%		
	1,000,000	5,287	4,843	-444	-8.4%		
	2,000,000	10,706	9,803	-903	-8.4%		
Apartments	\$500,000	\$2,773	\$2,536	-\$237	-8.5%		
	1,000,000	5,546	5,072	-474	-8.5%		
	2,000,000	11,093	10,145	-948	-8.5%		
	4,000,000	22,185	20,290	-1,895	-8.5%		

Next Steps



**Approve
Preliminary Levy at
Maximum
9-26-22**



**Truth in Taxation &
Public Comment
12-12-22**



**Certify Final Levy
12-12-22**

Recommendation – Approve at Maximum

Fund	2023 Proposed Levy	Change (%)
General	\$69,973,660	4.12%
Community Service	2,153,956	2.30%
Debt Service	15,968,503	(3.38%)
Total Levy	\$88,096,119	2.63%



Board of Education
Special Meeting – September 26, 2022

AGENDA SECTION: Adjourn

ITEM: Adjourn

COMMENTS BY: Sarah Johansen, 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: _____ 23 _____