

Truth In Taxation

Monday, December 4, 2023 6:00 PM

LS-H MS/HS Media Center, 901 Ferry St., Le Sueur, MN 56058

1. Truth in Taxation Presentation

Presenter: Brittany
Adamek

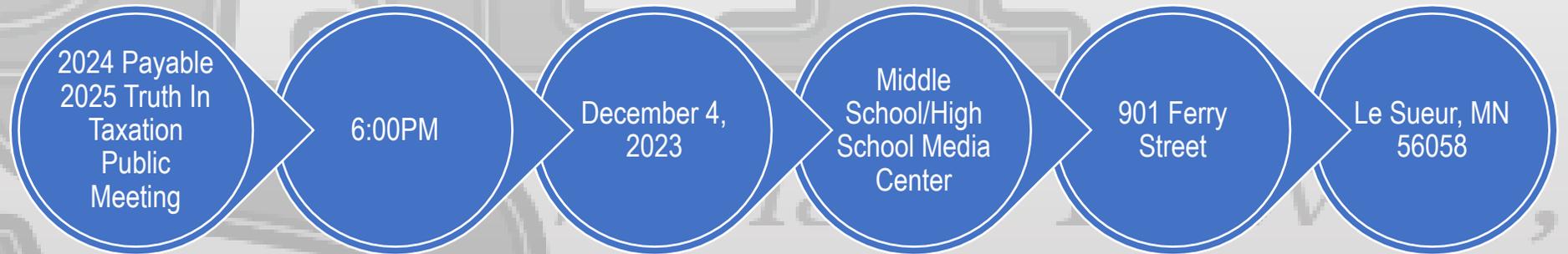
1.1. Budget Review

1.2. Review of 2023 payable 2024 levy

1.3. Public Comments

2. Adopt the Final 2023 Payable 2024 Tax Levy

Le Sueur-Henderson Public Schools



TODAY'S AGENDA

Factors Affecting Taxes



- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '24
- Putting it All Together and Questions



Big Picture

*Small Towns,
Giant
opportunities*

Why Have A Truth in Taxation Meeting?

Truth in Taxation Law, passed in 1989

Two major Requirements:

1. Tax Statements

- Counties must send out proposed property tax statements in November based on proposed tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)

2. Public Hearing

- Most taxing jurisdictions must hold a public hearing prior to certifying final levy and discuss:
 - Payable 2024 levy
 - Fiscal year 2024 budget
 - Public comments

This is the school district's annual required hearing.

Who Sets the School Levy?



Components of a District Tax Levy are either:



1. Set By State Formula By Legislature

General Education Formula, Operating Capital, Career & technical, Reemployment, etc.



2. Voter Approved as Authorized by the State

Operating referendum or Building Bond



How Is My Property Tax Determined?

County Assessor determines market value for each parcel of property.

MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).

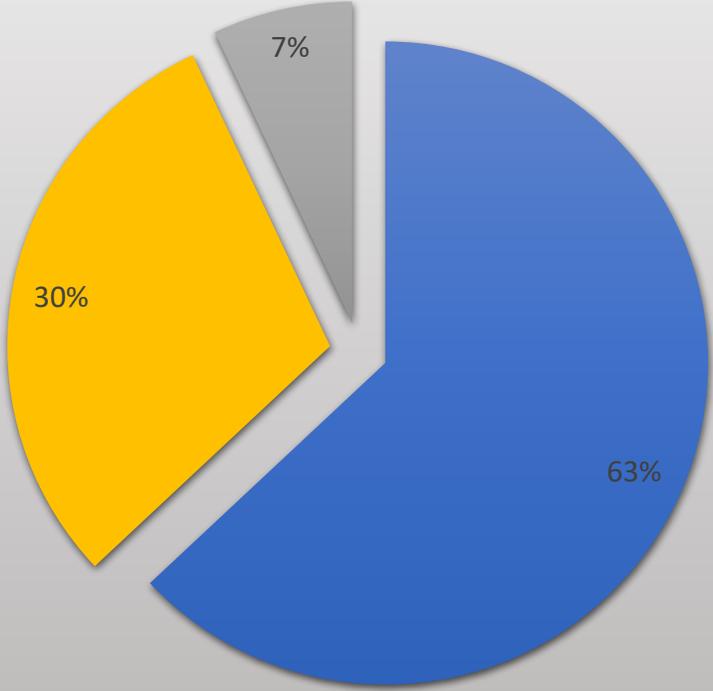
County Auditor calculates the tax capacity for each parcel based on the above.

County Auditor divides the total levy by total tax capacity of the Districts to determine tax rate needed. Tax rate is multiplied by each property's tax capacity*.

*Certain levies are spread based on Market Value rather than tax capacity.

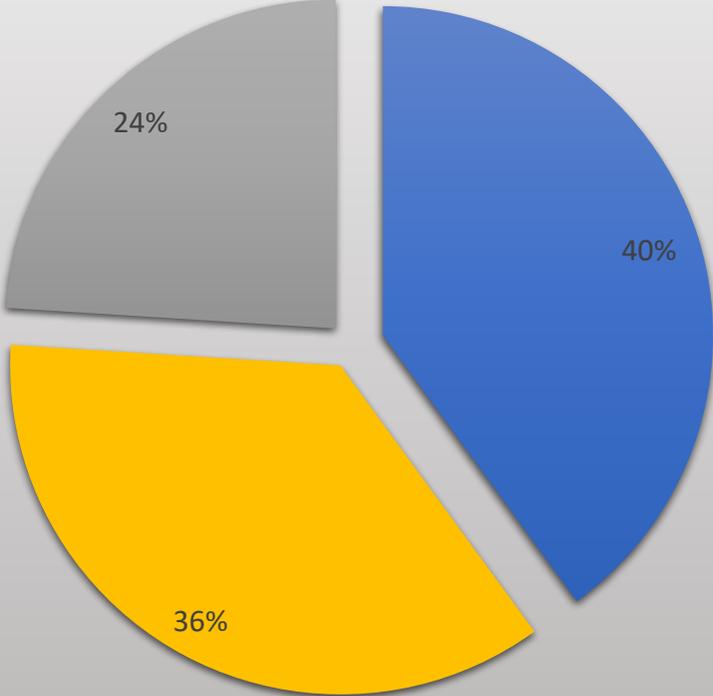
State Aid Impact

WHO COLLECTS



■ State ■ Local Non-School ■ School District

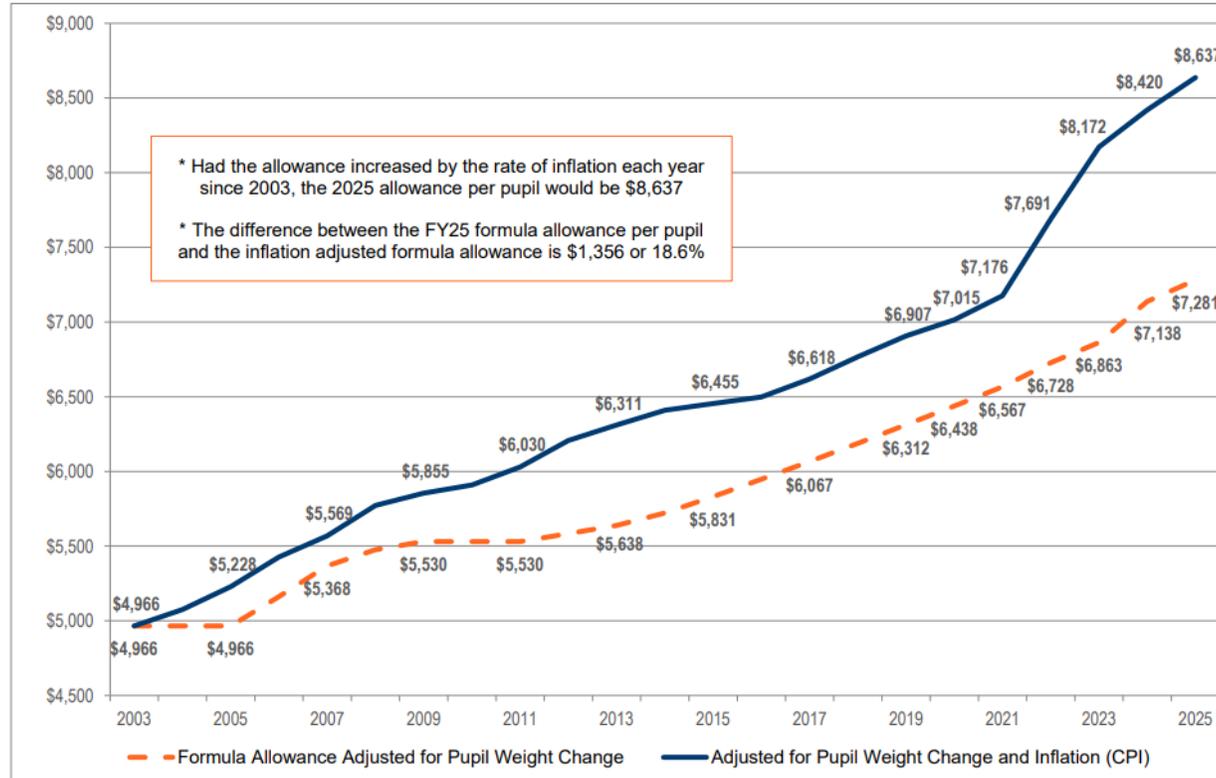
WHO SPENDS



■ State ■ Local Non-School ■ School Districts

General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)

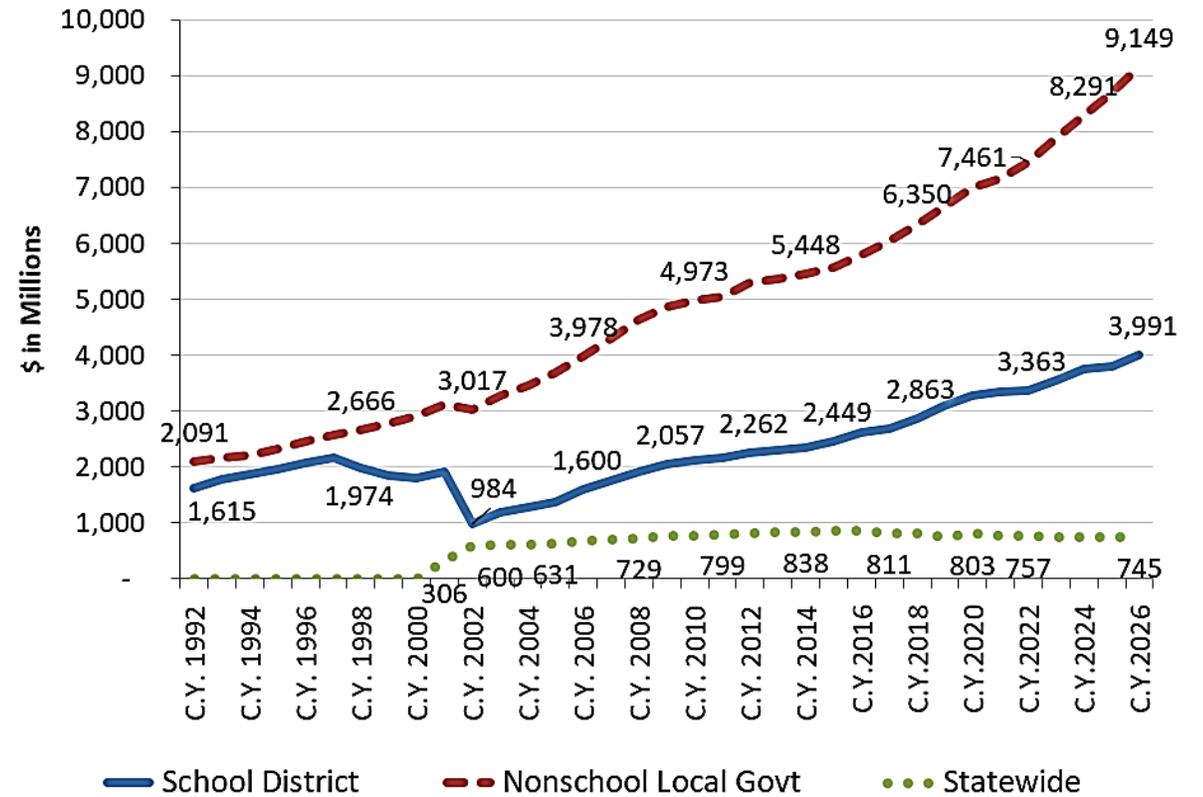


Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023



Funding will trail inflation by **\$1,282 per pupil** in FY24 and **\$1,356 per pupil** in FY25

Property Tax Levies: School vs Non School Payable 1992-2026



Data source MDE Minnesota Prek-12 Education Finance System Overview: MSBA-Summer Conference July 2023.



School District Budget
Current School Year
2023-2024

*Small Towns,
Giant
opportunities*

Fund Accounting Overview

All school districts' budgets are divided into separate funds, as required by law.
For our district, there are four main 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 Services (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. Debt Service (Fund 07)

- This is 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. The current debt is a result of the voter approved Bond Issue for the Middle School/High School renovation and addition in 2005 (refunding bonds issued in 2012) and for a 2011 Capital Facility Bond issued for an energy saving project. Debt to term in April 2026.
- The most recent voter approved bond issue in 2022 for the new PreK-5 elementary addition at the Middle/High School campus and the debt payments now go through 2043.



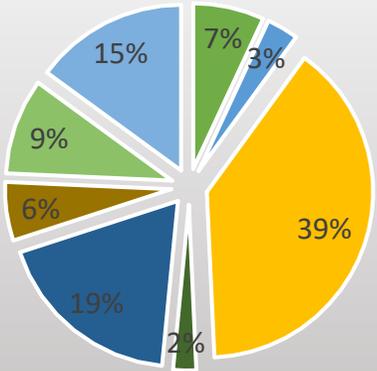
23-24 School Year Budget

Fund	Revenues	Expenses	Net
General	\$12,691,017.00	\$12,093,438.00	\$597,579.00
Food Service	\$ 615,447.00	\$577,065.00	\$38,382.00
Community Education	\$ 816,754.00	\$757,346.00	\$59,408.00
General Debt Service	\$ 1,324,012.00	\$1,306,408.00	\$17,604.00
TOTAL	\$15,447,230.00	\$14,734,257.00	\$712,973.00

General Fund Expenditure

	Expenditures 2023-2024	General Program Description
Administration	\$829,014.00	School Board, Superintendent, Principals
District Support	\$467,417.00	District Office, Business Support Services
Regular Instruction	\$4,712,528.00	Teachers, Paraprofessionals, Activities, Secretaries
Vocational Instruction	\$270,167.00	Family & Consumer Sciences, Business, Trade & Industrial Classes
Special Education	\$2,212,796.00	Costs related to Special Education not including Transportation
Instructional Support	\$686,766.00	Technology, Curriculum, Staff Development, Media Services
Pupil Support/Transportation	\$1,124,039.00	Counselor and Nurse Services, Contracted Transportation
Sites & Buildings	\$1,790,711.00	Building & grounds, Capital Facilities, Property Insurance, LTFM
	<u>\$12,093,438.00</u>	

Expenditures



- Administration
- Regular Instruction
- Special Education
- Pupil Support/Transportation
- District Support
- Vocational Instruction
- Instructional Support
- Sites & Buildings



Property Classifications and Value

*Small Towns,
Giant
opportunities*

Know Your Valuation

- Property classification and market value
- Sent Spring 2023; cannot change value
- Watch for 2024 statement in SPRING and where to appeal

PROPOSED TAXES 2024

THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2023	2024
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
Step 2	PROPOSED TAX		
	Property Taxes before credits	\$1,479.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,467.52	
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2024		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			

Ag2School Tax Credit



Permanent law enacted in 2017



Affects all existing Fund 7 debt levies, except OPEB bonds



Reductions for farmers and timber owners



Will remain at 70% in 2024



The revenue for Ag2School comes from state income, sales and other tax revenue



Payable Year	Percent Increase	Total Credit Percent
2022	5%	60%
2023	10%	70%
2024	0%	70%

Pay 2024
70% Ag Tax Credit on
Bonds

Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because it is paid by state, it does not show up on the Levy Certification Report

PROPOSED TAXES 2024			
THIS IS NOT A BILL. DO NOT PAY.			
Step	VALUES AND CLASSIFICATION		
1	<u>Taxes Payable Year</u>	2023	2024
	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
2	PROPOSED TAX		
	Property Taxes before credits	\$1,479.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,467.52	
3	PROPERTY TAX STATEMENT		
	Coming in 2024		
<p>The time to provide feedback on PROPOSED LEVIES is NOW</p> <p>It is too late to appeal your value without going to Tax Court.</p>			

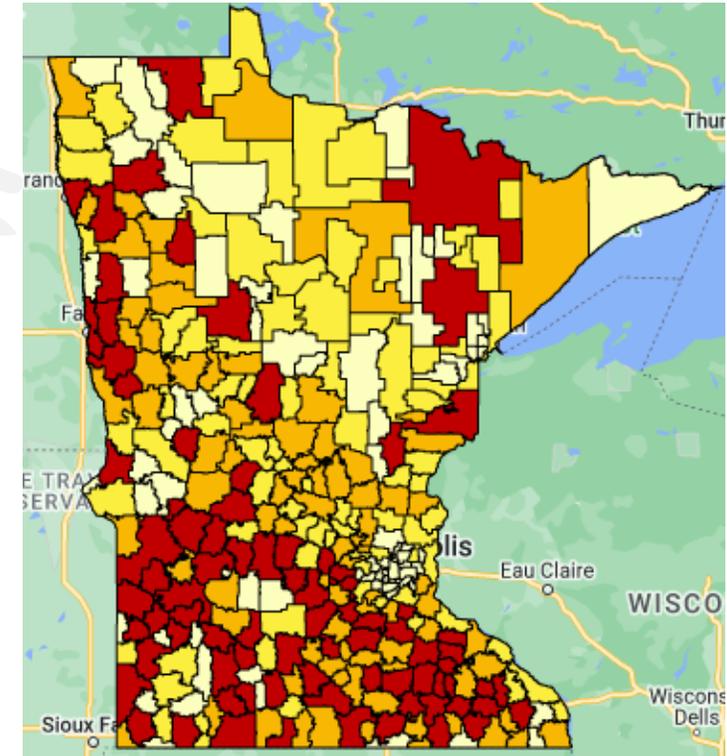


Ag2School in Pay 2023

How does LSH school district compare in total Ag2School credit?

- **Our District:**
\$845,797.00
Well Above the Median
- **Median District:**
\$167,051.00

[MNREA Maps \(mreavoice.org\)](http://mnrea.com/mreavoice.org)



70% Ag2School Total Bond Credit Forecasted Pay 23

- Smallest quartile < \$50,224
- Below Median < \$167,051
- Above Median > \$167,051
- Largest quartile > \$353,663



School Factors Affecting Pay '23 Levies

Referendum Picture

How does our district compare in Operating Referendum Revenue?

[MNREA Maps \(mnreavoice.org\)](http://mnreavoice.org)

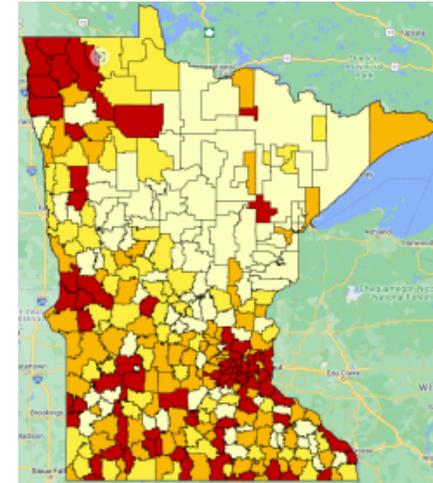
Our District:

\$290 per APU - Below District Median

Median district: \$504

Upper Quartile of Referendums>\$1038

94 districts: \$0



District Operating Referendum per APU FY24

- No Operating Referendum
- Below District Median of \$504/Pupil
- Above District Median of \$504/Pupil
- Well Above Median/Pupil

Property Wealth Picture

How does our district compare in Referendum Market Value per Residential Pupil Unit?

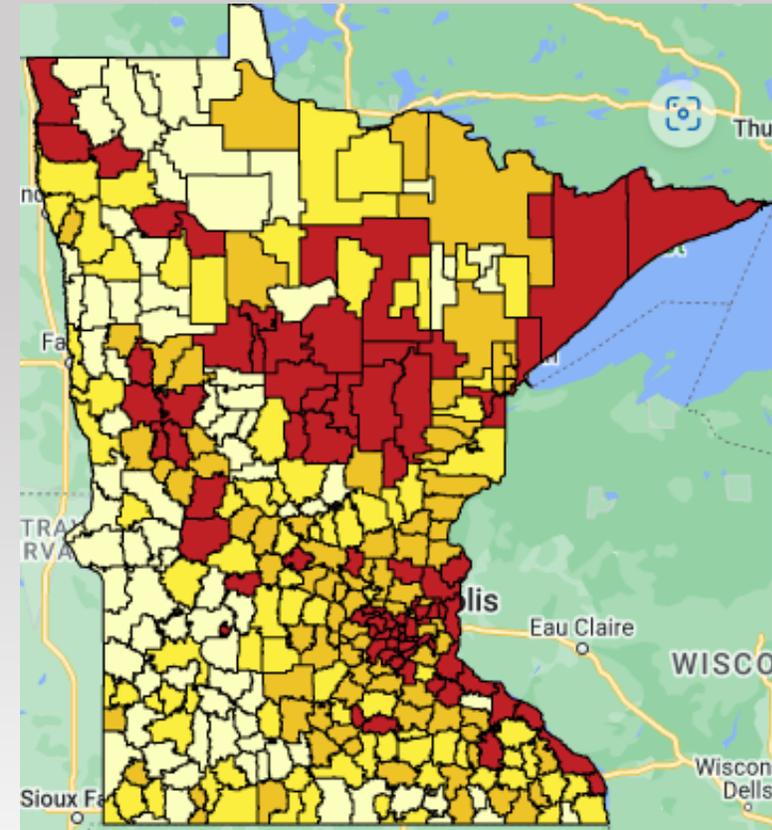
[MNREA Maps \(mreavoice.org\)](http://MNREA Maps (mreavoice.org))

Our District:

\$678,127.00 per RPU - Above the Median

Median District:

\$601,021/RPU



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in FY25

- Lowest RMV/RPU
- Below the Median of \$601,020
- Above the Median of \$601,020
- Highest RMV/RPU

Le Sueur-Henderson Public Schools

GROSS LEVIES BY FUND	ACTUAL 22 Pay 23	PROPOSED 23 Pay 24	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
General Fund	1,670,565.56	1,643,376.61	(27,188.95)	-1.63%
Community Services	103,179.16	98,476.40	(4,702.76)	-4.56%
Debt Redemption	3,485,358.03	3,647,977.54	162,619.51	4.67%
Total	5,259,102.75	5,389,830.55	130,727.80	2.49%



Le Sueur-Henderson Public Schools

Major Changes to Levy Categories

Category	Pay 2023	Pay 2024	Change
General Fund			
Lease Levy	\$ 67,377.44	-	\$ (67,377.44)
Debt Service	\$ 3,409,684.03	\$ 3,575,258.83	\$ 165,574.80



Tax Base by Property Type

School District: Le Sueur-Henderson

Assessment Year 2022 (Taxes Payable 2023) Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total
Totals	1,447,719,159	100.0%	830,981,714	100.0%	13,671,596	100.0%
Residential Homestead	573,822,048	39.6%	567,444,490	68.3%	5,395,492	39.5%
Other Residential	90,392,263	6.2%	89,001,563	10.7%	965,018	7.1%
Commercial / Industrial	98,080,500	6.8%	98,080,500	11.8%	1,848,288	13.5%
Non Qualifying Agricultural	76,196,954	5.3%	75,577,862	9.1%	727,942	5.3%
Qualifying Agriculture	607,411,094	42.0%	-	0.0%	4,783,810	35.0%
Seasonal Recreational	1,816,300	0.1%	877,300	0.1%	20,356	0.1%
TIF & FD					-69,310	-0.5%
*Totals include TIF & Fiscal Disparities adjustments			- Operating Referendum - Local Optional Revenue - Transition, and Equity 30% of Total Levy		All other school taxes including building bonds 70% of Total Levy	

Property Taxes – Actual for Payable 2023 and Estimates for Payable 2024

	Actual Taxes Payable in 2023	Preliminary Estimate of Taxes Payable in 2024	Estimated Change in Annual Taxes	Estimated % Change
RMV-Based Levies	\$1,024,463	\$1,110,474	\$86,011	8.40%
NTC-Debt Service	\$3,485,060	\$3,647,978	\$162,917	4.67%
Other NTC-Based Levies	\$749,036	\$631,379	-\$117,656	-15.71%
Totals	\$5,258,559	\$5,389,831	\$131,272	2.50%

Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes			
Residential Homestead	\$50,000	\$155	\$144	-\$11	-7.1%
	100,000	346	321	-25	-7.2%
	150,000	577	533	-44	-7.6%
	200,000	807	744	-63	-7.8%
	250,000	1,038	956	-82	-7.9%
	300,000	1,269	1,168	-101	-8.0%
	400,000	1,731	1,591	-140	-8.1%
Commercial/ Industrial	500,000	2,168	1,993	-175	-8.1%
	\$50,000	\$294	\$268	-\$26	-8.8%
	100,000	589	536	-53	-9.0%
	250,000	1,627	1,478	-149	-9.2%
	500,000	3,488	3,163	-325	-9.3%
Agricultural Homestead (dollars per acre) **	1,000,000	7,209	6,533	-676	-9.4%
	\$2,000	\$1.32	\$1.11	-\$0.21	-15.9%
	5,000	3.29	2.78	-0.51	-15.5%
Agricultural Non-Homestead (dollars per acre) **	8,000	5.27	4.44	-0.83	-15.7%
	\$2,000	\$2.63	\$2.22	-\$0.41	-15.6%
	5,000	6.58	5.55	-1.03	-15.7%
	8,000	10.53	8.88	-1.65	-15.7%

Key Assumptions:

1. Preliminary Pay 2024 RMV is estimated to change by 8.07% and NTC by 14.03% as compared to taxes payable 2023.
 2. Assumes no change in the value of individual parcels of property from 2023 to 2024 taxes. If the value of a parcel changed, the change in taxes will be different than shown above.
 3. Taxes payable in 2024 are based on latest estimates of the proposed levy, as of the date above.
- ** For agricultural property, estimates above are based on the average value per acre of agricultural land and buildings. The estimated tax impact includes a 70% reduction on the portion attributable to school debt taxes due to the School Building Bond Agricultural Credit. The house, garage, and one acre of land (HGA) would pay taxes at the same rate as residential homestead property. For property owners with greater than \$2.15 million of agricultural homestead land and buildings, a portion of the property will be taxed according to the higher non-homestead rate.

Your School District Tax Levy

Possible reasons for changes to your parcel:

Change in value or classification to your property

Change in enrollment numbers

Change in valuation of property in district
Equalization aid depends on district property wealth per pupil

Local decisions and requirements

Adjustment for prior years (estimate to actual)

Legislative changes (Local Optional Revenue)





Putting it All Together

*Small Towns,
Giant
opportunities*

Le Sueur-Henderson Public Schools

Pursuant to Minnesota Statutes, the School Board of Le Sueur-Henderson Public School District in Le Sueur, Minnesota, is authorized to make the following proposed tax levies for general purposes:

Maintenance (General Fund) Includes Referendum	\$ 1,643,376.61
Community Service	\$ 98,476.40
Debt Service	\$ <u>3,647,977.54</u>
Total Proposed School Tax Levy	\$5,389,830.55

Therefore, Be it resolved by the School Board of Le Sueur-Henderson Public School District, Le Sueur, Minnesota, that the levy to be levied in 2023 to be collected in 2024 is set at \$5,389,830.55. The clerk of the Le Sueur-Henderson Public School Board is authorized to certify the proposed levy to the County Auditor of Le Sueur County, Sibley County, Scott County, and Nicollet County Minnesota.



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

Le Sueur County Auditor – Treasurer: Dani Ongie

88 S Park Avenue Le Center, MN 56057

507-357-8282

Sibley County Auditor – Treasurer: Marilee Peterson

400 Court Avenue Gaylord, MN 55334

507-237-4070

Nicollet County Auditor – Treasurer: Jaci Kopet

501 S. Minnesota Avenue Saint Peter, MN 56082

507-934-7806

Scott County Auditor – Treasurer: Cynthia Geis

200 4th Ave W Shakopee, MN 55379

952-496-8167



School District Contact

Jim Wager, Superintendent: 507-665-4601

Brittany Adamek, Business Manager: 507-665-4603

Questions?

Thank you.



RESOLUTION TO ADOPT THE FINAL 2023 PAYABLE 2024 TAX LEVY

WHEREAS, Pursuant to Minnesota Statutes the School Board of Le Sueur-Henderson Public School District, Le Sueur, Minnesota, is authorized to make the following proposed tax levies for general purposes:

General Fund	\$1,643,376.61
Community Service	\$98,476.40
Debt Service	<u>\$3,647,977.54</u>
Total Proposed School Tax Levy	\$5,389,830.55

THEREFORE, BE IT RESOLVED, by the School Board of Le Sueur-Henderson Public School District, Le Sueur, Minnesota, that the levy to be levied in 2023 to be collected in 2024 is set at \$5,389,830.55. The clerk of the Le Sueur-Henderson School Board is authorized to certify the proposed levy to the County Auditor of Le Sueur County, Minnesota.

Adopted this _____ day of _____, 20____.

Signed:

School Board Chair, Brigid Tuck

Attest:

School Board Clerk, Kelsey Schwartz