

Independent School District 318

820 NW 1st Avenue
Grand Rapids, MN 55744
218-327-5700

Independent School District 318

Public Hearing for Taxes Payable in 2022

DECEMBER 6, 2021

PRESENTED BY:

KARA LUNDIN, CPA

BUSINESS MANAGER

Agenda

- Why have a Truth in Taxation Meeting?
- ***Your taxes will be lower than what your current statement shows***
- District's Proposed Tax Levy for Taxes Payable in 2022
- District's Actual and Budgeted Information for FY21 and FY22
- Public Comments

Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 30th
- After 6:00 PM
- May be part of regularly scheduled meeting
- May adopt final levy at same meeting
- Must allow for public comments

...and Presentation of:

- Current year budget
- Prior year actual revenue & expenditures
- Proposed property tax levy including % change
- Specific purposes & reasons taxes are changing

Minnesota State Law Requires:

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 preliminary 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 the final levy and discuss:

- Payable 2022 levy
- Fiscal year 2022 budget
- Public comments

School District Levy Cycle Differs from City/County Levy Cycle

City/County:

- Budget Year same as calendar year
- 2022 taxes provide revenue for 2022 calendar year budget

Schools:

- Budget year begins July 1st and coincides with school year
- 2022 taxes provide revenue for 2022-23 school fiscal year
- Budget will be adopted in June 2022

School District Property Tax Cycle

Step 1. The County Assessor determines the estimated market value for each parcel of property in the District.



Step 2. The Legislature sets the formulas for tax capacity. (E.g., for homestead residential property tax capacity = 1% of the 1st \$500,000 in value + 1.25% of value over \$500,000) These formulas determine how much of the taxes will fall on each property.



Step 3. The County Auditor calculates the tax capacity for each parcel in the County (based on values from step 1 and the tax capacity formulas from step 2), as well as the total tax capacity for each District.



Step 4. The Legislature sets the formulas which determine District levy limits. These are the max amount of taxes schools can levy in every category.



Step 5. The MDE calculates detailed levy limits for each district based on formulas approved by the Legislature in step 4. These limits tell Districts the exact amounts that can be levied in every category.



Step 6. The School Board adopts a proposed levy in September, based on limits set in step 5. After a public hearing, the board adopts a final levy in December. Final levies cannot be more than the preliminary levy, except for amounts approved by voters.



Step 7. The County Auditor divides the final levy (determined in step 6) by the District's total tax capacity (determined in step 3) to determine the tax rate needed to raise the proper levy amount. The Auditor multiplies this tax rate x each property's tax capacity to come up with the District's tax for that property. *

* For certain levy categories (referendum, equity & transition levies), tax rates & levy amounts are based on referendum market value, rather than tax capacity.

Know Your Valuation

- Property classification and market value
- Sent Spring 2021; cannot change value
- Watch for 2022 statement in SPRING and where to appeal

VALUES AND CLASSIFICATION			
Taxes Payable Year		2021	2022
Step 1	Estimated Market Value	109,200	126,100
	Homestead Exclusion	27,412	25,891
	Other Exclusions	0	0
	Taxable Market Value	81,788	100,209
	Class: Relative	RES HMSTD	RES HMSTD
PROPOSED TAX			
Step 2	Property Taxes before credits		1,853.80
	School building bond credit		.00
	Agriculture market value credit		.00
	Other credits		289.80
	Property Taxes after credits		1,564.00
Step 3	PROPERTY TAX STATEMENT Coming in 2022		

Original Proposed Taxes versus what you will pay...

		Actual FY 21 Taxes Paid	Original* Proposed Tax	Updated Proposed Tax	Change from Original Tax to Updated Tax	Change from FY21 Taxes to FY22 Taxes
Residential Homestead	\$ 75,000	\$ 191	\$ 201	\$ 192	\$ (9)	0.5%
	\$ 100,000	\$ 280	\$ 297	\$ 282	\$ (15)	0.7%
	\$ 125,000	\$ 370	\$ 394	\$ 374	\$ (20)	1.1%
	\$ 150,000	\$ 461	\$ 492	\$ 466	\$ (26)	1.1%
	\$ 175,000	\$ 551	\$ 589	\$ 557	\$ (32)	1.1%
	\$ 200,000	\$ 642	\$ 686	\$ 649	\$ (37)	1.1%
	\$ 250,000	\$ 823	\$ 881	\$ 833	\$ (48)	1.2%
	\$ 300,000	\$ 1,004	\$ 1,076	\$ 1,016	\$ (60)	1.2%
	\$ 350,000	\$ 1,185	\$ 1,271	\$ 1,200	\$ (71)	1.3%
	\$ 400,000	\$ 1,366	\$ 1,465	\$ 1,383	\$ (82)	1.2%
	\$ 500,000	\$ 1,711	\$ 1,835	\$ 1,732	\$ (103)	1.2%

* Preliminary tax on November Property Tax Statement

Original Proposed Taxes versus what you will pay...

		Actual FY 21 Taxes Paid	Original* Proposed Tax	Updated Proposed Tax	Change from Original Tax to Updated Tax	Change from FY21 Taxes to FY22 Taxes
Commerical/Industrial	\$ 250,000	\$ 1,241	\$ 1,352	\$ 1,265	\$ (87)	1.9%
	\$ 500,000	\$ 2,648	\$ 2,890	\$ 2,700	\$ (190)	2.0%
	\$ 1,000,000	\$ 5,462	\$ 5,967	\$ 5,570	\$ (397)	2.0%
	\$ 2,000,000	\$ 11,089	\$ 12,119	\$ 11,311	\$ (808)	2.0%
	\$ 4,000,000	\$ 22,344	\$ 24,425	\$ 22,793	\$ (1,632)	2.0%
Seasonal/recreational	\$ 50,000	\$ 110	\$ 124	\$ 114	\$ (10)	3.6%
	\$ 100,000	\$ 221	\$ 248	\$ 228	\$ (20)	3.2%
	\$ 200,000	\$ 441	\$ 496	\$ 455	\$ (41)	3.2%
	\$ 400,000	\$ 882	\$ 993	\$ 910	\$ (83)	3.2%
	\$ 500,000	\$ 1,103	\$ 1,241	\$ 1,138	\$ (103)	3.2%

* Preliminary tax on November Property Tax Statement

Ag2School Tax Credit

- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Scheduled to scale to 70% in 2023
- The revenue for Ag2School comes from state income, sales and other tax revenue

Increase in Pay 2022
60% Ag Tax Credit on Bonds

Payable Year	Percent Increase	Total Credit Percent
2021	5%	55%
2022	5%	60%
2023	10%	70%

School District: Grand Rapids (ISD # 318)

Taxes Payable 2021 Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total
Totals	4,132,998,809	100.0%	2,941,138,465	100.0%	45,557,535	
Residential Homestead	1,741,308,205	42.1%	1,699,566,052	57.8%	15,475,494	34.0%
Other Residential	260,394,836	6.3%	255,784,311	8.7%	2,742,540	6.0%
Commercial / Industrial	923,244,614	22.3%	923,244,614	31.4%	17,998,568	39.5%
Non Qualifying Agricultural	42,179,064	1.0%	40,005,138	1.4%	319,438	0.7%
Qualifying Agriculture	444,755,190	10.8%	-	0.0%	4,000,581	8.8%
Seasonal Recreational	721,116,900	17.4%	22,538,350	0.8%	7,165,905	15.7%
TIF and FD					(2,144,991)	-4.7%

* Totals include TIF and Fiscal Disparities adjustments

Estimated MV, RMV and NTC

Referendum Picture

How does our district compare in Operating Referendum Revenue?

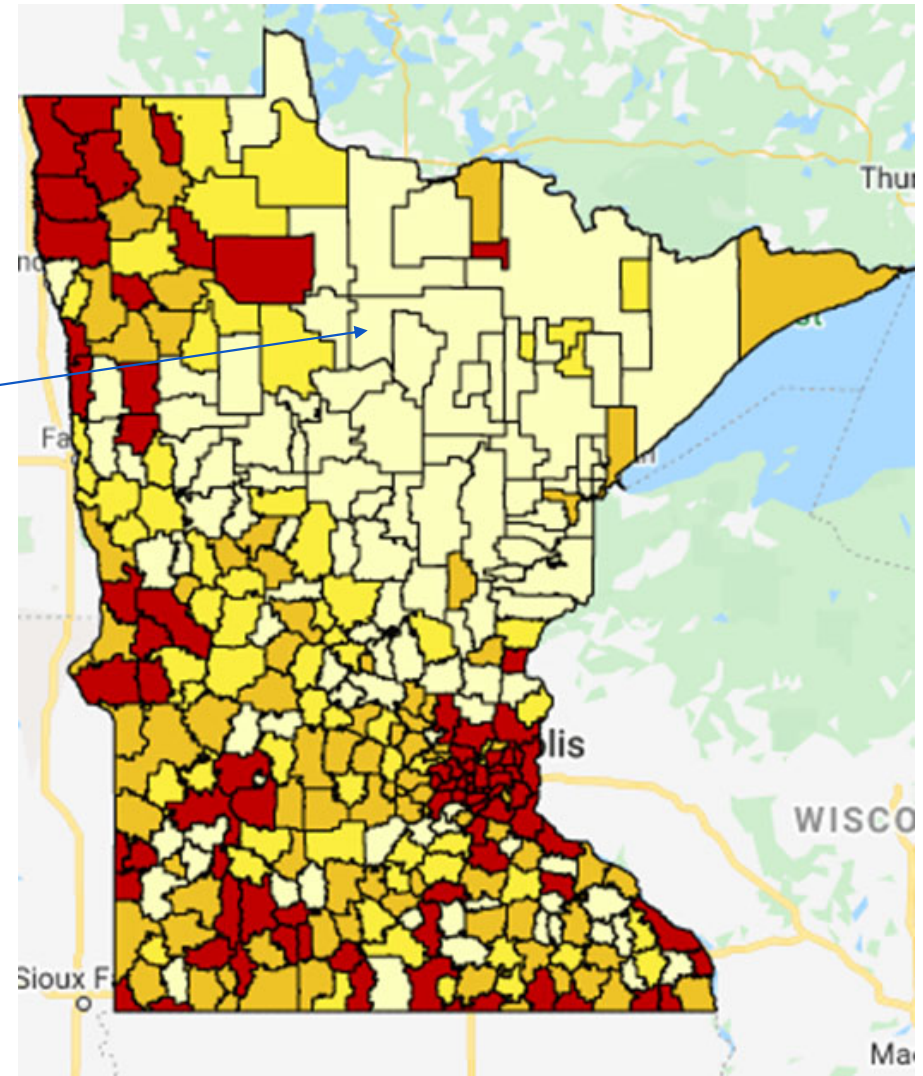
Our District: \$0 per APU

Median district: \$450 - \$864

102 districts: \$0

District Operating Referendum per APU FY21

- Above Per Pupil Average \$864
- Above the District Median \$450 - \$864
- Below the District Median <\$450
- NO Operating Referendum Revenue



Budget Information

Because approval of the school district budget lags certification of the tax levy by six months, the state requires only the current year budget information and prior year actual financial results are presented at this hearing. The Fiscal 22-23 budget will be set in June 2022.

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

Our District's Funds:

- **General** – Levy to support education and maintenance expenditures
- **Food Service** – Only food service activities, self-sustaining
- **Community Service** – Taconite funds instead of Levy
- **Building Construction** – bond proceeds for construction of new schools and roofing projects
- **Debt Service** – Levy to support debt service payments for construction bonds
- **Custodial Fund*** – Scholarship proceeds & disbursements
- **Internal Service*** – Insurance Premiums support Health Insurance Expenditures
- **OPEB Trust** – Funds held for retirees health insurance
- **OPEB Debt Service** – Levy to support debt service payments for OPEB Trust

*Annual budgets are not prepared for these funds



Division of School Finance
1500 Highway 36 West
Roseville, MN 55113-4266

District Revenues and Expenditures Budget for Fiscal Year (FY) 2021 and FY 2022

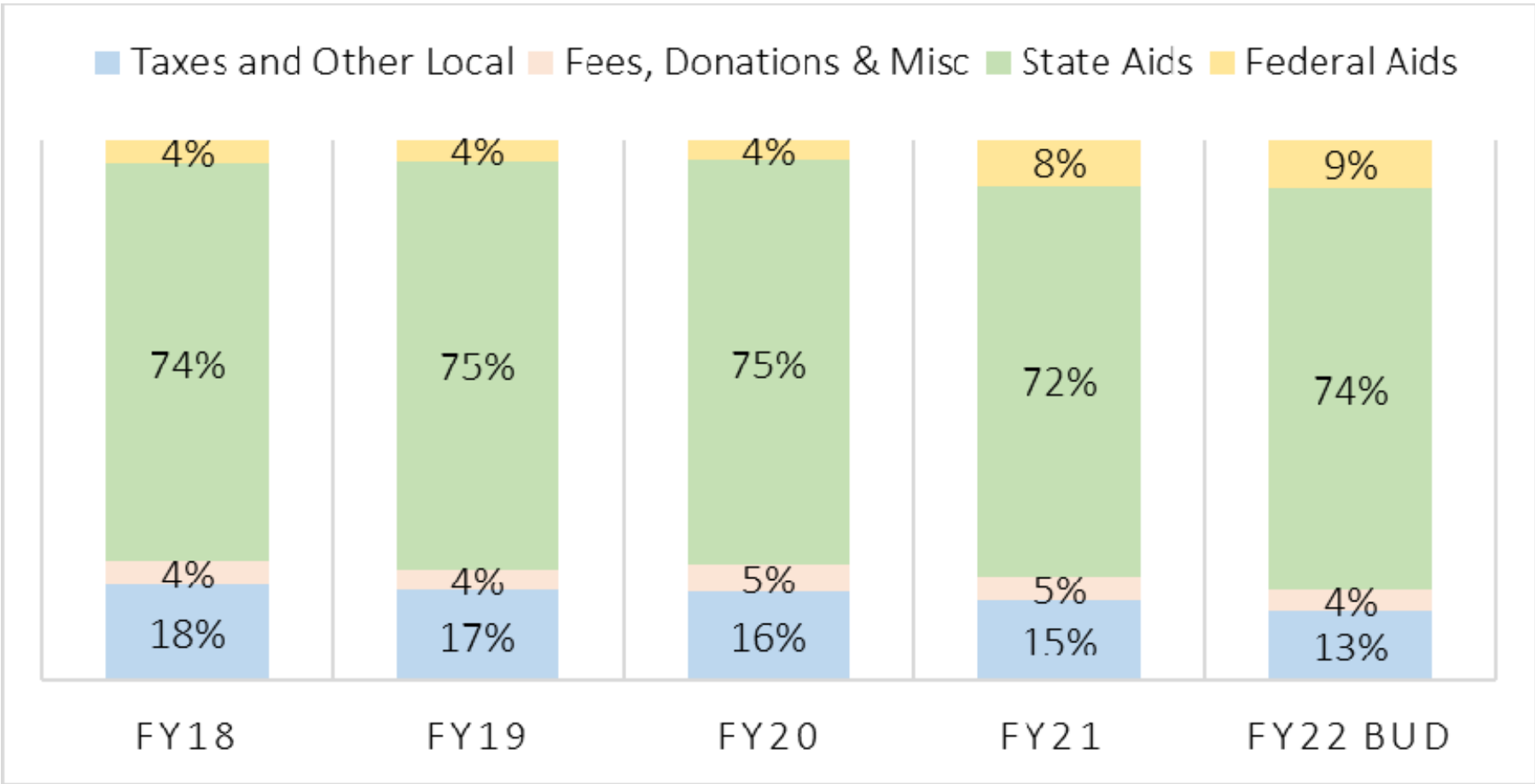
ED-00110-44

General Information: Minnesota Statutes, section 123B.10, requires that every school board shall publish the subject data of this report.

District Name:		Grand Rapids Bigfork					District Number:		0318-01
Fund	FY 2021 Beginning Fund Balances	FY 2021 Actual Revenues and Transfers In	FY 2021 Actual Expenditures and Transfers Out	June 30, 2021 Actual Fund Balances	FY 2022 Budget Revenues and Transfers In	FY 2022 Budget Expenditures and Transfers Out	June 30, 2022 Projected Fund Balances		
General Fund/Restricted	\$ 2,282,416	\$ 9,378,334	\$ 9,294,461	\$ 2,366,289	\$ 8,943,165	\$ 8,958,253	\$ 2,351,201		
General Fund/Other	\$ 5,589,417	\$ 46,715,028	\$ 48,972,688	\$ 3,331,757	\$ 49,130,964	\$ 50,834,817	\$ 1,627,904		
Food Service Fund	\$ 534,935	\$ 1,495,299	\$ 1,617,816	\$ 412,418	\$ 1,806,600	\$ 1,742,058	\$ 476,960		
Community Service Fund	\$ 405,409	\$ 1,190,786	\$ 1,087,650	\$ 508,545	\$ 1,115,018	\$ 1,114,774	\$ 508,789		
Building Construction Fund	\$ 9,708,872	\$ 4,115,314	\$ 13,507,672	\$ 316,514	\$ -	\$ 139,062	\$ 177,452		
Debt Service Fund	\$ 585,552	\$ 3,368,866	\$ 3,131,223	\$ 823,195	\$ 2,992,600	\$ 3,127,000	\$ 688,795		
Trust Fund	\$ 17,768	\$ 34,216	\$ 26,900	\$ 25,084	\$ -	\$ -	\$ 25,084		
Internal Service Fund	\$ 3,267,493			\$ 743,654			\$ 80,419		
* OPEB Revocable Trust Fund	\$ 16,632,118	\$ 4,499,536	\$ 3,401,410	\$ 17,730,244	\$ 300,000	\$ 3,000,000	\$ 15,030,244		
OPEB Irrevocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
OPEB Debt Service Fund	\$ 873,908	\$ 4,873,430	\$ 4,670,665	\$ 1,076,673	\$ 4,740,700	\$ 4,677,500	\$ 1,139,873		
Total - All Funds	\$ 39,897,888	\$ 75,670,809	\$ 85,710,485	\$ 27,334,373	\$ 69,029,047	\$ 73,593,464	\$ 22,106,721		
Long-Term Debt		Current Statutory Operating Debt per Minnesota Statutes, section 123B.81							
Outstanding July 1, 2020	\$ 91,345,000	Amount of General Fund Deficit, if any, in excess of 2.5% of expenditures 06/30/2021			\$ -				
Plus: New Issues	\$ -								
Less: Redeemed Issues	\$ 4,345,000	Cost per student - Average Daily Membership (ADM) 06/30/2021							
Outstanding June 30, 2021	\$ 87,000,000	Total Operating Expenditures			\$ 51,678,154.00				
Short-Term Debt		FY 2021 Total ADM Served + Tuitioned Out ADM + Adjusted Extended ADM			3,908.89				
Certificates of Indebtedness	\$ -	FY 2021 Operating Cost per ADM			\$ 13,220.67				
Other Short-Term Indebtedness	\$ -								

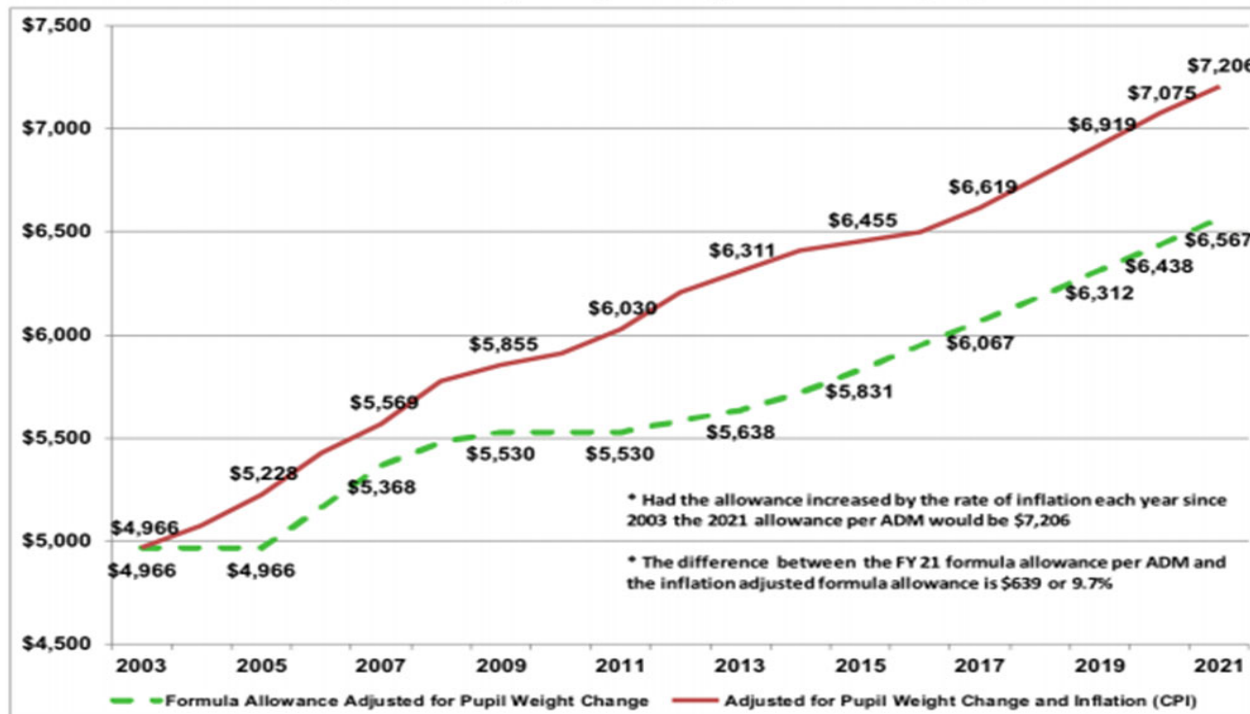
~ Audit to be presented at the December 6, 2021 board meeting

General Fund Sources of Revenue



Challenge: State Set Basic General Education Formula Lags Inflation

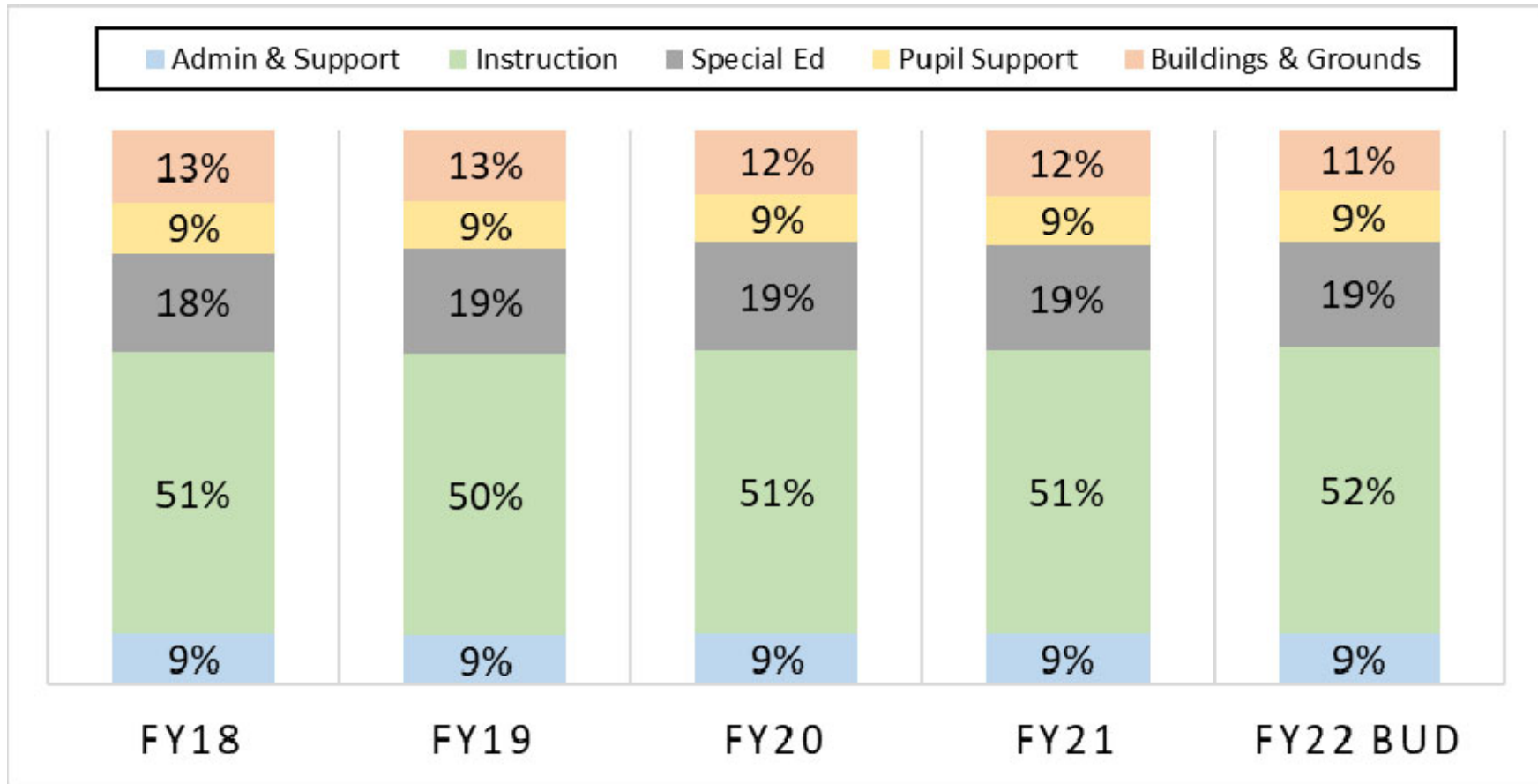
General Education Formula Allowance, 2003-2021
Adjusted for Pupil Weight Change and Inflation (CPI)



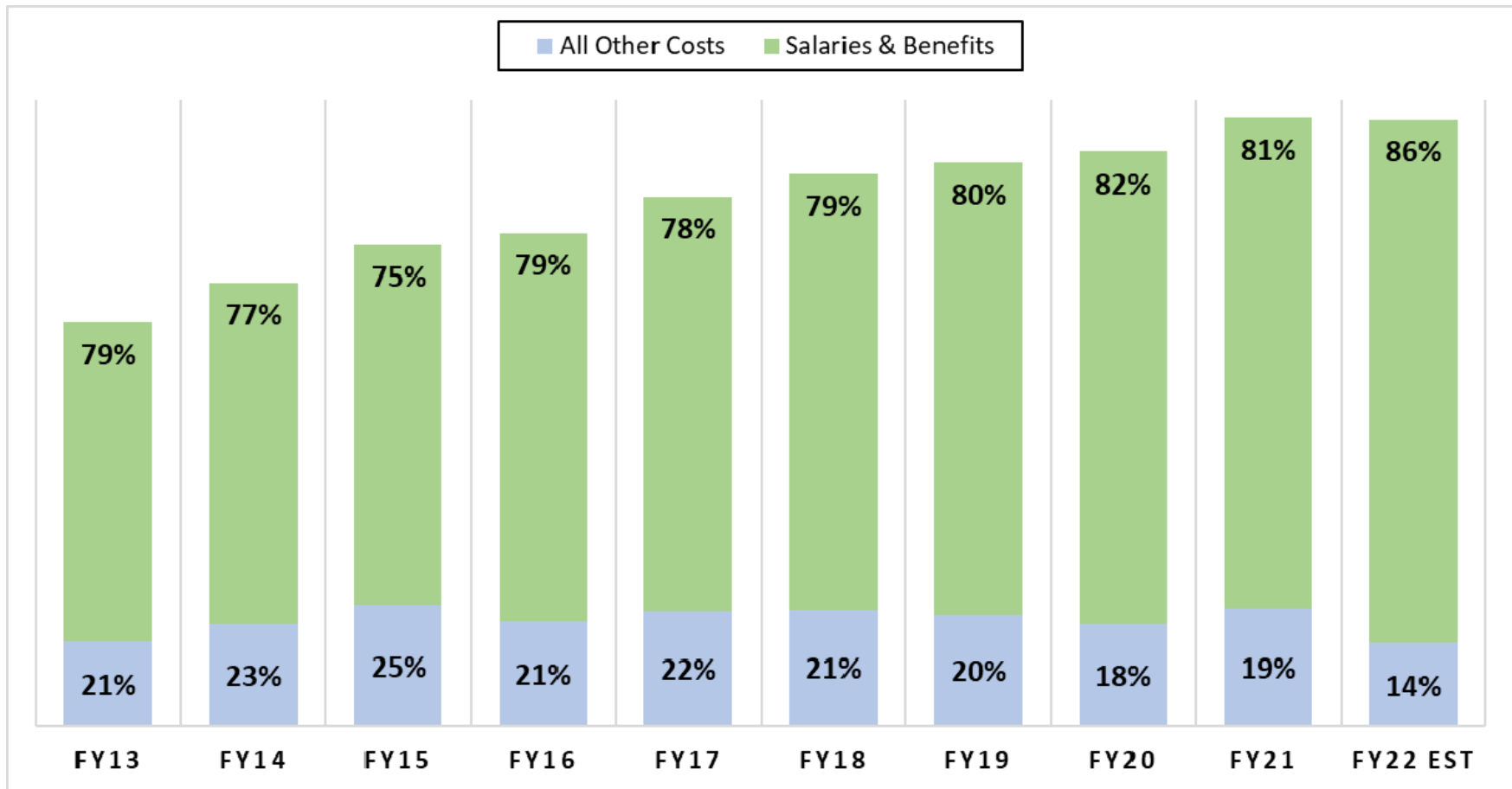
Funding trails inflation by \$639 per pupil unit since 2003, \$568 million annually.

Source: MDE August 2019 Inflation Estimates

General Fund Expenditures by Program



General Fund Expenditures by Object



Levy Breakout for Pay 21 and Pay 22

(to be certified)

	20 Pay 21	21 Pay 22	Change
Voter-Approved Debt Service Levies	\$ 2,665,621	\$ 2,853,026	7.0%
Other Debt Service Levies	\$ 5,067,851	\$ 5,237,229	3.3%
Total Debt Service Levies	\$ 7,733,472	\$ 8,090,255	4.6%
Other	\$ 5,921,870	\$ 6,510,584	9.9%
Total Levied	\$ 13,655,342	\$ 14,600,839	6.9%
Voter-Approved Levies	\$ 2,665,621	\$ 2,853,026	7.0%
Other	\$ 10,989,721	\$ 11,747,813	6.9%
Total Levied	\$ 13,655,342	\$ 14,600,839	6.9%

Levy Breakout for Pay 21 and Pay 22

(to be certified)

		20 Pay 21 LLC	21 Pay 22 LLC	Change	
	General Levy	\$ 5,921,870	\$ 6,510,585	\$ 588,715	9.9%
	Debt Service Levy	\$ 2,992,740	\$ 3,359,973	\$ 367,233	12.3%
	OPEB Levy	\$ 4,740,733	\$ 4,730,282	\$ (10,451)	-0.2%
	To-be Certified Levy	\$ 13,655,343	\$ 14,600,840	\$ 945,497	6.9%
	Taconite Credit	\$ 538,449	\$ 229,534	\$ (308,915)	-57.4%
	Levy, w/o Tac Credit	\$ 14,193,792	\$ 14,830,374	\$ 636,582	4.5%
	Total Adjustments	\$ (434,046)	\$ 125,168	\$ 559,214	-128.8%
	Initial Levy	\$ 14,627,838	\$ 14,705,206	\$ 77,368	0.5%
	Community Service Levy				
	Community Service	\$ 333,393	\$ 331,688	\$ (1,705)	-0.5%
	Taconite Replacement	(333,537)	(332,490)	1,047	-0.3%

Explanation of Levy Changes

Category: General Fund Levies

Change: ↑ \$ 588,715

Use of Funds: Operating, LTFM, C&T, A & I and Safe School expenditures

Reason for Change:

- These revenues are partially based on the number of students in the district
- Positive levy adjustments will be recognized for (prior estimates) that are now “knowns”. These levies were *earned* in prior years but are just catching up now because of the lengthy levy cycle.

Explanation of Levy Changes

Category: Debt Service and OPEB Debt Service

Change: Net ↑ \$357,000

Use of Funds: Annual required payments of principal & interest on outstanding bonds

Reason for Change:

- Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections.
- The District is issuing new Indoor Air Quality and Abatement bonds for improvements needed in the District.
- Fund balances in debt service funds have been healthy so there have been negative adjustments in the past.

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause tax bill 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 in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors
- *Enrollment Changes*

Who you can contact for answers:

District Specific Levy Questions:

Kara Lundin, Business Manager

klundin@isd318.org (218).327.5775

Questions regarding your Property Value:

Itasca County Assessor's Office

assessorinfo@co.Itasca.mn.us (218).327.7343

Public Comments?