



# Byron Public Schools

**2021 Payable 2022**

## **Truth In Taxation Public Meeting**

Time: 6:01pm

Date: December 20, 2021

in the

Byron School District Board Room



# Byron School District

- **A Public Meeting...**

- Between November 24<sup>th</sup> & December 30<sup>th</sup>
- 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 % increase
- Specific purposes & reasons taxes are being increased/decreased



# Byron School District

## MN Legislature Must Set Funding For Minnesota Public Schools

### Minnesota Constitution ARTICLE XIII – 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.”



# Byron School District

As a result...

## **Funding is Highly Regulated**

### **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)
- State also authorizes school board to submit referendums for operating and capital needs to voters for approval.



# Byron School District

## Challenge: State Set Basic General Education Formula

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- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2020-21, Legislature approved an increase of 2% or \$129 per pupil, and for Fiscal Year 2021-22 an increase of 2.4% or \$161 per pupil was approved
- Per-pupil allowance for Fiscal Year 2020-21 of \$6,567 would have needed to increase by another \$503 (7.7%) to have kept pace with inflation.



# Byron School District

## Underfunding of Special Education

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- MDE reports the FY2018 cost of providing special education programs was underfunded by \$822 million, an average of 40% or \$5,705 per special education student
- Underfunding requires a transfer from regular program resources to support an underfunded program mandated by state and federal law
- Primary options to bridge the funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both.



# Byron School District

## AG2SCHOOL BOND CREDIT

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- Permanent law enacted in 2018
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Scheduled to scale to 70% in 2023, Taxes Payable 2022 is 60%
- Revenue for Ag2School comes from state income, sales and other tax revenue



# Byron School District

## SIMPLIFYING CATEGORIES

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- Operating Referendum Revenue now 100% Voter Approved
- \$300 Op Ref revenue transferred to LOR beginning in Pay '20, Op Ref revenue reduced \$300
- Local Optional Revenue now 100% School Board Authorized up to \$724 per pupil
- No tax impacts from the change



# Byron School District

## **School District Budget**

Current School Year  
2021-2022

# Fund Accounting Overview

## 2021-2022

### **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

### **FOOD SERVICE (Fund 02)**

- School Breakfast and Lunch Program

# Fund Accounting Overview (*cont.*)

## 2020-2021

### **COMMUNITY SERVICE (Fund 04)**

- Levy is based on adult population in the District (8,870)
- Early childhood levy is based on the number of children under 5 years of age (655)
- 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

### **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 Issues for:

2014A-\$25,300,000 (2034)  
2019A-\$9,250,000 (2025)

2016-\$1,850,000 (2031)  
2021A - \$44,555,000 (2041)



# Byron School District

## 2021-2022 BUDGET OVERVIEW REVENUES

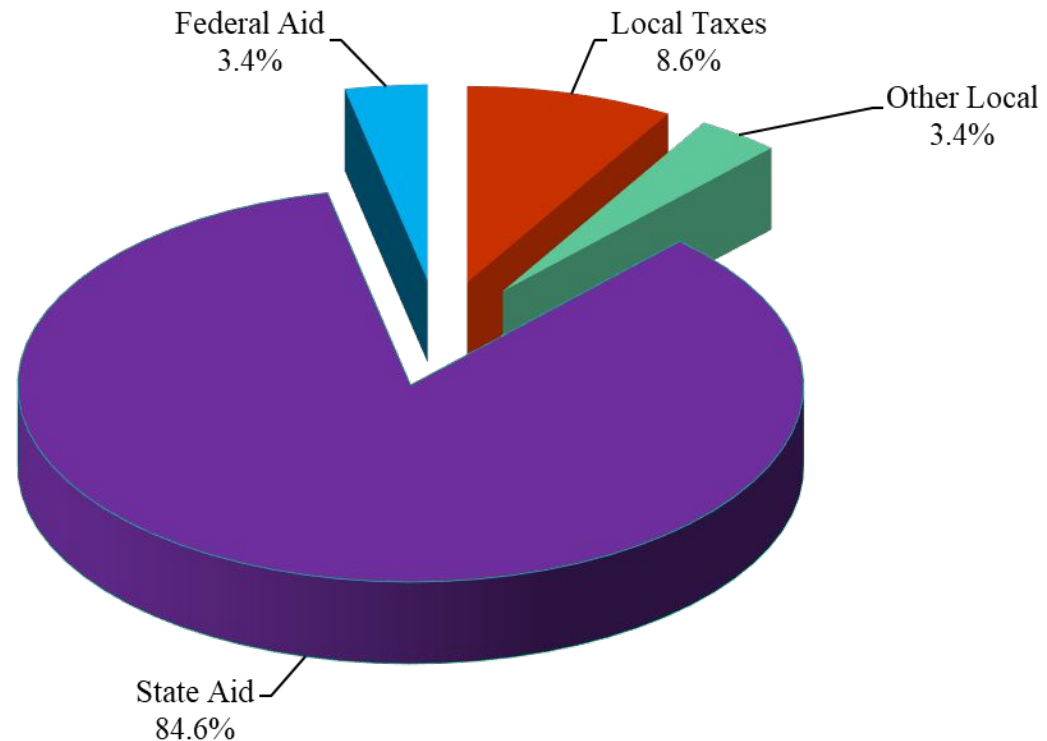
	20-21 Actual	21-22 Budget	Percent Change
General Fund	24,038,095	24,147,629	0.46%
Food Service	912,006	915,350	0.37%
Community Service	1,232,054	1,192,823	-3.18%
Debt Service	<u>4,126,181</u>	<u>4,571,997</u>	<u>10.80%</u>
Totals	<u>\$ 30,308,336</u>	<u>\$ 30,827,799</u>	<u>1.71%</u>



# Byron School District

## General Fund Revenue Budget

*Where Do Our School Revenues Come From?*





# Byron School District

## 2021-2022 BUDGET OVERVIEW EXPENDITURES

	20-21 Actual	21-22 Budget	Percent Change
General Fund	24,277,860	23,840,459	-1.80%
Food Service	802,944	891,051	10.97%
Community Service	1,268,948	1,189,577	-6.25%
Debt Service	<u>4,150,689</u>	<u>4,528,247</u>	<u>9.10%</u>
<b>Totals</b>	<u>\$ 30,500,441</u>	<u>\$ 30,449,334</u>	<u>-0.17%</u>



# Byron 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:*

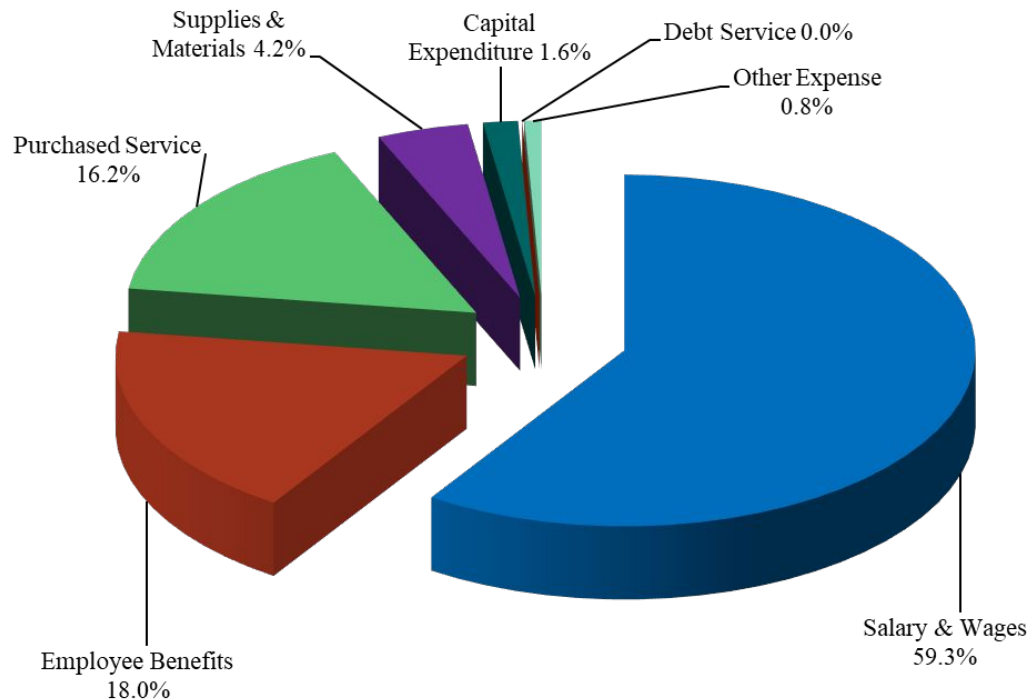
District & School Administration	5.8%	1,397,245.00
District Support Services	3.8%	931,823.00
Regular Instruction	47.8%	11,600,622.00
Vocational Instruction	1.7%	423,621.00
Special Education Instruction	12.1%	2,946,695.00
Instructional Support Services	5.7%	1,393,638.00
Pupil Support Services	9.3%	2,259,707.00
Sites-Buildings, Equipment	13.2%	3,199,437.00
Fiscal and Other	0.5%	125,072.00
	100.0%	24,277,860.00



# Byron School District

## General Fund Expenditure Budget

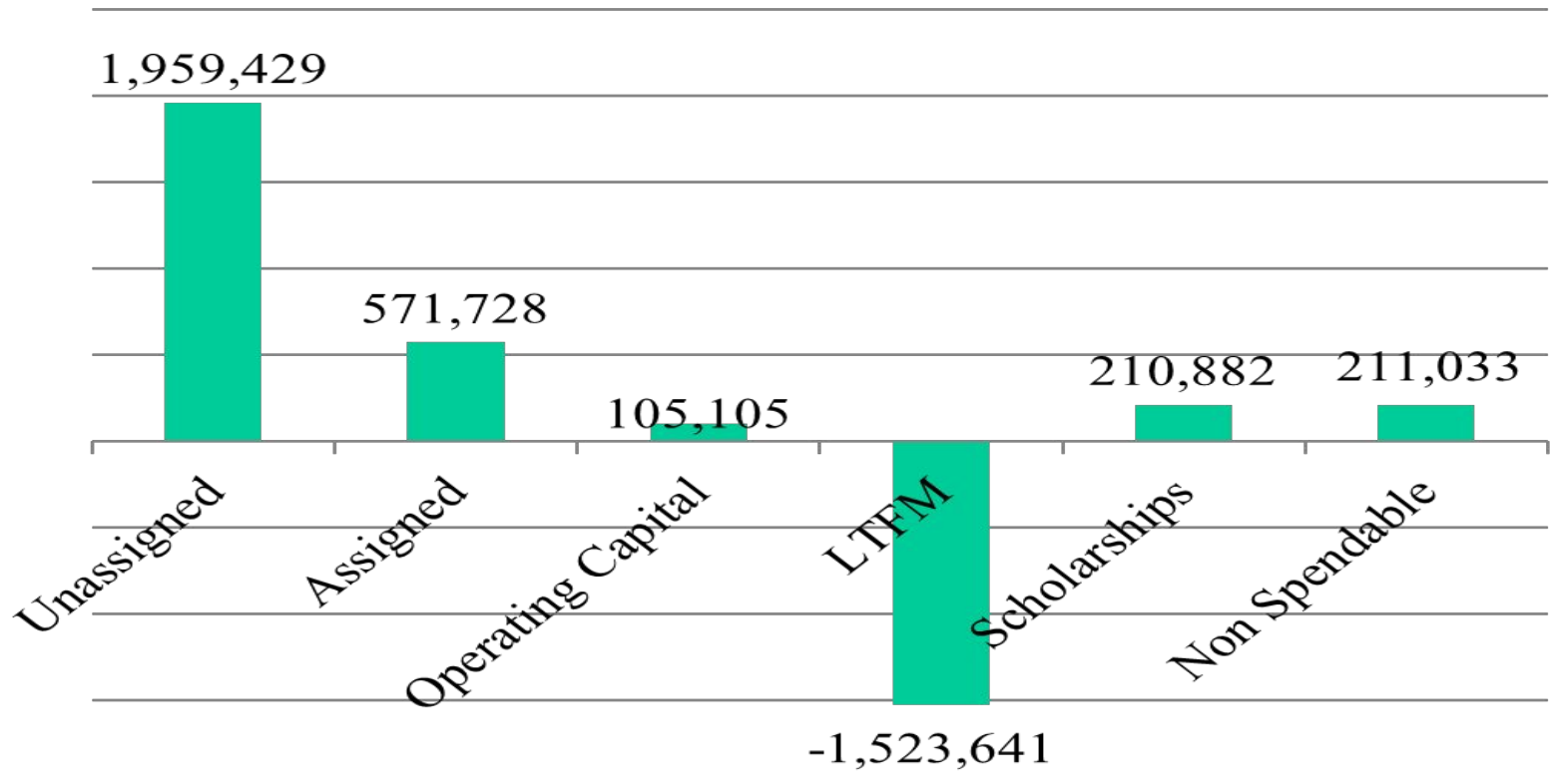
*What Do Our Expenditures Pay For?*





# Byron School District

## Components of the General Fund Balance at June 30, 2021





# Byron School District

## School District Levy

- 2021 Payable 2022
- 2022-2023 School Year
  - Fiscal Year 2023



# Byron School District

## Authority for School Levies

A School District Tax Levy must be either:

Set by State Formula

-or-

Voter Approved



# Byron 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



# Byron School District

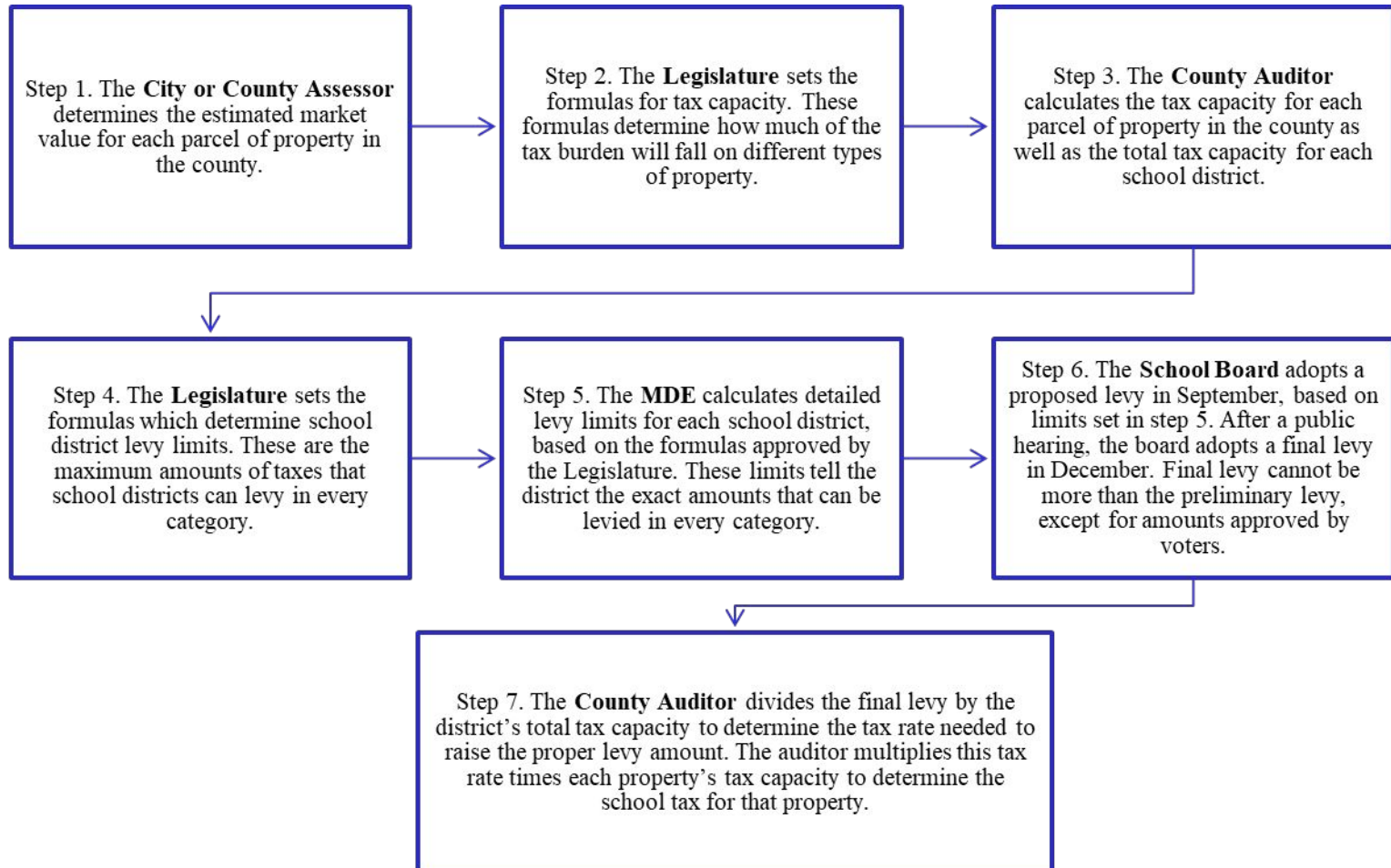
## Factors Impacting Tax Change (*cont.*)

### 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*)



# Byron School District





# Byron School District

## How will your 2022 school taxes be spent?

### Percent

#### **General Fund**

Provides additional 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:

**53%**

#### **Community Education Fund**

Levy for Community Education Programs:

**3%**

#### **Debt Service**

Levy for repayment of principal and interest on district debt:

**44%**

**Total Levy Before Credits:**

**100.0%**



# Byron School District

## LEVY LIMITATION AND CERTIFICATION 2021 Payable 2022

Comparison of Certified Payable 2021 Levy with Proposed Payable 2022 Levy

GROSS LEVIES BY FUND	ACTUAL 20 PAY 21	PROPOSED 21 PAY 22	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
<b>General Fund</b>	<b>2,593,022.92</b>	<b>2,644,073.33</b>	<b>51,050.41</b>	<b>1.97%</b>
Community Services	89,177.23	131,887.42	42,710.19	47.89%
Debt Redemption	3,708,168.06	5,254,523.68	1,546,355.62	41.70%
<b>Total</b>	<b>6,390,368.21</b>	<b>8,030,484.43</b>	<b>1,640,116.22</b>	<b>25.67%</b>



# Byron School District

## Major Changes to Levy Categories

Category	Pay 2021	Pay 2022	Change
<b>General Fund</b>			
Referendum	1,335,454.29	1,412,236.68	76,782.39
Operating Capital	109,472.06	131,732.92	22,260.86
LTFM	247,196.20	247,196.20	-
Lease Levy	222,009.95	258,671.71	36,661.76
OPEB	125,000.00	(2,609.00)	(127,609.00)
All other	553,909.42	596,844.82	42,935.40
<b>Sub-Total</b>	<b>2,593,041.92</b>	<b>2,644,073.33</b>	<b>51,031.41</b>
Debt Service	3,708,168.06	5,254,523.68	1,546,355.62



# Byron 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



# Byron 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.



# Byron School District

**Whereas,** Pursuant to Minnesota Statutes the School Board of Byron School District, Byron, Minnesota, is authorized to make the following proposed tax levies for general purposes:

Maintenance (General Fund)	\$ 2,644,073.33
• Includes Referendum	
Community Service	131,887.42
Debt Service	5,254,523.68
<b>Total Proposed School Tax Levy</b>	<b>\$8,030,484.43</b>

**Now Therefore,** Be it resolved by the School Board of Byron School District, Byron, Minnesota, that the levy to be levied in 2021 to be collected in 2022 is set at \$8,030,484.43. The clerk of the Byron School Board is authorized to certify the proposed levy to the County Auditor of Olmsted County, Minnesota.