



LAKE OF THE WOODS
School

Lake of the Woods School ISD #390
December 16, 2024 @ 5:30 PM
Finance Workshop & Working Session - ITV Room

Working Session:

- 1. Finance Workshop @ 5:30 P.M.**
- 2. Truth in Taxation Hearing @ 6:00 P.M.**
- 3. Citizen's Forum**
- 4. Reports:**
 - a. Board Committees
 - b. Superintendent (Jeff Nelson)
 - c. PreK-12 Principal (Mary Merchant)
 - d. Athletic Director/Community Ed (Sam Lyon)
- 5. Adjourn**

Lake of the Woods School District

Finance Committee Meeting

December 16, 2024

Monthly Budget Report

Revenue:

- YTD revenues are as follows:
 - State Aid Revenue is 26.8% received
 - Federal revenues 11.27% received
 - Levy/County Apportionment are 21.5% received
 - Local revenues are 57.8% received
 - Food Service 21% received
 - Community Education 8% received
 - Total all Funds 25% \$2,346,472.80
- Grants for 2024-2025
 - Title 401 \$90,000

Expenditures

- YTD expenses are as follows:
 - Salaries and Wages are 23% expended.
 - Employee Benefits are 28.2% expended.
 - Purchased Services are 46.3% expended.
 - Supplies/Materials are 33.5% expended.
 - Capital (Equipment) is 12% expended
 - Food Service 24% expended
 - Community Education 24% expended
 - Total all Funds 29% \$2,545,990.44

Summary all Funds

- Revenue 25% \$2,346,472.80
- Expenditure 29% \$2,545,990.44
- FYT Spending Variance Deficit of \$119,517.64

Student Activity

- Student Activity Balance Report and Student Activity Transaction Report are attached.

Business Office Update

- The Star Report was submitted last week
- Building and Square Footage Report was submitted today
- Working on Budget Revisions to be presented in February or March

PUBLIC HEARING
2024-25 Budget
& Proposed 2025
Property Taxes

Lake of the Woods

December 2024

Resources provided by



TODAY'S AGENDA

Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '25
- Putting it All Together and Questions



Big Picture



Why have a Truth in Taxation Meeting?

- Truth in Taxation Law, passed in 1989 MS 275.065
- 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 the final levy and discuss:

 - Payable 2025 levy
 - Fiscal year 2025 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:

- **State Formula Set By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds



How is my property tax determined?

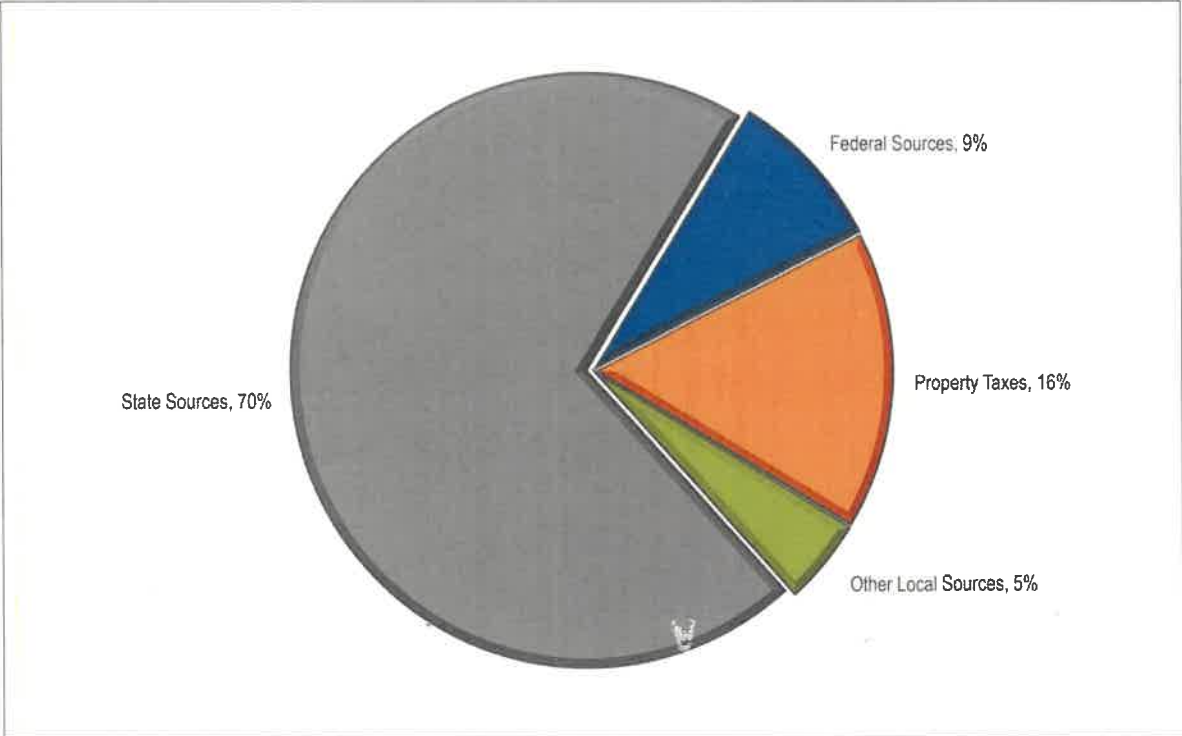
- County Assessor determines market value for each parcel of property.
 - MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
 - County Auditor calculates the tax capacity for each parcel based on the above.
 - County Auditor divides the total levy by total tax capacity of the District 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.



Sources of General Funds Across the State

Sources of Funds - General Fund

Fiscal Year 2022-23

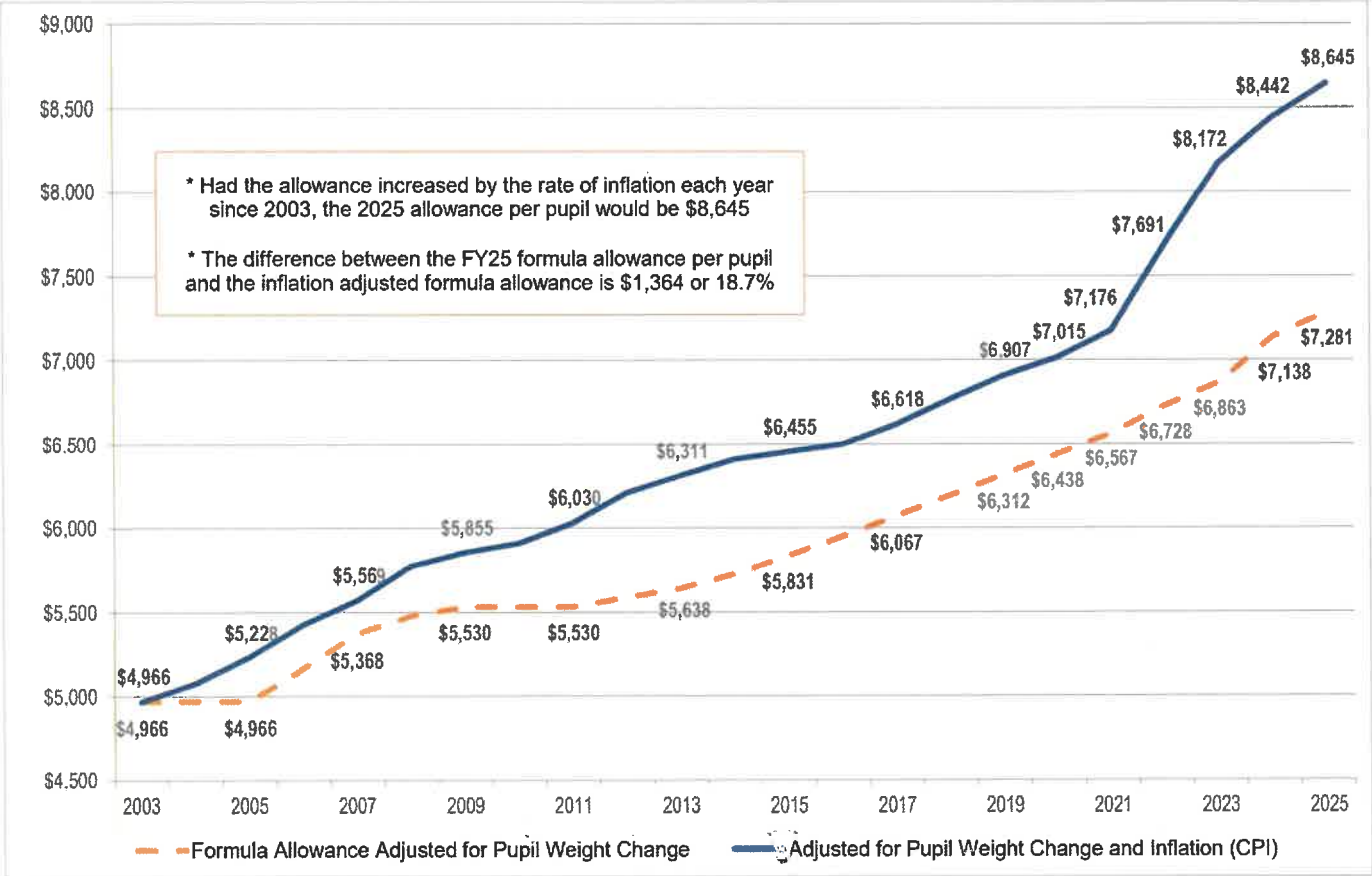


Source: MDE 2023 Consolidated Financial Report, most recent available Statewide data



Funding will trail inflation by \$1,364 per pupil in FY25

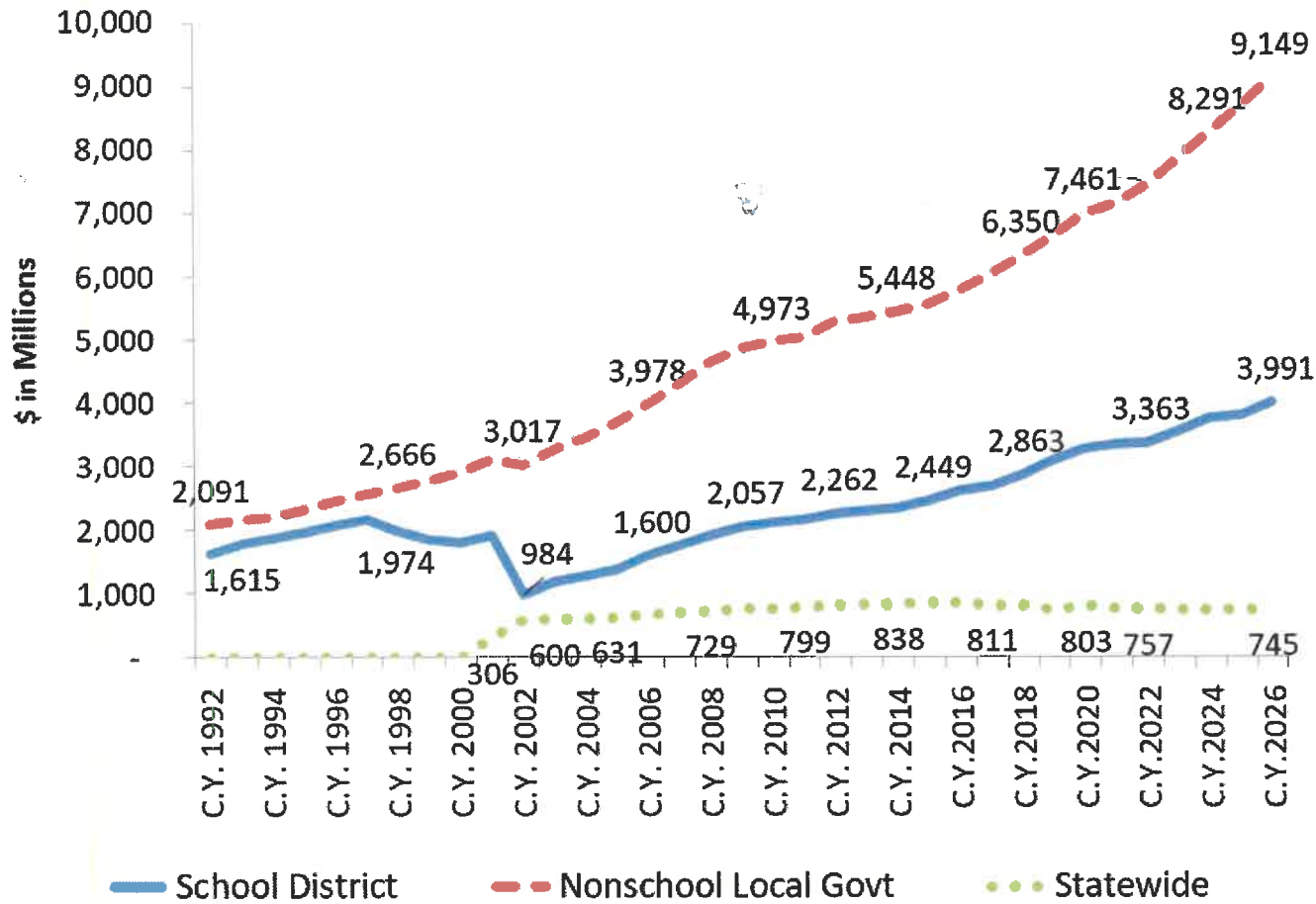
General Education Formula Allowance, 2003-2025
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023



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



24-25 School Year Budget

Fund	Revenues	Expenses	Net
General	\$7,258,527	\$7,110,451	\$148,076
Food Service	\$389,510	\$381,108	\$8,402
Community Education	\$331,712	\$363,776	-\$32,064
General Debt Service	\$1,261,761	\$1,049,575	\$212,186
OPEB Debt Service			
Other			
TOTAL	\$9,241,510	\$8,904,910	\$336,600



24-25 School Year Budget

SCHOOL DISTRICT NOTE:

- Levy 2024 Pay 2025 will result in a decrease of \$13,171.28 in revenue
- Levy 2025 \$627,435.40 (Decrease due to the pool)
- Levy 2024 \$817,200.27
- Levy 2023 \$450,798.42
- County Apportionment 2024 \$506,332.05
- County Apportionment 2024 \$506,332.05
- County Apportionment 2023 \$426,735.38
- Discuss significant changes in budget from prior year



Property Classifications and Value



Tax Statement

2025

2024 Values for Taxes Payable in

Know Your Valuation

- Property classification and market value
- Sent Spring 2024; cannot change value
- Watch for 2025 statement in SPRING and where to appeal

		Values and Classification		
		Taxes Payable Year:	2024	2025
Step 1	Estimated Market Value:		\$141,100	\$143,000
	Homestead Exclusion:		\$24,541	\$33,680
	Taxable Market Value:		\$116,559	\$109,320
	New Improvements:		\$0	\$0
	Property Classification:		RES HMSTD	RES HMSTD
		Sent in March 2024		
Step 2	Proposed Tax			
	Proposed Tax:			\$1,570
		Sent in November 2024		
Step 3	Property Tax Statement			
	First-half Taxes:			\$777.13
	Second-half Taxes:			\$777.13
		Total Taxes Due in 2024:		\$1,554.26

Effective Tax Rates

Property Classification	2024 Estimate
Farm	0.48%
Seasonal Rec	0.79%
Residential Homestead	1.14%
Apartment	1.43%
Public Utility	2.50%
Commercial-Industrial	2.59%

Source: Jared Swanson House Research



Share of Tax Liability

Property Classification	Market Value Share (2023 Assessment)	Share of Net Taxes (Payable in 2024)
Farms	18.9%	6.8%
Seasonal Rec	4.2%	2.6%
Residential Commercial and Industrial	12.7%	28.8%
Residential Homes	57.7%	54.2%
Other Residential	6.5%	7.7%

Source: Jared Swanson House Legislative Analyst



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 2025
- The revenue for Ag2School comes from state income, sales and other tax revenue



Pay 2025


70% Ag Tax Credit on Bonds

Payable Year	Percent Increase	Total Credit Percent
2022	5%	60%
2023	10%	70%
2024	0%	70%
2025	0%	70%



Find Your Ag2School Credit

Truth in Taxation Notice:

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

Tax Detail for Your Property:

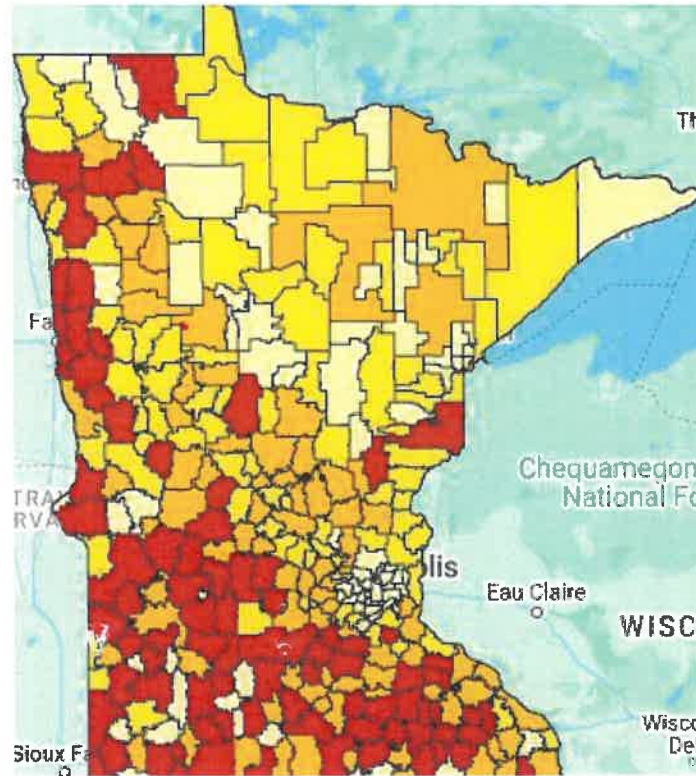
Taxes Payable Year:	2024	2025
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,524.26
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,422.08	
Property Tax and Credits		
3. Property taxes before credits	\$1,422.08	\$1,524.26
4. Credits that reduce property taxes		
A. Agricultural and rural land credits	\$0.00	\$0.00
B. Taconite tax relief	\$0.00	\$0.00
C. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$1,422.08	\$1,524.26
Property Tax by Jurisdiction		
6. County	\$438.06	\$474.18
Regional Rail Authority	\$5.96	\$6.18
7. City or Town	\$273.79	\$302.06
8. State General Tax	\$0.00	\$0.00
9. School district		
A. Voter approved levies	\$289.35	\$296.68
B. Other local levies	\$340.11	\$364.60



Ag2School in Pay 2024

How does our school district compare in total Ag2School credit?

[MREA Maps](#)



70% Ag2School Total Bond Credit Pay 24

- Well Below Median
- Below Median of \$196,185
- Above Median of \$196,185
- Well Above Median



EQUALIZATION FACTORS FOR LOR & Operating Referendums

	LOR & Referendum Allowance Levels	Equalizing Factors
Tier 1 LOR	Up to \$300/pupil	\$880,000/RPU
Tier 2 LOR	\$300 up to \$724/pupil	\$642,038/RPU
Tier 1 Op Ref	Up to \$460/pupil	\$567,000/RPU
Tier 2 Op Ref	\$460 up to \$1,556.75/pupil	\$290,000/RPU

Ag Land and Seasonal Rec Properties are exempt from Op Ref and LOR levies.

School Factors Affecting Pay '25 Levies



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)



Referendum Picture

How does our district compare in Operating Referendum Revenue?

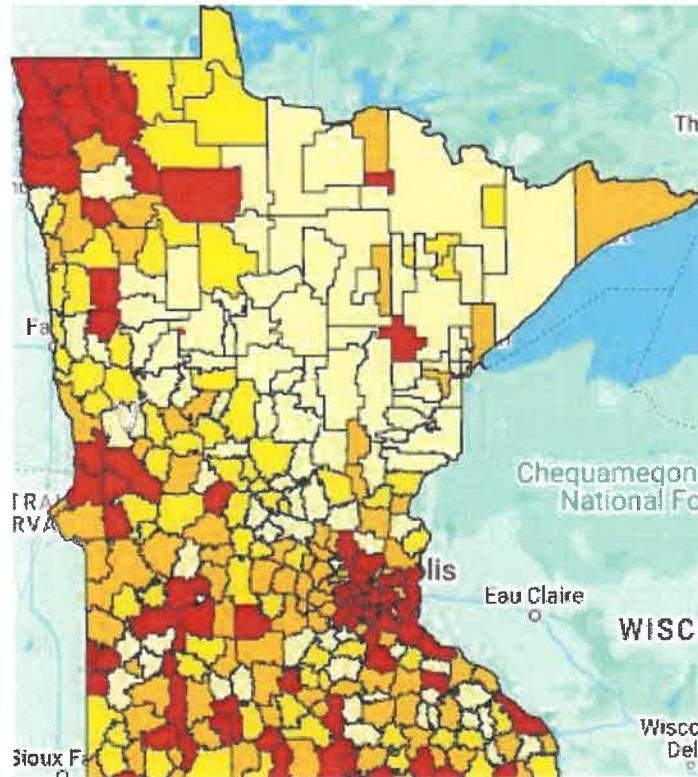
MREA Maps

Our District:
\$513 per APU

Median district: \$513

**Upper Quartile of
Referendums** > \$1025

94 districts: \$0



District Operating Referendum per APU FY25

- No Operating Referendum
- Below District Median of \$513/Pupil
- Above District Median of \$513/Pupil
- Well Above Median/Pupil



Property Wealth Picture

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

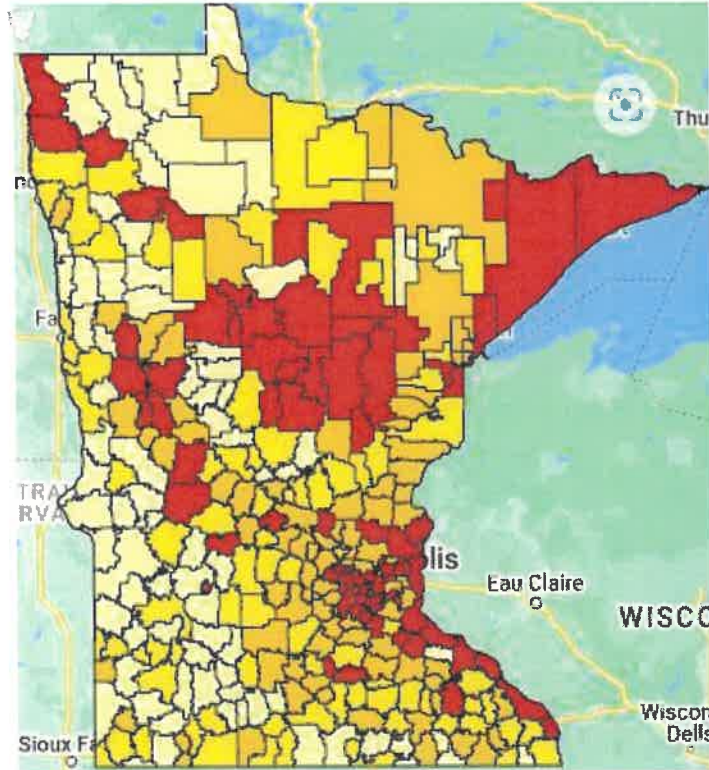
MREA Maps

Our District:

\$ 601,020 per RPU

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



Putting it All Together



Long-Term Facility Maintenance

Included in School Property Taxes for Pay '25

- School Board and MDE approved 10-year facility maintenance plan, including:
 - Project 1 — Window Replacement
 - Project 2 — Door Replacement
 - Lighting in Auditorium was replaced in FY2024
- LTFM Revenue: \$147,934.67 (line 422, pg. 10)
 - State share (Aid): \$0 (line 432, pg. 10)
 - Local share (levy): \$147,934.67 (line 435, pg. 10)
- Reflected in “Proposed Property Tax Notice” under “Other Levies”



Proposed Pay '25 Levy

CERTIFICATION FOR (DISTRICT NAME)

Fund	Pay '25 Levy	Increase/ (Decrease) Pay '24	Percent Change
General	\$884,625.56	-\$26,191.31	-2.88%
Community Education	\$48,327.95	\$10,515.54	27.81%
General Debt Service	\$1,104,708.00	\$2,504.49	.23%
OPEB Debt Service			
TOTAL	\$2,307,661.51	-\$13,171.28	-.64%

Ag2School 70% Credit offsets the General Debt Service Levy for famers and timber landowners



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor/County Treasurer

206 8th Ave SE Suite #260

Baudette, MN 56623

Auditor's Office Phone: 218-634-2836

Treasurer's Office Phone: 218-634-2836



QUESTIONS?
THANK YOU.



**Lake of the Woods School
Board Report
Jeff Nelson, Superintendent & Building/Grounds
December 16, 2024**

1.0 Enrollment for December 2, 2024:

1.1 422 total enrollment for K-12

1.1.1 Elementary K-5 Total 196: K @ 35, 1st @ 27 -1, 2nd @ 39, 3rd @ 38 +1, 4th @ 24, 5th @ 33

1.1.2 Sr. & Jr. High School 6-12 Total: 226 6th @ 36, 7th @ 33, 8th @ 35 +1, 9th @ 26 +1, 10th @ 28, 11th @ 33 -1, 12th @ 35

2.0 Staffing Update

2.1 We had a custodian take a fall and suffer a broken hip. It is undetermined how long this person will be out. It could be anywhere from 1-3 months. The following changes have been made to cover our custodial and maintenance needs:

2.1.1 Nelsons at CNC will resume doing the AM sidewalk checks and sanding like previous years.

2.1.2 We are recommending that JD will go full-time -- He will not do the snow removal/sanding, but will be part-time custodial 4-6 hours at his current rate of \$19.83 (B6) and 2-4 hours as assistant bus mechanic at \$20.07 (B6MA).

2.1.3 We anticipate some additional costs, but it will be determined by a number of variables such as when or if the person can return to part or full-time work and how the weather will impact our snow removal costs. We are consolidating 1.5 FTE into 1.0 FTE - so we are hoping to be close to cost-neutral.

3.0 Referendum Review Meeting

3.1 On Tuesday, December 9 we had a Referendum Review Meeting with representatives from Kraus Anduerson. This first meeting was an informal discussion about the vote on our referendum questions. How we got there; what, if any feedback from the community we've had since the vote; and what might be the Board's appetite for going back to the voters with another effort and when.

3.2 I am recommending that we schedule a board workshop with Kraus Anderson in early February to continue this conversation with the new board and begin the process of addressing our financial and facility needs.

4.0 Organizational Meeting

4.1 Due to travel conflicts and ensuring that all board members can be in attendance, I am recommending that we tentatively set the meeting date for Tuesday, January 21st at 5:30 PM in the ITV room. If there are additional conflicts, we can reschedule - but need to keep the 3 day public notice in mind when scheduling board meetings.

**Lake of the Woods School
Board Report
Mary Merchant, Pre K-12 Principal
December 16, 2024**

1.0 ASVAB

1.1 Juniors completed test on December 10th

2.0 POW WOW

2.1 Leech Lake Band, students from Remer
2.2 December 10th, 1 p.m. main gym

3.0 White Elephant Sale

3.1 December 13th, ITV Room

4.0 Choir Concert, December 16th 6 p.m.

4.1 6-12 Grades

5.0 Elementary Christmas Program

5.1 December 19th 2 p.m. with dress rehearsal at 9 a.m.

6.0 December 16-20 Dress Up Days for Elementary and High School

6.1 Monday - Santa's Workshop: wear Elf / Santa clothing
6.2 Tuesday - Ugly Sweater: any Christmas Sweater will do
6.3 Wednesday - Grinch Day: wear green or Grinch theme
6.4 Thursday - Christmas Vacation: tropical vibes
6.5 Friday - Silent Night: PJ's and cozy clothes

7.0 December 20th

7.1 Elementary Parties
7.2 High School Activity in the afternoon

**Lake of the Woods School
Board Report
Samantha Lyon, Activities Director/Community Ed.
December 16, 2024**

1.0 Appointments

1.1 Bryan Sathre - Varsity Softball Coach

2.0 Career & College Counseling

2.1 All Seniors are scheduled to meet with volunteers to talk about plans after high school.

They'll spend 15mins each with:

- Shelley Pepera - Dollars for Scholars
- Gretchen Mehmel - FAFSA/General Financial planning
- Jeff Birchem - general plans

3.0 White Elephant Sale!

4.0 BBall Double Header w/two teams