

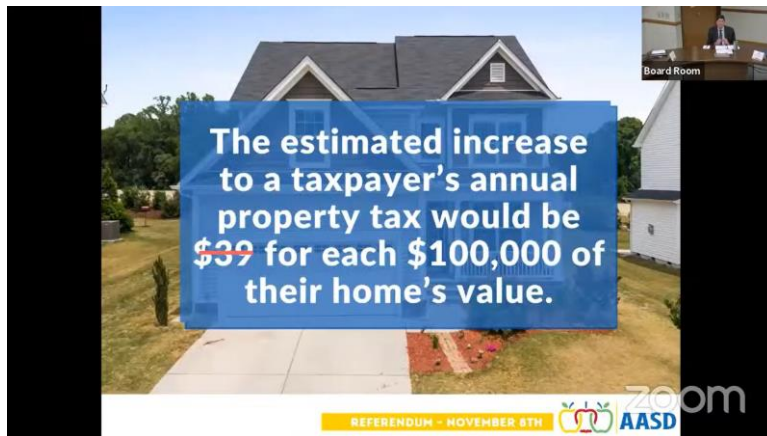
**Business Services Report**  
**Appleton Area School District Board of Education Meeting**  
Mon, Oct 24, 2022 6:45PM

**Kay Eggert (Board President) 07:55**  
Okay, so that'll take us two reports. First Business Services report.

**Greg Hartjes (Superintendent) 08:00**  
That will be me also. So, I'm going to have Scott Werfal bring up a PowerPoint. And on or before October 15 of each year, the state provides school districts with updated tax information. And it's the information that school districts need to finalize their budget to create their tax levy and then set their tax rate, often called the mill rate. And so last week, Monday, we released our updated referendum impact costs for our taxpayers. And that's based on the information that we had received on the 15th from the state.



**Greg Hartjes (Superintendent) 08:40**  
So, what I'm going to do is take you through a PowerPoint to show you how the calculations are done. And because for the last year, we have been sharing a number at \$39 on \$100,000 of property for our referendum.



So, if we were to pass the two questions, we were sharing this with our community, but it was based on last year's tax information. And so, when the new information came out, we recalculated and it's \$4 on \$100,000 of property. So that's the math I want to take you through right now.



**Greg Hartjes (Superintendent) 09:20**

So, let's start with last year's tax rate of \$7.66 on \$1,000 of property. That's our tax rate, often called our mill rate. And it was calculated based on taking our tax levy. So that's the top number that you see in that fraction—the \$72,683,034. That's our tax levy.

**Greg Hartjes (Superintendent) 09:43**

Now there's a bunch of factors that go into that. And that's a lot of what Holly Burr shared during our public hearing on our budget. And so that's the—when you take the revenue limit you subtract out our state aid, you have a chunk that's left there that has to go to property taxpayers. We have to add in there our referendum debt from previous referendums. We have to add in vouchers. And then we have to add in a bunch of smaller numbers that don't necessarily change drastically from year to year. But we put all those numbers together, and that gives us our tax levy. And then we divide that by all the property value across our district. So that that tax levy is shared across all of the value of property, just under \$9.5 billion to get our tax rate.

**Greg Hartjes (Superintendent) 10:30**

So, over the last year, as we were sharing with our community, the cost of our two referendum questions, we had to estimate. And so, what we did is, we took this fraction here, and we increased it by the cost of the referendum. We kept everything else the same. So, we kept vouchers the same, we kept our aid from the state the same, and then we just added in those dollar amount that was almost \$4 million dollars, it would have been for an increase if our referendum is to pass. And then we had to divide it by last year's property values, not knowing whether our property values were going to go up or not. Now, they have gone up 10 years in a row. But prior to that 10-year period, they went down three years in a row. So, it's not a number that we can automatically assume is going to increase. So, we had to divide that out. And when we did that, it gave us 805. So, the difference from 7.66, last year's tax rate, to our projected this year would have been 39 cents, or \$39 on \$100,000 of property. So, 39 cents on the tax rate \$39 on \$100,000 of property. And that's what we communicated for the last year.



**Greg Hartjes (Superintendent) 11:48**

As of last Monday, we released through a press release, and then we shared a video with an explanation, of how the final numbers came in. And so let me show you what that looks like. So, because as Holly Burr explained, we are getting more state aid, that means we need less from local property taxes. That's a biggest factor that went into this decrease in what we had projected. We did obviously have vouchers increased by \$1.1 million. And then also we have debt falling off in February. So those are the three big factors that go into this new number. And then we divide it by \$9,671,196,512. That is just including net new construction. So, it was about \$200 million in new construction across our district last year. When we divide that we get \$7.70 on \$1,000 of property. That's only four cents more than our rate last year. So that's why we've been able to come out and communicate to our community that the cost is going to be four cents on the tax rate, or \$4 on \$100,000 of property.



**Greg Hartjes (Superintendent) 13:10**

And we'd like to use that number to make it easier for taxpayers to calculate. Some districts, you'll see they'll share a number that is based on the median value of homes in a community. We like to use a number based on every \$100,000 of property. So, if your property is valued at \$300,000, you just have to multiply three by four to get \$12 of an increase, or \$500,000 in property, your increase would be \$20 this year.

**2022-2023**

Board Room

Increase on \$100,000 = \$4  
 Increase on \$300,000 = \$12  
 Increase on \$500,000 = \$20

REFERENDUM - NOVEMBER 8TH

zoom  
AASD

**Greg Hartjes (Superintendent) 13:44**

So that is the calculation once again, but I want to share one more piece. So, what we feel is the fairest way to calculate the cost of the referendum, the cost increase, is to use new construction. And as long as the numerator in this fraction doesn't increase by in a percentage more than the denominator, your taxes aren't going to go up. But if the numerator increased by a significantly higher percentage than the denominator, then our tax rate goes up. So, this is very close to net new construction. And that's why we're only going up by four cents.

**Greg Hartjes (Superintendent) 14:19**

But the actual tax rate is going to look like this. So, the numerator is the same. But the denominator that we are using is actually the entire increase in property value, which was about a billion dollars last year. And so included in that billion dollars is about 200 million in new construction and about 800 million in inflation. And so, we don't feel it's fair to calculate that inflation in when we're talking about the referendum. But when we're setting the tax rate, the tax rate will be set at 7 dollars and 10 cents. So, there's 60 cents in our tax rate that is declining really because of inflation, but the value of property is going up.

**2022-2023 Tax Rate**

Board Room

$$\frac{\$74,490,616}{\$9,671,196,512} = \$7.70$$

$$\frac{\$74,490,616}{\$10,491,604,760} = \$7.10$$

zoom

**Greg Hartjes (Superintendent)**

Now that's a number, like I said that 10,491,000,000 could go down next year, could go up next year. And so that's why we use the net new construction, instead of the full property values. So that's a little bit complicated. And this is the first

time that we've taken that explanation all the way through. So, we shared in a video with our community, how we went from \$39 on \$100,000 of property to \$4. But now, this is the final mill rate tax rate that you'll be asked to approve a little bit later in the meeting. So, questions

**Kay Eggert (Board President)** 15:56

I just have a comment. I just—I wanted to thank you for really working hard to make this very understandable to the public. It is confusing every time we talk about mill rates, you know, total tax, equalized value. It is it is confusing, but I do appreciate all the efforts that you continue to revisit and make sure that we are really trying to communicate it accurately and also being fair in how we're describing what the potential referendum would cost our citizens. So

**Greg Hartjes (Superintendent)** 16:34

Absolutely. You're welcome.