

School Taxes....Questions and Answers

Q: Why did my property taxes go up this year?

A: Each person who owns property is subject to tax by multiple entities. These entities include, but are not limited to: Brown County, Outagamie County, Calumet County, Wrightstown School District, Township or City, Northeast Wisconsin Technical College, and the State of Wisconsin. Since your overall tax bill is composed of several entities, all will play a role in the amount of tax you owe. The levy from each of these entities, as well as the overall property value an owner has, will determine your overall tax bill.

Q: If the school mill rate remained stable at \$8.85 as the District said it would, why do I see an increase in taxes for the Wrightstown School District?

A: While the mill rate per \$1,000 of property value is one contributing factor to your overall bill, the second factor is the actual amount of property value a person has. Since almost all property owners saw an increase in the **Fair Market Value/Equalized Value** of their property, the mill rate is, by law, applied to the new higher value.

Q: Can you give me an example that puts it all together?

A: For example, if a property owner had a Fair Market Value of \$150,000 in 2021 and paid \$8.85/\$1,000, they would pay approximately \$1,327.50 for the school district's portion of tax. In 2022, the school district mill rate remained at \$8.85/\$1,000 and the equalized value of the property increased to \$200,000. The tax increases to \$1,770 due to the increase in equalized/market value of the property. The School District has no ability to impact the Equalized/Fair Market Value of a property and is legally required to use this property value for taxing purposes.

Equalized or market values of homes increase when there are improvements within the community, when homes are located in desirable locations, and when supply of homes is lower than the demand. When there is an inventory shortage of homes, equalized market values increase.

Q: How does the tax rate of the Wrightstown School District compare to surrounding districts?

A: In comparison to the nine school districts in the North Eastern Conference, Wrightstown ranks third, behind Clintonville at \$10.74 and Oconto Falls at \$9.74. Freedom has one of the lowest mill rates at \$5.06 because they do not currently have any facility or operational referendum debt. As they begin to explore a referendum in the future, there may be a significant change in their mill rate as they incur debt.

Q: How does the Board of Education create a consistent tax rate across fiscal years?

A: The State of Wisconsin's school finance system limits the amount of property taxes in certain accounting funds through a system called the revenue limit formula. The Board of Education has the ability to determine the amount of the property tax levy in the debt service fund, which is the fund that pays back all of the prior community-approved debt, and the community service fund, which is the fund that supports the Student and Community Wellness Center. Between the property taxes controlled by the revenue limit formula and the property taxes approved by the Board of Education, the total property tax levied can be calculated to maintain a consistent tax rate across fiscal years.

Q: Questions have been raised about the prepayment of debt by the School District. What does that mean?

A: Defeasance, or prepayment of debt, is a provision in Wisconsin state law that allows School Boards to levy property taxes into Fund 39, the debt service fund, to prepay district debt. In easiest terms, a common comparison would be like pre-paying your car or home mortgage payments.

The prepayment of debt pays off debt already approved by the community through referendum. Paying the debt earlier reduces the cost of the interest on the loans, saving taxpayers' future property tax costs while at the same time preparing the District financially for potential future projects in which it could take on additional debt with little to minimal levy impact.

In 2020, the taxpayers approved \$28,700,000 for the construction, remodeling, and renovating of the three District facilities. The total bond issued, including principal and interest, is \$34,228,117, with payments scheduled through 2040.

Over the past three years, the Board of Education has worked to prepay debt, allowing the total bond to drop to \$32,660,671. **With these prepayments, taxpayers will have saved \$1,567,446 over the life of the bond.**

Q: *What other factors influence the taxes and valuation of the Village of Wrightstown?*

A: Decisions made by the Village Board also influence the value and property taxes of the community. Business development and business development grants and loans given out by the Village may affect the taxes and valuation. Community and business improvements often increase the fair market value of homes in the community. The timing of property assessments also may impact taxes.

The Village Administrator and Village Trustees also actively pursue Tax Increment Financing (TIF) Districts and development. While this activity supports community improvements, it allows businesses and municipalities to defer the payment of any community improvements, which will result in additional property taxes and tax revenues, into the future. TIF calls for local taxing bodies to make a joint investment in the development or redevelopment of an area, with the intent that any short-term tax and revenue gains be reinvested and leveraged so that all taxing bodies will receive larger financial gains in the future.

Q: *Members of the Village Board have accused administration and the Board of Education of misleading or not understanding budget creating and taxes. Is that true?*

A: The Board of Education is elected to represent taxpayers from nine different municipalities, over 1,350 students, and nearly 200 staff. They are intelligent, engaged citizens who are working to give back to the community. They support a District that is committed to providing opportunities for students that prepare them to be career, college, and life ready. The District is high performing and low spending because of the commitment from teachers, staff, administration, and the Board of Education. *'Providing a quality education for EVERY student'* as cost-effectively as possible for taxpayers is one of the District priorities.

The District is bound by the Department of Revenue, Department of Public Instruction, the Wisconsin Legislature, and Wisconsin State Statutes when developing the budget and setting the school district tax levy. An annual audit, by the auditing firm KerberRose, has demonstrated compliance to all state laws and accepted accounting practices for over 25 years in a row.

The Board President is a CPA who is registered with the Department of Licensing in Wisconsin. Other Board members have degrees in nursing; mathematics and physics; education; history and political science; supervisory management; and business administration. Several Board members have earned Master's Degrees in their professional careers. Yes; they understand the budget and have spent time over the past year learning more about the extremely complicated and challenging school budget formula and their role as Board members. Finance and budget information from Board meetings can be found on the school district website (www.wrightstown.k12.wi.us).

The District also employs a Business Manager to support the budget development and day-to-day finances of the District. He has a Master's Degree in School Finance. The District Administrator has 33 years of experience in education, 21 years as a Superintendent. She has a Master's Degree in Educational Leadership, which includes certification in School Finance.

Please do not hesitate to reach out to any of those individuals with questions or concerns:

Nicole Gerend, Board of Education President ngerend@wrightstown.k12.wi.us

Carla Buboltz, District Administrator buboltz@wrightstown.k12.wi.us

Dan Storch, District Business Manager storch@wrightstown.k12.wi.us.