



Monticello Public Schools

Truth in Taxation

2013 Proposed Property Tax Levy

December 3, 2012 – 6:00 p.m.



Truth in Taxation Timeline

2012 Payable 2013 Levy

-for-

2013-2014 School Year

-or-

FY2014



Truth in Taxation Law

- State law initially approved in 1988
- Amended in 2009
- Requirements
 - Counties must send out “proposed property tax statements” between November 11-24, based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)
 - Taxing jurisdictions must present information and receive comments from audience at a regularly scheduled meeting between November 25 and December 26
 - Adopt final payable levy by December 28



Truth in Taxation Hearing

- State law requires that school districts present information on the current year budget
- State law also requires that we present information on the proposed property tax levy, including:
 - The percentage increase or decrease from the prior year
 - Specific purposes and reasons for which taxes are being increased
- District must also allow for public comment



Budget Cycle vs. Tax Levy

Unlike cities and counties, a school district does not set its budget when setting the tax levy

- Property Tax Levy
 - Final levy set in December
 - Property taxes levied on a calendar year basis

- Budget
 - Final budget approved in June, 6 months later
 - School fiscal year is July 1 through June 30
 - Mid-year budget revisions in January



Budget Information

Because approval of the budget lags behind certification of the tax levy by six months, only current year budget information will be presented at this hearing



Budget Information

- All school district budgets are divided into separate funds, based on purposes of revenue, as required by law
- For Monticello Public Schools:
 - General fund (includes the Special Ed Cooperative)
 - Food Service fund
 - Community Service fund (includes the Hockey fund)
 - Debt Service fund
 - OPEB Trust fund

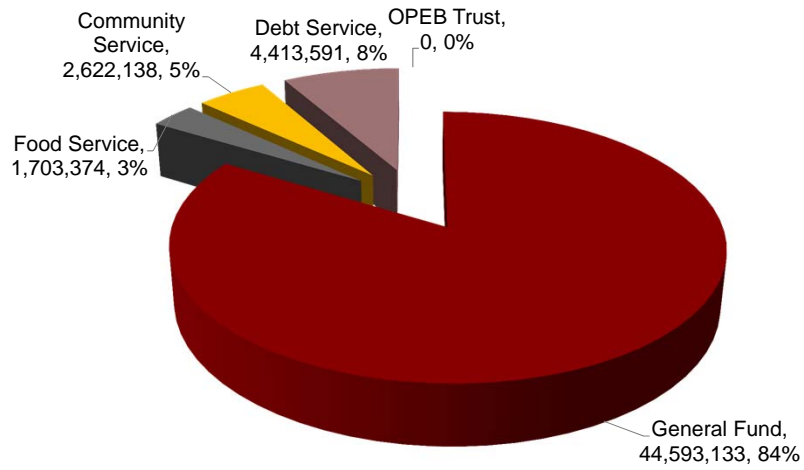


2012-13 Adopted Budget

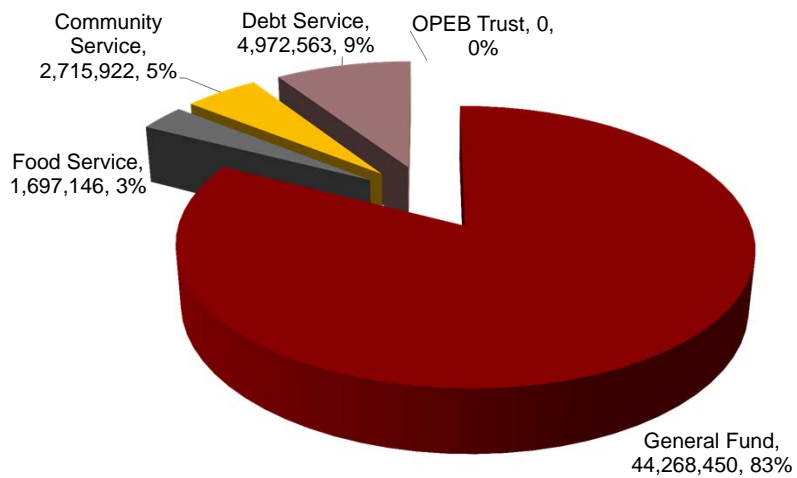
	Jun-12 Beginning Balance	Revenues	Expenditures	Jun-13 Projected Balance
General Fund / Restricted	\$ 119,800	\$ 3,346,813	\$ 3,350,114	\$ 116,499
General Fund / Other	\$ 5,787,593	\$ 41,246,320	\$ 40,918,336	\$ 6,115,577
General Fund Total	\$ 5,907,393	\$ 44,593,133	\$ 44,268,450	\$ 6,232,076
Food Service fund	\$ 9,089	\$ 1,703,374	\$ 1,697,146	\$ 15,317
Community Service fund	\$ 544,979	\$ 2,622,138	\$ 2,715,922	\$ 451,195
Debt Service fund	\$ 1,694,790	\$ 4,413,591	\$ 4,972,563	\$ 1,135,818
OPEB Trust fund	\$ 1,645,940	\$ -	\$ -	\$ 1,645,940
	\$ 9,802,191	\$ 53,332,236	\$ 53,654,081	\$ 9,480,346



2012-13 Revenue Budget

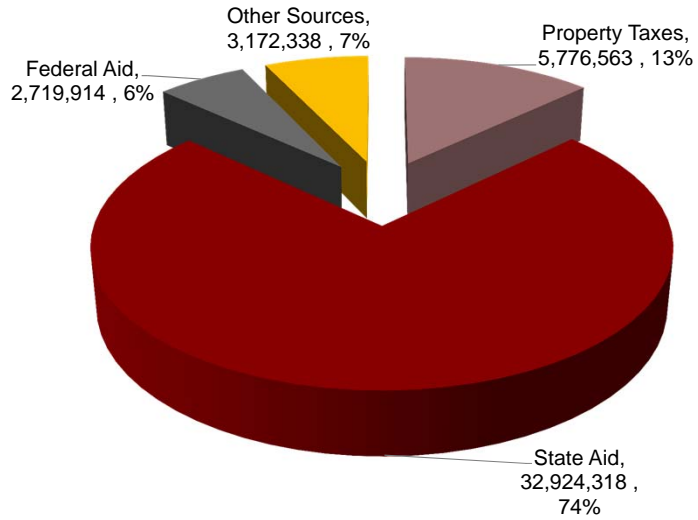


2012-13 Expenditure Budget

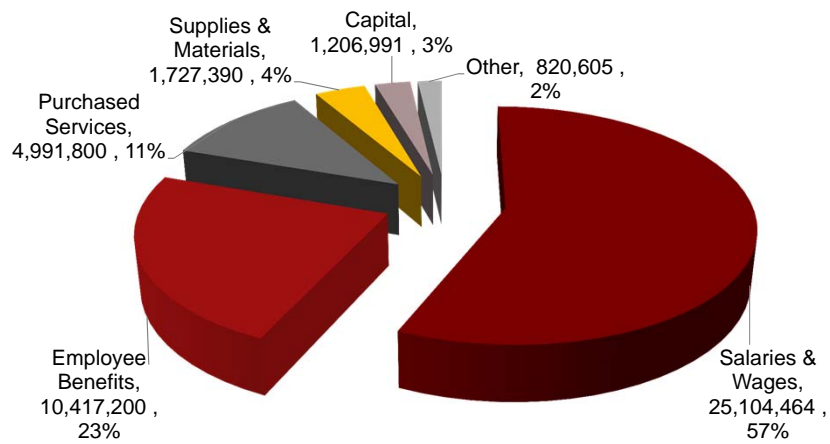




2012-13 General Fund Rev.



2012-13 General Fund Exp.





Proposed Levy Payable 2013

- Law requires that we explain the major changes in the levy
 - Review how taxes are determined
 - Review the major changes in the levy total and the reasons for those changes
 - Look at some specific examples of tax impact
 - Review the Minnesota Property Tax Refund programs



Proposed Levy Payable 2013

- Many factors can cause the tax bill for an individual property to increase or decrease
 - Change in value of the individual property
 - Change in total value of all property in the district
 - Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors



Proposed Levy Payable 2013

- **State sets** formulas which determine revenue; most revenue is based on specified amounts per pupil (other local levies)
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by the voters)
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval (voter approved levies)



Proposed Levy Payable 2013

Minnesota School District Property Taxes- Key Steps and Participants in the Process

A. Tax Determination and Preparation

Step 1. The **City or County Assessor** determines the estimated market value for each parcel of property in the county.

Step 2. The **Legislature** sets the formulas for tax capacity (e.g. for homestead residential property, tax capacity = 1% of first \$500,000 in value + 1.25% of value over \$500,000.) These formulas determine how much of the tax burden will fall on different types of property.

Step 3. The **County Auditor** calculates the tax capacity for each parcel of property in the county (based on values from step A.1. and tax capacity formulas from step A.2.), as well as the total tax capacity for each school district.

Step 4. The **County Auditor** divides the final levy (determined by the school board in step B.3. by the district's total tax capacity (determined in step A.3.)) to determine the tax rate needed to raise the proper levy amount. The auditor multiplies this tax rate times each property's tax capacity to determine the school tax for that property.*

B. Levy Determination and Certification

Step 1. The **Legislature** sets the formulas which determine school district levy limits. These are the maximum amounts of taxes that school districts can levy in every category.

Step 2. The **Minnesota Department of Education** calculates detailed levy limits for each school district based on the formulas approved by the Legislature in step B.1. These limits tell districts the exact amounts that can be levied in every category.

Step 3. The **School Board** adopts a proposed levy in September based on the limits set in step B.1. and calculated in step B.2. After a public hearing, the board adopts a final levy in December. The final levy cannot be more than the preliminary levy, except for amounts approved by voters.

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

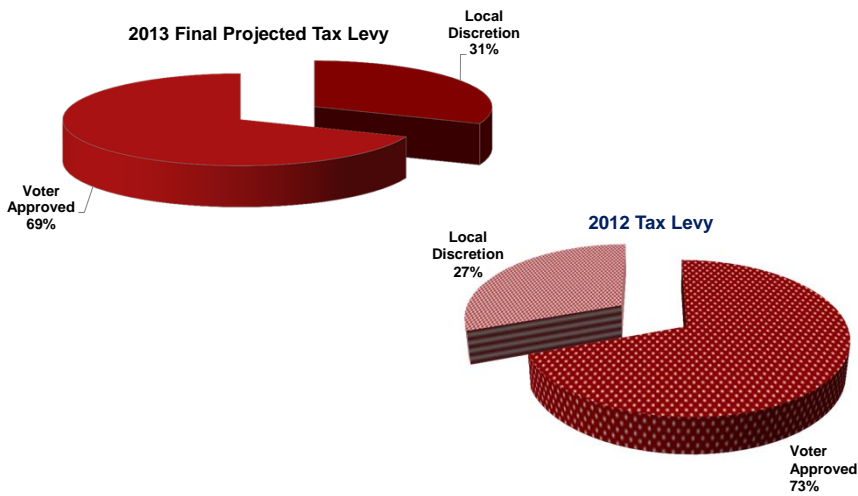


Proposed Levy Payable 2013

Monticello School District #882		November 28, 2012			
Comparison of Proposed Tax Levy Payable in 2013 to Actual Levy Payable in 2012 by Fund					
	2012 Final Levy	2013 Projected Levy for TNT Notices	2013 Final Projected Levy	Change from Prior Year	Percent Change
General Fund					
Voter Approved Referendum JOBZ Exempt	3,538,212	3,562,972	3,562,972	24,760	
Equity	365,622	362,077	362,077	(3,544)	
Transition	23,613	23,401	23,401	(212)	
RMV Adjustments	84,037	26,413	26,413	(57,624)	
Operating Capital	478,035	450,623	450,623	(27,412)	
Lease Levy	141,926	139,172	139,172	(2,754)	
Safe Schools	137,326	138,473	138,473	1,147	
Deferred Maintenance	211,065	205,052	205,052	(6,013)	
Career Technical	53,562	45,933	45,933	(7,628)	
Health and Safety	271,605	282,108	282,108	10,504	
Reemployment Ins	51,180	30,000	30,000	(21,180)	
OPEB Pay as You Go	625,656	683,284	494,025	(131,631)	
General Fund Adjustments	(81,413)	39,889	39,889	121,302	
Total General Fund Levy	\$ 5,900,425	\$ 5,989,399	\$ 5,800,141	\$ (100,285)	-1.70%
Community Education					
Basic Community Education	154,392	154,392	154,392	-	
Early Childhood Family Education	96,202	92,306	92,306	(3,896)	
Home Visiting	2,490	2,502	2,502	13	
Adults with Disabilities	6,900	6,900	6,900	-	
CE Adjustments	42	337	337	294	
Total Community Education Levy	\$ 260,026	\$ 256,437	\$ 256,437	\$ (3,589)	-1.38%
Debt Service					
Debt Service - Principal & Interest	5,221,192	5,130,195	5,130,195	(90,997)	
Reduction for Excess Fund Balance	(810,162)	(422,148)	(422,148)	388,015	
Debt Service Fund Adjustments	2,561	8,809	8,809	6,248	
Total Debt Service Levy	\$ 4,413,591	\$ 4,716,856	\$ 4,716,856	\$ 303,265	6.87%
Total Certified Levy	\$ 10,574,042	\$ 10,962,693	\$ 10,773,434	\$ 199,392	1.89%



Levy Limitation Comparison





Explanation of Levy Changes

- Category: OPEB Pay As You Go
- Change: -131,631
- Use of funds: other post employments benefit costs
- Reason for decrease:
 - Revised other post employment benefit amount to reflect costs in employee contracts with sunset language



Explanation of Levy Changes

- Category: General Fund Adjustments
- Change: +121,302
- Use of funds: general operating expenses
- Reason for increase:
 - Annually, the Minnesota Department of Education adjusts final program revenues to actual expenditures or final allocations for per student-based funding programs
 - The 2011 payable 2012 levy had a number of negative adjustments to correct final entitlements for a number of prior year programs. The same is not the case for the 2012 payable 2013 levy



Explanation of Levy Changes

- Category: Debt Service – Principal & Interest
- Change: -90,997
- Use of funds: principal and interest on building bonds (high school & alternative facilities)
- Reason for decrease:
 - Planned changes made to the payment schedule and refinancing of the building bonds



Explanation of Levy Changes

- Category: Reduction for Excess Fund Balance
- Change: +388,015
- Use of funds: to cover delinquencies in tax collections
- Reason for increase:
 - In the 2010 payable 2011 levy, the District retained \$547,791 of Debt Excess
 - In the 2011 payable 2012 levy, the District recognized the entire Debt Excess Reduction in one year for a total of \$810,162
 - The amount of the Debt Excess Reduction for the 2012 payable 2013 levy is a more consistent amount



Proposed Levy Payable 2013

Monticello School District #882 Analysis of Impact of Proposed 2013 Tax Levy and Rates Using Final Levy Payable in 2012 as Base Year		
Tax Rate Calculations Used for Truth in Taxation Notices	2012 Final Levy	2013 Projected Levy
Net Levy on Referendum Market Value	4,011,484	3,974,864
Total Referendum Market Value	1,804,045,275	1,893,081,775
Total RMV Tax Rate (applied to Estimated Market Value)	0.22236%	0.20997%
Net Levy on Net Tax Capacity	6,562,558	6,798,570
Net Tax Capacity Value	23,220,782	25,935,881
Total NTC Tax Rate (applied to Taxable Market Value)	28.2616%	26.2130%



Proposed Levy Payable 2013

Monticello School District #882 Analysis of Impact of Individual Property Using Final Levy Payable in 2012 as Base Year		
Residential Homestead Property	2012 Final Levy	2013 Projected Levy
Taxable Market Value	181,400.00	166,000.00
Property Taxes - School Portion Only	958.72	839.11
Change in Property Taxes		(119.61) -12.48%



State Property Tax Refunds

- State of Minnesota has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional, or
 - Visit the Department of Revenue web site at www.taxes.state.mn.us



State Property Tax Refunds

- Minnesota Property Tax Refund (aka "Circuit Breaker" Refund)
- Special Property Tax Refund
- Senior Citizen Property Tax Deferral



Final Levy Adoption

DATE: December 10, 2012

TIME: 5:00 p.m.

PLACE: Monticello Middle School
Board Room

Opportunity for Public to Speak and Ask
Questions