



Monticello Public Schools

Truth in Taxation

2015 Proposed Property Tax Levy

December 4, 2014 – 6:00 p.m.





Truth in Taxation Timeline

2014 Payable 2015 Levy

-for-

2015-2016 School Year

-or-

FY2016



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

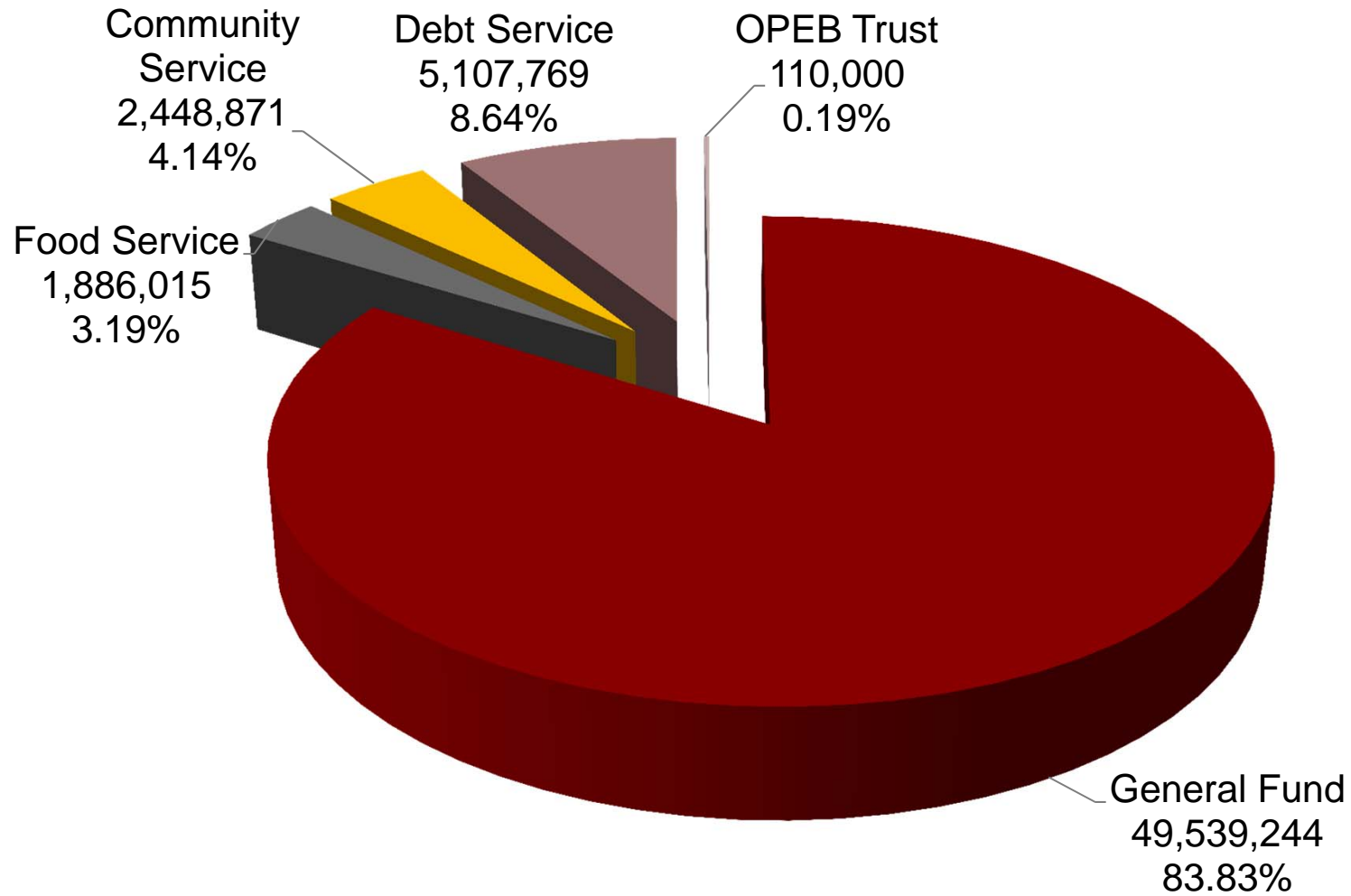


2014-15 Adopted Budget

	6/30/2014 Audited <u>Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	6/30/2015 Projected <u>Balance</u>
General Fund / Restricted	\$ 175,271	\$ 4,059,747	\$ 4,161,802	\$ 73,216
General Fund / Other	\$ 7,035,909	\$ 45,479,497	\$ 45,766,090	\$ 6,749,316
General Fund Total	\$ 7,211,180	\$ 49,539,244	\$ 49,927,892	\$ 6,822,532
Food Service fund	\$ 104,155	\$ 1,886,015	\$ 1,886,625	\$ 103,545
Community Service fund	\$ 587,299	\$ 2,448,871	\$ 2,389,384	\$ 646,786
Debt Service fund	\$ 1,084,990	\$ 5,107,769	\$ 5,001,676	\$ 1,191,083
OPEB Trust fund	\$ 1,940,955	\$ 110,000	\$ 78,605	\$ 1,972,350
	\$ 10,928,579	\$ 59,091,899	\$ 59,284,182	\$ 10,736,296

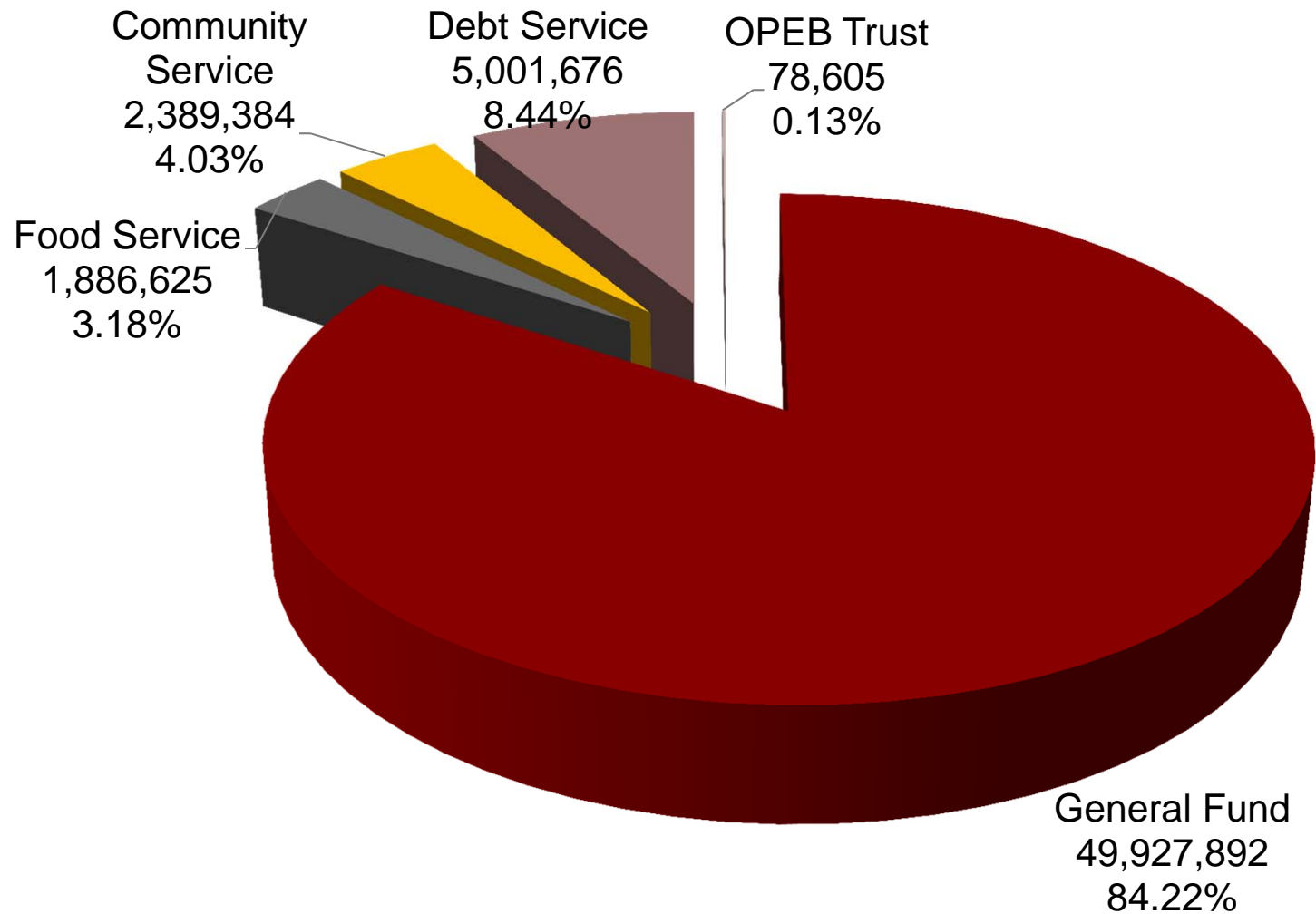


2014-15 Revenue Budget



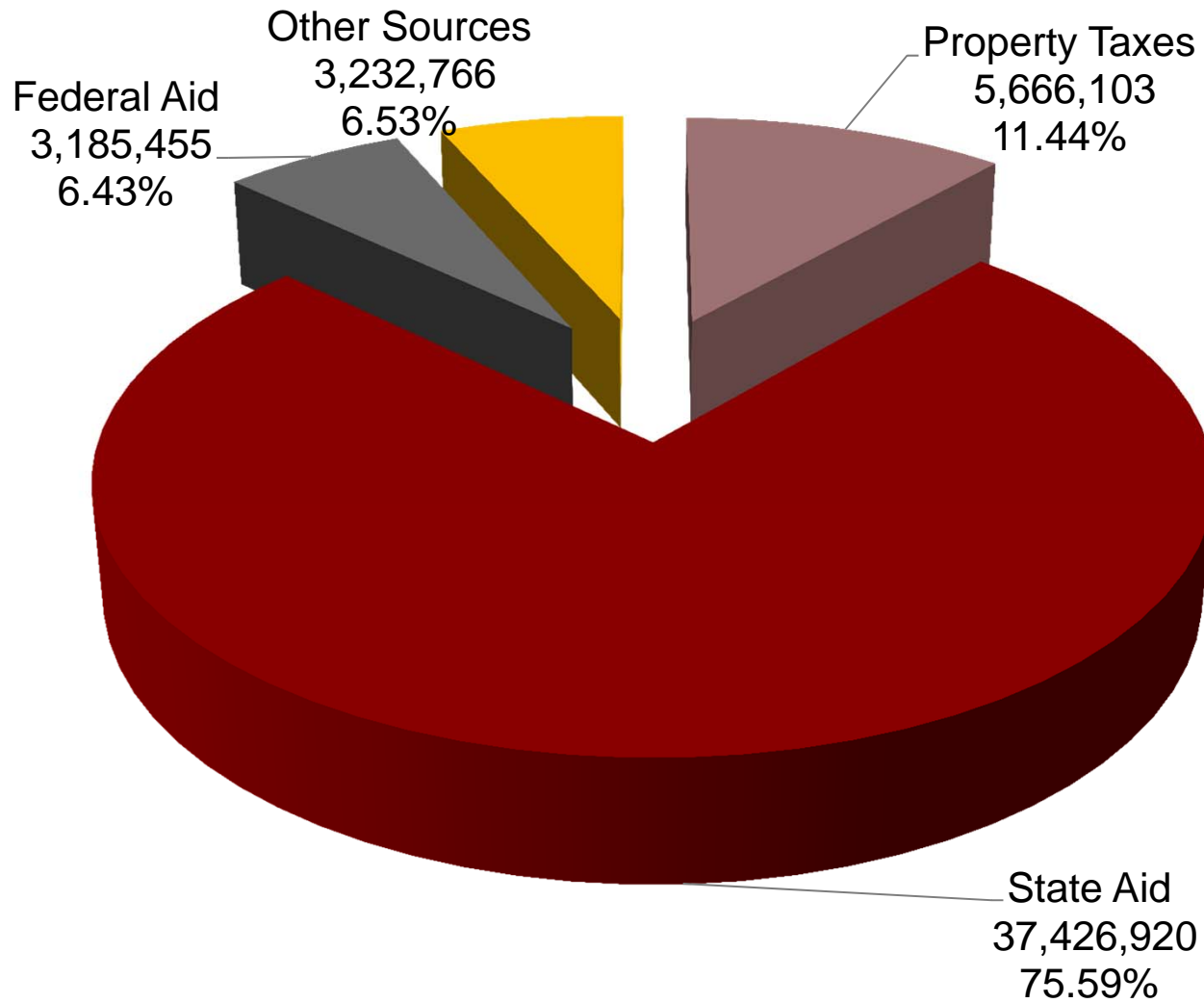


2014-15 Expenditure Budget



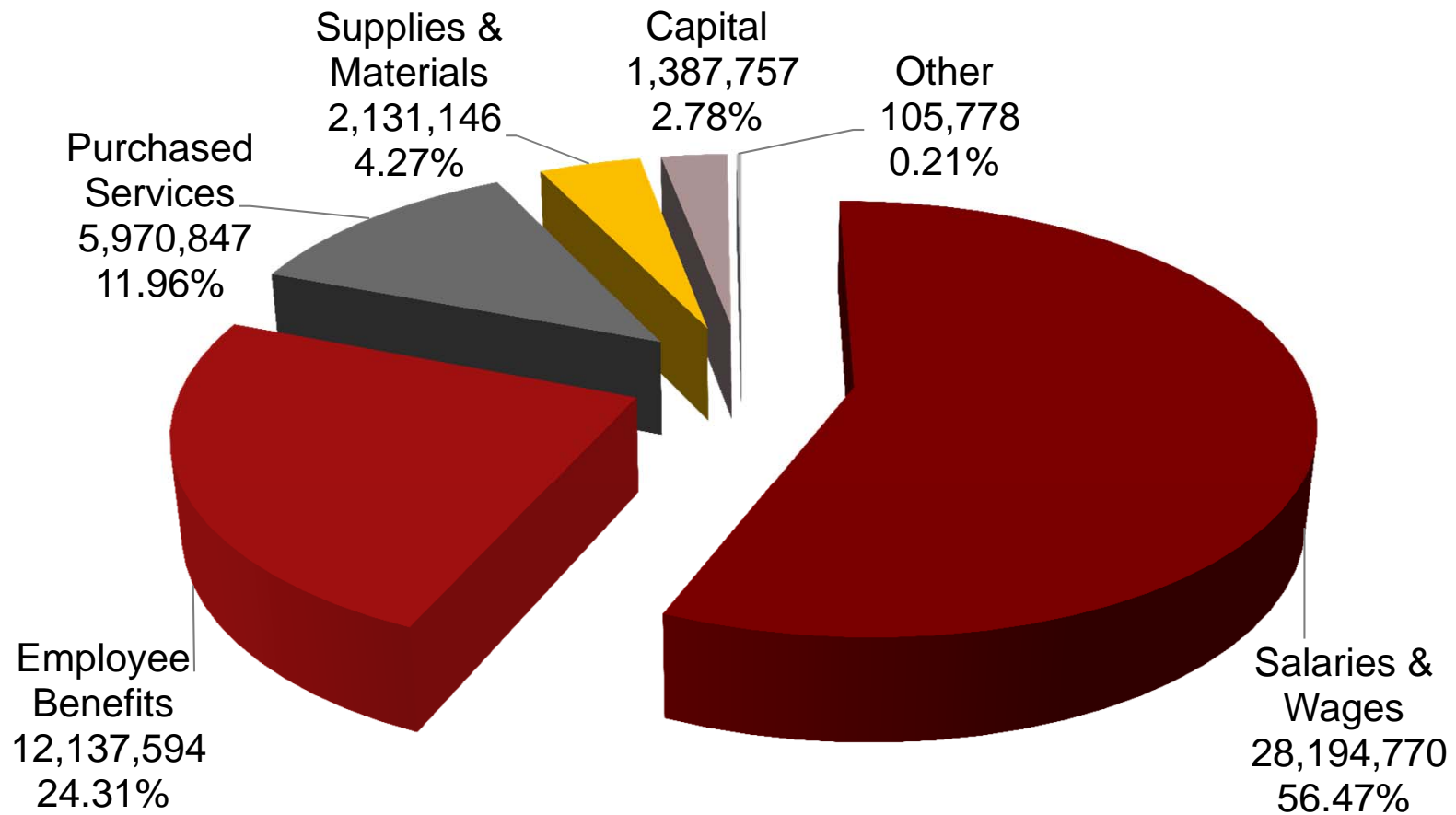


2014-15 General Fund Rev.





2014-15 General Fund Exp.





Proposed Levy Payable 2015

- 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 2015

- 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 2015

- **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 2015

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**.



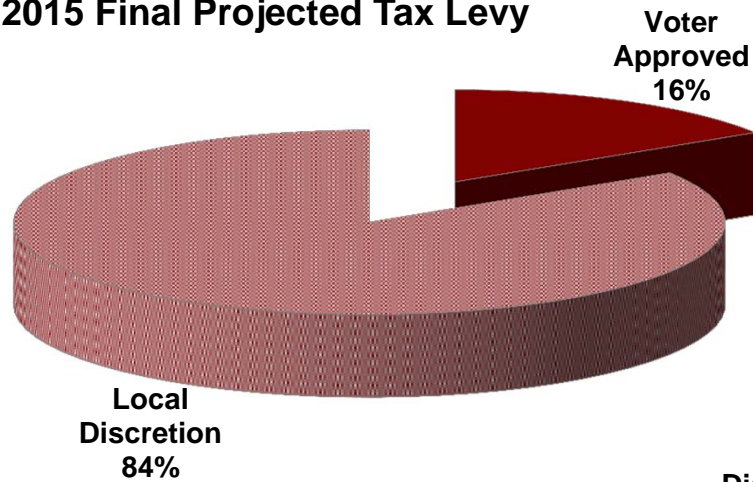
Proposed Levy Payable 2015

Monticello School District #882				November 21, 2014	
Comparison of Proposed Tax Levy Payable in 2014 to Actual Levy Payable in 2013 by Fund					
	2014 Final Levy	2015 Projected Levy for TNT Notices	2015 Final Projected Levy	Change from Prior Year	Percent Change
General Fund					
Voter Approved Referendum	2,323,761	1,549,568	1,549,568	(774,193)	
Equity	411,382	472,748	472,748	61,366	
Local Optional Revenue	782,531	1,549,993	1,549,993	767,462	
Transition	24,291	23,944	23,944	(347)	
Student Achievement	92,986	85,650	85,650	(7,335)	
Operating Capital	400,177	392,721	392,721	(7,457)	
Reemployment Ins	40,000	20,000	20,000	(20,000)	
Safe Schools	160,510	159,134	159,134	(1,375)	
Career Technical	43,217	35,974	35,974	(7,244)	
Other Postemployment Benefits	518,322	494,652	494,652	(23,670)	
Health and Safety	161,695	4,392,900	4,392,900	4,231,205	
Deferred Maintenance	246,525	249,274	249,274	2,749	
Lease Levy	145,524	175,028	175,028	29,504	
General Fund Adjustments	43,303	(3,374)	(3,374)	(46,677)	
Total General Fund Levy	\$ 5,394,225	\$ 9,598,213	\$ 9,598,213	\$ 4,203,988	77.93%
Community Service					
Basic Community Education	154,392	154,392	154,392	-	
Early Childhood Family Education	108,066	97,814	97,814	(10,252)	
Home Visiting	2,488	2,050	2,050	(438)	
Adults with Disabilities	6,900	6,900	6,900	-	
CE Adjustments	1,881	(943)	(943)	(2,824)	
Total Community Service Levy	\$ 273,727	\$ 260,212	\$ 260,212	\$ (13,514)	-4.94%
Debt Service					
Voter Approved Debt Service	4,580,520	206,010	206,010	(4,374,510)	
Debt Service - Other	667,564	1,360,590	1,360,590	693,026	
Reduction for Excess Fund Balance	(200,076)	(505,422)	(505,422)	(305,346)	
Debt Service Fund Adjustments	57,761	14,620	14,620	(43,141)	
Total Debt Service Levy	\$ 5,105,769	\$ 1,075,798	\$ 1,075,798	\$ (4,029,971)	-78.93%
Total Certified Levy	\$ 10,773,720	\$ 10,934,223	\$ 10,934,223	\$ 160,502	1.49%

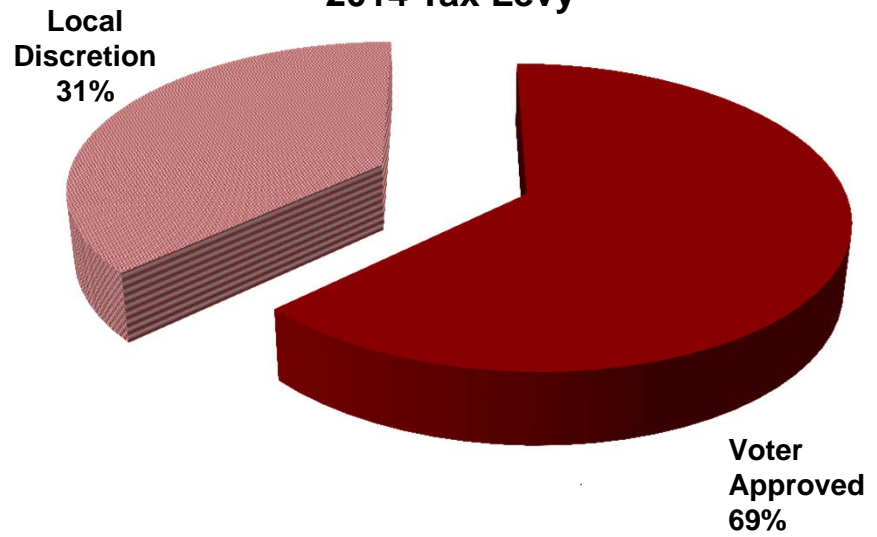


Levy Limitation Comparison

2015 Final Projected Tax Levy



2014 Tax Levy





Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: -774,193
- Use of funds: general operating expenses
- Reason for decrease:
 - New legislative change that converted \$424 of the operating referendum amount per pupil to Local Optional Revenue (\$212 & Location Equity Revenue)
 - The operating referendum amount per pupil changed from \$974.02 to \$550.02



Explanation of Levy Changes

- Category: Equity
- Change: +61,366
- Use of funds: general operating expenses
- Reason for increase:
 - The District is eligible for additional Equity levy due to the lower operating referendum amount per pupil



Explanation of Levy Changes

- Category: Local Optional
- Change: +767,462
- Use of funds: general operating expenses
- Reason for increase:
 - New legislative change that converted \$424 of the operating referendum amount per pupil to Local Optional Revenue (\$212 & Location Equity Revenue)
 - The \$424 amount is multiplied by the District's adjusted pupil counts and has an equalizing factor



Explanation of Levy Changes

- Category: Health & Safety
- Change: +4,231,205
- Use of funds: state-approved capital projects related to health & safety
- Reason for increase:
 - The amount of this levy is based on the estimated cost of qualifying state-approved projects
 - **The levy is going up based on more state-approved projects, including the \$3.5 million ventilation project at the middle school**



Explanation of Levy Changes

- Category: Voter Approved Debt Service
- Change: -4,374,510
- Use of funds: principal and interest on building bonds (High School & 1999 Capital Impr.)
- Reason for decrease:
 - Planned changes made to the payment schedule and refinancing of the building bonds



Explanation of Levy Changes

- Category: Debt Service - Other
- Change: +693,026
- Use of funds: principal and interest on alternative facilities bonds (Eastview)
- Reason for increase:
 - Planned changes made to the payment schedule of the alternative facilities bonds for mechanical and ventilation improvements



Explanation of Levy Changes

- Category: Reduction for Excess Fund Balance
- Change: -305,346
- Use of funds: to cover delinquencies in tax collections
- Reason for decrease:
 - School districts have to levy 105% of their bond and interest payments to cover future delinquent tax collections
 - The State reviews the Debt Service fund balance and makes adjustments accordingly



Proposed Levy Payable 2015

Monticello School District #882 Analysis of Impact of Proposed 2014 Tax Levy and Rates Using Final Levy Payable in 2014 as Base Year		
Tax Rate Calculations Used for Truth in Taxation Notices	2014 Final Levy	2015 Projected Levy
Net Levy on Referendum Market Value	3,578,628	3,695,121
Total Referendum Market Value	1,875,007,150	2,220,966,325
Total RMV Tax Rate (applied to Estimated Market Value)	0.19086%	0.16637%
Net Levy on Net Tax Capacity	7,195,093	7,239,101
Net Tax Capacity Value	25,451,466	31,647,136
Total NTC Tax Rate (applied to Taxable Market Value)	28.2699%	22.8744%



Proposed Levy Payable 2015

Monticello School District #882		
Analysis of Impact of Individual Property		
Using Final Levy Payable in 2014 as Base Year		
Residential Homestead Property	2014 Final Levy	2015 Projected Levy
Taxable Market Value	175,400.00	189,400.00
Property Taxes - School Portion Only	868.38	779.28
Change in Property Taxes		(89.10) -10.26%



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 15, 2014

TIME: 5:00 p.m.

PLACE: Monticello Middle School
Board Room

Opportunity for Public to Speak and Ask
Questions