



# **ALEXANDRIA PUBLIC SCHOOLS ISD #206**

## **2018 PAYABLE 2019 FINAL LEVY CERTIFICATION**

**Regular School Board Meeting  
Monday, December 17<sup>th</sup>, 2017 – 7:00 PM**

# Agenda

- Background on Property Tax Levies
- Information on School Funding & District Budget
- Proposed Taxes Payable in 2019
- Estimated Impact on Taxpayers
- Minnesota Property Tax Refunds
- Public Comments & Questions



# **Background on Property Tax Levies**

# Truth in Taxation Law

- Minnesota Truth in Taxation Law was revised in 2009
- Requirements:
  - Public meeting may be held at a regularly scheduled board meeting
  - Discussion of proposed property tax levy for taxes payable in 2019
  - 2017-18 budget must be discussed
  - Levy may be adopted at same meeting
  - Must allow for public comment and question

# Governing Entities



- State Legislature & Governor's Administration
  - Establish overall tax policy for the state
  - Sole authority to create levy options for school districts
  - Controls school levy parameters including amount of state aid and tax bases used for levies
- School Board
  - Participate in state education programs that are financed entirely by levies or a combination of levy and state aid
  - Ask voters to approve referendums for general operations and major capital projects

# Key Steps in the Levy Process

- Step 1 – County Assessors offices (Douglas & Pope Counties) determine the estimated market value and assign a property class for each parcel of property in the School District.
- Step 2 – The Minnesota State Legislature sets the formulas (class rates) for tax capacity and market value. These class rates determine how much of the tax burden will fall on different types of properties. (ex. residential up to \$500K = 1.00%, residential over \$500K = 1.25%, commercial up to \$150K = 1.50%, commercial over \$150K = 2.00%, etc.)
- Step 3 – The County Auditors calculate the tax capacity and market value for each parcel of property in the School District, as well as the total tax capacity.
  - A property's tax capacity is determined by multiplying the property's market value by the relevant class rate. Class rates are set by statute, vary by property type, and are uniform statewide.

# Key Steps in the Levy Process

- Step 4 – The Minnesota State Legislature sets the formulas which determine the maximum amounts of taxes the School District may levy in every category.
  - Each category has its own unique set of calculations. Many formulas are based on a per-pupil basis, while others are more specific.
    - Operating Capital is based on age and square footage of district buildings
    - Transportation Sparsity is based on attendance area and number of square miles per resident student
    - Equity Revenue is based on a district's per-pupil revenue (only certain funding sources) compared to the state average. We are \$6,627.12 while the 5<sup>th</sup> percentile is \$6,612.00.
- Step 5 – The Minnesota Department of Education calculates detailed levy limits for the School District. These calculations are based on the formulas approved by the Minnesota State Legislature. These limits tell the School District the exact amounts that may be levied in every category.

# Key Steps in the Levy Process

- Step 6 – The School Board adopts a proposed levy in September based on the limits set by the Minnesota State Legislature.
- Step 7 – The School Board adopts a final levy in December, where the public is given the opportunity to discuss the levy. The final levy cannot be greater than the preliminary levy, except for amounts approved by the voters or changes made by the Minnesota Department of Education.
- Step 8 – The County Auditors divide the final levy by the tax capacity to determine the tax rate needed to fund the approved levy amount. Multiplying the tax rate by each parcel's tax capacity and market value will determine the School District Tax amount.



# City / County vs. School Levy Cycle

- City & County
  - Budget Year is same as Calendar Year (January 1 – December 31)
  - 2019 taxes provide revenue for Calendar Year 2019
- School District
  - Budget Year is July 1 – June 30
  - 2019 taxes provide revenue for Fiscal Year '20 (7/1/19 – 6/30/20)



# School District Levy Categories

## Voter Approved Levies

- Operating Referendum Levies
- Voter Approved Bonded Debt Levies

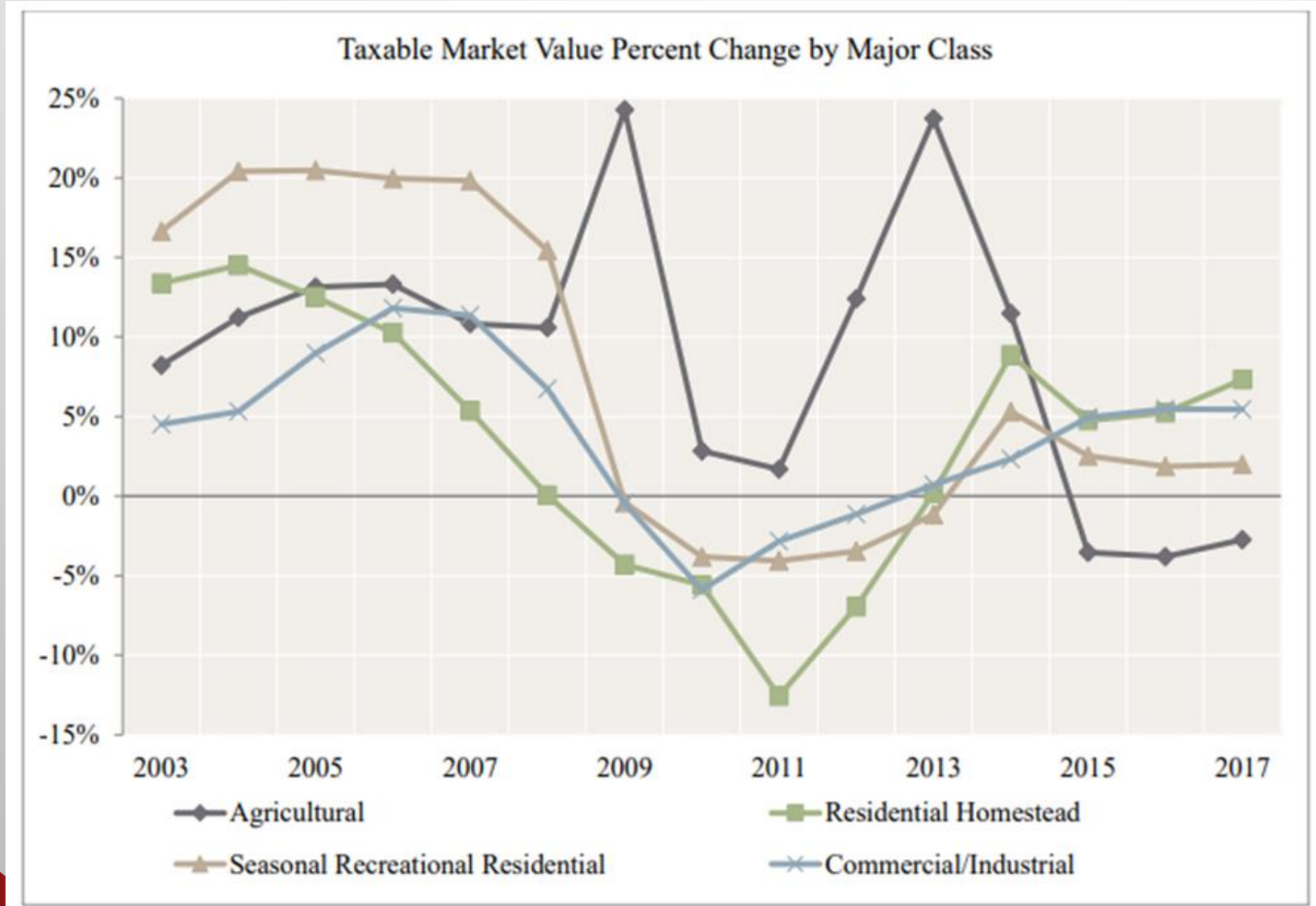
## Other Local Levies

- Everything else

# Factors That Cause Property Tax Changes

- Many factors may cause the individual property tax statement to increase or decrease from year to year:
  - Voter approved referendums
  - Changes in enrollment
  - Levy adjustments to prior years
  - Legislative changes
  - Changes in market values
  - Changes in class rates
  - Changes in property classification

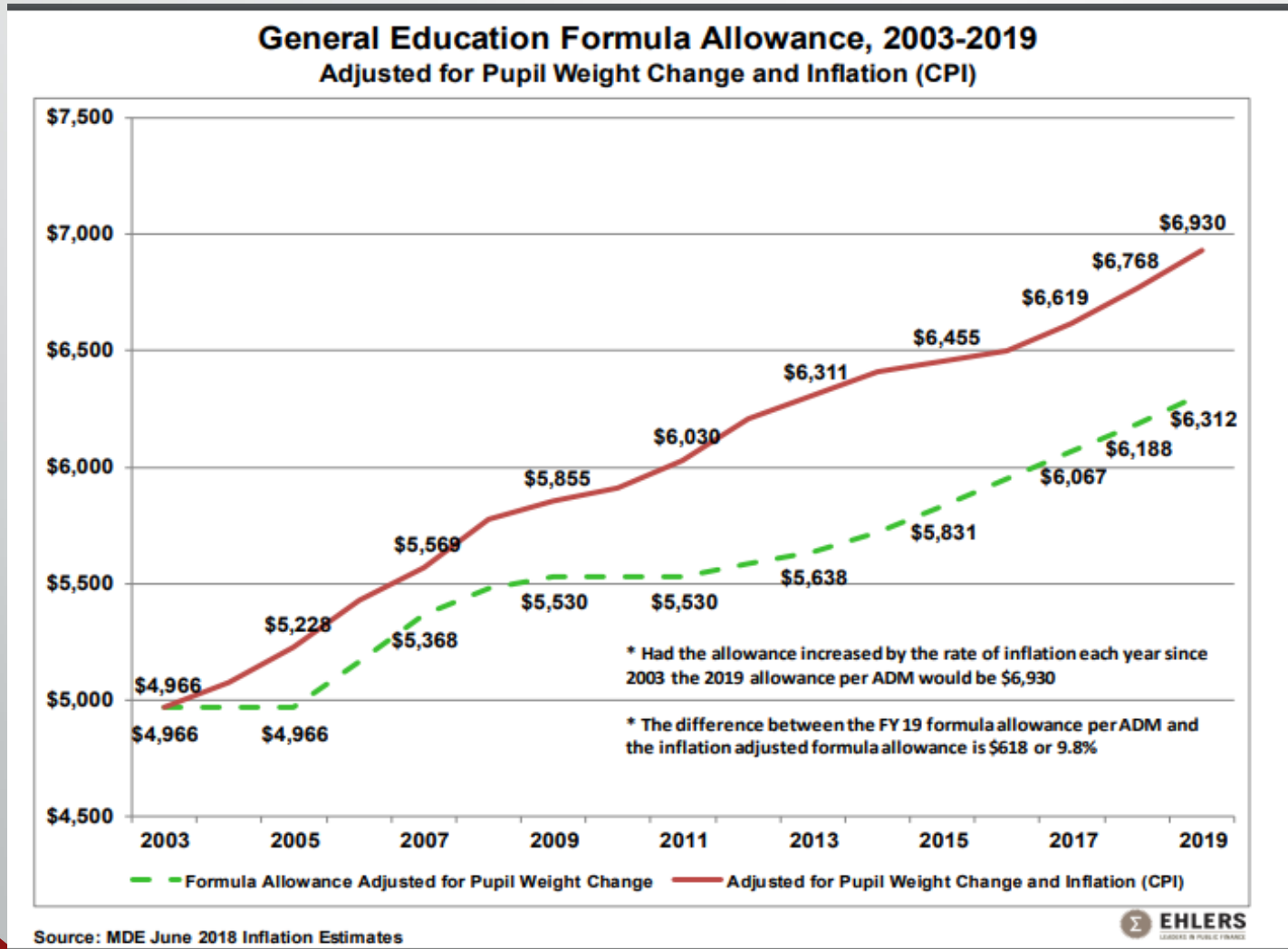
# Factors That Cause Property Tax Changes – Market Values





# **Information on School Funding & District Budget**

# General Education Formula History



# General Education Aid per ADM

General Education Aid per ADM – Comparable Districts & State Rank

<b>District</b>	<b>Aid per ADM</b>	<b>State Rank (333)</b>	<b>% of Fund 01</b>
Willmar	\$8,726	73	66.7%
Bemidji	\$8,106	150	66.1%
Moorhead	\$8,103	152	69.4%
Owatonna	\$8,094	154	70.0%
Cambridge-Isanti	\$7,721	222	73.1%
Sauk Rapids-Rice	\$7,703	230	69.8%
Detroit Lakes	\$7,671	234	66.3%
Brainerd	\$7,632	241	63.9%
Princeton	\$7,610	244	62.8%
Grand Rapids	\$7,577	254	65.0%
Northfield	\$7,512	262	56.4%
Sartell-St. Stephen	\$7,467	270	76.1%
<b>ALEXANDRIA</b>	<b>\$7,311</b>	<b>298</b>	<b>66.7%</b>
Monticello	\$7,241	309	58.8%
<b>Averages</b>	<b>\$7,748</b>	<b>\$7,888</b>	<b>66.8%</b>

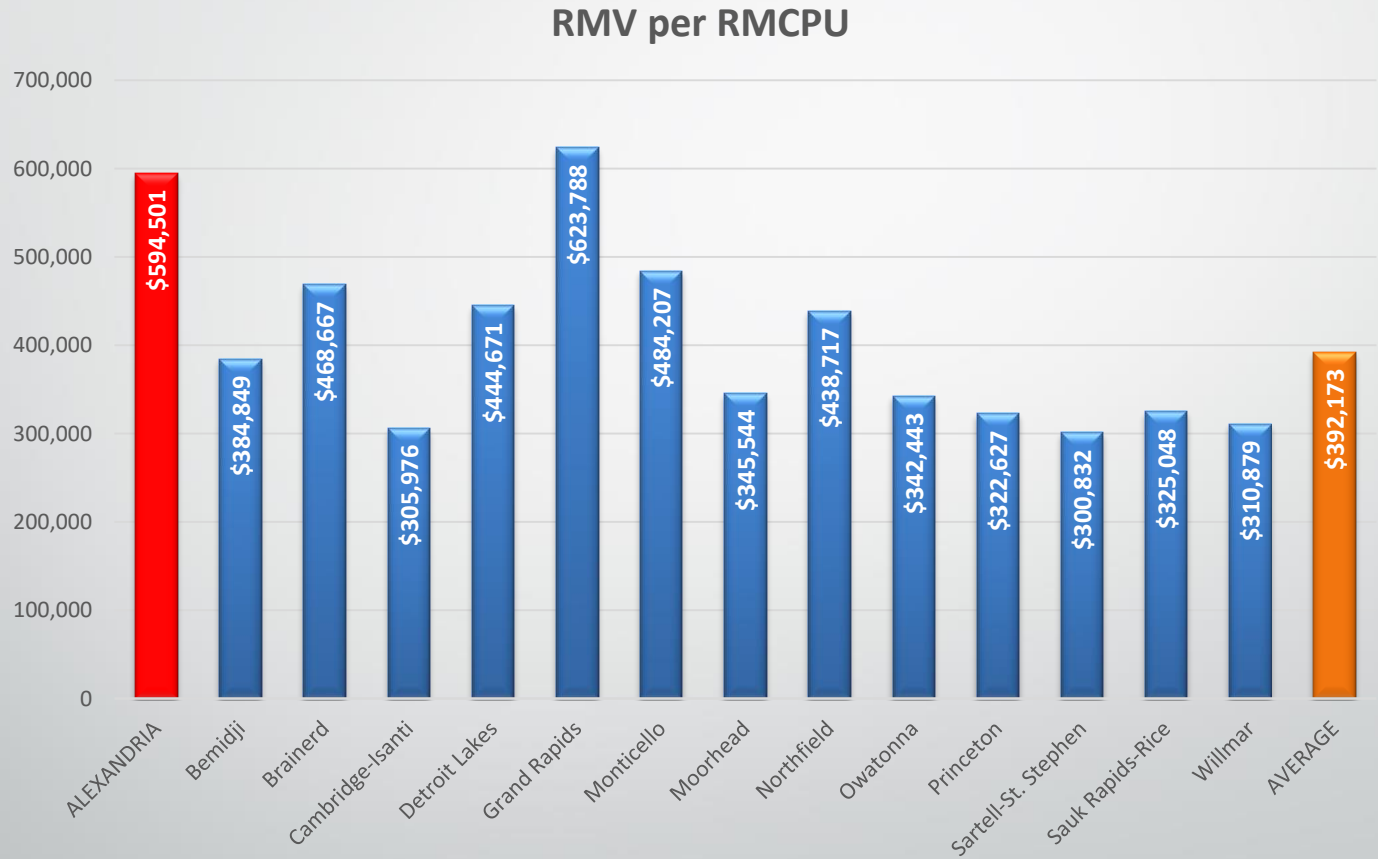


# Equalization Aid

- Based on Referendum Market Value (RMV) per Resident Student
- Higher RMV per Resident Student equates to less equalization aid and more responsibility to local levy
- Our district calculates to be a property-rich district.
  - This leads to limited ability to receive equalization aid and mandates the balance to be shifted heavily toward local lev

# RMV Per Resident Pupil Unit

## Comparable Districts

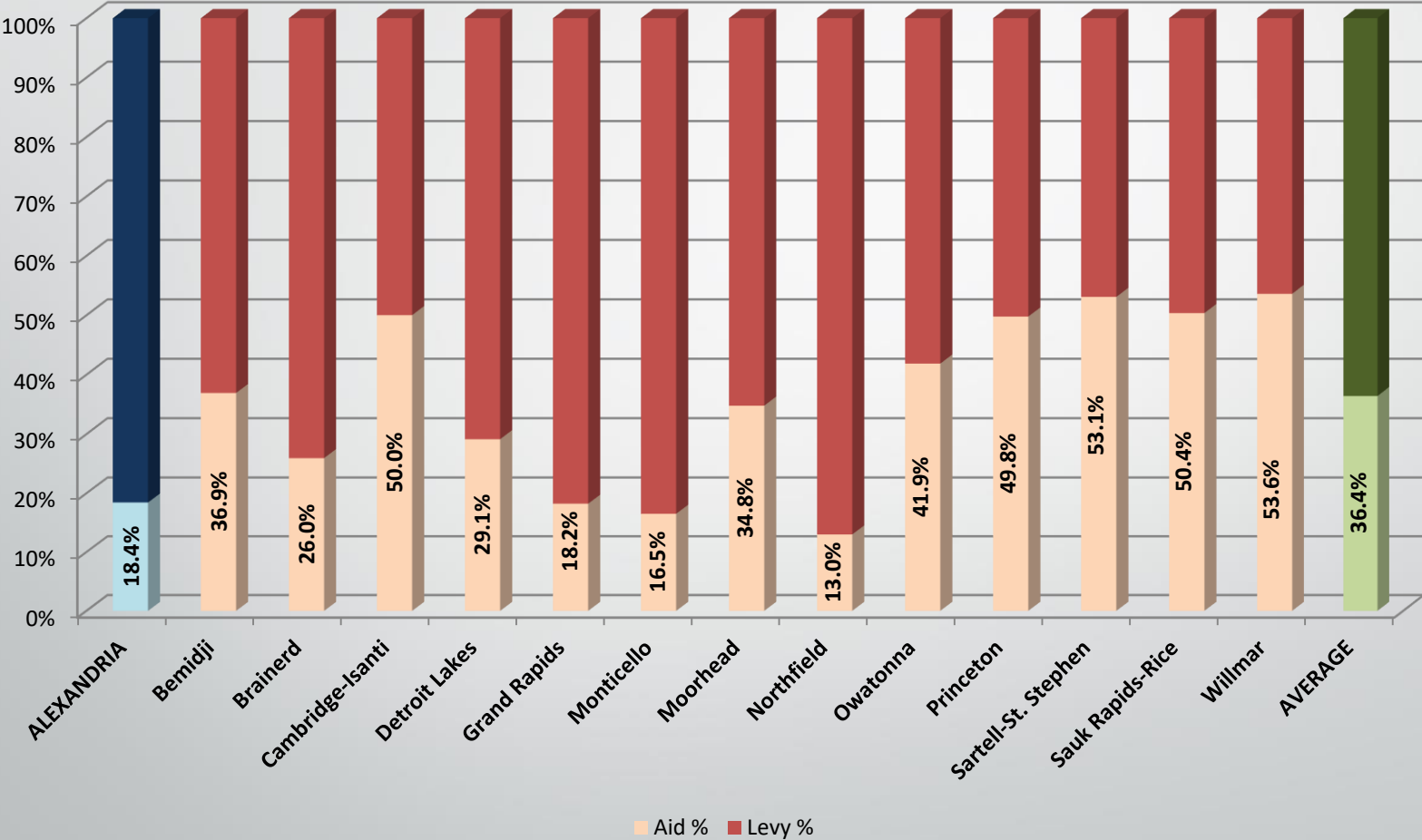


# Equalization Aid

- Based on Referendum Market Value (RMV) per Resident Student
- Higher RMV per Resident Student equates to less equalization aid and more responsibility to local levy
- 5 major aid/levy split funding categories (2018-19 revenue):

Category	Aid	%	Levy	%	Total
Operating Capital	\$569,575.96	58.9%	\$397,294.29	41.1%	<b>\$966,870.25</b>
Local Optional Revenue	\$0.00	0.0%	\$1,965,070.40	100.0%	<b>\$1,965,070.40</b>
Equity Allowance	\$0.00	0.0%	\$733,215.97	100.0%	<b>\$733,215.97</b>
Transition	\$0.00	0.0%	\$70,075.15	100.0%	<b>\$70,075.15</b>
Referendum Revenue	\$375,380.87	27.0%	\$1,014,999.13	73.0%	<b>\$1,390,380.00</b>
<b>TOTALS</b>	<b>\$944,956.83</b>	<b>18.4%</b>	<b>\$4,180,654.94</b>	<b>81.6%</b>	<b>\$5,125,611.77</b>

# Equalization Aid



# Current Referendum / Local Optional Revenue

	<u>Revenue per APU</u>
Alexandria	\$724*
Comparable Districts Average	\$961
Median District/APU	\$983
State Average/APU	\$1,371

\*Only 16 districts (out of 333) have less than \$724.

103 districts have \$724.

\*\*Does NOT include updated information from November 2018 elections, which will increase averages across the board

# School District Funds

- The School District is required to record revenues and expenditures in different funds. Each fund has a definitive purpose.
  - **GENERAL FUND**
    - **Revenue**
      - Local levy, general education aid, federal aid, other local revenue (fees & admissions)
    - **Expenditures**
      - Daily Operating Costs (salaries, benefits, utilities, supplies, etc.)
      - Local operating referendum levy
      - Maintenance (facility improvements, health & safety code compliance, handicap accessibility, etc.)
      - Pupil Transportation
      - Capital Expenditures
      - Technology

# School District Funds

- **FOOD SERVICE FUND (No levy)**
  - **Revenue**
    - Meal payments, state & federal meal program aid
  - **Expenditures**
    - Daily Operating Costs (salaries, benefits, food, etc.)
    - Capital Expenditures
  
- **COMMUNITY SERVICE FUND**
  - **Revenue**
    - Local levy, state & federal aid, program fees & tuition
  - **Expenditures**
    - Daily Operating Costs (salaries, benefits, supplies, etc.)

# School District Funds

- **DEBT SERVICE FUND**

- **Revenue**

- Local levy

- **Expenditures**

- Principal & interest payments for voter-approved building project bonds and Alternative Facility Bonds related to health & safety projects (now Long-Term Facility Maintenance funding)

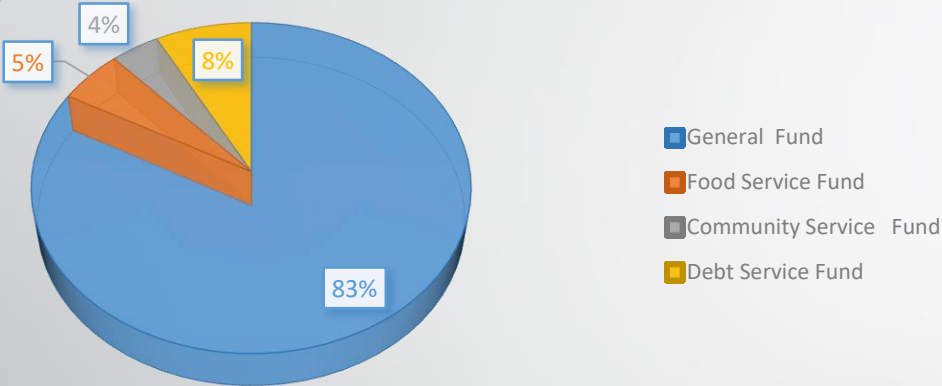


# Fiscal Year 2017-18 Budget

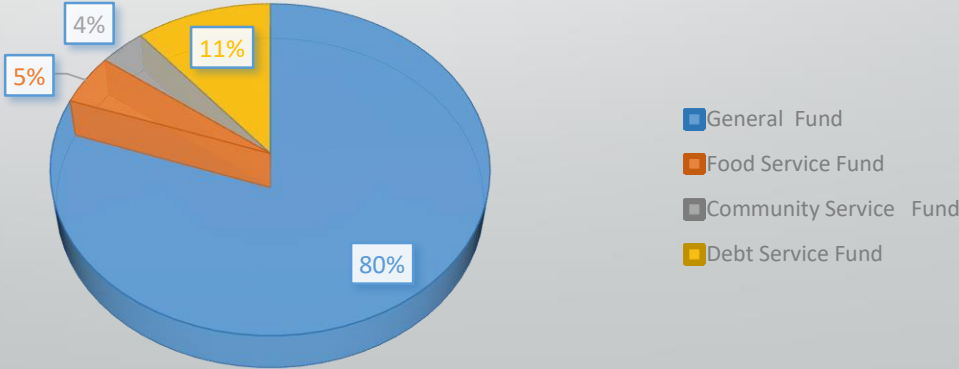
<b>Fiscal Year 2017-18 Budget</b>					
	<b>General Fund</b>	<b>Food Service Fund</b>	<b>Community Service Fund</b>	<b>Debt Service Fund</b>	<b>TOTAL</b>
<b><u>REVENUES</u></b>					
Levy & County Apportionment	5,715,240	0	490,761	4,651,190	<b>10,857,192</b>
Misc Local Revenue	1,873,200	1,949,820	1,330,338	0	<b>5,153,358</b>
General Education Aid	31,815,751	0	0	0	<b>31,815,751</b>
Special Education Aid	6,723,641	0	0	0	<b>6,723,641</b>
Other State Aid	2,381,321	150,605	540,427	35,271	<b>3,107,624</b>
Federal Aid	1,415,401	1,043,850	8,551	0	<b>2,467,802</b>
<b><i>Total Revenues</i></b>	<b>49,924,555</b>	<b>3,144,275</b>	<b>2,370,077</b>	<b>4,686,461</b>	<b>60,125,368</b>
<b><u>EXPENDITURES</u></b>					
Salaries & Wages	28,643,467	1,050,808	1,520,016	0	<b>31,214,290</b>
Employee Benefits	7,874,302	280,976	305,329	0	<b>8,460,608</b>
Purchased Services	6,067,145	120,846	307,597	0	<b>6,495,588</b>
Supplies & Materials	2,108,778	1,366,951	155,671	0	<b>3,631,400</b>
Capital Expenditures	2,863,385	179,606	8,833	0	<b>3,051,823</b>
Debt Service	0	0	0	6,761,419	<b>6,761,419</b>
Misc Expenditures	1,815,014	0	1,685	0	<b>1,816,699</b>
<b><i>Total Expenditures</i></b>	<b>49,372,091</b>	<b>2,999,187</b>	<b>2,299,130</b>	<b>6,761,419</b>	<b>61,431,827</b>
<b>Annual Excess / (Deficit)</b>	<b>552,464</b>	<b>145,089</b>	<b>70,947</b>	<b>(2,074,958)</b>	<b>(1,306,458)</b>

# Fiscal Year 2017-18 Budget

## REVENUES BY FUND

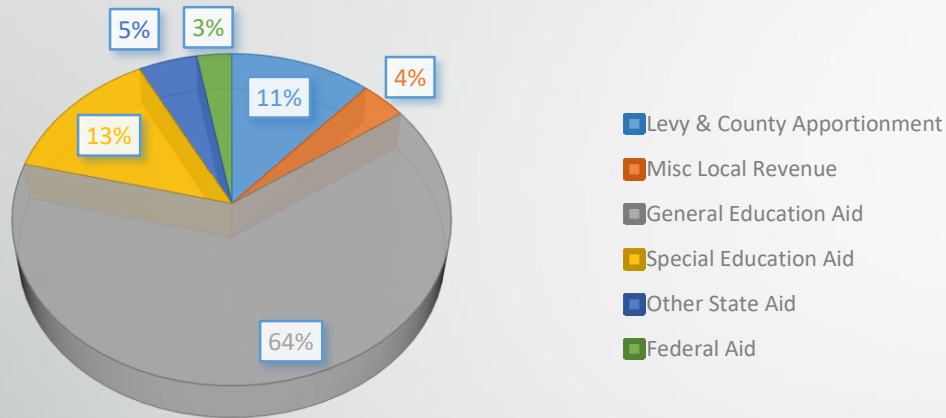


## EXPENDITURES BY FUND

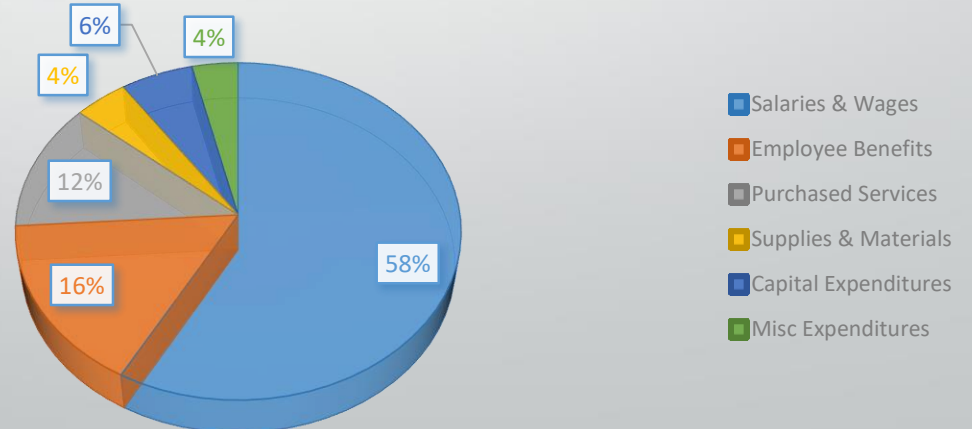


# Fiscal Year 2017-18 Budget

## GENERAL FUND REVENUES BY SOURCE



## GENERAL FUND EXPENDITURES BY OBJECT





# **Proposed Taxes Payable in 2019**

# General Fund Levy

<b>2018 Payable 2019 Final Levy:</b>	<b>\$5,849,416.61</b>	
Change from PY:	\$446,174.23	8.26%
<b>2017 Payable 2018 Final Levy:</b>	<b>\$5,403,242.38</b>	
Change from PY:	(\$77,034.26)	(1.41%)
<b>2016 Payable 2017 Final Levy:</b>	<b>\$5,480,276.64</b>	
Change from PY:	\$440,245.02	8.74%
<b>2015 Payable 2016 Final Levy:</b>	<b>\$5,040,031.62</b>	
<hr/>		
3-Year Change:	\$809,384.99	5.35% avg.

# Community Service Fund Levy

<b>2018 Payable 2019 Final Levy:</b>	<b>\$849,772.74</b>	
Change from PY:	(\$18,853.18)	(2.17%)

# OPEB Debt Service Fund Levy

<b>2018 Payable 2019 Final Levy:</b>	<b>\$1,120,874.23</b>	
Change from PY:	\$366,463.67	48.58%

# Debt Service Fund Levy

<b>2018 Payable 2019 Final Levy:</b>	<b>\$7,002,187.67</b>	
Change from PY:	\$35,741.28	0.51%
<b>2017 Payable 2018 Final Levy:</b>	<b>\$6,966,446.39</b>	
Change from PY:	\$2,304,487.50	49.43%
<b>2016 Payable 2017 Final Levy:</b>	<b>\$4,661,958.89</b>	
Change from PY:	(\$2,104,529.41)	(31.10%)
<b>2015 Payable 2016 Final Levy:</b>	<b>\$6,766,488.30</b>	
<hr/>		
3-Year Change:	\$235,699.37	1.16% avg.

# Proposed Taxes Payable 2019

<b>2018 Payable 2019 Final Levy:</b>	<b>\$14,822,251.25</b>	
Change from PY:	\$829,526.00	5.93%
<b>2017 Payable 2018 Final Levy:</b>	<b>\$13,992,725.25</b>	
Change from PY:	\$2,606,466.92	22.89%
<b>2016 Payable 2017 Final Levy:</b>	<b>\$11,386,258.33</b>	
Change from PY:	(\$1,655,689.85)	(12.70%)
<b>2015 Payable 2016 Final Levy:</b>	<b>\$13,041,948.18</b>	
<hr/>		
3-Year Change:	\$1,780,303.07	4.55% avg.



# Proposed Taxes Payable 2019

**3-Year Change (Payable 2016 to 2019):** **\$1,780,303.07**

**New Legislative Action and/or Program Changes:**

Long-Term Facilities Maintenance	\$657,955.10
Alternative Teacher Compensation	\$395,367.18
OPEB Debt Service Adjustment (Payable 2015)	\$372,109.68
Formula Changes due to Increased Enrollment	\$416,322.00
School-Age Child Care	<u>\$403,787.22</u>

**TOTAL** **\$2,245,541.18**

# Changes from Preliminary Levy

Preliminary Levy:	\$14,100,857.40	(0.77%)
Final Levy:	<u>\$14,822,251.25</u>	(5.93%)
<b>Change</b>	<b>\$721,393.85</b>	

- Decrease of \$4,992.05 in Alternative Teacher Compensation due to adjustment in the proration factor.
- Increase of \$354,276.22 for Long-Term Facilities Maintenance due to the correction of a MDE formula error. (See next slides)

# Changes from Preliminary Levy

Board approved Preliminary Levy on 9/17/18.

E-mail regarding changes to levy sent on 9/20/18.

## Revised Levy Limitation and Certification Report and Status 9-20-2018

Lehmann, Daley (MDE) <daley.lehmann@state.mn.us>

Thu, Sep 20, 2018 at 4:29 PM

Cc: "Yetter, Terri (MDE)" <terri.yetter@state.mn.us>, "Moe, Lonn (MDE)" <lonn.moe@state.mn.us>, "Carlson, Janice (MDE)" <janice.carlson@state.mn.us>

To: All School Districts

A revised 2018 Payable 2019 Levy Limitation and Certification report dated **09-20-2018** was posted on the Minnesota Funding Reports (MFR) page on MDE's website for all districts. If you are receiving this email, changes were made to your levy report. If you do not see that date at the top right of the report, you are using an outdated report and will need to refresh your browser (hold Control-F5) to be able to pull the correct report.

The major changes may relate to the following:

- Correcting the calculation for the FY 2017 LTFM Debt Levy Adjustment on line 1728.
- Data changes made in ADM WE through September 20.
- Changes made in the Levy Information System (LIS, or "Summer Levy") through September 19.
- Other data changes processed by MDE staff this morning.

# Changes from Preliminary Levy

Preliminary Levy:  
9/7/18

DEBT SERVICE OTHER JOBZ NONEXEMPT:			
(812) DEBT SERVICE-AID ELIG			
(814) DEBT SERVICE-AID INELIG	485,081.00	485,081.00	476,800.00
(771) LT FACILITIES DEBT SERVICE	841,327.00	841,327.00	802,870.00
(1710) FY 2019 LTFM DEBT SERV ADJ	.35-	.35-	.85-
(1717) FY 2018 LTFM DEBT SERV ADJ			
(1728) FY 2017 LTFM DEBT SERV ADJ	N/A	N/A	354,276.22-
(1704) REDUCTION FOR DEBT EXCESS	5,054.28-	5,054.28-	
(1705) OTHER ADJUST (MEMO)			
(2041) ABATEMENT ADJUSTMENT			
(2054) CARRY OVER ABATEMENT			
(2072) ADVANCE ABATE ADJUST			
(3036) GDS OTH NET OFFSET ADJUST			
(3515) GDS OTH MAX EFFORT ADJ			
(4052) GDS OTH TACONITE ADJUST			
(5017) TOTAL DEBT SERVICE OTHER JOBZ NONEXEMPT	1,321,353.37	1,321,353.37	925,392.93

Final Levy:  
11/20/18

DEBT SERVICE OTHER JOBZ NONEXEMPT:			
(812) DEBT SERVICE-AID ELIG			
(814) DEBT SERVICE-AID INELIG	485,081.00	485,081.00	476,800.00
(771) LT FACILITIES DEBT SERVICE	841,327.00	841,327.00	802,870.00
(1710) FY 2019 LTFM DEBT SERV ADJ	.35-	.35-	.85-
(1717) FY 2018 LTFM DEBT SERV ADJ			
(1728) FY 2017 LTFM DEBT SERV ADJ	N/A	N/A	
(1704) REDUCTION FOR DEBT EXCESS	5,054.28-	5,054.28-	
(1705) OTHER ADJUST (MEMO)			
(2041) ABATEMENT ADJUSTMENT			
(2054) CARRY OVER ABATEMENT			
(2072) ADVANCE ABATE ADJUST			
(3036) GDS OTH NET OFFSET ADJUST			
(3515) GDS OTH MAX EFFORT ADJ			
(4052) GDS OTH TACONITE ADJUST			
(5017) TOTAL DEBT SERVICE OTHER JOBZ NONEXEMPT	1,321,353.37	1,321,353.37	1,279,669.15

# Changes from Preliminary Levy

Preliminary Levy:	\$14,100,857.40	(0.77%)
Final Levy:	<u>\$14,822,251.25</u>	(5.93%)
<b>Change</b>	<b>\$721,393.85</b>	

- Decrease of \$4,992.05 in Alternative Teacher Compensation due to adjustment in the proration factor.
- Increase of \$354,276.22 for Long-Term Facilities Maintenance due to the correction of a MDE formula error.
- Increase of \$372,109.68 for OPEB Debt Service correction. (See next slide)

# Changes from Preliminary Levy

## OPEB Debt Service Levy:

Payable 2013:	\$749,362.00	(Consistent with all previous years)
Payable 2014:	\$516,682.00	
Payable 2015:	\$384,272.18	(Should have been \$756,381.86)
Payable 2016:	\$786,095.63	
Payable 2017:	\$749,653.00	
Payable 2018:	\$752,932.00	
Payable 2019:	\$747,209.00 + adj. of \$372,109.68 to correct Payable 2015	

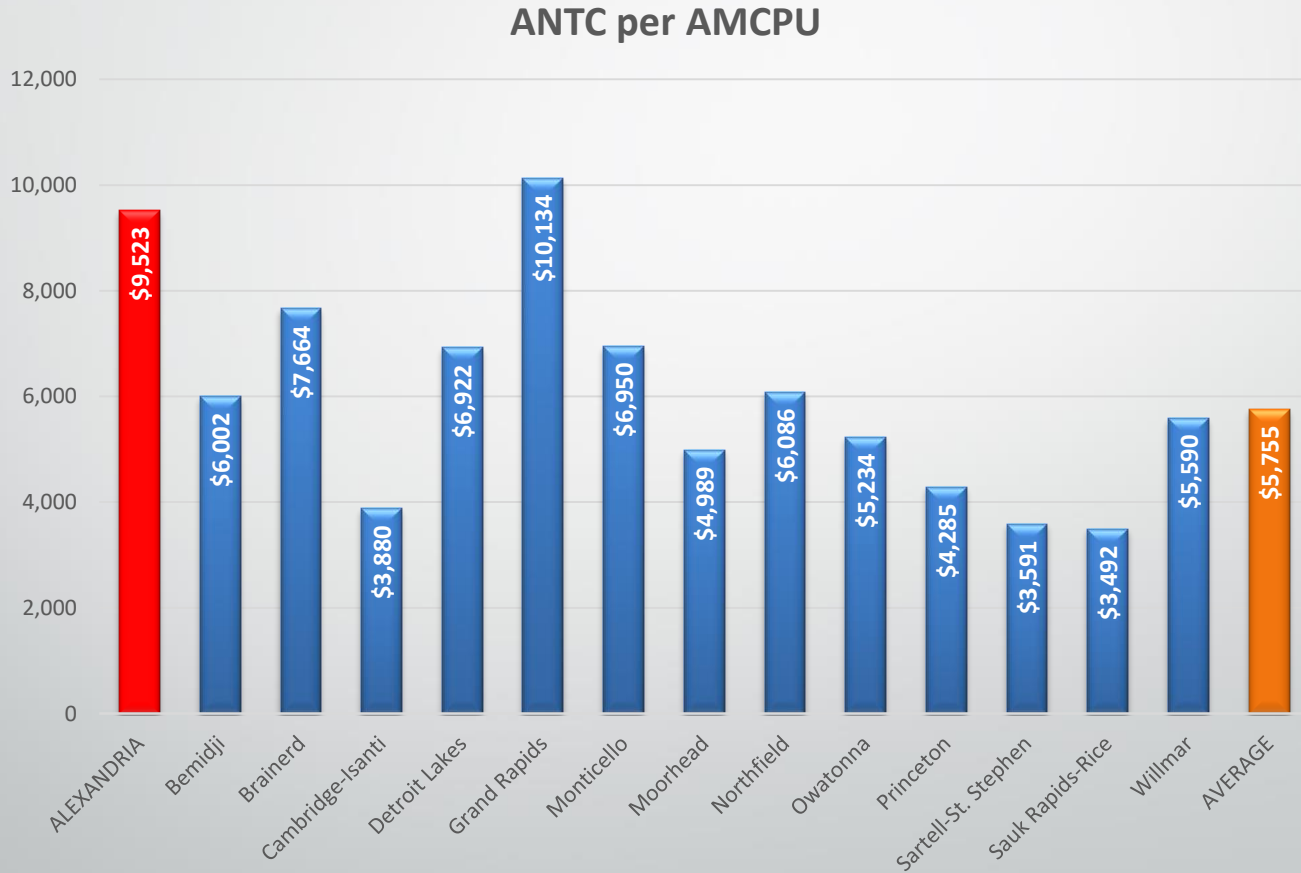


# Estimated Impact on Taxpayers

The following charts and comparisons reflect only the School District portion of property taxes. Calculations are estimates based on data available from the County and may change slightly. Impact will vary for individual properties based on the many factors that play a role in property taxes.

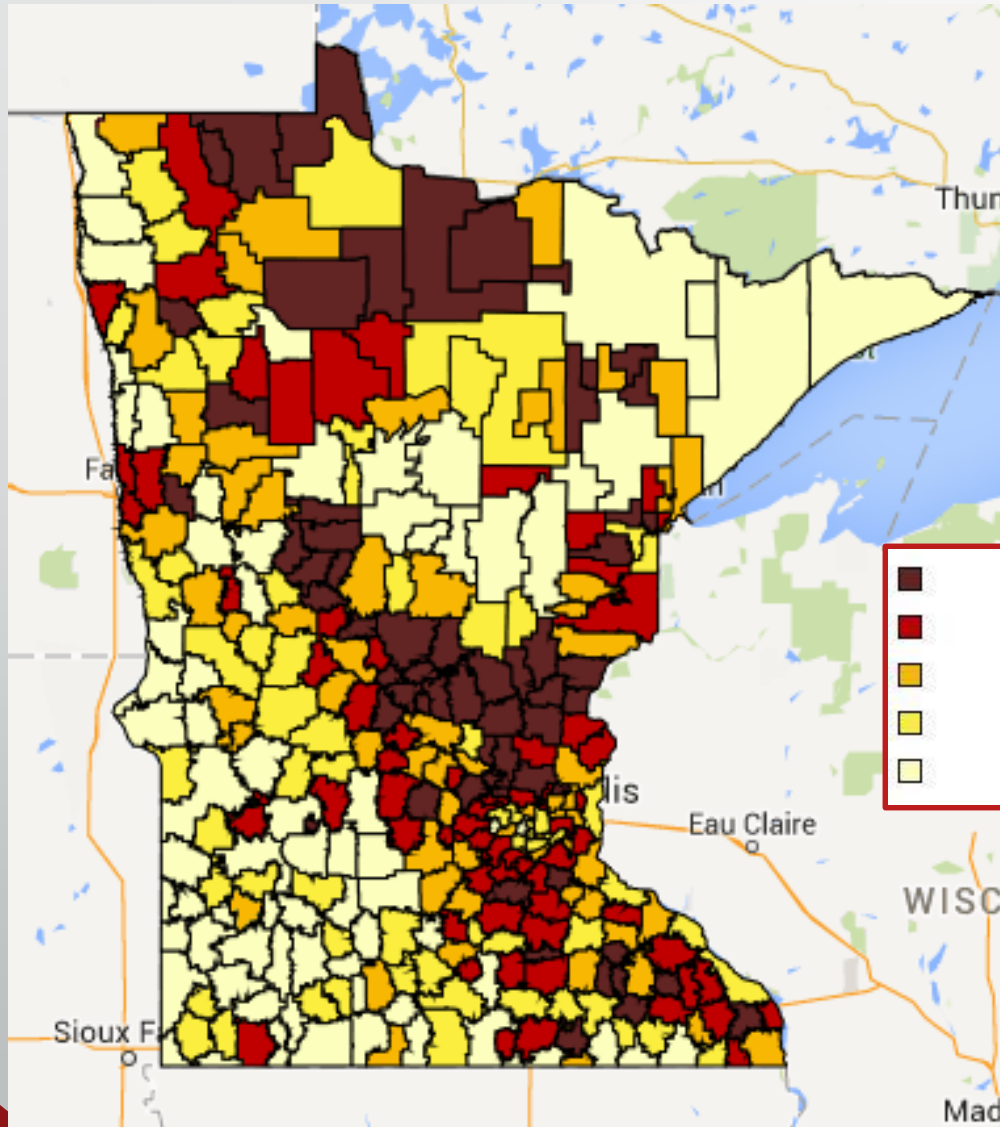
# ANTC Per Adjusted Pupil Unit

## Comparable Districts





# ANTC Per Adjusted Pupil Unit



Alexandria      \$9,523  
Comparable    \$5,755  
State Avg       \$7,745

■	0.00 to	4,499.99
■	4,500.00 to	5,964.99
■	5,965.00 to	8,280.99
■	8,281.00 to	11,999.99
■	12,000.00 to	53,000.00

# New in 2018: 40% Ag Bond Credit

- Ag2School passed into law in June 2017
- Annually appropriated from the General Fund
- Farm and Private Timber Lands property taxes decreased in 284 school districts beginning in 2018
- Over \$40 million in tax relief statewide

## PROPOSED TAXES 2019

THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2018	2019
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
2	PROPOSED TAX		
	Property Taxes before credits	\$1,467.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
Property Taxes after credits	\$1,479.52		
3	PROPERTY TAX STATEMENT		
	Coming in 2019		

**The time to provide feedback on PROPOSED LEVIES is NOW**  
It is too late to appeal your value without going to Tax Court.

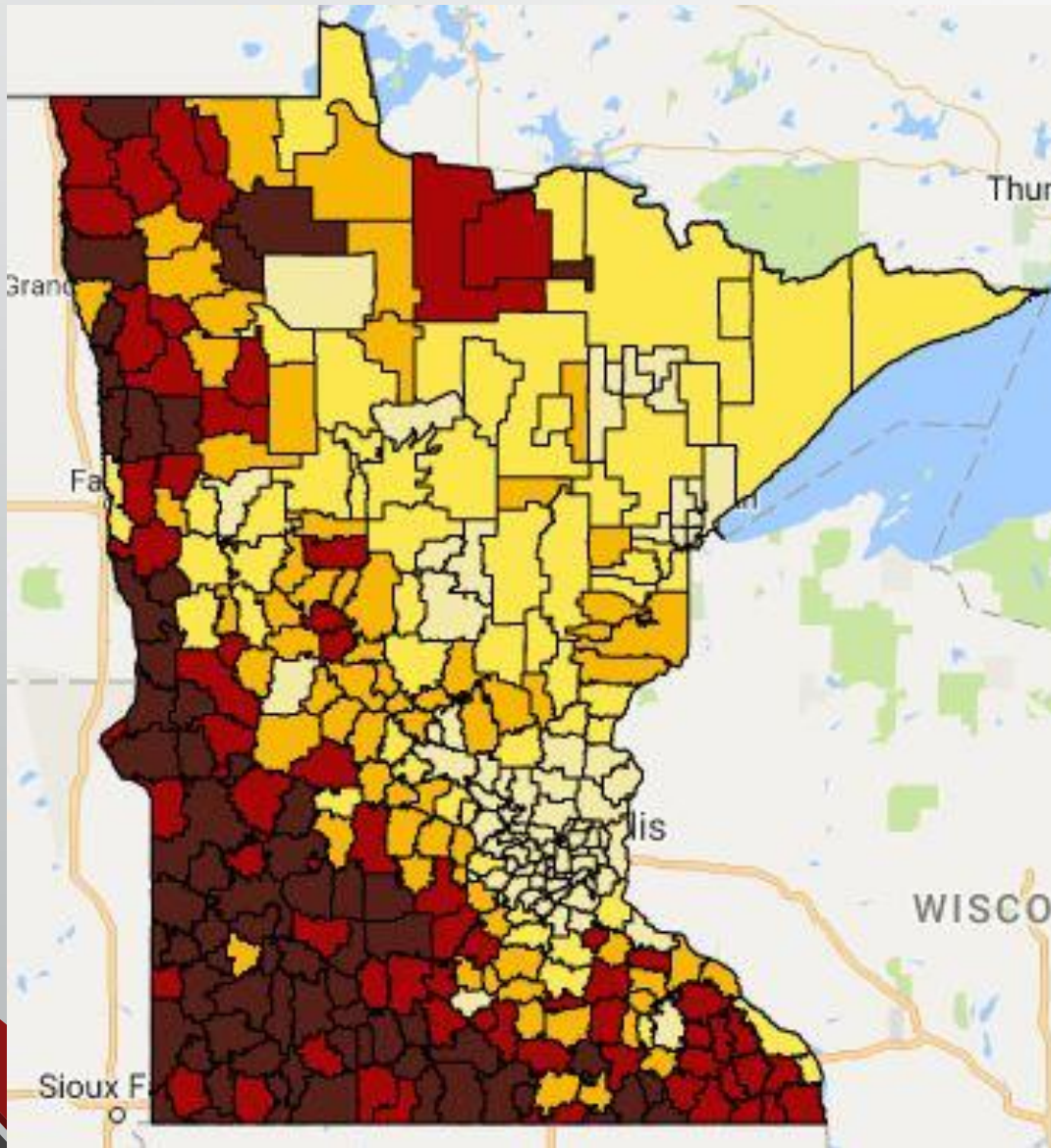
## Find your Ag Bond Credit

Calculated on each parcel statement

- Applies to all current and future capital referendums.
- If a levy for a school building referendum was \$100 per acre, for example, the state would provide property owner a credit of \$40 per acre (40%).
- For our district, Ag2School reduced 2018 property taxes by \$152.70 per \$500,000 value of agriculture and privately managed forest land.
- This totaled \$172,175 of tax relief for farmers with land in the district.



# Ag Tax Capacity Exemption from RMV



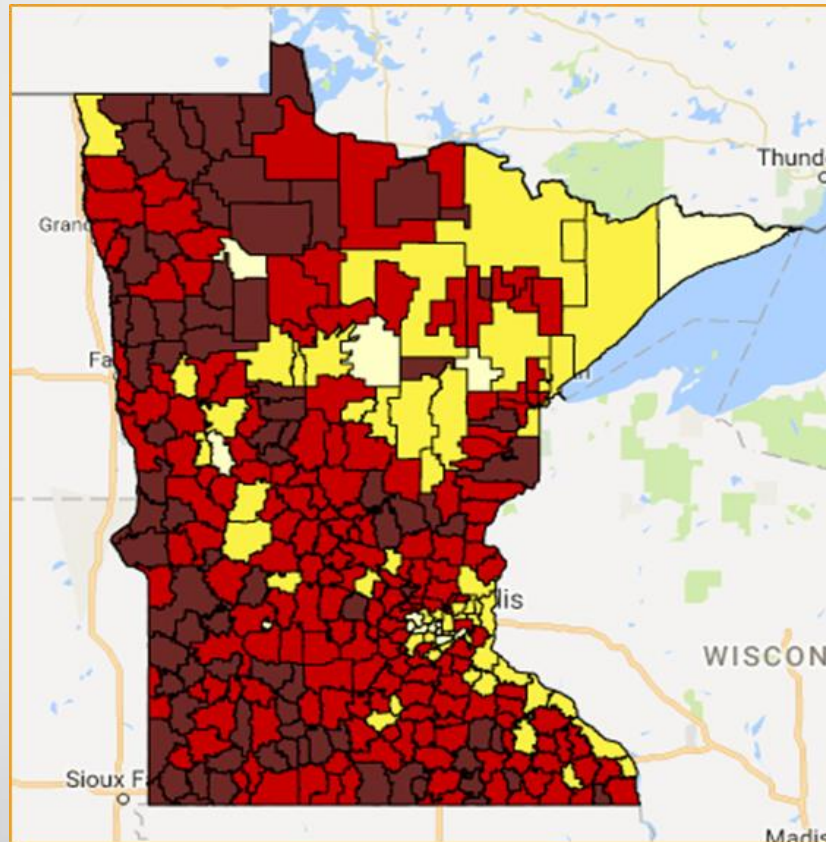
Ag Tax Capacity  
as % of ANTC

0.00 to	8.49
8.50 to	21.49
21.50 to	41.49
41.50 to	75.49
75.50 to	99.50



# RMV Per Resident Pupil Unit

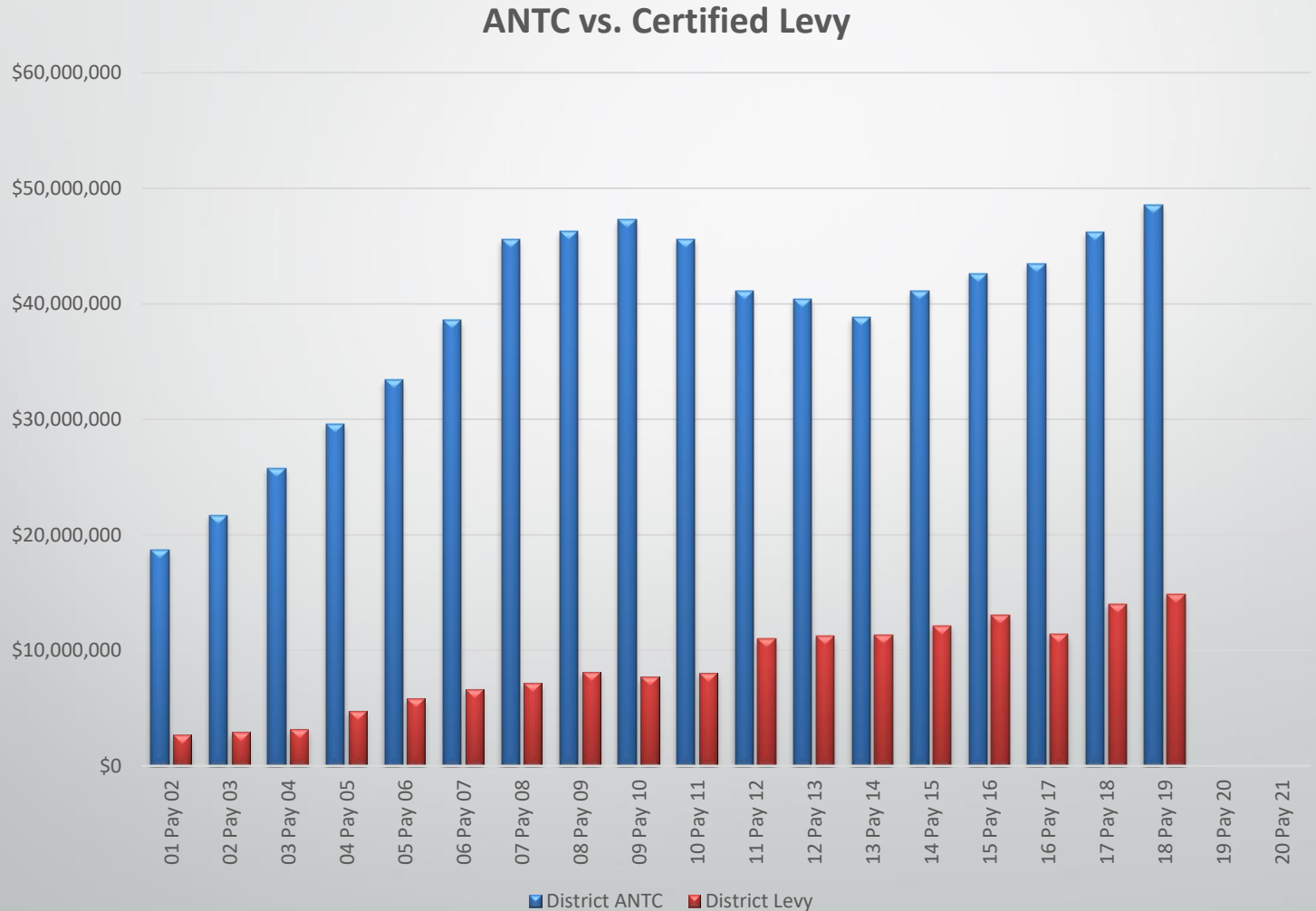
Largest Factor in Equalization Aid Calculations



Wealth of MN School Districts measured in Referendum Market Value (RMV) per Student (RPU)

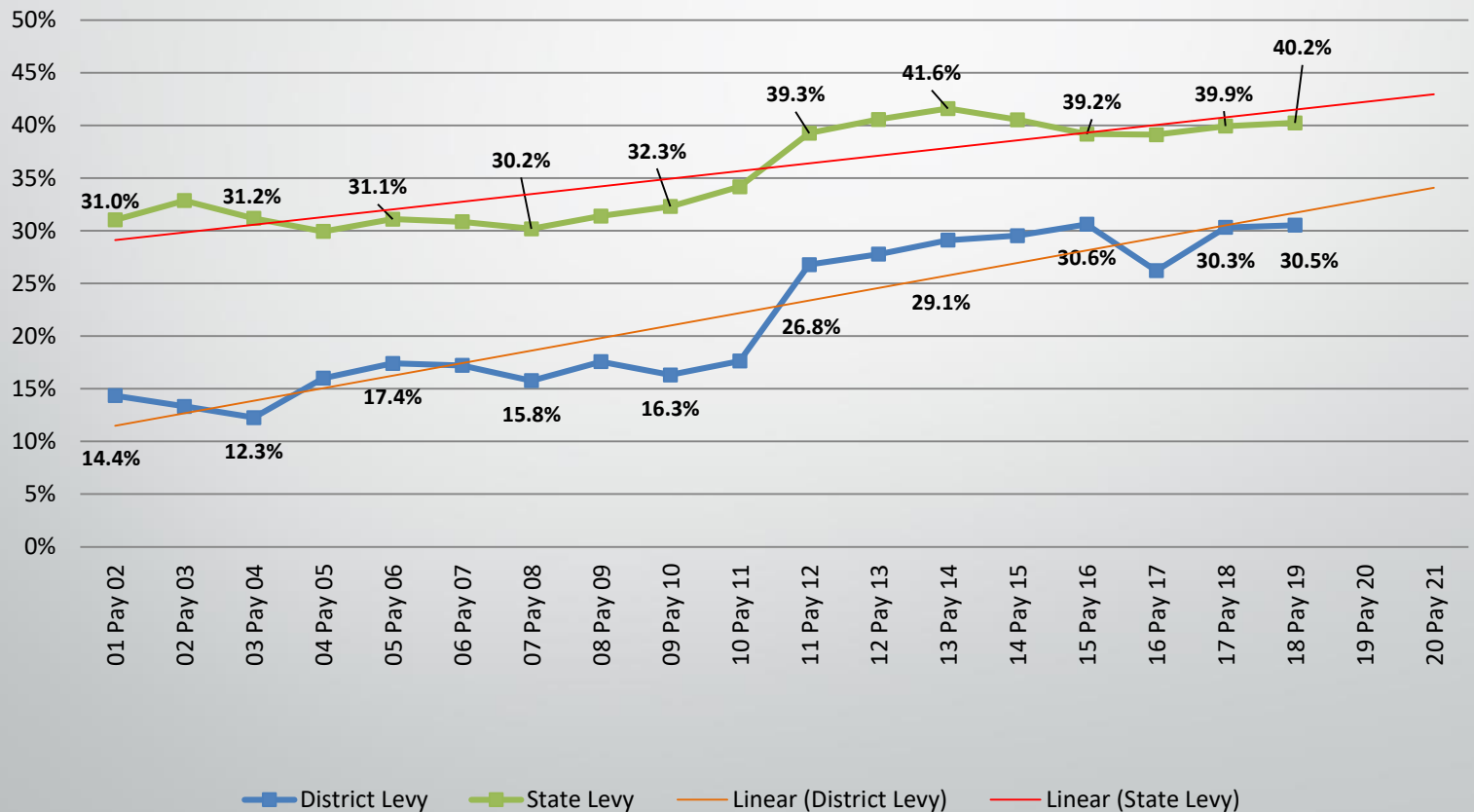
- 0.00 to 289,000.49 Eligible for Tiers I, II and III Equalization <\$290,000 RMV per RPU
- 289,000.50 to 509,000.49 Eligible for Tiers I and II Equalization <\$510,000 RMV pr RPU
- 509,000.50 to 879,000.49 Eligible for Tier I Equalization <\$880,000 RMV per RPU
- 879,000.50 to 1,500,000.00 Not Eligible for Equalization

# ANTC vs. Certified Levy Ratio



# District vs. State % of Certified Levy vs. ANTC

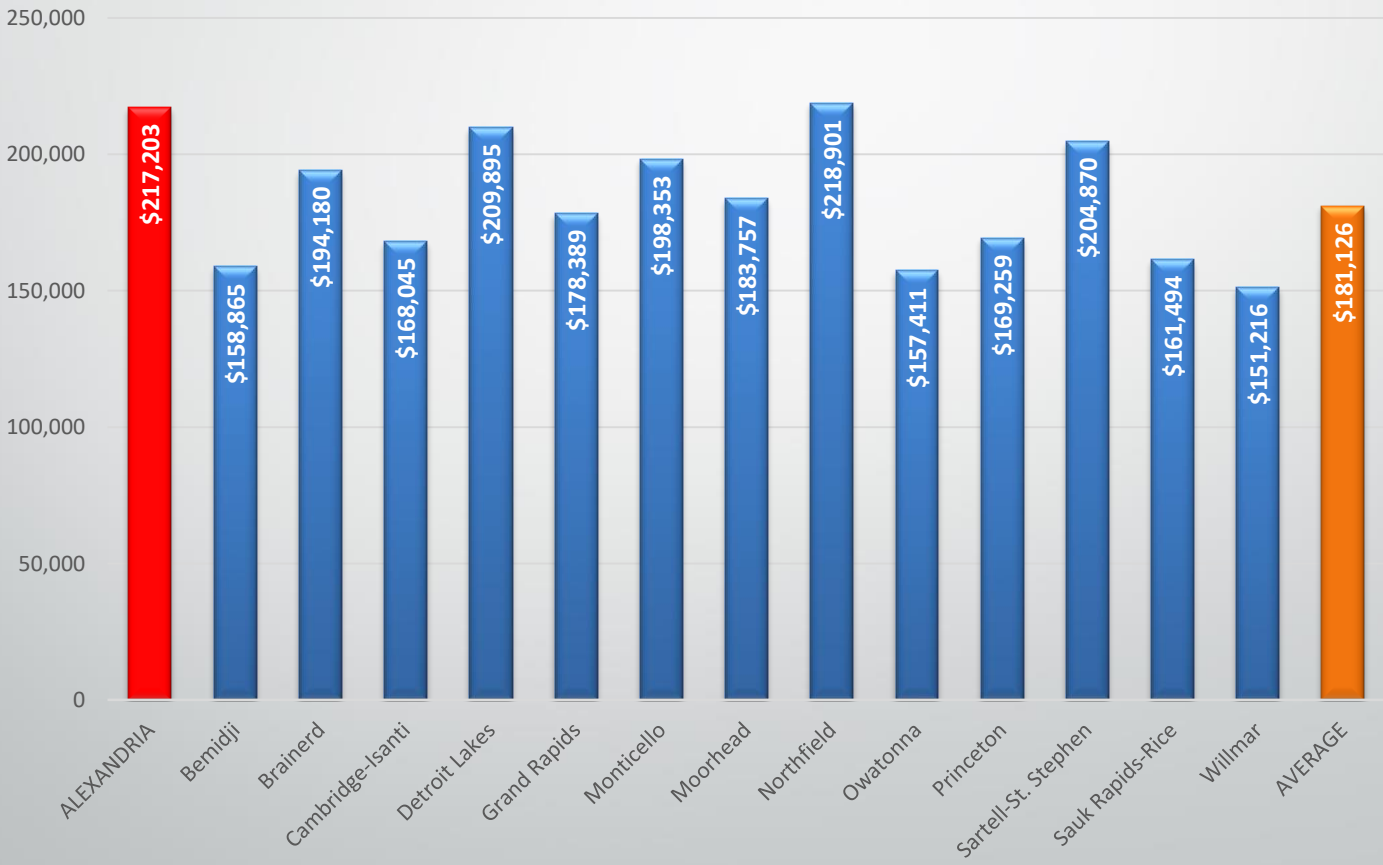
## District vs. State



# Home Value

## Comparable Districts

Average Home Value

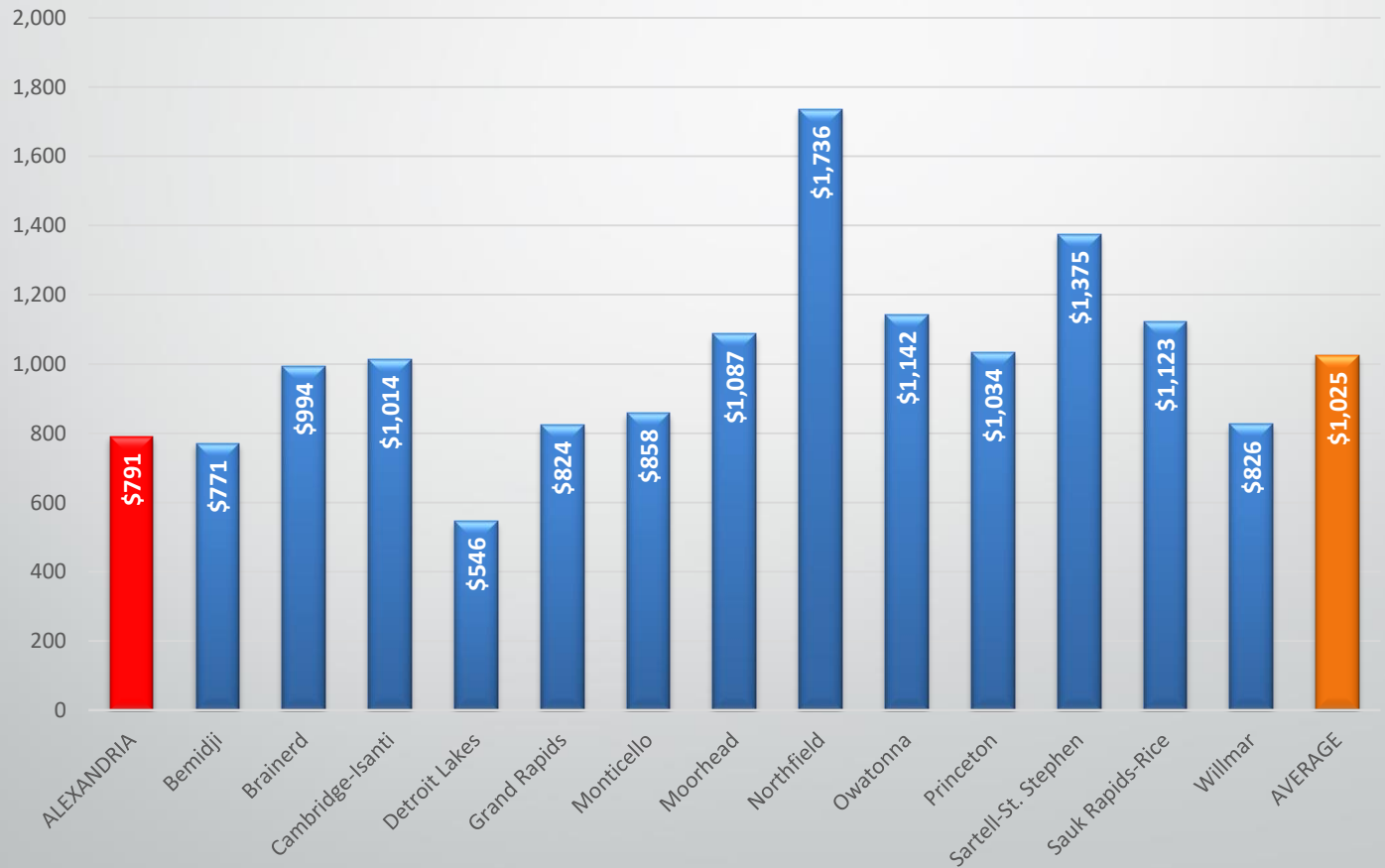




# District Property Tax Per \$217K Home

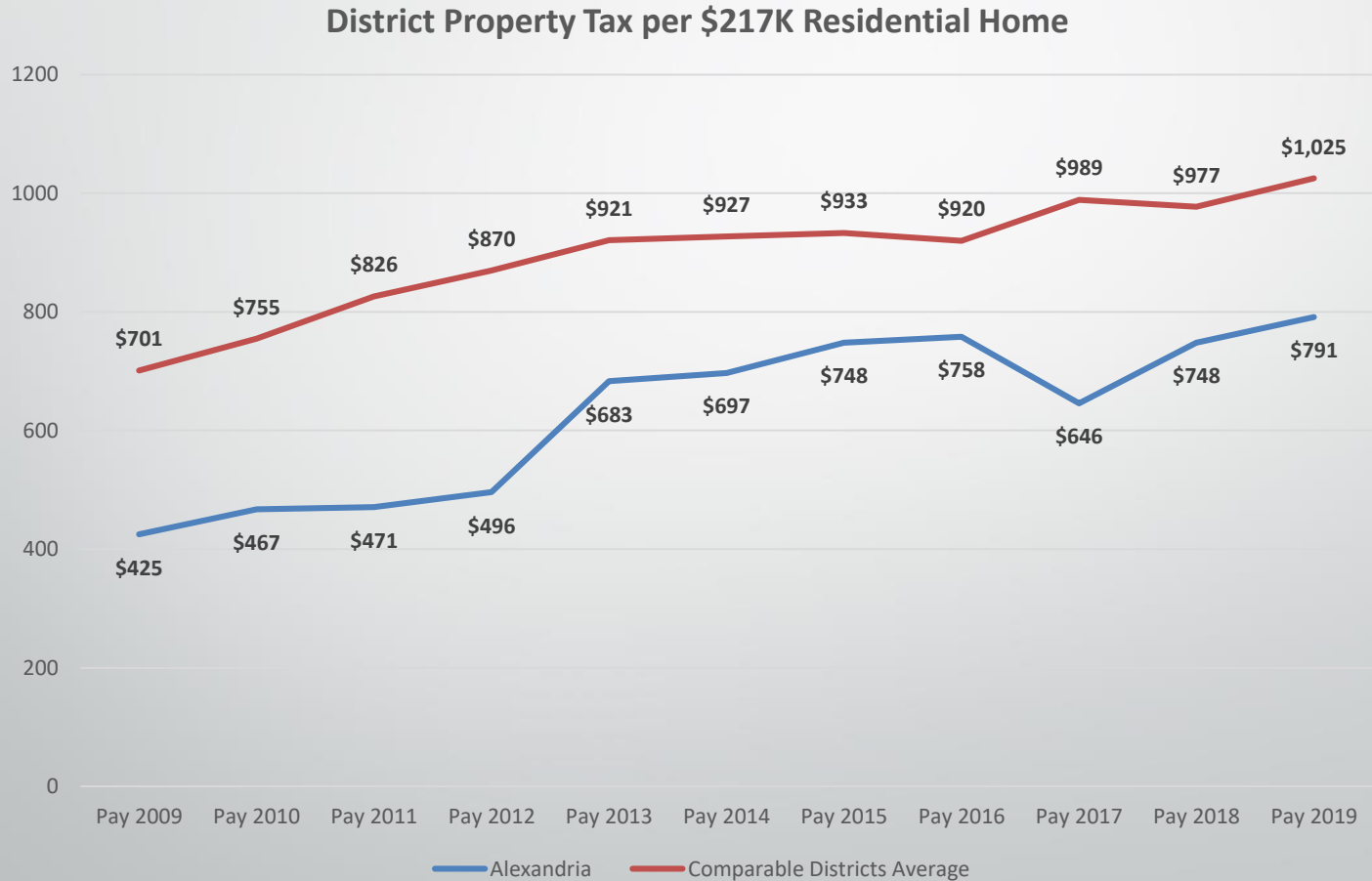
## Comparable Districts

District Property Tax per \$217K Home



# District Property Tax Per \$217K Home

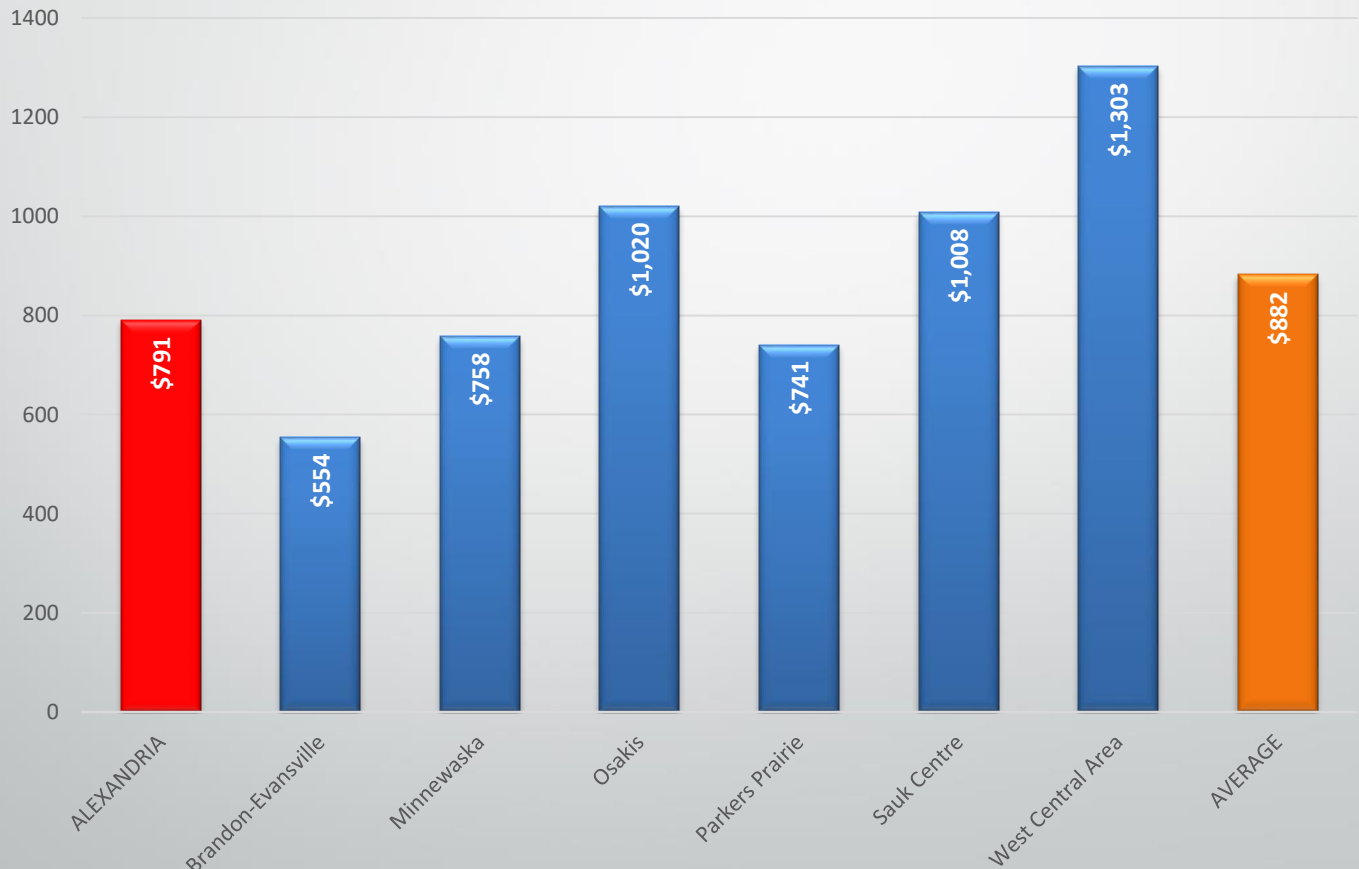
## Comparable Districts



# District Property Tax Per \$217K Home

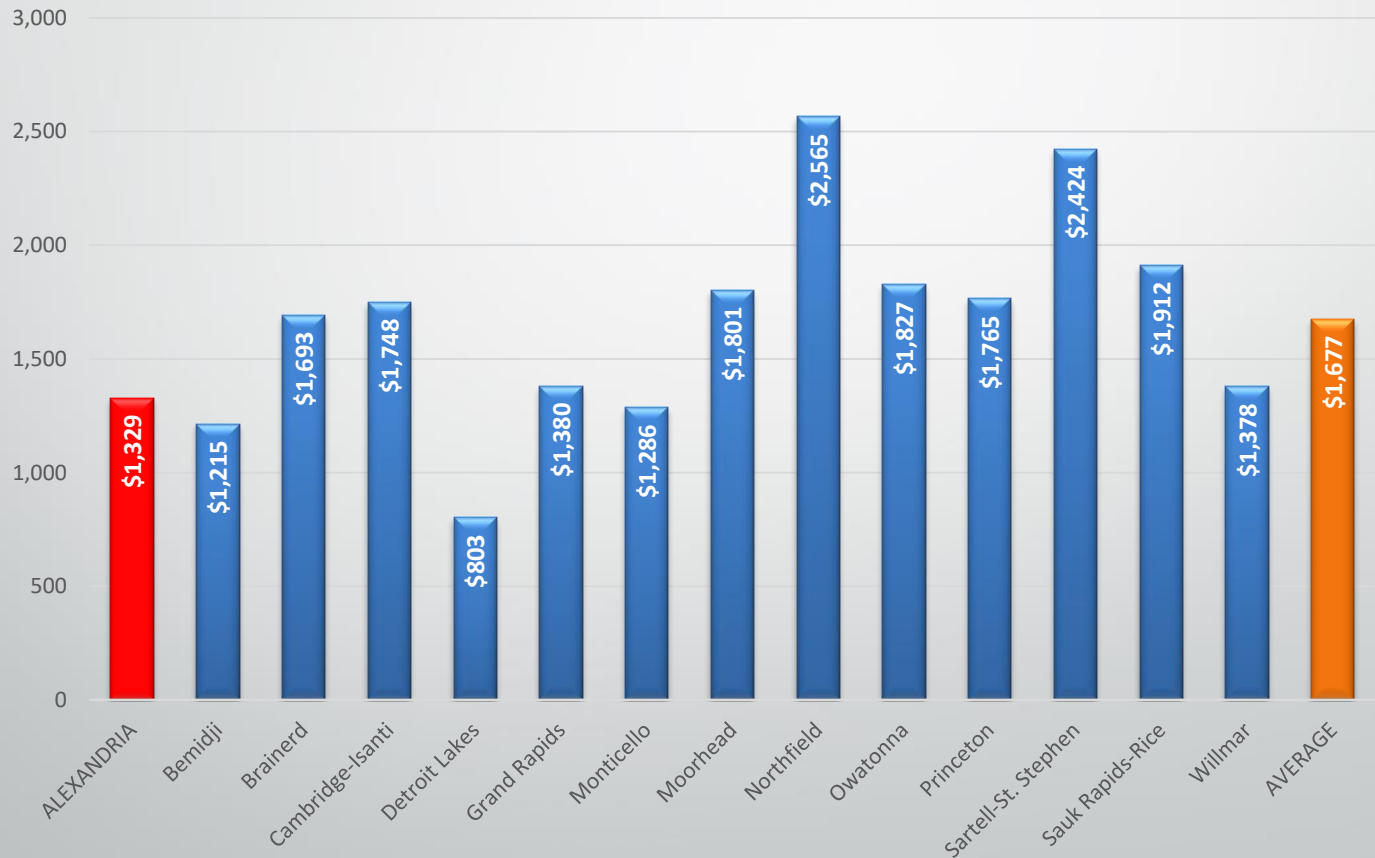
## Surrounding Districts

District Property Tax per \$217K Home

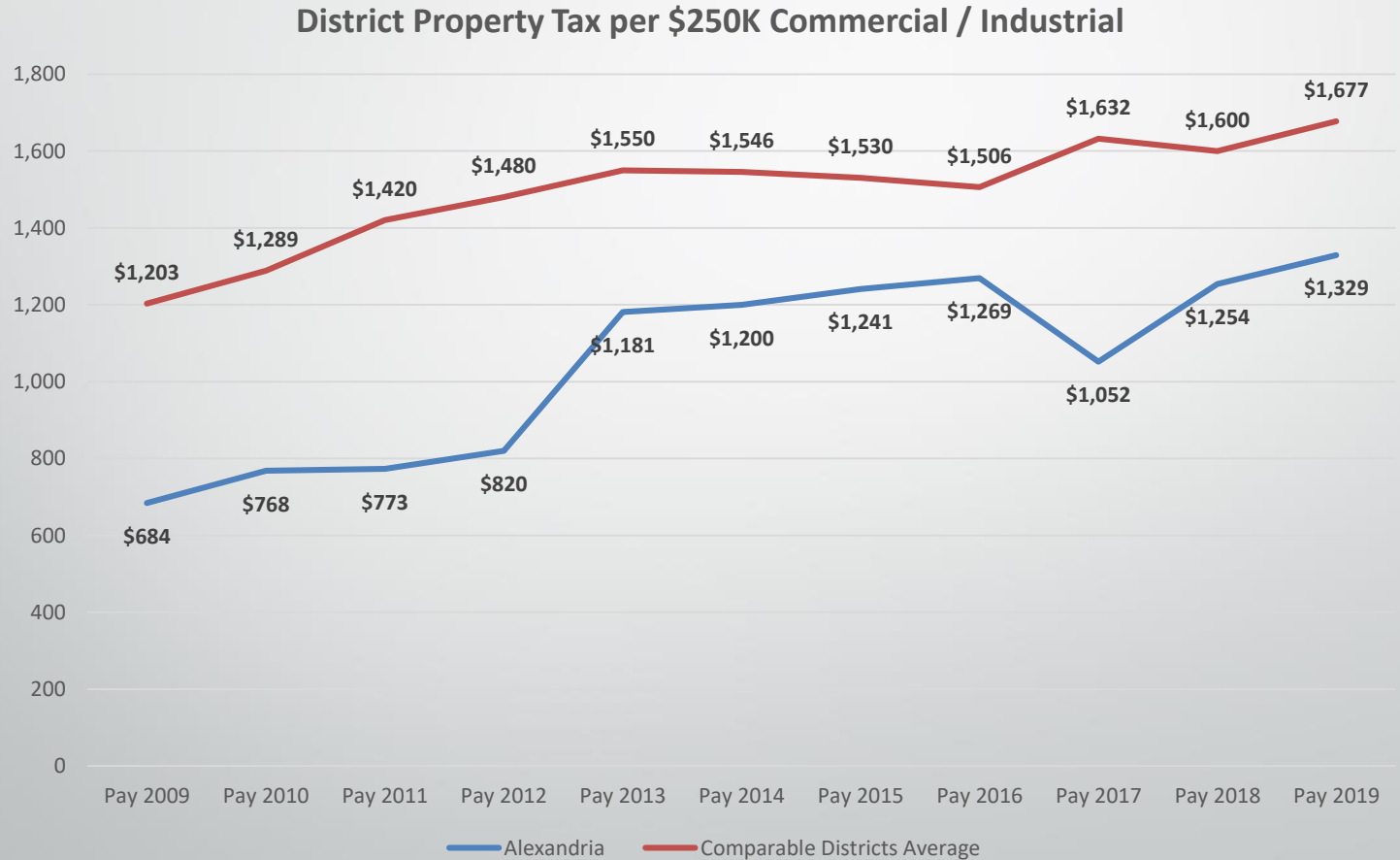


# District Property Tax Per \$250K Commercial / Industrial Comparable Districts

District Property Tax per \$250K Commercial / Industrial



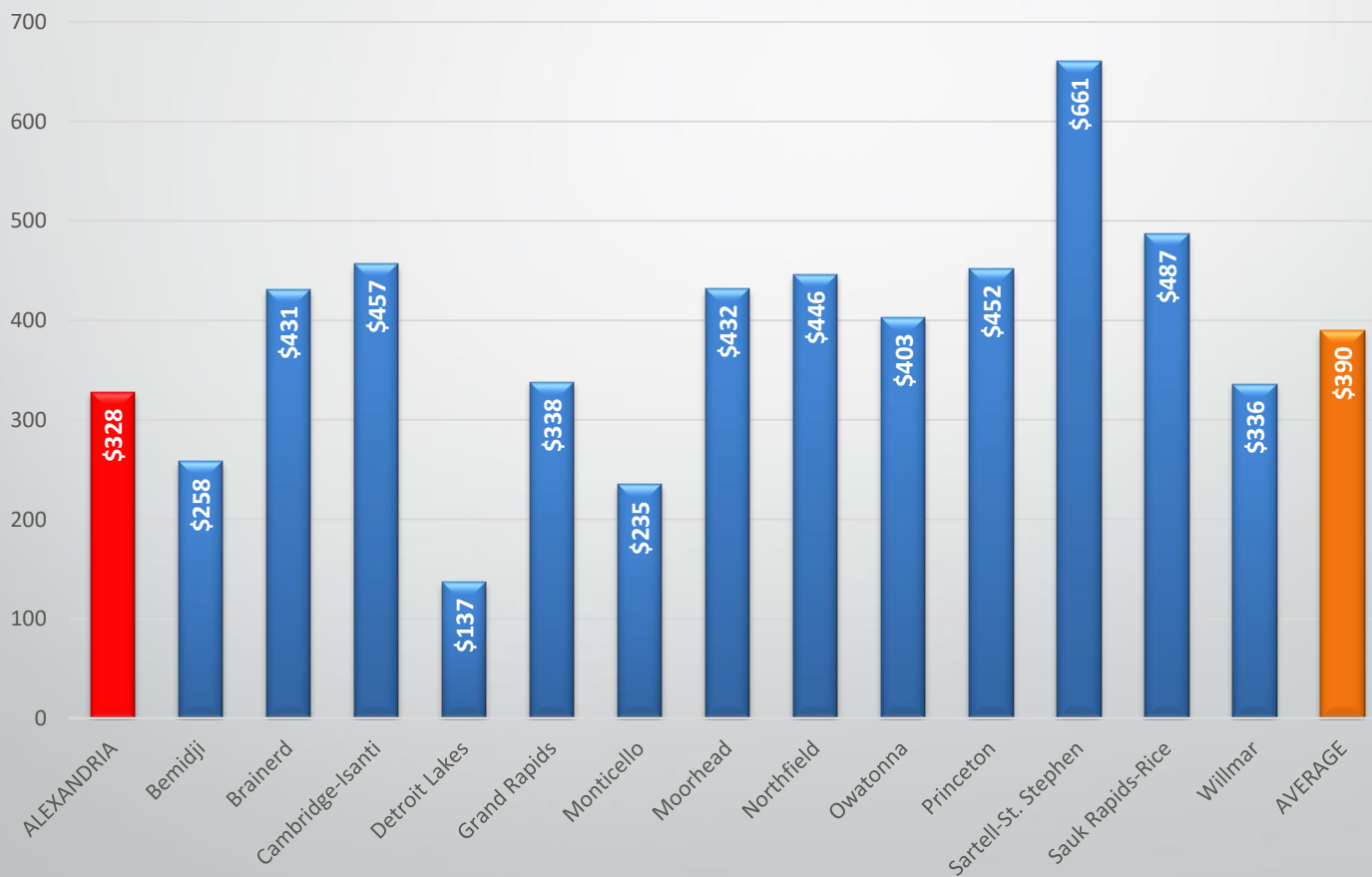
# District Property Tax Per \$250K Commercial / Industrial Comparable Districts



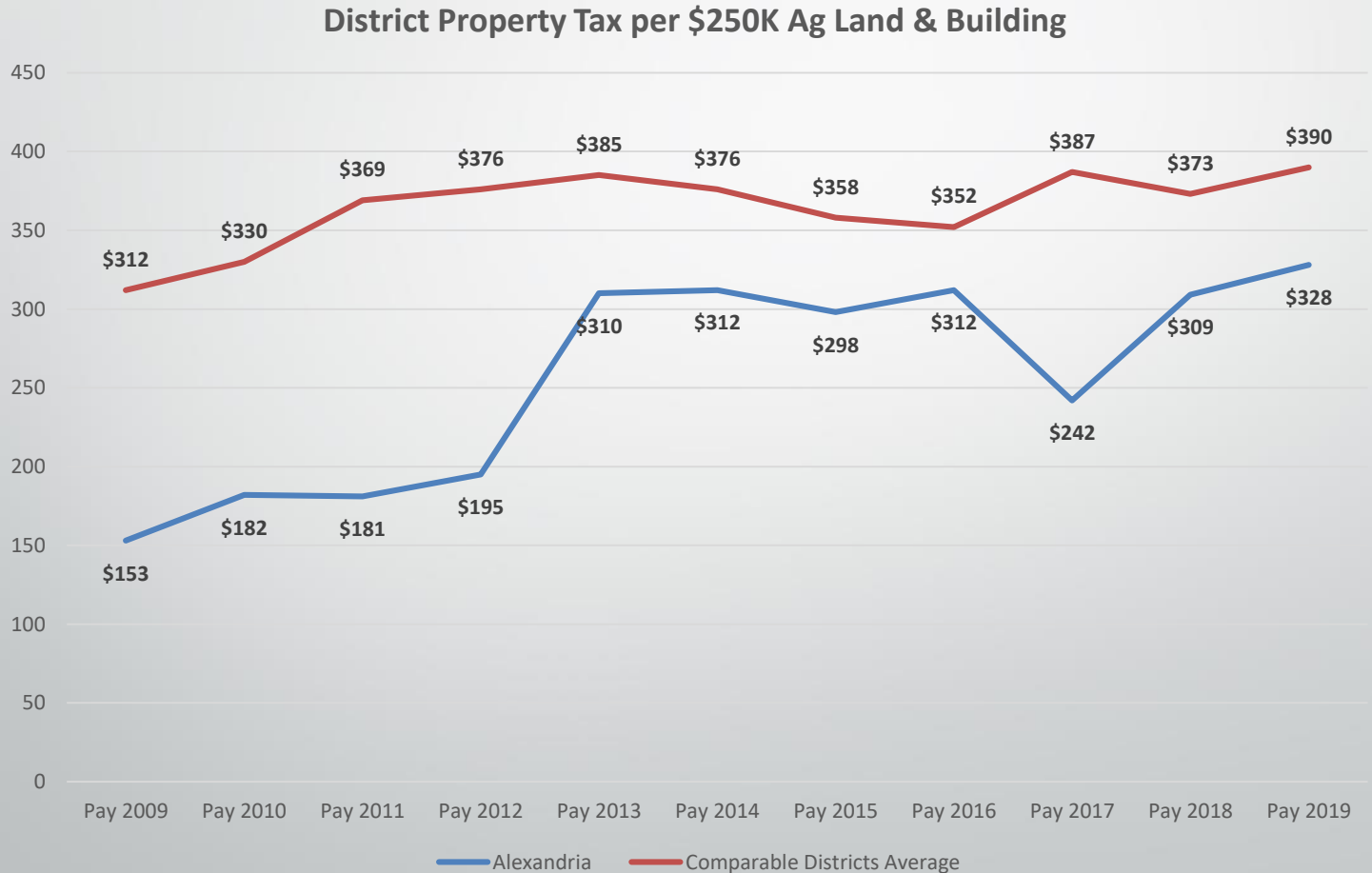
# District Property Tax Per \$250K Agriculture Land & Building

## Comparable Districts – After Ag Tax Credit

District Property Tax per \$250K Ag Land & Building



# District Property Tax Per \$250K Agriculture Land & Building Comparable Districts






# **Minnesota Property Tax Refunds**



# Minnesota Property Tax Refunds

- Two different tax refund programs available from the state
  - Minnesota Property Tax Refund
  - Special Property Tax Refund
- Complete form M-1PR
- For help with the forms and instructions contact:
  - Your tax professional
  - Minnesota Department of Revenue
    - (651) 296-4444
    - [www.taxes.state.mn.us](http://www.taxes.state.mn.us)



2018 Payable 2019 Final  
Levy Certification

Questions &  
Comments