

ALEXANDRIA PUBLIC SCHOOLS ISD #206

2019 PAYABLE 2020 FINAL LEVY CERTIFICATION

REGULAR SCHOOL BOARD MEETING
MONDAY, DECEMBER 16TH, 2019 - 7:00 PM

Agenda

Background on Property Tax Levies

Information on School Funding & District Budget

Proposed Taxes Payable in 2020

Estimated Impact on Taxpayers

Minnesota Property Tax Refunds

Public Comments & Questions

Background on Property Tax Levies

Truth in Taxation Law

Requirements:

- Public meeting may be held at a regularly scheduled board meeting
- Discussion of proposed property tax levy for taxes payable in 2020
- 2018-19 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



Governing Entities

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 \$7,257.12 while the 5th percentile is \$6,867.00 and 95th percentile is \$8,614.10.

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)
- 2020 taxes provide revenue for Calendar Year 2020

School District

- Budget Year is July 1 – June 30
- 2020 taxes provide revenue for Fiscal Year '21 (7/1/20 – 6/30/21)



Spruce County
 Jane Smith, Auditor-Treasurer
 345 12th Street East, Box 78
 Spruceville, MN 55555-5555
 (555) 345-6789
 www.co.spruce.mn.us

TAXPAYER(S):

John and Mary Johnson
 123 Pine Road South
 Spruceville, MN 55555-5555

Property ID Number: 01.234.56.7890.R1

Property Description:

Lot 5, Block 13 of the Spruceville Estates Addition to the City of Spruceville.

Tax Statement			
2019 Values for Taxes Payable in			2020
Values and Classification			
Step	Taxes Payable Year:	2019	2020
1	Estimated Market Value:	\$141,100	\$143,000
	Homestead Exclusion:	\$25,261	\$24,712
	Taxable Market Value:	\$107,839	\$114,488
	New Improvements:	\$0	\$0
	Property Classification:	RES HMSTD	RES HMSTD
<i>Sent in March 2019</i>			
Step	Proposed Tax		
2	Proposed Tax:		\$1,570
<i>Sent in November 2019</i>			
Step	Property Tax Statement		
3	First-half Taxes:		\$777.13
	Second-half Taxes:		\$777.13
	Total Taxes Due in 2020:		\$1,554.26

Reading your Tax Statement

Change in property value has a large impact

Value excluded or deferred from taxation

What classification is your property being valued and taxed as?

Can appeal classification for the following year each spring

\$\$\$
 REFUNDS? *You may be eligible for one or even two refunds to reduce your property tax.*
Read the back of this statement to find out how to apply.

Tax Detail for Your Property:

Taxes Payable Year:	2019	2020	Taxes Payable Year:	2019	2020
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,531.10	10. Special Taxing Districts		
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,428.92		A. Metropolitan special taxing districts	\$64.66	\$69.34
Property Tax and Credits			B. Other special taxing districts	\$10.15	\$11.22
3. Property taxes before credits	\$1,428.92	\$1,531.10	C. Tax increment financing	\$0.00	\$0.00
4. Credits that reduce property taxes			D. Fiscal disparity	\$0.00	\$0.00
A. Agricultural and rural land credits	\$0.00	\$0.00	11. Non-school voter-approved referenda levies	\$0.00	\$0.00
B. Taconite tax relief	\$0.00	\$0.00	12. Total property tax before special assessments	\$1,422.08	\$1,524.26
C. Other credits	\$0.00	\$0.00	Special Assessments		
5. Property taxes after credits	\$1,428.92	\$1,531.10	13. Special assessments		
Property Tax by Jurisdiction			A. Curb and street improvements	\$30.00	\$30.00
6. County	\$438.06	\$474.18	B.		
Regional Rail Authority	\$5.96	\$6.18	C.		
7. City or Town	\$273.79	\$302.06	14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$1,452.08	\$1,554.26
8. State General Tax	\$0.00	\$0.00			
9. School district					
A. Voter approved levies	\$289.35	\$296.68			
B. Other local levies	\$340.11	\$364.60			

School District Levy Categories

Voter Approved Levies

- Operating Referendum Levies
- Voter Approved Bonded Debt Levies

Other Local Levies

- Everything else

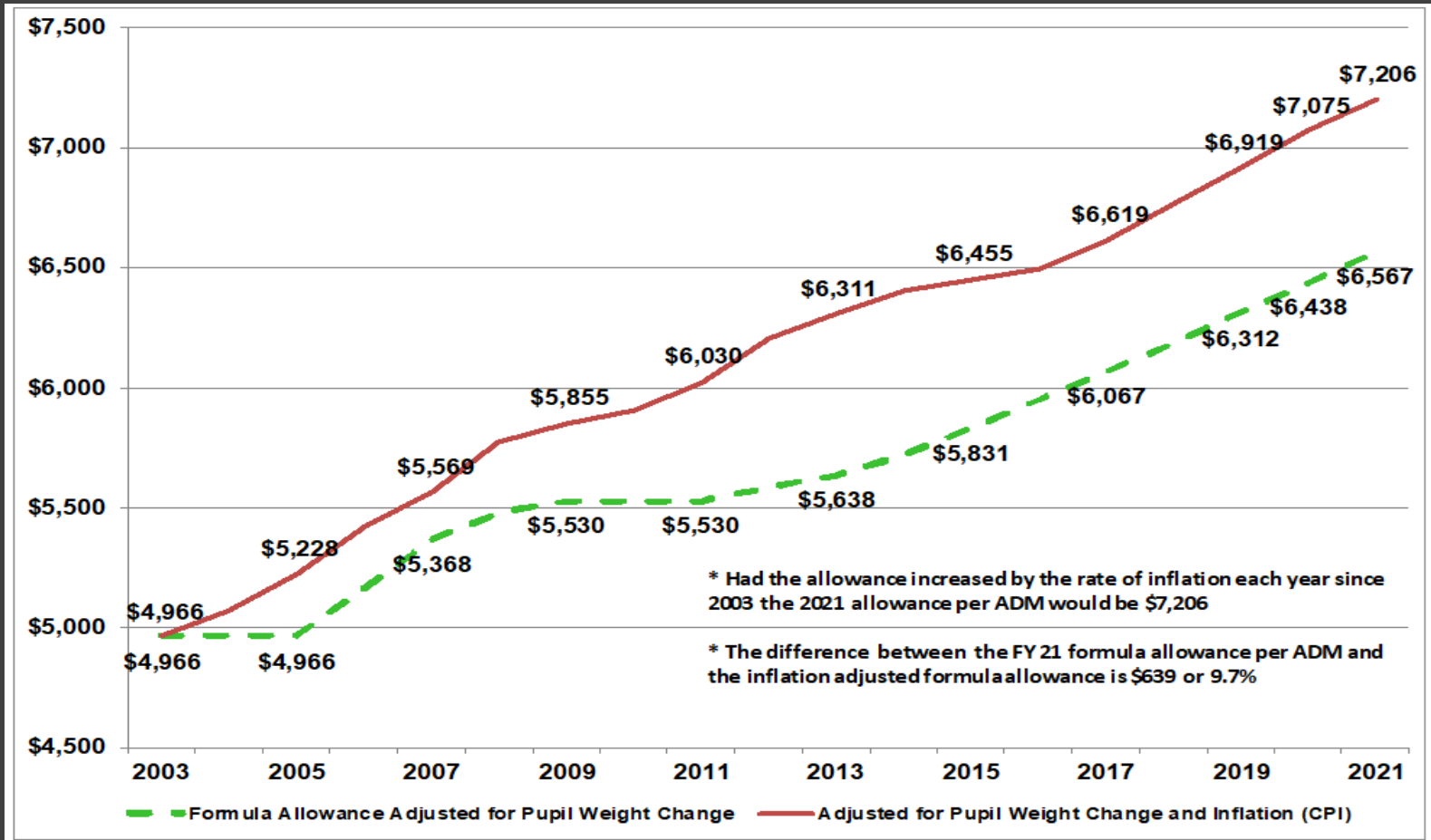
Factors That Cause Property Tax Changes

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

Information on School Funding & District Budget

General Education Formula History

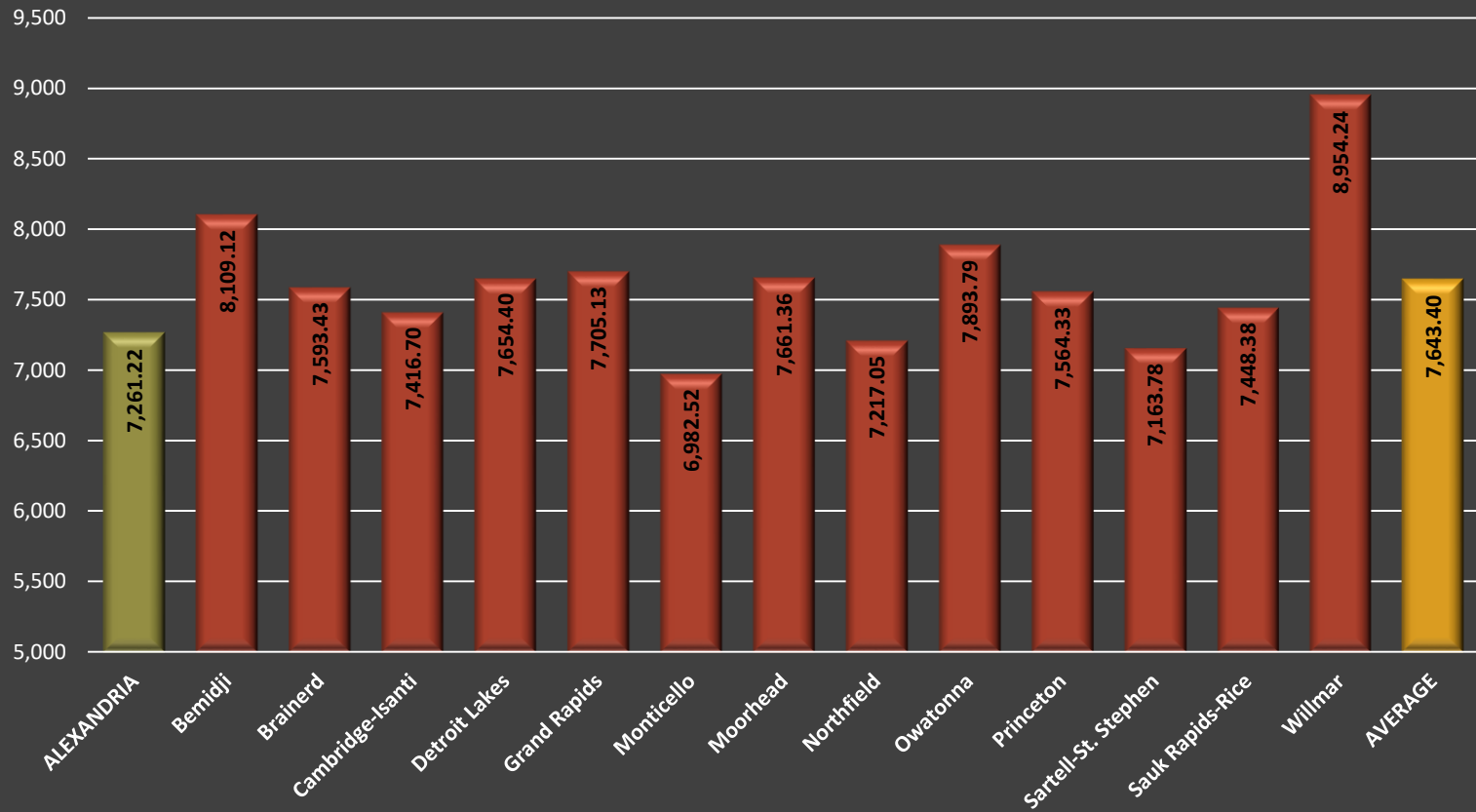


General Education Aid per APU

- Basic Formula
- Declining Enrollment
- Extended Time
- Compensatory
- Limited English Proficiency
- Sparsity
- Small Schools
- Transportation Sparsity
- Operating Capital **
- Equity **
- Gifted & Talented
- Pension Adjustment
- Transition **
- Referendum **
- Local Optional **
- Options Adjustment
- Q-Comp Teacher Development

** Indicates Aid/Levy Split Revenue Sources

General Education Aid per APU



General Education Disparity

Basic Revenue + Equity Revenue + Referendum Revenue + Local Optional Revenue

FY 2019-20 = \$7,328.61 (281st out of 331)

State Average = \$7,823.62

FY 2020-21 = \$7,812.00 (170th out of 331)

State Average = \$7,999.84

Equalization Aid

Based on Referendum Market Value (RMV) per Resident Student

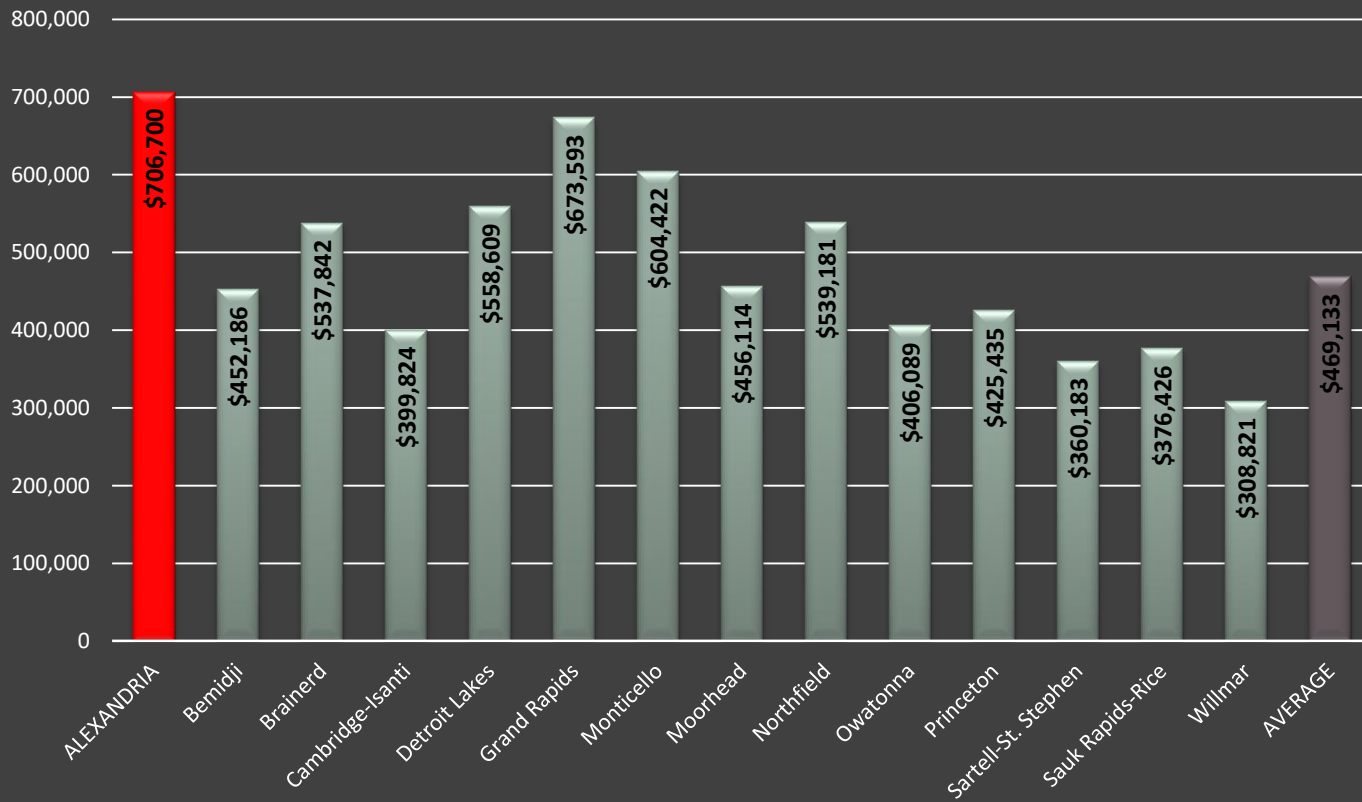
Higher RMV per Resident Student equates to less equalization aid and more responsibility to local levy

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 levy

RMV Per Resident Pupil Unit

Comparable Districts

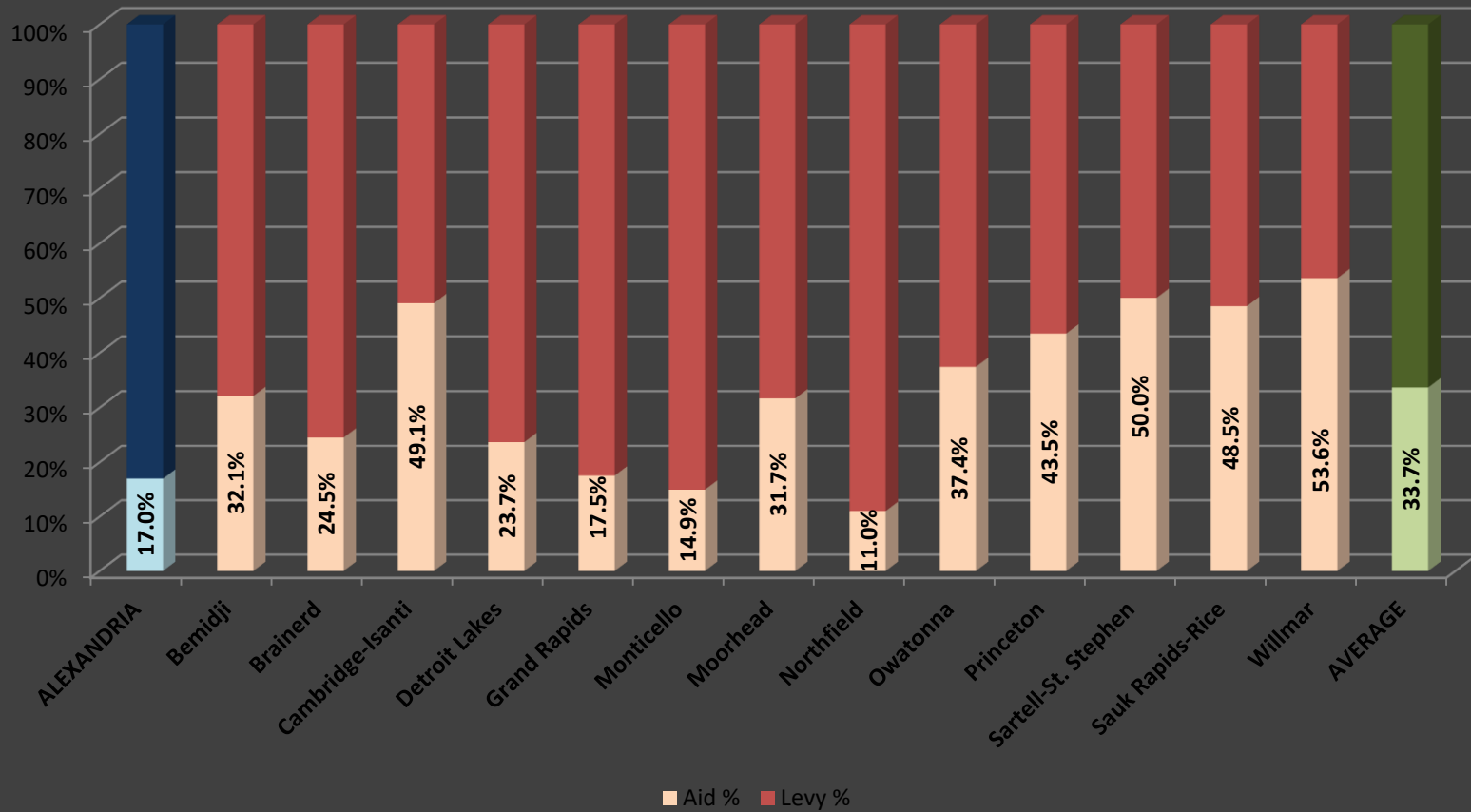


Equalization Aid

5 major aid/levy split funding categories (2018-19 revenue):

	AID		LEVY		TOTAL
	\$	%	\$	%	
Operating Capital	552,479.27	56.5%	425,938.29	43.5%	978,417.56
Local Optional	-	0.0%	1,979,147.20	100.0%	1,979,147.20
Equity	-	0.0%	777,713.83	100.0%	777,713.83
Transition	-	0.0%	70,577.14	100.0%	70,577.14
Referendum	331,159.68	23.6%	1,069,180.32	76.4%	1,400,340.00
TOTAL	883,638.95	17.0%	4,322,556.78	83.0%	5,206,195.73

Equalization Aid



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

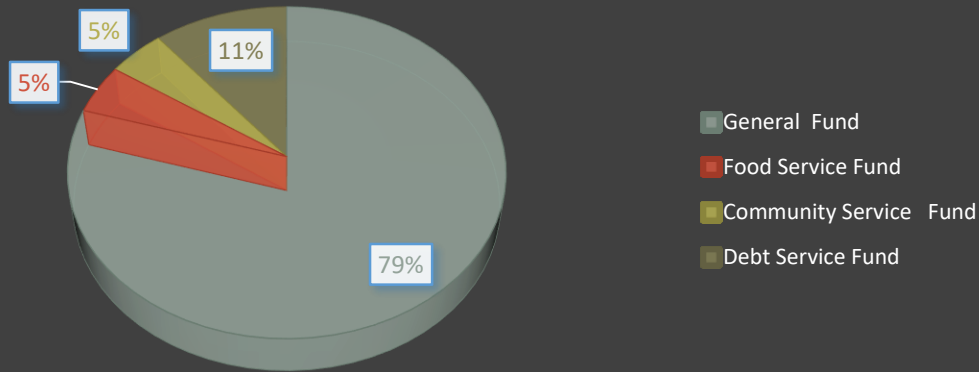
- Principal & interest payments for voter-approved building project bonds and Alternative Facility Bonds related to health & safety projects (now Long-Term Facility Maintenance funding)

Fiscal Year 2018-19 Budget

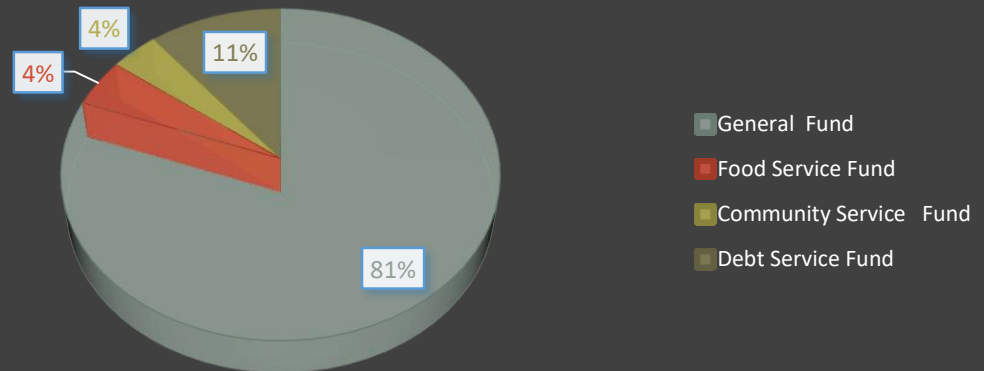
Fiscal Year 2018-19 Budget					
	General Fund	Food Service Fund	Community Service Fund	Debt Service Fund	TOTAL
<u>REVENUES</u>					
Levy & County Apportionment	5,655,457	0	860,986	6,739,893	13,256,336
Misc Local Revenue	1,780,865	1,860,162	1,544,652	0	5,185,679
General Education Aid	32,597,159	0	0	0	32,597,159
Special Education Aid	6,674,019	0	0	0	6,674,019
Other State Aid	2,543,461	147,574	557,852	220,220	3,469,106
Federal Aid	1,538,684	1,044,460	9,189	0	2,592,332
<i>Total Revenues</i>	50,789,645	3,052,196	2,972,678	6,960,113	63,774,633
<u>EXPENDITURES</u>					
Salaries & Wages	30,319,534	1,127,406	1,667,769	0	33,114,709
Employee Benefits	8,246,219	294,908	362,783	0	8,903,911
Purchased Services	6,503,424	111,089	349,404	0	6,963,916
Supplies & Materials	1,996,084	1,394,822	116,764	0	3,507,669
Capital Expenditures	2,523,416	9,682	6,420	0	2,539,517
Debt Service	0	0	0	6,865,814	6,865,814
Misc Expenditures	1,932,222	100	7,302	0	1,939,624
<i>Total Expenditures</i>	51,520,899	2,938,006	2,510,441	6,865,814	63,835,160
Annual Excess / (Deficit)	(731,254)	114,190	462,238	94,299	(60,528)

Fiscal Year 2018-19 Budget

REVENUES BY FUND

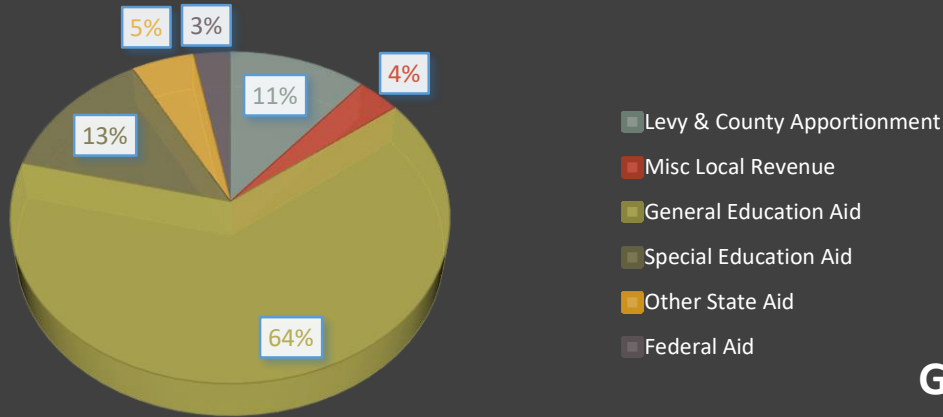


EXPENDITURES BY FUND

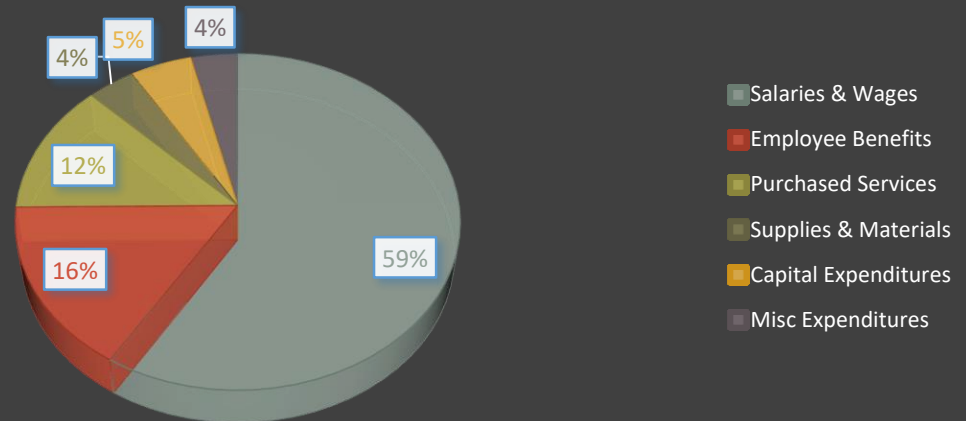


Fiscal Year 2018-19 Budget

GENERAL FUND REVENUES BY SOURCE



GENERAL FUND EXPENDITURES BY OBJECT



Proposed Taxes Payable in 2019

General Fund Levy

2019 Payable 2020 Final Levy:	\$8,162,469.09	
Change from PY:	\$2,313,052.48	39.54%
2018 Payable 2019 Final Levy:	\$5,849,416.61	
Change from PY:	\$446,174.23	8.26%
2017 Payable 2018 Final Levy:	\$5,403,242.38	
Change from PY:	(\$77,034.26)	(1.41%)
2016 Payable 2017 Final Levy:	\$5,480,276.64	

Community Service Levy

2019 Payable 2020 Final Levy:	\$805,195.00	
Change from PY:	(\$44,577.74)	(5.25%)
2018 Payable 2019 Final Levy:	\$849,772.74	
Change from PY:	(\$18,853.18)	(2.17%)
2017 Payable 2018 Final Levy:	\$868,625.92	

Debt Service Levy

2019 Payable 2020 Final Levy:	\$6,644,325.37	
Change from PY:	(\$357,862.30)	(5.11%)
2018 Payable 2019 Final Levy:	\$7,002,187.67	
Change from PY:	\$35,741.28	0.51%
2017 Payable 2018 Final Levy:	\$6,966,446.39	

OPEB Debt Service Levy

2019 Payable 2020 Final Levy:	\$747,420.88	
Change from PY:	(\$373,453.35)	(33.32%)
2018 Payable 2019 Final Levy:	\$1,120,874.23	
Change from PY:	\$366,463.67	48.58%
2017 Payable 2018 Final Levy:	\$754,410.56	
Change from PY:	\$4,757.56	0.63%
2016 Payable 2017 Final Levy:	\$749,653.00	

Proposed Taxes Payable 2020

General Fund: \$8,162,469.09

Community Service: \$805,195.00

Debt Service: \$6,644,325.37

OPEB Debt Service: \$747,420.88

TOTAL \$16,359,410.34

Change from PY \$1,537,159.09 10.37%

Proposed Taxes Payable 2020

Impact of Voter-Approved Operating Levy

Increased Referendum Revenue:	\$1,762,500.00
Decreased Equity Revenue:	<u>(\$100,873.75)</u>

New Revenue:	\$1,661,626.25
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Levy Increase from Previous Year:	\$1,537,159.09
All Other Levy Categories:	(\$124,467.16)

Changes from Preliminary Levy

Final Levy:	\$16,359,410.34
Preliminary Levy:	<u>\$14,694,328.22</u>
Difference:	\$1,665,082.12

Referendum Revenue:	\$1,762,500.00
Equity Revenue:	(\$100,873.75)
Abatement:	<u>\$3,455.87</u>
Total:	\$1,665,082.12

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.

Referendum Market Value & Net Tax Capacity

Referendum Market Value (RMV) = Total property value of all district properties subject to Referendum levies:

- Residential Homestead
 - Includes House, Garage, & 1 Acre of Agricultural Property
- Commercial / Industrial

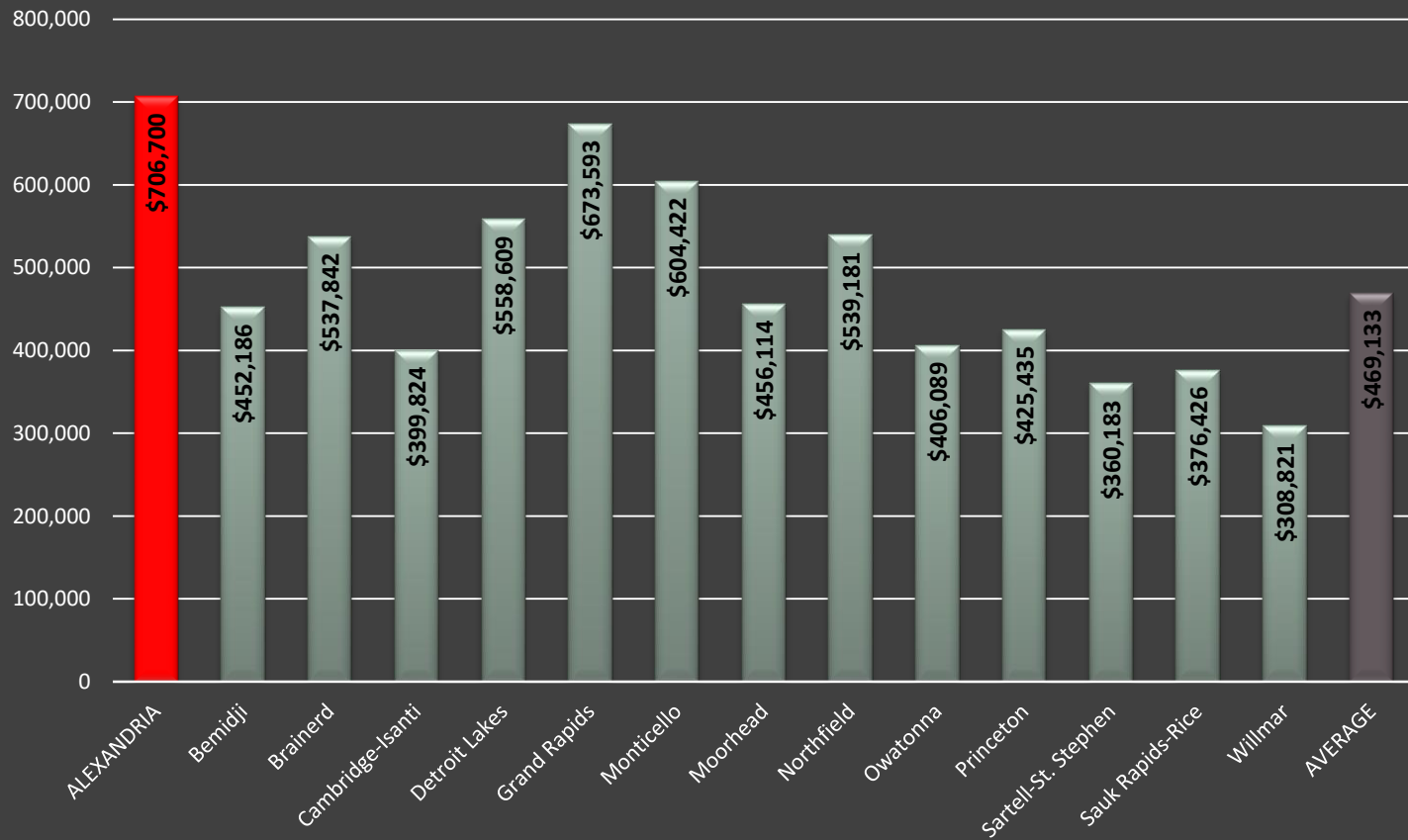
District's RMV (from 2018) = \$3,307,638,300

2020-21 Estimated Resident Pupils Units (RPU) = 4,680.40

RMV per RPU = \$706,699.92

RMV Per Resident Pupil Unit

Comparable Districts



Referendum Market Value & Net Tax Capacity

Net Tax Capacity (NTC) = Total tax capacity of all properties in the District based on their property classification

4 Major Categories (approximately 94% of property value)

- Residential Homestead (including Agricultural Homestead):
 - 1.00% up to \$500,000 & 1.25% over \$500,000
- Commercial / Industrial:
 - 1.50% up to \$150,000 & 2.00% over \$150,000
- Agricultural Land & Buildings:
 - 0.50% up to \$1,900,000 & 1.00% over \$1,900,000
- Seasonal / Recreational:
 - 1.00% up to \$500,000 & 1.25% over \$500,000

Referendum Market Value & Net Tax Capacity

Net Tax Capacity (NTC) = Total tax capacity of all properties in the District based on their property classification

Additional Categories (approximately 6% of property value)

- Disabled Homestead
- Apartments
- Golf Courses
- Non-Profit Organization
- Postsecondary Student Housing
- Non-Commercial Aircraft Storage Hangars
- Manufactured Home Parks

Referendum Market Value & Net Tax Capacity

Net Tax Capacity (NTC) = Total tax capacity of all properties in the District based on their property classification

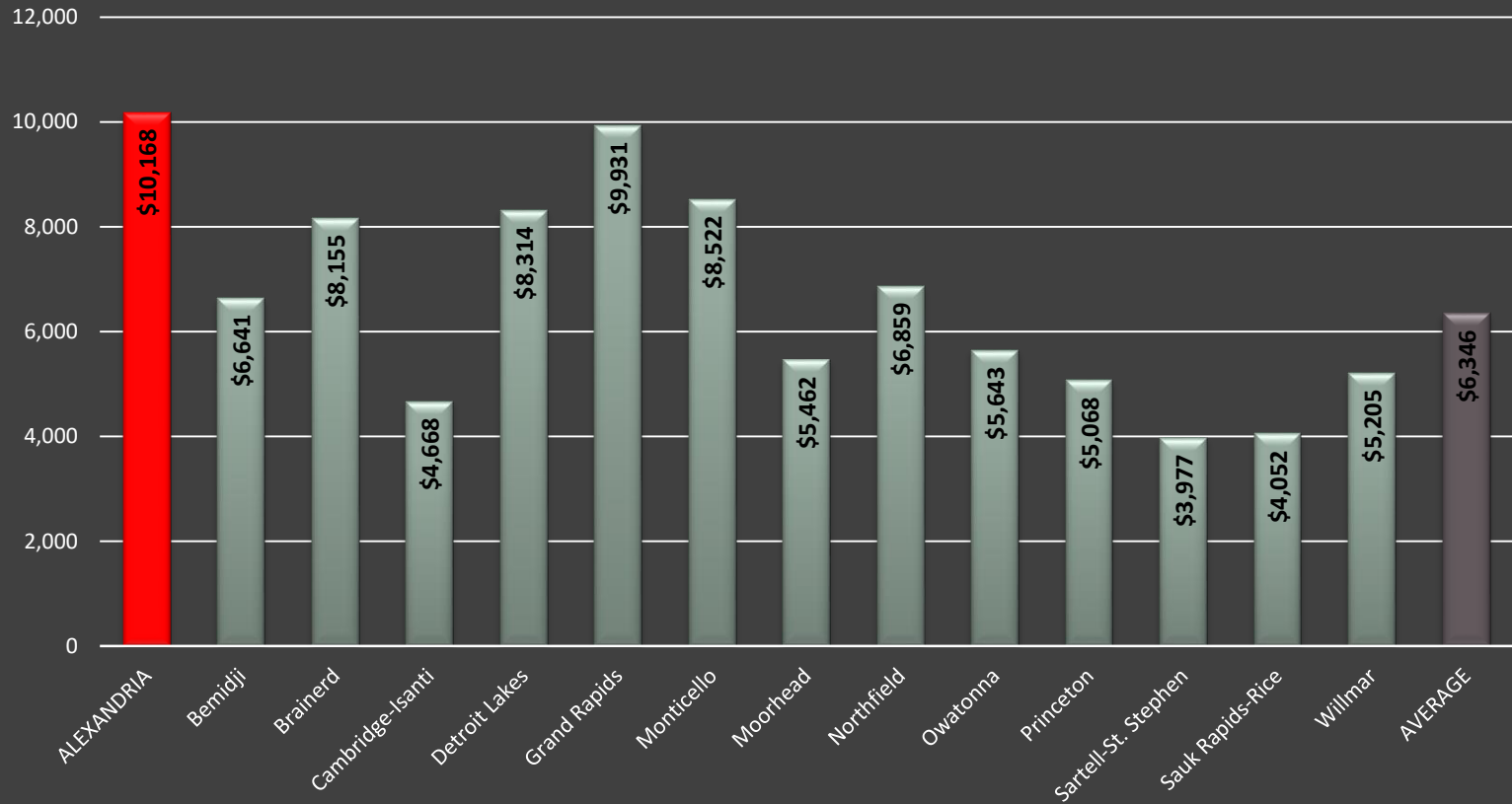
District's NTC (from 2018) = \$47,791,207

2020-21 Estimated Adjusted Pupil Units (APU) = 4,700.00

NTC per APU = \$10,168.34

NTC Per Adjusted Pupil Unit

Comparable Districts



Referendum Revenue (Pay 2020 = FY 2020-21)

All Minnesota Districts:

229 of 331 (69%) Districts have Referendum Authority

Ranges from \$10.00 per APU to \$3,599.00 per APU

Average of all districts (including \$0.00) = \$586.18 per APU

Average of districts with Referendum Authority = \$847.28 per APU

Comparable Districts:

8 of 14 (57%) Districts have Referendum Authority

Ranges from \$45.00 per APU to \$1,747.00 per APU

Average of all districts (including \$0.00) = \$288.21 per APU

Average of districts with Referendum Authority = \$504.38 per APU

Referendum Tax Impact

Projected tax impact on \$220,000 Property: \$116.94

Rate on RMV decreases if:

- District RMV increases
- Levy calculated on RMV decreases

Actual tax impact on \$220,000 Property: \$98.76

Other Levy Calculations resulted in a \$31.77 decrease

Total tax impact for \$220,000 property: \$66.99

Ag2School Bond Credit

Ag2School passed into law in June 2017

Applies to current & future capital referendums

- Payable 2018 = 40%
- Payable 2020 = 50%
- Payable 2021 = 55%
- Payable 2022 = 60%
- Payable 2023 = 70%



Ag2School Bond Credit

- Annually appropriated from the State's General Fund
- Reduces bonded debt taxes for agriculture and timber land in 296 school districts
- \$41.5 million in tax relief statewide for taxes Payable 2018 (40%)
- Additional \$10.4 million in tax relief statement for Taxes Payable 2020 (50%)

Ag2School Bond Credit

- Our District:
 - Estimated NTC of \$2,825,721 receiving credit
 - 5.91% of total NTC
 - \$212,553 estimated Debt Service tax credit
- Estimated taxes for \$500,000 Ag Land Property:
 - Before Credit: \$376.10
 - After 40% Credit: \$225.66
 - After 50% Credit: \$188.05

Ag2School Bond Credit

Tax Detail for Your Property:

Taxes Payable Year:	2019	2020
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible. <input type="checkbox"/>		\$1,531.10
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Taxes Payable Year:	2019	2020
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12. Total property tax before special assessments	\$1,422.08	\$1,524.26
Special Assessments		
13. Special assessments		
A. Curb and street improvements	\$30.00	\$30.00
B.		
C.		
14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$1,452.08	\$1,554.26

NTC vs. Adjusted NTC

2018 NTC = \$47,791,207

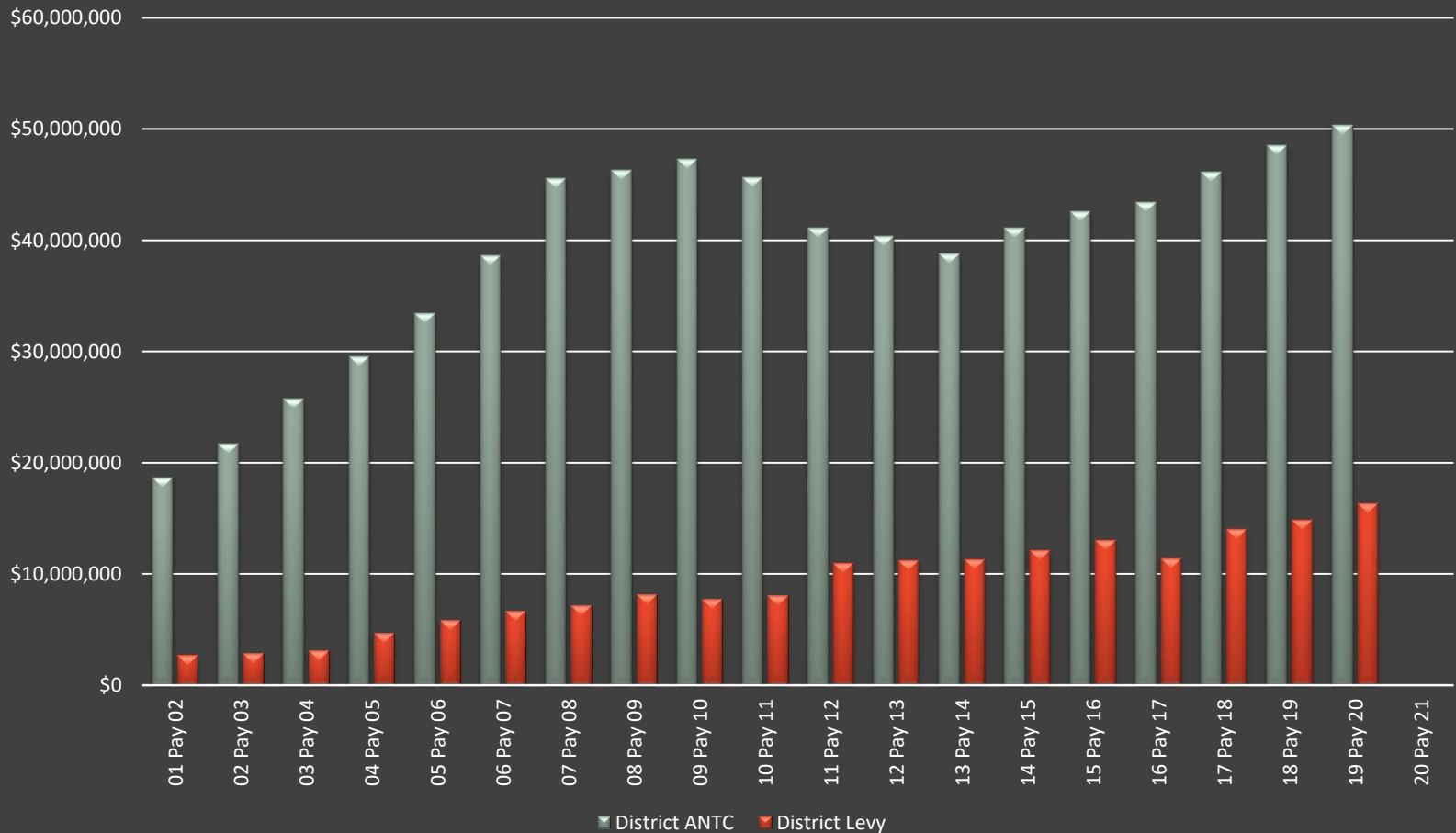
2018 Sales Ratio = 94.88%

2018 ANTC = \$50,370,975

2019 Payable 2020 Levy = \$16,359,410.34

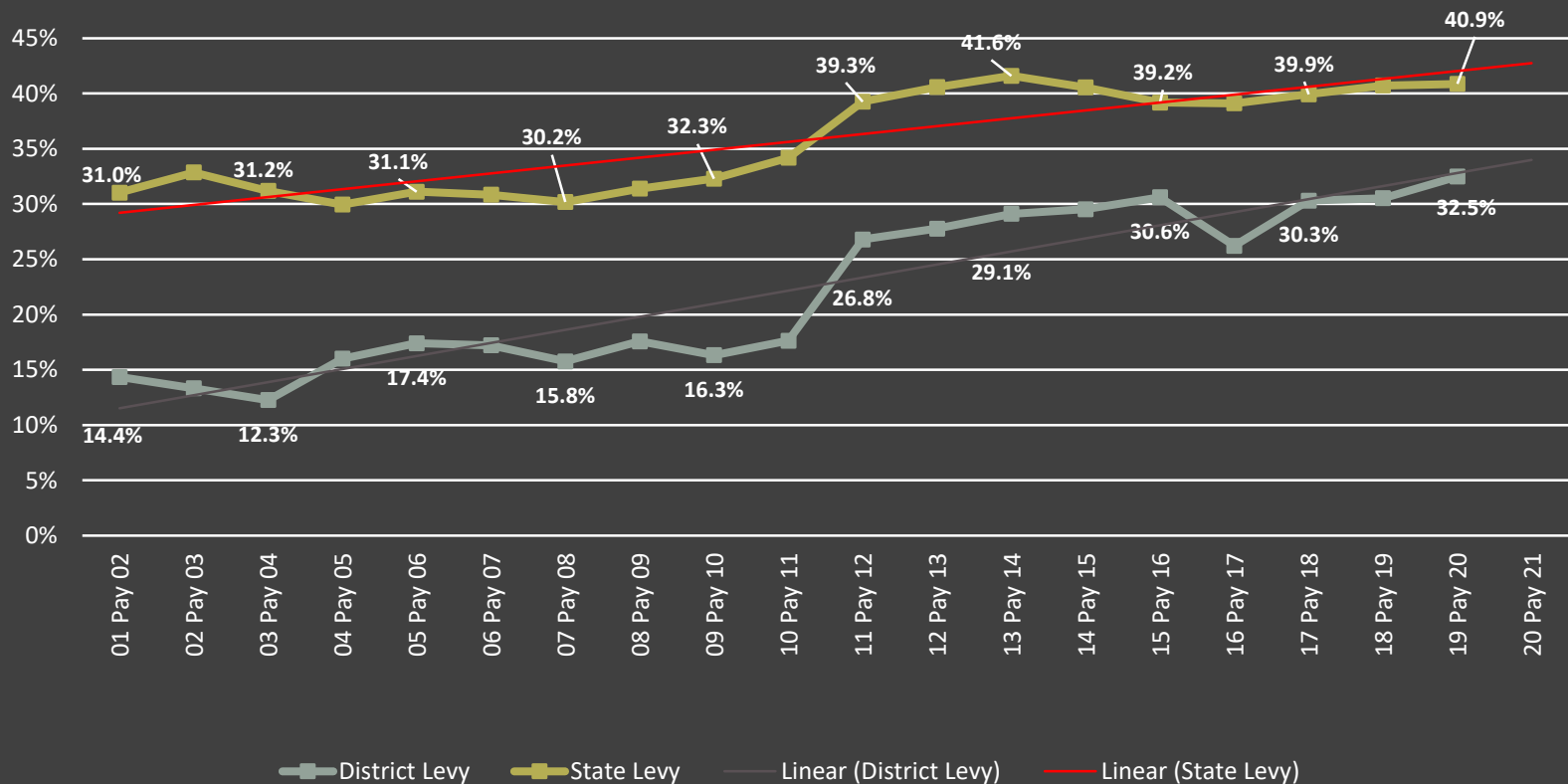
Certified Levy / ANTC = 32.5%

ANTC vs. Certified Levy



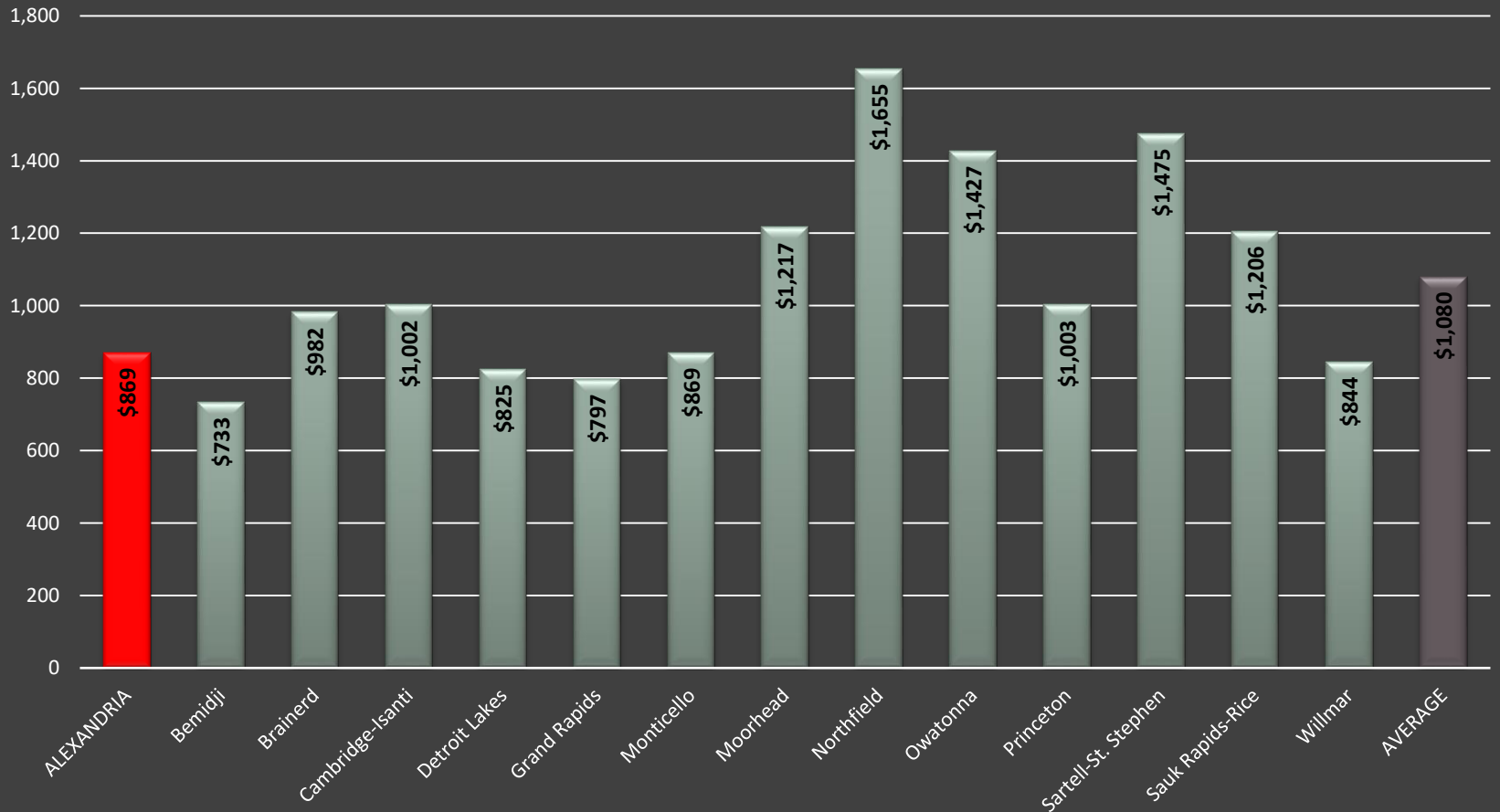
ANTC vs. Certified Levy

District vs. State



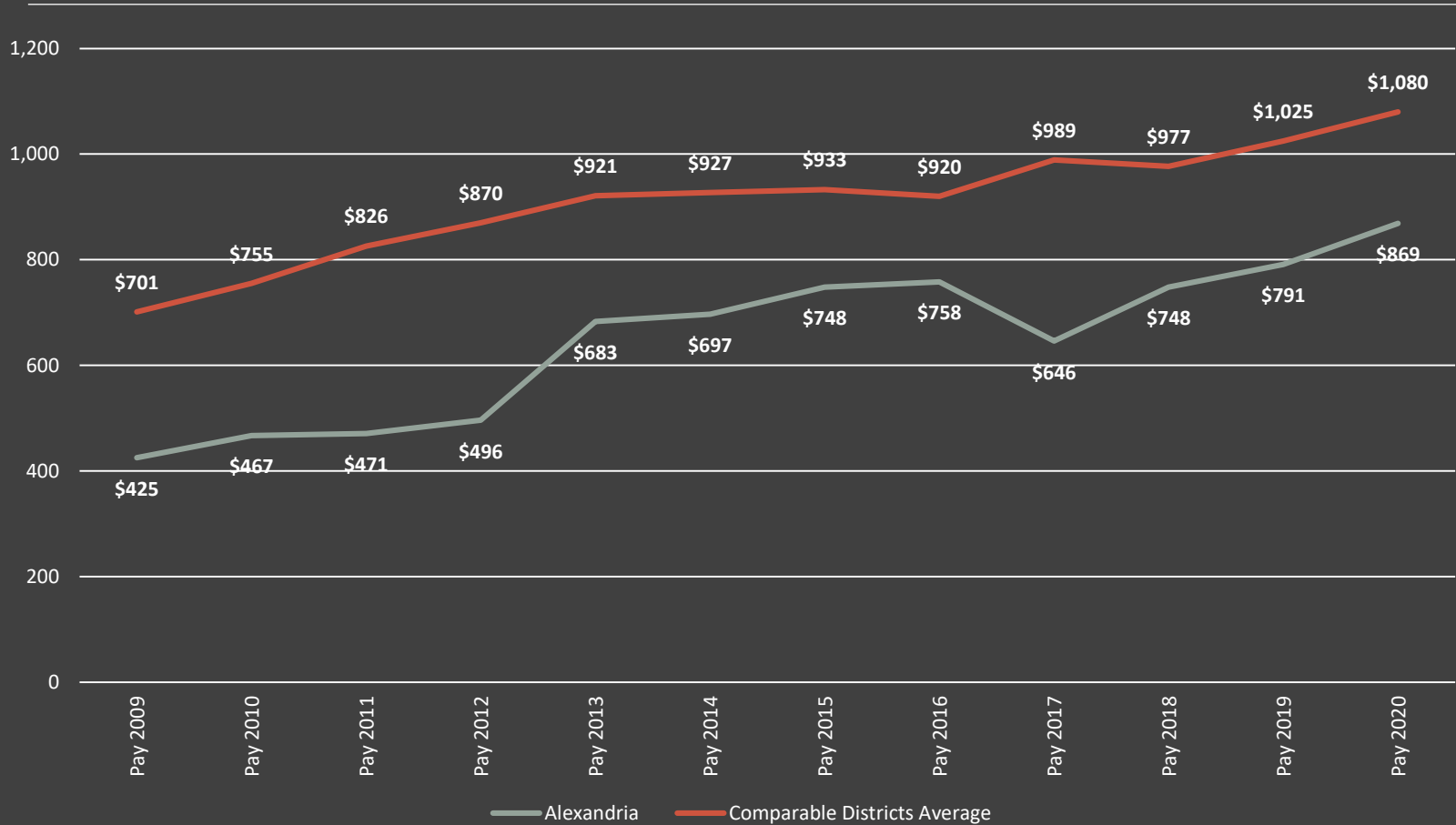
District Property Taxes - Comparable

\$220,000 Residential Property - Payable 2020

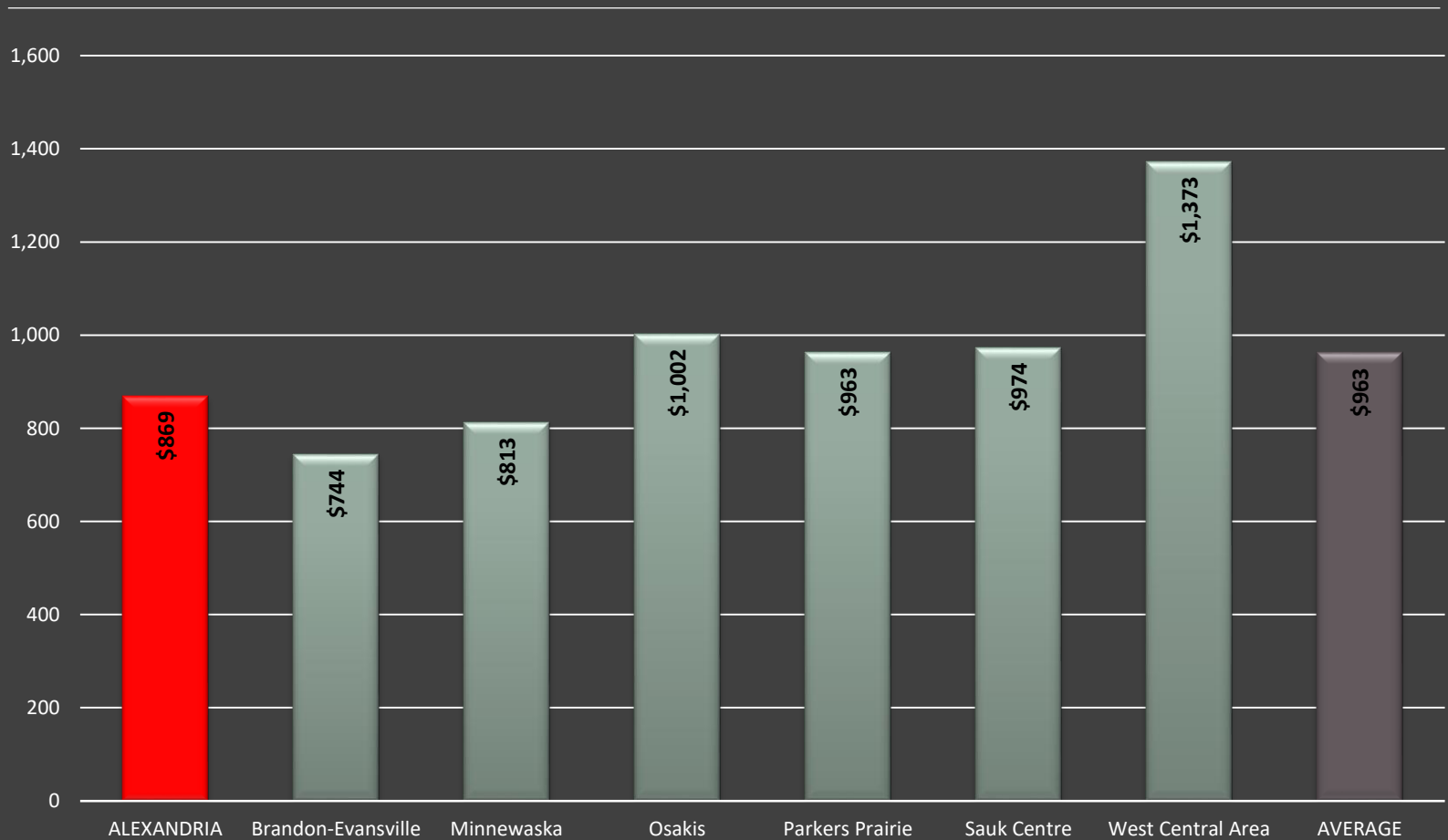


District Property Taxes - Comparable

\$220,000 Residential Property – Payable 2009 to 2020

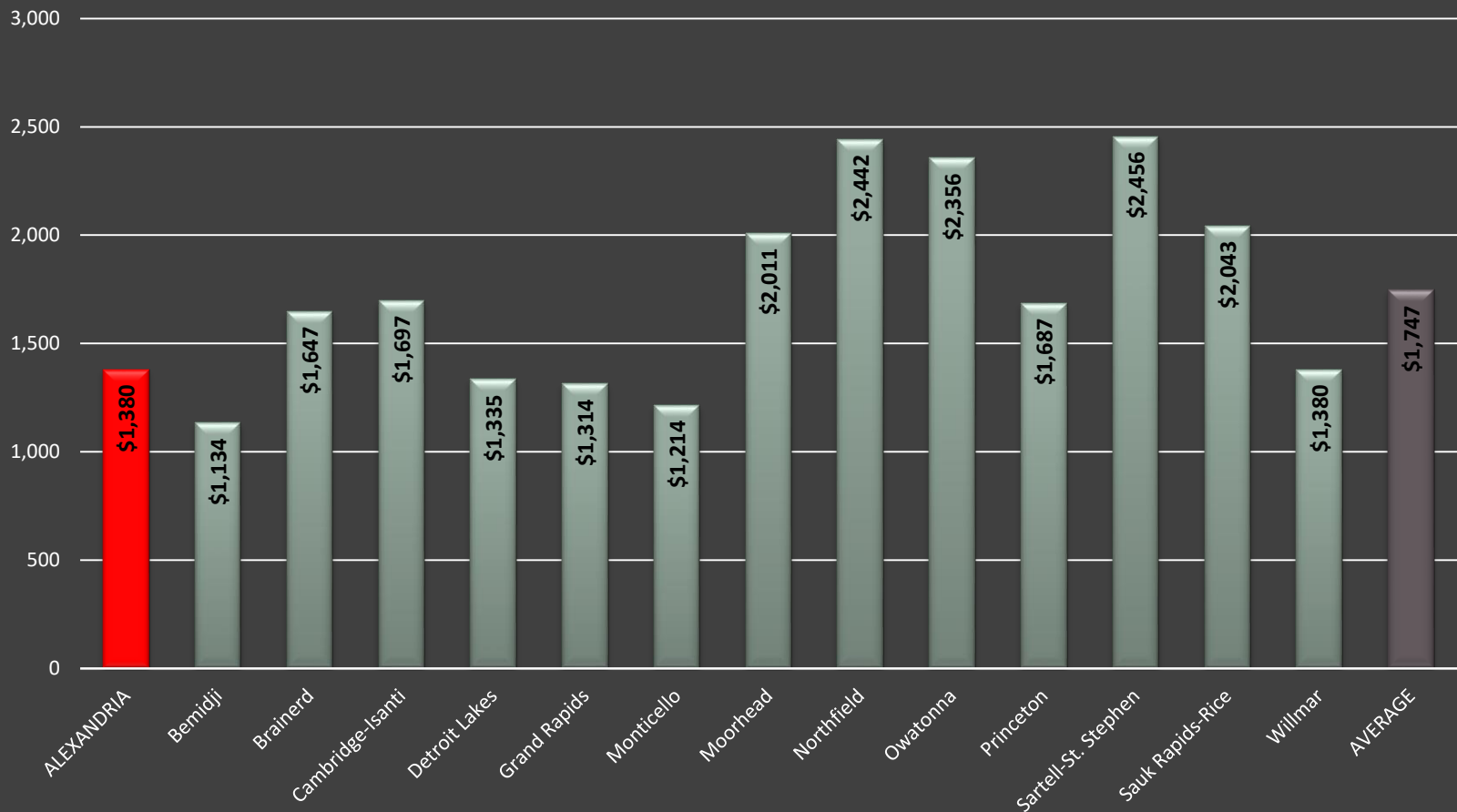


District Property Taxes - Surrounding \$220,000 Residential Property - Payable 2020



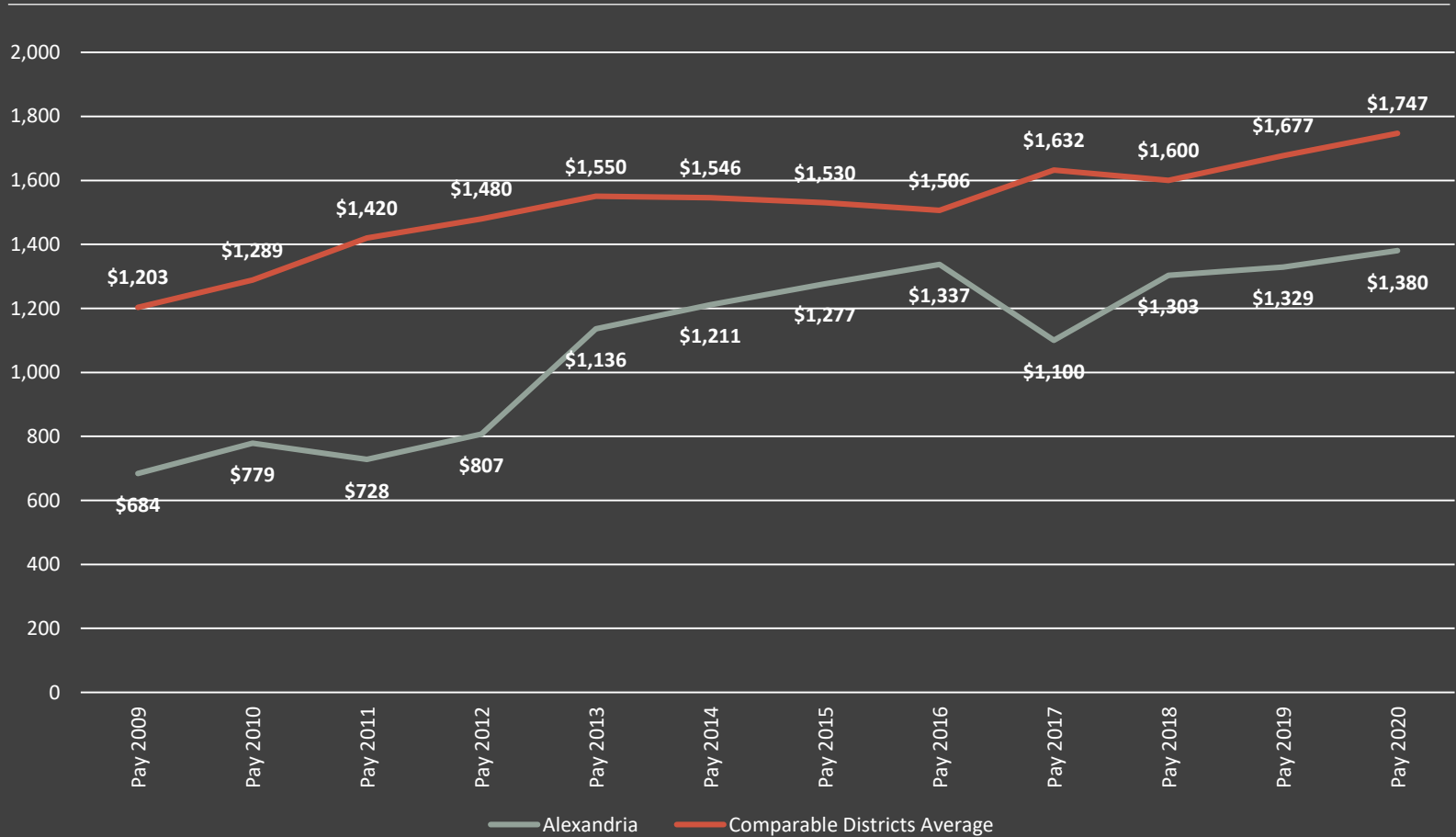
District Property Taxes - Comparable

\$250,000 Commercial / Industrial Property - Payable 2020



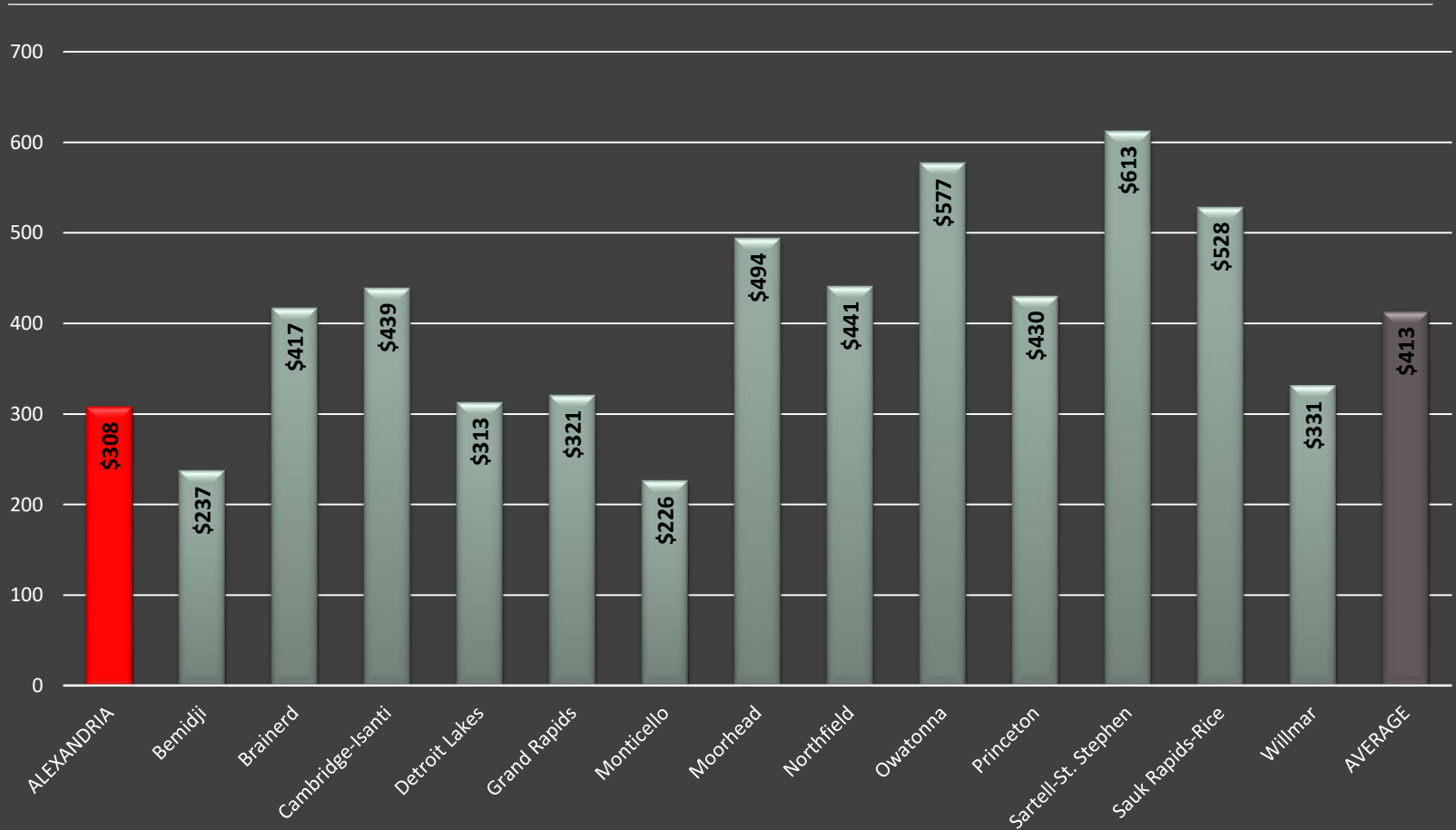
District Property Taxes - Comparable

\$250,000 Commercial / Industrial Property – Payable 2020



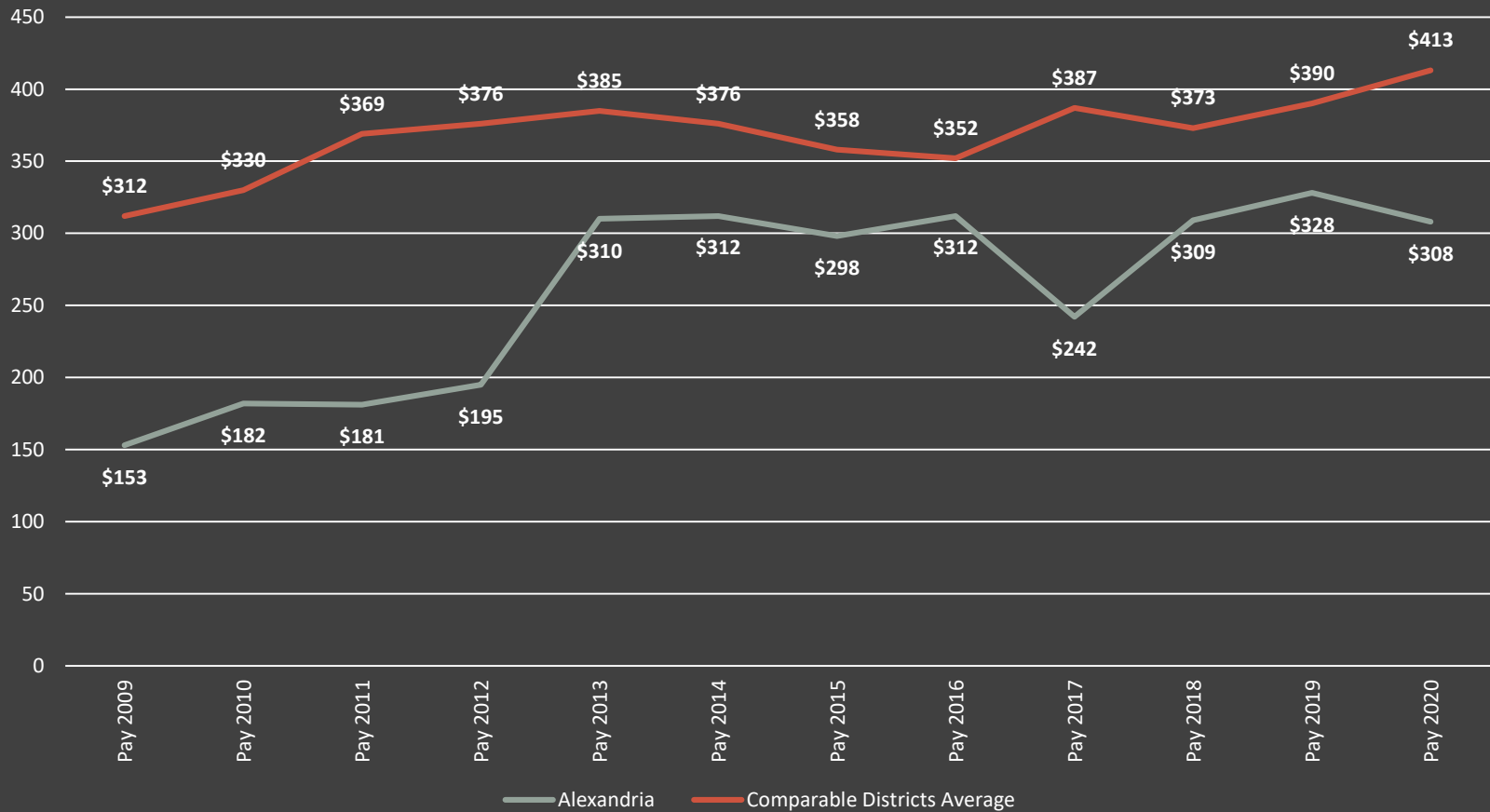
District Property Taxes - Comparable

\$250,000 Ag Land & Buildings Property – Payable 2020



District Property Taxes - Comparable

\$250,000 Ag Land & Buildings Property – Payable 2020



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

2019 Payable 2020 Final Levy Certification

Questions & Comments