



2014 PROPERTY TAX

LEVY

RICHFIELD PUBLIC
SCHOOLS

LEVY INFORMATION



RICHFIELD PUBLIC SCHOOLS

AGENDA

December 2, 2013

7:00 p.m.

- I. Truth in Taxation Requirements
- II. Explanation of property tax statements
(school only)
- III. Discussion of TAXES payable 2014
- IV. 2013/2014 Budget Review



TRUTH IN TAXATION LAW

Minnesota's Truth in Taxation Law (M.S. 275.065) **requires that cities, counties and school districts follow certain requirements** before adopting a tax levy for the next year.



TRUTH IN TAXATION LAW

1. The law provides for a **mailed notice** to each property owner in the county ***listing the proposed change in the tax levies*** by the city, county and school district and the percent of increase.



TRUTH IN TAXATION LAW

2. The second part of the law pertains to a ***"Truth in Taxation" public hearing for each taxing jurisdiction.***



TWO TYPES OF SCHOOL DISTRICT LEVY AUTHORITY

1. “Voter Approved Levy”

2. State Approved “Other Local Levies”

1. VOTER APPROVED LEVY:

This includes a **OPERATING LEVY** for the support of classroom instruction, **DEBT SERVICE LEVY** for principal & interest payments on property, property improvements, and OPEB costs, **OPERATING CAPITAL** for remodeling and new construction, a **CAPITAL PROJECTS LEVY** for technology and other technology equipment purchases.

- **Operating levy#1**- an amount of **\$398.57*** /student was approved by the voters at the November 2012 Special Election which expires with taxes payable 2023.
- **Operating levy#2** – an increase to levy#1 in the amount of **\$880.50*** /student was approved by the voters at the November 2005 Special Election which expires with taxes payable in 2016.
- *** Operating levy dollar amounts have changed based on new student weighting for FY15.**

1. VOTER APPROVED LEVY, Cont'd:

- **Debt service levy** is for loan payments on property improvements that will be paid off in 2025.
- **OPEB debt service levy** Payment of other post retirement benefits. Bonds will be paid off in 2027.
- **Technology levy** Initially approved by the Richfield voters in 2003, it was renewed in a Special Election along with an increase in November 2013.
- **Location Equity Levy** Conversion of \$424 of existing operating levy to board approval. No Additional Levy Authority. Appears under “Other Local Levy”



2. STATE APPROVED “OTHER LOCAL LEVIES”

This includes levies for specific purposes which are based upon **formulas set by the state legislature**. The school district has some discretion in determining whether we need to levy to the limit set by law or a reduced amount.

- **Safe Schools**
- **Health & Safety**
- **Building Leases**
- **Health Benefits**
- **Re-employment Insurance**
- **Community Education**
- **Achievement & Integration**
- **Deferred Maintenance**
- **Career Technical**
- **Location Equity Levy included with “other local levies”.**



DISCUSSION OF TAXES

PAYABLE 2014



TERMINOLOGY

**THE SCHOOL DISTRICT
LEVY CERTIFICATION
2013 PAYABLE 2014**

**for FY15
or
SCHOOL YEAR
2014-15**



The RICHFIELD PUBLIC SCHOOL DISTRICT is:

- **An independent taxing authority.**
- **Independent of the City of Richfield and the Hennepin County taxing authorities.**
- **Student enrollment drive the revenue received, not property values.**



SEVEN VARIABLES WHICH AFFECT PROPERTY TAXES:

- 1. Changes in market values**
- 2. Changes in class rates**
- 3. Homestead Market Value Exclusion**
- 4. Changes in student enrollment**
- 5. Changes in local levy
(State Approved special levies)**
- 6. Abatements & fiscal disparities**
- 7. Property tax refunds**



1. Change in Market Value

(from 2014 Property Tax Statement)

Homestead property

1st Property

Taxable Market Value for 2013 taxes: \$153,510

Taxable Market Value for 2014 taxes: \$157,870

+ 2.84% INCREASE

2nd Property

Taxable Market Value for 2013 taxes: \$429,000

Taxable Market Value for 2014 taxes: \$414,000

- 3.50% DECREASE



Changes in market value

The changes in market value **are not** under the control of the Richfield Public School's, Board of Education. They were discussed at the local board of review and county board of equalization hearings.

If your property is a qualifying homestead, your taxable market value may include recent **home improvements**.

2. Change in Class Rates

(no change in 2014)

Payable 2013 Rates

Payable 2014 Rates

Residential

Up to \$500,000 value	1.00%	Up to \$500,000 value	1.00%
Over \$500,000 value	1.25%	Over \$500,000 value	1.25%

Commercial

Up to 150,000 value	1.50%	Up to 150,000 value	1.50%
Over 150,000 value	2.00%	Over 150,000 value	2.00%

Apartment

Regular	1.25%	Regular	1.25%
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Residential (Non-homestead)

Up to \$500,000 value	1.00%	Up to \$500,000 value	1.00%
Over \$500,000 value	1.25%	Over \$500,000 value	1.25%



3. HOMESTEAD MARKET VALUE EXCLUSION

- Reduces the calculation of “taxable market value” on residential homesteads with a market value of less than \$413,000, by excluding a portion from the taxable market value.
- Maximum “exclusion” is on a home valued at \$76,000, no exclusion for homes with a value of \$413,000 or more.
- The exclusion reduces the total tax base for the political subdivision and ***therefore affects tax rates and the taxes of all properties.***



HOMESTEAD MARKET VALUE EXCLUSION

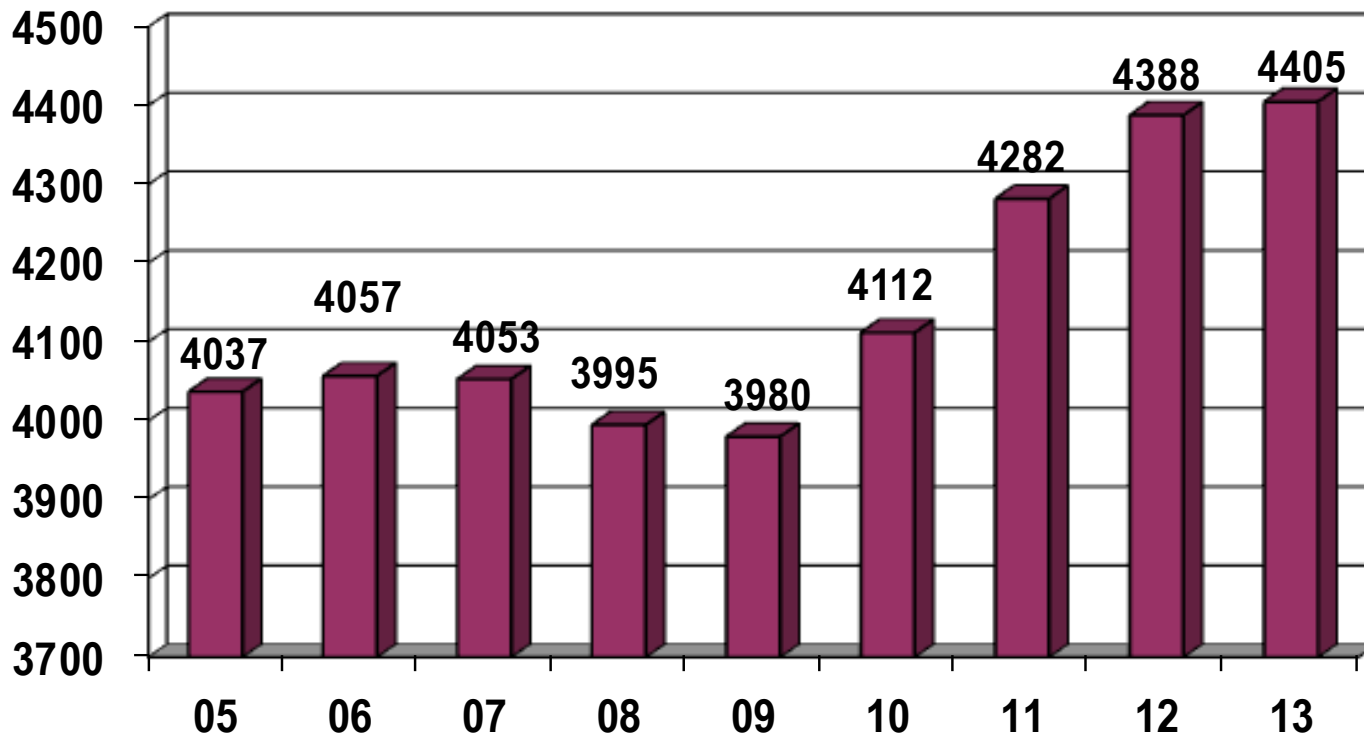
○ IMPACT ON TAXES

- **State money is no longer reducing total taxes:** Since there will be no state property tax credit the entire property tax levy will be paid by taxpayers.
- **Reduction in taxable market value increases tax rates:** With total taxable market value being reduced by the exclusion, raising the same total levy as the prior year requires a higher property tax rate.

4. Changes in Student Enrollment

(levy increases/decreases with increase/decline in student enrollment)

October 1st Count





5. Changes in Local Levy

The State's formula for the general education local levy revenue (\$415/student) was shifted to state aid for taxes payable in 2002.

The state's share of school funding has continued to decline since 2002 in proportion to the local levy with the school's increasing dependence upon state approved special levies not requiring voter approval.

For taxes payable 2014 the State added a new Student Achievement Levy which is a partial replacement of the general education local levy. This levy is a shift from aid to levy, there is no additional funding.



6. Abatements & Fiscal Disparities

The amount of local tax relief from fiscal disparities is substantially reduced from the taxes payable 2001 to taxes payable in 2014. The School District has become a net loser in the Fiscal Disparities resource pool.



7. Property Tax Refunds

(changed in 2014)

The regular or circuit breaker refund in the amount up to \$2,580 (was \$2,460) is available to households with an income of \$105,500 (was \$100,780) or less.

The largest refund goes to residents with high property taxes & low income.



Property tax refunds - cont.

(no change in 2014)

Special Refunds or Targeting is available with no income limitation for total property tax increases greater than 12% and at least \$100 over previous year's tax using form M1-PR schedule A.

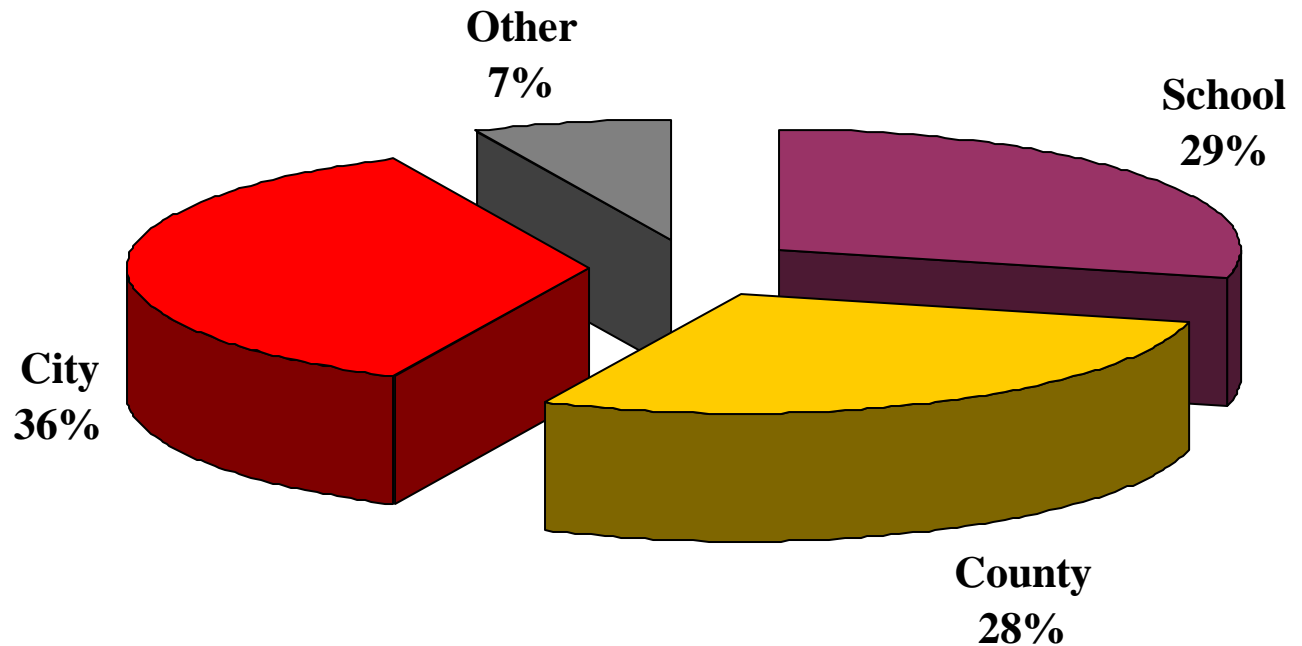
The refund amount is 60% of the increase above \$100 or 12% whichever the greatest. Maximum refund is \$1,000 per tax payer.



YOUR
SCHOOL TAXES
PAYABLE 2014

Your Property Tax Dollar for 2013

11/22/13 Ehlers



Other special taxing authorities may include Solid Waste Fee, Water Shed, Sewer, Metro Transit, Metro Mosquito, Airports Commission, State General Tax, Housing Redevelopment Authority, Economic Development Authority, etc.

MAXIMUM SCHOOL LEVY AUTHORITY FOR TAXES PAYABLE 2014

(SCHOOL TAX REPORT DATA)

	2012 TAX	2013 TAX	2014 TAX	\$ CHANGE	%
Voter Approved General	\$7,400,506	\$7,792,336	\$6,162,505	(\$1,629,831)	(20.9%)
Voter Approved Debt	\$2,738,191	\$3,045,019	\$3,101,897	\$56,878	1.9%
Other Local*	\$6,392,790	\$6,807,086	\$9,096,639	\$2,289,553	33.6%
School Dist. Total	\$16,531,487	\$17,644,441	\$18,361,041	\$ 716,600	4.1%

- Includes: Location Equity Levy

OPERATING REFERENDUM LEVY

Source	Actual Levy FY14 Payable in 2013	Proposed Levy FY15 Payable in 2014	FY15 Change
Operating Referendum Levy	\$6,287,432	\$3,853,045	(\$2,434,387)
State Equalization Aid	\$222	\$388,787	\$388,565
Location Equity Levy	\$0	\$2,103,379	\$2,103,379
Total Levy	\$6,287,432	\$5,956,424	(\$331,008)
Total Aid	\$222	\$388,787	\$388,565
Total Revenue	\$6,287,654	\$6,345,211	\$57,557

Pay 2014

LOCAL LEVY REVENUE SUMMARY

	2011 Pay 12 2012-13	2012 Pay 13 2013-14	2013 Pay 14 2014-15	\$ Change
GENERAL FUND				
Equity	\$448,456	\$544,873	\$617,241	\$72,368
Operating Capital	\$766,774	\$775,718	\$572,287	(\$203,431)
Deferred Maintenance	\$286,901	\$314,284	\$333,620	\$19,336
Alt. Teacher Comp	\$0	\$0	\$408,727	\$408,727
Achievement & Integration	\$184,319	\$190,987	\$371,681	\$180,694
Referendum Levy	\$6,027,968	\$6,406,186	\$3,902,505	(\$2,503,681)
Referendum - Technology	\$1,372,538	\$1,386,150	\$2,260,000	\$873,850
Location Equity Levy	\$0	\$0	\$2,103,379	\$2,103,379
Safe Schools	\$191,267	\$209,522	\$238,972	\$29,450
Student Achievement Levy	\$0	\$0	\$120,747	\$120,747
Health and Safety Levy	\$448,881	\$545,086	\$212,796	(\$332,290)
Building/ Lease Levy	\$731,193	\$868,046	\$959,828	\$91,782
Health Benefits Levy	\$66,074	\$43,687	\$89,690	\$46,003
Re-employment Insurance	\$94,157	\$70,163	\$48,733	(\$21,430)
Career Technical	\$93,997	\$80,198	\$90,364	\$10,166
Adjustments-Levy	\$180,099	\$244,368	\$81,041	(\$163,327)
LEVY TOTAL	\$10,892,623	\$11,679,268	\$12,411,611	\$732,343

Basic Levy	\$287,666	\$287,666	\$287,666	\$0
Early Child & Family Lev	\$139,225	\$143,924	\$140,329	(\$3,595)
Home Visiting Levy	\$3,869	\$3,598	\$3,424	(\$174)
Voc Handicapped Levy	\$5,429	\$5,429	\$5,429	\$0
Adjustments	\$6,851	\$7,925	\$3,069	(\$4,856)
TOTAL	\$443,040	\$448,542	\$439,917	(\$8,625)

DEBT SERVICE FUND

Debt Levy	\$3,131,672	\$3,142,230	\$3,194,100	\$51,870
Debt Excess	(\$650,000)	(\$300,000)	(\$200,000)	\$100,000
Alternative Bond	\$1,274,849	\$1,274,849	\$1,274,849	\$0
OPEB Bond	\$1,370,835	\$1,268,460	\$1,254,022	(\$14,438)
Debt Excess (OPEB)	\$0	(\$25,000)	(\$75,000)	(\$50,000)
Adjustments	\$68,467	\$156,092	\$61,542	(\$94,550)
TOTAL	\$5,195,823	\$5,516,631	\$5,509,513	(\$7,118)

LEVY TOTAL all funds \$16,531,487 \$17,644,441 \$18,361,041 **\$716,600**



THE SCHOOL DISTRICT LOCAL LEVY

**MAXIMUM PAYABLE 2013
LEVY CERTIFICATION
4.1% increase OR \$716,600**

Major changes come from:

- Technology Referendum– \$ 870K
- Health & Safety - **-\$330K**
- Alt Teacher Comp (Q-Comp) - \$408K
- Operating Capital - **-\$200K**
- TIF/Abatement Adjustments - **-\$260K**
- General Debt Excess - **-\$200K**
- OPEB Debt Excess - **-\$75K**



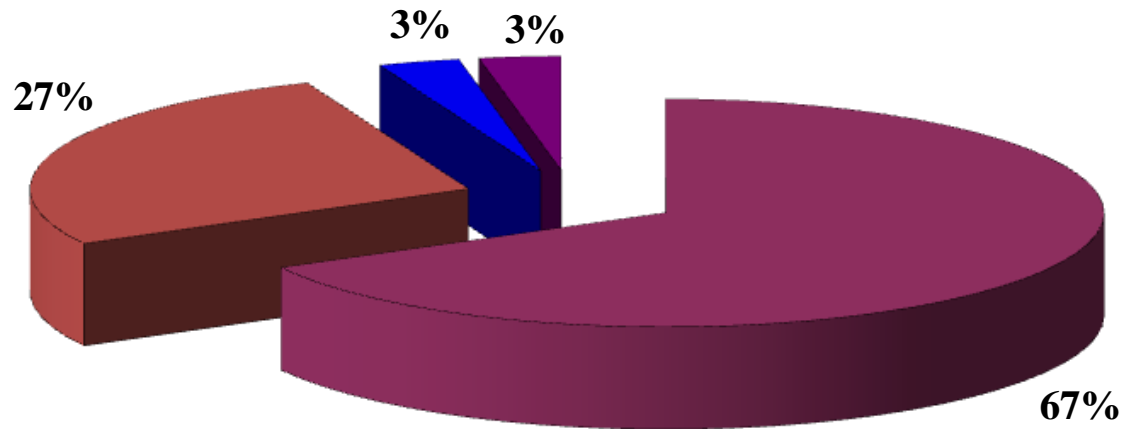
SCHOOL DISTRICT BUDGET

**Current school year
2013 – 2014**

SOURCE OF SCHOOL REVENUES

2013-14

(All Funds \$61,737,940 Less OPEB Trust & OPEB Debt Service)



■ State Aid

■ Local Levy

■ Federal/Grants

■ Rentals/Fees & Investments



THREE REVENUE FUNDS SUPPORTED BY THE LOCAL LEVY (Food Service & Alt. Bond N/I)

GENERAL FUND

- Provides funding for the districts **instructional programs**, also regular and special education **transportation** and for the purchase of instructional **equipment**, and building **maintenance**. (based on student enrollment)

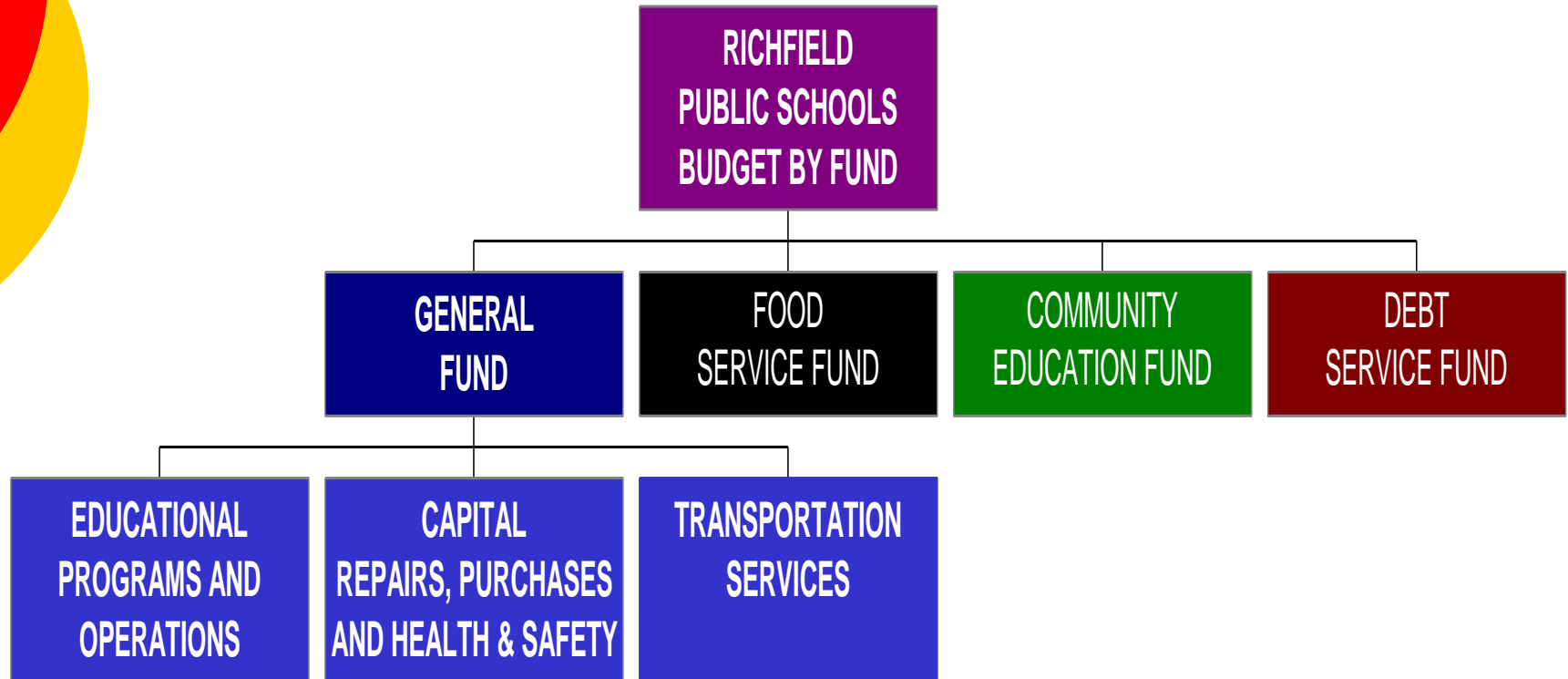
COMMUNITY EDUCATION FUND

- Provides for **Community Education programming** and is based upon Richfield's adult population and children under age 5.

DEBT SERVICE

- Used for servicing repayment of principal and interest on outstanding bonded debt for purchases of properties and improvements, and for other post-employment benefits.

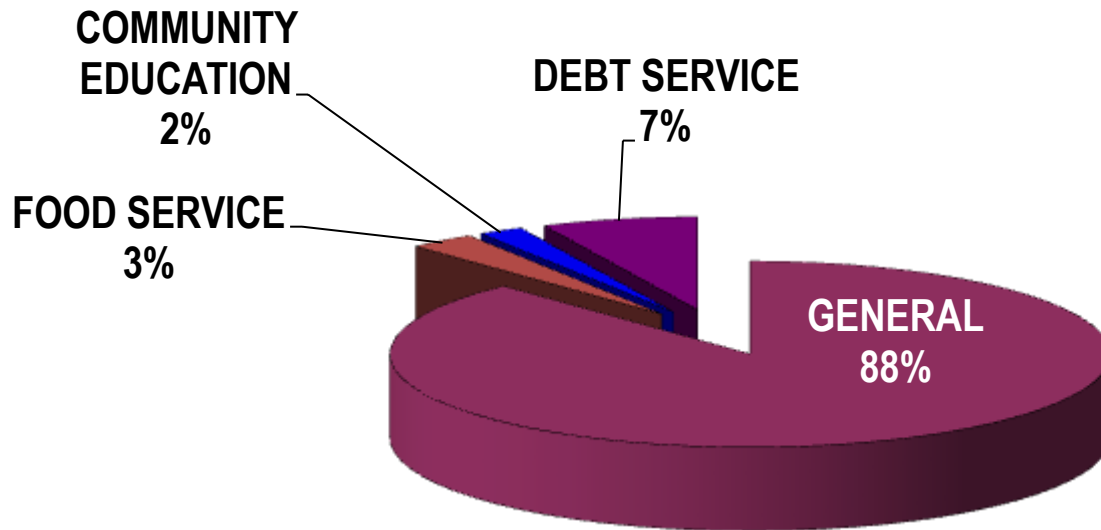
GOVERNMENTAL FUND ACCOUNTING



EXPENDITURE BUDGET BY FUND

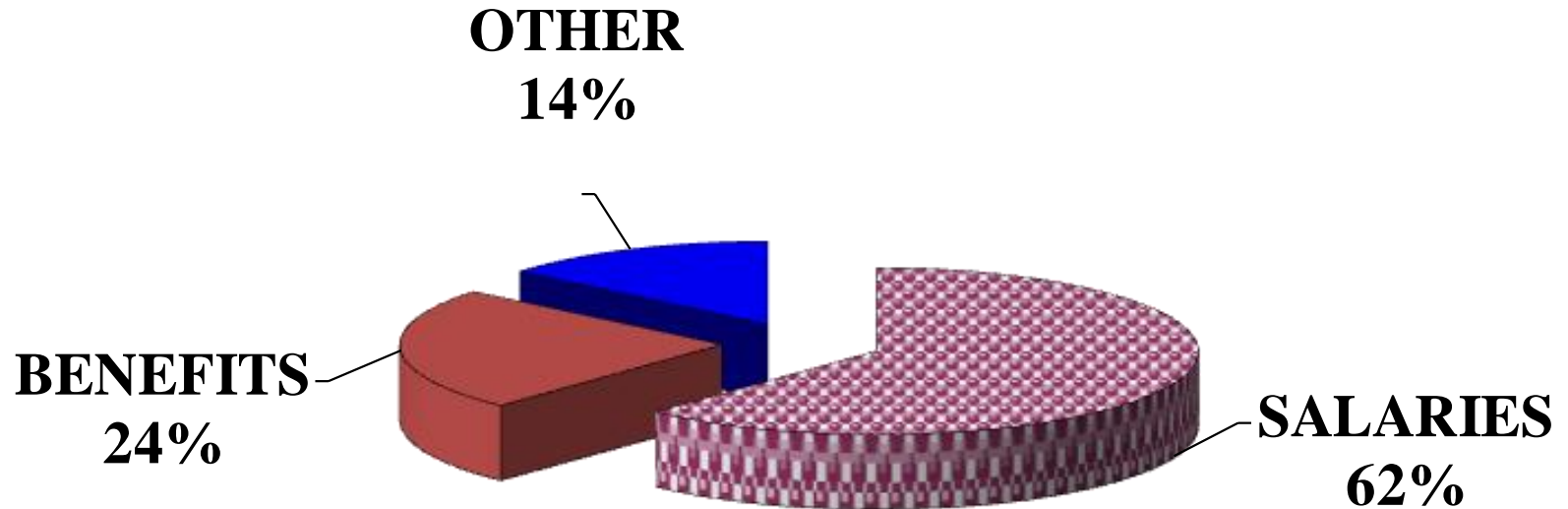
2013-14

(\$61,657,151 w/o OPEB Trust & OPEB Debt Service)



GENERAL FUND EXPENDITURE BUDGET 2013-14

(\$47,243,444 w/o Transportation, Capital & Student Activities)



RICHFIELD PUBLIC SCHOOLS
2013-14 EXPENDITURE BUDGET OVERVIEW
DECEMBER 2, 2013


(without Student Activities, Internal Services, Alt. Bonding & OPEB Trust)

FUNDS	2012-13 Audit	2013-14 Budget	Percent Change
General	\$46,555,660	\$ 47,243,444	1.5%
Transportation	\$2,823,152	\$2,384,701	-15.5%
Capital Outlay	\$4,707,207	\$4,287,420	-8.9%
Food Service	\$2,075,237	\$2,047,349	-1.3%
Community Education	\$1,216,975	\$1,262,497	3.7%
Debt Service	\$4,201,465	\$4,256,740	1.3%
	\$ 61,579,696	\$ 61,482,151	-0.1%

RICHFIELD PUBLIC SCHOOLS
2013-14 REVENUE BUDGET OVERVIEW
DECEMBER 2, 2013

(without Student Activities, Internal Services, Alt. Bonding & OPEB Trust)

FUNDS	2012-13 Audit	2013-14 Budget	Percent Change
General	\$ 46,340,197	\$ 47,275,408	2.0%
Transportation	\$2,823,152	\$2,384,701	-15.5%
Capital Outlay	\$4,591,417	\$4,347,115	-5.3%
Food Service	\$2,229,188	\$2,047,500	-8.1%
Community Education	\$1,276,356	\$1,269,647	-0.5%
Debt Service	\$3,795,594	\$4,238,569	11.7%
	\$61,055,904	\$ 61,562,940	0.8%



Statement of FY14 Revenues, Expenditures and Projected General Fund Balances

(Ending 6-30-14 without Student Activities)

Fund Desc.	Rev. Budget	Exp. Budget	Unreserved Fund Bal.
General	\$47,275,408	\$47,243,444	\$1,206,975
Transportation	\$ 2,384,701	\$ 2,384,701	\$ 0
Capital	<u>\$ 4,347,115</u>	<u>\$ 4,287,420</u>	<u>\$ 205,299</u>
	\$54,007,224	\$53,915,565	\$1,412,274

Adopted Budget data as of 6-18-13

**RESOLUTION ESTABLISHING
FINAL SCHOOL DISTRICT TAX LEVIES PAYABLE 2014
AUTHORIZED FOR GENERAL AND SPECIAL PURPOSES**

WHEREAS, Pursuant to Minnesota Statutes the School Board of Independent School District No. 280, Richfield, Minnesota, is authorized to make the following proposed tax levies for general purposes:

Maintenance (General Fund)	\$12,411,610.92
Community Education	\$439,916.99
Debt	\$4,319,691.99
OPEB Debt	\$1,189,820.88
TOTAL PROPOSED SCHOOL TAX LEVY	\$18,361,040.78
PRPOSED LEVY REDUCTION/ADJUSTMENTS	-\$0.00
NET SCHOOL TAX LEVY after adjustments	\$18,361,040.78
FINAL SCHOOL TAX LEVY	<u>\$18,361,040.78</u>

NOW THEREFORE, Be it resolved by the School Board of Independent School District No. 280, Richfield, Minnesota, that the certified levy voted on in 2013 and to be payable in 2014 is set at \$18,361,040.78. The clerk of the School Board is authorized to certify the proposed levy to the County Auditor of Hennepin County, Minnesota.

Tax Impact of Proposed Levy

(from 2014 Property Tax Statement)

Homestead property payable 2014

	<u>Preliminary</u>	<u>Final Max.</u>
TMV: \$100,000	\$ -39.86/yr.	\$ 9.74
TMV: \$164,100	\$ -73.60/yr.	\$23.04
TMV: \$250,000	\$-118.79/yr.	\$40.89
TMV: \$500,000	\$-247.40/yr.	\$90.50



Audience comments?



THE END