



DISTRICT196

One District. Infinite Possibilities.

District 196

Public Hearing for Taxes Payable in 2020

DECEMBER 9, 2019

PRESENTED BY:

MARK STOTTS,

DIRECTOR OF FINANCE &
OPERATIONS

Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 30th
- After 6:00 PM
- May be part of regularly scheduled meeting
- May adopt final levy at same meeting
- Must allow for public comments

...and Presentation of:

- Current year budget
- Prior year actual revenue & expenditures
- Proposed property tax levy including % increase
- Specific purposes & reasons taxes are being increased

MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1

“UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The *legislature shall make such provisions by taxation or otherwise* as will secure a thorough and efficient system of public schools throughout the state.”

As a result...

Funding is Highly Regulated

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by voters)

State also authorizes school board to submit referendums for operating and capital needs to voters for approval

Challenge: State Set Basic General Education Formula Lags Inflation

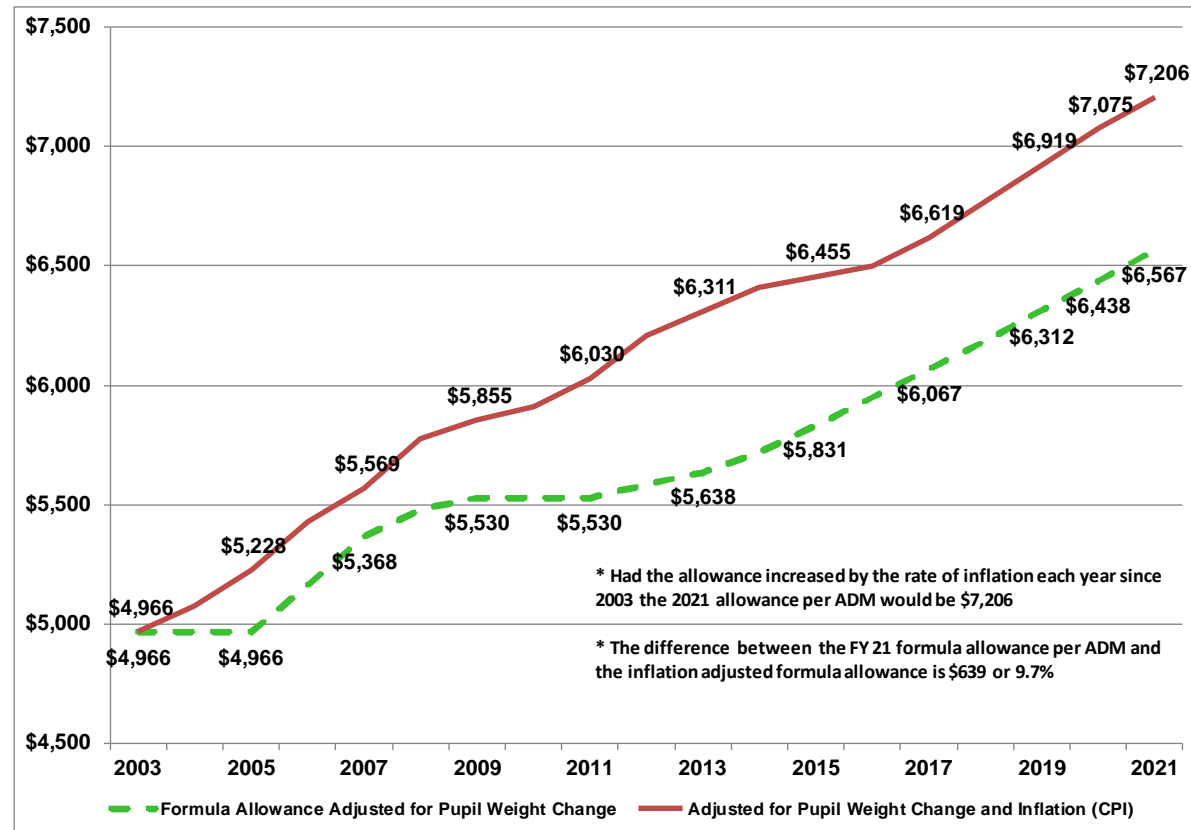
Since 2002-03, state General Education Revenue formula has not kept pace with inflation

For Fiscal Year 2019-20, Legislature approved an increase of 2% or \$126 per year, and for Fiscal Year 2020-21 an increase of 2% or \$129 was approved

Per-pupil allowance for Fiscal Year 2020-21 of \$6,567 would need to increase by another \$639 (9.7%) to have kept pace with inflation since 2002-03

Basic General Education Formula Lags Inflation

General Education Formula Allowance, 2003-2021
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE August 2019 Inflation Estimates

Result: Growing Dependence on Referendum Revenue

In 1992-93, 65% of districts had operating referendum revenue averaging \$332 per pupil

For 2020-21, all Minnesota districts have referendum revenue and/or local optional revenue levy authority averaging \$1,475 per pupil

- Referendum revenue including Local Optional Revenue (LOR) provides 13.2% of General Fund operating revenue
- Of this amount, \$751 is a voter approved operating referendum, and \$724 is Local Optional Revenue (LOR)

School District Levy Cycle Differs from City/County Levy Cycle

City/County:

- Budget Year same as calendar year
- 2020 taxes provide revenue for 2020 calendar year budget

Schools:

- Budget year begins July 1st and coincides with school year
- 2020 taxes provide revenue for 2020-21 school fiscal year
- Budget will be adopted in June 2020

Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information and prior year actual financial results be presented at this hearing. The Fiscal 2020-21 budget will be set in June 2020.

All school district budgets are divided into separate funds, based on purposes of revenue, as required by law

Our District's Funds:

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- Trust
- Internal Service
- OPEB* Trust
- OPEB* Debt Service

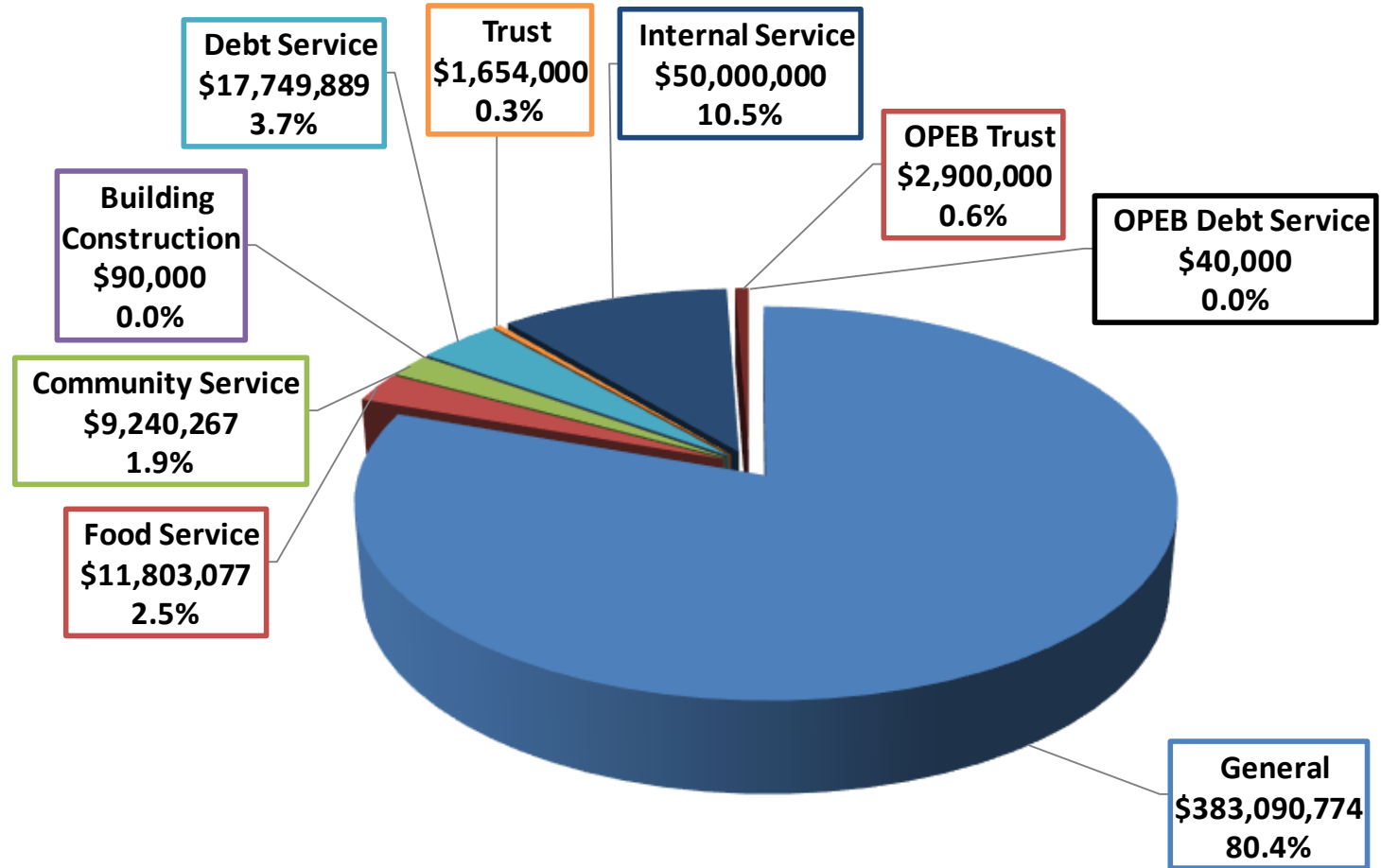
* Other Post-Employment Benefits

District 196
District Revenues and Expenditures
Actual for FY 2019, Budget for FY 2020

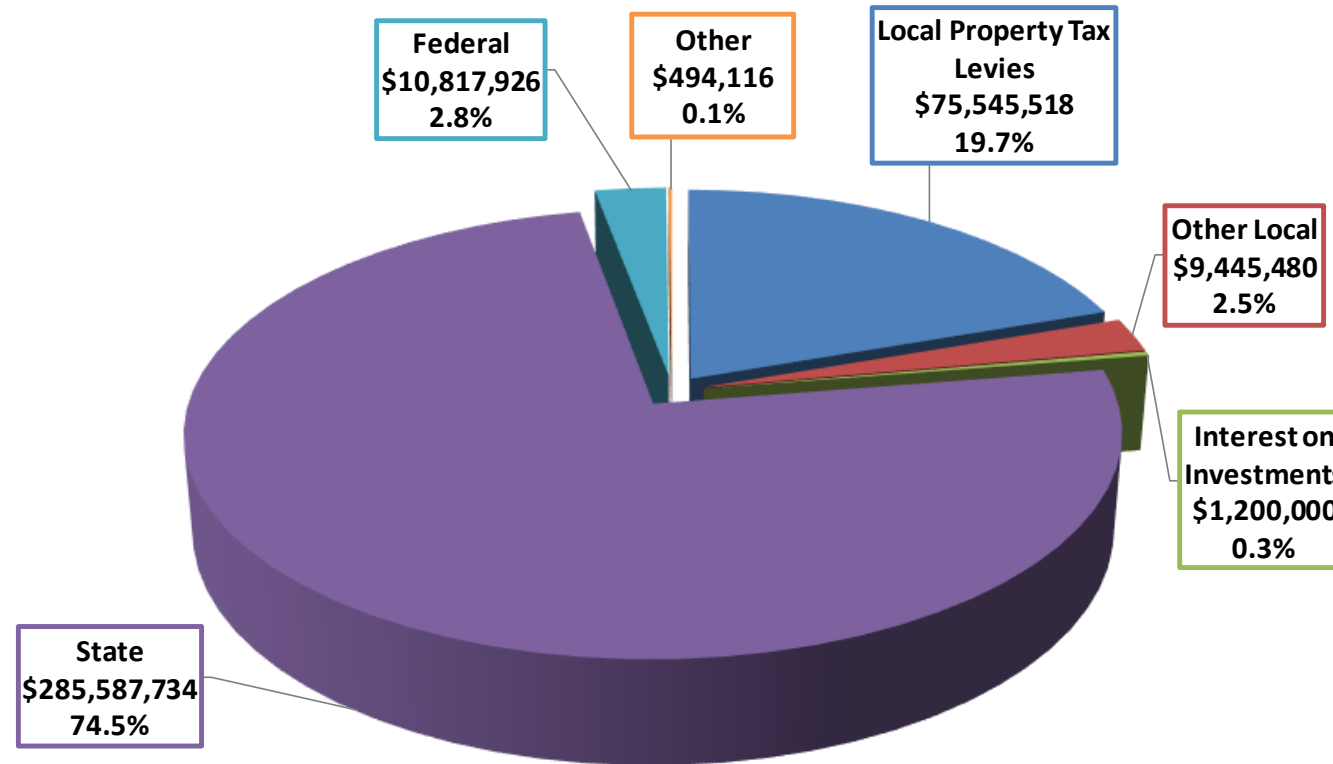
FUND	FISCAL 2019 BEGINNING FUND BALANCES	2018-19 ACTUAL REVENUES AND TRANSFERS IN	2018-19 ACTUAL EXPENDITURES & TRANSFERS OUT	JUNE 30, 2019 ACTUAL FUND BALANCES	2019-20 BUDGET REVENUES AND TRANSFERS IN	2019-20 BUDGET EXPENDITURES & TRANSFERS OUT	JUNE 30, 2020 PROJECTED FUND BALANCES
General/Restricted	\$10,369,642	\$26,538,091	\$24,918,961	\$11,988,772	\$24,672,667	\$26,775,589	\$9,885,850
General/Other	34,099,065	350,620,243	345,781,066	38,938,242	358,418,107	350,124,935	47,231,414
Food Service	2,980,037	13,598,688	12,462,887	4,115,838	11,803,077	11,995,263	3,923,652
Community Service	2,327,940	9,205,709	8,739,559	2,794,090	9,240,267	9,101,350	2,933,007
Building Construction	36,701,179	532,140	31,205,634	6,027,685	90,000	2,000,000	4,117,685
Debt Service	1,497,696	7,184,149	9,236,469	(554,624)	17,749,889	17,111,170	84,095
Trust	545,043	1,673,854	1,589,502	629,395	1,654,000	1,650,000	633,395
Internal Service	7,490,103	53,210,457	52,430,743		50,000,000	49,456,001	
OPEB* Irrevocable Trust	53,956,904	5,311,337	4,783,071	54,485,170	2,900,000	4,516,000	52,869,170
OPEB* Debt Service	2,095,005	9,741,333	9,581,725	2,254,613	40,000	500	2,294,113
Total All Funds	\$152,062,614	\$477,616,001	\$500,729,617	\$120,679,181	\$476,568,007	\$472,730,808	\$123,972,381

*Other Post-Employment Benefits

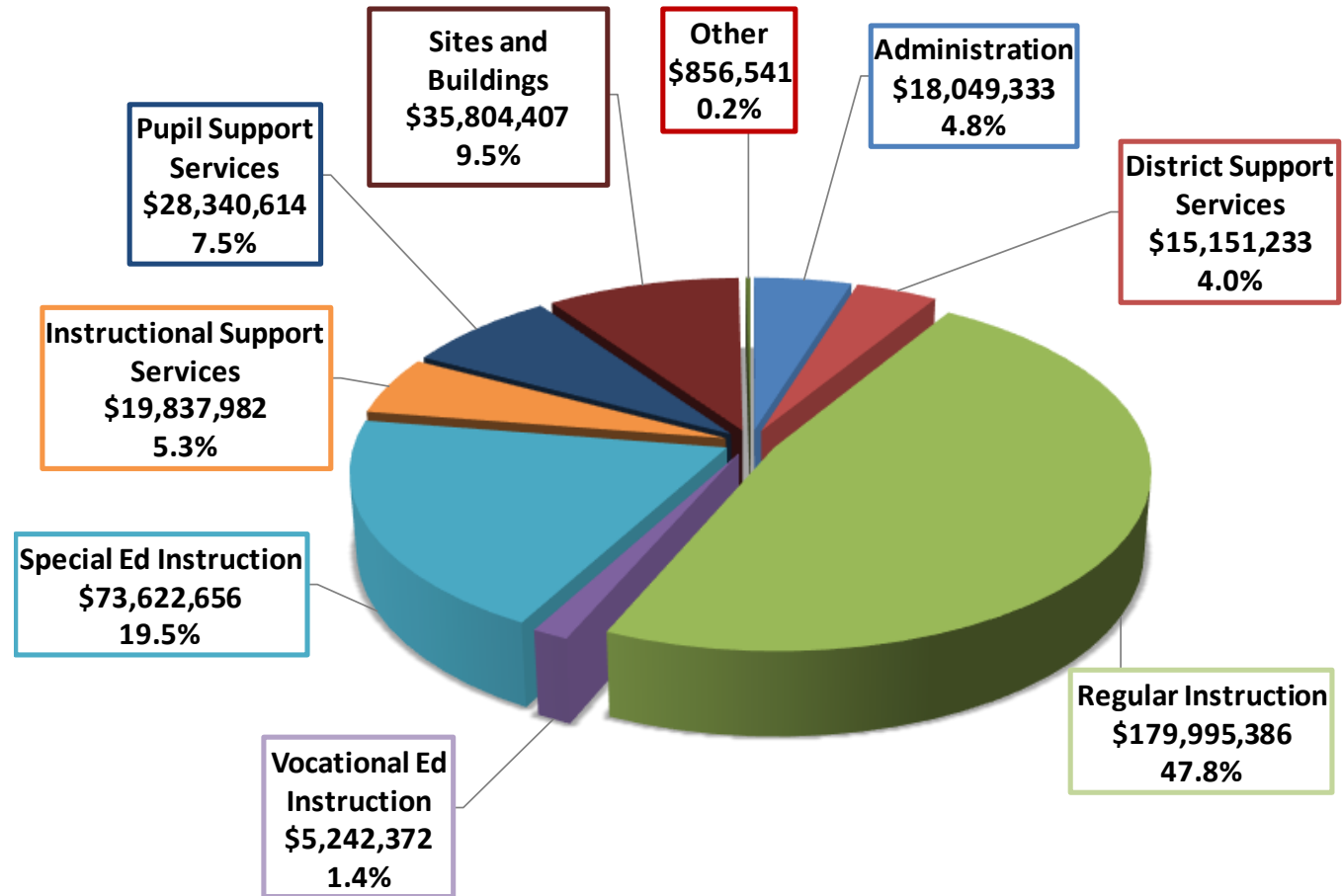
District 196
Revenue - All Funds
2019-20 Budget \$476,568,007



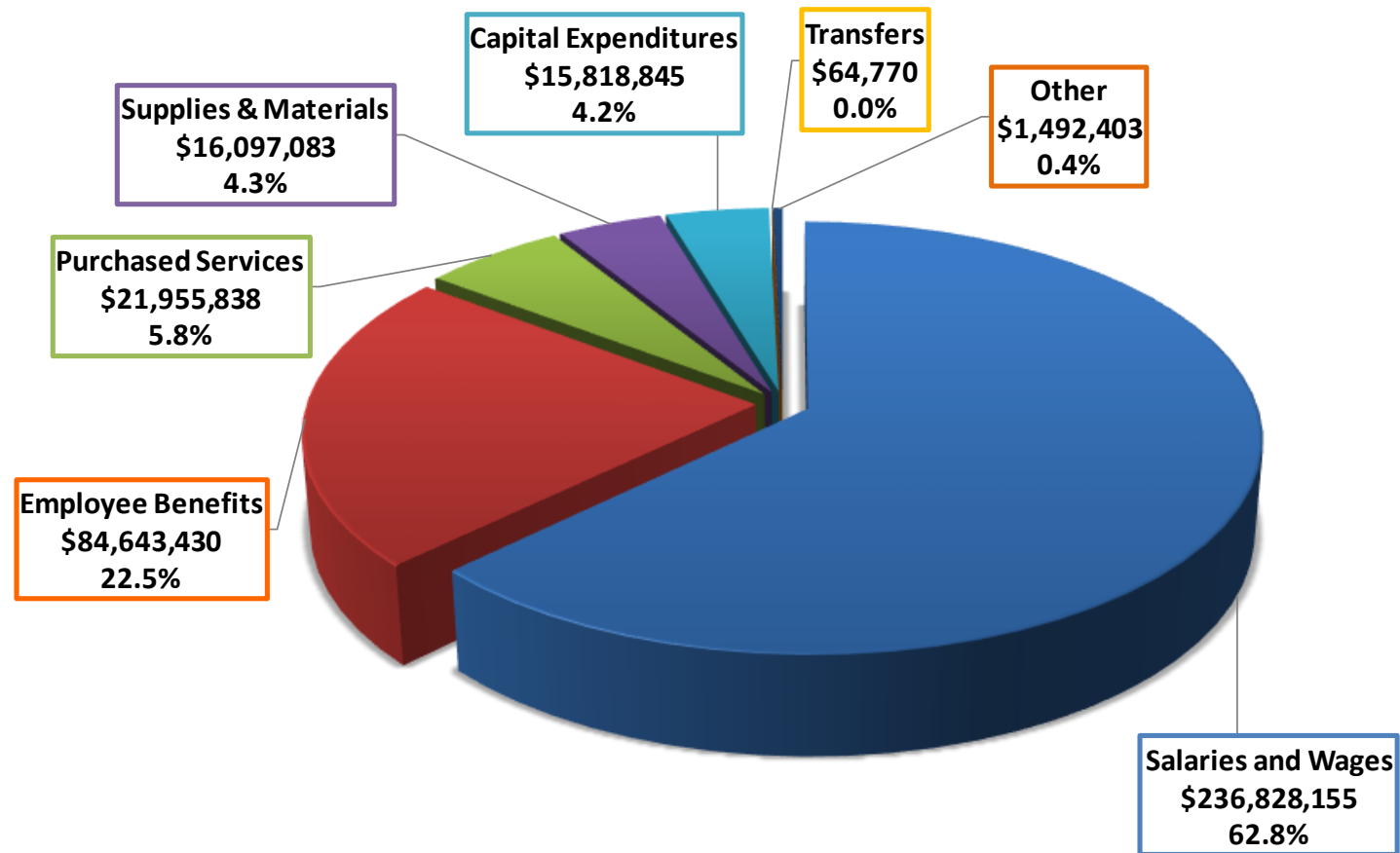
District 196
General Fund Revenue
2019-20 Budget \$383,090,774



District 196
General Fund Expenditures by Program
2019-20 Budget \$376,900,524



District 196
General Fund Expenditure by Object
2019-20 Budget \$376,900,524



Property Tax Background

Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located

Each taxing jurisdiction sets own tax levy, often based on limits in state law

County sends bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions

School District Property Taxes

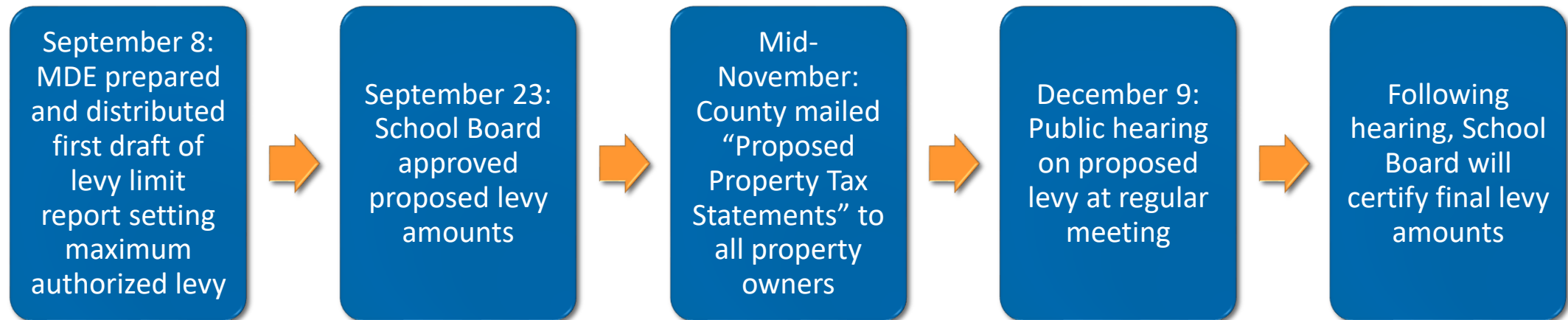
Each school district may levy taxes in over 40 different categories

“Levy limits” (maximum levy amounts) for each category are set by

- State law
- Voter approval

Minnesota Department of Education (MDE) calculates detailed levy limits for each district

Schedule of Events in Approval of District's 2019 (Payable 2020) Tax Levy



Overview of Proposed Levy Payable in 2020

Total 2020 proposed property tax levy is an increase from 2019 of \$20,776,910 (21.8%)

Includes increase due to operating referendum levy question approved by voters in election held on November 5th

State law requires that we explain reasons for major increases in levy

Some decreases in specific levies will also be explained

ISD 196**Comparison of Actual Tax Levy Payable in 2019 to Proposed Levy Payable in 2020**

Fund Levy Category	Actual Levy Payable in 2019	Proposed Levy Payable in 2020	\$ Change	% Change
General				
Voter Approved Referendum	\$34,971,543	\$50,436,183	\$15,464,640	
Local Optional Revenue (LOR)	13,580,042	20,067,394	6,487,352	
Total Referendum and LOR	48,551,585	70,503,577	21,951,993	
Equity	3,730,108	2,630,993	(1,099,115)	
Capital Projects - Technology	5,683,362	6,149,636	466,274	
Operating Capital	2,005,570	2,043,290	37,719	
Alternate Teacher Compensation	2,751,732	2,830,086	78,354	
Long Term Facilities Maintenance	7,887,576	8,130,622	243,046	
Instructional Lease	2,451,748	2,399,672	(52,076)	
Other	3,986,131	4,208,503	222,372	
Prior Year Adjustments	(1,273,074)	(2,465,491)	(1,192,417)	
Total, General Fund	\$75,774,738	\$96,430,887	\$20,656,149	27.3%
Community Service				
Basic Community Education	\$1,073,347	\$1,092,904	\$19,557	
Early Childhood Family Education	598,901	600,337	1,435	
Other	18,830	19,836	1,006	
Prior Year Adjustments	574	7,743	7,169	
Total, Community Service Fund	\$1,691,652	\$1,720,819	\$29,167	1.7%
Debt Service				
Voter Approved	\$17,523,629	\$17,907,667	\$384,038	
Long-Term Facility Maintenance	290,689	0	(290,689)	
Prior Year Adjustments	19,684	17,928	(1,756)	
Total, Debt Service Fund	\$17,834,002	\$17,925,595	\$91,593	0.5%
Total Levy, All Funds	\$95,300,392	\$116,077,302	\$20,776,910	21.8%
Subtotal by Truth in Taxation Categories:				
Voter Approved	58,651,168	73,928,782	15,277,614	
Other	36,649,224	42,148,520	5,499,296	
Total	\$95,300,392	\$116,077,302	\$20,776,910	21.8%

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause tax bill for an individual property to increase or decrease from year to year

- Changes in value of individual property
- Changes in total value of all property in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

ISD 196

Estimated Changes in School Property Taxes, 2017 to 2020

Based on 16.9% Cumulative Changes in Property Value from 2017 to 2020 Taxes

Type of Property	Estimated Market Value for 2017 Taxes	Actual Taxes Payable in 2017	Estimated Market Value for 2018 Taxes	Actual Taxes Payable in 2018	Estimated Market Value for 2019 Taxes	Actual Taxes Payable in 2019	Estimated Market Value for 2020 Taxes	Estimated Taxes Payable in 2020			Change in Taxes 2017 to 2020	Change in Taxes 2019 to 2020
								Without Ballot Question*	Approved Ballot Question*	Total		
Residential Homestead	\$171,138	\$802	\$179,695	\$819	\$190,476	\$850	\$200,000	\$846	\$200	\$1,046	\$244	\$196
	192,530	913	202,156	931	214,286	965	225,000	961	225	1,186	273	221
	213,922	1,023	224,618	1,043	238,095	1,081	250,000	1,076	250	1,326	303	245
	235,314	1,134	247,080	1,156	261,905	1,197	275,000	1,191	275	1,466	332	269
	245,155	1,185	257,412	1,207	272,857	1,250	286,500	1,243	286	1,529	344	279
	256,706	1,245	269,542	1,268	285,714	1,313	300,000	1,305	300	1,605	360	292
	278,099	1,355	292,004	1,380	309,524	1,428	325,000	1,420	325	1,745	390	317
	299,491	1,466	314,465	1,492	333,333	1,544	350,000	1,535	350	1,885	419	341
	320,883	1,577	336,927	1,605	357,143	1,660	375,000	1,650	375	2,025	448	365
Commercial/ Industrial #	342,275	1,687	359,389	1,717	380,952	1,776	400,000	1,765	400	2,165	478	389
	\$342,275	\$1,792	\$359,389	\$1,835	\$380,952	\$1,910	\$400,000	\$1,907	\$400	\$2,307	\$515	\$397
	427,844	2,266	449,236	2,319	476,190	2,412	500,000	2,407	499	2,906	640	494
	513,413	2,740	539,084	2,803	571,429	2,915	600,000	2,908	599	3,507	767	592
	641,766	3,452	673,854	3,529	714,286	3,668	750,000	3,659	749	4,408	956	740
Apartments and Res. Non-Homestead (2 or more units)	855,688	4,637	898,473	4,740	952,381	4,924	1,000,000	4,911	999	5,910	1,273	986
	\$342,275	\$1,893	\$359,389	\$1,919	\$380,952	\$1,978	\$400,000	\$1,966	\$400	\$2,366	\$473	\$388
	641,766	3,549	673,854	3,599	714,286	3,709	750,000	3,686	749	4,435	886	726
	855,688	4,732	898,473	4,798	952,381	4,945	1,000,000	4,915	999	5,914	1,182	969

* Ballot Question includes estimate of additional taxes for the operating referendum increase of \$627 per pupil approved by voters on November 5, 2019.

For commercial-industrial property, amounts above are for property in the City of Eagan. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

General Notes

1. The amounts in the table are based on school district taxes only, and do not include taxes for the city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2020 are preliminary, based on the best data available as of the date above.
3. For all examples of properties, taxes are based on changes in taxable market value of 5.0% from 2017 to 2018 taxes, 6.0% from 2018 to 2019, and 5.0% from 2019 to 2020.

Next Steps

1

Board will accept public
comments on proposed levy

2

Board will certify 2020
property tax levy



DISTRICT196

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Public Comments
