



Monticello Public Schools

Truth in Taxation

2014 Proposed Property Tax Levy

December 2, 2013 – 6:00 p.m.





Truth in Taxation Timeline

2013 Payable 2014 Levy

-for-

2014-2015 School Year

-or-

FY2015



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

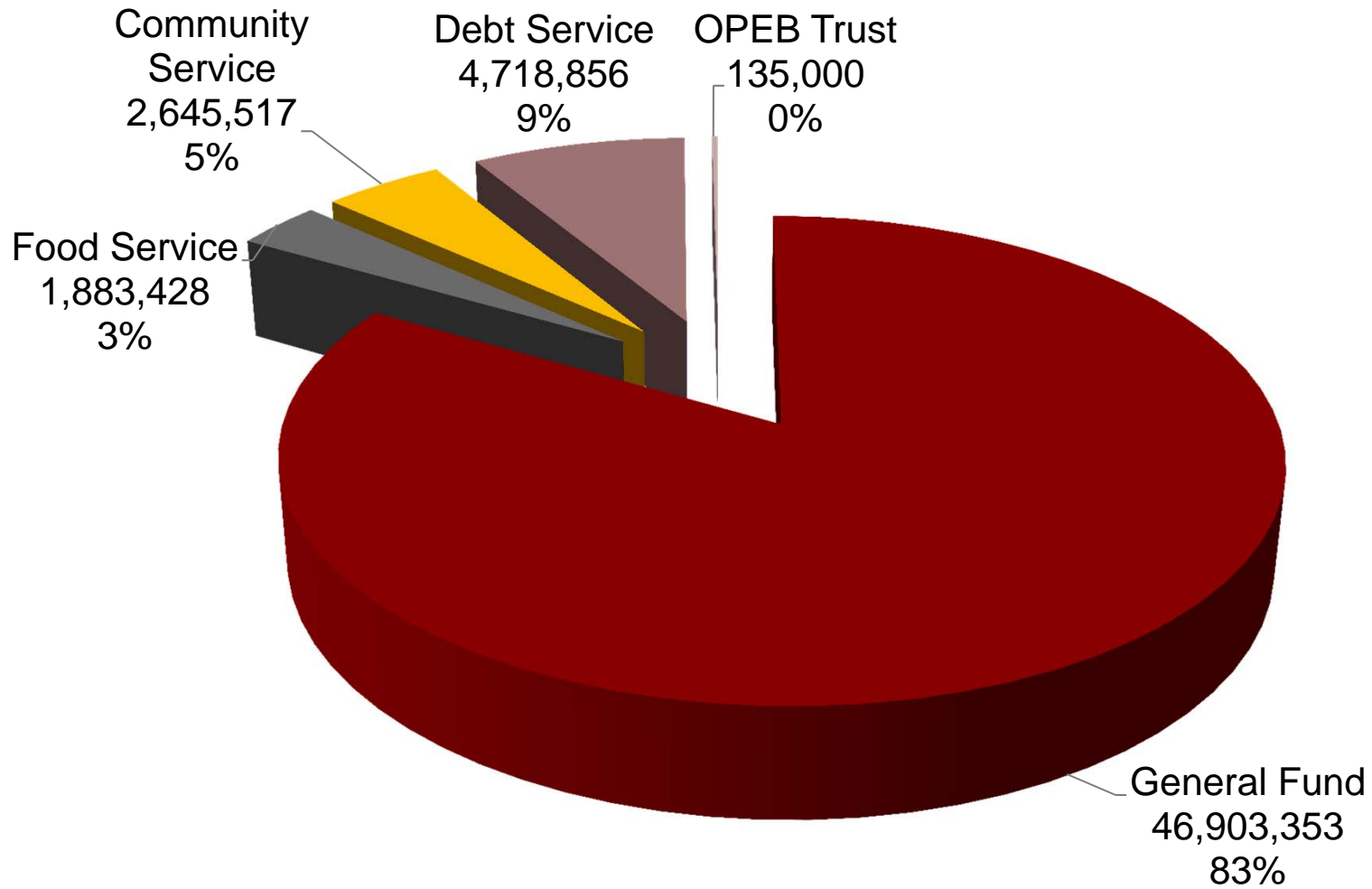


2013-14 Adopted Budget

	6/30/2013 Beginning Balance	Revenues	Expenditures	6/30/2014 Projected Balance
General Fund / Restricted	\$ 59,190	\$ 3,631,425	\$ 3,598,727	\$ 91,888
General Fund / Other	\$ 6,638,308	\$ 43,271,928	\$ 44,075,362	\$ 5,834,874
General Fund Total	\$ 6,697,498	\$ 46,903,353	\$ 47,674,089	\$ 5,926,762
Food Service fund	\$ 48,728	\$ 1,883,428	\$ 1,870,726	\$ 61,430
Community Service fund	\$ 561,558	\$ 2,645,517	\$ 2,705,168	\$ 501,907
Debt Service fund	\$ 1,205,976	\$ 4,718,856	\$ 4,889,400	\$ 1,035,432
OPEB Trust fund	\$ 1,791,193	\$ 135,000	\$ -	\$ 1,926,193
	\$ 10,304,953	\$ 56,286,154	\$ 57,139,383	\$ 9,451,724

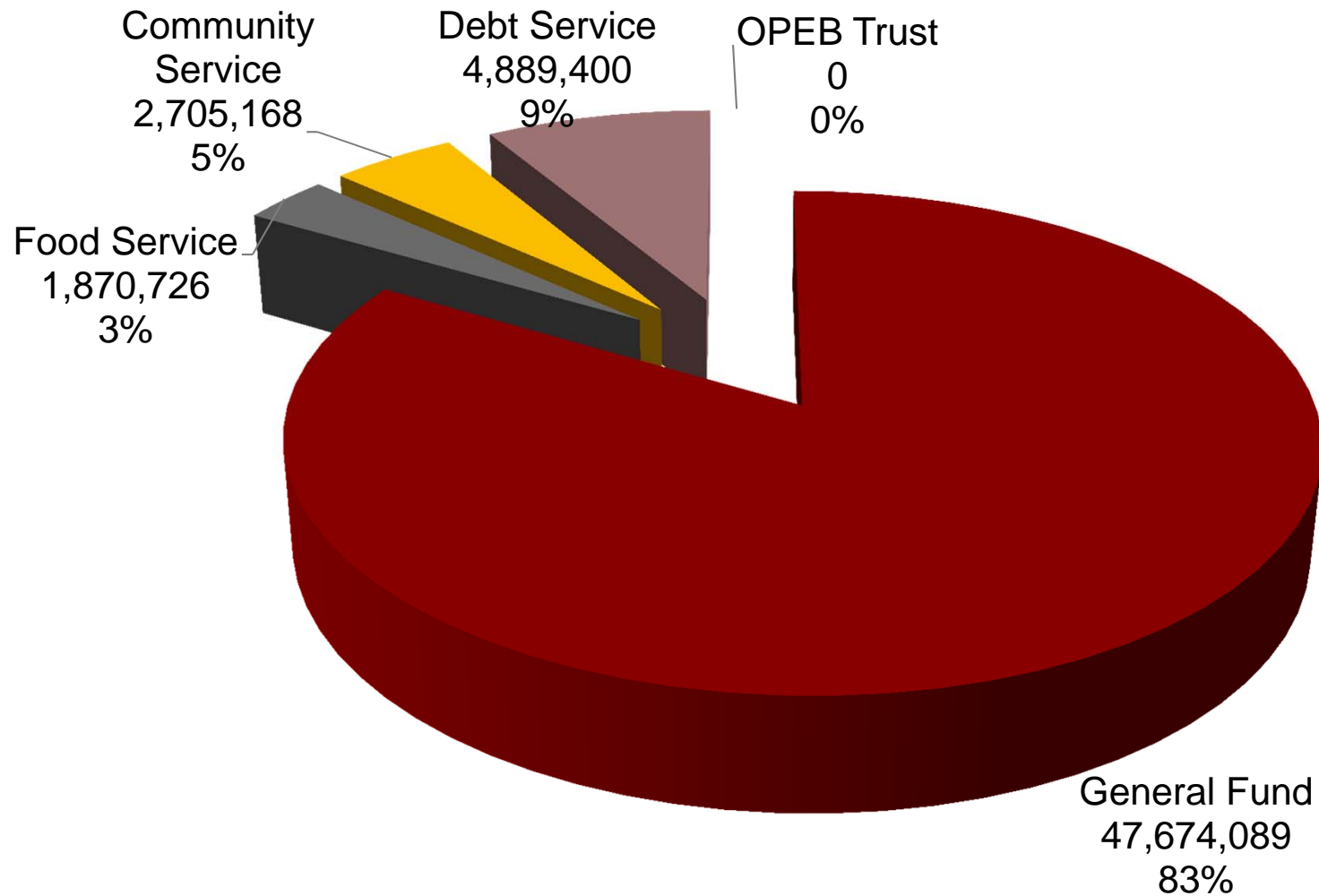


2013-14 Revenue Budget



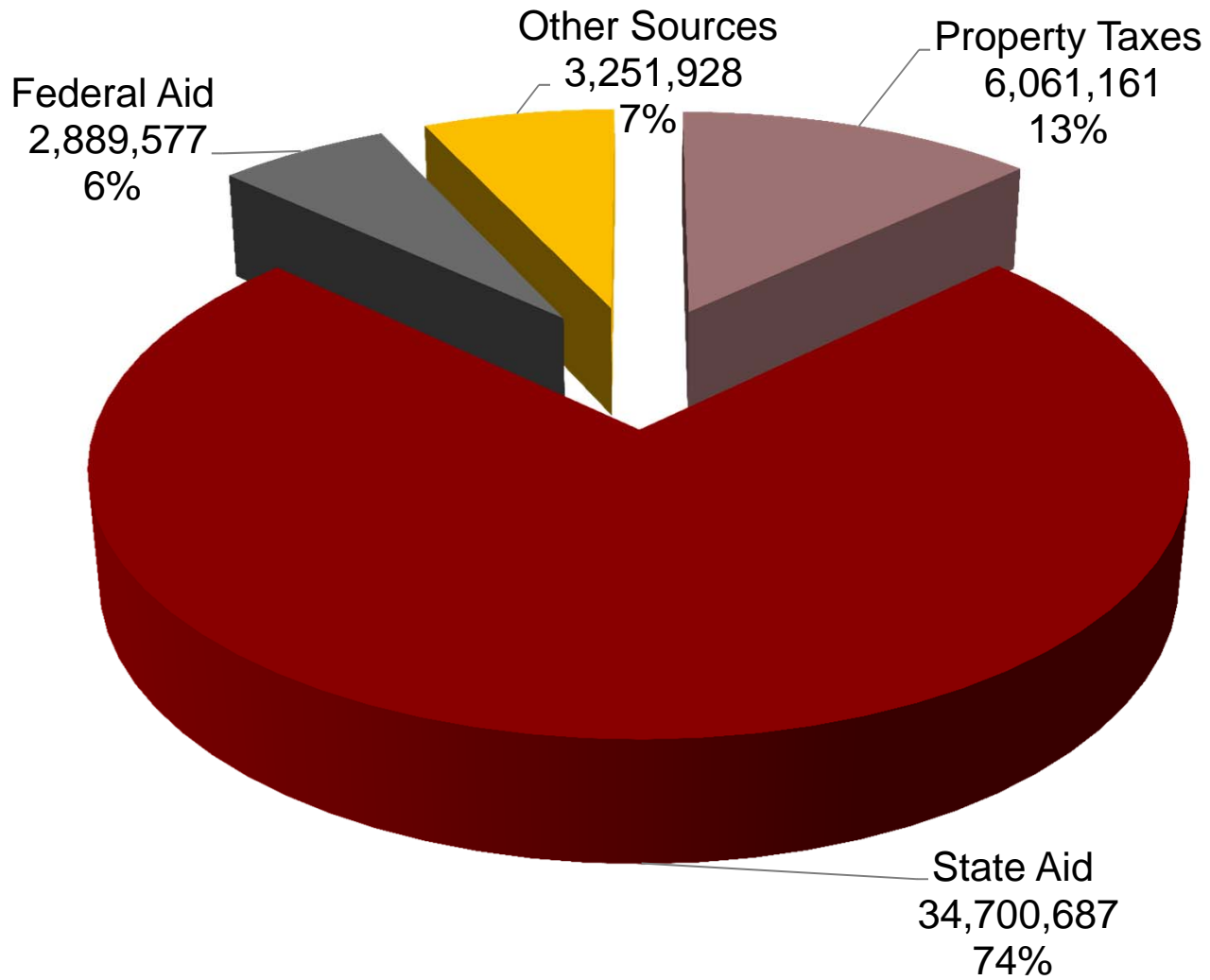


2013-14 Expenditure Budget



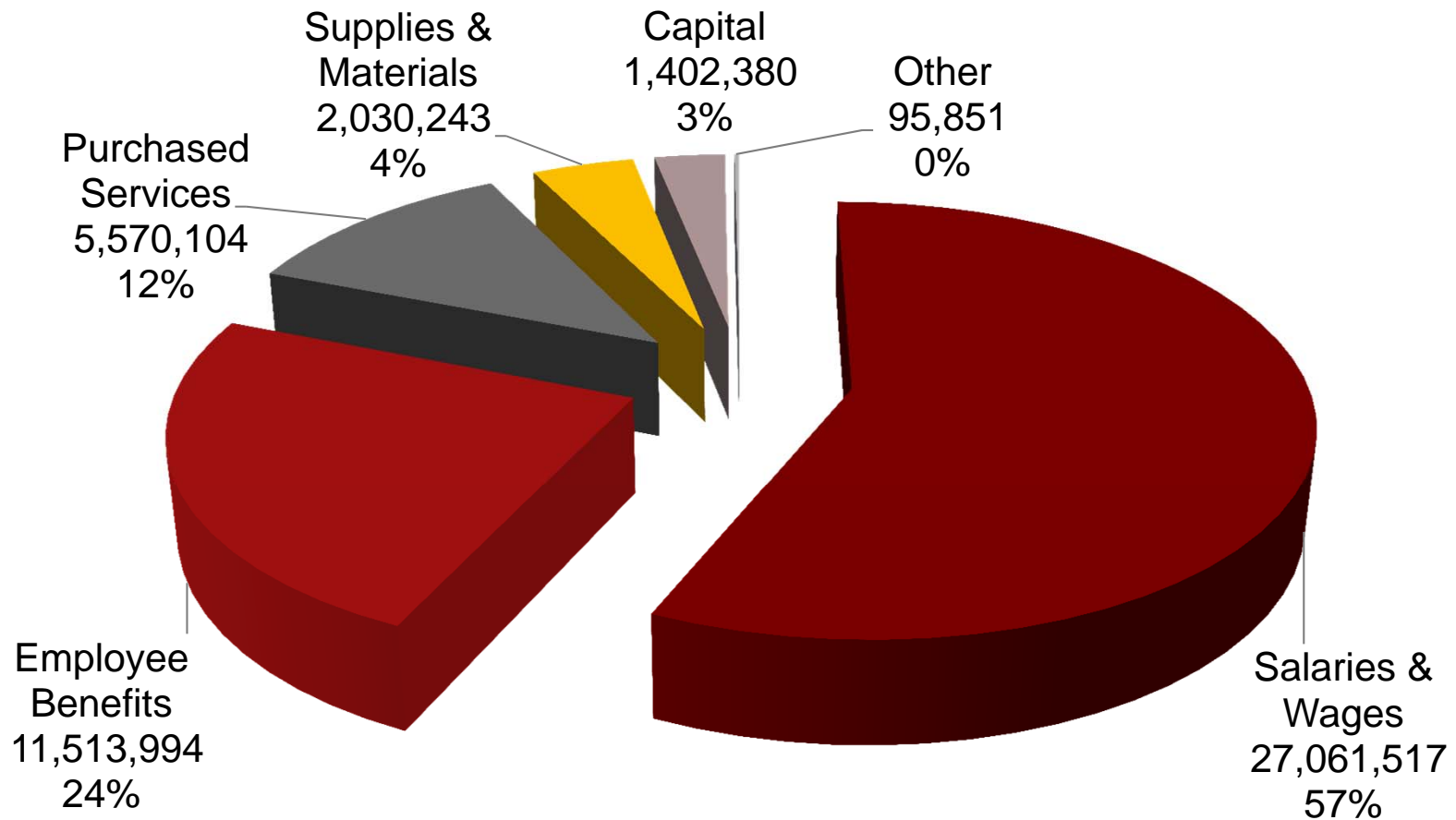


2013-14 General Fund Rev.





2013-14 General Fund Exp.





Proposed Levy Payable 2014

- 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 2014

- 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 2014

- **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 2014

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**.



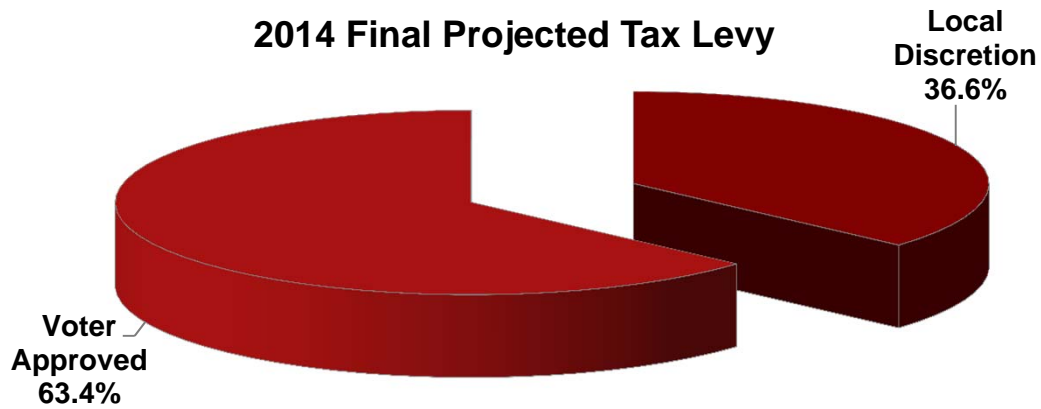
Proposed Levy Payable 2014

Monticello School District #882					November 26, 2013	
Comparison of Proposed Tax Levy Payable in 2014 to Actual Levy Payable in 2013 by Fund						
	2013 Final Levy	2014 Projected Levy for TNT Notices	2014 Final Projected Levy	Change from Prior Year	Percent Change	
General Fund						
Voter Approved Referendum JOBZ Exempt	3,562,972	2,323,761	2,323,761	(1,239,211)		
Equity	362,078	411,382	411,382	49,305		
Location Equity	-	782,531	782,531	782,531		
Transition	23,401	24,291	24,291	890		
Student Achievement	-	92,986	92,986	92,986		
RMV Adjustments	26,413	36,662	36,662	10,249		
Operating Capital	450,623	400,177	400,177	(50,446)		
Reemployment Ins	30,000	40,000	40,000	10,000		
Safe Schools	138,473	160,510	160,510	22,037		
Career Technical	45,933	43,217	43,217	(2,716)		
OPEB Pay as You Go	494,025	518,322	518,322	24,297		
Health and Safety	282,108	161,695	161,695	(120,413)		
Deferred Maintenance	205,052	246,525	246,525	41,473		
Lease Levy	139,172	145,524	145,524	6,352		
General Fund Adjustments	39,889	6,640	6,640	(33,249)		
Total General Fund Levy	\$ 5,800,141	\$ 5,394,225	\$ 5,394,225	\$ (405,916)	-7.00%	
Community Education						
Basic Community Education	154,392	154,392	154,392	-		
Early Childhood Family Education	92,306	108,066	108,066	15,760		
Home Visiting	2,502	2,488	2,488	(14)		
Adults with Disabilities	6,900	6,900	6,900	-		
CE Adjustments	337	1,881	1,881	1,544		
Total Community Education Levy	\$ 256,437	\$ 273,727	\$ 273,727	\$ 17,289	6.74%	
Debt Service						
Voter Approved Debt Service	4,184,040	4,580,520	4,580,520	396,480		
Debt Service - Other	946,155	667,564	667,564	(278,591)		
Reduction for Excess Fund Balance	(422,148)	(200,076)	(200,076)	222,071		
Debt Service Fund Adjustments	8,809	57,761	57,761	48,953		
Total Debt Service Levy	\$ 4,716,856	\$ 5,105,769	\$ 5,105,769	\$ 388,913	8.25%	
Total Certified Levy	\$ 10,773,434	\$ 10,773,720	\$ 10,773,720	\$ 286	0.00%	

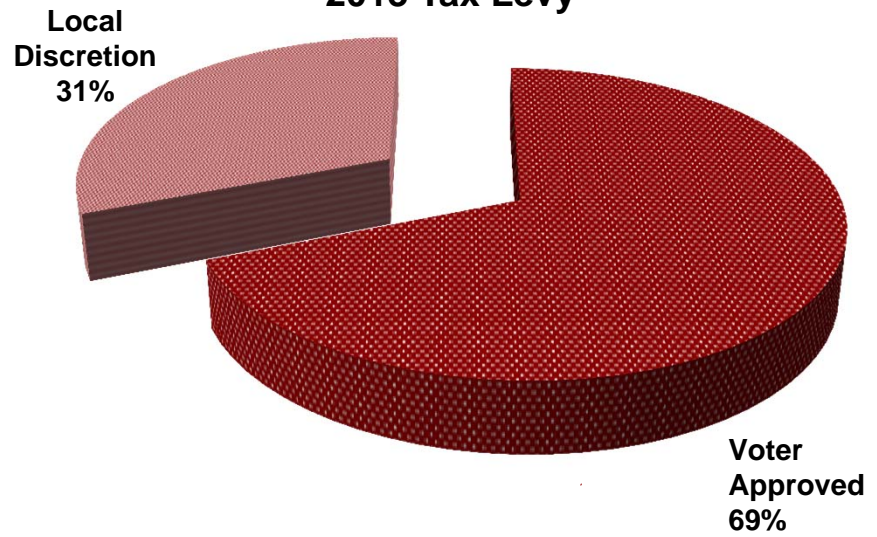


Levy Limitation Comparison

2014 Final Projected Tax Levy



2013 Tax Levy





Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: -1,239,211
- Use of funds: general operating expenses
- Reason for decrease:
 - New legislative change that converted \$212 of the operating referendum amount per pupil to Location Equity Revenue
 - The operating referendum amount per pupil changed from \$967.68 to \$755.68



Explanation of Levy Changes

- Category: Equity
- Change: +49,305
- 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: Location Equity
- Change: +782,531
- Use of funds: general operating expenses
- Reason for increase:
 - New legislative change that converted \$212 of the operating referendum amount per pupil to Location Equity Revenue
 - The \$212 amount is multiplied by the District's adjusted pupil counts and has an equalizing factor



Explanation of Levy Changes

- Category: Student Achievement
- Change: +92,986
- Use of funds: general operating expenses
- Reason for increase:
 - A new general education levy imposed on adjusted net tax capacity which proportionately reduces all school districts' general education aid
 - Revenue neutral to school districts



Explanation of Levy Changes

- Category: Operating Capital
- Change: -50,446
- Use of funds: equipment, building maintenance, and other capital expenses
- Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies
 - New legislative change that increased the equalizing factor to offset the student achievement levy (a.k.a. general education levy) so a greater portion is being paid by state aid



Explanation of Levy Changes

- Category: Health & Safety
- Change: -120,413
- Use of funds: state-approved capital projects related to health & safety
- Reason for decrease:
 - The amount of this levy is based on the estimated cost of qualifying state-approved projects
 - The levy is going down based on less projects to complete



Explanation of Levy Changes

- Category: Voter Approved Debt Service
- Change: +396,480
- Use of funds: principal and interest on building bonds (High School & 1999 Capital Impr.)
- Reason for increase:
 - Planned changes made to the payment schedule and refinancing of the building bonds



Explanation of Levy Changes

- Category: Debt Service - Other
- Change: -278,591
- Use of funds: principal and interest on alternative facilities bonds (Eastview)
- Reason for decrease:
 - 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: +222,071
- Use of funds: to cover delinquencies in tax collections
- Reason for increase:
 - 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 2014

Monticello School District #882 Analysis of Impact of Proposed 2014 Tax Levy and Rates Using Final Levy Payable in 2013 as Base Year		
Tax Rate Calculations Used for Truth in Taxation Notices	2013 Final Levy	2014 Projected Levy
Net Levy on Referendum Market Value	3,974,864	3,578,628
Total Referendum Market Value	1,892,974,575	1,877,698,850
Total RMV Tax Rate (applied to Estimated Market Value)	0.20998%	0.19058%
Net Levy on Net Tax Capacity	6,798,570	7,195,093
Net Tax Capacity Value	25,920,151	25,490,878
Total NTC Tax Rate (applied to Taxable Market Value)	26.2289%	28.2261%



Proposed Levy Payable 2014

Monticello School District #882 Analysis of Impact of Individual Property Using Final Levy Payable in 2013 as Base Year		
Residential Homestead Property	2013 Final Levy	2014 Projected Levy
Taxable Market Value	166,000.00	195,100.00
Property Taxes - School Portion Only	827.17	865.72
Change in Property Taxes		38.55 4.66%



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 9, 2013

TIME: 5:00 p.m.

PLACE: Monticello Middle School
Board Room

Opportunity for Public to Speak and Ask
Questions