

ISD 347 - Willmar, Minnesota



Board of Education Truth in Taxation December 13, 2010

ISD 347 – Willmar, Minnesota

► Truth in Taxation Law

- **Minnesota's Truth in Taxation Law began back in 1988. The 2009 Legislature made changes to the law.**
- **Requires cities, counties and school districts follow two important steps before adopting a tax levy for the following year.**
 - **Mailed Notice to each property owner in the county including:**
 - Tax levies proposed by city, county, and school district
 - What percent increase/(decrease) such a levy would mean in dollars
 - **A public meeting for each taxing jurisdiction in which the public is allowed to speak and the budget and levy is discussed.**
 - This meeting may be part of a regularly scheduled meeting.
 - The meeting must start after 6:00 p.m.

Requirements of the Truth in Taxation Meeting/AGENDA

- ▶ Information on Current District Budget
- ▶ General Background Information on School District Property Taxes
- ▶ Information on the District's Proposed Tax Levy for Taxes Payable in 2011
- ▶ Public Comments and Questions

- Minnesota Statute 275.065

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School District Budget

Current School Year
2010–2011

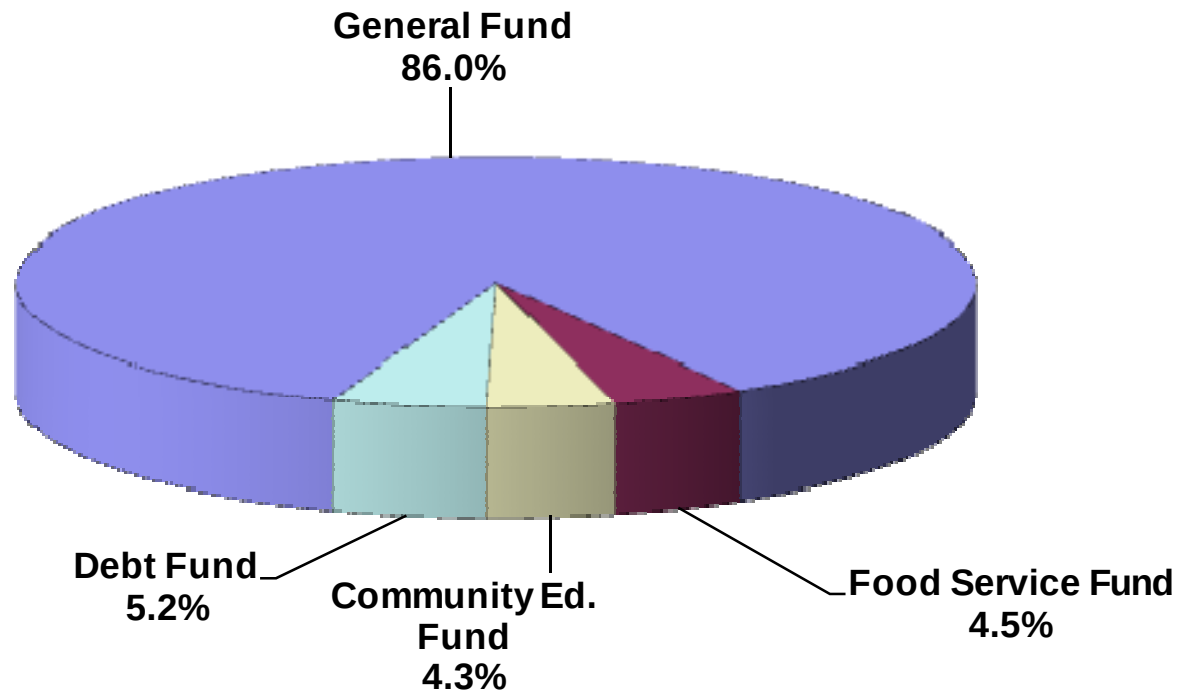
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ORIGINAL BUDGET FISCAL YEAR 2010 - 2011

	General Fund	Food Service Fund	Community Ed. Fund	Debt Fund	Total
Revenues					
Levy	3,831,483	-	354,412	2,342,276	6,528,171
Misc. Local Revenue	1,090,124	792,112	860,181	12,836	2,755,253
State Aid	34,371,739	180,333	867,498	193,785	35,613,355
Federal Aid	2,710,716	1,209,370	30,000	-	3,950,086
Total Revenues	42,004,062	2,181,815	2,112,091	2,548,897	48,846,865
Expenses					
Salaries/Benefits	31,022,046	864,098	1,831,749	-	33,717,893
Purchased Services	7,566,492	88,710	204,960	-	7,860,162
Supplies	1,580,770	1,160,383	76,510	-	2,817,663
Equipment/Bldg.	436,916	246,500	6,600	-	690,016
Debt Service	-	-	-	2,596,050	2,596,050
Misc.	262,216	1,800	1,915	-	265,931
Total Expenses	40,868,440	2,361,491	2,121,734	2,596,050	47,947,715
Budget Balance	1,135,622	(179,676)	(9,643)	(47,153)	899,150

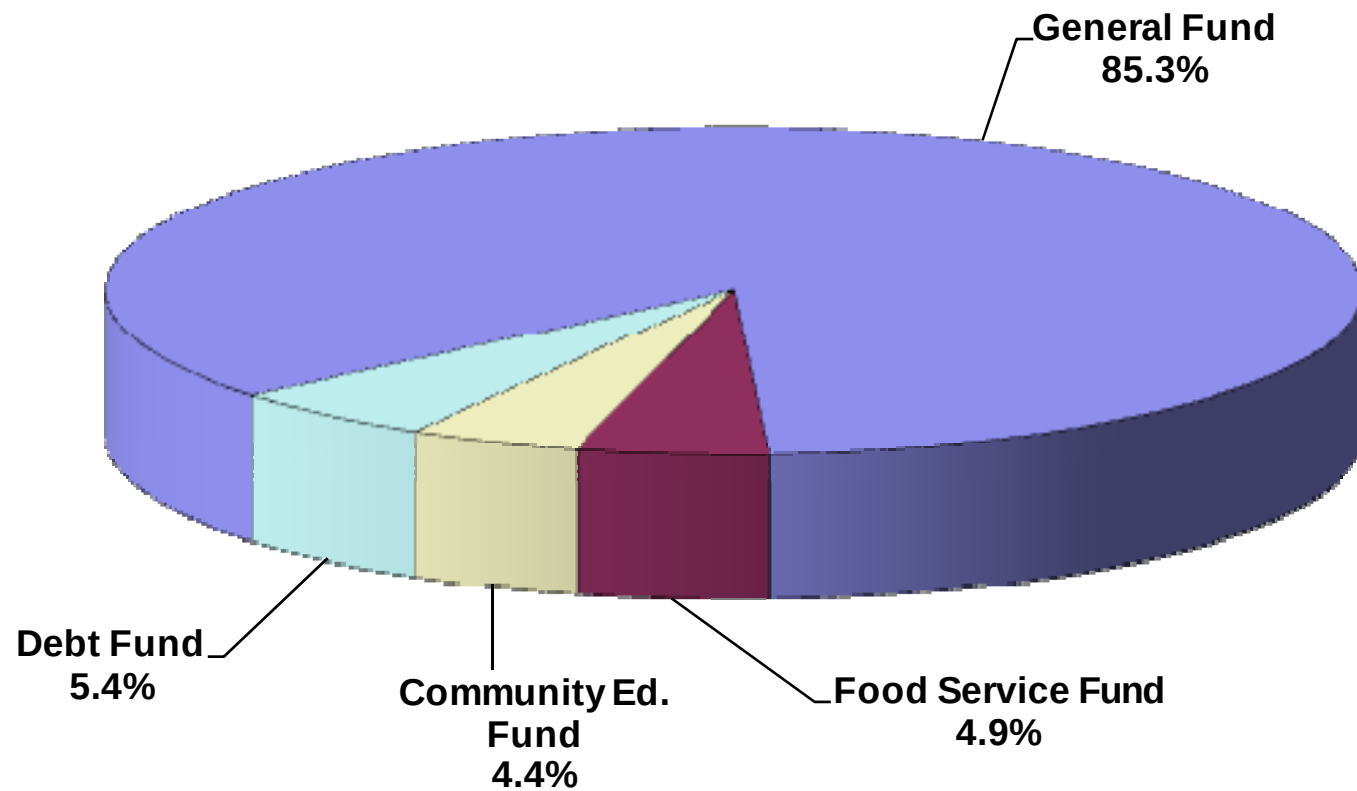
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Revenue by Fund



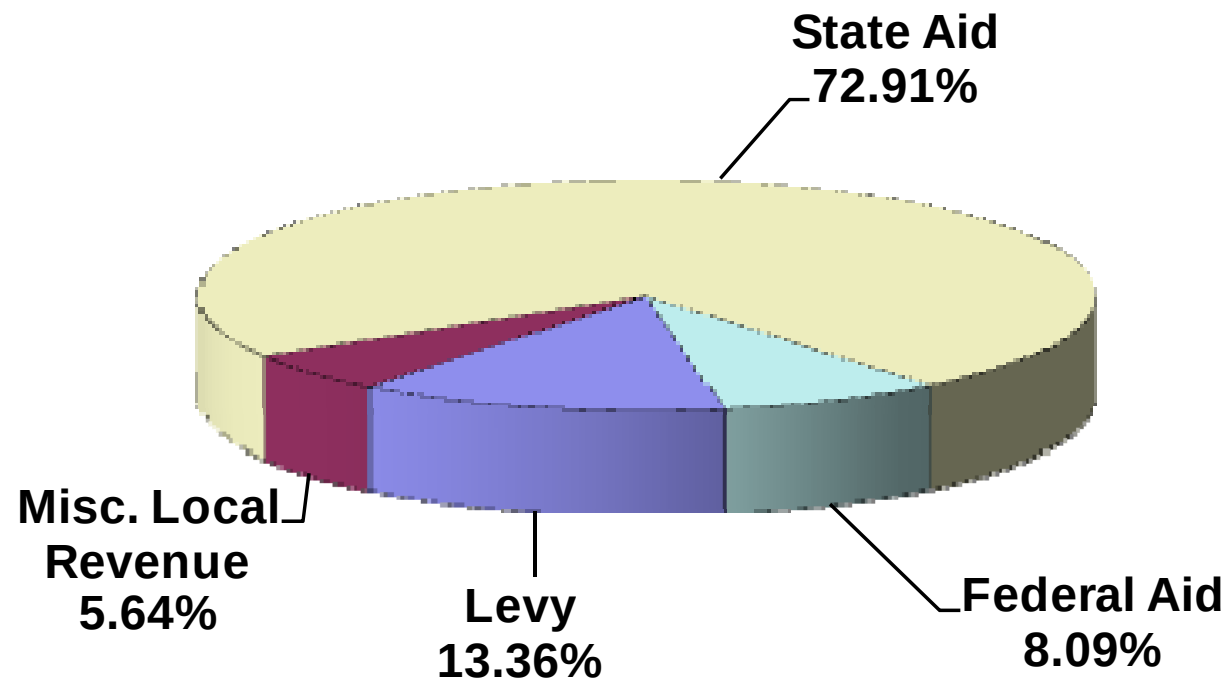
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Expenses by Fund



How Much Revenue is State Aid vs. Levy?

Revenue by Funding Type

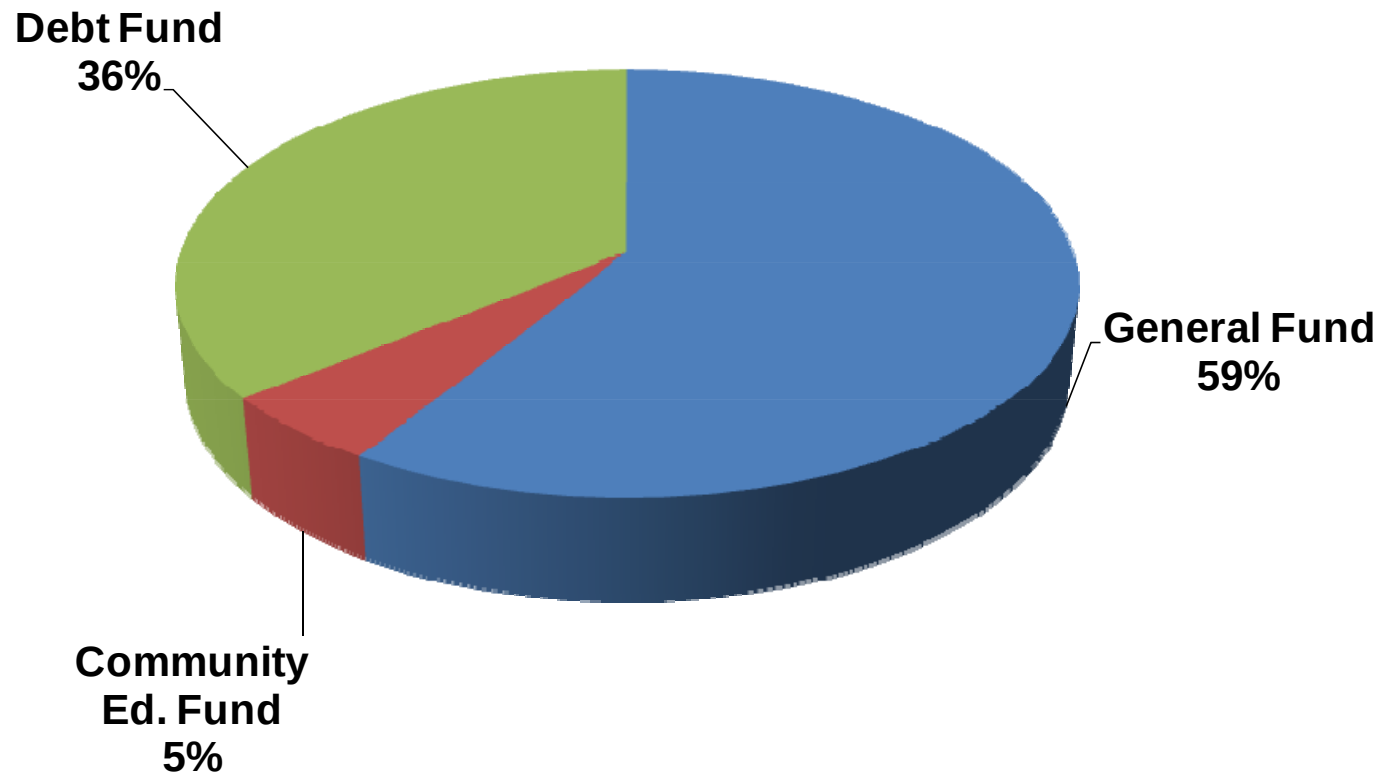


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General Fund Changes in Basic Per Pupil Allowance

<u>Year</u>	<u>Total Basic Allocation</u>	<u>Percent Change</u>
1997-98	3,581	2.17%
1998-99	3,530	-1.42%
1999-00	3,740	5.95%
2000-01	3,964	5.99%
2001-02	4,068	2.62%
2002-03	4,601	13.10%
2003-04	4,601	0.00%
2004-05	4,601	0.00%
2005-06	4,783	3.96%
2006-07	4,974	3.99%
2007-08	5,074	2.01%
2008-09	5,124	0.99%
2009-10	5,124	0.00%
2010-11	5,124	0.00%

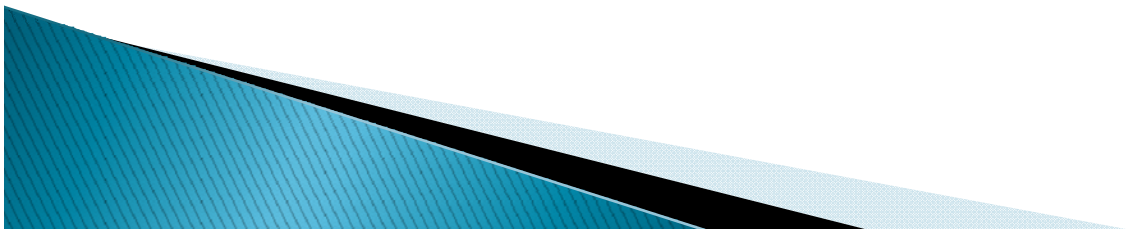
How are your Payable 2011 Local School Taxes Spent?



How are my Property Taxes Calculated?

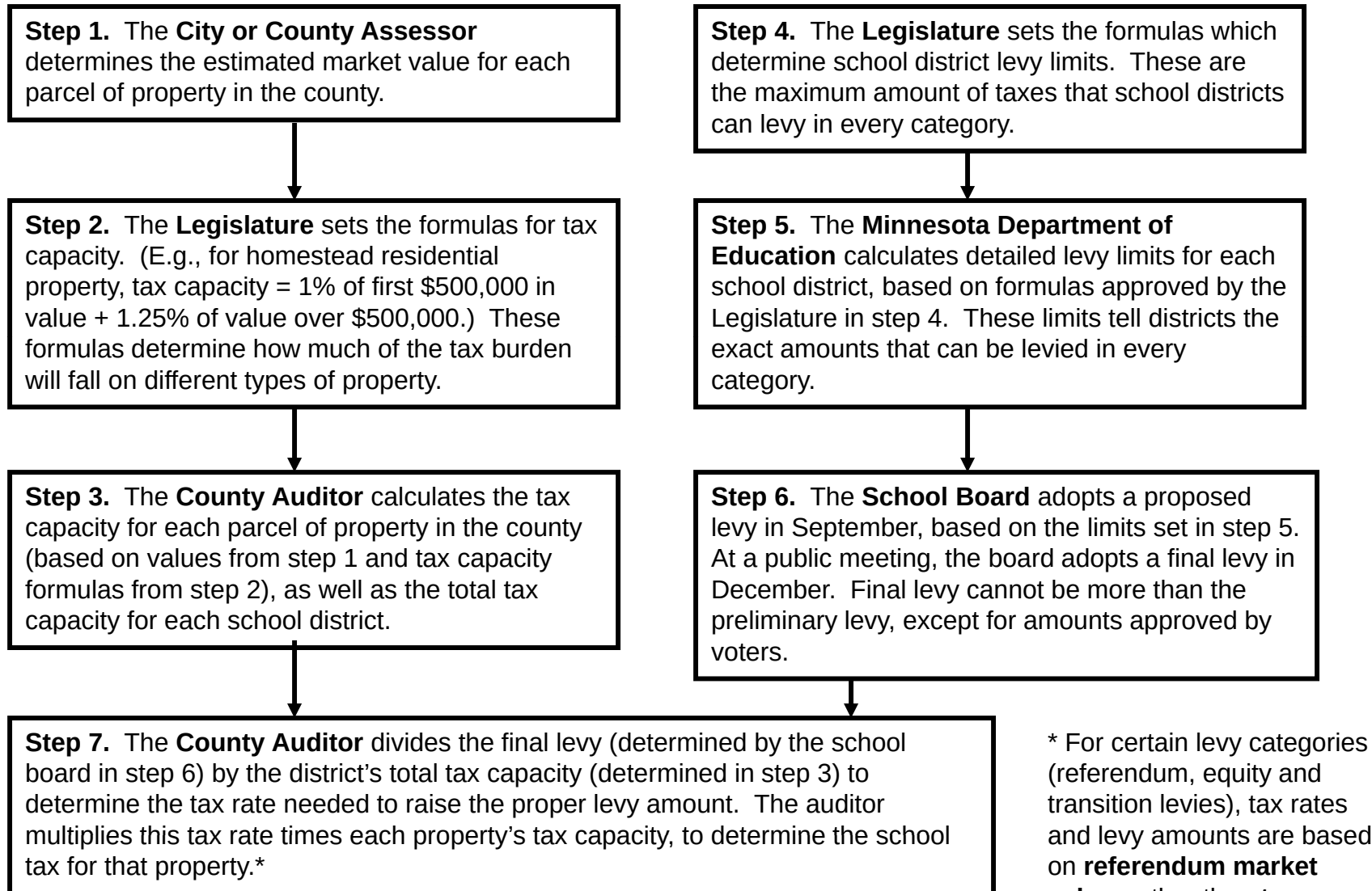
How are My Property Taxes Calculated?

- Includes taxes for “taxing jurisdictions” (cities, township, counties and schools) in which the property is located.
- Each “Jurisdiction” sets its own levy and follows specific limits set by state law.
- County sends out the bills, collects the taxes and sends the money back to each jurisdiction.



Minnesota School District Property Taxes – Key Steps in the Process

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Authority for School Levies

A School District Tax Levy must be either:

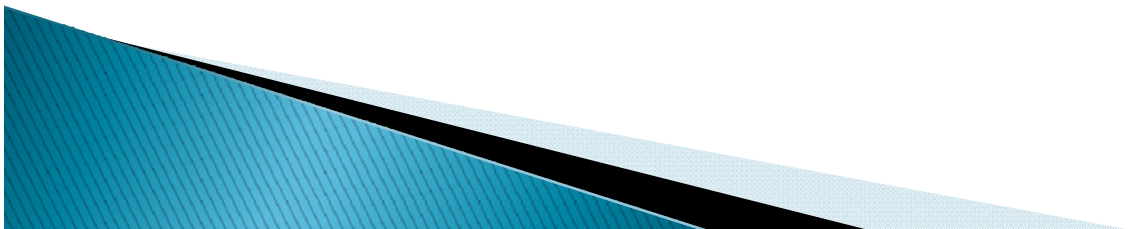
- **Set by State Formula**

Or

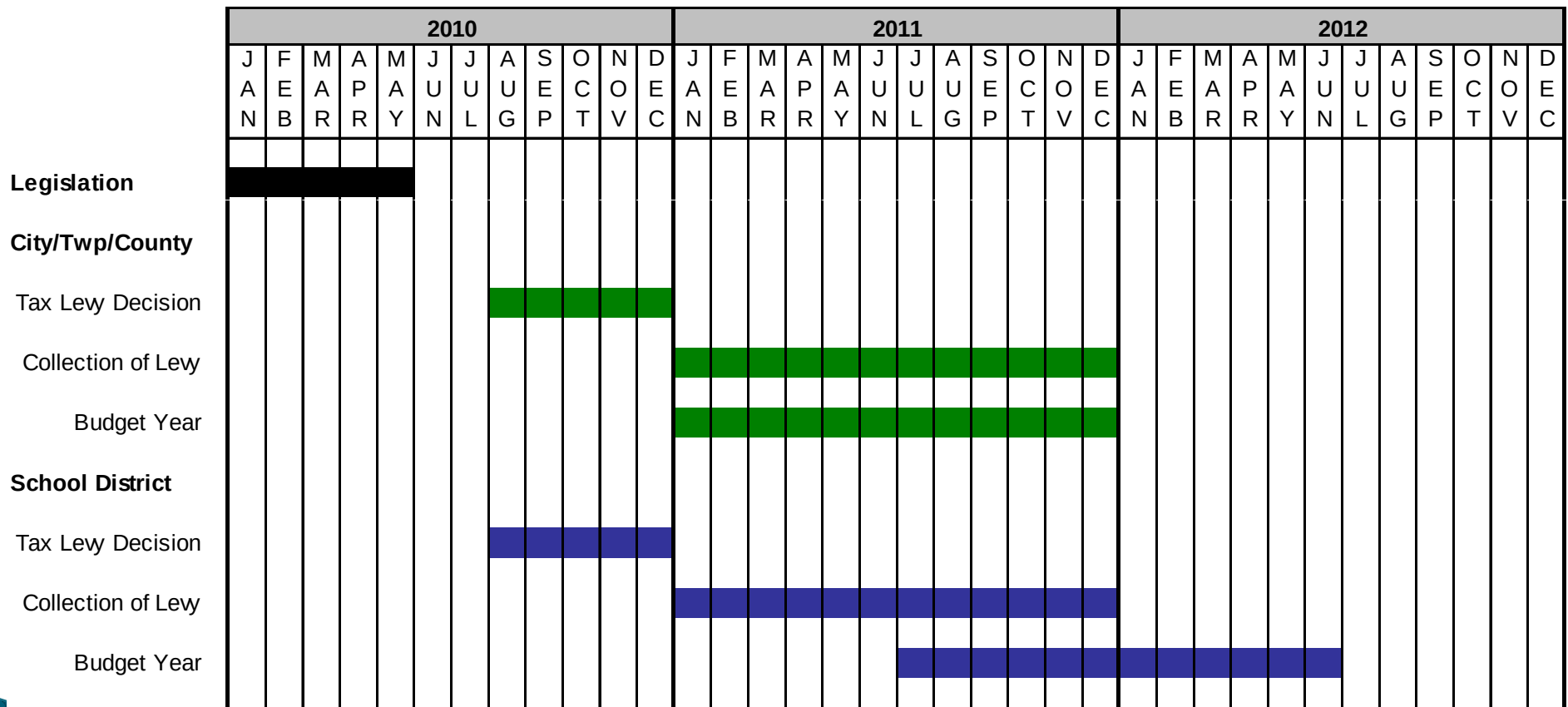
- **Voter Approved**

School District Levy

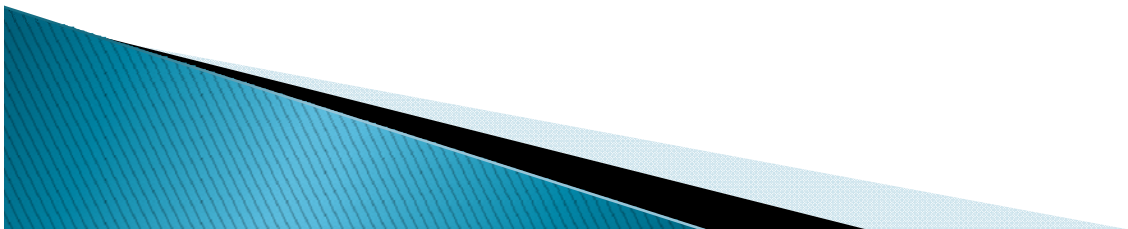
- 2010 Payable 2011 is the same as...
- 2011-2012 School Year which is the same as...
- Fiscal Year 2012 begins July 1, 2011



Contrast of City/Township/County Levy Cycle to School District Levy Cycle



**What are the differences between
the Payable 2011 levy and the
Payable 2010 levy?**



2010 Payable 2011 Levy Summary

The Levy for the 2010 Payable 2011 year (FY 2012) increases \$96,630.71 or 1.42%, compared to the current levy.

Category	Pay 2011	Pay 2010	Change	
			\$	%
Referendum	\$2,183,657.18	\$2,146,267.15	\$37,390.03	1.74%
General	1,769,269.12	1,732,126.40	37,142.72	2.14%
Community Education	384,210.34	380,076.81	4,133.53	1.09%
Debt Service	2,554,024.98	2,536,060.55	17,964.43	0.71%
TOTAL	\$6,891,161.62	\$6,794,530.91	\$96,630.71	1.42%

Referendum Revenue

	Pay 11 (FY 12)	Pay 10 (FY 11)	Change \$	Change %
Voter Approved Referendum	\$2,183,657.21	\$2,146,267.19	\$37,390.02	1.74%
Tier Adjustment	(0.03)	(0.04)	0.01	-25.00%
	\$2,183,657.18	\$2,146,267.15	\$37,390.03	1.74%

- Represents \$498/pupil unit operating referendum passed in November 2001 and \$201.51/pupil unit operating referendum passed in November 2008.
- The increase is due to an increase to the levy portion of the aid/levy split which rose from 65.4% to 66.6%.
- The factors driving the increase in the levy portion are:
 - Resident Marginal Cost Pupil Units decreased 4.62 students
 - Referendum Market Value increased 1.7%. The Statewide decrease was 3.1%.

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	Pay 11 (FY 12)	Pay 10 (FY 11)	Change \$	Change %
Integration	\$178,121.39	\$179,932.17	(\$1,810.78)	-1.01%
Equity	318,516.34	313,304.79	5,211.55	1.66%
Operating Capital	458,595.64	440,051.64	18,544.00	4.21%
Safe Schools	138,293.10	139,559.40	(1,266.30)	-0.91%
Career & Technical	80,086.40	80,086.40	0.00	0.00%
Health & Safety	176,010.12	235,971.39	(59,961.27)	-25.41%
Building/Land Lease	38,647.00	39,242.00	(595.00)	-1.52%
Transition	94,071.51	93,215.40	856.11	0.92%
Reemployment	104,738.98	65,982.05	38,756.93	58.74%
Econ Dev. Abatement	42,127.20	36,142.98	5,984.22	16.56%
Judgment	0.00	0.00	0.00	-%
LCTS Levy	7,809.33	7,809.33	0.00	0.00%
Deferred Maintenance	241,913.54	231,005.81	10,907.73	4.72%
Abatement	31.75	544.56	(512.81)	-94.17%
Transition	(174.83)	410.84	(585.67)	-142.55%
Integration	(513.55)	235.33	(748.88)	-318.23%
Reemployment	(1,045.61)	(23,138.41)	22,092.80	-95.48%
Safe Schools	705.00	1,769.85	(1,064.85)	-60.17%
Career & Technical	(1,766.40)	(1,766.40)	0.00	0.00%
Econ Dev. Abatement	4,790.39	(916.67)	5,707.06	-622.59%
Health & Safety	0.00	0.00	0.00	-%
Deferred Maintenance	0.08	(854.95)	855.03	-100.01%
Equity	1,682.20	824.22	857.98	104.10%
Operating Capital	(934.95)	2,531.72	(3,466.67)	-136.93%
Lease Pay 08	(600.00)	0.00	(600.00)	-%
Fac & Equip Bond	(111,835.51)	(109,817.05)	(2,018.46)	1.84%
	\$1,769,269.12	\$1,732,126.40	\$37,142.72	2.14%

General Levy Comparison

- ▶ **Equity Levy** – Intended to reduce the disparity in revenue between the highest and lowest revenue districts on a regional basis. An aid and levy mix. Levy ratio increased from 65.4% to 66.6%.
- ▶ **Operating Capital Levy** – Levy ratio increased from 45.6% to 48.2%. This ratio is impacted by the change to ANTC and AMCPU.
- ▶ **Health & Safety Levy** – Hazardous substance removal, fire safety code repairs, and health, safety environmental and air quality management. Based on projects reported over a rolling three year period. No major legislative changes. Formerly Aid/Levy mix now 100% levy. This levy changed because the Minnesota Department of Education was still in the process of approving projects at the time of the preliminary certification.
- ▶ **Building/Land Lease Levy** – Lease costs for: Lakeview School, Ice Arena, and golf course.

General Levy Comparison

- ▶ **Reemployment Levy** – Estimated unemployment insurance costs adjusted over time for actual expenditures. 100% Levy.
- ▶ **Economic Development Abatement** – Granted by the board to encourage economic development. The breakdown is Gurley's Foods \$3,400.00, West Central Steel \$3,900.00, Northern Factory Sales \$2,050.00 and MinnWest Technology Campus \$32,777.20.
- ▶ **Deferred Maintenance Levy** – Levy ratio increased from 82.8% to 87.5%.
- ▶ **Local Collaborative Time Study (LCTS) Levy** – The LCTS was audited and money needed to be returned to the federal government. Each district within the collaborative levied a portion of the total amount due over three years. This is the third and final year of this levy.

Community Service Comparison

	Pay 11 (FY 12)	Pay 10 (FY 11)	Change \$	Change %
Basic Community Ed	\$198,163.60	\$198,163.60	\$0.00	0.00%
ECFE	82,485.46	75,822.74	6,662.72	8.79%
Home Visiting	3,068.80	3,041.60	27.20	0.89%
School Age Care	77,816.00	78,725.00	(909.00)	-1.15%
ECFE	0.00	0.00	0.00	-0%
Home Visiting	27.20	(350.40)	377.60	-107.76%
School Age Care	33,534.54	24,613.78	8,920.76	36.24%
Comm Ed Excess Fund Balance	(10,888.64)	0.00	(10,888.64)	-0%
Abatement	3.38	60.49	(57.11)	-94.41%
	\$384,210.34	\$380,076.81	\$4,133.53	1.09%

- ❑ ECFE levy portion increased due to an increase in the Adjusted Net Tax Capacity and an increase to the 0-5 year old population of 17 children.
- ❑ School Age Care increased as the cost estimate is closer to actual costs.
- ❑ The excess fund balance adjustment was due to a difference in the fund balance limit calculation between the District and MDE.

Debt Levy Comparison

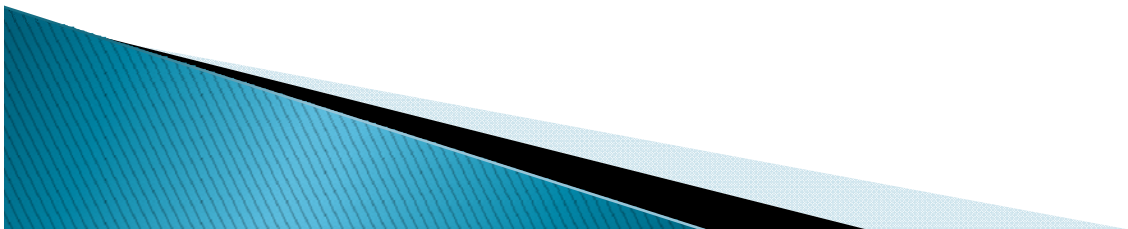
	Pay 11 (FY 12)	Pay 10 (FY 11)	Change \$	Change %
Bonds	\$2,600,063.00	\$2,605,313.00	(\$5,250.00)	-0.20%
Debt Excess	(157,975.43)	(181,081.62)	23,106.19	-12.76%
Capital Facilities Bonds	119,070.00	118,020.00	1,050.00	0.89%
Debt Excess for Cap Fac Bonds	(7,234.49)	(8,202.95)	968.46	-11.81%
Abatement	101.90	2,012.12	(1,910.22)	-94.94%
	\$2,554,024.98	\$2,536,060.55	\$17,964.43	0.71%

By statute, the MDE determines the excess debt redemption fund balance for each school district. The Debt Service Levy is reduced by this amount.

Note: We are required to levy for debt service at 105% in anticipation of delinquent property taxes.

Debt service levy \$ are only available to the Debt Service Fund 07 and are not available to the district as a whole. We can only spend this money on debt service.

How do these changes impact Taxpayers?

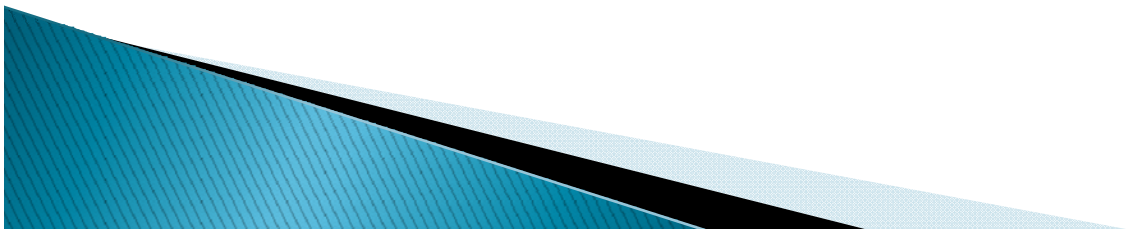


Taxpayer Impact

The county mailed parcel specific notices entitled
“Your Proposed Property Tax for 2011” in mid-
November.

This notice contains the EXACT amount of taxes
you will pay in 2011.

**Are there any public comments
or questions?**



Questions? Please contact us at:

- ▶ Pam Harrington, Director of Business and Finance, 320-231-8511,
 - [**harrintonp@willmar.k12.mn.us**](mailto:harrintonp@willmar.k12.mn.us)
- ▶ Dr. Jerry Kjergaard, Superintendent, 320-231-8510,
 - [**kjergaardj@willmar.k12.mn.us**](mailto:kjergaardj@willmar.k12.mn.us)

District Finance Web Site: www.willmar.k12.mn.us
Click on District, Finance, Truth in Taxation

School Board Members

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