



Board of Education

Truth in Taxation

December 14, 2009



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.



ISD 347 – Willmar, Minnesota

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 2010
- ❑ Public Comments and Questions

- Minnesota Statute 275.065

School District Budget

Current School Year
2009-2010

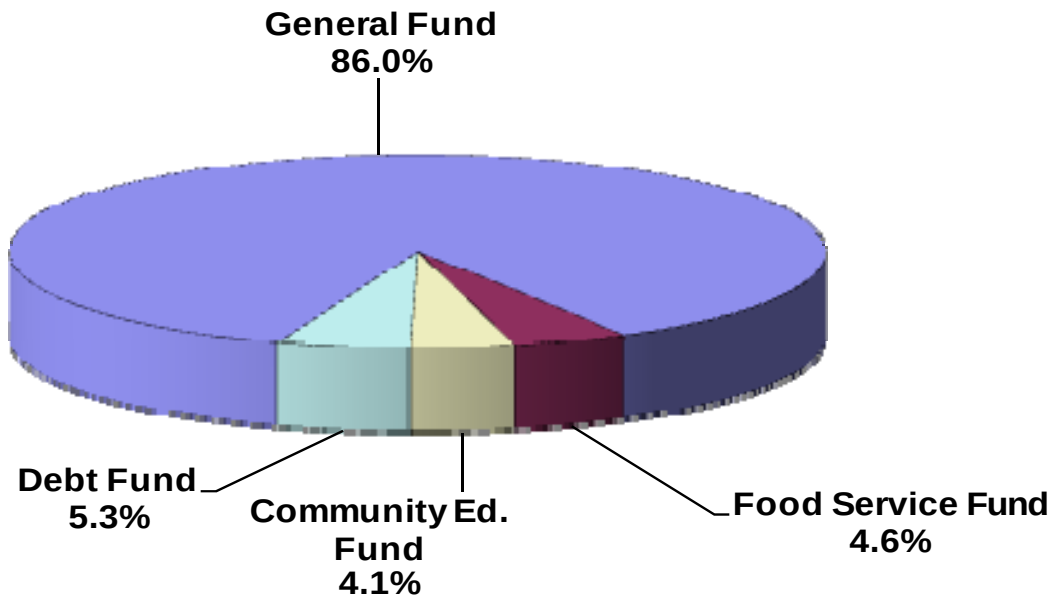
ISD 347 – Willmar, Minnesota

ORIGINAL BUDGET FISCAL YEAR 2009 - 2010

	General Fund	Food Service Fund	Community Ed. Fund	Debt Fund	Total
Revenues					
Levy	3,738,352	-	299,409	2,296,955	6,334,716
Misc. Local Revenue	1,149,084	809,843	781,493	17,251	2,757,671
State Aid	34,097,070	187,841	835,832	190,518	35,311,261
Federal Aid	1,957,068	1,216,932	47,892	-	3,221,892
Total Revenues	40,941,574	2,214,616	1,964,626	2,504,724	47,625,540
Expenses					
Salaries/Benefits	30,996,560	855,276	1,710,124	-	33,561,960
Purchased Services	6,743,746	88,760	202,466	-	7,034,972
Supplies	1,611,474	1,131,984	80,065	-	2,823,523
Equipment/Bldg.	1,626,719	89,700	2,000	-	1,718,419
Debt Service	-	-	-	2,589,650	2,589,650
Misc.	169,541	1,800	2,330	-	173,671
Total Expenses	41,148,040	2,167,520	1,996,985	2,589,650	47,902,195
Budget Balance	(206,466)	47,096	(32,359)	(84,926)	(276,655)

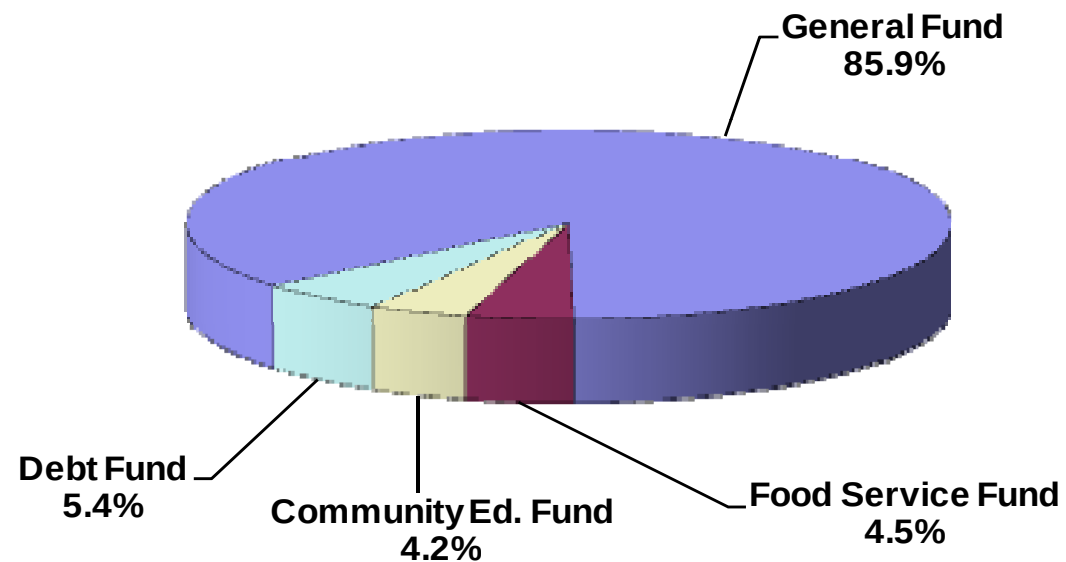
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Revenue by Fund



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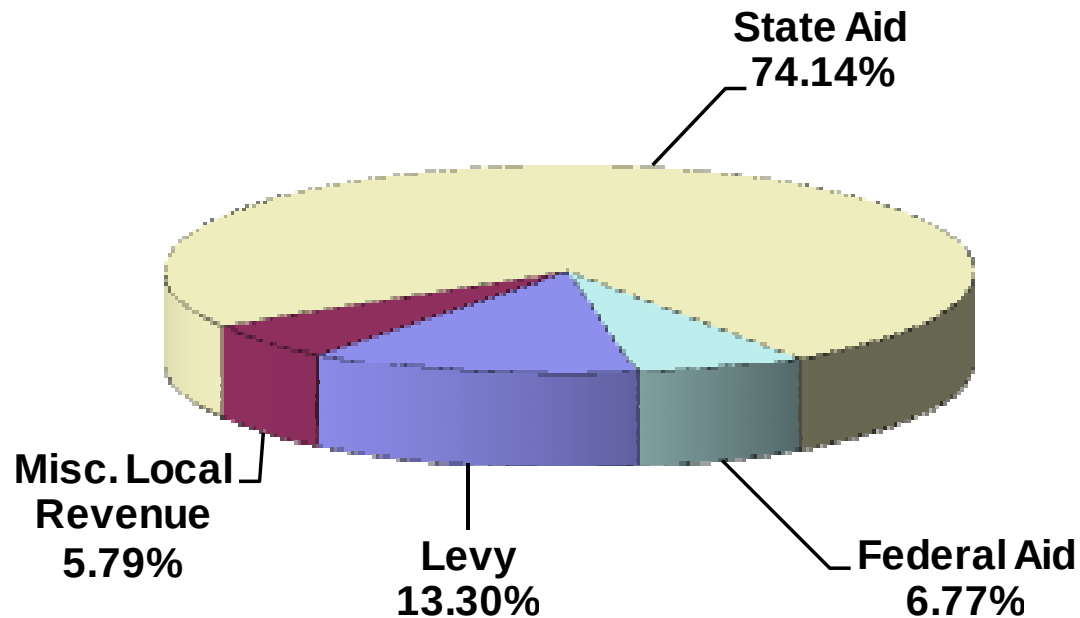
Expenses by Fund



How Much Revenue is State Aid vs. Levy?

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Revenue by Funding Type





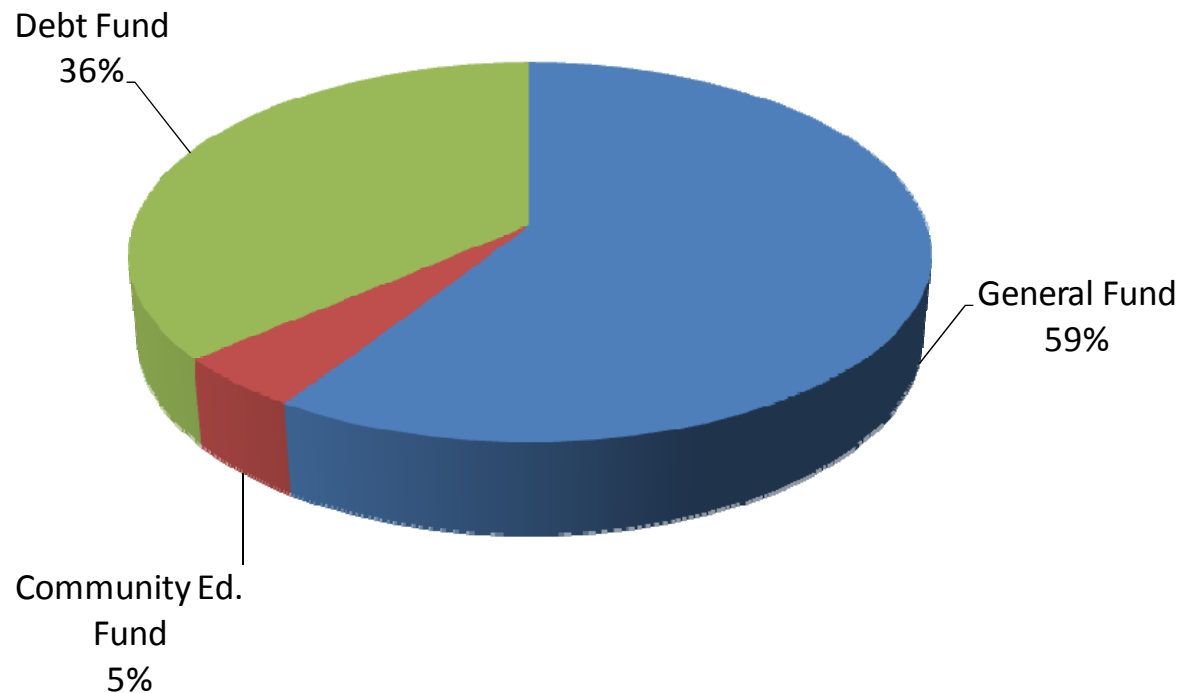
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General Fund Changes in Basic Per Pupil Allowance

<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%

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How are your Payable 2010 Local School Taxes Spent?



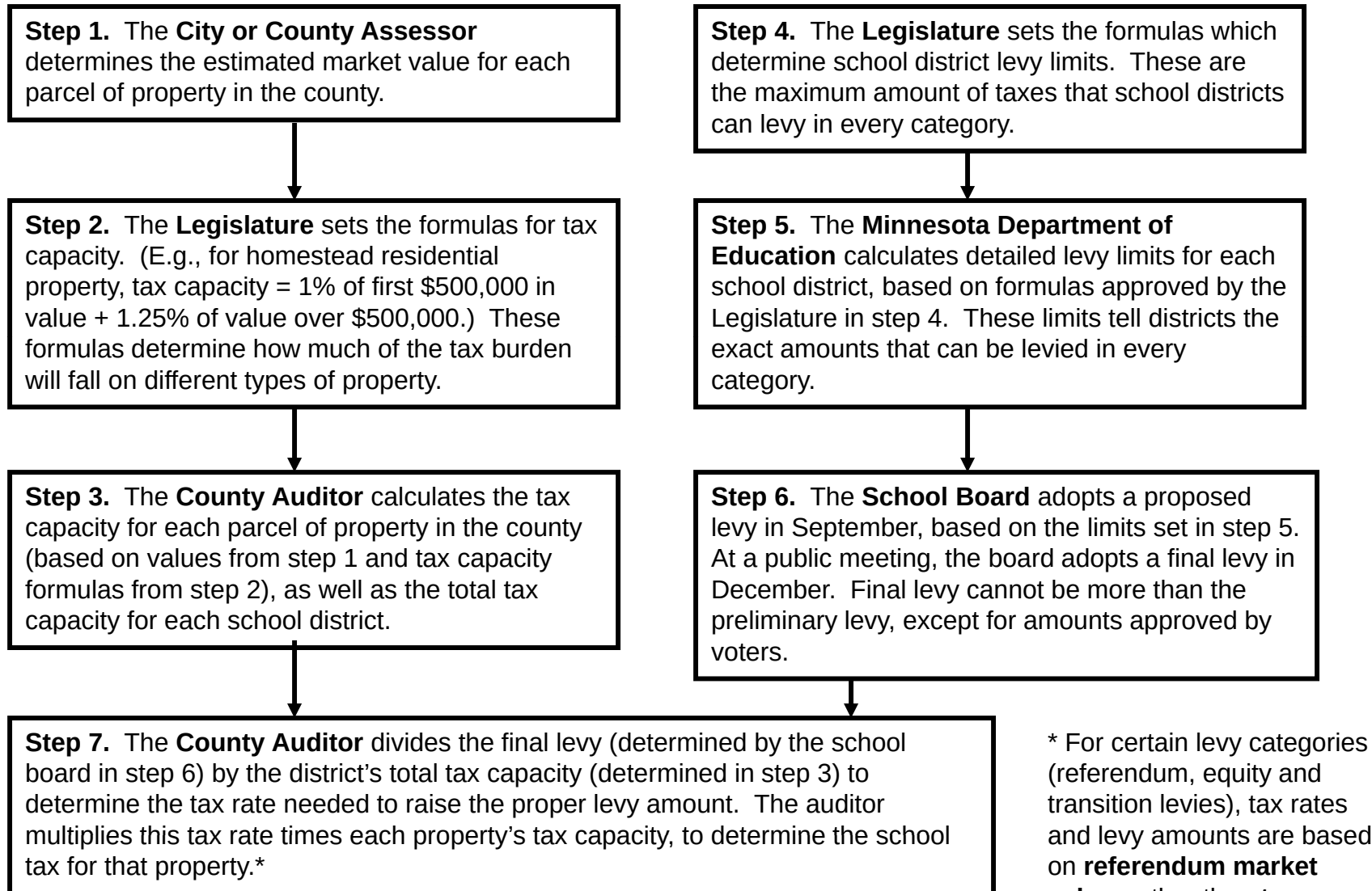
How are my Property Taxes Calculated?

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**



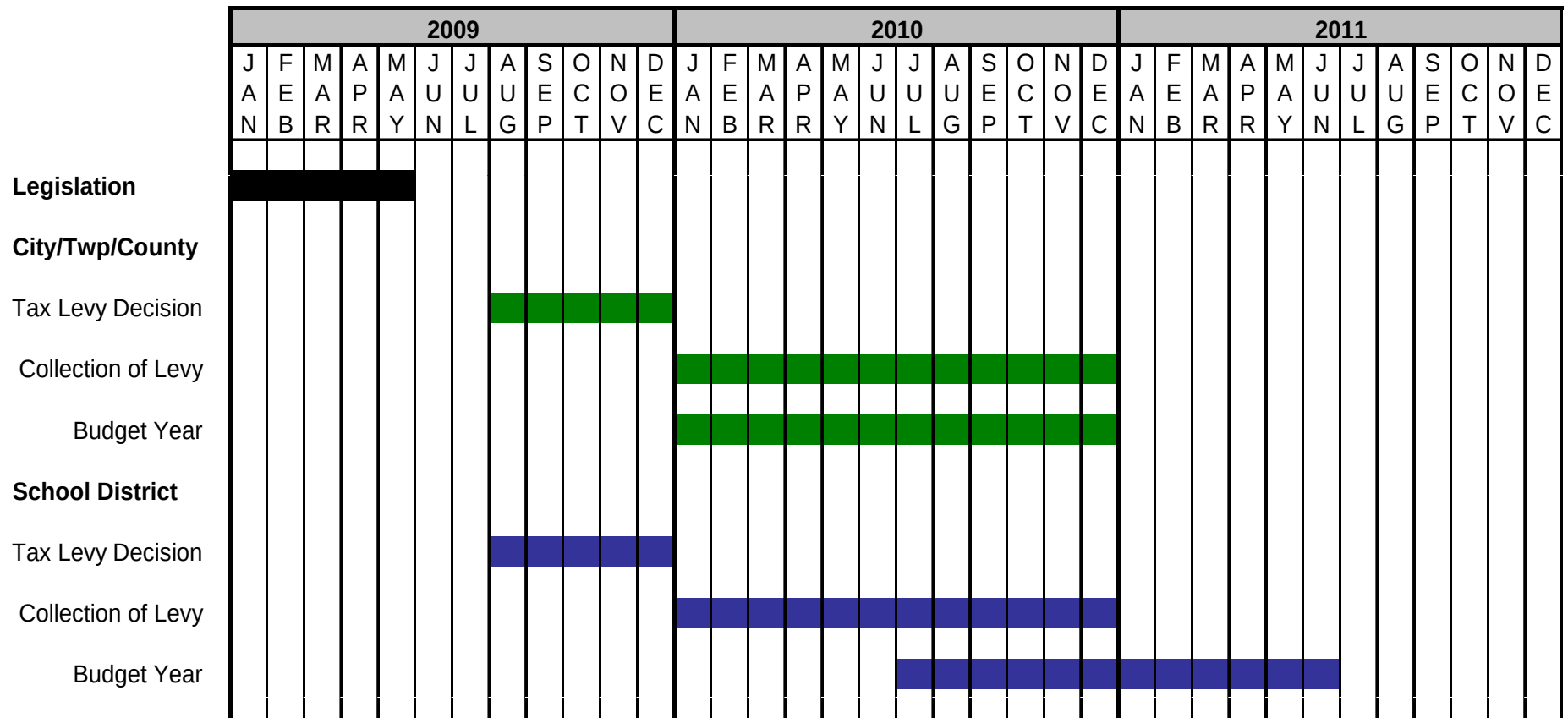
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School District Levy

- 2009 Payable 2010 is the same as...
- 2010-2011 School Year which is the same as...
- Fiscal Year 2011 begins July 1, 2010

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





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What are the differences between
the Payable 2010 levy and the
Payable 2009 levy?



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2009 Payable 2010 Levy Summary

The Levy for the 2009 Payable 2010 year (FY 2011) increases \$187,535.03 or 2.84%, compared to the current levy.

Category	Pay 2010	Pay 2009	Change	
			\$	%
Referendum	\$2,146,267.15	\$2,048,737.32	\$97,529.83	4.76%
General	1,732,126.40	1,745,503.50	(13,377.10)	-0.77%
Community Education	380,076.81	325,282.02	54,794.79	16.85%
Debt Service	2,536,060.55	2,487,473.04	48,587.51	1.95%
TOTAL	\$6,794,530.91	\$6,606,995.88	\$187,535.03	2.84%



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Referendum Revenue

	Pay 10 (FY 11)	Pay 09 (FY 10)	Change \$	Change %
Voter Approved Referendum	\$2,146,267.19	\$2,048,737.32	\$97,529.87	4.76%
Tier Adjustment	(0.04)	0.00	(0.04)	-%
	\$2,146,267.15	\$2,048,737.32	\$97,529.83	4.76%

- 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 62.2% to 65.4%.
- The factors driving the increase in the levy portion are:
 - Resident Marginal Cost Pupil Units decreased 14.94 students
 - Referendum Market Value increased 4.8%. The Statewide increase was 1.6%.

ISD 347 – Willmar, Minnesota

	Pay 10 (FY 11)	Pay 09 (FY 10)	Change \$	Change %
Integration	\$179,932.17	\$179,719.67	\$212.50	0.12%
Equity	313,304.79	300,723.37	12,581.42	4.18%
Operating Capital	440,051.64	416,304.96	23,746.68	5.70%
Safe Schools	139,559.40	140,058.30	(498.90)	-0.36%
Career & Technical	80,086.40	80,086.40	0.00	0.00%
Health & Safety	235,971.39	240,690.94	(4,719.55)	-1.96%
Building/Land Lease	39,242.00	37,700.00	1,542.00	4.09%
Transition	93,215.40	89,013.88	4,201.52	4.72%
Reemployment	65,982.05	50,000.00	15,982.05	31.96%
Econ Dev. Abatement	36,142.98	33,195.10	2,947.88	8.88%
Judgment	0.00	6,000.00	(6,000.00)	-100.00%
LCTS Levy	7,809.33	7,809.33	0.00	0.00%
Deferred Maintenance	231,005.81	219,207.86	11,797.95	5.38%
Abatement	544.56	(10,746.93)	11,291.49	-105.07%
Transition	410.84	543.33	(132.49)	-24.38%
Integration	235.33	587.77	(352.44)	-59.96%
Reemployment	(23,138.41)	3,809.40	(26,947.81)	-707.40%
Safe Schools	1,769.85	3,321.00	(1,551.15)	-46.71%
Career & Technical	(1,766.40)	0.00	(1,766.40)	-%
Econ Dev. Abatement	(916.67)	41,424.60	(42,341.27)	-102.21%
Health & Safety	0.00	0.00	0.00	-%
Deferred Maintenance	(854.95)	0.00	(854.95)	-%
Equity	824.22	10,955.39	(10,131.17)	-92.48%
Operating Capital	2,531.72	2,089.22	442.50	21.18%
Fac & Equip Bond	(109,817.05)	(106,990.09)	(2,826.96)	2.64%
	\$1,732,126.40	\$1,745,503.50	(\$13,377.10)	-0.77%



ISD 347 – Willmar, Minnesota

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 62.2% to 65.4%.
- **Operating Capital Levy** – Levy ratio increased from 43.2% to 45.6%. 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.



ISD 347 – Willmar, Minnesota

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 \$3,075.00 and MinnWest Technology Campus \$25,767.98.
- **Deferred Maintenance Levy** – Levy ratio increased from 78.3% to 82.8%.
- **Economic Development Abatement Adjustments**– Payable 09 contained abatements that should have been levied in prior years. The breakdown is 2007 West Central Steel adjustment (\$15.62), 2008 Northern Factory Sales \$5,124.00, 2007 MinnWest Technology Campus \$14,991.12 and 2008 MinnWest Technology Campus \$21,325.10.

ISD 347 – Willmar, Minnesota

Community Service Comparison

	Pay 10 (FY 11)	Pay 09 (FY 10)	Change \$	Change %
Basic Community Ed	\$198,163.60	\$193,998.83	\$4,164.77	2.15%
ECFE	75,822.74	72,213.69	3,609.05	5.00%
Home Visiting	3,041.60	3,392.00	(350.40)	-10.33%
School Age Care	78,725.00	50,000.00	28,725.00	57.45%
ECFE	0.00	0.00	0.00	-%
Home Visiting	(350.40)	19.20	(369.60)	-1925.00%
School Age Care	24,613.78	7,618.37	16,995.41	223.08%
Abatement	60.49	(1,960.07)	2,020.56	-103.09%
	\$380,076.81	\$325,282.02	\$54,794.79	16.85%

- Basic Community Education levy increased because it is covered 100% with levy instead of a portion being levy and a portion being aid.
- ECFE levy portion increased due to an increase in the Adjusted Net Tax Capacity.
- School Age Care increased as the cost estimate is closer to actual costs.



ISD 347 – Willmar, Minnesota

Debt Levy Comparison

	Pay 10 (FY 11)	Pay 09 (FY 10)	Change \$	Change %
Bonds	\$2,605,313.00	\$2,600,063.00	\$5,250.00	0.20%
Debt Excess	(181,081.62)	(217,560.65)	36,479.03	-16.77%
Capital Facilities Bonds	118,020.00	116,760.00	1,260.00	1.08%
Debt Excess for Cap Fac Bonds	(8,202.95)	(9,769.91)	1,566.96	-16.04%
Abatement	2,012.12	(2,019.40)	4,031.52	-199.64%
	\$2,536,060.55	\$2,487,473.04	\$48,587.51	1.95%

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.



ISD 347 – Willmar, Minnesota

How do these changes impact Taxpayers?



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Taxpayer Impact

The county mailed parcel specific notices entitled “Your Proposed Property Tax for 2010” in mid-November.

This notice contains the EXACT amount of taxes you will pay in 2010.



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



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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



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