



Board of Education
Truth in Taxation Hearing
December 2, 2008

ISD 347 – Willmar, Minnesota

□ Truth in Taxation Law

- Minnesota's Truth in Taxation Law began back in 1988.
- 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 "Truth in Taxation" public hearing for each taxing jurisdiction, including a specific public notice.

***You are here tonight as part of the
school district's public hearing process.***



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Truth in Taxation Public Hearing

Published in West Central Tribune, November 25, 2008

Notice of Proposed Property Taxes Independent School District 347

The school board of Willmar Public Schools Independent School District 347 will hold a public hearing on its current budget and on the amount of property taxes it is proposing to collect in 2009 to pay for the costs of services the district will provide for the 2009-2010 school year.

Attend the Public Hearing

All residents of the school district are invited to attend the public hearing of the School Board to express their opinions on the current budget and on the proposed amount of 2009 property taxes. The hearing will be held on:

Tuesday, December 2, 2008, at 5:30 p.m.
Willmar Education and Arts Center
WEAC Board Room
611 5th Street SW
Willmar



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Requirements of the Truth in Taxation Hearing/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 2009
- ❑ Public Comments and Questions

- Minnesota Statute 275.065

School District Budget

Current School Year
2008-2009

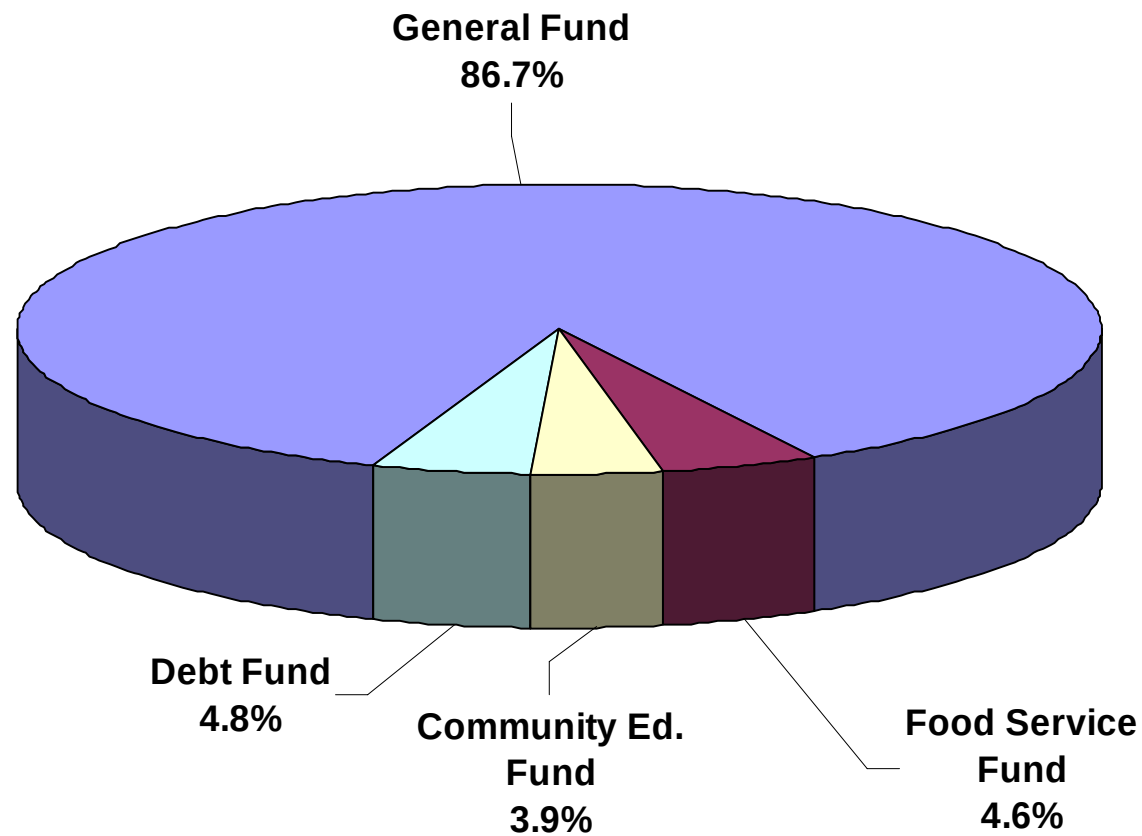
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ORIGINAL BUDGET FISCAL YEAR 2008 - 2009

	General Fund	Food Service Fund	Community Ed. Fund	Debt Fund	Total
Revenues					
Levy	2,950,314		276,370	2,018,796	5,245,480
Misc. Local Revenue	1,929,351	787,775	706,732	24,080	3,447,937
State Aid	34,852,150	190,100	836,690	233,141	36,112,081
Federal Aid	1,391,523	1,191,620	40,000		2,623,143
Total Revenues	41,123,337	2,169,495	1,859,791	2,276,017	47,428,641
Expenses					
Salaries/Benefits	32,409,781	891,291	1,520,001		34,821,073
Purchased Services	7,216,596	103,491	253,838		7,573,925
Supplies	2,229,662	1,086,974	116,800		3,433,436
Equipment/Bldg.	1,496,766	65,197	10,600		1,572,563
Debt Service				2,519,100	2,519,100
Misc.	155,574	2,000	5,930		163,504
Total Expenses	43,508,379	2,148,954	1,907,169	2,519,100	50,083,602
Budget Balance	(2,385,042)	20,541	(47,378)	(243,083)	(2,654,961)

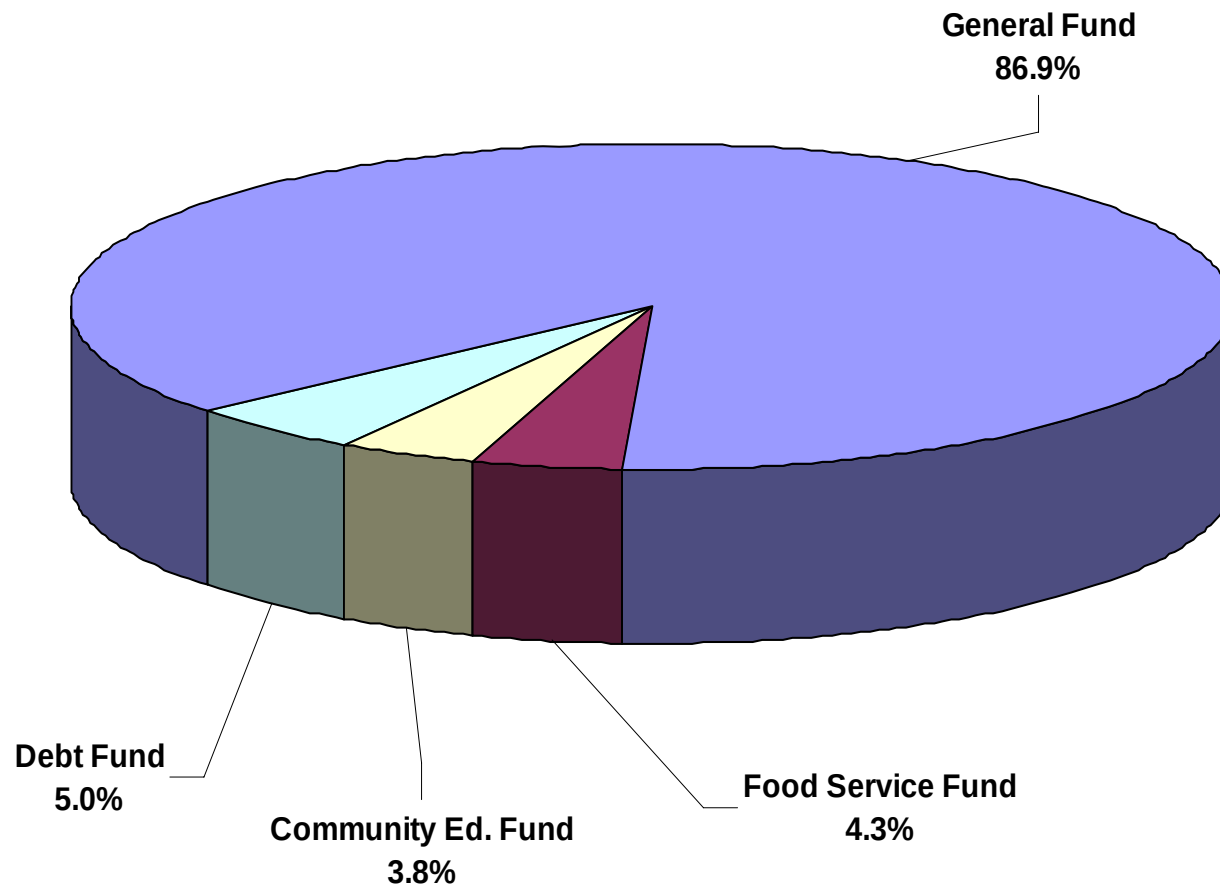
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Revenue by Fund



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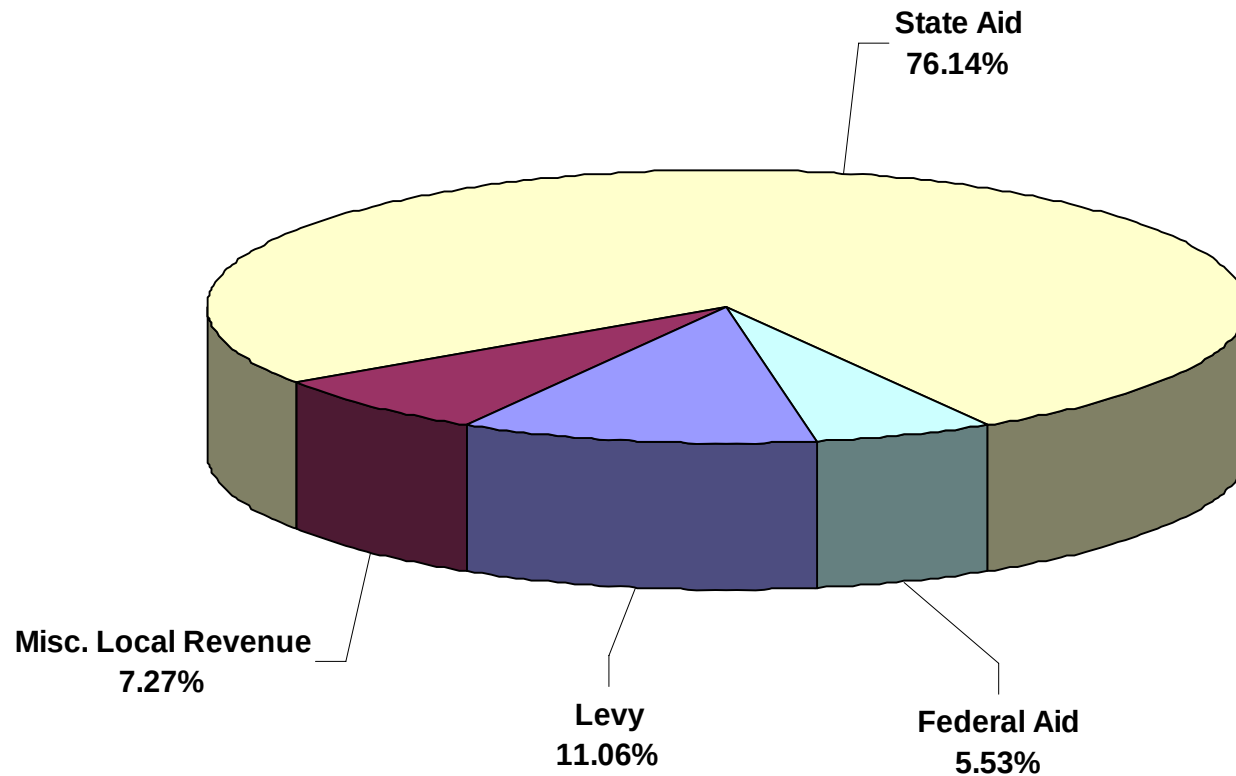
Expenses by Fund



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>
1996-97	3,205	1.20%
1997-98	3,505	9.36%
1998-99	3,581	2.17%
1999-00	3,530	-1.42%
2000-01	3,740	5.95%
2001-02	3,964	5.99%
2002-03	4,068	2.62%
2003-04	4,601	13.10%
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%



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How are your Payable 2009 Local School Taxes Spent?

General Fund	48.99%
Provides funding for the District instructional programs, also regular and special education transportation and for the purchase of instructional equipment, building maintenance and Health & Safety.	
Community Education Fund	5.46%
Levy for Community Education Programs.	
Debt Service	45.55%
Levy for repayment of principal and interest on District debt.	
Total Levy Before Credits	100.00%

How are my Property Taxes Calculated?



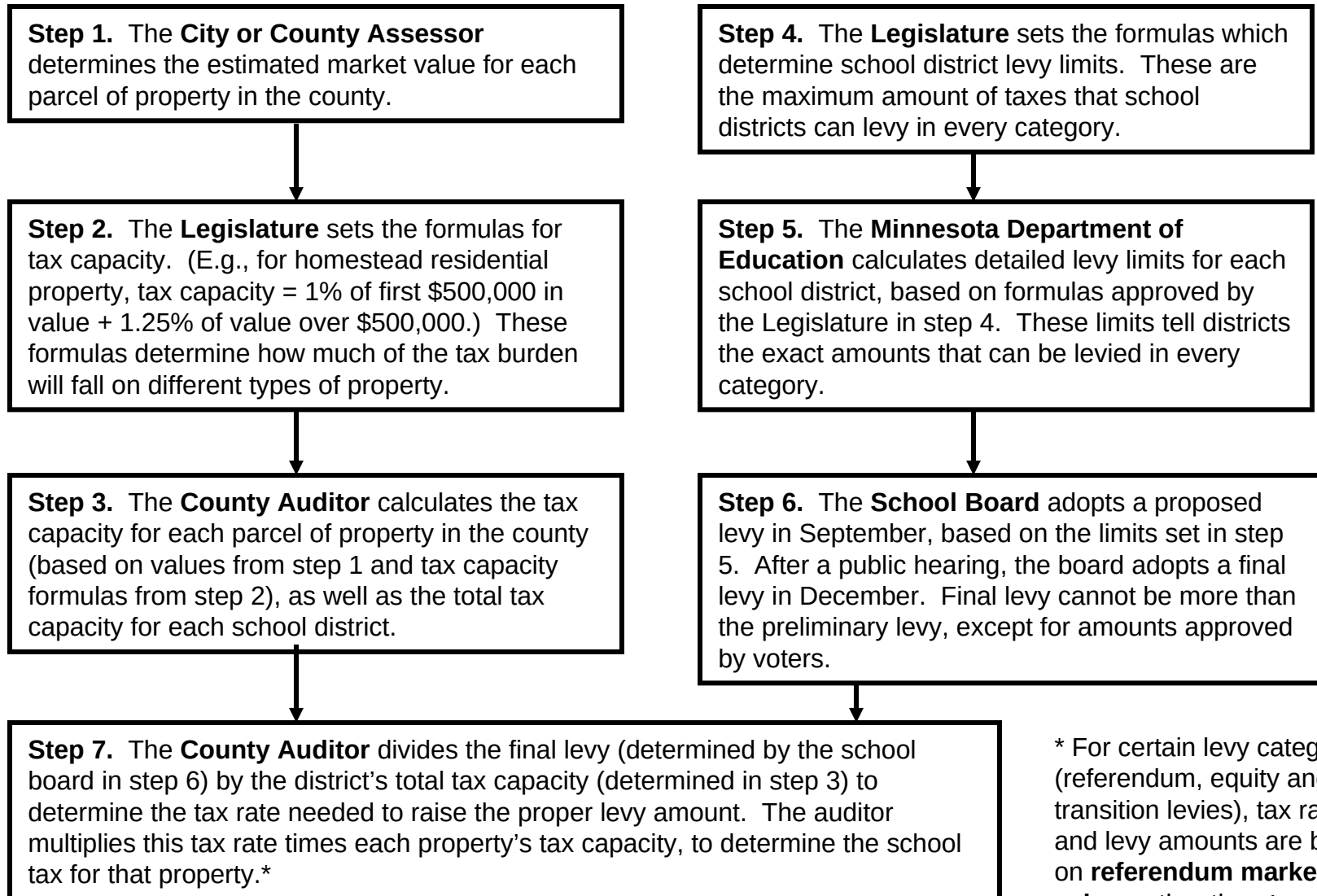
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How are My Property Taxes Calculated?

- 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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* For certain levy categories (referendum, equity and transition levies), tax rates and levy amounts are based on **referendum market value**, rather than **tax capacity**.



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Authority for School Levies

A School District Tax Levy must be either:

- **Set by State Formula**

Or

- **Voter Approved**



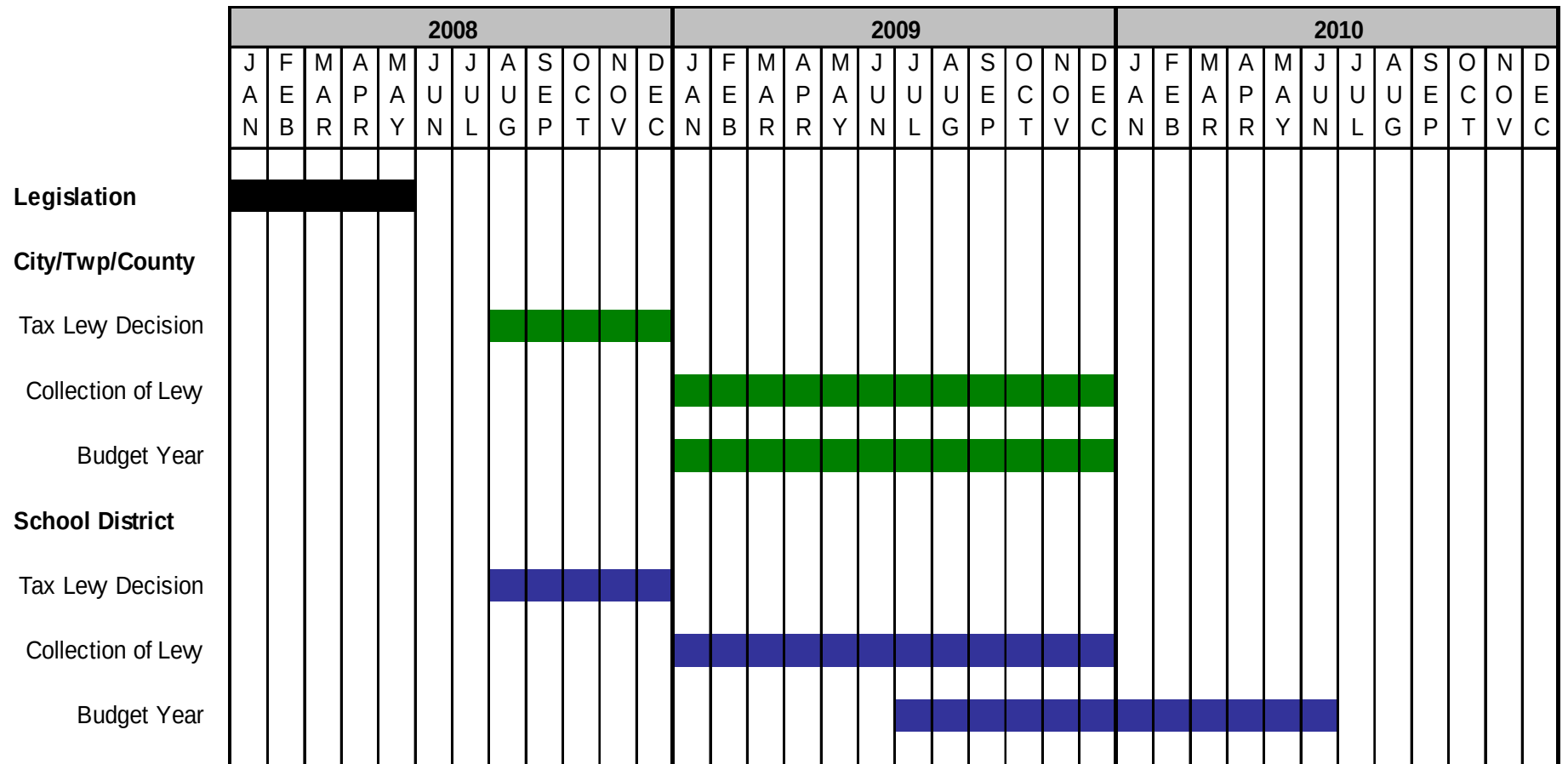
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School District Levy

- 2008 Payable 2009 is the same as...
- 2009-2010 School Year which is the same as...
- Fiscal Year 2010 begins July 1, 2009

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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 2009 levy and the
Payable 2008 levy?

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2008 Payable 2009 Levy Summary

The Levy for the 2008 Payable 2009 year (FY 2010) increases \$1,004,766.35 or 17.94%, compared to the current levy.

Category	Pay 2009	Pay 2008	Change	
			\$	%
Referendum	\$2,048,737.32	\$1,354,388.74	\$694,348.58	51.27%
General	\$1,745,503.50	\$1,693,856.96	\$51,646.54	3.05%
Community Education	\$325,282.02	\$302,046.82	\$23,235.20	7.69%
Debt Service	\$2,487,473.04	\$2,251,937.01	\$235,536.03	10.46%
TOTAL	\$6,606,995.88	\$5,602,229.53	\$1,004,766.35	17.94%

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Referendum Revenue

	Pay 09 (FY 10)	Pay 08 (FY 09)	Change \$	Change %
Voter Approved Referendum	2,048,737.32	1,354,388.72	694,348.60	51.27%
Tier Adjustment	0.00	0.02	(0.02)	-100.00%
	\$2,048,737.32	\$1,354,388.74	\$694,348.58	51.27%

- Represents \$498/pupil unit operating referendum passed in November 2001 and \$201.51/pupil unit operating referendum passed in November 2008.
 - In addition, a portion of the increase is due to increase in Resident Marginal Cost Pupil Units of 35.14 students
- AND
- Increase in Referendum Market Value of 7.7%. The Statewide increase was 7.3%.
 - Levy portion of the aid/levy split increased from 58.2% to 62.2%.

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	Pay 09 (FY 10)	Pay 08 (FY 09)	Change \$	Change %
Integration	179,719.67	179,904.00	(184.33)	-0.10%
Equity	300,723.37	297,227.30	3,496.07	1.18%
Operating Capital	416,304.96	398,747.28	17,557.68	4.40%
Safe Schools	140,058.30	140,007.90	50.40	0.04%
Career & Technical	80,086.40	80,086.40	0.00	0.00%
Health & Safety	240,690.94	286,541.65	(45,850.71)	-16.00%
Building/Land Lease	37,700.00	48,202.48	(10,502.48)	-21.79%
Transition	89,013.88	83,225.82	5,788.06	6.95%
Reemployment	50,000.00	40,000.00	10,000.00	25.00%
Econ Dev. Abatement	33,195.10	7,770.00	25,425.10	327.22%
Judgment	6,000.00	0.00	6,000.00	100.00%
LCTS Levy	7,809.33	0.00	7,809.33	100.00%
Deferred Maintenance	219,207.86	210,783.55	8,424.31	4.00%
Abatement	(10,746.93)	18,461.40	(29,208.33)	-158.21%
Transition	543.33	535.19	8.14	1.52%
Integration	587.77	3,251.24	(2,663.47)	-81.92%
Reemployment	3,809.40	(13,212.95)	17,022.35	0.00%
Safe Schools	3,321.00	2,887.11	433.89	15.03%
Econ Dev. Abatement	41,424.60	122.50	41,302.10	33716.00%
Health & Safety	0.00	0.00	0.00	0.00%
Equity	10,955.39	5,530.43	5,424.96	98.09%
Operating Capital	2,089.22	1,059.80	1,029.42	97.13%
Fac & Equip Bond	(106,990.09)	(97,274.14)	(9,715.95)	9.99%
	\$1,745,503.50	\$1,693,856.96	\$51,646.54	3.05%



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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 58.2% to 62.2%.
- **Operating Capital Levy** – Levy ratio increased from 41.5% to 43.2%.
- **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.
- **Building/Land Lease Levy** – Lease costs for: Lakeview School, Ice Arena, and golf course. The Lakeview School moved to a different building with a lower lease amount. 100% Levy.
- **Reemployment Levy** – Estimated unemployment insurance costs adjusted over time for actual expenditures. 100% Levy.



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General Levy Comparison

- **Economic Development Abatement** – Granted by the board to encourage economic development. The breakdown is Gurley's Foods \$3,400.00, West Central Steel \$4,370.00, Northern Factory Sales \$4,100.00 and MinnWest Technology Campus \$21,325.10.

- **Deferred Maintenance Levy** – Levy ratio increased from 75% to 78%.

- **Economic Development Abatement Adjustments**– 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.

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Community Service Comparison

	Pay 09 (FY 10)	Pay 08 (FY 09)	Change \$	Change %
Basic Community Ed	193,998.83	186,543.45	7,455.38	4.00%
ECFE	72,213.69	43,074.33	29,139.36	67.65%
Home Visiting	3,392.00	3,372.80	19.20	0.57%
School Age Care	50,000.00	50,000.00	0.00	0.00%
ECFE	0.00	(513.78)	513.78	-100.00%
Home Visiting	19.20	460.80	(441.60)	-95.83%
School Age Care	7,618.37	19,087.21	(11,468.84)	-60.09%
Abatement	(1,960.07)	22.01	(1,982.08)	-9005.36%
TOTAL	\$325,282.02	\$302,046.82	\$23,235.20	7.69%

- Census increased 527 people.
- ECFE estimated population increased 16 children and ECFE tax rate increased from .21% to .34%.

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Debt Levy Comparison

	Pay 09 (FY 10)	Pay 08 (FY 09)	Change \$	Change %
Bonds	2,600,063.00	2,528,925.00	71,138.00	2.81%
Debt Excess	(217,560.65)	(395,184.06)	177,623.41	-44.95%
Capital Facilities Bonds	116,760.00	115,290.00	1,470.00	1.28%
Debt Excess for Cap Fac Bonds	(9,769.91)	(18,015.86)	8,245.95	-45.77%
Abatement	(2,019.40)	20,921.93	(22,941.33)	-109.65%
TOTAL	\$2,487,473.04	\$2,251,937.01	\$235,536.03	10.46%

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?



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Taxpayer Impact

The county mailed parcel specific notices entitled “Your Proposed Property Tax for 2009” in mid-November.

This notice contains the EXACT amount of taxes you will pay in 2009.



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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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