

Glencoe-Silver Lake School Truth in Taxation Hearing for Taxes Payable in 2018



December 11, 2017
Michelle Sander

Agenda for Hearing

- Background on School Funding, Tax Levies and Budgets
- Information on Proposed Pay 2018 Levy
- Information on District Budget
 - Because approval of the budget lags certifications of the tax levy by 6 months, the state requires only current year budget information and prior year actual financial results be presented and discussed.
- Public Comments and Questions



Discussion of Taxes Payable 2018

**The School District Levy
2017 Payable 2018**

Levy is Approved in 2017

Taxes are Paid in 2018

**Revenue is for the
2018-2019 School Year
FY 2019**

School Levy vs. Budget Cycle

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 calendar year

Budget

- Final Budget approved in June, 2018 (6 months later)
- Fiscal year is July 1 through June 30

Levy Process -

1. **County Assessor** – Determines the estimated market values for each property in the County.
2. **Legislature**
3. – Sets the formulas for tax capacity. The levy formulas determine how much of the tax will fall on different types of property.
3. **County Auditor** – Calculates the tax capacity for each parcel of property
County Auditor – Determines the total tax capacity for the school district.
4. **Legislature** – Sets the formulas which determine levy limits.
5. **Minnesota Department of Education** – Calculates detailed levy limits for each school district based on the formulas.
6. **School Board** – Adopts a proposed levy in September based on limits. After the public hearing, adopts a final levy in December.
7. **County Auditor** – Divides the final levy by the districts' total tax capacity 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.

Explanation of Levy Certification

1. Voter Approved Levies:

- a) Referendum Operating levy for operating expenses. - RMV
- b) Debt Service Levy - for new building and remodeling projects. - NTC



2. Other Local Levy

This category includes levies for specific purposes which are based upon **formulas set by the state legislature**. The school district has some discretion in determining whether we need to levy the limit set by law or a reduced amount.

Operating Capital

Reemployment

Safe Schools

Career and Technical

Long Term Facilities Maintenance Revenue

Building Leases

Community Service

What Are The Variables Which Cause Property Tax Increases and Decreases?

- 1. Changes in market values**
2. Changes in class rates
3. Changes in enrollment
4. Changes in local levy vs. state aid
- 5. Homestead Credits – Homestead Exclusion**
6. Property tax refunds
- 7. Consolidation – Reorganization Debt**
- 8. Legislative Changes – LTFMR**
- 9. Building Construction**



Property Valuations

Market Values – Total Property Values of the District		% Growth
2012 Market Value	1,302,647,400	1.627% + 20,856,600
2013 Market Value	1,453,758,600	11.6% +151,111,200
2014 Market Value	1,635,174,762	12.4% +181,416,162
2015 Market Value	1,659,959,700	1.52% + 24,784,938
2016 Market Value	1,591,831,800	-4.10% -68,127,900

Property Valuations

Referendum Market Values - Ag Land - Seasonal Properties		
2012 RMV	705,710,810	-4.864% - (-36,084,530)
2013 RMV	692,394,215	-1.88% - (-13,316,595)
2014 RMV	707,535,785	+2.19% - +15,141,570
2015 RMV	735,995,730	+4.0224 - +28,459,945
2016 RMV	767,609,675	+4.3% - +31,613,845

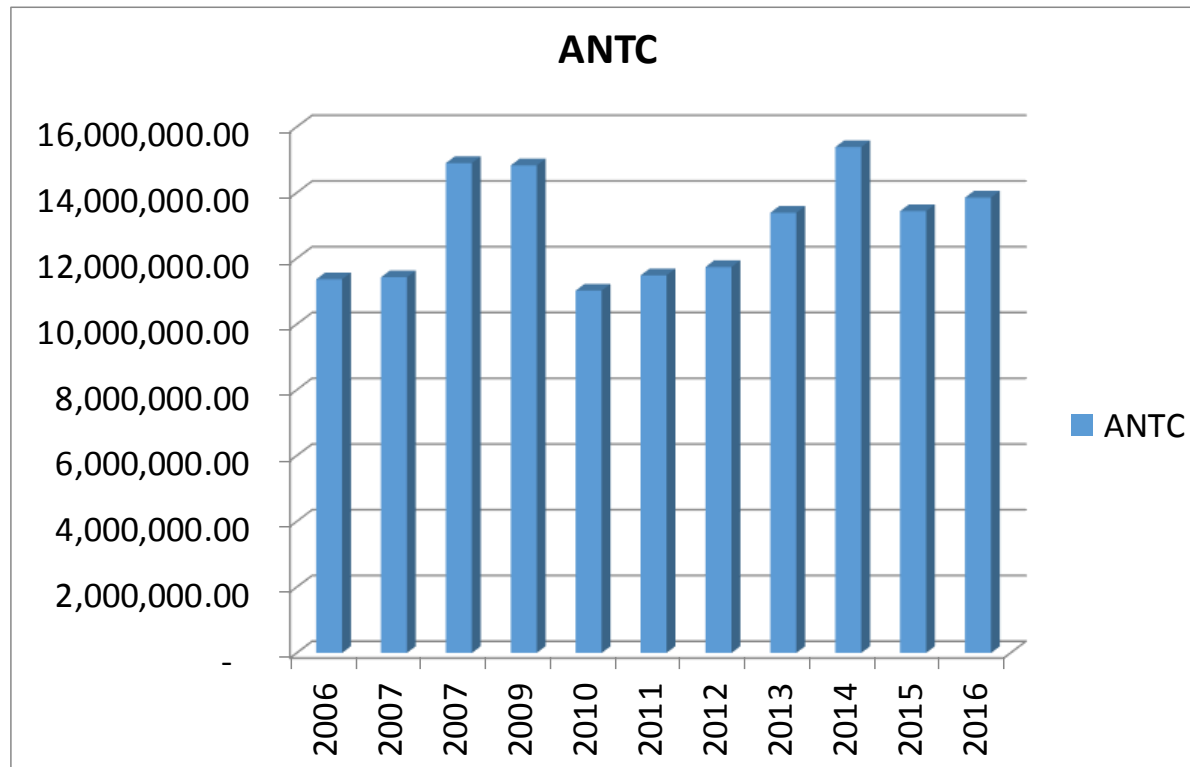
Property Valuations

Net Tax Capacity – Market Values X Class Rates		% Growth
2012 NTC	11,409,812	1.256% - 141,539
2013 NTC	12,652,791	11% 1,242,979
2014 NTC	13,985,986	10.54% +1,333,195
2015 NTC	14,240,026	1.82% + 254,040
2016 NTC	13,946,204	-2.0634 -293,822

Property Valuations

Adjusted Net Tax Capacity – NTC /Sales Ratio		
2012 ANTC	11,740,207	3% - 253,832
2013 ANTC	13,391,738	14% - 1,651,531
2014 ANTC 2014 AG Modified ANTC for LT FAC MAINT REVENUE	15,388,205 10,825,615	14.9% - 1,996,467
2015 ANTC 2015 Ag Modified for LTFM Revenue	13,441,976 9,939,477	-12.6% - 1,946,229
2016 ANTC 2016 Ag Modified for LTFM Revenue	13,853,320 10,549,015	+3.06% - +411,344

Adjusted Net Tax Capacity



Resident Students

	2012-2013 Final 6-30-13	2013-2014 Final 6-30-14	2014-2015 Final 6-30-15	2015-2016 Final 6-30-16	2016-2017 Final 6-30-17
Pre-K	11.06	13.08	11.94	9.64	16.63
Kindergarten	155.97	120.51	132.81	128.04	127.21
1-2	277.24	280.94	272.93	254.10	271.03
3-6	563.94	579.16	573.40	578.03	565.59
7-8	289.78	310.42	300.27	304.60	317.13
9-12	638.85	628.51	654.96	643.62	632.33
Total	1,936.84	1,932.62	1,946.31	1,918.03	1,929.92

Adjusted Average Daily Membership

	2012-2013 9-4-12 6-30-13	2013-2014 12-9-13 6-30-14	2014-2015 12-8-14 6-30-15	2015-2016 12-14-16 6-30-16	2016-2017 12-12-16 6-30-17	2017-2018 12-11-17
Pre-K	15 11.07	12 12.56	10 11.46	15 9.14	10 15.43	10
Kdgn	138 134.45	101 100.32	102 104.07	110 112.51	110 112.60	112
1-2	243 237.43	242 242.53	221 219.94	213 207	210 217.88	226
3-6	497 476.21	487 484.31	470 470.73	473 479.01	468 471.78	456
7-8	256 240.68	252 246.41	253 249.77	249 251.44	245 265.81	278
9-12	538 534.29	512 511.07	510 508.10	520 500.98	512 496.69	507
Total	1,687 1634.13	1,606 1597.20	1566 1564.07	1580 1560.08	1555 1580.10	1589

Example One – Residential Homestead - GSL

	Taxes Payable 2014	Taxes Payable 2015	Taxes Payable 2016	Taxes Payable 2017	Taxes Payable 2018
	Estimated Market Value \$124,500	Estimated Market Value \$129,600	Estimated Market Value \$134,900	Estimated Market Value \$137,000	Estimated Market Value \$147,100
Homestead Exclusion	\$26,000	\$25,600	\$25,100	\$24,900	\$24,000
Taxable Market Value	\$98,500	\$104,000	\$109,800	\$112,100	\$123,100
Voter Approved Levies	\$67.18	\$73.91	\$186.26	\$184.45	\$193.06
Other Local Levies	\$188.42	\$181.33	\$214.19	\$205.46	\$230.47
Total	\$255.60	\$255.47	\$400.45	\$389.84	\$423.53
Difference	-\$65.72	\$-.13	+\$144.98	-\$10.61	+\$33.69 ¹⁷

Example Two – Agricultural Non-Homestead – GSL School

	Taxes Payable 2015	Taxes Payable 2016	Taxes Payable 2017	Taxes Payable 2018
	Estimated Market Value \$415,100	Estimated Market Value \$413,900	Estimated Market Value \$309,600	Estimated Market Value \$278,500
Homestead Exclusion	NA	NA	NA	NA
Voter Approved Levies		\$404.25	\$310.37	\$
Other Local Levies	\$257.11	\$364.98	\$226.10	
Total	\$257.94	\$769.23	\$536.47	
Difference	-\$183.60	+\$511.29	-\$232.76	

2017 PAYABLE 2018

10.30%

Explanation of Levy Changes – RMV Tax Calculations

- Voter Approved and RMV Other
 - Referendum, Equity, Local Option and Transition
- Change – \$91,861.36
- Use of Funds – General Operating Expenses
- Adjusted Per Pupil Unit - \$476.88
- Resident Students
- FY16 and FY18 Adjustments
- State Aid and Local Levy

Explanation of Levy Changes – Net Tax Capacity - NTC

- Student Achievement Levy
- Change – (-\$18,818.77)
- Phased out in FY18

Explanation of Levy Changes – Net Tax Capacity - NTC

- Operating Capital Levy
- Change – (\$12,497.32)
- Use of Funds – equipment, building maintenance, leases, salaries, vehicles
- State Aid and local levy
- Calculation based on 2018-2019 Estimated APU – 1,786.20 – (1,623 ADM)

Operating Capital revenue replaced the capital expenditure facilities and capital expenditure equipment formulas.

The operating capital formula has a component representing the former equipment and technology formulas of

\$79 per pupil unit and a component representing the former facilities formula of \$109 times the district's maintenance cost index..

Operating Capital revenue is an equalized formula.

The qualizing factor for fiscal year 2017 is \$15,740, in FY18 it will increase to \$19,972 and in FY 19 it increased to \$24,241

Operating capital revenue ranges fomr \$188 to \$243 per adjusted pupil unit per district and totals \$209.6 million statewide.

Operating Capital Revenue - Page 3

Average Building Age	43.55
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Facilities Age Index

$1 + .01 \times 43.55$	1.4355
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Operating Capital Allowance

$\$79 + \109×1.4355	235.47
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Estimated 2018-19 Adjusted PU

1,786.20 x 235.47	420,596.51
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Operating Capital Aids and Levy - Page 6

Operating Capital Revenue	420,596.51
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2018-19 Adj PU	1,786.20
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2016 ANTC	13,853,320
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FY19 ANTC/ADJ PU	7,755.75
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Lewy Ratio - lesser of 1 or

7.755.75 / 24.241	0.31994348
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Levy Limit

.31994348 x 420,596.51	134,567.11
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State Aid

420.596.51 - 134.567.11	286.029.40
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Explanation of Levy Changes – Net Tax Capacity - NTC

- Reemployment Insurance
- Change – \$12,447.78
- Used for unemployment
- Based on estimates for 2018-2019 and FY16 actual expenses.
- Local Levy

Explanation of Levy Changes – Net Tax Capacity - NTC

- Safe Schools
- Change – (-\$3,188.16)
- Used for Supervision at events, police officer at events and safe schools items – radios, security cameras, crossing guards.
- Local Levy



Explanation of Levy Changes – Net Tax Capacity - NTC



- Career and Technical
- Change – \$6,359.21
- Used for vocational programs
- Local Levy

Explanation of Levy Changes – Net Tax Capacity - NTC

- Health and Safety – **Eliminated in FY16 – Still have H&S projects but Revenue stream changed to LTFMR**
- Change – (-\$24,039.08)
- Use of funds – State-approved capital projects related to health and safety
- Local Levy
- Based on Actual



Explanation of Levy Changes — Net Tax Capacity - NTC

- Deferred Maintenance — **Eliminated in FY16**
- Levy Reduction — \$400.64
- Used for building projects having a useful life of five years or more.
- Local Levy



Long Term Facilities Maintenance Revenue

- New Levy/Aid Category 2016 – Replaces old Health and Safety and Deferred Maintenance
- Levy/Aid - +\$ 276,004.46
 - \$440,980.56 levy authority + \$237,775.44 additional State Aid. Levy Only - \$250,000.00
- 10 Year Plan – Needs to be updated annually
 - Revenue is based on a Per Pupil Unit
 - FY17 - \$193
 - FY18 - \$292 and **FY19 - \$380**

<u>LTFM</u>				
2018-19 Adj PU			1,786.20	
Building Age			48.47	
Equalized Revenue = \$380.00 PU X 1,786.20			\$ 678,756.00	
2016 Ag Modified ANTC			\$10,549,015.00	
2015-16 Actual Adj PU			1,710.30	
FY16 ANTC Per APU				
10,549,015/1,710.30 =			\$ 6,167.93	
Statewide ANTC/APU			\$ 7,718.42	
LTFM Equalizing Factor				
123% x 7,718.42			\$ 9,493.66	
Levy Ratio				
Lesser of 1 OR 6,167.93 / 9,493.66 =			0.649689%	
LTFM Aid Ratio			0.350311%	
State Aid =				
.35031063 x 678,756.00 =			\$ 237,775.44	
Equalized Levy				
.64968937 x 678,756.00 =			\$ 440,980.56	
Unequalized Additional Levy Authority			\$ 250,000.00	
TOTAL LTFM Levy			\$ 690,980.56	

Long Term Debt

- Building Project

Levy Authority - \$1,403,522.00 Increase of \$1,998.77



Explanation of Levy Changes – Net Tax Capacity - NTC

- Community Service – (-\$233.43)

- Community Ed
- School Readiness- Aid
- ECFE
- Non-Public
- Pre-School Screening
- School Age Care – PAC

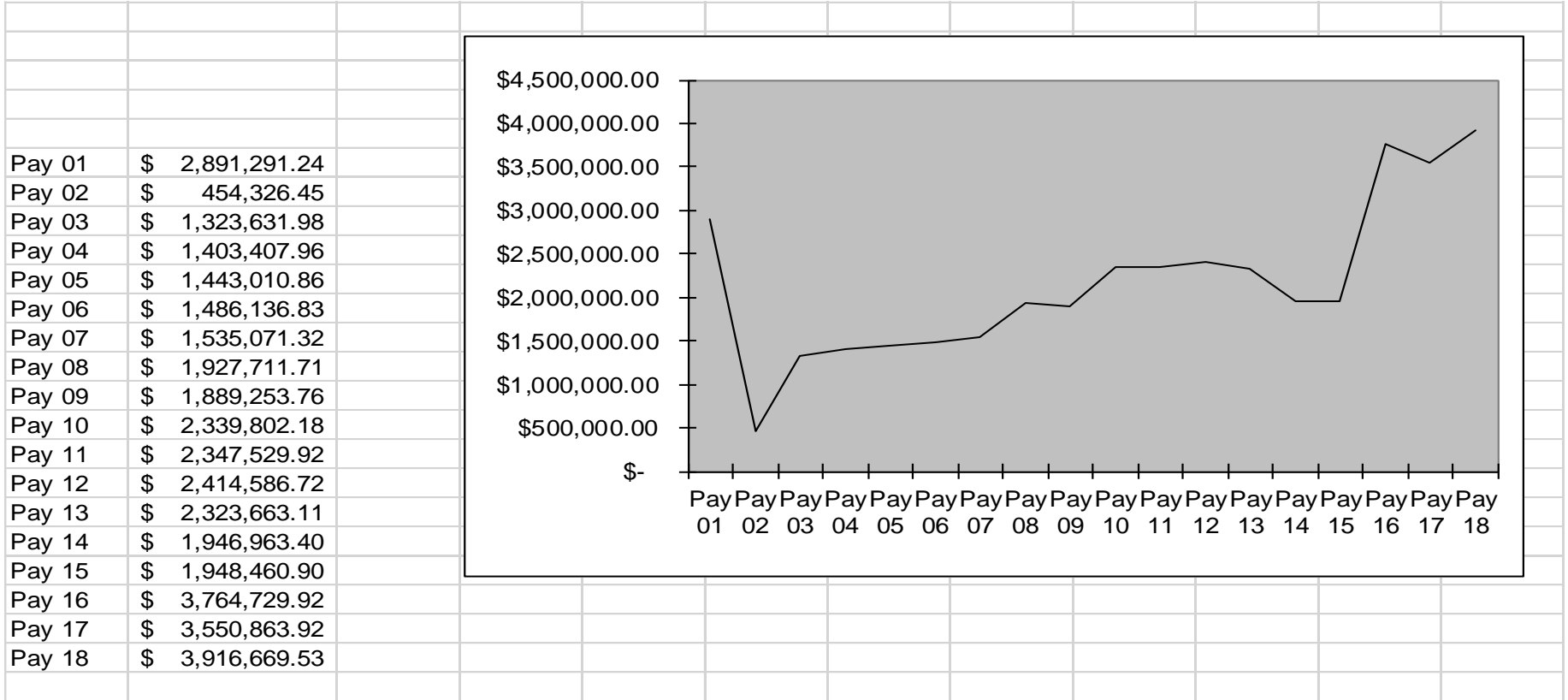


Community Service - ECFE Calculation				
	Pay 2015	Pay 2016	Pay 2017	Pay 2018
Under 5 Population	673	631	594	593
ECFE Rate of Funding	\$ 134.11	\$ 139.54	\$ 139.54	\$ 145.18
Revenue Generated	\$ 90,256.03	\$ 88,049.74	\$ 82,886.76	\$ 86,091.74
2011 ANTC				
2012 ANTC				
2013 ANTC	13,391,738			
2014 ANTC		15,388,205		
2015 ANTC			13,441,976	
2016 ANTC				13,853,320
ECFE Tax Rate	0.00376865	0.0033993	0.00327606	0.00312018
Funding				
Tax Rate X ANTC	\$ 50,468.77	\$ 52,309.13	\$ 44,036.72	\$ 43,224.85
Levy	\$ 50,468.77	\$ 52,309.13	\$ 44,036.72	\$ 43,224.85
State Aid	\$ 39,787.26	\$ 35,740.61	\$ 38,850.04	\$ 42,866.89



SR Class

Pay Levy History



Pay 2001 - \$2,891,291.24

Pay 2002 - \$ 454,326.45

Pay 2003 - \$1,323,631.98

Pay 2004 - \$1,403,407.96

Pay 2009 - \$1,889,253.76

Pay 2011 - \$2,347,529.92

Pay 2013 - \$2,323,663.11

Pay 2005 - \$1,443,010.86

Pay 2006 - \$1,486,136.83

Pay 2007 - \$1,535,071.32

Pay 2008 - \$1,737,012.06

Pay 2010 - \$2,339,802.26

Pay 2012 - \$2,414,586.72

Pay 2014 - \$1,946,963.40

Pay 2015 - \$1,948,460.90

Pay 2016 - \$3,764,729.92
(Building Bond)

Pay 2017 - \$3,550,863.92

Pay 2018 - \$3,916,669.53

Budget Information

- All school district budgets are divided into separate funds, based on purposes of revenues, as required by law.
 - General fund – includes transportation and capital expenditures
 - Food Service fund
 - Community Service fund
 - Debt Service fund
 - Building Construction Fund
 - Trust Fund - Scholarships
 - Internal Service Fund



Glencoe-Silver Lake Schools

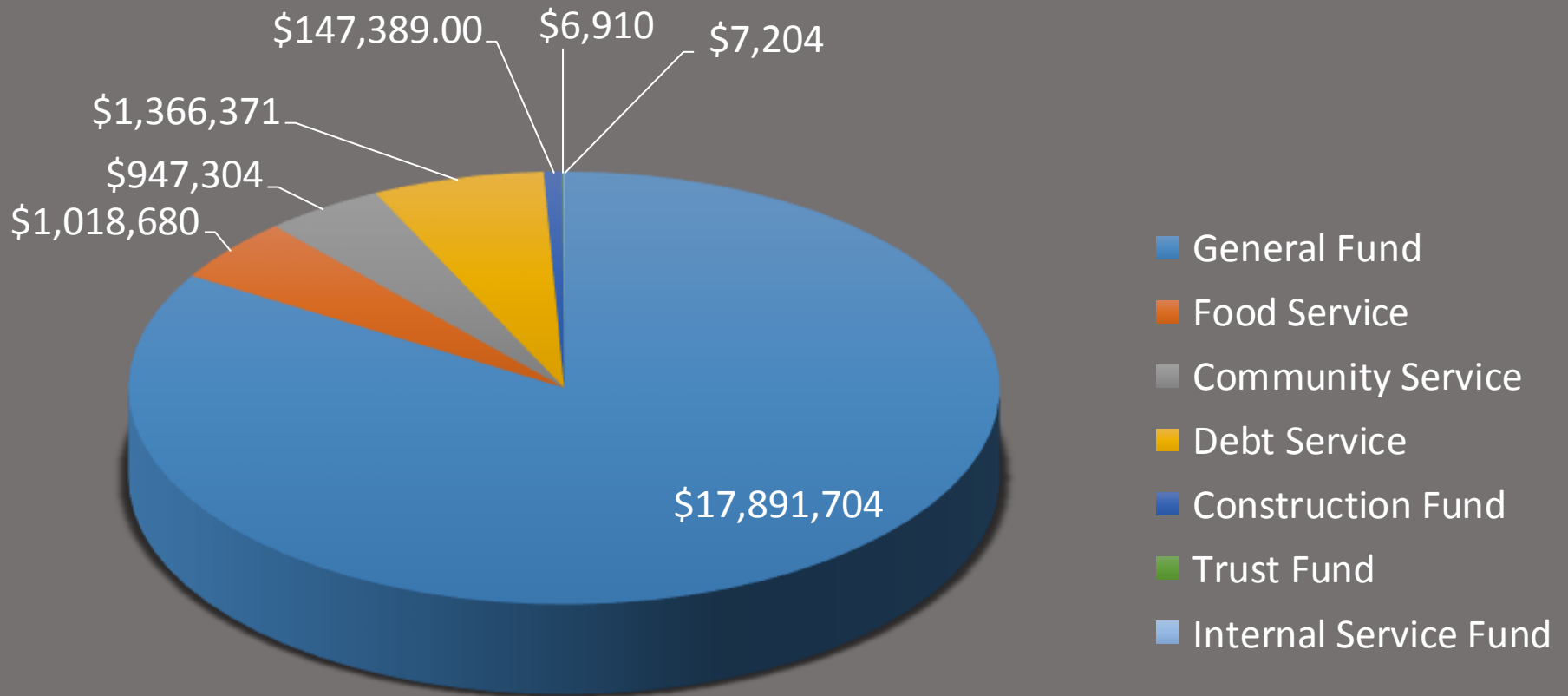
Revenues and Expenditures

Actual 2017 Fiscal Year – Proposed Budget for 2017-2018

Fund	2016-2017 Actual Revenues	2016-2017 Actual Expenditures	June 30,2017 Actual Fund Balance	2017-2018 Revenue Budget Original	2017-2018 Expenditure Budget Original
General Fund Total	\$17,891,704	\$18,074,148	\$5,309,995	\$17,519,013	\$18,268,171
Food Service	\$1,018,680	\$938,153	\$173,477	\$1,015,066	\$983,043
Community Service	\$947,304	\$844,214	\$149,274	\$804,616	\$806,282
Building Construction	\$147,389	\$16,620,064	\$22,013,322	\$20,000	\$4,700,000
Debt Service	\$1,366,371	\$1,338,238	\$3,910	\$1,401,523	\$1,335,338
Trust Fund	\$6,910	\$12,700	\$941,374	\$6,200	\$12,200
Internal Service Fund	\$7,204	\$0	\$809,431	\$1,400	\$0
Total All Funds	\$21,385,562	\$37,827,517	\$29,400,783	\$20,767,818	\$26,105,034

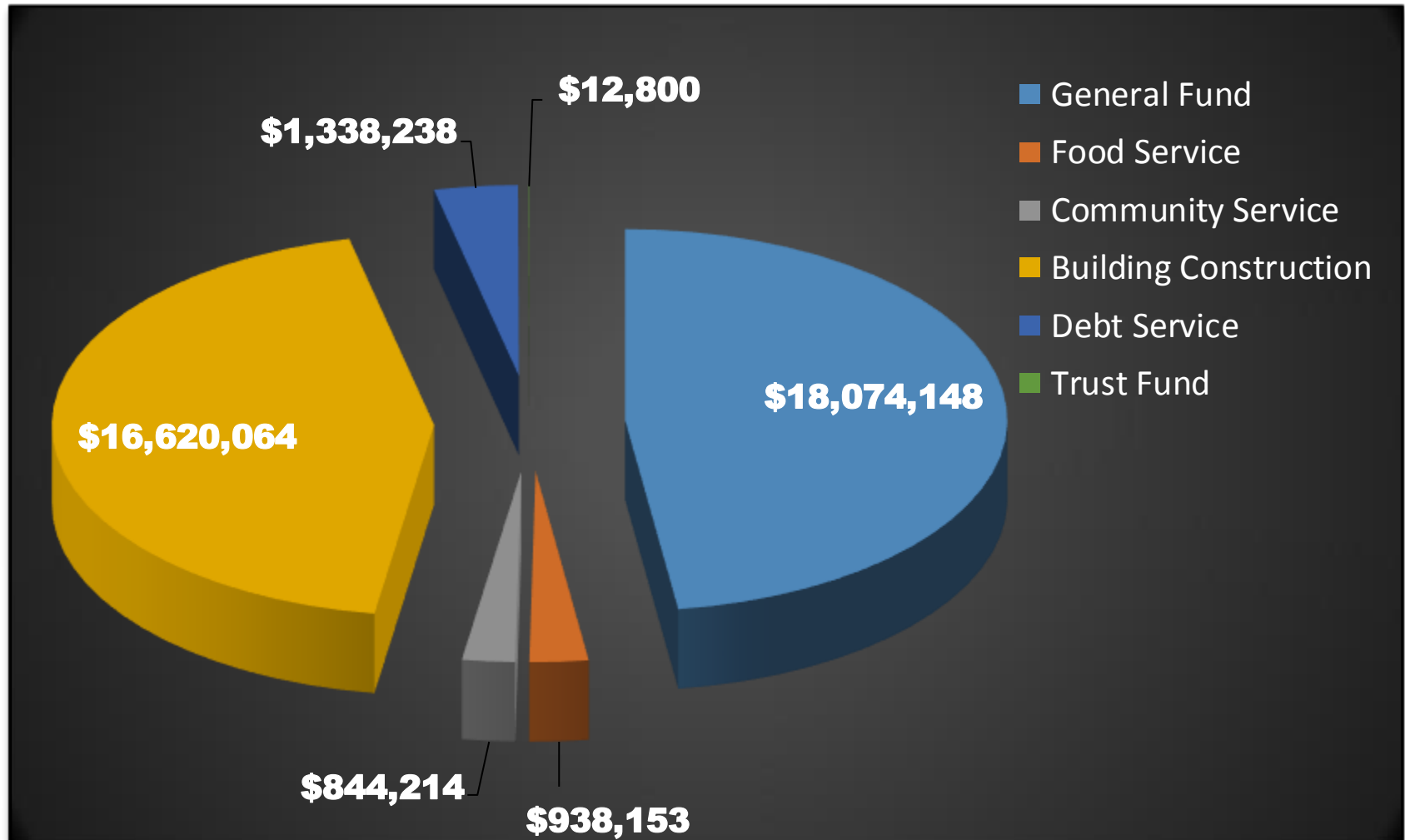
2016-2017 Revenues by Fund

\$21,385,562



2016-2017 Expenditures by Fund

\$37,827,517



Changes in 2017-2018 Revised Budget

- Contract settlements
- Staffing Changes**
- Transportation**
- Utilities
- Special Education**
- Technology
- Facilities – Building Project**



- Adjust General Education and Special Education Revenue
- Enrollment**

**LEVY LIMITATION AND CERTIFICATION SUMMARY
2017 PAYABLE 2018**

LEVY CATEGORY		Actual Payable in 2017	Proposed Levy Payable in 2018	Levy Reduction Proposed Levy Payable in 2018
#1 - GENERAL - RMV VOTER REFERENDUM LEVY		\$ 422,758.76	\$ 452,070.65	\$ 452,070.65
#2 - GENERAL - RMV OTHER				
EQUITY		\$ 169,572.30	\$ 190,169.91	\$ 190,169.91
Local Optional		\$ 497,276.54	\$ 563,288.18	\$ 563,288.18
TRANSITION		\$ 39,858.57	\$ 45,110.68	\$ 45,110.68
TOTAL RMV OTHER		\$ 706,707.41	\$ 798,568.77	\$ 798,568.77
#4 - GENERAL - NET TAX CAPACITY OTHER				
Levy	Student Achievement	\$ 18,818.77		
Aid/Levy	Operating Capital	\$ 143,812.64	\$ 131,315.32	\$ 131,315.32
Levy	Reemployment Ins.	\$ (9,476.62)	\$ 2,971.16	\$ 2,971.16
Levy	Safe Schools	\$ 65,910.96	\$ 62,722.80	\$ 62,722.80
Levy	Career and Technical	\$ 43,644.48	\$ 50,003.69	\$ 50,003.69
Levy	Health and Safety	\$ 24,039.08	\$ -	\$ -
Levy	Deferred Maintenance	\$ (3,210.24)	\$ (2,809.60)	\$ (2,809.60)
Levy/Aid	Long Term Facilities Maintenance	\$ 321,273.64	\$ 439,637.57	\$ 439,637.57
Levy	Long Term Facilities Maintenance	\$ 95,519.15	\$ 253,159.68	\$ 3,159.68
Levy	Building Lease	\$ 160,792.60	\$ 160,792.60	\$ 160,792.60
Levy	NTC JOBZ Exempt			
	Abatement Adjustment	\$ 473.41	\$ 6,671.67	\$ 6,671.67
	Total General NTC	\$ 861,597.87	\$ 1,104,464.89	\$ 854,464.89
TOTAL GENERAL FUND		\$ 1,991,064.04	\$ 2,355,104.31	\$ 2,105,104.31
#5 - COMMUNITY SERVICE				
	Community Education	\$ 103,428.10	\$ 103,428.10	\$ 103,428.10
	ECFE	\$ 44,036.72	\$ 43,183.72	\$ 43,183.72
	Home Visiting	\$ 747.01	\$ 799.85	\$ 799.85
	School Age Care	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
	Abatement Adjustment	\$ 64.82	\$ 631.55	\$ 631.55
	Total Community Service	\$ 158,276.65	\$ 158,043.22	\$ 158,043.22
#7 - General Debt Service - Non- Voter Approved				
	Building Bond	\$ 1,401,632.00	\$ 1,403,522.00	\$ 1,403,522.00
	Abatement Adjustment MW	\$ (108.77)		
	Total Debt Service	\$ 1,401,523.23	\$ 1,403,522.00	\$ 1,403,522.00
TOTAL PAY LEVY		\$ 3,550,863.92	\$ 3,916,669.53	\$ 3,666,669.53
			\$ 365,805.61	\$ 115,805.61
			10.30%	3.26%

Summary

- Pay 2012 Levy - \$2,414,586.72
- Pay 2013 Levy - \$2,323,663.11
- Pay 2014 Levy - \$1,946,963.40
- Pay 2015 Levy - \$1,948,460.90
- Pay 2016 Levy - \$3,764,729.92
- Pay 2017 Levy - \$3,550,863.92 (-5.68%)
- Pay 2018 Levy - \$3,916,669.53 10.30%
- Pay 2018 Levy - \$3,666,669.53 3.26%

Public Comments and Discussion.....



Thank you for supporting Glencoe-Silver Lake Schools

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