

Glencoe-Silver Lake School Truth in Taxation Hearing for Taxes Payable in 2014

December 9, 2013
Michelle Sander

Agenda for Hearing

- Background on School Funding, Tax Levies and Budgets
- Information on Proposed Pay 2014 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 2014

**The School District Levy
2013 Payable 2014**

Levy is Approved in 2013

Taxes are Paid in 2014

**Revenue is for the
2014-2015 School Year
FY 2015**

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, 2014 (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	Health and Safety
Community Education	ECFE
Integration	Safe Schools
Career and Technical	Deferred Maintenance
Equity	Reemployment
Building/Land Leases	
General Debt Other – MW General Obligation	
Reorganization	Operating Debt

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**



Property Valuations

Market Values		% Growth
2006 Market Value	939,228,662	12.0%
2007 Market Value	1,003,511,534	6.8%
2008 Market Value	1,250,991,202	25% +247,479,668
2009 Market Value	1,422,493,700	13.7% +171,502,498
2010 Market Value	1,310,306,038	-7.89% - 112,187,662
2011 Market Value	1,281,790,800	-2.176% -28,515,238
2012 Market Value	1,302,647,400	1.627% + 20,856,600

Property Valuations

Referendum Market Values		
2006 RMV	645,943,900	11.0%
2007 RMV	699,372,200	8.3%
2008 RMV	801,886,918	15% +102,514,718
2009 RMV	810,315,540	1.05% +8,428,622
2010 RMV	763,299,695	-5.8022% - (-47,015,845)
2011 RMV	741,795,340	-2.817% -(-21,504,355)
2012 RMV	705,710,810	-4.864% - (-36,084,530)

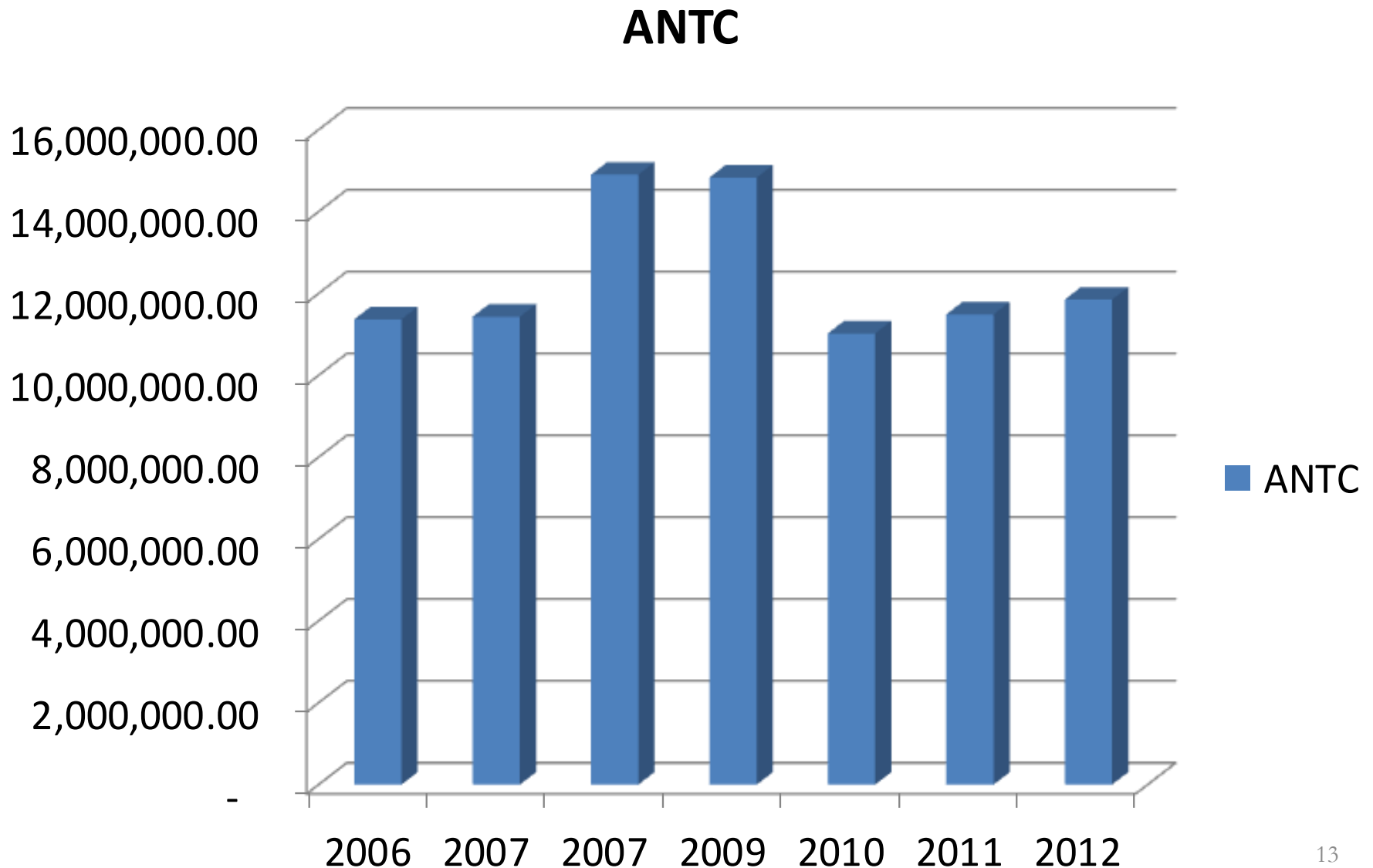
Property Valuations

Net Tax Capacity		% Growth
2006 NTC	8,694,412	
2007 NTC	9,171,676	
2008 NTC	11,345,329	24% +2,173,653
2009 NTC	12,651,068	11.5% +1,305,739
2010 NTC	11,575,799	-8.5% - 1,075,269
2010 NTC Before MKT VLU Credit Change	12,442,778	7.4896% - 866,979
2011 NTC	11,268,273	-9.439% - (1,174,505)
2012 NTC	11,409,812	1.256% - 141,539

Property Valuations

Adjusted Net Tax Capacity		
2006 ANTC	11,366,532	
2007 ANTC	11,431,081	
2008 ANTC	14,901,539	30% +3,470,458
2009 ANTC	14,831,656	-0.47% -69,883
2010 ANTC	11,023,072	-25.678% - 3,808,584
2010 ANTC Before MKT VLU Credit Change	11,121,246	.89% - 98,174
2011 ANTC	11,486,375	3.283% - 365,129
2012 ANTC	11,848,526	3.1529% - 362,151

Adjusted Net Tax Capacity



Resident Students

	2009-2010 Final 6-30-10	2010-2011 Final 6-30-11	2011-2012 Final 6-30-12	2012-2013 Final 6-30-13	2013-2014 12-9-13
Pre-K	15	14.74	13.95	11.06	15
Kindergarten	146	154.90	131.92	155.97	105
1-2	290	294.13	296.09	277.24	271
3-6	572	559.13	562.91	563.94	562
7-8	294	328.73	297.74	289.78	299
9-12	687	667.13	644.67	638.85	613
Total	2,006	2,018.76	1,947.28	1,936.84	1,865

Adjusted Average Daily Membership

	2008-2009	2009-2010 6-30-10	2010-2011 12-6-10 6-30-11	2011-2012 12-6-10 6-30-12	2012-2013 9-4-12 6-30-13	2013-2014 12-9-13
Pre-K	14	15	15 / 14.72	15/ 14.17	15/ 11.07	12
Kdgn	111	127	133 132.07	125 112.95	138 134.45	101
1-2	233	241	244 244.47	259 251.8	243 237.43	242
3-6	425	477	469 472.74	470 472.74	497 476.21	487
7-8	243	253	279 277.27	264 257.88	256 240.68	252
9-12	581	584	567 568.79	581 551.75	538 534.29	512
Total	1,593	1,696	1,707 1,710.06	1,714 1,661.29	1,687 1,634.13	1,606

Example One – Residential Homestead - GSL

	Taxes Payable 2010	Taxes Payable 2011	Taxes Payable 2012	Taxes Payable 2013	Taxes Payable 2014
	Taxable Market Value - \$165,400	Taxable Market Value – \$143,100	Estimated Market Value – \$143,100	Estimated Market Value - \$135,100	Estimated Market Value - \$124,500
Homestead Exclusion	N/A	N/A	\$24,400	\$25,100	\$26,000
Taxable Market Value	\$165,400	\$143,100	\$118,700	\$110,000	\$98,500
Voter Approved Levies	\$245.45	\$225.64	\$256.29	\$221.00	\$67.13
Other Local Levies	\$116.67	\$101.42	\$99.53	\$100.32	\$188.11
Total	\$356.65	\$327.06	\$355.82	\$321.32	\$255.24
Difference		-\$29.59	+\$28.76	-\$34.50	-\$69.08

Example Two – Residential Homestead - GSL

	Taxes Payable 2011	Taxes Payable 2012	Taxes Payable 2013	Taxes Payable 2014
	Taxable Market Value – \$112,100	Estimated Market Value – \$112,100	Estimated Market Value – \$104,600	Estimated Market Value – \$95,300
Homestead Exclusion	N/A	\$27,200	\$27,800	\$28,700
Taxable Market Value	\$112,100	\$84,900	\$76,800	\$66,600
Voter Approved Levies	\$176.76	\$200.70	\$171.10	\$51.39
Other Local Levies	\$76.13	\$73.47	\$72.65	\$138.62
Total	\$252.89	\$274.24	\$243.54	\$190.01
Difference			-\$30.70 -(11.2%)	-\$53.53

Example Two – Agricultural Non-Homestead – GSL School

	Taxes Payable 2011	Taxes Payable 2012	Taxes Payable 2013	Taxes Payable 2014
	Taxable Market Value – \$473,200	Estimated Market Value – \$473,200	Estimated Market Value \$517,460	Estimated Market Value \$648,100
Homestead Exclusion	N/A	N/A	NA	NA
Voter Approved Levies				
Other Local Levies	\$276.77	\$292.77	\$343.81	\$439.15
Total	\$276.77	\$292.77	\$343.81	\$439.15
Difference	+\$23.45	+\$16.00	+\$51.04	+\$95.34 – 27.7%

**LEVY LIMITATION AND CERTIFICATION SUMMARY
2013 PAYABLE 2014**

LEVY CATEGORY		Actual Payable in 2013	Proposed Levy Payable in 2014	Change Over 2013
#1 - GENERAL - RMV VOTER				
	REFERENDUM LEVY	\$ 1,154,447.13	\$ 373,598.98	\$ (780,848.15)
				\$ -
#2 - GENERAL - RMV OTHER				\$ -
	EQUITY	\$ 136,209.47	\$ 155,812.11	\$ 19,602.64
	LOCATION EQUITY		\$ 516,095.46	\$ 516,095.46
	TRANSITION	\$ 43,119.13	\$ 41,006.37	\$ (2,112.76)
				\$ -
	TOTAL RMV OTHER	\$ 179,328.60	\$ 712,913.94	\$ 533,585.34
				\$ -
#4 - GENERAL - NET TAX CAPACITY OTHER				\$ -
levy	Student Achievement		\$ 41,090.72	\$ 41,090.72
Aid/Levy	Operating Capital	\$ 242,855.62	\$ 190,663.49	\$ (52,192.13)
Levy	Reemployment Ins.	\$ 24,517.67	\$ 20,000.00	\$ (4,517.67)
Levy	Safe Schools	\$ 58,174.50	\$ 62,232.30	\$ 4,057.80
Levy	Career and Technical	\$ 29,815.54	\$ 29,459.45	\$ (356.09)
Levy	Health and Safety	\$ 126,915.69	\$ 81,099.72	\$ (45,815.97)
Levy	Deferred Maintenance	\$ 116,349.00	\$ 110,338.20	\$ (6,010.80)
Levy	Building Lease		\$ 160,792.60	\$ 160,792.60
Levy	Debt Service Adjustment			\$ -
	Abatement Adjustment	\$ (2,416.63)		\$ 2,416.63
	Total General NTC	\$ 596,211.39	\$ 695,676.48	\$ 99,465.09
	TOTAL GENERAL FU	\$ 1,929,987.12		\$ (147,797.72)
				\$ -
#5 - COMMUNITY SERVICE				\$ -
	Community Education	\$ 103,428.10	\$ 103,428.10	\$ -
	ECFE	\$ 46,157.54	\$ 47,754.70	\$ 1,597.16
	Home Visiting	\$ 1,121.60	\$ 1,091.20	\$ (30.40)
	School Age Care	\$ 12,500.00	\$ 12,500.00	\$ -
	Abatement Adjustment	\$ (76.93)		\$ 76.93
	Total Community Service	\$ 163,130.31	\$ 164,774.00	\$ 1,643.69
				\$ -
#7 - General Debt Service - Non- Voter Approved				\$ -
	<i>MW Reorganizational Debt</i>	\$ 230,545.68	\$ -	\$ (230,545.68)
				\$ -
	TOTAL PAY LEVY	\$ 2,323,663.11	\$ 1,946,963.40	\$ (376,699.71)
				-16.21%
				For McLeod West Resider
				19
				-6.65%
				Former GSL Residents

LEVY LIMITATION AND CERTIFICATION SUMMARY
20123PAYABLE 2014

<u>LEVY CATEGORY</u>					
#1 - GENERAL - RMV VOTER REFERENDUM LEVY		\$373,598.98	Levy/Aid	Spread on Referendum Market Value (Household) Referendum, Authority - \$854.27/Per Pup	
#2 - GENERAL - RMV OTHER EQUITY/TRANSITION LEVY		\$712,913.94	Levy/Aid	Spread on Referendum Market Value Additional Revenue that Districts receive Based on Basic Revenue + Referendum Market Value \$46.00/AMCPU	
#4 - GENERAL - NET TAX CAPACITY		\$695,676.48		Spread on Net Tax Capacity - (Market Value)	
	Student Achievement			\$41,090.72	Levy Page 5
	Operating Capital			\$190,663.49	Levy/Aid Page 2
	Reemployment Ins.			\$ 20,000.00	Levy Page 1
	Safe Schools			\$ 62,232.30	Levy Page 1
	Career and Technical			\$ 29,459.45	Levy Page 1
	Health and Safety			\$ 81,099.72	Levy Page 1
	Deferred Maintenance			\$110,338.20	Levy Page 1
	Building Lease			\$160,792.60	Levy Page 1
	Debt Service Adjustment			\$ -	Levy
	Abatement Adjustments				Levy
#5 - COMMUNITY SERVICE		\$164,774.00		General Revenue Driven by Population x \$	
	Community Education			\$103,428.10	Levy General Revenue
	ECFE			\$ 47,754.70	Levy/Aid
	Home Visiting			\$ 1,091.20	Levy
	School Age Care			\$ 12,500.00	Levy Extended Day
	Abatement Adjustments				
#7 - General Debt Service - Voter Approved					
	Building Bond Debt			Spread on all Formal MW Property Abatement Adjustment	
		\$1,946,963.40			

Explanation of Levy Changes

- Voter Approved Referendum
- Change – (\$780,848.15)
- Use of Funds – General Operating Expenses
- Adjusted Per Pupil Unit - \$854.27
- Resident Students
- FY12 Adjustments
- State Aid and Local Levy – 49% Local

Explanation of Levy Changes

- Equity Levy
- Change – +\$533,585.34
 - (Location Equity Revenue - \$516,095.46)
- Use of funds – General Operating Expenses
- State Aid and local levy
- When Referendum levy Decreases, Equity Levy and Aid Increases.



Explanation of Levy Changes

- Operating Capital Levy
- Change – (-\$52,192.13)
- Use of Funds – equipment, building maintenance, leases, salaries, vehicles
- State Aid and local levy
- Calculation based on 2014-2015 Estimated APU

Explanation of Levy Changes

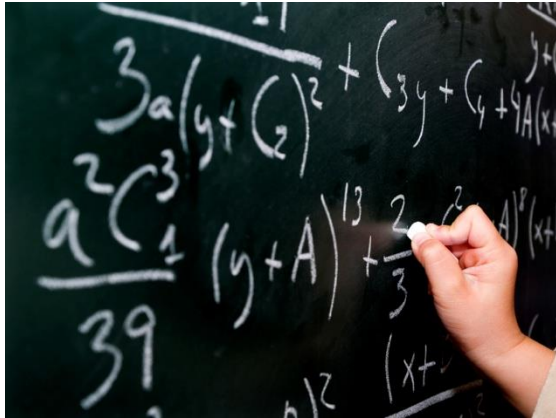
- Reemployment Insurance
- Change – -\$4,517.67
- Used for unemployment
- Based on estimates for 2013-2014 and FY12 actual expenses.
- Local Levy

Explanation of Levy Changes

- Safe Schools
- Change - +\$4,057.80
- Used for Supervision at events, police officer at events and safe schools items – radios, security cameras, crossing guards.
- Local Levy



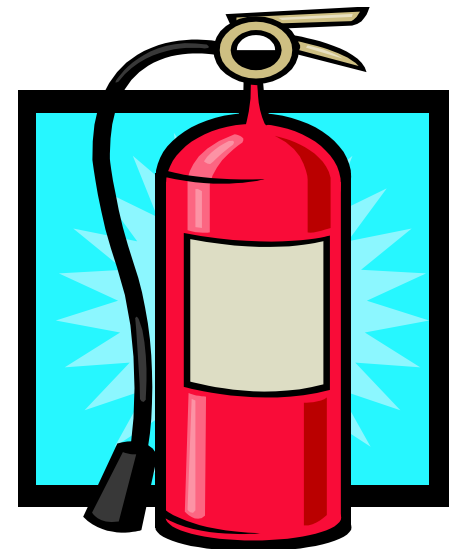
Explanation of Levy Changes



- Career and Technical
- Change – -\$356.08
- Used for vocational programs
- Local Levy

Explanation of Levy Changes

- Health and Safety
- Change – -\$45,815.97
- Use of funds – State-approved capital projects related to health and safety
- Local Levy
- Based on Actual
Revenues and Expenditures
- Underlevied in Pay 12 by
\$48,910.00



Explanation of Levy Changes



- Deferred Maintenance
- Change – (-\$6,010.80)
- Used for building projects having a useful life of five years or more.
- Local Levy

Explanation of Levy Changes

- General Debt Service
 - MW Debt – (\$230,545.68)
 - Bond Debt Collection was completed with Pay 2013 Levy.
 - MW Excess Fund Balance
 - Defeasance of Original Bond

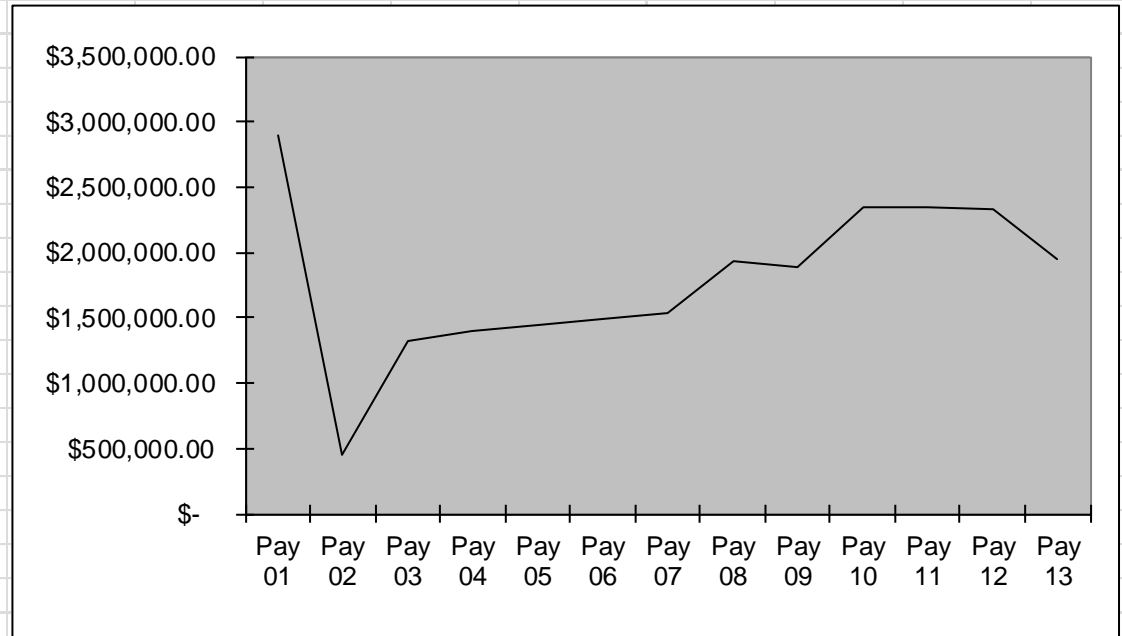
Explanation of Levy Changes

- Community Service – No Change
 - Community Ed
 - School Readiness
 - ECFE - +\$1,597.16
 - Non-Public
 - Pre-School Screening

Community Service			
	ECFE Levy Funding		
	Pay 2012	Pay 2013	Pay 2014
Under 5 Population	831	766	724
ECFE Rate of Funding	\$ 120.00	\$ 120.00	\$ 120.00
Revenue Generated	\$ 99,720.00	\$ 91,920.00	\$ 86,880.00
2010 ANTC	\$ 11,023,072.00		
2011 ANTC		\$ 11,486,375.00	
2012 ANTC			11,846,594.00
ECFE Tax Rate	0.00392973	0.00401846	0.00406762
Funding			
Tax Rate X ANTC	\$ 43,317.70	\$ 46,157.54	\$ 47,754.70
Levy	\$ 43,317.70	\$ 46,157.54	\$ 47,754.70
			31

Pay Levy History

Pay 01	\$ 2,891,291.24
Pay 02	\$ 454,326.45
Pay 03	\$ 1,323,631.98
Pay 04	\$ 1,403,407.96
Pay 05	\$ 1,443,010.86
Pay 06	\$ 1,486,136.83
Pay 07	\$ 1,535,071.32
Pay 08	\$ 1,927,711.71
Pay 09	\$1,889,253.76
Pay 10	\$ 2,339,802.18
Pay 11	\$ 2,347,529.92
Pay 12	\$ 2,323,663.11
Pay 13	\$ 1,946,963.40



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 2013 - \$1,946,963.40

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
 - Trust Fund - Scholarships
 - Internal Service Fund



Glencoe-Silver Lake Schools

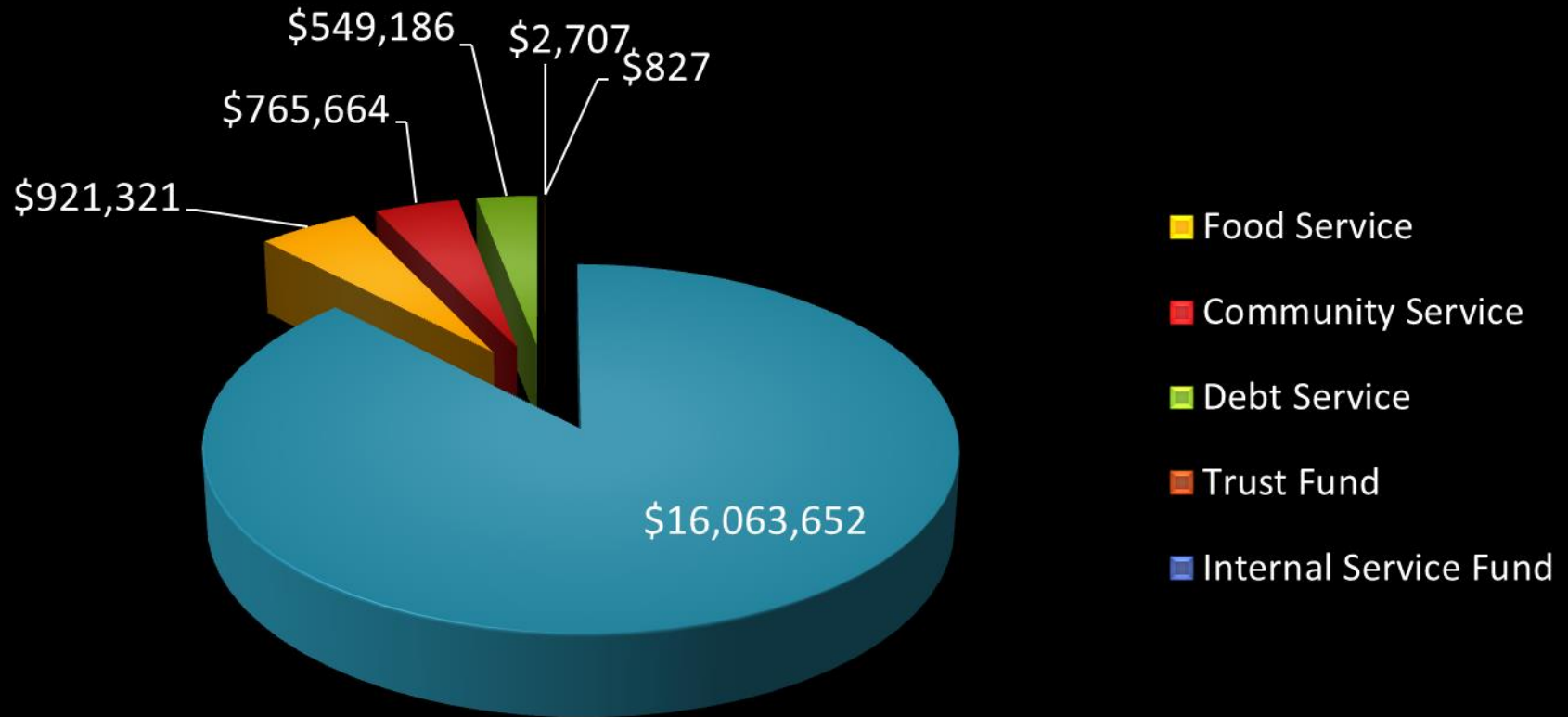
Revenues and Expenditures

Actual 2013 Fiscal Year – Proposed Budget for 2013-2014

Fund	2012-2013 Actual Revenues	2012-2013 Actual Expenditures	June 30,2013 Actual Fund Balance	2013-2014 Revenue Budget	2013-2014 Expenditure Budget
General Fund Total	\$16,063,652	\$16,267,893	\$5,650,881	\$15,635,321	\$16,729,135
Food Service	\$921,321	\$924,666	\$158,367	\$963,006	\$962,325
Community Service	\$765,664	\$744,571	\$175,428	\$706,148	\$781,898
Debt Service	\$549,186	\$549,530	\$31,079	\$541,007	\$540,750
Trust Fund	\$2,707	\$13,700	\$985,918	\$3,700	\$17,700
Internal Service Fund	\$827	\$0	\$803,626	\$0	\$0
Total All Funds	\$18,303,357	\$18,500,360	\$7,805,299	\$17,849,182	\$19,031,808

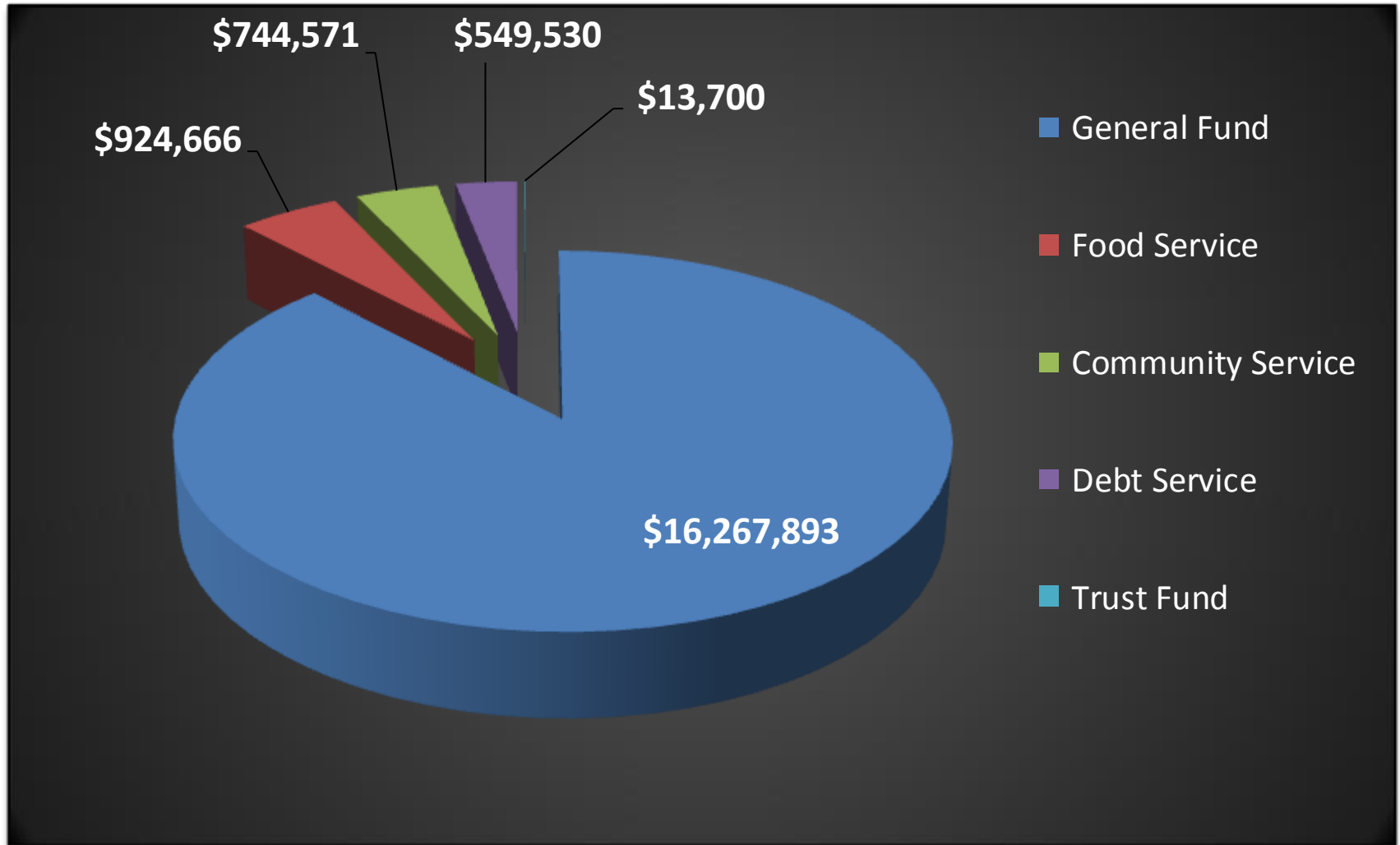
2012-2013 Revenues by Fund

\$18,303,357



2012-2013 Expenditures by Fund

\$18,500,360



Changes in 2012-2013 Revised Budget

- Contract settlements
- Staffing Changes**
- Transportation**
- Utilities
- Special Education**
- Technology
- Adjust General Education and Special Education Revenue
- Adjust to reflect audited entries
- Enrollment**



Summary

- Pay 2012 Levy - \$2,414,586.72
- Pay 2013 Levy - \$2,323,663.11
- Pay 2014 Levy - \$1,946,963.40
- Decrease of \$376,699.71 (-6.65%)

Public Comments and Discussion.....



Thank you for supporting
Glencoe-Silver Lake Schools

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