

Public Meeting for Taxes Payable in 2016

Dan Huffman, Director of Business Services
December 21, 2015

Centennial School District 12



Agenda

- Background on Property Tax Levies
- Legislative Changes that Affect the 2016 Levy
- Information on School Funding & District Budget
- Proposed Taxes Payable in 2016
- Impact on Taxpayers
- Minnesota Property Tax Refunds
- Public Comments & Questions



Background on Property Tax Levies

Centennial School District 12



Truth in Taxation Law

Minnesota Truth in Taxation Law was revised in 2009

Requirements:

- Public meeting may now be held at a regularly scheduled meeting
- Discussion of proposed property tax levy for taxes payable in 2016
- Current year budget must be discussed
- Levy may be adopted at same meeting
- Must allow for public comment and question

- *Minnesota Statute 275.065*



Levy Cycle Comparison

	2015												2016												2017											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Legislation	█																																			
City/Twp/County																																				
Tax Levy Decision																																				
Collection of Levy																																				
Budget Year																																				
School District																																				
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Minnesota School District Property Taxes

Levy cycle process

1. County or City Assessor determines the market value for each piece of property in the county
2. The Legislature establishes formulas to determine how much of the taxes should be paid by each type of property
3. The County Auditor calculates the tax capacity for each parcel in the county, as well as the total tax capacity for each taxing jurisdiction
4. The Legislature determines the maximum levy limits school districts can assess in each category



Minnesota School District Property Taxes

Levy cycle process

5. The Minnesota Department of Education (MDE) calculates levy limits for each school district, based on formulas approved by the Legislature
6. The School Board adopts a proposed levy in September, holds a public meeting, then finalizes the levy amount in December
7. The County Auditor divides the final levy by the district's Net Tax Capacity (or Referendum Market Value) to establish rates
8. The County Auditor applies those rates to each parcel and prepares the final statements for mailing



Property Tax Background

- Includes taxes for cities, township, counties and schools where 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 distributes revenue back to each jurisdiction



Authority for School Levies

A school district tax levy must be either:

Voter approved

or

Set by state law



Legislative Changes That Affect the 2016 Levy

Centennial School District 12



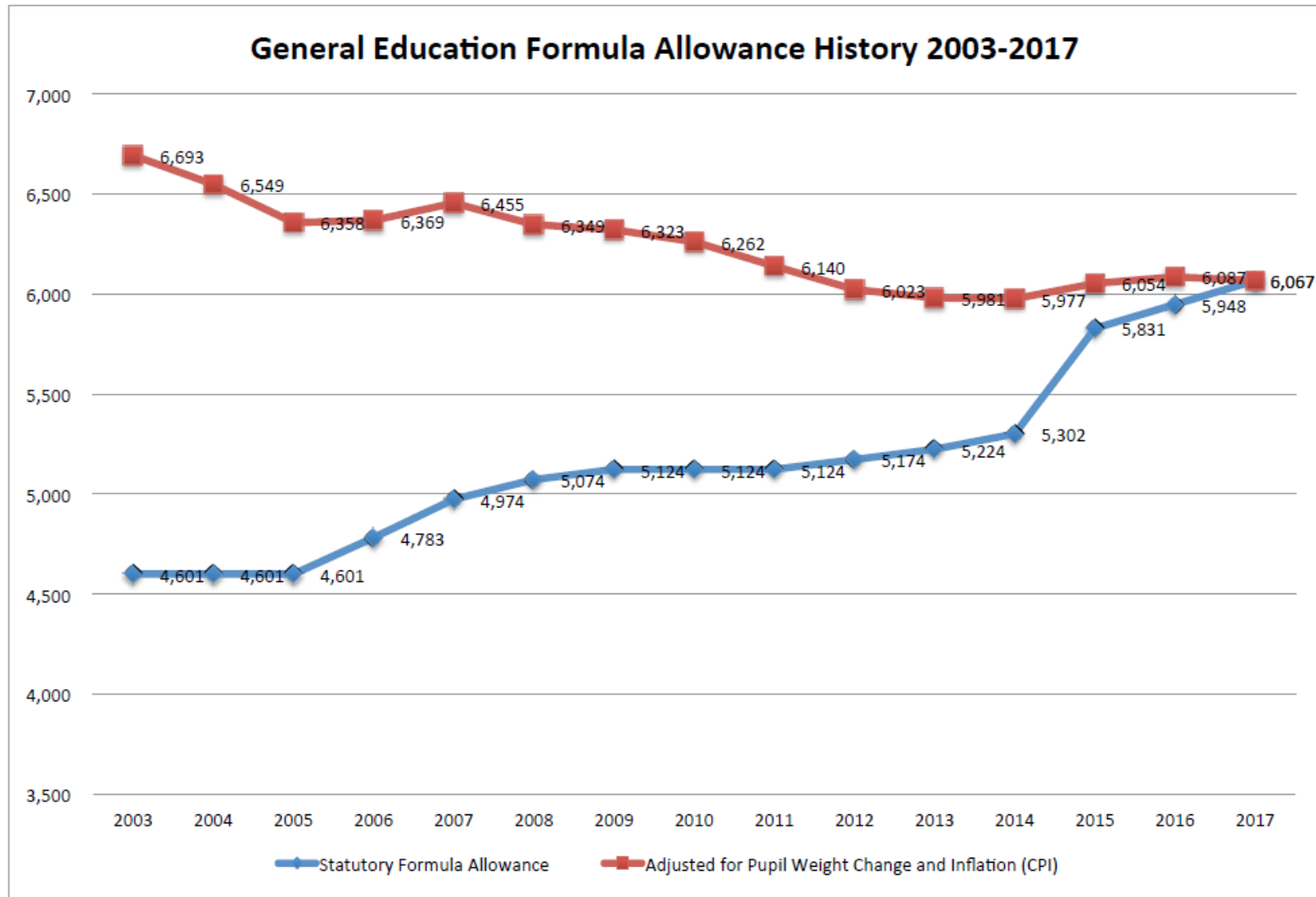
Legislative Changes That Affect the 2016 Levy

The 2015 legislature approved changes in school funding formulas for levies payable in 2016:

- Added Long Term Facilities Maintenance Revenue for FY17
 - Based on Commissioner's School Facilities Working Group recommendations
 - Reduces disparities in opportunities to fund costs of facilities maintenance projects
 - A 10-year, board approved plan is required to receive revenue
 - Replaces the health & safety and deferred maintenance revenue programs
- Increased General Education formula by 2% for FY16 & FY17



General Education Formula History



Centennial School District 12



Information on School Funding & District Budget

Centennial School District 12



School District Funds

The School District is required to record revenues and expenses in different *funds*. Each fund has a definite purpose.

1. General Fund (Levy and other revenue)

- a) Daily operating costs
 - i. Salaries and benefits
 - ii. Utilities
- b) Local operating referendum levy
- c) Health and Safety code compliance, handicap accessibility, asbestos removal, and safety requirements
- d) Transportation
- e) Capital Expenditures



School District Funds (cont.)

2. Food Service Fund (No Levy)

Contains revenue and expenditures for breakfast and lunch programs

3. Community Ed Fund (Levy and other)

Accounts for the Lifelong Learning Programs in the District
Levy Based on:

- Adult population of the District
- Early Childhood levy is based on the number of children under 5 years of age



School District Funds (cont.)

4. Debt Service Fund (Levy)

Levy to pay off Principal and Interest Payments for building projects approved by the voters and Alternative Facility Bonds which relate to Health and Safety projects

5. OPEB Trust Fund (Levy)

This trust fund is used for reporting resources set aside and held for post-employment benefits.



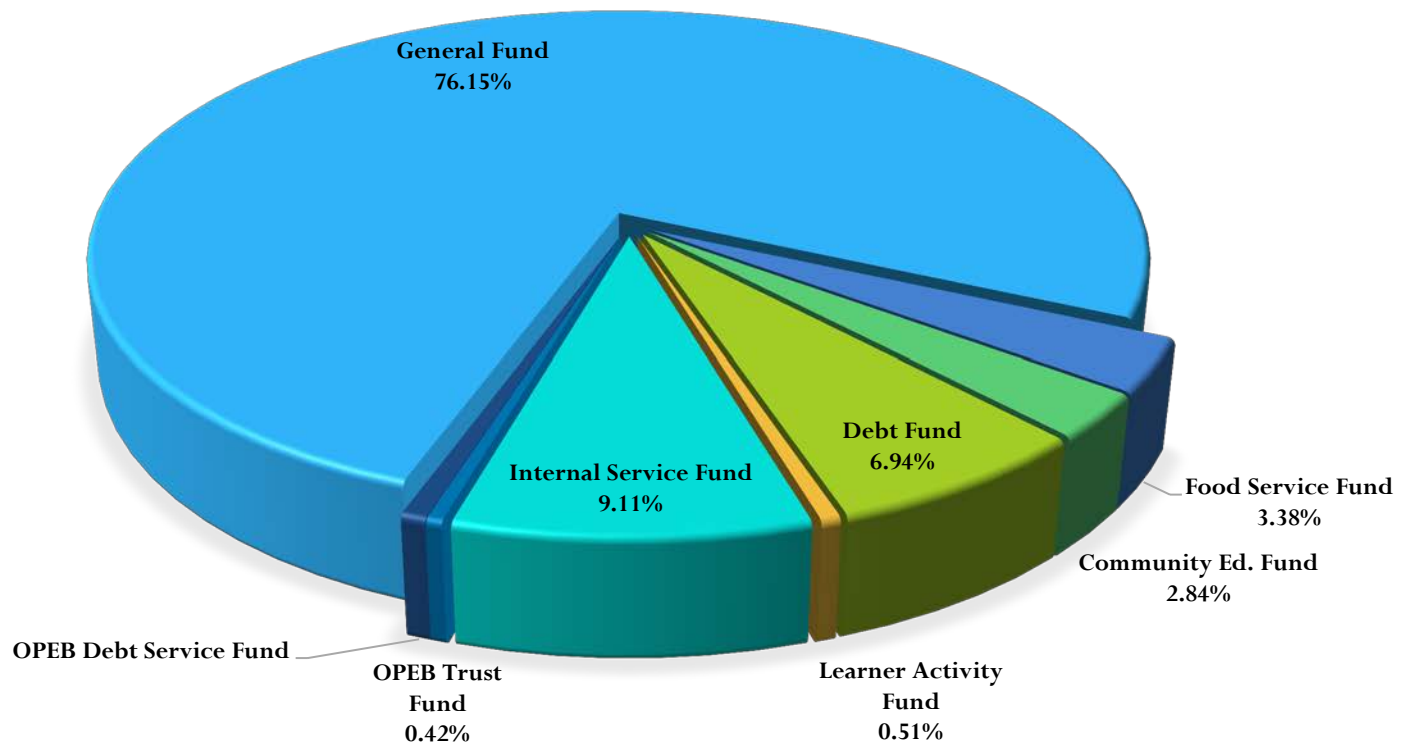
Fiscal Year 2015-16 Budget

	General Fund	Food Service Fund	Community Ed. Fund	Debt Fund
Total Revenues	71,607,878	2,982,574	2,853,038	6,615,292
Total Expenses	73,008,018	3,242,467	2,721,526	6,653,407
Budget Balance	(1,400,140)	(259,893)	131,512	(38,115)

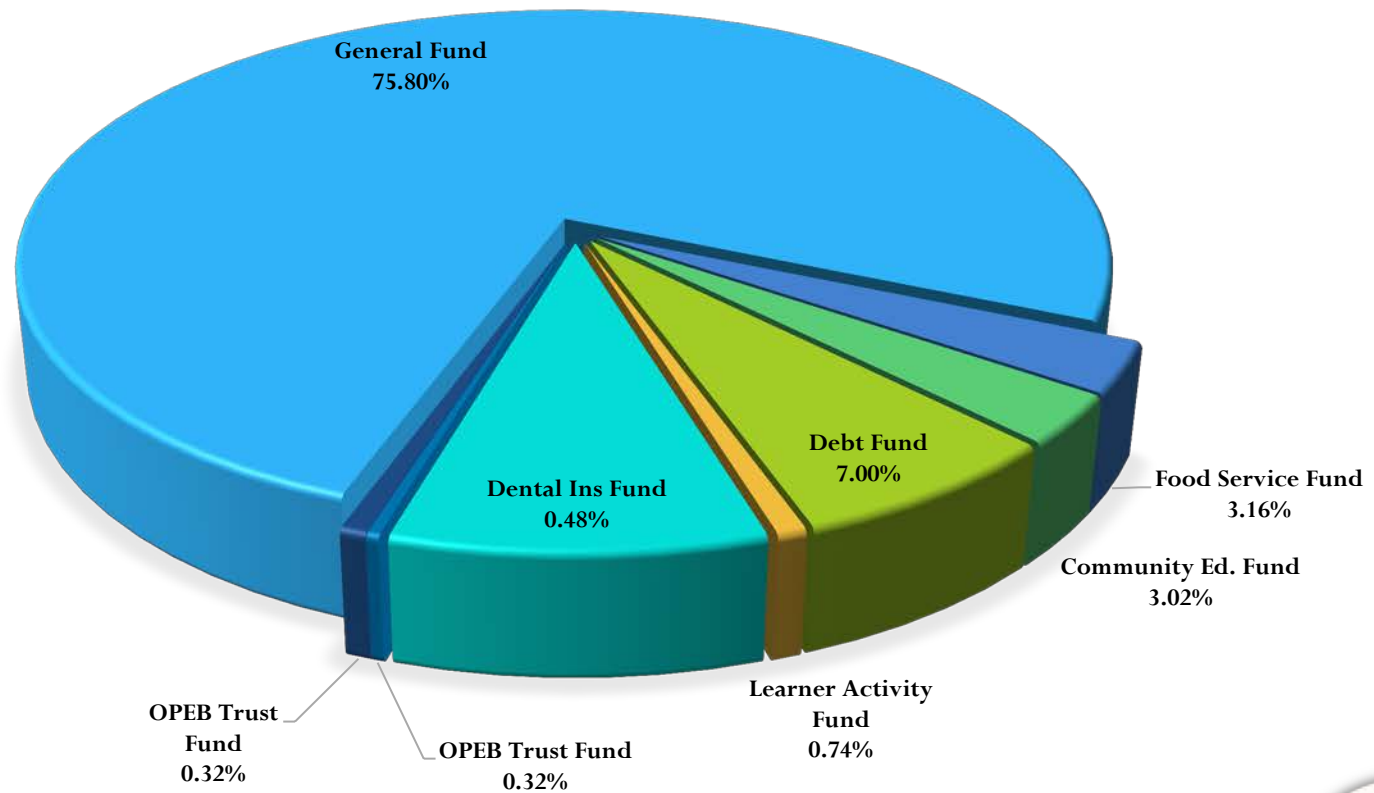
Learner Activity Fund	Internal Service Fund	OPEB Trust Fund	OPEB Debt Service Fund	Total
700,785	8,781,250	300,000	626,148	102,803,265
492,865	8,736,235	400,000	621,015	104,211,768
207,920	45,015	(100,000)	5,133	(1,408,503)



Expenses by Fund 2015-16



Revenues by Fund 2015-16



Proposed Taxes Payable in 2016

Centennial School District 12



Proposed Tax Levy Payable in 2016

Funds	Certified Payable 2015 (\$)	Proposed Levy Payable 2016 (\$)	Difference from Pay 2015 (\$)
General Fund			
Referendum	1,838,330	2,110,123	271,793
Alternative Teacher Compensation	383,976	457,243	73,267
Local Optional Revenue	2,296,940	2,646,598	349,658
Equity	838,329	981,551	143,222
Transition			0
Student Achievement (Gen Ed)	90,720	97,079	6,359
Operating Capital	424,386	492,940	68,554
Annual OPEB	0	0	0
Reemployment Insurance	20,000	25,000	5,000
Safe Schools	250,963	248,148	(2,815)
Safe Schools Intermediate	87,140	89,609	2,469
Judgment		55,340	55,340
Career Technical	47,237	50,893	3,656
Health and Safety	1,203,063		(1,203,063)
Deferred Maintenance	294,959	-	(294,959)
LT Facilities		888,295	888,295
Lease	893,679	1,291,488	397,809
General Fund Adjustments	214,321	216,701	2,380
Total General Fund	8,884,043	9,651,008	766,965
Community Service	438,311	424,572	(13,739)
Debt Service	6,513,794	6,331,613	(182,181)
OPEB Debt Service	626,148	611,375	(14,773)
Total Proposed Levy	16,462,296	17,018,568	556,272
Percent Increase over Pay 2015			3.38%



Proposed Property Taxes Payable in 2016

	Certified Pay 2015 Levy	Less: Fiscal Disparity and Other Adj.	Actual Pay 2015 Property Tax
Voter Approved Levies	8,056,143.62	(1,098,555.00)	6,957,588.62
Other Local Levies	8,406,152.25	(1,719,953.00)	6,686,199.25
School District Total	16,462,295.87	(2,818,508.00)	13,643,787.87

	Estimated Pay 2016 Levy	Less: Fiscal Disparity and Other Adj.	Estimated Pay 2016 Property Tax
Voter Approved Levies	7,048,649.70	(1,046,433.00)	6,002,216.70
Other Local Levies	9,969,918.36	(1,403,255.00)	8,566,663.36
School District Total	17,018,568.06	(2,449,688.00)	14,568,880.06



Factors That Cause Property Tax Changes

Many factors may cause the individual property tax statement to increase or decrease from year to year:

- Voter approved referendums
- Changes in enrollment
- Levy adjustments to prior years
- Legislative changes
- Changes in market values
- Changes in class rates/history



Impact on Taxpayer

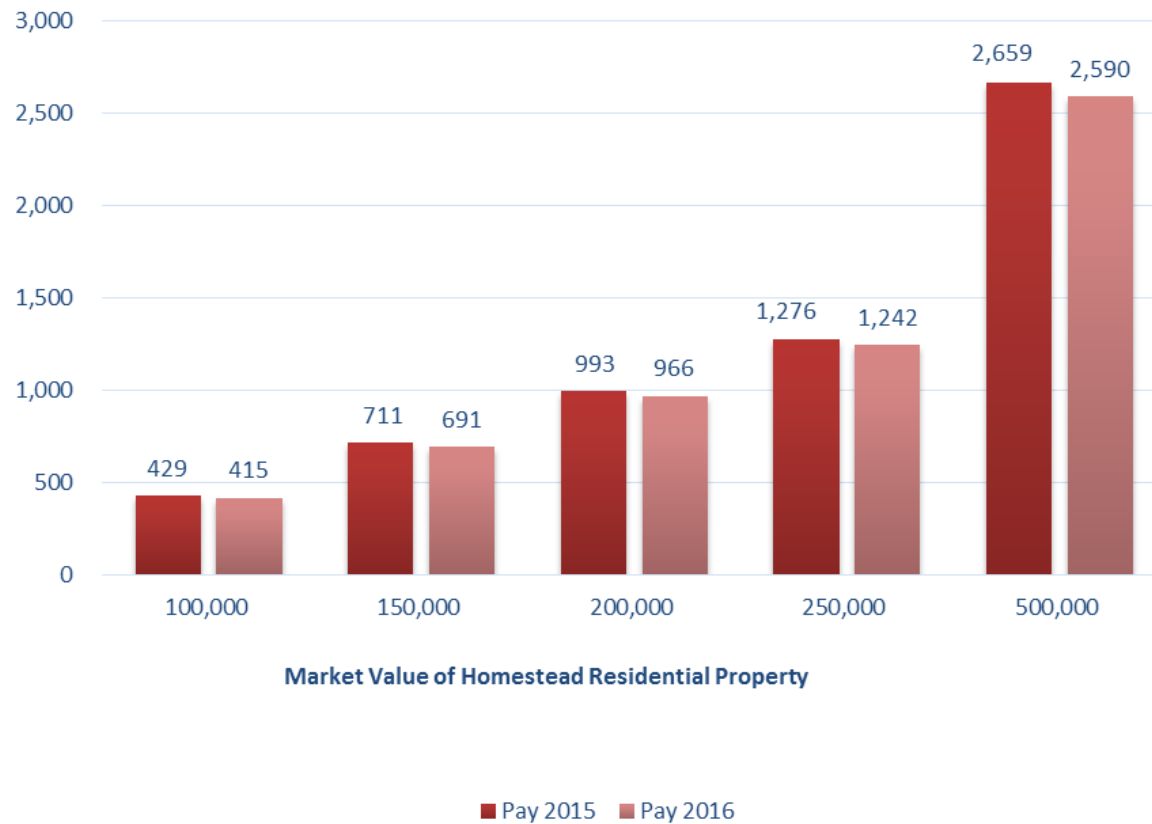


Impact on Taxpayer

- Following, are charts showing examples of changes in the School District portion of property taxes
- Examples include School District taxes only
- Figures for 2016 are estimates based on data available from the County (final figures may change slightly)



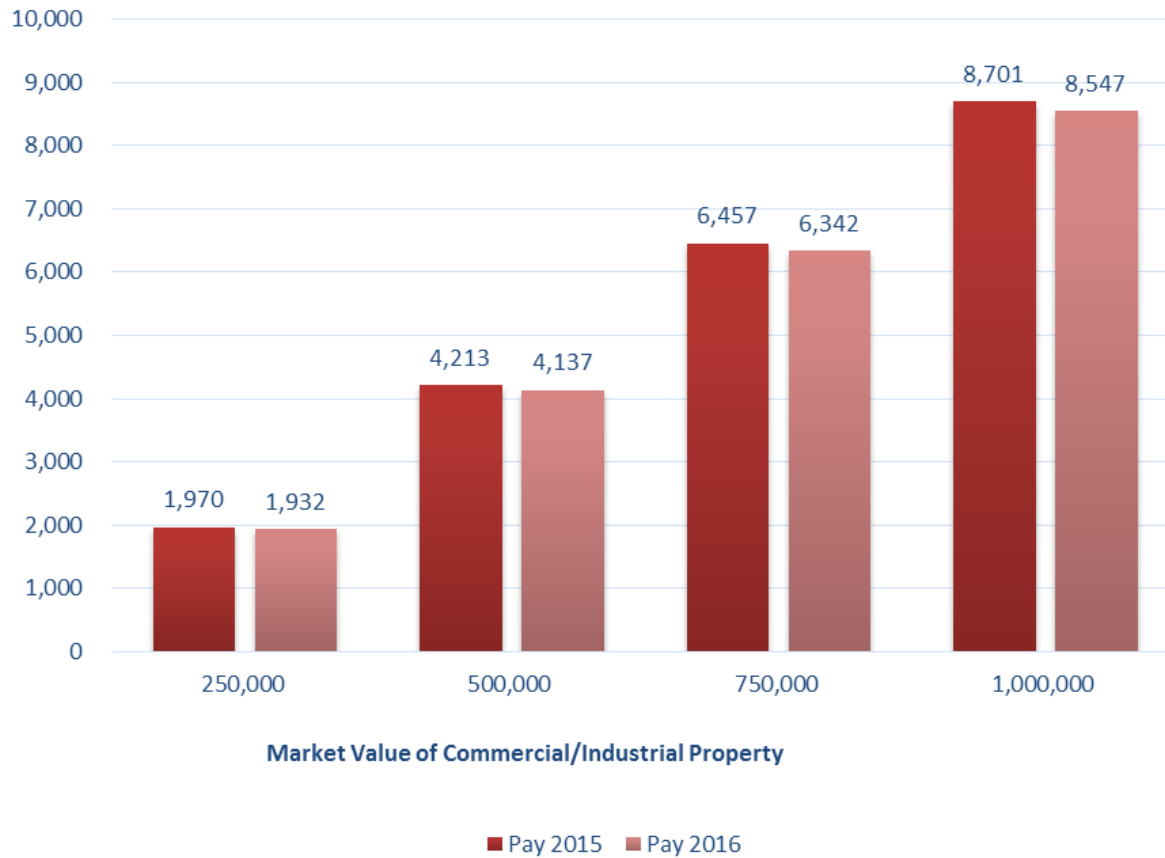
Property Tax Comparisons - Pay 2015 Versus Pay 2016



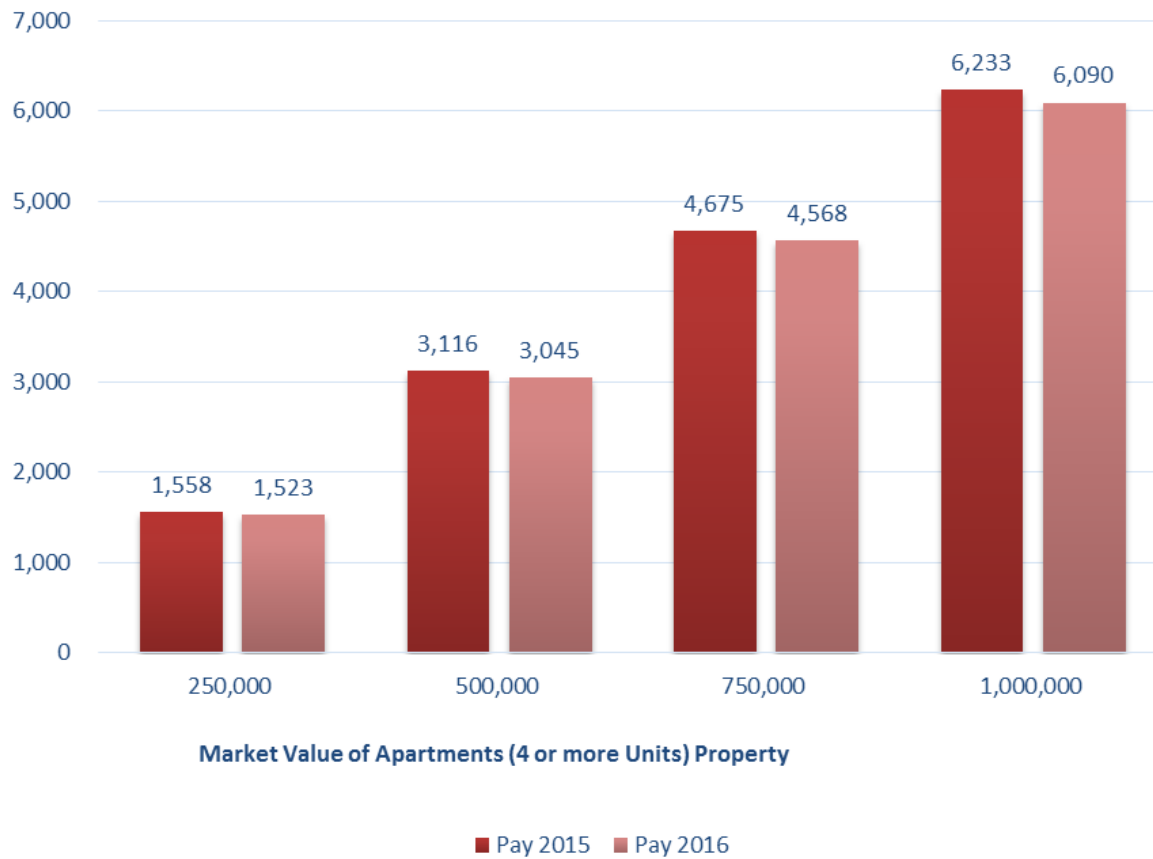
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Property Tax Comparisons - Pay 2015 Versus Pay 2016



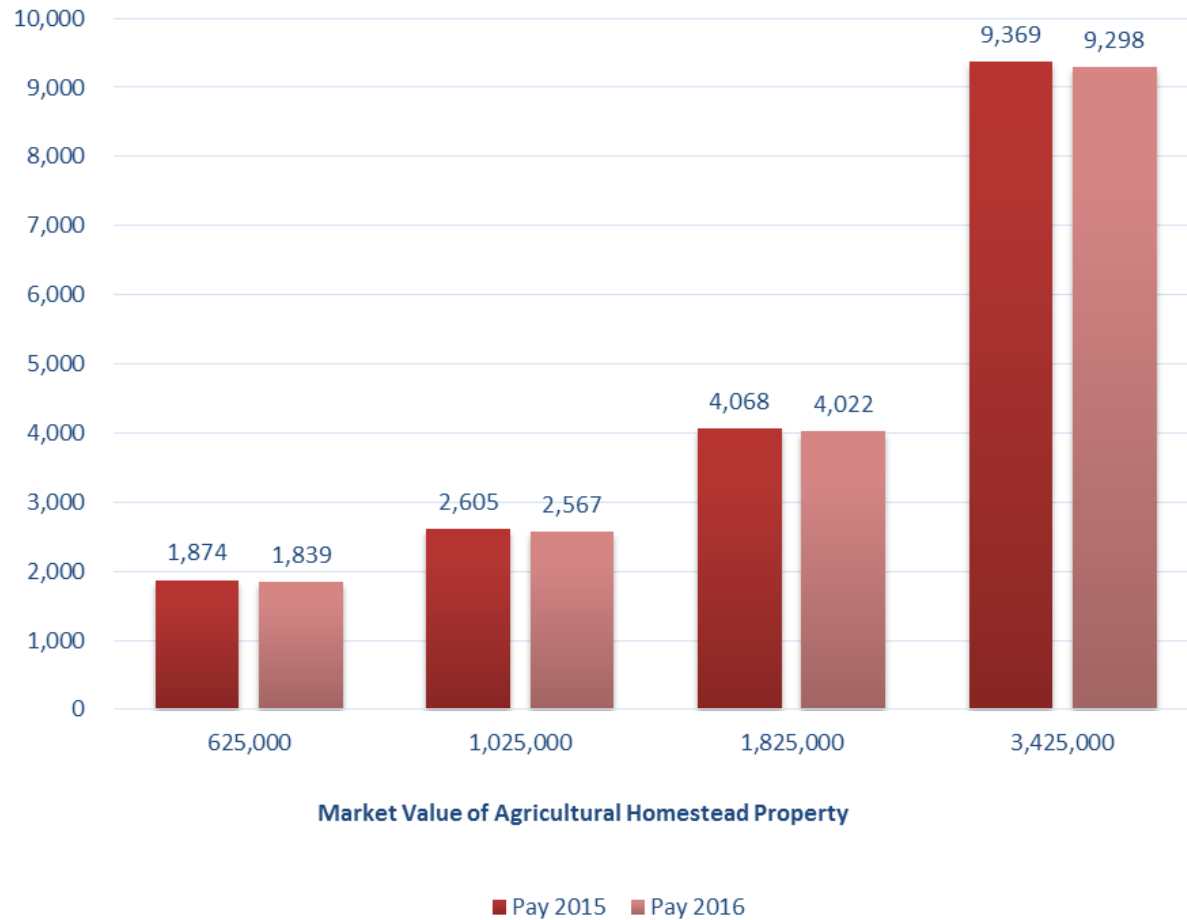
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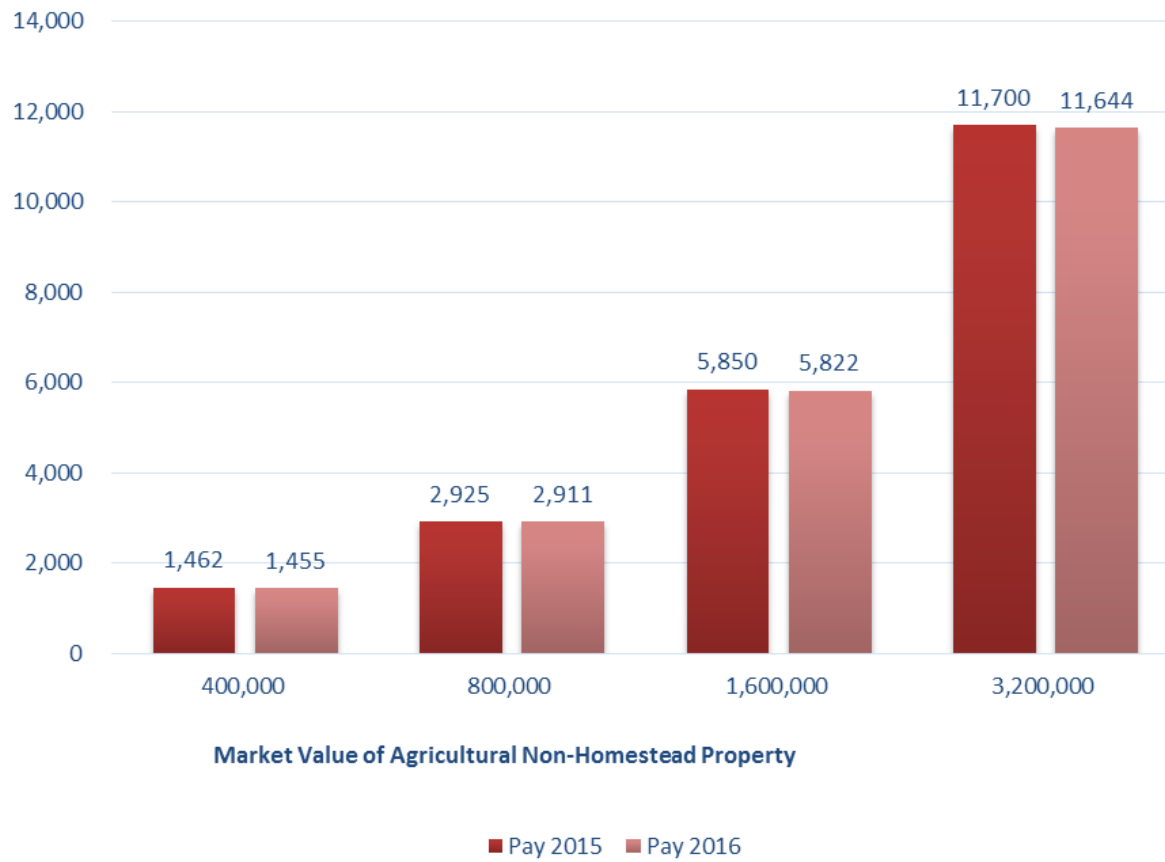
Property Tax Comparisons - Pay 2015 Versus Pay 2016



Property Tax Comparisons - Pay 2015 Versus Pay 2016



Property Tax Comparisons - Pay 2015 Versus Pay 2016



Minnesota Property Tax Refunds

Centennial School District 12



Minnesota Property Tax Refunds

Two different tax refund program available from the state

- Minnesota Property Tax Refund
(aka "circuit breaker" refund)
- Special Property Tax Refund

Complete form M-1PR

For help with the forms and instructions contact:

- Your tax professional
- Minnesota Department of Revenue
 - (651) 296-4444
 - www.taxes.state.mn.us



Comments and Questions

Centennial School District 12

