

# **ALEXANDRIA PUBLIC SCHOOLS**

## **ISD #206**

### **2014 PAYABLE 2015 FINAL LEVY CERTIFICATION**

Regular School Board Meeting  
Monday, December 15<sup>th</sup>, 2014 – 7:00 PM

# Key Steps in the Levy Process

- Step 1 – County Assessors offices (Douglas & Pope Counties) determine the estimated market value for each parcel of property in the School District.
- Step 2 – The Minnesota State Legislature sets the formulas for tax capacity and market value. These formulas determine how much of the tax burden will fall on different types of properties.
- Step 3 – The County Auditors calculate the tax capacity and market value for each parcel of property in the School District, as well as the total tax capacity.

# Key Steps in the Levy Process

- Step 4 – The Minnesota State Legislature sets the formulas which determine the maximum amounts of taxes the School District may levy in every category.
- Step 5 – The Minnesota Department of Education calculates detailed levy limits for the School District. These calculations are based on the formulas approved by the Minnesota State Legislature. These limits tell the School District the exact amounts that may be levied in every category.
- Step 6 – The School Board adopts a proposed levy in September based on the limits set by the Minnesota State Legislature.

# Key Steps in the Levy Process

- Step 7 – The School Board adopts a final levy in December, where the public is given the opportunity to discuss the levy. The final levy cannot be greater than the preliminary levy, except for amounts approved by the voters or changes made by the Minnesota Department of Education.
- Step 8 – The County Auditors divide the final levy by the tax capacity to determine the tax rate needed to fund the approved levy amount. Multiplying the tax rate by each parcel's tax capacity and market value will determine the School District Tax amount.

# Levy Classifications

## Voter Approved Levies

- Operating Referendum Levies
- Voter Approved Bonded Debt Levies

## Other Local Levies

- Everything else

# Levy Exemptions

## Referendum Market Value Exemptions

(includes voter approved operating referendum & non-voter approved equity and transition levies)

- Seasonal Recreational Cabin Property
- Agricultural Land

# General Fund Levy

Description	2014 Pay 2015 Final Levy	2013 Pay 2014 Final Levy	\$ Change from PY	% Change from PY
Operating Capital	612,092.10	584,646.68	27,445.42	4.69%
Student Achievement	135,599.11	135,867.89	(268.78)	-0.20%
Equity Allowance	619,488.00	555,945.44	63,542.56	11.43%
Local Optional Revenue	1,824,048.00	897,300.60	926,747.40	103.28%
Reemployment Insurance	3,352.17	17,718.75	(14,366.58)	-81.08%
1st Tier Referendum - Voter Approved	-	658,713.81	(658,713.81)	-100.00%
1st Tier Referendum - Board Approved	875,251.91	213,138.94	662,112.97	310.65%
Safe Schools	154,872.00	152,371.80	2,500.20	1.64%
Health & Safety	206,847.14	250,855.07	(44,007.93)	-17.54%
Lease Levy	95,320.00	104,944.00	(9,624.00)	-9.17%
Transition Revenue	64,874.16	65,505.85	(631.69)	-0.96%
Career & Technical	149,924.43	116,187.86	33,736.57	29.04%
Deferred Maintenance	255,504.38	261,673.17	(6,168.79)	-2.36%
Previous Years Adjustments	(138,793.79)	(36,310.89)	(102,482.90)	282.24%
<b>TOTAL GENERAL FUND</b>	<b>4,858,379.61</b>	<b>3,978,558.97</b>	<b>879,820.64</b>	<b>22.11%</b>

# Community Service Fund Levy

<u>Description</u>	<u>2014 Pay 2015 Final Levy</u>	<u>2013 Pay 2014 Final Levy</u>	<u>\$ Change from PY</u>	<u>% Change from PY</u>
Basic Levy	219,556.15	219,556.15	-	0.00%
Early Childhood Family Educ.	154,856.24	157,902.56	(3,046.32)	-1.93%
Home Visit	2,209.60	2,264.00	(54.40)	-2.40%
School Age Care	75,000.00	75,000.00	-	0.00%
Previous Years Adjustments	40,063.72	6,358.76	33,704.96	530.06%
<b><i>TOTAL COMMUNITY SERVICE FUND</i></b>	<b><u>491,685.71</u></b>	<b><u>461,081.47</u></b>	<b><u>30,604.24</u></b>	<b><u>6.64%</u></b>



# Debt Service Fund Levy

<u>Description</u>	<u>2014 Pay 2015 Final Levy</u>	<u>2013 Pay 2014 Final Levy</u>	<u>\$ Change from PY</u>	<u>% Change from PY</u>
Basic Levy	5,746,650.02	5,622,330.00	124,320.02	2.21%
Alternative / Capital Facilities Bonds	838,169.08	844,011.00	(5,841.92)	-0.69%
Debt Excess Reduction	(185,504.10)	(117,546.73)	(67,957.37)	57.81%
Previous Years Adjustments	624.11	422.75	201.36	47.63%
<b><i>TOTAL DEBT SERVICE FUND</i></b>	<b><u>6,399,939.11</u></b>	<b><u>6,349,217.02</u></b>	<b><u>50,722.09</u></b>	<b><u>0.80%</u></b>

# OPEB Debt Service Levy & Total

Description	2014 Pay 2015 Final Levy	2013 Pay 2014 Final Levy	\$ Change from PY	% Change from PY
Basic Levy	384,272.18	516,682.00	(132,409.82)	-25.63%
Debt Excess Reduction	-	(8,206.94)	8,206.94	-100.00%
Previous Years Adjustments	5.92	96.82	(90.90)	-93.89%
<b>TOTAL OPEB DEBT SERVICE FUND</b>	<b>384,278.10</b>	<b>508,571.88</b>	<b>(124,293.78)</b>	<b>-24.44%</b>

	2014 Pay 2015 Final Levy	2013 Pay 2014 Final Levy	\$ Change from PY	% Change from PY
General Fund	4,858,379.61	3,978,558.97	879,820.64	22.11%
Community Service Fund	491,685.71	461,081.47	30,604.24	6.64%
Debt Service Fund	6,399,939.11	6,349,217.02	50,722.09	0.80%
OPEB Debt Service Fund	384,278.10	508,571.88	(124,293.78)	-24.44%
<b>TOTAL - ALL FUNDS</b>	<b>12,134,282.53</b>	<b>11,297,429.34</b>	<b>836,853.19</b>	<b>7.41%</b>
	12,134,282.53	11,297,429.34	836,853.19	

# Changes from Preliminary Levy

NONE

# District vs. State Comparisons

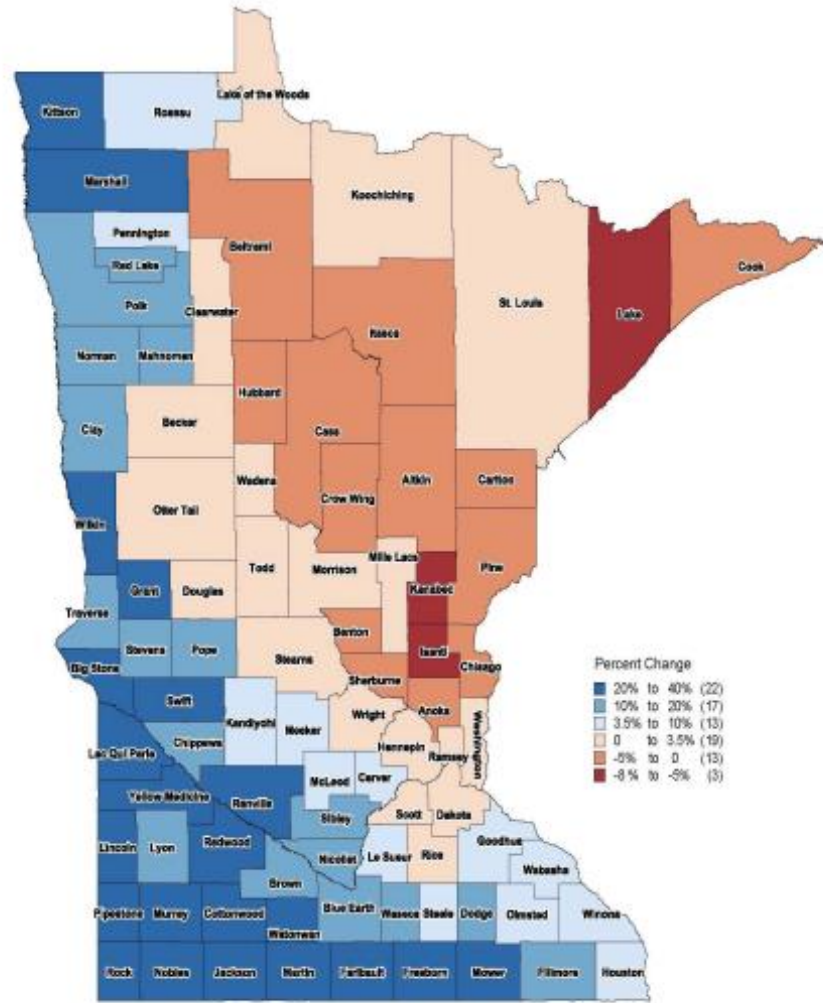
	<u>District</u>	<u>State</u>
<b>Levy Certification</b>	<b>+7.41%</b>	<b>+7.20% *</b>
<b>Property Market Value</b>	<b>+1.30%</b>	<b>+5.90%</b>
<b>Adjusted Net Tax Capacity</b>	<b>+5.85%</b>	<b>+7.50%</b>
<b>Referendum Market Value</b>	<b>+0.37%</b>	<b>+0.90%</b>

\* Based on projections

# Change in Market Value by County

Map clearly shows effects of increasing farm land value

Percent Change in Total Estimated Market Value from 2012 to 2013



Source: MN Department of Revenue

# Share of Tax Liability

- Property Tax Classifications have class rates applied to market values
- Affects share of overall property taxes paid
- Share also impacted by exclusion of farms and seasonal rec residential properties from district's Operating Referendum Revenue

Classification	Market Value Share 2013	Share of Net Taxes Payable in 2014
Farms	25.1%	8.5%
Seasonal Rec Residential	4.3%	2.7%
Commercial and Industrial	12.6%	31.0%
Apartments	4.2%	4.8%
Public Utilities	2.7%	5.3%
Residential Homes	50.9%	47.6%

# Board-Approved Operating Levy

## ***2013-14 Legislature Changes:***

### **2013 Payable 2014**

- Allow local school boards for **ALL** Minnesota school districts to approve a maximum \$300 per pupil operating levy
- Allow local school boards of metro districts to approve up to \$424 per pupil of “Local Optional Revenue” (LOR)
- Allow local school boards of larger rural districts (greater than 2,000 students) to approve up to \$212 per pupil of LOR

### **2014 Payable 2015**

- Allow local school boards for **ALL** Minnesota school districts to approved up to \$424 per pupil of LOR for 2014 Payable 2015

# Local Optional Revenue Decisions Affect School Property Taxes for Pay '15

- ❑ Local Optional Revenue (LOR), passed in 2014
  - Statewide program
  - Based on notion that all districts should have the same opportunity to generate program funds off of the RMV tax base to provide equal opportunity for students.
  - Optional for school boards to adopt all or part of this levy and related state aid.
  
- ❑ Key to the impact of LOR in each district is the per pupil operating referendum authorized by the district voters and in effect currently (Pay 2014):
  - If  $> \$724$ , then LOR decisions may lower taxes overall or have no effect.
  - If  $< \$724$ , then LOR decisions may increase taxes overall with or without additional state aid.



# Referendum Authority

	FY 2013-14 2012 Pay 2013		FY 2014-15 2013 Pay 2014		FY 2015-16 2014 Pay 2015	
	Per PU	Per ADM	Per PU	Per ADM	Per PU	Per ADM
<b>Alexandria</b>	\$390	\$468	\$512	\$546	\$724	\$793
<b>State Average</b>	\$920	\$1,104	\$1,144	\$1,220	\$1,216	\$1,327
<b>Targeted 10 Average</b>	\$483	\$579	\$642	\$681	\$768	\$839
<b>Similar Size Districts</b>	\$798	\$958	\$1,047	\$1,110	\$1,124	\$1,231

Targeted 10 Districts include: Alexandria, Bemidji, Brainerd, Cambridge-Isanti, Detroit Lakes, Fergus Falls, Little Falls, Moorhead, Sauk Rapids-Rice, & Willmar

Similar Size Districts include: Alexandria, 10 next smaller schools, and 10 next larger schools (21 total)

# Referendum Authority

	<b>FY 2013-14</b> 2012 Pay 2013	<b>FY 2014-15</b> 2013 Pay 2014	<b>FY 2015-16</b> 2014 Pay 2015
<b>Voter-Approved</b>	\$390.00	\$226.66	\$0.00
<b>Board-Approved</b>	\$0.00	\$73.34	\$300.00
<b>Local Optional Revenue</b>	\$0.00	\$212.00	\$424.00
<b>TOTAL</b>	<b>\$390.00</b>	<b>\$512.00</b>	<b>\$724.00</b>
<b>Levy Revenue</b>	\$1,818,402.30	\$1,769,153.35	\$2,699,299.91

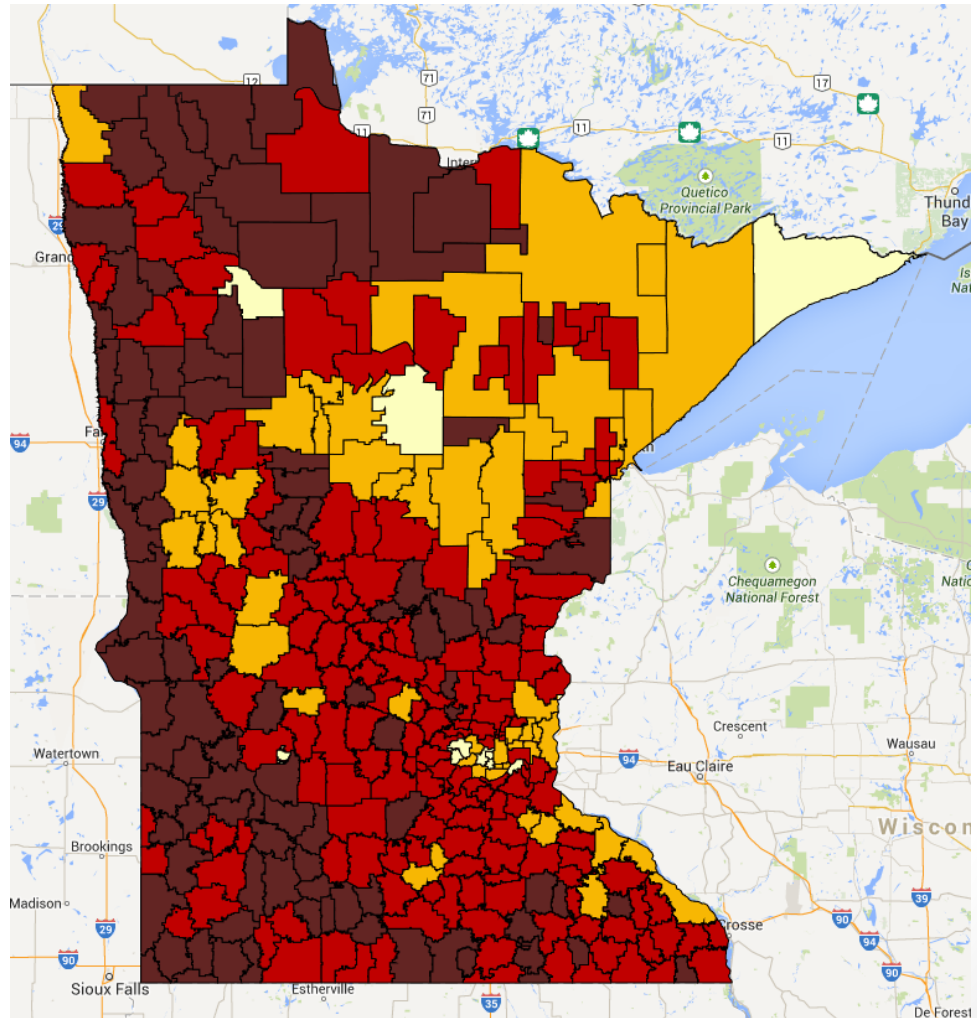
- Of the 332 districts with referendum authority, only one (1) did not authorize \$300 maximum
- The average of board- and voter-approved authority for all districts is \$806
- The average of LOR authority for all districts is \$410 (97% of possible revenue)
- $\$806 + \$410 = \$1,216$  state average
- Projected that only 19 districts will be less than \$724 total after final levy certification

# Referendum and LOR Equalization

Equalization grew significantly

State's share now 21%, up from 11% in 2013

Statewide revenue up 30%



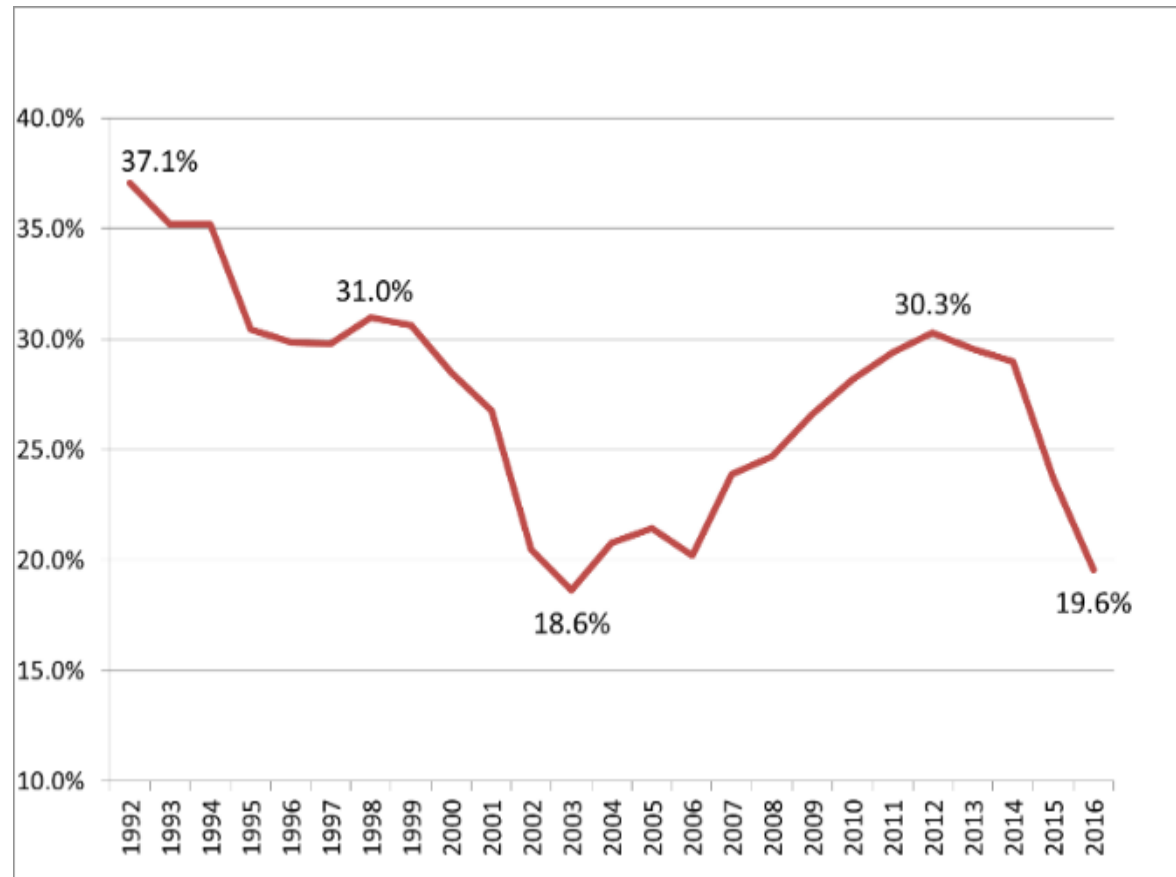
# Decisions of the 2013-2014 Legislature Dramatically Closed Opportunity Gap

Gap Between 95<sup>th</sup>  
and 5<sup>th</sup> Percentiles  
of Basic

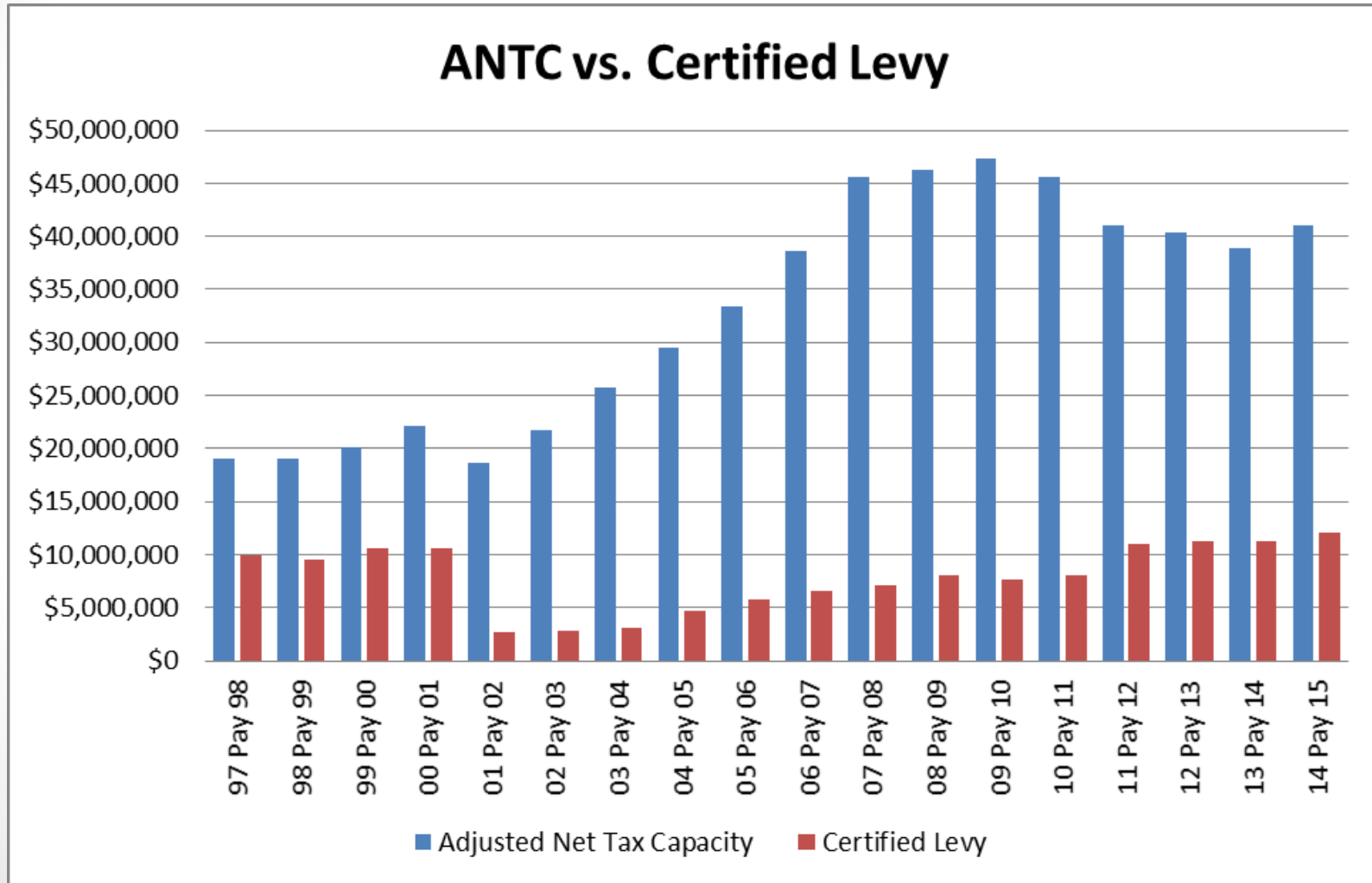
+ Referendum

+ Equity

+ Local Optional  
Revenue



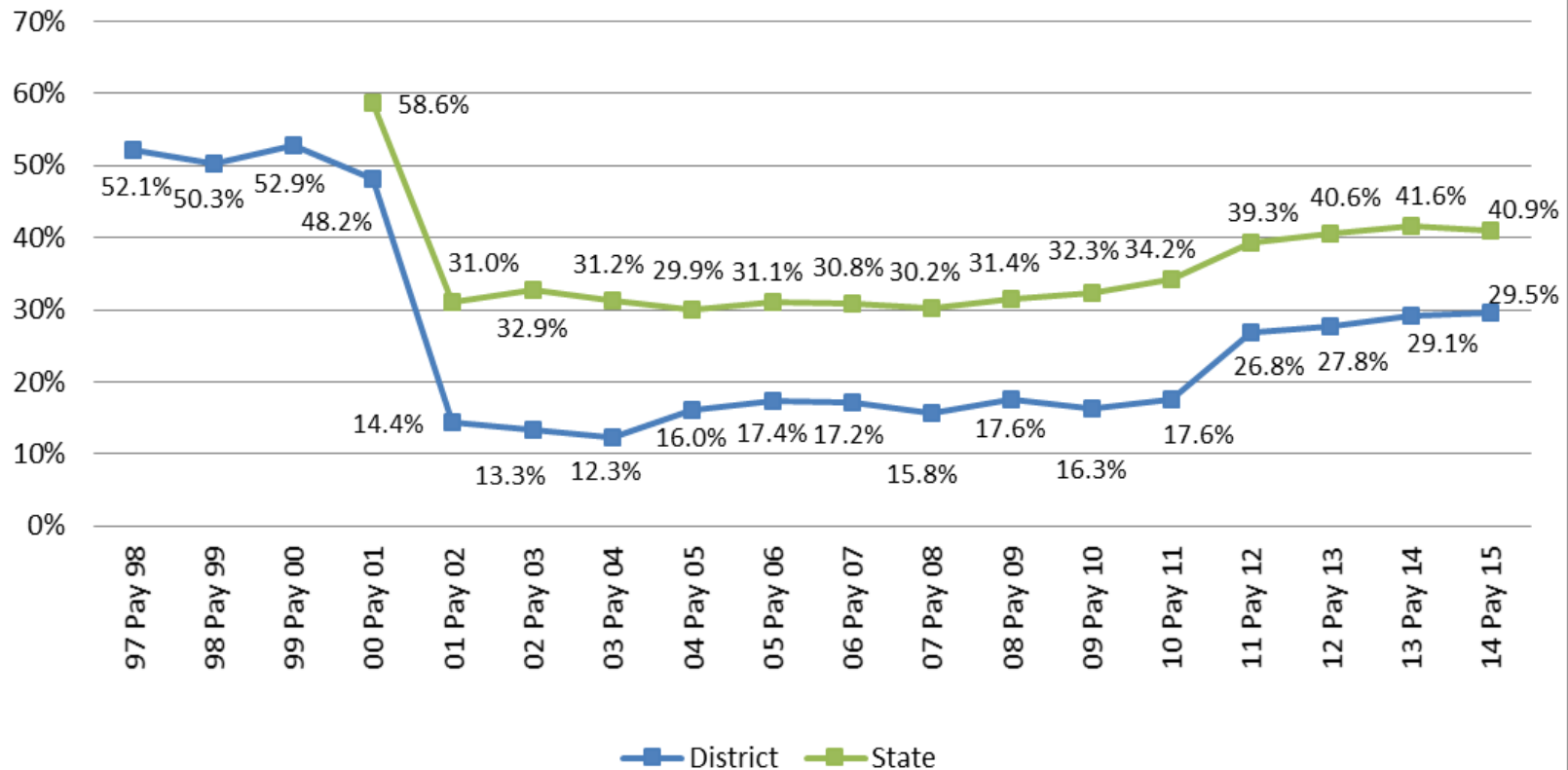
# ANTC vs. Certified Levy Ratio



# District #206 vs. State

## % of Certified Levy vs. ANTC

### District #206 vs. State

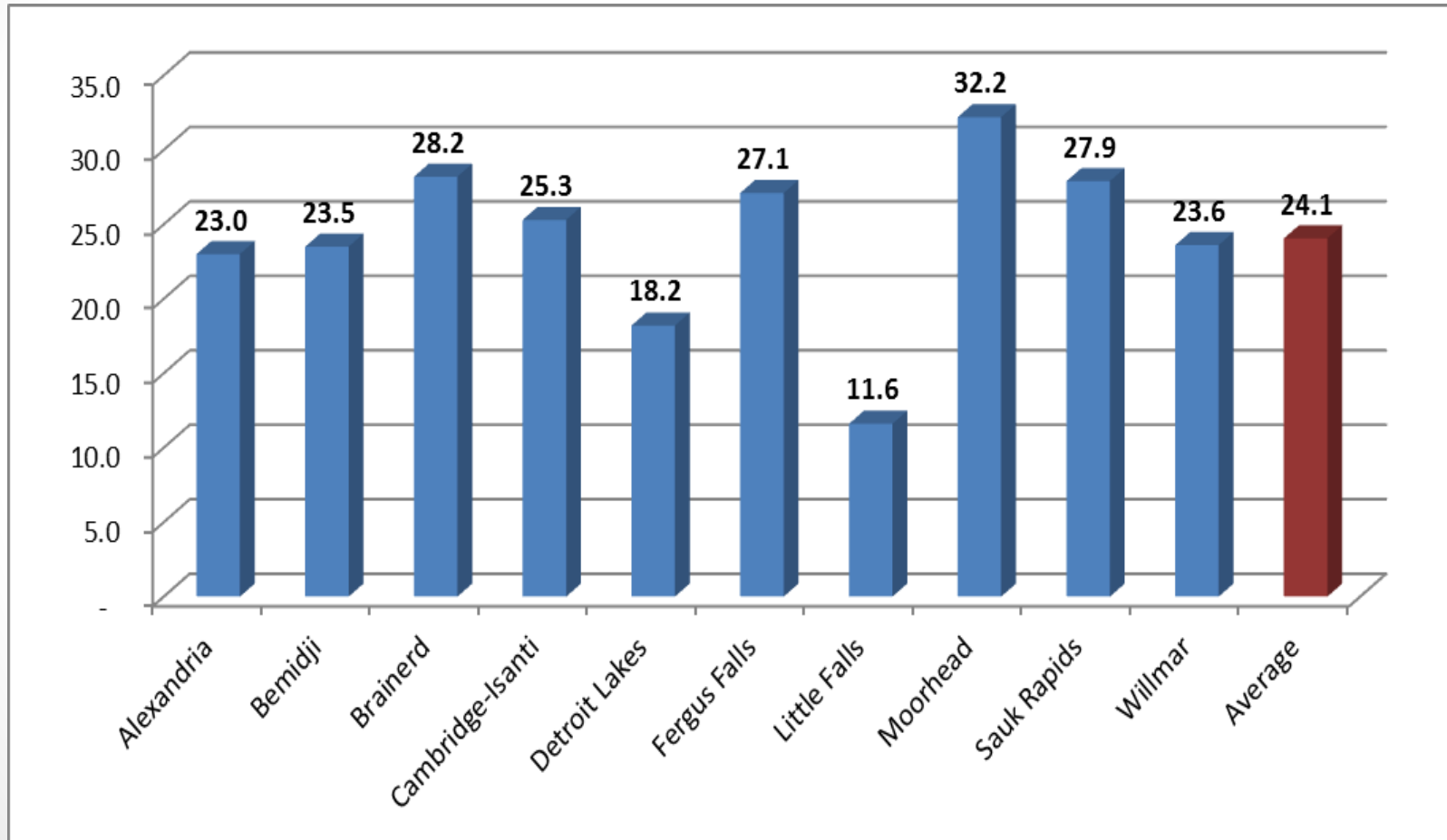


# % Share of 2014 Property Taxes Targeted 10 Districts

	School	County	City	Special	State
<b>Alexandria</b>	<b>23.0</b>	<b>41.3</b>	<b>21.9</b>	<b>1.6</b>	<b>12.1</b>
Bemidji	23.5	40.9	20.7	2.1	12.8
Brainerd	28.2	30.0	25.9	0.6	15.3
Cambridge-Isanti	25.3	37.2	29.6	0.2	7.7
Detroit Lakes	18.2	40.9	24.0	2.1	14.8
Fergus Falls	27.1	32.4	27.5	1.5	11.5
Little Falls	11.6	45.5	32.1	0.6	10.2
Moorhead	32.2	35.1	20.9	2.0	9.9
Sauk Rapids	27.9	42.8	19.9	0.5	8.9
Willmar	23.6	43.5	19.0	1.8	12.1
<b>Average</b>	<b>24.1</b>	<b>39.0</b>	<b>24.2</b>	<b>1.3</b>	<b>11.5</b>
<b>Alexandria Rank</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>7</b>

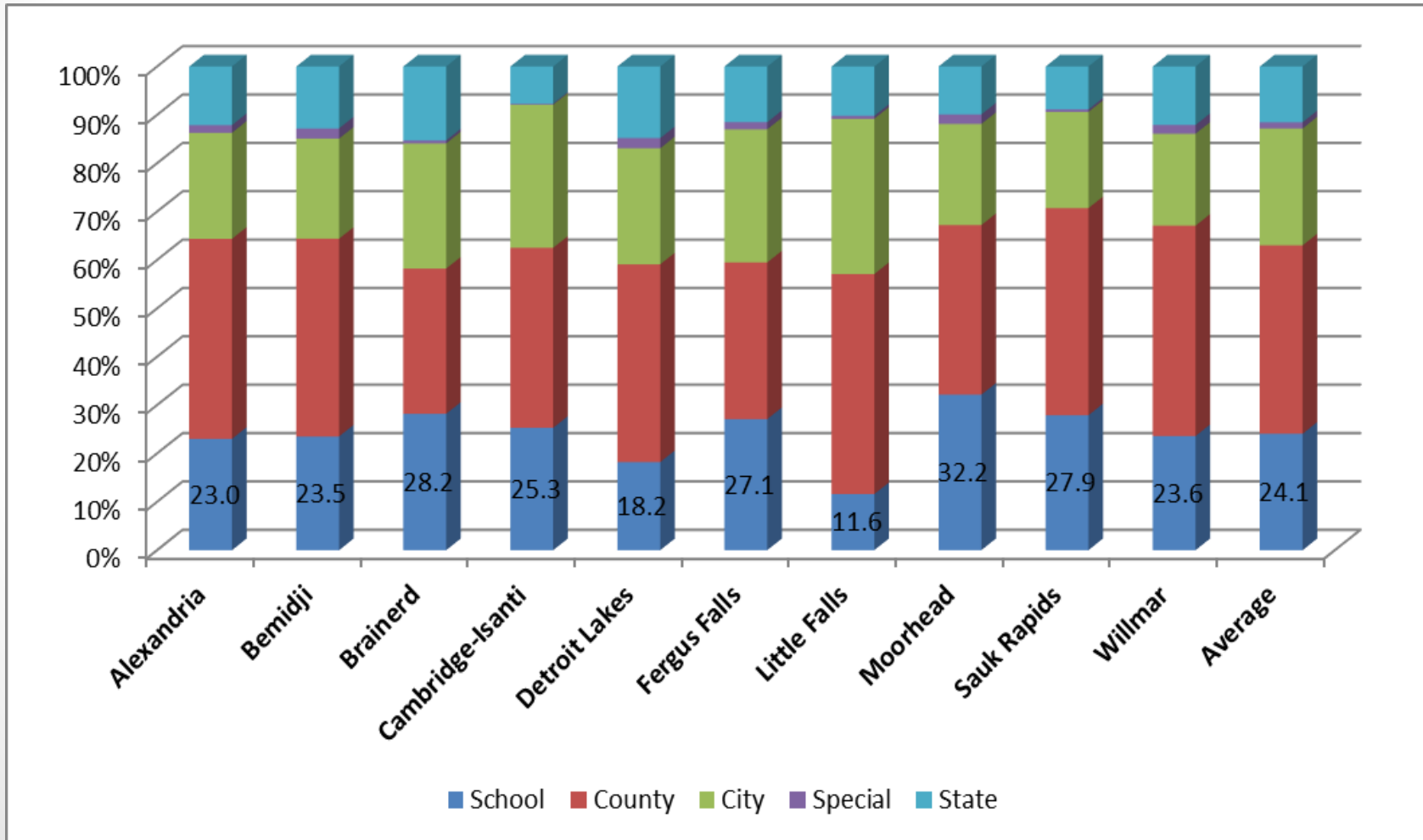
(Lowest =1, Highest = 10)

# % Share of 2014 Property Taxes Targeted 10 Districts – School % Only





# % Share of 2014 Property Taxes Targeted 10 Districts



# Levy Limitation Comparison

Based on \$175,000 Residential Property Market Value

<u>District</u>	<u>Levy Limit</u>	<u>Tax Amt</u>	<u>Rank</u>
Alexandria	11,297,429	\$567	3
Bemidji	9,355,624	\$601	6
Brainerd	16,611,666	\$615	7
Cambridge-Isanti	9,044,657	\$857	8
Detroit Lakes	3,726,482	\$382	1
Fergus Falls	4,915,948	\$571	4
Little Falls	3,273,251	\$586	5
Moorhead	13,502,122	\$873	9
Sauk Rapids	7,650,723	\$908	10
Willmar	4,927,836	\$487	2
<b>AVERAGE</b>	<b>8,430,574</b>	<b>\$645</b>	

2014 Payable 2015 Final  
Levy Certification

Questions &  
Comments