

ALEXANDRIA PUBLIC SCHOOLS ISD #206

2020 PAYABLE 2021 FINAL LEVY CERTIFICATION

Regular School Board Meeting

Monday, December 21st, 2020 – 7:00 PM

Agenda

- Background on Property Tax Levies
- Legislative Changes that Affect the 2021 Levy
- Information on School Funding & District Budget
- Proposed Taxes Payable in 2021
- Estimated Impact on Taxpayers
- Minnesota Property Tax Refunds
- Public Comments & Questions

Background on Property Tax Levies

Truth in Taxation Law

- **Requirements:**
 - Public meeting may be held at a regularly scheduled board meeting
 - Discussion of proposed property tax levy for taxes payable in 2021
 - Current year budget must be discussed
 - Levy may be adopted at same meeting
 - Must allow for public comment and question

Key Steps in the Levy Process

- Step 1 – County Assessors offices (Douglas & Pope Counties) determine the estimated market value and assign a property class for each parcel of property in the School District.
- Step 2 – The Minnesota State Legislature sets the formulas (class rates) for tax capacity and market value. These class rates determine how much of the tax burden will fall on different types of properties. Examples:
 - Residential & Agricultural Homestead* up to \$500,000 = 1.00%
 - Residential & Agricultural Homestead* over \$500,000 = 1.25%
 - Commercial up to \$150,000 = 1.50%
 - Commercial over \$150,000 = 2.00%
 - Agricultural Land & Buildings up to \$1,900,000 = 0.50%
 - Agricultural Land & Buildings over \$1,900,000 = 1.00%

*Agricultural Homestead = house, garage & one acre

Key Steps in the Levy Process

- **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.**
 - A property's tax capacity is determined by multiplying the property's market value by the relevant class rate. Class rates are set by statute, vary by property type, and are uniform statewide.
- **Step 4 – The Minnesota State Legislature sets the formulas which determine the maximum amounts of taxes the School District may levy in every category.**
 - Each category has its own unique set of calculations. Many formulas are based on a per-pupil basis, while others are more specific.
 - Operating Capital is based on age and square footage of district buildings
 - Transportation Sparsity is based on attendance area and number of square miles per resident student
 - Equity Revenue is based on a district's per-pupil revenue (only certain funding sources) compared to the state average. APS is \$7,367.12 while the rural 5th percentile is \$6,867.00 and the rural 95th percentile is \$8,687.61.

Key Steps in the Levy Process

- 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 Cycle Comparison

- City, County & Townships

- Budget Year is same as Calendar Year (January 1 – December 31)
- 2021 taxes provide revenue for Calendar Year 2021

- School District

- Budget Year is July 1 – June 30
- 2021 taxes provide revenue for Fiscal Year '22 (7/1/21 – 6/30/22)



Spruce County
 Jane Smith, Auditor-Treasurer
 345 12th Street East, Box 78
 Spruceville, MN 55555-5555
 (555) 345-6789
 www.co.spruce.mn.us

TAXPAYER(S):

John and Mary Johnson
 123 Pine Road South
 Spruceville, MN 55555-5555

Property ID Number: 01.234.56.7890.R1

Property Description:

Lot 5, Block 13 of the Spruceville Estates Addition to
 the City of Spruceville.

Tax Statement			
		2021	
2020 Values for Taxes Payable in			
Values and Classification			
	Taxes Payable Year:	2020	2021
Step 1	Estimated Market Value:	\$141,100	\$143,000
	Homestead Exclusion:	\$25,261	\$24,712
	Taxable Market Value:	\$107,839	\$114,488
	New Improvements:	\$0	\$0
	Property Classification:	RES HMSTD	RES HMSTD
<i>Sent in March 2020</i>			
Step 2	Proposed Tax		
	Proposed Tax:		\$1,570
<i>Sent in November 2020</i>			
Step 3	Property Tax Statement		
	First-half Taxes:		\$777.13
	Second-half Taxes:		\$777.13
	Total Taxes Due in 2021:		\$1,554.26

Reading your Tax Statement

Change in property value has a large impact

Value excluded or deferred from taxation

What classification your property is being valued and taxed as

Can appeal classification for the following year each spring

\$\$\$

You may be eligible for one or even two refunds to reduce your property tax.

REFUNDS?

Read the back of this statement to find out how to apply.

Tax Detail for Your Property:

Taxes Payable Year:	2020	2021
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,531.10
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,428.92	
Property Tax and Credits		
3. Property taxes before credits	\$1,428.92	\$1,531.10
4. Credits that reduce property taxes		
A. Agricultural and rural land credits	\$0.00	\$0.00
B. Taconite tax relief	\$0.00	\$0.00
C. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$1,428.92	\$1,531.10
Property Tax by Jurisdiction		
6. County	\$438.06	\$474.18
Regional Rail Authority	\$5.96	\$6.18
7. City or Town	\$273.79	\$302.06
8. State General Tax	\$0.00	\$0.00
9. School district		
A. Voter approved levies	\$289.35	\$296.68
B. Other local levies	\$340.11	\$364.60

Taxes Payable Year:	2020	2021
10. Special Taxing Districts		
A. Metropolitan special taxing districts	\$64.66	\$69.34
B. Other special taxing districts	\$10.15	\$11.22
C. Tax increment financing	\$0.00	\$0.00
D. Fiscal disparity	\$0.00	\$0.00
11. Non-school voter-approved referenda levies	\$0.00	\$0.00
12. Total property tax before special assessments	\$1,422.08	\$1,524.26
Special Assessments		
13. Special assessments		
A. Curb and street improvements	\$30.00	\$30.00
B.		
C.		
14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$1,452.08	\$1,554.26



School District Levy Categories

Voter Approved Levies

- **Operating Referendum Levies**
 - For taxes payable 2021, equal to 13.76% of total levy
- **Voter Approved Bonded Debt Levies**
 - For taxes payable 2021, equal to 34.81% of total levy
 - Total voter approved equal to 48.57% of total levy

Other Local Levies

- **Everything else**
 - For taxes payable 2021, equal to 51.43% of total levy

School District Levy Categories

Levies calculated using Net Tax Capacity (NTC)

- All taxable property
 - For taxes payable 2021, equal to 62.83% of total levy

Levies calculated using Referendum Market Value (RMV)

- Properties exempt from levies spread on RMV
 - Seasonal recreational cabin property
 - Agricultural land
 - For taxes payable 2021, equal to 37.17% of total levy

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
 - Changes in property classification

Legislative Changes that Affect the 2021 Levy

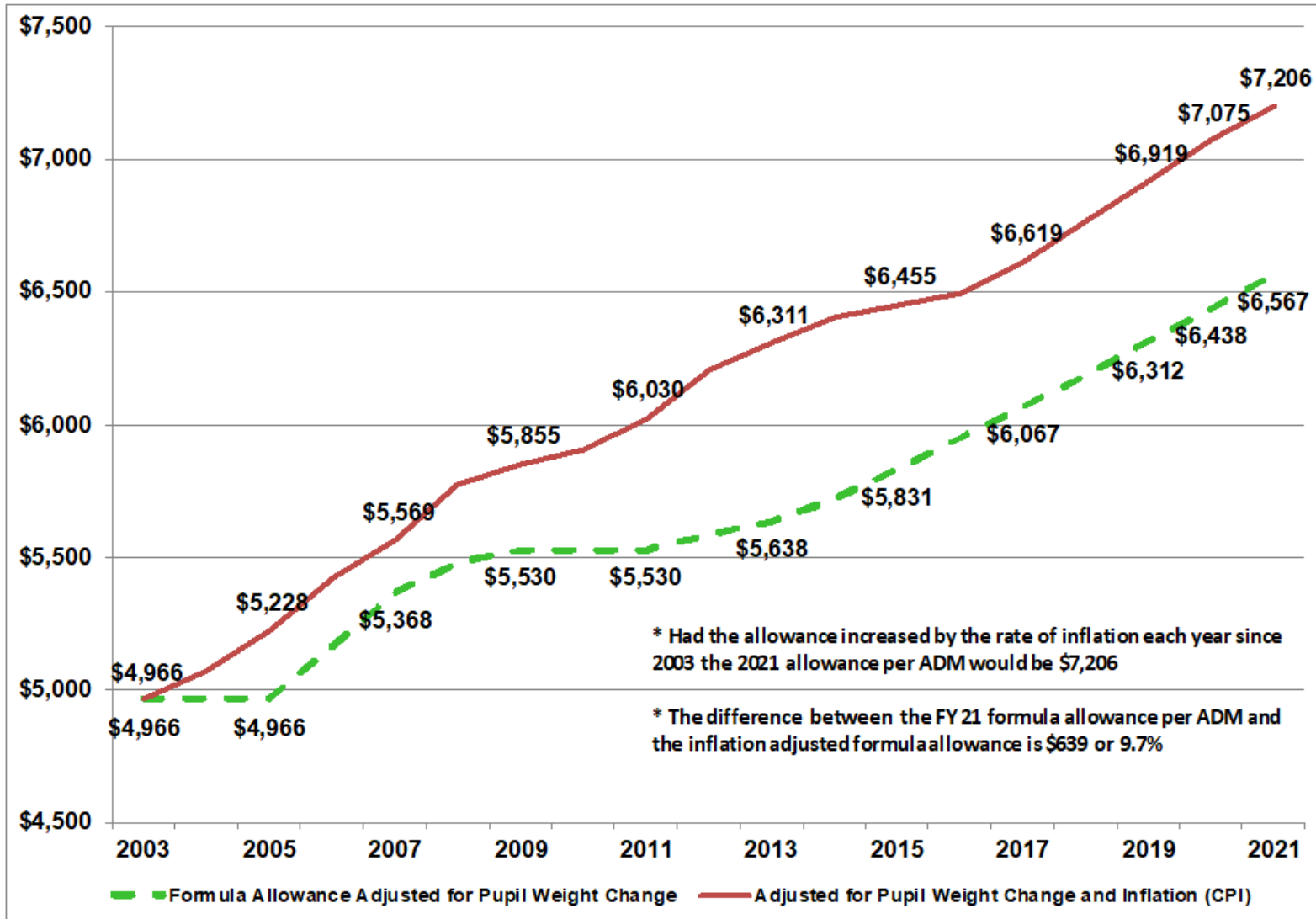
Legislative Changes that Affect the 2021 Levy

- The 2019 legislature approved an increase in the General Education formula by 2% for the 2019-20 and 2020-21 fiscal years. The Payable 2021 levy shows no change in the General Education formula for the 2021-22 fiscal year.
- At this time, no legislative changes affect the Payable 2021 levy.
- It is possible that legislation will be passed during the 2021 legislative session that will impact school district funding for the 2021-22 fiscal year.



Information on School Funding & District Budget

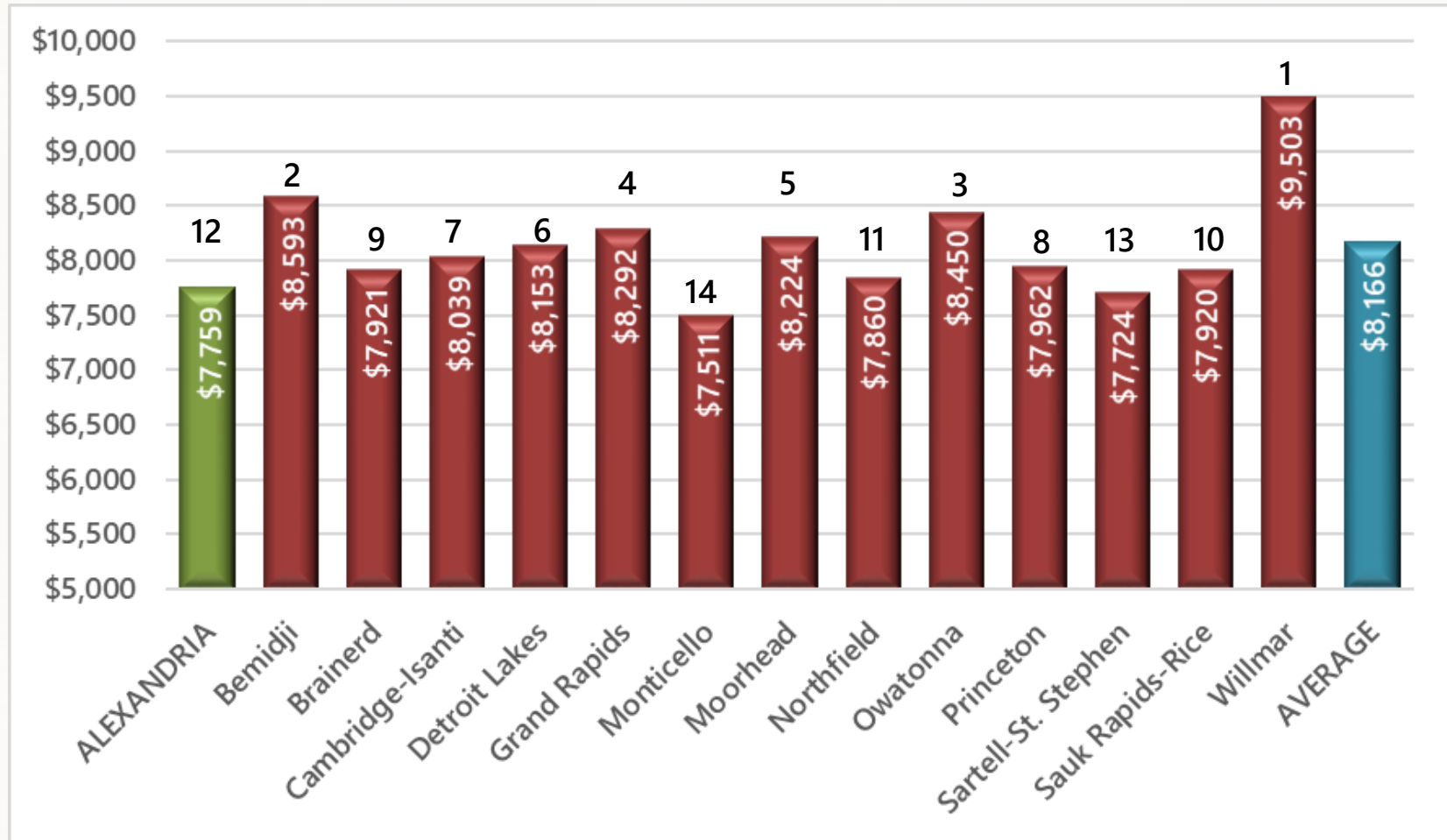
General Education Formula History



General Education Aid per APU

- Basic Formula
 - Declining Enrollment
 - Extended Time
 - Compensatory
 - Limited English Proficiency
 - Sparsity
 - Small Schools
 - Transportation Sparsity
 - Operating Capital **
 - Equity **
 - Gifted & Talented
 - Pension Adjustment
 - Transition **
 - Referendum **
 - Local Optional **
 - Options Adjustment
 - Q-Comp Teacher Development
- ** Indicates Aid/Levy Split Revenue Sources

General Education Aid per APU



*Based on FY 2018-19 Data

General Education Disparity

Includes Funding Sources:

- Basic Revenue
- Equity Revenue
- Referendum Revenue
- Local Optional Revenue

FY 2019-20 = \$7,328.61 (281st out of 330)

State Average = \$7,823.62

FY 2020-21 = \$7,812.00 (170th out of 330)

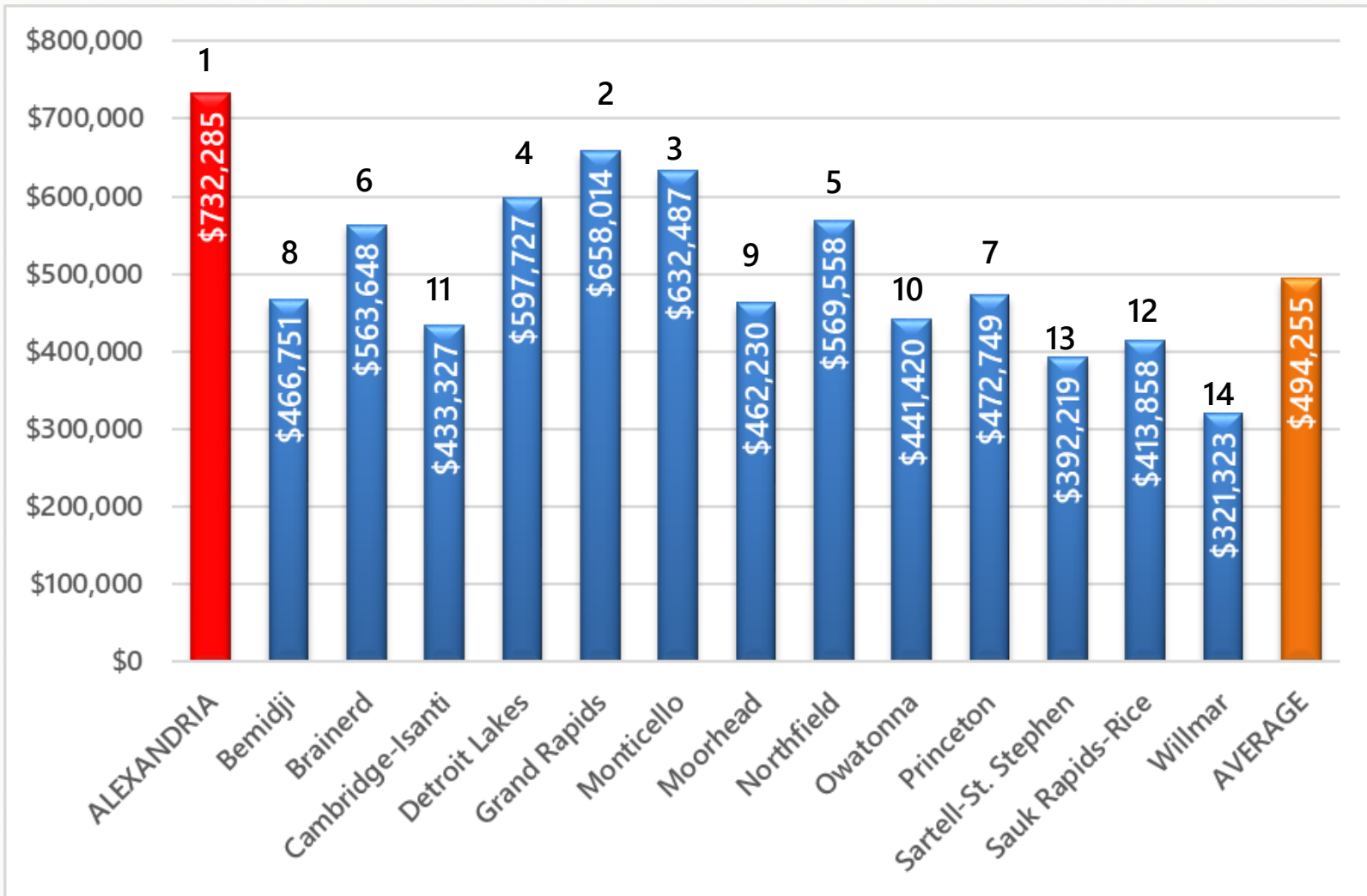
State Average = \$7,999.84

Equalization Aid

- Based on Referendum Market Value (RMV) per Resident Student
- Higher RMV per Resident Student equates to less equalization aid and more responsibility to local levy
- Our district calculates to be a property-rich district.
 - This leads to limited ability to receive equalization aid and mandates the balance to be shifted heavily toward local levy

RMV Per Resident Pupil Unit

Comparable Districts



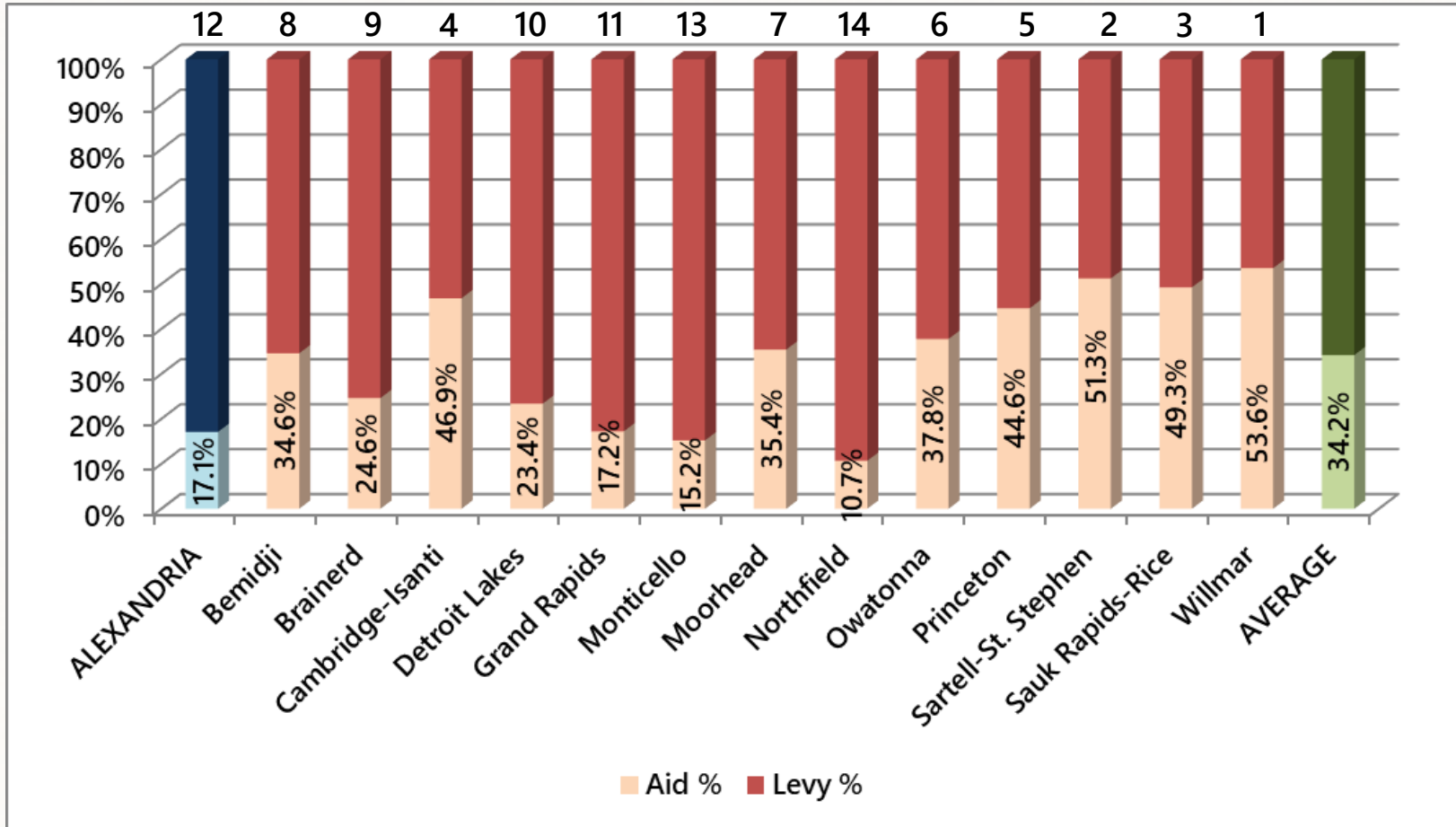
Equalization Aid

5 major aid/levy split funding categories:

	AID		LEVY		TOTAL
	\$	%	\$	%	
Operating Capital	546,847.43	56.1%	427,746.52	43.9%	974,593.95
Local Optional	-	0.0%	1,963,077.60	100.0%	1,963,077.60
Equity	-	0.0%	771,399.21	100.0%	771,399.21
Transition	-	0.0%	70,004.09	100.0%	70,004.09
Referendum	337,197.02	24.3%	1,051,772.98	75.7%	1,388,970.00
TOTAL	884,044.45	17.1%	4,284,000.40	82.9%	5,168,044.85

*Based on 2019-20 revenue

Equalization Aid



*Based on 2019-20 revenue

School District Funds

- The School District is required to record revenues and expenditures in different funds. Each fund has a definitive purpose.

- GENERAL FUND

- *Revenue*

- Local levy, general education aid, federal aid, other local revenue (fees & admissions)

- *Expenditures*

- Daily Operating Costs (salaries, benefits, utilities, supplies, etc.)
 - Local operating referendum levy
 - Maintenance (facility improvements, health & safety code compliance, handicap accessibility, etc.)
 - Pupil Transportation
 - Capital Expenditures
 - Technology

School District Funds

- FOOD SERVICE FUND (No levy)

- *Revenue*

- Family meal payments
- State & federal meal program aid

- *Expenditures*

- Daily Operating Costs (salaries, benefits, food, etc.)
- Capital Expenditures

- COMMUNITY SERVICE FUND

- *Revenue*

- Local levy
- State & federal aid
- Program fees & tuition

- *Expenditures*

- Daily Operating Costs (salaries, benefits, supplies, etc.)

School District Funds

- DEBT SERVICE FUND

- *Revenue*

- Local levy

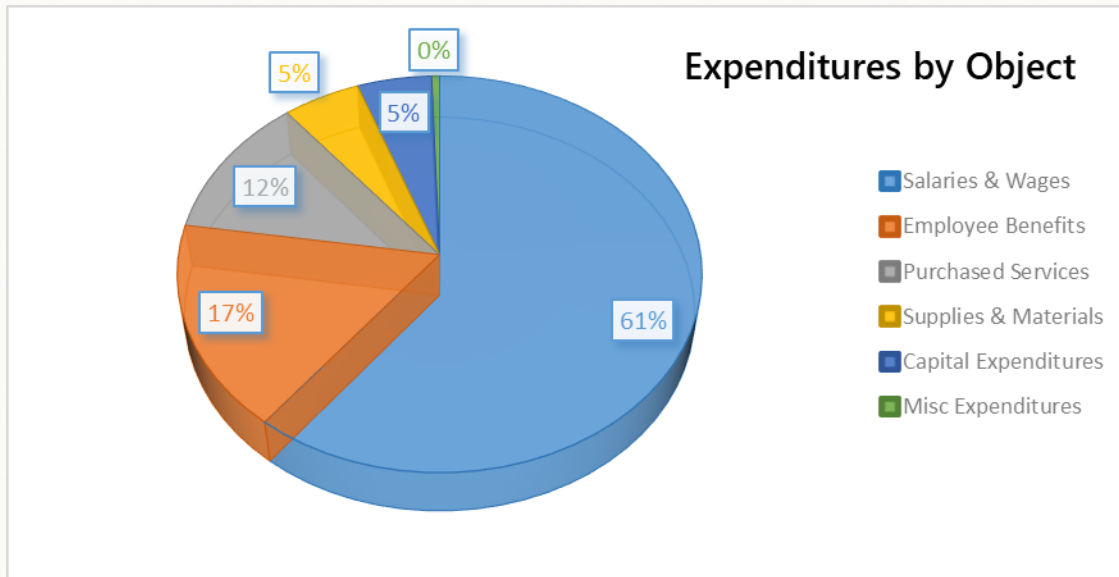
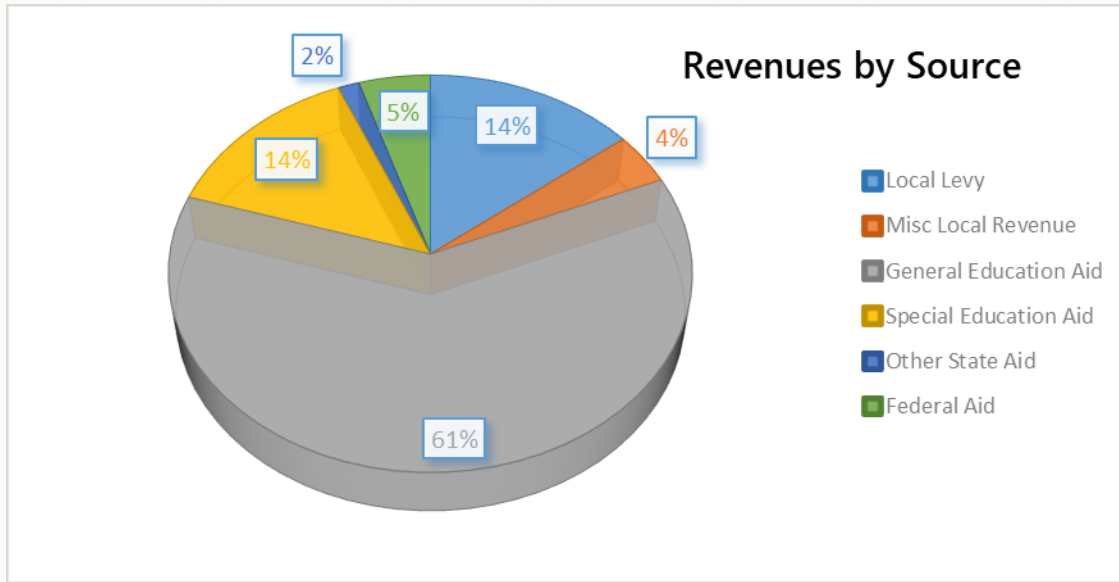
- *Expenditures*

- Principal & interest payments for voter-approved building project bonds and Alternative Facility Bonds related to health & safety projects (now Long-Term Facility Maintenance funding)

FY 2020-21 Budget - General Fund

	FY 2020-21		FY 2019-20		FY 2018-19	
	Budget	% of Total	Actual	% of Total	Actual	% of Total
REVENUES						
Local Levy	7,748,840.00	14.36%	5,876,609.00	11.68%	5,455,539.00	10.74%
Misc Local Revenue	2,278,480.93	4.22%	1,774,775.37	3.53%	1,980,783.47	3.90%
General Education Aid	33,044,297.75	61.24%	33,305,082.85	66.22%	32,597,158.95	64.18%
Special Education Aid	7,481,267.44	13.86%	6,712,325.41	13.35%	6,674,019.44	13.14%
Other State Aid	779,014.17	1.44%	1,174,214.90	2.33%	2,543,460.61	5.01%
Federal Aid	2,627,041.65	4.87%	1,451,774.50	2.89%	1,538,683.67	3.03%
<i>Total Revenues</i>	53,958,941.94		50,294,782.03		50,789,645.14	
EXPENDITURES						
Salaries & Wages	32,641,126.21	60.49%	30,952,553.03	61.54%	30,319,534.49	59.70%
Employee Benefits	9,067,249.06	16.80%	8,460,139.65	16.82%	8,246,219.28	16.24%
Purchased Services	6,318,530.65	11.71%	6,275,885.10	12.48%	6,503,423.58	12.80%
Supplies & Materials	2,824,254.06	5.23%	1,932,716.93	3.84%	1,996,084.04	3.93%
Capital Expenditures	2,723,094.12	5.05%	2,800,904.95	5.57%	2,523,415.58	4.97%
Misc Expenditures	288,547.91	0.53%	415,687.85	0.83%	1,932,222.09	3.80%
<i>Total Expenditures</i>	53,862,802.01		50,837,887.51		51,520,899.06	
Change in Fund Balance	96,139.93		(543,105.48)		(731,253.92)	

FY 2020-21 Budget – General Fund



FY 2020-21 Budget – Other Funds

	Food Service	Community Service	Building Construction	Debt Service	OPEB Trust	OPEB Debt Service	Student Activities	Internal Service
REVENUES								
Local Levy	-	800,843.44	-	6,421,840.21	-	743,380.90	-	-
Misc Local Revenue	1,945,738.30	1,329,361.00	-	-	20,000.00	-	627,200.00	400,010.00
Sale of Bonds	-	-	1,950,084.00	-	-	-	-	-
State Aid	126,015.00	523,166.47	-	222,485.16	-	4,039.98	-	-
Federal Aid	946,086.00	7,673.43	-	-	-	-	-	-
Total Revenues	3,017,839.30	2,661,044.34	1,950,084.00	6,644,325.37	20,000.00	747,420.88	627,200.00	400,010.00
EXPENDITURES								
Salaries & Wages	1,210,540.27	1,826,188.77	-	-	-	-	-	-
Employee Benefits	278,061.54	441,908.89	-	-	801,000.00	-	-	400,000.00
Purchased Services	111,675.00	184,468.18	267,949.49	-	-	-	-	-
Supplies & Materials	1,444,545.31	166,260.90	-	-	-	-	617,000.00	-
Capital Expenditures	121,610.00	49,700.00	1,682,134.51	-	-	-	-	-
Debt Redemption	-	-	-	6,792,337.50	-	710,877.50	-	-
Misc Expenditures	1,800.00	3,250.00	-	-	-	-	-	-
Total Expenditures	3,168,232.12	2,671,776.74	1,950,084.00	6,792,337.50	801,000.00	710,877.50	617,000.00	400,000.00
Change in Fund Balance	(150,392.82)	(10,732.40)	-	(148,012.13)	(781,000.00)	36,543.38	10,200.00	10.00

Proposed Taxes Payable in 2021

General Fund Levy

2020 Payable 2021 Final Levy:	\$ 8,414,585.61	
Change from PY:	+\$ 252,116.52	+3.09%
Voter Approved:	\$ 2,241,396.00	26.64%
Other Local Levies:	\$ 6,173,189.61	73.36%
Levies based on RMV:	\$ 6,053,873.47	71.95%
Levies based on NTC:	\$ 2,360,712.14	28.05%

Community Service Levy

2020 Payable 2021 Final Levy:	\$ 565,926.96	
Change from PY:	-\$ 239,268.04	-29.72%
Voter Approved:	\$ 0.00	0.00%
Other Local Levies:	\$ 565,926.96	100.00%
Levies based on RMV:	\$ 0.00	0.00%
Levies based on NTC:	\$ 565,926.96	100.00%

Debt Service Levy

2020 Payable 2021 Final Levy:	\$ 6,566,469.62	
Change from PY:	-\$ 77,855.75	-1.17%
Voter Approved:	\$ 5,670,420.16	86.35%
Other Local Levies:	\$ 896,049.46	13.65%
Levies based on RMV:	\$ 0.00	0.00%
Levies based on NTC:	\$ 6,566,469.62	100.00%

OPEB Debt Service Levy

2020 Payable 2021 Final Levy:	\$ 741,193.80	
Change from PY:	-\$ 6,227.08	-0.83%
Voter Approved:	\$ 0.00	0.00%
Other Local Levies:	\$ 741,193.80	100.00%
Levies based on RMV:	\$ 0.00	0.00%
Levies based on NTC:	\$ 741,193.80	100.00%

All Funds

2020 Payable 2021 Final Levy:	\$ 16,288,175.99	
Change from PY:	-\$ 71,234.35	-0.44%
Voter Approved:	\$ 7,911,816.16	48.57%
Change from PY:	+\$ 721,651.50	
Other Local Levies:	\$ 8,376,359.83	51.43%
Change from PY:	-\$ 795,885.85	
Levies based on RMV:	\$ 6,053,873.47	37.17%
Change from PY:	+\$ 413,616.39	
Levies based on NTC:	\$ 10,234,302.52	62.83%
Change from PY:	-\$ 484,850.74	

All Funds

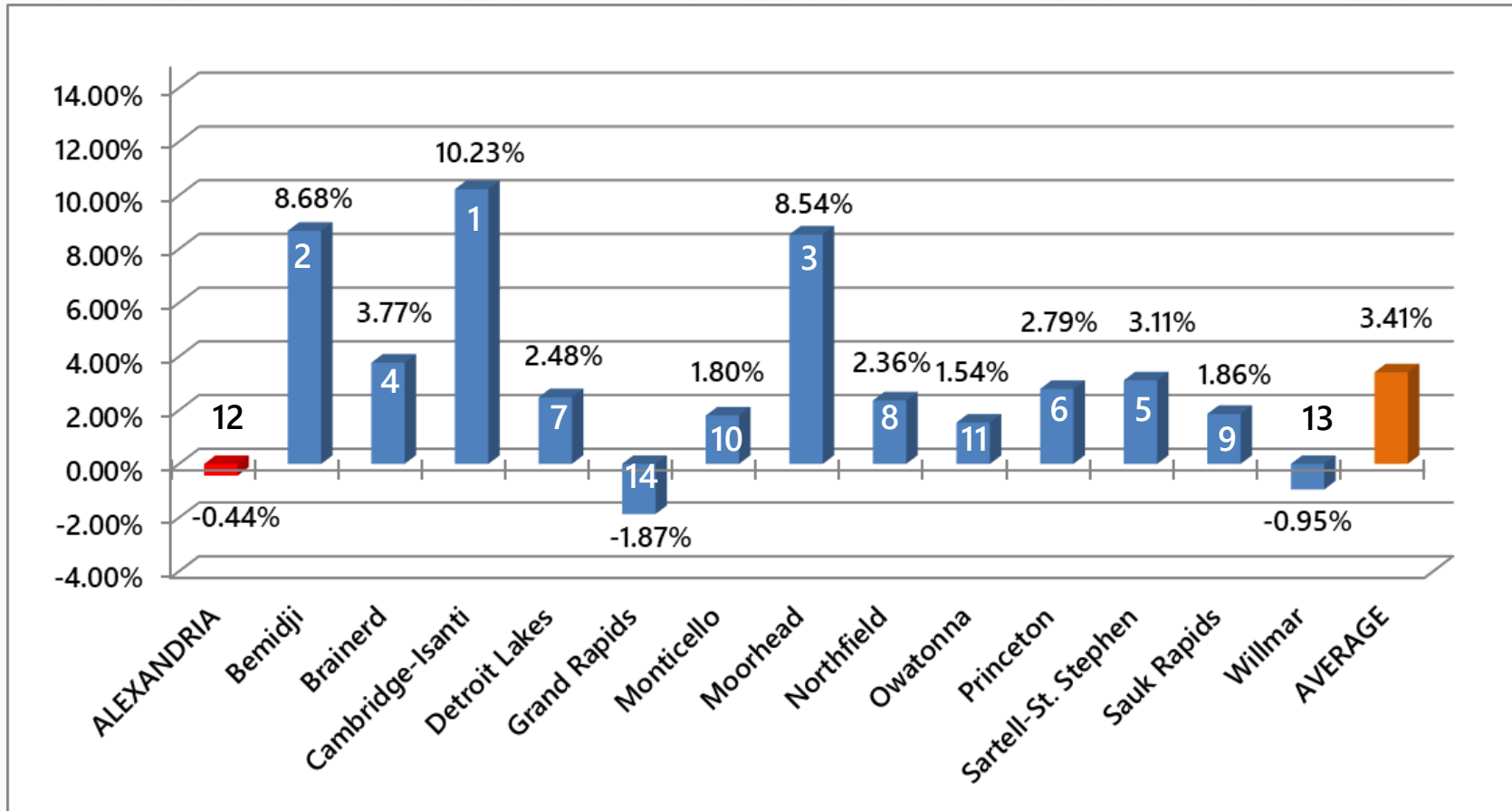
“Large Change” Summary from Prior Year:

• Increase of \$110 PPU for operating levy	+\$ 453,890.79
• Impact of bond refundings	- \$ 706,268.75
• Addition of Capital Facilities Bond	+\$ 304,179.80
• Prior year Debt Excess Reduction	+\$ 482,740.85
• Current year Debt Excess Reduction	- \$ 142,208.38
• School Age Child Care adjustments	- \$ 237,988.00

TOTAL “Large Change” Impact +\$ 154,346.31

All other levy calculations - \$ 225,580.66

Change from Payable 2020



Changes from Preliminary Levy

Final Levy:	\$ 16,288,175.99
Preliminary Levy:	<u>\$ 16,288,175.99</u>
Difference:	\$ 0.00

Therefore, no changes!

Estimated Impact on Taxpayers

The following charts and comparisons reflect only the School District portion of property taxes. Calculations are estimates based on data available from the County and may change slightly. Impact will vary for individual properties based on the many factors that play a role in property taxes.

Referendum Market Value & Net Tax Capacity

Referendum Market Value (RMV) = Total property value of all district properties subject to Referendum levies:

- Residential Homestead
 - Includes House, Garage, & 1 Acre of Agricultural Property
- Commercial / Industrial

District's RMV (from 2019) \$3,473,959,000

District's MV (from 2019) \$4,636,426,911

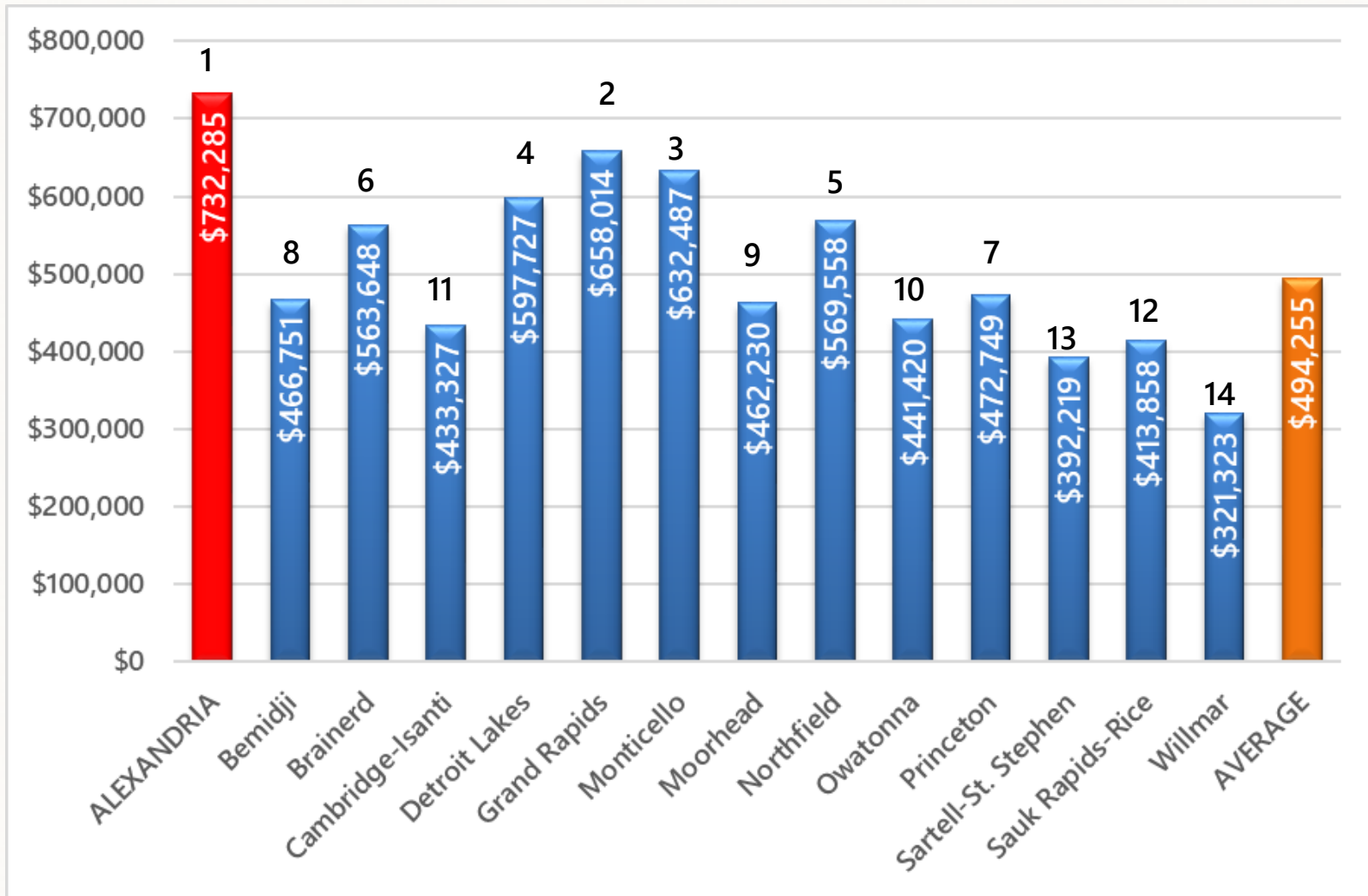
\$1,162,467,911 of property exempt from RMV levies

2021-22 Estimated Resident Pupils Units (RPU) = 4,744.00

RMV per RPU = \$732,284.78

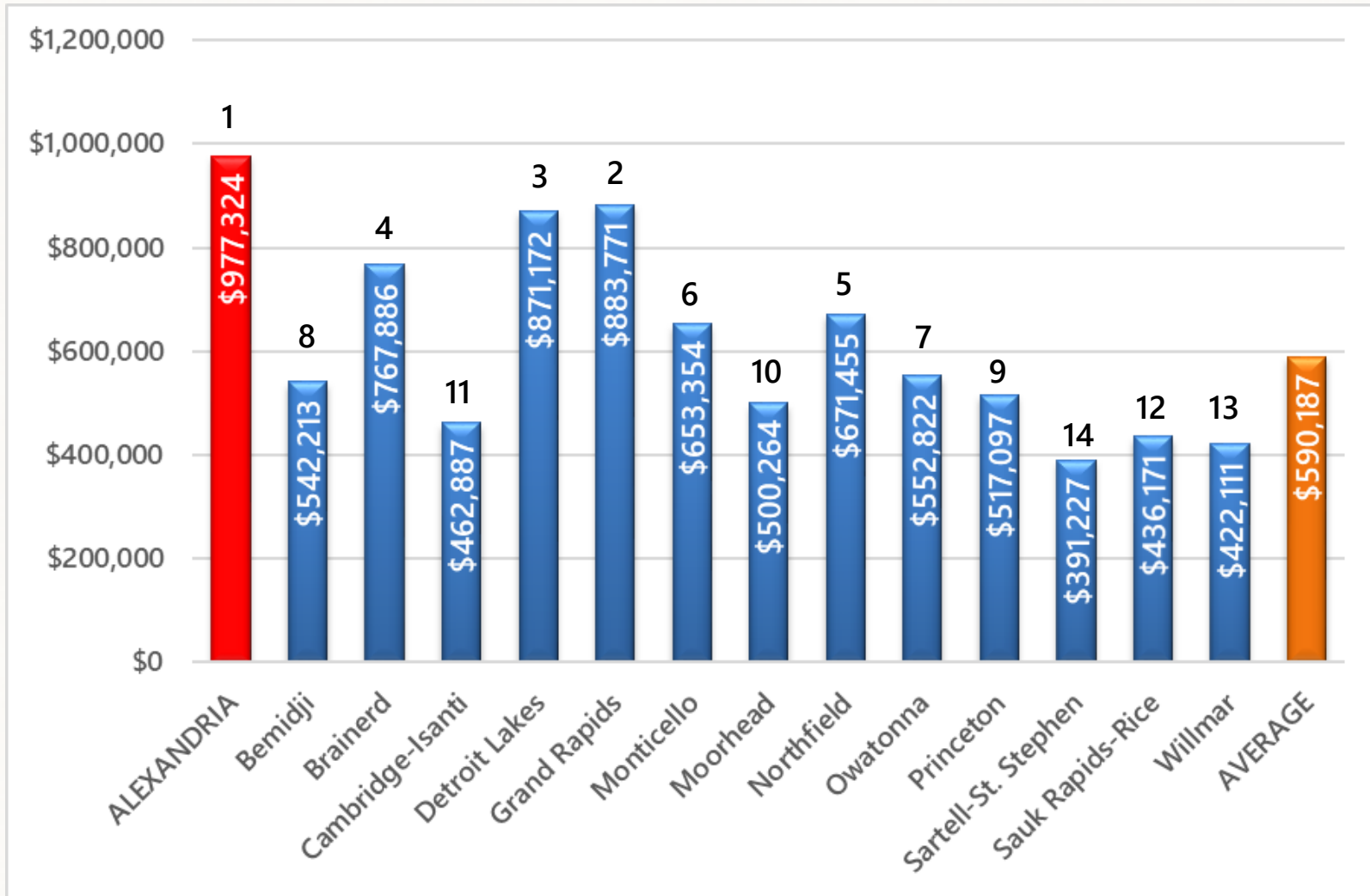
RMV Per Resident Pupil Unit

Comparable Districts



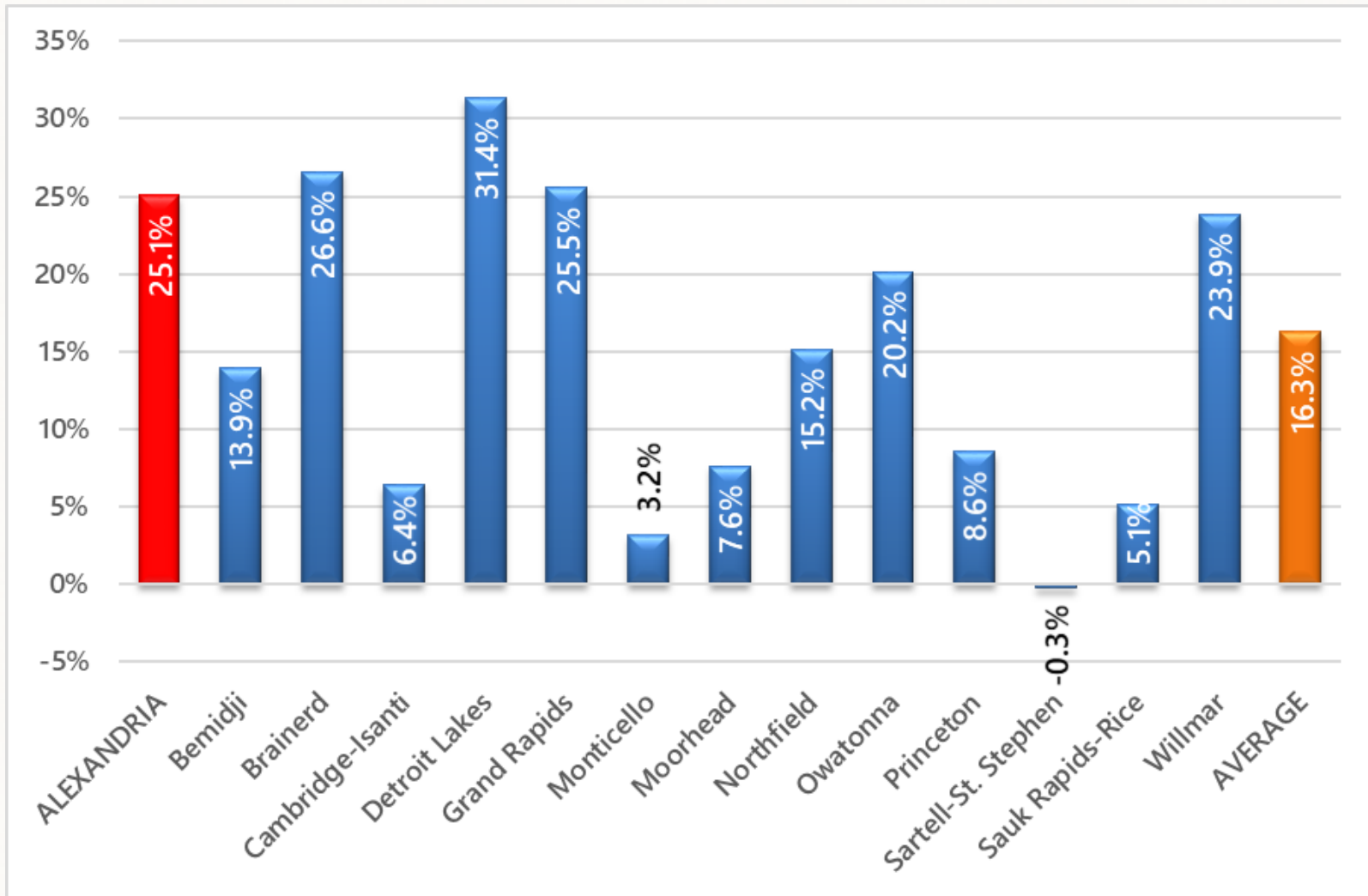
MV Per Resident Pupil Unit

Comparable Districts

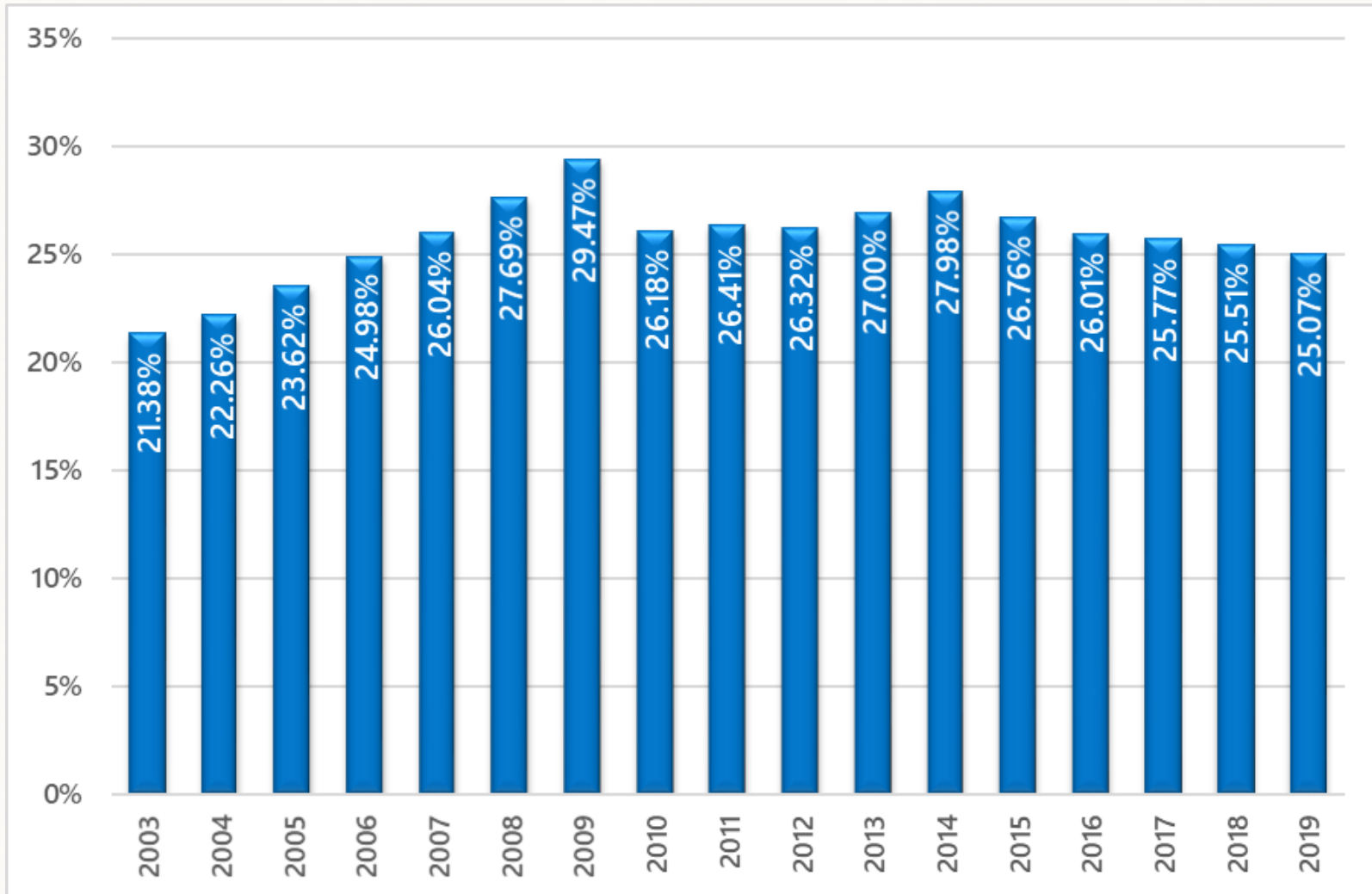


RMV & MV Per RPU Ratio

Comparable Districts



RMV & MV Per RPU Ratio



Referendum Market Value & Net Tax Capacity

Net Tax Capacity (NTC) = Total tax capacity of all properties in the District based on their property classification

4 Major Categories (approximately 94% of property value)

- **Residential Homestead (including Agricultural Homestead):**
 - 1.00% up to \$500,000 & 1.25% over \$500,000
- **Commercial / Industrial:**
 - 1.50% up to \$150,000 & 2.00% over \$150,000
- **Agricultural Land & Buildings:**
 - 0.50% up to \$1,900,000 & 1.00% over \$1,900,000
- **Seasonal / Recreational:**
 - 1.00% up to \$500,000 & \$1.25% over \$500,000

Referendum Market Value & Net Tax Capacity

Net Tax Capacity (NTC) = Total tax capacity of all properties in the District based on their property classification

Additional Categories (approximately 6% of property value)

- Disabled Homestead
- Apartments
- Golf Courses
- Non-Profit Organization
- Postsecondary Student Housing
- Non-Commercial Aircraft Storage Hangars
- Manufactured Home Parks

Referendum Market Value & Net Tax Capacity

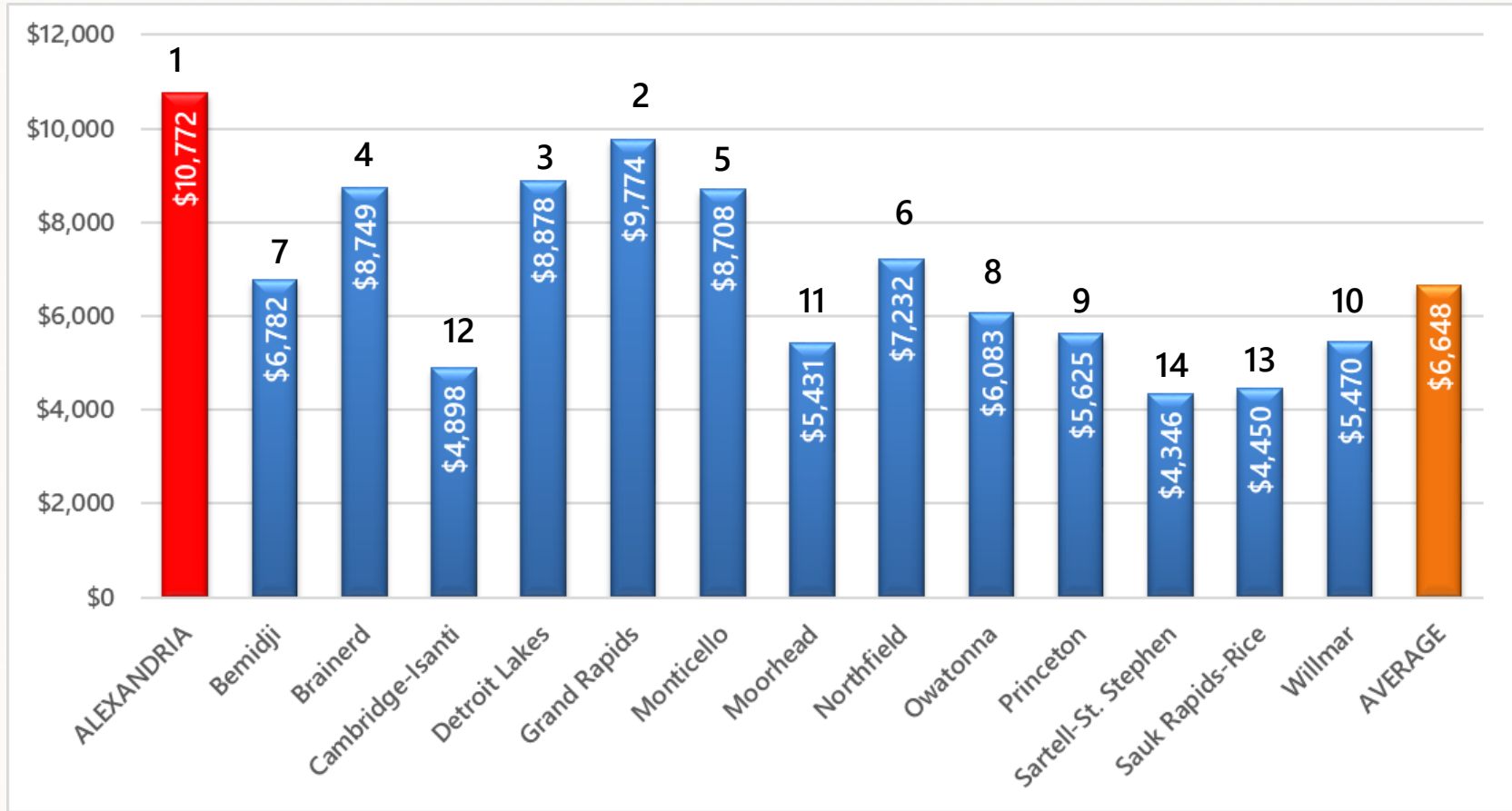
Net Tax Capacity (NTC) = Total tax capacity of all properties in the District based on their property classification

District's NTC (from 2019) = \$50,127,522

2021-22 Estimated Adjusted Pupil Units (APU) = 4,653.60
NTC per APU = \$10,771.77

NTC Per Adjusted Pupil Unit

Comparable Districts



NTC vs. Adjusted NTC

2019 NTC = \$50,127,522

2019 Sales Ratio = 94.24% (state avg. 94.48%)

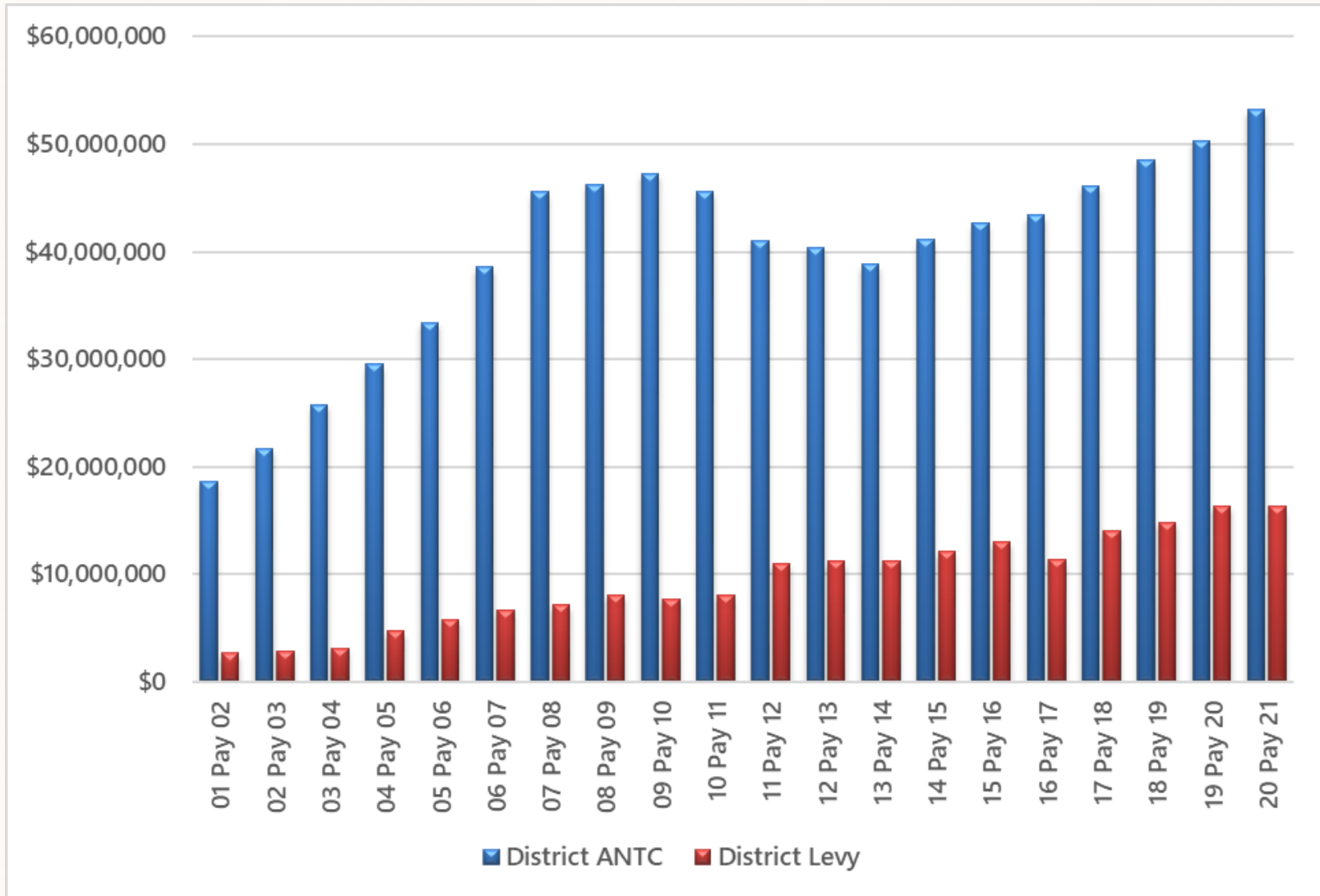
2019 ANTC = \$53,191,125

2020 Payable 2021 Levy = \$16,288,175.99

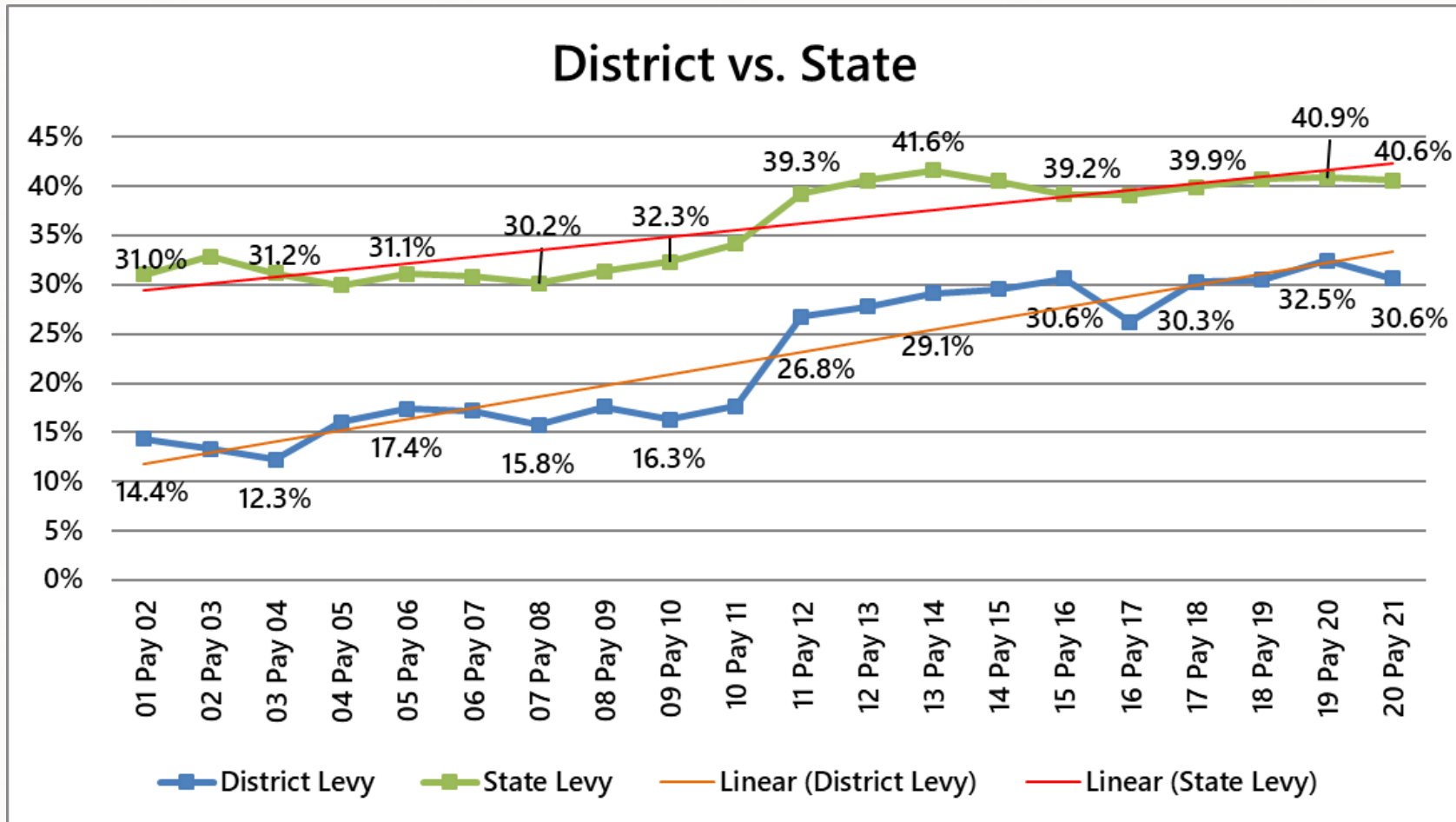
Certified Levy / ANTC = 30.6% (state avg. 40.6%)

(Decreased from 32.5% for Payable 20)

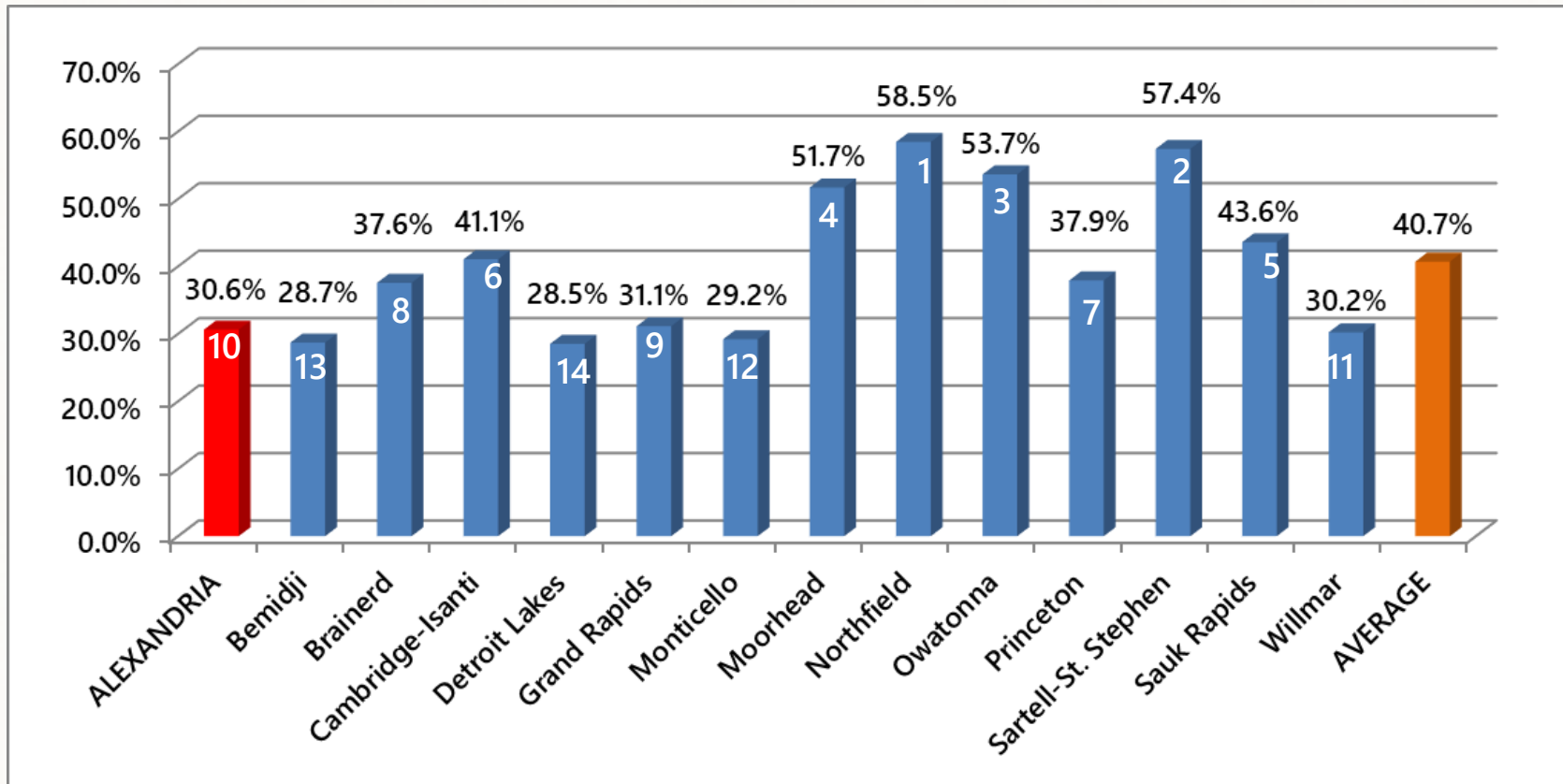
ANTC vs. Certified Levy



ANTC vs. Certified Levy



ANTC vs. Certified Levy



Ag2School Bond Credit

- Ag2School passed into law in June 2017
- Applies to current & future capital referendums
 - Payable 2018 = 40%
 - Payable 2020 = 50%
 - Payable 2021 = 55%
 - Payable 2022 = 60%
 - Payable 2023 = 70%



Ag2School Bond Credit

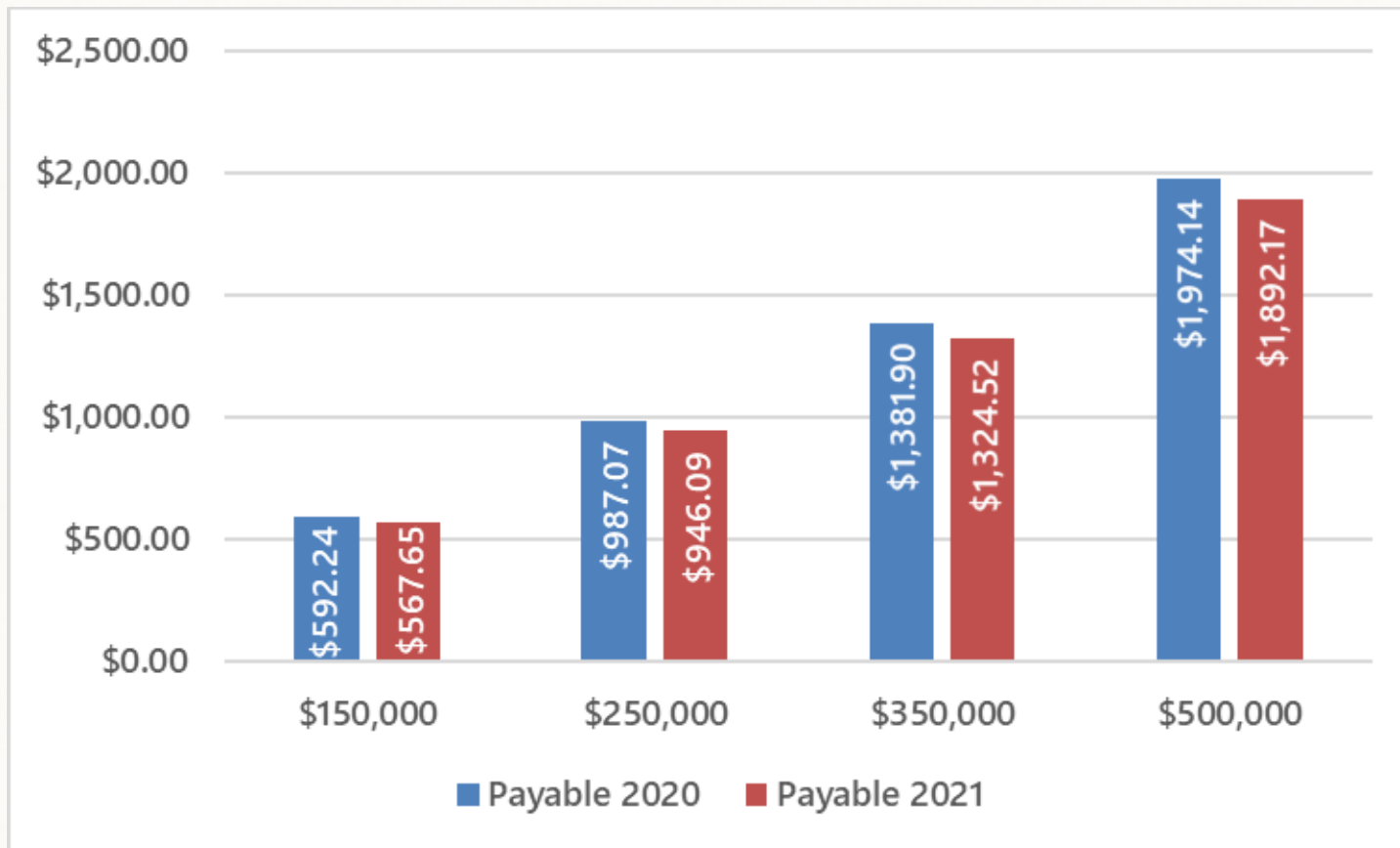
- **Our District:**
 - **Estimated NTC of \$2,957,524 receiving credit**
 - **5.90% of total NTC (state median = 27.50%)**
 - **\$208,315 estimated Debt Service tax credit**

Ag2School Bond Credit

Tax Detail for Your Property:			
Taxes Payable Year:		2020	2021
1.	Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,531.10
2.	Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,428.92	
Property Tax and Credits			
3.	Property taxes before credits	\$1,428.92	\$1,531.10
4.	Credits that reduce property taxes		
	A. Agricultural and rural land credits	\$0.00	\$0.00
	B. Taconite tax relief	\$0.00	\$0.00
	C. Other credits	\$0.00	\$0.00
5.	Property taxes after credits	\$1,428.92	\$1,531.10
Property Tax by Jurisdiction			
6.	County	\$438.06	\$474.18
	Regional Rail Authority	\$5.96	\$6.18
7.	City or Town	\$273.79	\$302.06
8.	State General Tax	\$0.00	\$0.00
9.	School district		
	A. Voter approved levies	\$289.35	\$296.68
	B. Other local levies	\$340.11	\$364.60
Taxes Payable Year:		2020	2021
10.	Special Taxing Districts		
	A. Metropolitan special taxing districts	\$64.66	\$69.34
	B. Other special taxing districts	\$10.15	\$11.22
	C. Tax increment financing	\$0.00	\$0.00
	D. Fiscal disparity	\$0.00	\$0.00
11.	Non-school voter-approved referenda levies	\$0.00	\$0.00
12.	Total property tax before special assessments	\$1,422.08	\$1,524.26
Special Assessments			
13.	Special assessments		
	A. Curb and street improvements	\$30.00	\$30.00
	B.		
	C.		
14.	TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$1,452.08	\$1,554.26

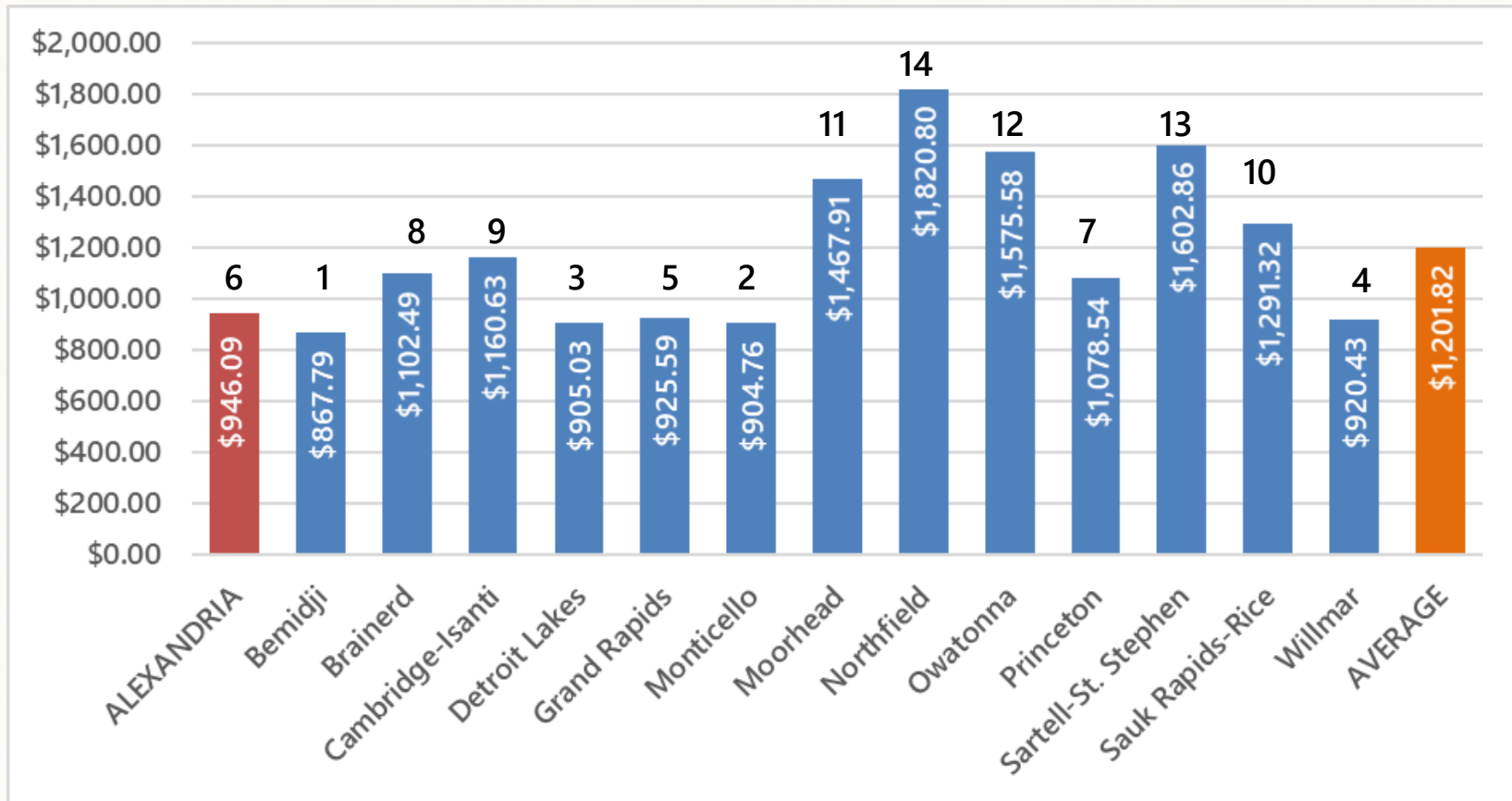
School District Property Taxes

Residential Homestead



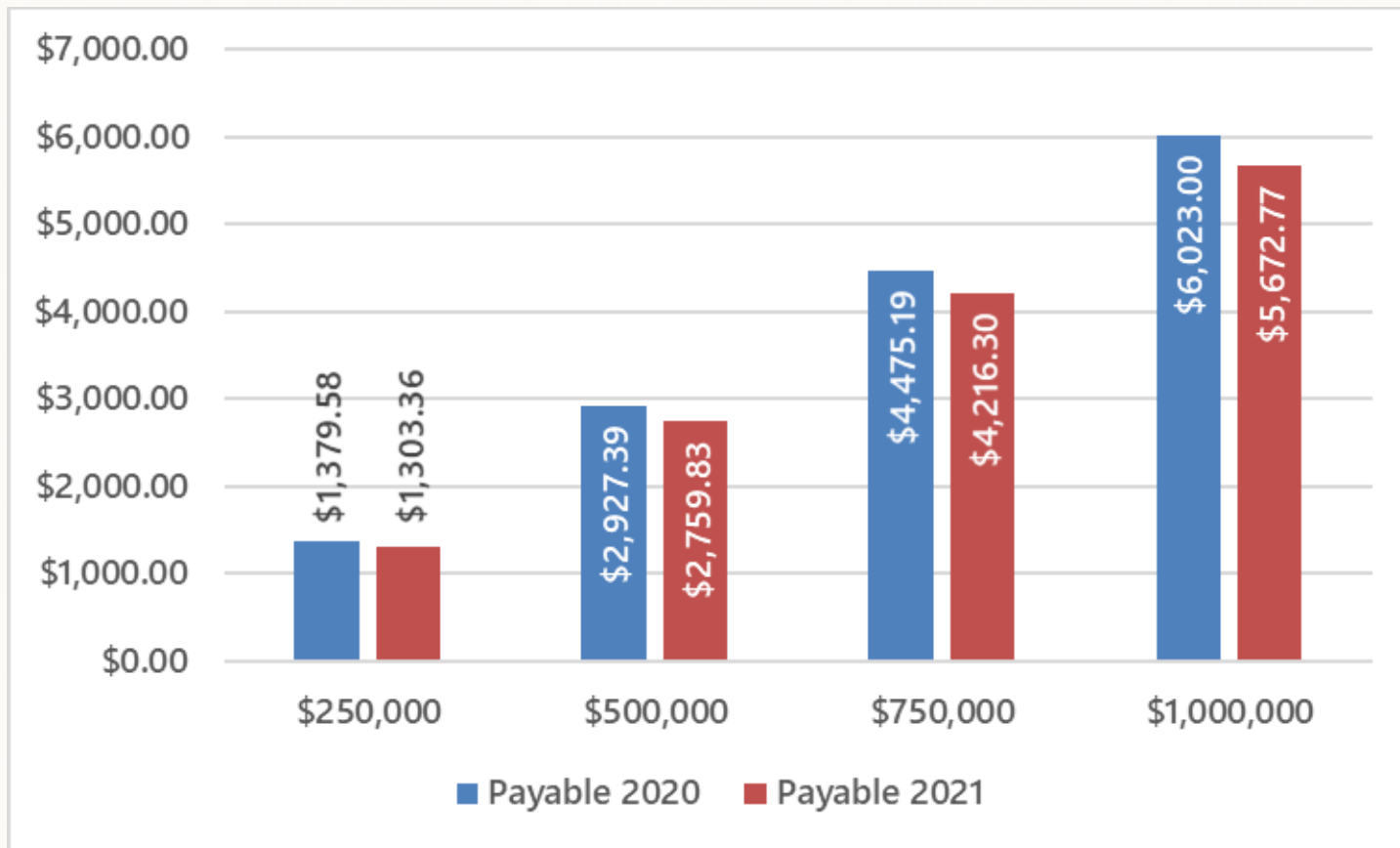
School District Property Taxes

Residential Homestead (\$250,000 Value)



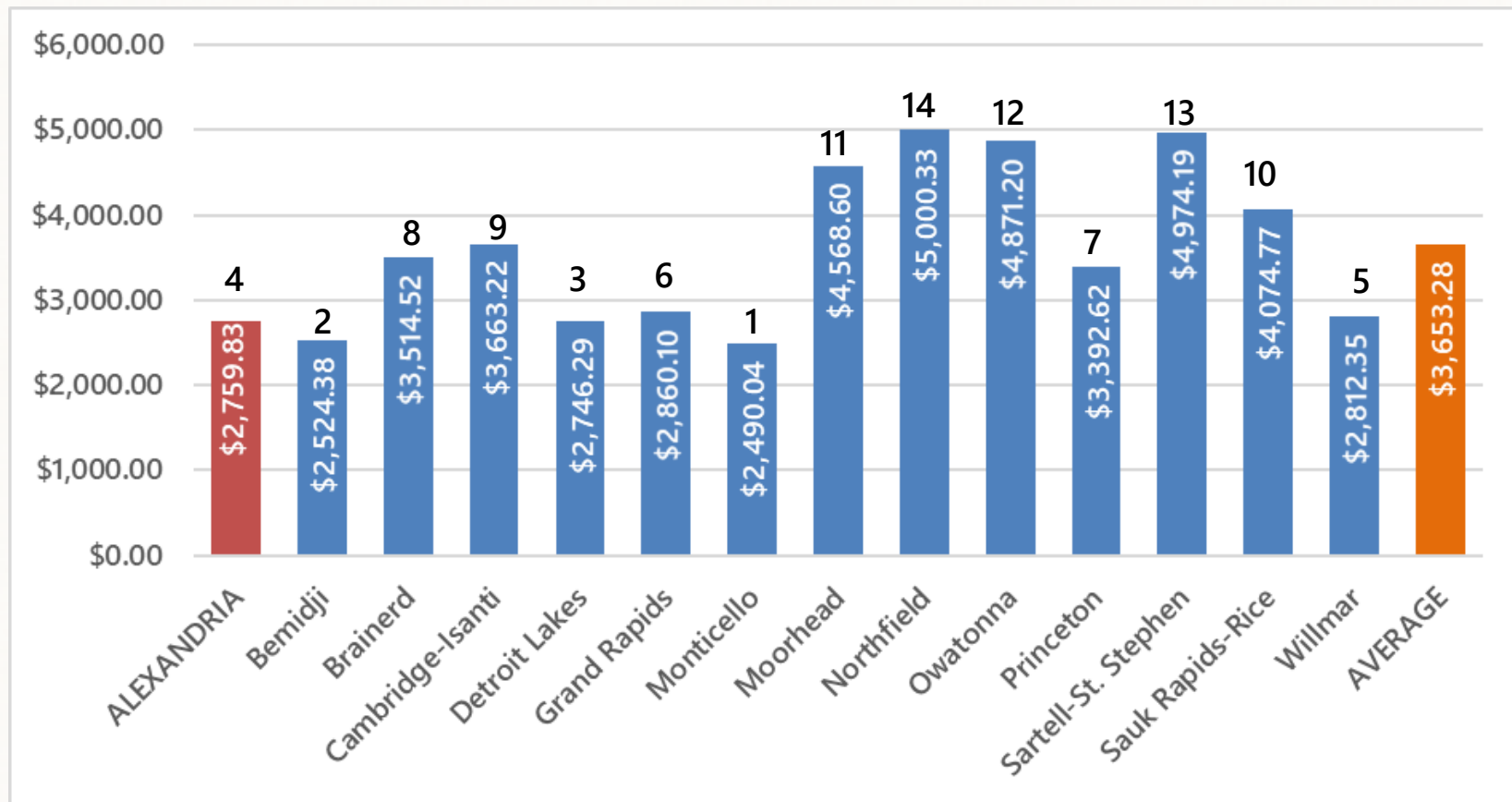
School District Property Taxes

Commercial / Industrial



School District Property Taxes

Commercial / Industrial (\$500,000 Value)



Minnesota Property Tax Refunds

Minnesota Property Tax Refunds

- Two different tax refund programs available from the state
 - Minnesota Property Tax 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

**2020 Payable 2021
Final Levy Certification**

**Questions &
Comments**