



Property Tax Levy – Taxes Payable 2019

*December 11, 2018 School Board
Meeting*





Truth in Taxation Law

Property tax levies are highly regulated by the state of Minnesota. The state sets:

- Formulas that determine the level of funding for which districts can levy
- The maximum property tax levy
 - School districts are allowed to levy *less* than the maximum, often times resulting in a corresponding loss of state aid

Counties also play a part in how school district levies are spread by determining the value of each parcel in the district





Truth in Taxation Law

State law requires that school districts present the following information and allow for public comment:

- Current year budget
- Proposed property tax levy, including:
 - Percentage increase over the prior year
 - Specific purposes and reasons for which taxes are being increased





Truth in Taxation Law

While the 2018 Legislative Session was the most recent session, little was changed that affected the property tax levy system. The last session that resulted in more significant change was 2015, giving all districts access to funding previously only granted to the 26 largest districts in the state. This change involved the following tax levies and was phased in over three years (taxes collected in 2016 – 2018):

- Elimination the Health & Safety levy
- Elimination of Deferred Maintenance levy
- Addition of Long Term Facilities Maintenance levy



2018-2019 Budget



SLP
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2018-2019 Original Budget

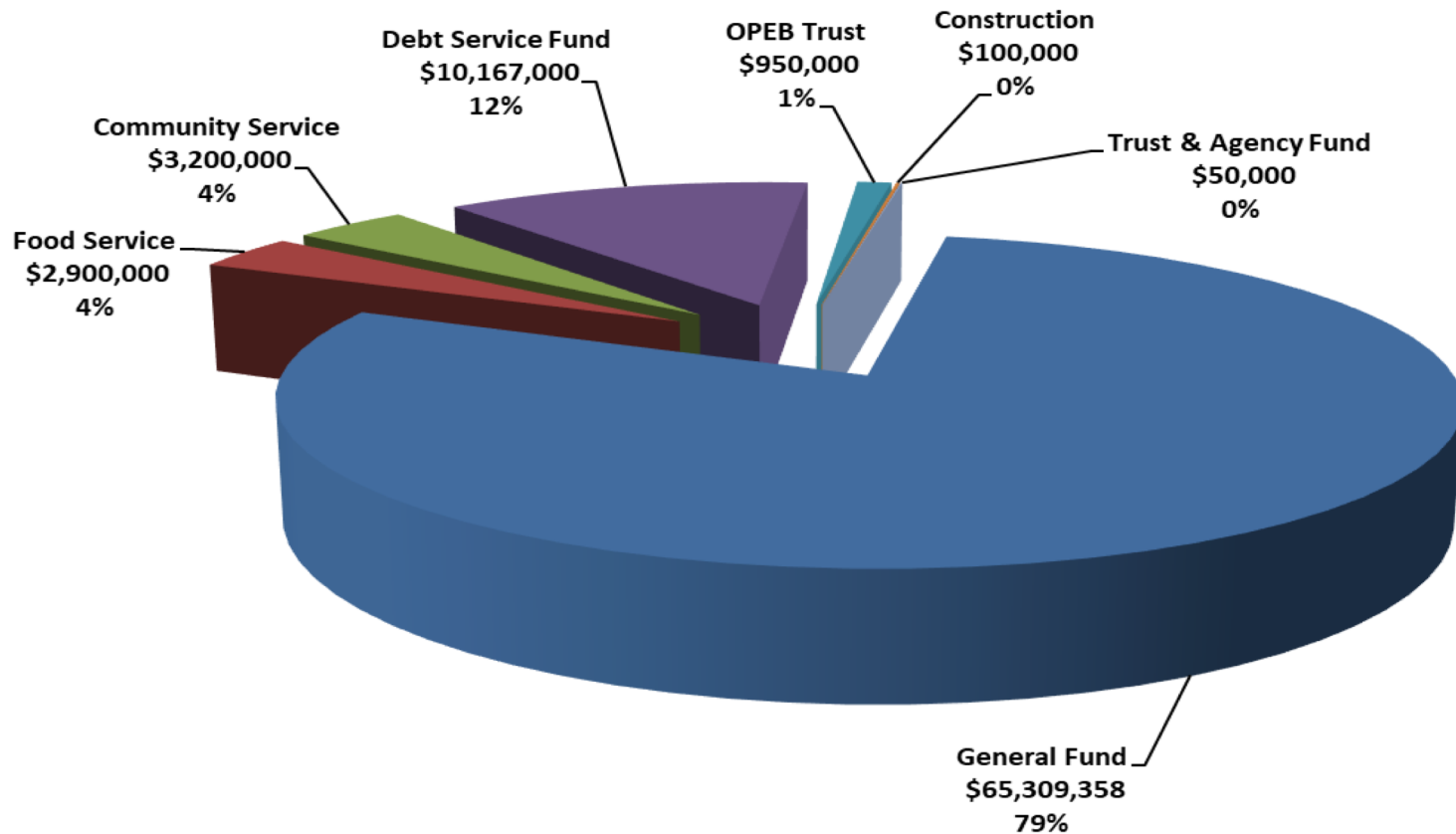
	Revenue Budget 2018-19	Expenditure Budget 2018-19
General Fund		
General Operations	\$ 61,867,008	\$ 61,226,095
Capital Account	2,096,372	2,487,972
Long Term Facilities Maintenance	1,345,978	1,500,000
General Fund	\$ 65,309,358	\$ 65,214,067
Food Service Fund	2,900,000	2,900,000
Community Service Fund	3,200,000	3,200,000
Debt Service Fund	10,167,000	10,039,000
OPEB Debt Service Fund	950,000	919,000
Construction	100,000	15,000,000
Trust and Agency Fund	50,000	50,000
Total All Funds	\$ 82,676,358	\$ 97,322,067





2018-2019 Revenues

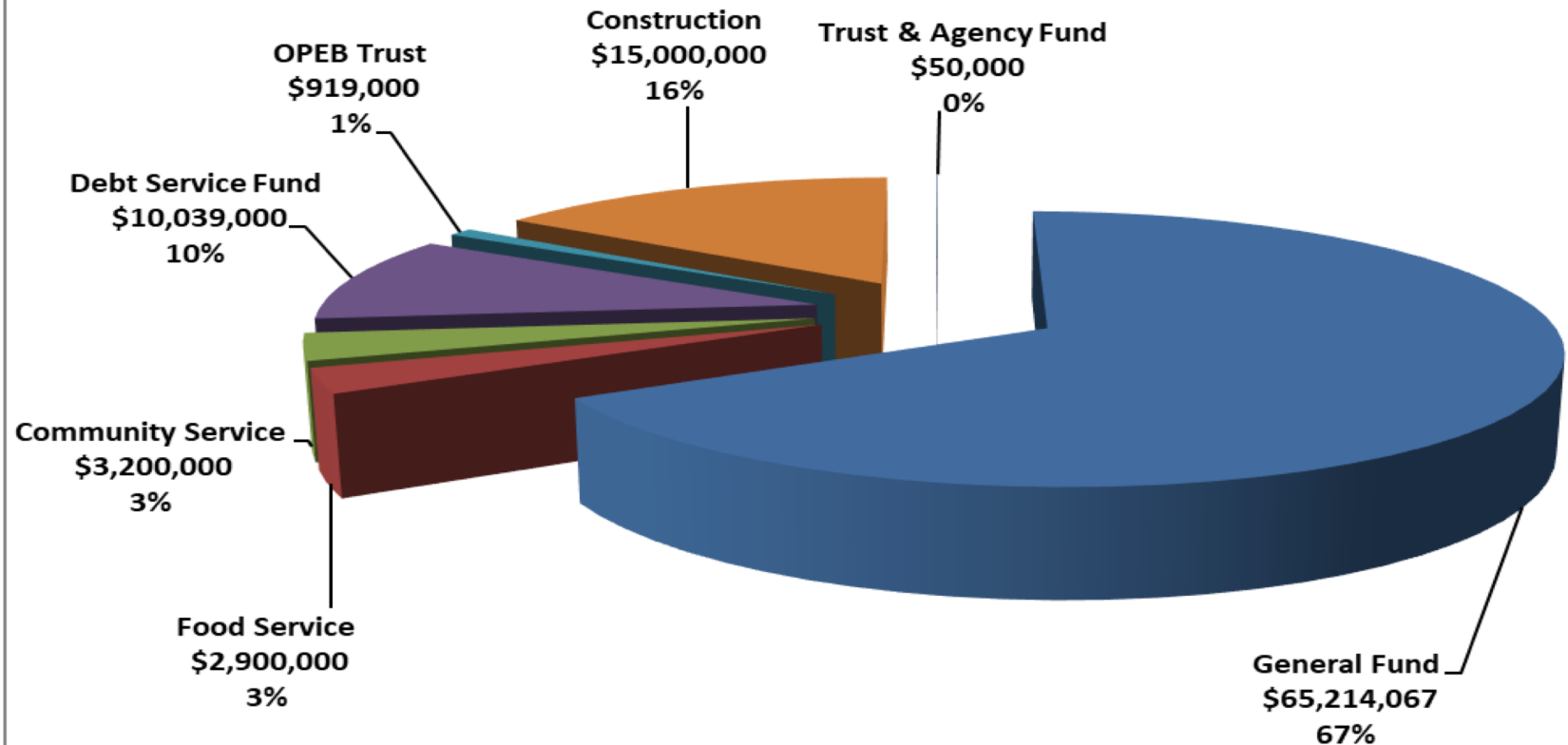
All Funds





2018-2019 Expenditures

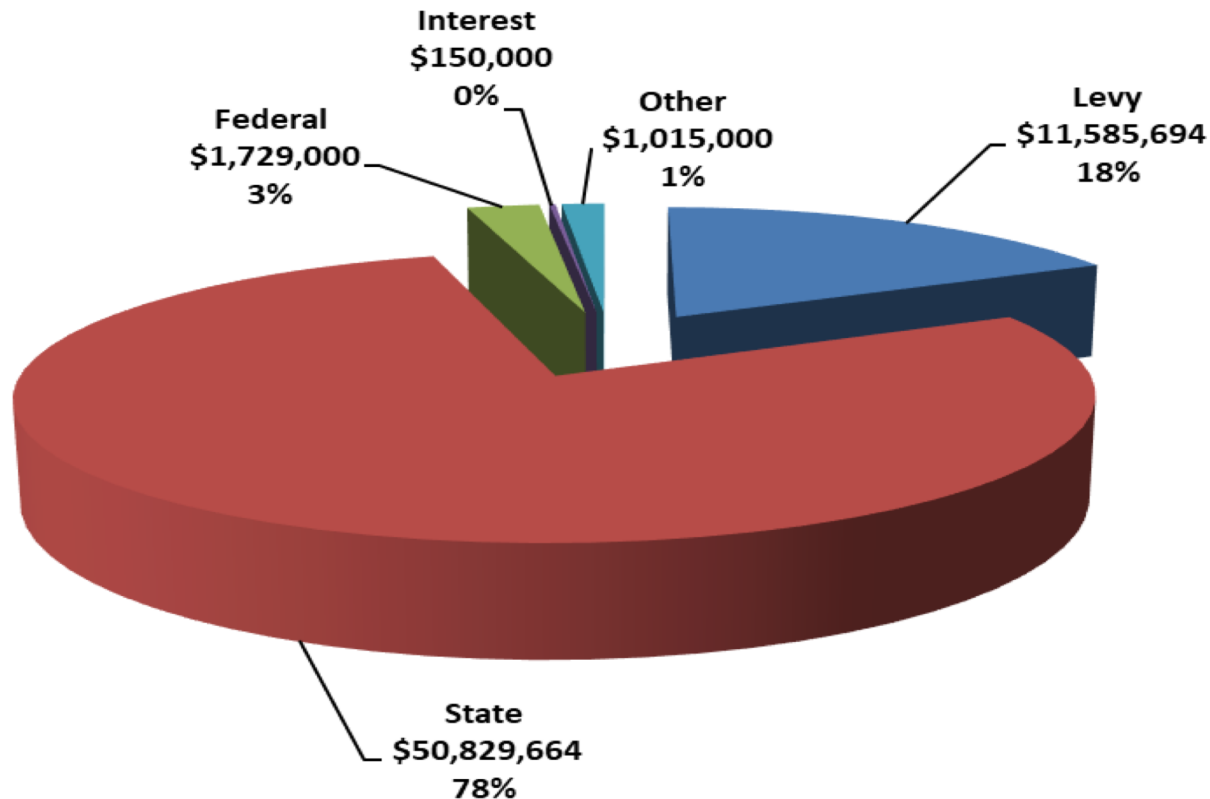
All Funds





2018-2019 General Fund

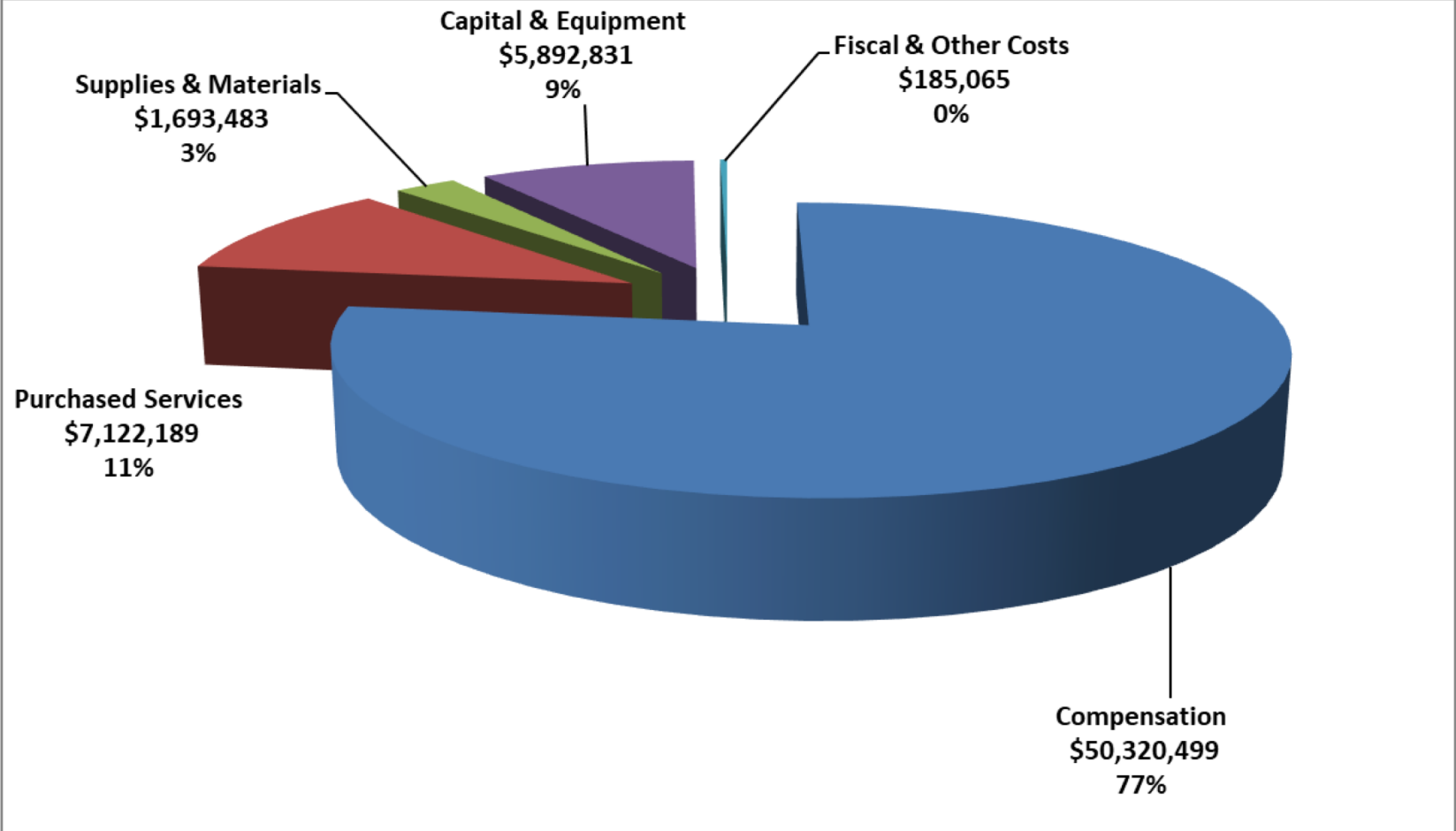
Revenues





2018-2019 General Fund

Expenditures





2018-2019 Budget

- The Spring Lake Park Schools' budget is reviewed internally several times during the school year
- Informal updates are given to the school board throughout the year
- Revisions for the 2018-2019 budget, if necessary, will be brought to the school board for approval prior to June 2019





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Property Taxes Payable 2019



Levy Calendar

- Data submissions to MN Department of Education – Summer 2018
- Preliminary levy approval by school board – September 2018
- Preliminary tax statements mailed by county – November 2018
- Final levy approval by school board – December 2018

Taxes related to this levy are collected during the 2019 calendar year

Revenue is generated for the 2019-2020 school year





Total Levy by Fund

Fund	Proposed 2019 Levy	Final 2018 Levy	Change	Percent Change
General	\$ 12,052,190	\$ 11,500,694	\$ 551,496	4.80 %
Community Service	\$ 489,620	\$ 483,936	\$ 5,684	1.17 %
Debt Service	\$ 9,959,043	\$ 9,934,639	\$ 24,404	0.25 %
OPEB Debt Service	\$ 917,303	\$ 944,872	\$ (27,569)	(2.92) %
	\$ 23,418,156	\$ 22,864,141	\$ 554,015	2.42 %





Overview of Levy Components

Levy formulas are set by the legislature and determine the maximum amount of funding the school district can levy. Each component of the levy has its own formula, which is calculated on either one, or a combination, of the following:

- Student enrollment
- Actual expenditures
- Property values

Levy amounts for some components can fluctuate year-to-year based on the school district's property values and/or the amount of revenue the school district generates compared to other metro school districts

- These formulas determine if the state of Minnesota will subsidize a portion of the tax levy, replacing that portion of property taxes with state aids (referred to as **equalization**)
- The impact is a reduction in taxes owed by taxpayers
- The revenue generated by the school district remains the same



Levy Components

General Fund

		<u>Proposed 2019 Levy</u>	<u>Final 2018 Levy</u>	<u>Change</u>	<u>Percent Change</u>
Referendum Authority	*	\$ 2,455,423	\$ 2,366,541	\$ 88,882	3.76 %
Local Option		2,708,003	2,668,656	39,347	1.47 %
Transition		303,820	299,406	4,414	1.47 %
Equity		984,206	963,139	21,067	2.19 %
Capital Projects Referendum		1,230,322	1,185,763	44,559	3.76 %
Operating Capital	*	429,580	402,968	26,612	6.60 %
Alternative Teacher Comp		551,024	528,245	22,779	4.31 %
Safe Schools/Crime		325,727	320,994	4,733	1.47 %
Achievement & Integration		303,290	281,056	22,234	7.91 %
Lease		700,286	754,052	(53,766)	(7.13) %
Career Technical		104,901	142,522	(37,621)	(26.40) %
LT Facilities Maintenance	*	1,886,387	1,351,365	535,022	39.59 %
Unemployment		60,000	80,000	(20,000)	(25.00) %
Adjustments		(24,704)	1,042	(25,746)	(2,470.83) %
Abatements		33,925	154,945	(121,020)	(78.11) %
		<u>\$ 12,052,190</u>	<u>\$ 11,500,694</u>	<u>\$ 551,496</u>	<u>4.80 %</u>

* Equalized levies where aid is received



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General Fund Levy

Increased enrollment makes up 30 percent of the overall increase in general fund levies. Changes other than increased enrollment in the district include:

- Several levies increased in part due to a corresponding decrease in state aid including operating capital and referendum
- Decreases in Lease, Career and Technical and Reemployment are due to lower anticipated expenditures than the previous year
- Long Term Facilities Maintenance Revenue increased due to the number of larger maintenance projects to be completed in the next year, including roofing projects and replacing the stadium turf field at the high school.
 - It is the intention of administration and the School Board to review this levy annually. In past years, Spring Lake Park Schools has been the only district in metro area to under levy in this category.





Levy Adjustments

Adjustments and Abatements to the levy reflect a “clean up” to previous levies.

- Levies are set seven months prior to the start of the school year for which the funds are levied. Once a year is complete and the actual data for that school year is available, adjustments for final student counts and expenditures are compared to the initial levy and adjustments are made accordingly
- Abatements reflect adjustments to property values by the county. If a parcel has its value decreased on appeal, the taxes collected are reduced. The reduction is then added to future levies and re-spread to all taxpayers





Levy Components

Community Service Fund

	Proposed 2019 Levy	Final 2018 Levy	Change	Percent Change
Basic Levy	\$ 243,675	\$ 243,675	\$ -	- %
Early Childhood	\$ 127,466	\$ 135,776	\$ (8,310)	(6.12) %
Home Visitation	\$ 2,148	\$ 2,251	\$ (103)	(4.58) %
School Age Care	\$ 95,000	\$ 93,000	\$ 2,000	2.15 %
Adjustments	\$ 17,166	\$ 5,990	\$ 11,176	186.58 %
Abatements	\$ 4,165	\$ 3,244	\$ 921	28.39 %
	\$ 489,620	\$ 483,936	\$ 5,684	1.17 %

For an explanation on Adjustments and Abatements, see previous slide





Levy Components

Debt Service Fund

	<u>Proposed 2019 Levy</u>	<u>Final 2018 Levy</u>	<u>Change</u>	<u>Percent Change</u>
Required Levy of 105% of Scheduled Principal & Interest Payments	\$ 10,368,012	\$ 10,390,431	\$ (22,419)	(0.22) %
Adjustments	\$ (489,182)	\$ (563,992)	\$ 74,810	(13.26) %
Abatements	\$ 80,213	\$ 108,200	\$ (27,987)	(25.87) %
	\$ 9,959,043	\$ 9,934,639	\$ 24,404	0.25 %

For an explanation on Adjustments and Abatements, see slide #18





Levy Components

OPEB Debt Service Levy

	Proposed 2019 Levy	Final 2018 Levy	Change	Percent Change
Required Levy of 105% of Scheduled Principal & Interest Payments	\$ 945,366	\$ 964,072	\$ (18,706)	(1.94) %
Adjustments	\$ (43,132)	\$ (34,980)	\$ (8,152)	23.30 %
Abatements	\$ 15,069	\$ 15,780	\$ (711)	(4.51) %
	\$ 917,303	\$ 944,872	\$ (27,569)	(2.92) %

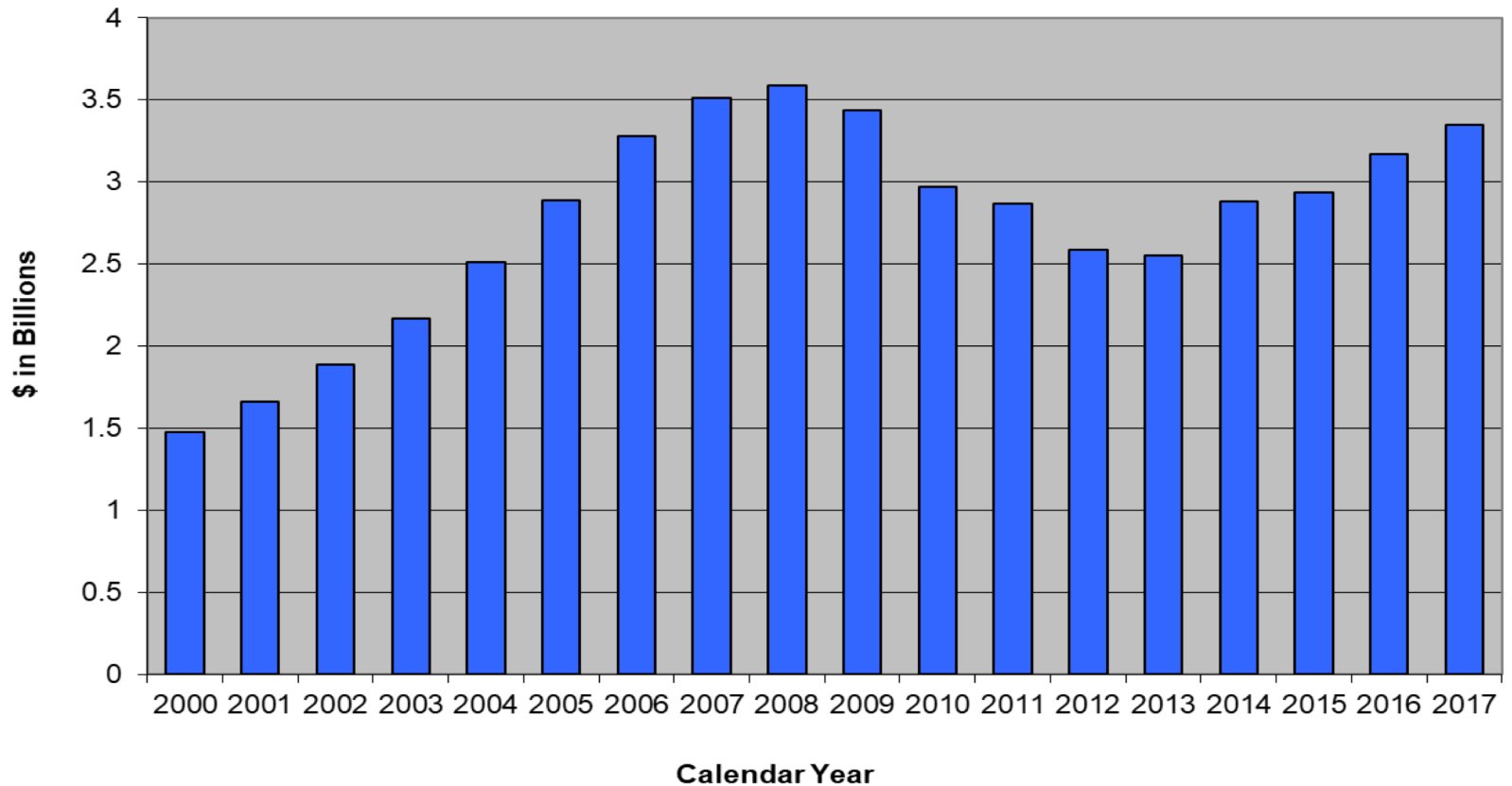
The decrease in Scheduled Principal and Interest Payments reflects the refunding bonds issued in 2018 to “refinance” existing bonds

For an explanation on Adjustments and Abatements, see slide #18





Market Value History





State Property Tax Refunds

Minnesota has three property tax programs to assist residents with their property tax liability

- Property Tax “Circuit Breaker” Refund
- Special Property Tax Refund
- Senior Citizen Property Tax Deferral

Please contact your tax professional or the Minnesota Department of Revenue website for additional information or to learn if you qualify





Fiscal Responsibility

Spring Lake Park Schools is consistently reviewing ways to keep property taxes down where possible

- Under-levying, as explained earlier in the presentation, is one way in which the district has accomplished lower property taxes for residents when appropriate
- Bond refunding, which refinances existing debt at lower interest rates, is another way. The district has refunded five bonds in the past six years, reducing future tax levies by a total of \$11,092,975.
 - 2010 resulted in savings of \$475,734
 - 2014 resulted in savings of \$6,131,671
 - 2015 resulted in savings of \$4,353,421
 - 2017 resulted in savings of \$1,994,880
 - 2018 resulted in savings of \$132,149
- All savings from each bond refunding is passed on to taxpayers, and the owners of an average valued home are seeing an annual savings of over \$120





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School Board Meeting

