

School Board Meeting/Workshop:

September 26, 2016

Subject:2016 Payable 2017 Proposed
Levy Certification**Presenter:**Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION:

Approve the proposed 2016 Payable 2017 levy certification at the "Maximum".

DESCRIPTION: The proposed levy needs to be approved by September 30, 2016. Due to the number of inputs that go into the levy document, districts have the option to approve the levy at the "Maximum" to allow for any final adjustments to be made before the levy is sent to the county auditor's office for use with the Truth in Taxation notices. The current proposed total is 13,938,721.07 compared to last year's total of 13,862,688.21. The proposed change is a slight increase of 76,032.86 and represents a .55% increase from last year.

There are a number of factors that affect the calculations including but not limited to enrollment, property valuations, actual expenditures in certain programs, equalizing factors set in statute, district population, and voter approved ballot questions.

Levy Amount Changes

Specifically for this year, the major reductions and additions come in the following areas:

- Long-term facilities maintenance revenue is in its second year and increases with this levy. It also includes proposed levy totals for Wright Technical Center and the Southwest Metro Coop.
- The Health and safety levy will continue to have a cleanup levy for fiscal year 2015-16 to zero out the programs.
- Long-term facilities maintenance revenue has a provision that allows us to under levy without an aid penalty. We are exercising this mechanism for this levy cycle and the current proposed reduction is included in the numbers as presented.
- The numbers presented include the Alternative Teacher Compensation (Q Comp) levy for 2017-18. The adjustments in the general fund also include the drop of the one-time catch up levy for the 2015-16 Q comp program.
- The numbers include the approval to reduce our debt service levy by \$400,000 to buy down the fund balance and to reduce the impact of bringing in these new revenue programs. We have received approval of this request.
- Some of the equalized levies will see a slightly higher levy portion due to the district's growth in tax valuation.
- A number of the levy category amounts are relatively similar to the prior year amounts.

- Legislative changes will reduce the levy totals for the Student Achievement Levy and the Operating Capital Levy.
- The legislature also included an increase in the Equity revenue program for the 2017-18 fiscal year and the increase in the Equity revenue levy is that allowance change and the increased portion of our levy share due to our district valuation increase.

Tax Impact

We are continuing to see growth in both net tax capacity values and in referendum market values across the district although at a slightly lower rate than in the past few years. These increases have the following affects:

- The increases bring the tax rates down from last year in both categories.
- Some of the equalized levies will see a slightly higher levy portion due to the district's growth in tax valuation in future levies.

Preliminary referendum market values and net capacity values for Wright County show a projected 3.4% increase for net tax capacity and a 4.97% increase for referendum market value. Hennepin County is showing a 4.29% increase and a 4.61% respectively. These numbers will change a bit by the time the final tax statements are sent out. As a result, the projected tax rate changes are as follows:

- Referendum Market Value - .12600% down to .12327%
- Net Tax Capacity Value – 34.0872% down to 32.8848%

We are not anticipating any changes at this time but other minor changes could still occur.

The district will host its Truth in Taxation hearing as a part of the December 12, 2016 school board meeting to discuss the 2016-17 budget and the proposed 2016 Payable 2017 levy and ultimately approve the final levy.

ATTACHMENT(S):

1. Comparison of Proposed Tax Levy Payable in 2017 to Tax Levy Payable in 2016
2. 16 Pay 17 Prelim Projected Tax Impact 9.21.16