

**School Board Meeting/Workshop:**

**September 25, 2017**

**Subject:**

2017 Payable 2018 Proposed  
Levy Certification

**Presenter:**

**Gary Kawlewski, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

Approve the proposed 2017 Payable 2018 levy certification at the "Maximum".

**DESCRIPTION:** The proposed levy needs to be approved by September 30, 2017. 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 \$14,861,477 compared to last year's total of 13,935,759. The proposed change is an increase of \$925,718 and represents a 6.64% increase from last year. These numbers are **subject to change**.

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 third year and increases with this levy. It is currently set for full implementation.
- The numbers include approval to reduce our debt service levy by \$300,000 to buy down the fund balance and to reduce the impact of bringing in these new revenue programs.
- The numbers include the savings from the OPEB bond refunding and the end of the tennis court lease levy.
- The savings from the new School Building Bond Ag Credit will be done at the county level and does not directly impact our levy. Rather, it will affect individual tax statements. Projected savings per acre on Ag homestead property ranges from \$1.43 per acre on a \$4,000 average value per acre up to \$3.22 per acre on a \$9,000 average value per acre.
- All of the referendum market value based equalized levies will see a higher levy portion due to the district's growth in tax valuation and a catch up in final prior year enrollment totals. All categories do see a slight increase in revenue overall due to the higher enrollment projections than the prior year.

- The operating capital levy, the ECFE levy, and the home visit levies have higher equalization levels than last year and show a lower levy amount than last year.
- The remaining equalized levies all see a slight increase in levy amount due to higher valuations and higher enrollment totals.
- The Student Achievement Levy was eliminated by the 2017 state legislature.
- We are seeing a number of prior year adjustments as is the case every year due to having final expenditure totals and enrollment totals for prior years.
- Based on a two-year average 5% growth in Referendum Market Value and Net Tax Capacity, we are seeing the RMV tax rate go up and are seeing the NTC tax rate go down.
- The current tax rate projection on a \$200,000 home is \$840 versus \$850 last year.
- When factoring in the average 5% increase in property values moving a \$200,000 home to \$210,000, the actual tax increase would be about \$58 per year based on the current projections.

### **Tax Impact**

We are projected to continue to see growth in both net tax capacity values and in referendum market values across the district. These increases have the following affects:

- The increases bring the tax rates up from last year in the referendum market value based levies and lowers the net tax capacity based levy 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 are estimated at 5% for both counties based on the average of the last two years. As a result, the projected tax rate changes are as follows:

- Referendum Market Value – .12313% up to .13150%
- Net Tax Capacity Value – 32.8486% down to 32.5360%

We are still waiting for preliminary values from the counties and hope to have them for the board meeting. These numbers will change a bit by the time the final tax statements are sent out.

The district will host its Truth in Taxation hearing as a part of the December 11, 2017 school board meeting to discuss the 2017-18 budget and the proposed 2017 Payable 2018 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. 17 Pay 18 Prelim Projected Tax Impact 9.21.17