

**School Board Meeting/Workshop:**

November 10, 2014

**Subject:**

2014 Payable 2015 Tax Levy

**Presenter:**

Gary Kawlewski

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**SUGGESTED SCHOOL BOARD ACTION:**

A report will be presented at the Board meeting

**DESCRIPTION:**

The district will host its Truth in Taxation hearing as a part of the December 8, 2014 school board meeting to discuss the 2014-15 budget and the proposed 2014 Payable 2015 Levy and approve the final levy. This format changed five years ago, thus eliminating the separate meeting for the hearing.

The final proposed levy amount, prior to the bond issue, has increased by \$20,542 from the number presented in September. These changes are due to some corrections in health and safety, community education, and the final integration revenue totals. The new proposed levy certification amount prior to the bond issue is at **\$12,227,154**. That total change is a **.37% decrease** from last year or a decrease of **\$45,305**. **The Truth in Taxation notices will be based on these numbers.**

Overall for this year, the reductions and additions in the levy come in the following areas:

- an increase in the health and safety levy due to the full levy of ongoing maintenance and abatement projects proposed for Tatanka Elementary
- minor changes in equalization for operating referendum, equity revenue, local option revenue, operating capital revenue, and deferred maintenance revenue
- reduction in the integration levy due to lower funding levels
- reduction in the career and tech levy due to lower funding levels
- reductions in the levy for prior year adjustments that are higher than last year
- reduction in school age child care to better reflect actual expenditures
- programed reduction in debt service and a higher debt excess reduction than in prior years due to lower debt service requirements

The published tax impact charts for the bond issue were based on a proposed amount for the first annual payment of the bond issue of \$1,283,993. This amount was determined in early August of 2014. **Using the current estimate for the bond issue, the final 2014 payable 2015 proposed levy estimate is \$13,511,147.** Since August, the market has improved slightly. Therefore, we may be able to revise this estimated number down slightly for the final levy total. That estimate will be factored into the final bond schedule, the sale of which is tentatively scheduled for January 12, 2015.

As we have discussed, we are wrapping the new 15-year bond issue around the existing debt. The existing debt comes off after fiscal year 2023-24. The total debt service levy amount will remain relatively constant over the next nine-year period until our current debt commitments end. The overall debt service levy in the last six years of the new schedule will drop by about \$2 million per year.

### **Tax Impact**

The proposed levy total without the bond issue included has the total school district tax impact on a \$200,000 residence at \$813 per year. This compares to \$885 per year on the same valued residence for 2014. As we have indicated previously, the valuation of the district has grown by about 8% based on the most recent estimates we have from Wright and Hennepin Counties. Therefore, on average, a \$200,000 residence is now valued at just under \$216,000. The tax impact on that residence is projected at \$887 which is a \$2 increase for residences that had an 8% increase in value. Individual properties will see their tax impact vary depending on the percentage increase or decrease that they saw with their property. On average, homes with less than an 8% increase should see little to no increase or a slight decline in their school taxes in their Truth in Taxation notice.

The change in the district valuation also affects the tax impact of the bond issue which will be added to the final tax levy amount. The published tax impact for the bond issue on a \$200,000 home was \$88 per year. Based on the updated district valuations, the new tax impact is projected to be \$81 per year on that same \$200,000 home. However, using the same analysis as above and assuming the same 8% increase, that same residence now valued at \$216,000 will see an \$88 per year increase due to the bond issue.

### **ATTACHMENT(S):**

Truth in Taxation Levy Certification Summary Pay 2015

Truth in Taxation Levy by fund Pay 2015

Truth in Taxation Tax rates and impact Pay 2015

Final Levy Certification Summary Pay 2015

Final Levy by fund Pay 2015

Final Tax rates and impact Pay 2015