

# Greenbush Middle River Public School District



Truth-in-Taxation for School Taxes

Payable in **2021**

School Board Agenda item

7:30 pm ~ December 21, 2020

Greenbush Middle River Cafeteria

In-person or via Zoom



# Schedule of Events in Approval of School District's 2020 (Payable 2021) Tax Levy

September 8:  
MDE prepared and distributed first draft of levy limit report setting maximum authorized levy



September 21:  
School Board approved proposed levy amounts



Mid-November:  
County mailed "Proposed Property Tax Statements" to all property owners



December 21:  
Public hearing on proposed levy at regular meeting



Following hearing, School Board will certify final levy amounts



# Truth in Taxation: School Board Agenda Item



- School District is required to present information on:
  - the budget for the current school year...
  - The proposed property tax levy, including:
    - \* The percentage increase/decrease over the previous year
    - \* Specific purpose(s) and reason(s) for which taxes are being increased/decreased.
- Allow for public comment(s)



# 2020 – 2021 Budget

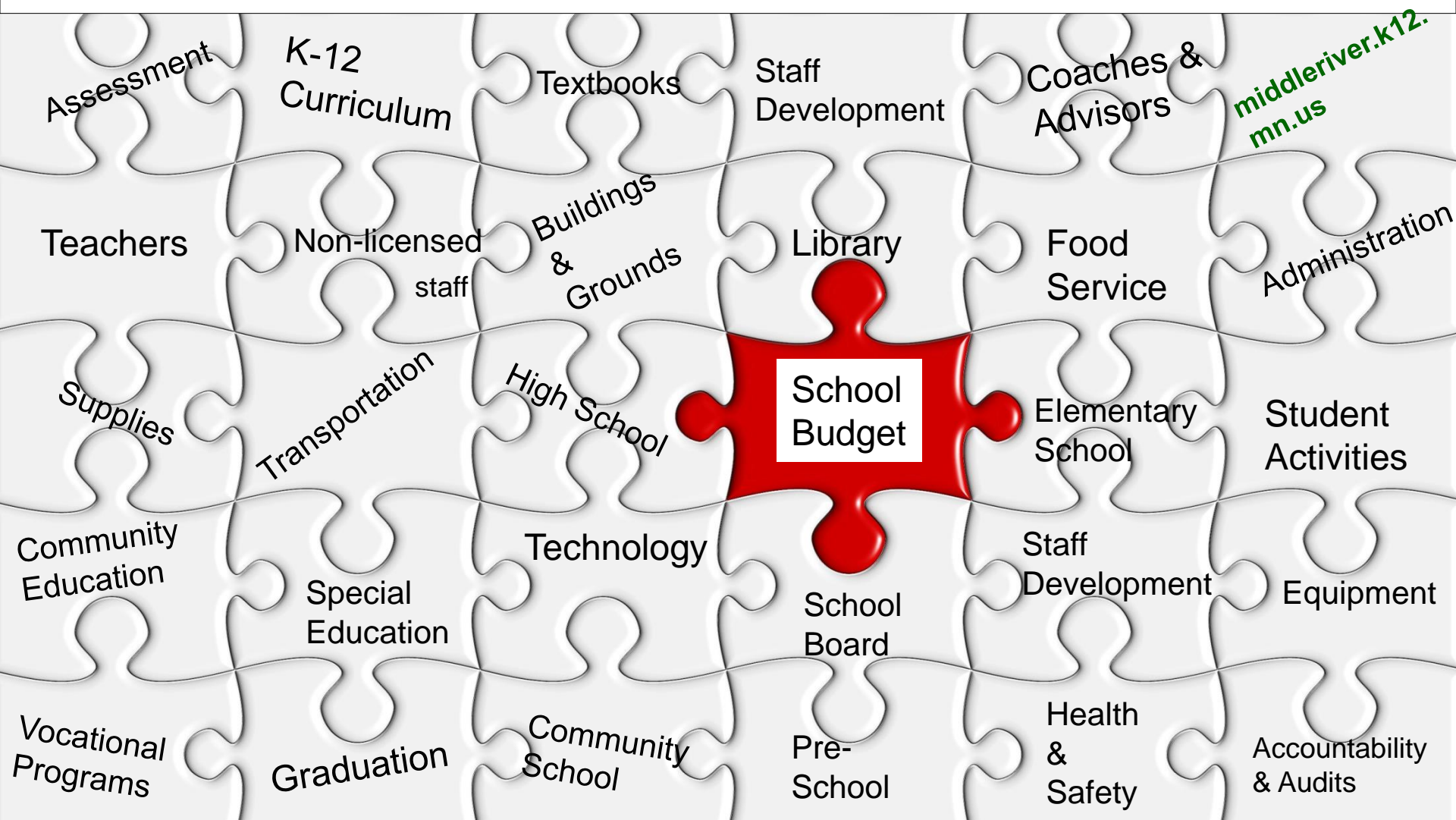


- All School District's budgets are divided into separate funds, as required by law.

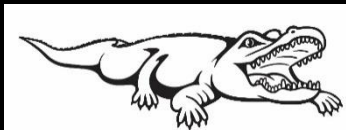
For the GMR School District, Six (6) funds:

1. General Fund (includes former transportation and capital expenditure funds)..... *01 fund*
2. Food Service Fund ..... *02 fund*
3. Community Service Fund..... *04 fund*
4. Building Construction Fund (Capital) .. *06 fund*
5. Debt Service Fund ..... *07 fund*
6. Trust & Agency Fund ..... *09 fund*

# School Budgeting



[middleriver.k12.mn.us](http://middleriver.k12.mn.us)



# 2020-2021 *estimated* School Budget

GREENBUSH MIDDLE RIVER SCHOOL DISTRICT NO. 2683

2020 - 2021 BUDGET

## REVENUE

FUND 01 - General	\$4,222,396
FUND 02 - Food Service	182,080
FUND 04 - Community Ed	63,656
FUND 07 - Debt Service	65,747
FUND 08 - Scholarships	1,300
FUND 21 - Student Activity	154,850
TOTAL REVENUE ALL FUNDS	\$4,690,029

## EXPENDITURE

FUND 01 - General	\$4,815,506
FUND 02 - Food Service	170,659
FUND 04 - Community Ed	30,810
FUND 07 - Debt Service	62,375
FUND 08 - Scholarships	1,300
FUND 21 - Student Activity	154,750
TOTAL EXPENDITURE ALL FUNDS	\$5,235,400

DIFFERENCE	(\$545,371)
------------	-------------

Based on 245 enrollment  
7/20/2020 School Board Meeting



## 2020 – 2021 GMR estimated School Budget

The 2020-2021 Budget reflects a Fall 2015 voter approved operating referendum;


The 2020-2021 Budget reflects State authorization of the school board to levy up to \$724 per pupil unit [LOR]

The 2020-2021 Budget reflects a Fall 2005 voter approved Bond Referendum for building (HVAC) improvements;

The 2020-2021 Budget reflects a 2016 refinancing of the Fall 2005 voter approved Bond for building (HVAC) improvements;

The 2020-2021 Budget reflects a deficit reduction plan that included closure of the Middle River School site effective with the 2018-2019 school year.

The 2020-2021 Budget reflects: an decrease of 28 students from the previous year and an increase of 2% in the State basic general education formula. The 2020-2021 school budget needs to reflect salary and benefits of year #2 of a two year Agreement between licensed teachers and Year #1 of a two year Agreement between non-licensed employees (the two largest employee groups) as well as other employee groups.

School Year	State Aid General Education Formula Allowance	Percent funding increase over previous year	GREENBUSH MIDDLE RIVER School District FALL (Oct. 1) enrollment	Unreserved General Fund Balance (final audit)
1996-97	\$3,505		590	
1997-98	\$3,581		568	
1998-99	\$3,530		540	
1999-00	\$3,740		497	
2000-01	\$3,964		471	\$370,564
2001-02	\$4,068		473	\$522,520
2002-03	\$4,601		465	\$610,675
2003-04	\$4,601	0%	472	\$737,831
2004-05	\$4,601	0%	478	\$999,976
2005-06	\$4,783	4%	486	\$1,456,633
2006-07	\$4,974	4%	490	\$1,673,426
2007-2008	\$5,074	2%	484	\$1,930,121
2008-2009	\$5,124 + 51* = \$5,175	1% + 1%* = 2%	482	\$2,032,994
2009-2010	\$5,124	0%	446	\$2,035,316
2010 - 2011	\$5,124	0%	444	\$1,962,475
2011-2012	\$5,174	1%	410	\$1,869,037
2012-2013	\$5,224	1%	442	\$1,832,245
2013-2014	\$5,302	1.5%	432	\$1,660,869
2014-2015	\$5,831 (increase due to changes in pupil weights)	1.5% + 5%	433	\$1,645,227
Historical context of K-12 per pupil general education funding formula 	<b>2013-2014</b> <u>Grade</u> <u>Funding Weight</u> Grade K..... .612 Grade 1 to 3... 1.115 Grade 4 to 6... 1.06 Grade K to 6... (Elem. Funding Units) 7-12..... 1.3 Grade 7-12..... (H.S. Funding Units) K-12... = (Total) Funding Units	<b>2014-2015</b> <u>Grade</u> <u>Funding Weight</u> K-6 ..... 1.0 Grade K to 6... (Elem. Funding Units) 7-12 ..... 1.2 Grade 7-12..... (H.S. Funding Units) K-12... 1.3 (Total) Funding Units	<b>2015-2016</b> <u>Grade</u> <u>Funding Weight</u> K-6 ..... 1.0 Grade K to 6... (Elem. Funding Units) 7-12 ..... 1.2 Grade 7-12..... (H.S. Funding Units) K-12... 1.3 (Total) Funding Units	<b>2016-2017</b> <u>Grade</u> <u>Funding Weight</u> K-6 ..... 1.0 Grade K to 6... (Elem. Funding Units) 7-12 ..... 1.2 Grade 7-12..... (H.S. Funding Units) K-12... 1.3 (Total) Funding Units
	2015-2016	\$5,948	2%	412
2016-2017	\$6,067	2%	396	\$1,186,984
2017-2018	\$6,188	2%	337	\$705,373
2018-2019	\$6,312	2%	279	\$504,320
2019-2020	\$6,438	+\$126.00 or 2%	271	\$421,294
2020-2021	\$6,567	+\$129.00 or 2%	243	TBD by Audit
2021-2022	\$6,567 (TBD)	(TBD)	218 est.	TBD by Audit

Note<sup>1</sup>: The 1.0 weighted factor applies to K-6. 7-12 students are weighted at 1.2. Since 7-12 students were 1.3 before, the thought was that moving 7-12 to 1.0 would skew the pupil count beyond where it would be easy to "hold harmless" districts for the weighting change

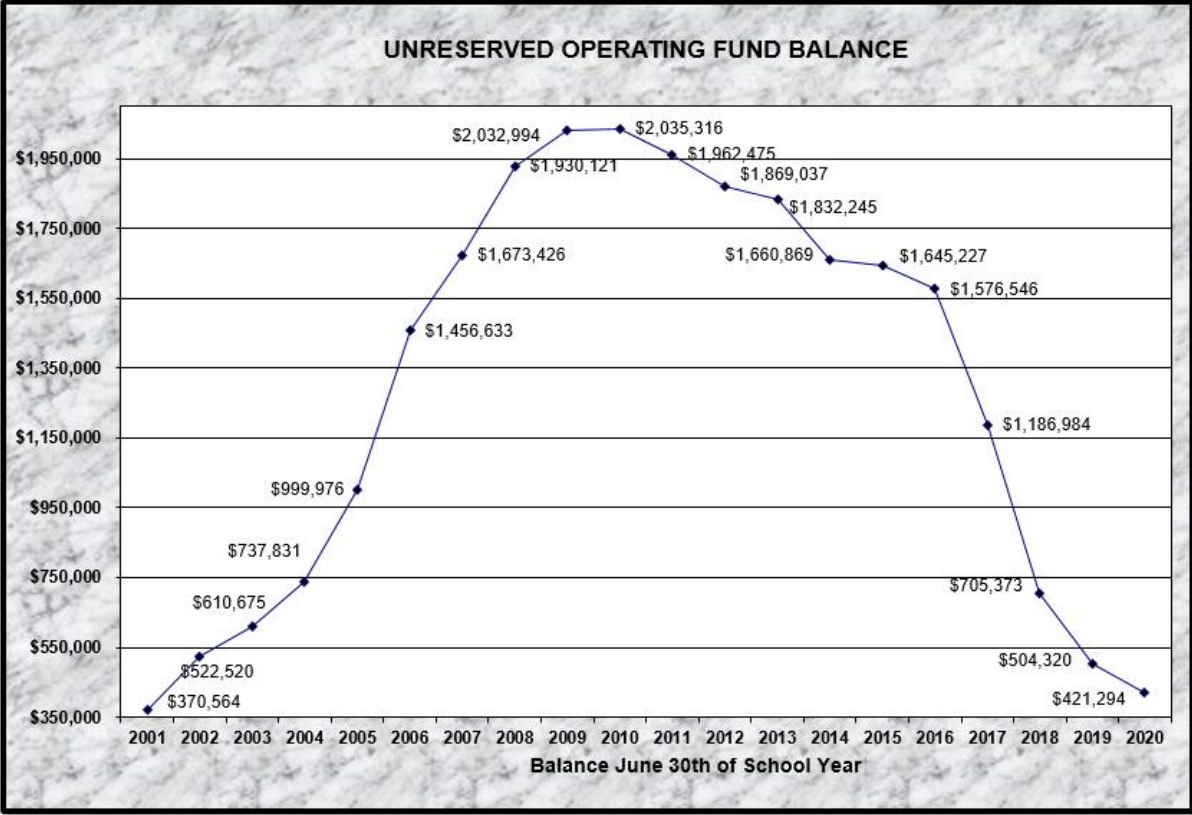
Note<sup>2</sup>: School Financial Auditors Generally indicate school districts should strive to have 25% of the general education aid amount per student in its unreserved general fund. Using this formula for 2019-2020: 25% of the general education formula in the unreserved general fund: \$6,438 x 25% = \$1,609 x 301 [weighted] funding units (271 K-12 students = 301 weighted funding units) = \$484,459 would place the District in a solid financial position. This represents about 6 weeks of school district operations.

Using this formula for 2020-2021: 25% of the general education formula in the unreserved general fund: \$6,567 x 25% = \$1,641.75 x 267 [weighted] funding units (243 K-12 students = 267 weighted funding units) = \$438,347.25



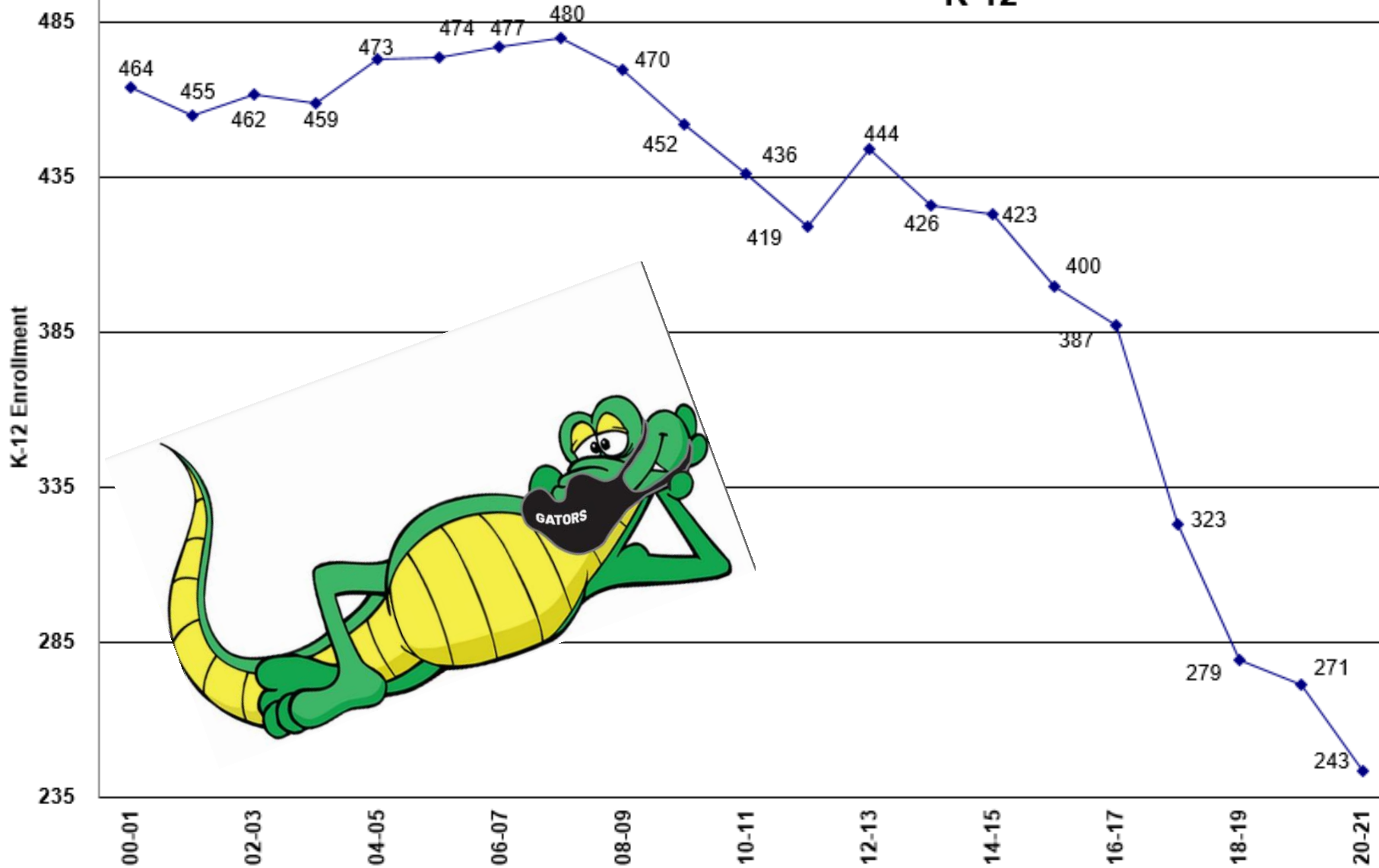
June 30th of Budget Year	General Fund Balance	Percent Change over Previous Year	K -12 Enrollment
--------------------------	----------------------	-----------------------------------	------------------

2001	\$370,564		464
2002	\$522,520	▲ 41%	455
2003	\$610,675	▲ 17%	462
2004	\$737,831	▲ 21%	459
2005	\$999,976	▲ 36%	473
2006	\$1,456,633	▲ 46%	474
2007	\$1,673,426	▲ 15%	477
2008	\$1,930,121	▲ 15%	480
2009	\$2,032,994	▲ 5%	470
2010	\$2,035,316	▲ 0%	452
2011	\$1,962,475	▲ -4%	436
2012	\$1,869,037	▲ -5%	419
2013	\$1,832,245	▲ -2%	444
2014	\$1,660,869	▲ -9%	426
2015	\$1,645,227	▲ -1%	423
2016	\$1,576,546	▲ -4%	400
2017	\$1,186,984	▲ -25%	387
2018	\$705,373	▲ -41%	323
2019	\$504,320	▲ -29%	279
2020	\$421,294	▲ -16%	271



Source: School District Financial Audit statements

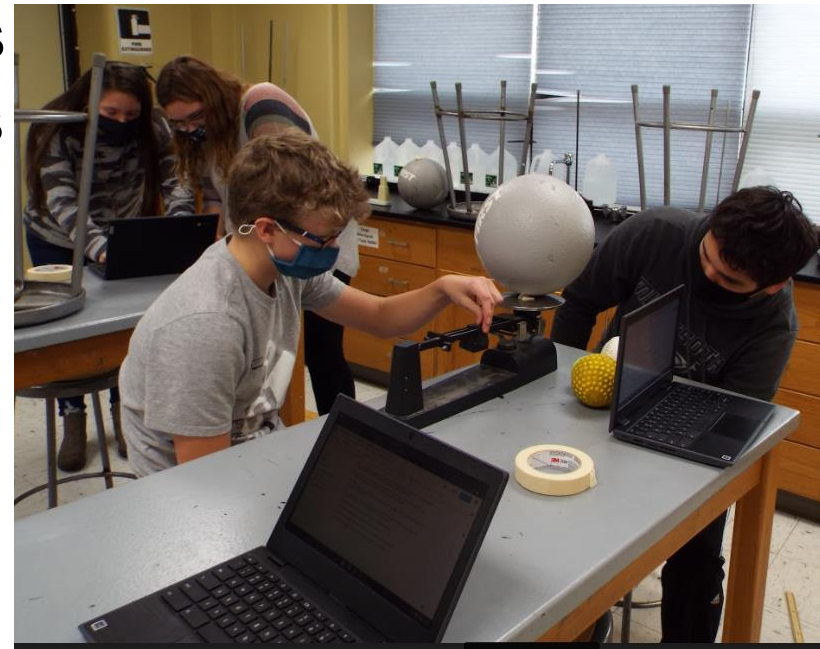
# FALL ENROLLMENT BY SCHOOL YEAR K-12



# B. Property Tax Background



- Every owner of taxable property pays property taxes to the various “taxing jurisdictions” (county, city, township, school district, etc.) in which the property is located.
- Each taxing jurisdiction sets its own levy, often based on limits in state law  
County Auditor sends out bills, collects taxes from property owners, and distributes funds back to the taxing jurisdictions.



## B. Property Tax Background

- School District Property Taxes
  - Each school district (depending on size) may levy taxes in nearly 30 different categories
  - “Levy Limits” (maximum levy amounts) for all categories are set either by:
    - State Law, or
    - voter approval
  - The Minnesota Dept. of Education (MDE) calculates detailed levy limits for each district



# C. Proposed Levy Payable in 2021



Schedule of events in approval of the Greenbush Middle River School District's 2020 Payable 2021 tax levy are:

- Early Sept. – Dept. of Education prepared and distributed first draft of levy limit worksheets
- Sept. 2020 – School Board approved “MAXIMUM” proposed levy amounts.
  - In Payable 2020 (last year) For school districts, in addition to market value increases, voter-approved school levies and bond sales often are a trigger for property tax hikes that rise into the double digits, percentage-wise. That is what caught our eyes to explain why a mid-September preliminary increase of 15% school tax levy was proposed. Greenbush Middle River doesn't have a new operating referendum in place, nor does it have a Bond referendum in place.
  - Supt. of Schools *did some digging* to find out over previous years, ESTIMATED student enrollment data submitted to the Dept. of Education for tax levy purposed was incorrect. In mid-November after consult with MDE and the District's financial Advisor the correct student enrollment and enrollment projections were changed.
- Mid-November – Roseau, Marshall County and Kittson County sent out “Proposed Property Tax Statements”
- December 21 – School Board Agenda item on Proposed levy and thereafter certify final Payable 2021 school tax levy amounts

# Proposed Levy Payable in 2021



## Greenbush Middle River Public Schools

(page 31 of 40)

### Comparison of Proposed Tax Levy Payable in 2021 to Actual Levy Payable in 2020

FUND	Levy Category	Actual Levy Payable in 2020	Proposed Levy Payable in 2021	Change	Percent Change
General Fund	Voter Approved Referendum Board Approved Referendum				
Equity	Operating Capital				
	Health & Safety (Long Term Facilities Maintenance [LTFM] Other Levies (eg: Safe Schools, Career & Technical Ed. Levy)	\$261,310.74	\$361,699.16	\$100,388.42	38.42%
	Total, General Fund				
Community Service Fund	Basic Community Education Early Childhood Family Education Other Levies (eg: School Readiness)	\$32,342.88	\$32,179.58	-\$163.30	.05%
	Total Community Service Fund				
Debt Service Fund	Voter Approved Debt Service	\$38,264.66	\$42,132.03	\$3,867.37	10.11%
	Total, Debt Service Fund				
	<b>Total Levy, All Funds</b>	<b>\$331,918.28</b>	<b>\$436,010.37</b>	<b>\$104,092.49</b>	<b>31.36%</b>

# FACTORS AFFECTING PROPOSED TAXES FOR GMR School District

Total tax levy in 2021 is *increasing \$104,092.49* over the previous year.

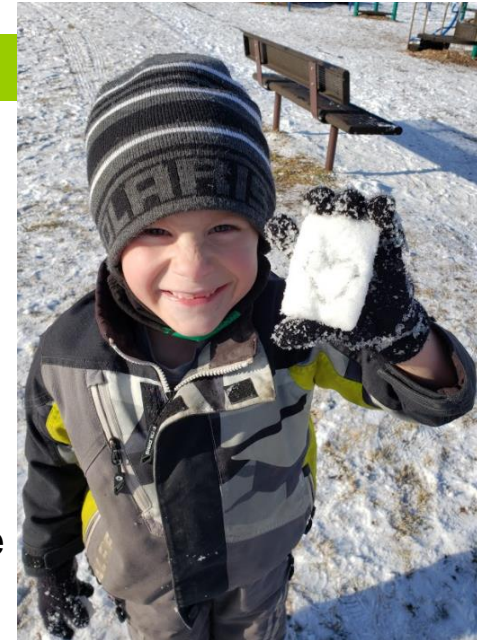
## Affecting all levies:

- Changes in total property valuation increased (or decreased) in the district (ie: Tax base)
- Change in individual property valuation
- Due to changes in enrollment
- Due to changes in state aid formula (aid calculations)  
eg: Long Term Facilities Maintenance
- Voter Approved Referendum in Nov. 2015
- Refunding of previously issued Bonds in 2016 thereby reducing debt service levy



# C. Explanation of Levy Changes

- Category: Debt Service Levy
  - Total levy in this category increased by \$3,867.7 or 10.11% from Payable 2020
  - Use of Funds: Principal and Interest payments on the District's building bonds approved by voters in 2005
  - Reason for increase: Property Valuations increased over the previous year, therefore more of a local effort (rather than state aid) is expected to service the debt.
  - In 2005 the Greenbush Middle River District refinanced its voter-approved School Construction bonds used for mechanical Heating, Ventilation, Air Conditioning (HVAC) improvements.  
required to levy @ 105% of debt service payment amounts to cover delinquencies in tax collections. Since delinquencies are generally less than 5%, most districts gradually build up fund balances in debt service funds. Formulas in state law determine adjustments to tax levy for debt excess balances.





# Explanation of Levy Changes

- **Category: General**
- Prior year adjustments were -\$91,899
- Total levy in this category increased by \$100,388.42 or 38.42% from Payable 2020
- Source of Funds: (a.) 2005 voter-approved referendum and (b.) state equalization aid
- Use of Funds: General Operating Expenses
- Reason for increase:
  - Each year, initial levies are based on estimates of enrollment, values and expenditures for future years.
- In later years, estimates are up-dated and levies are retroactively adjusted.
- Negative adjustments in several categories for taxes payable in 2020 were larger than the sum of negative adjustments for taxes payable in 2021.

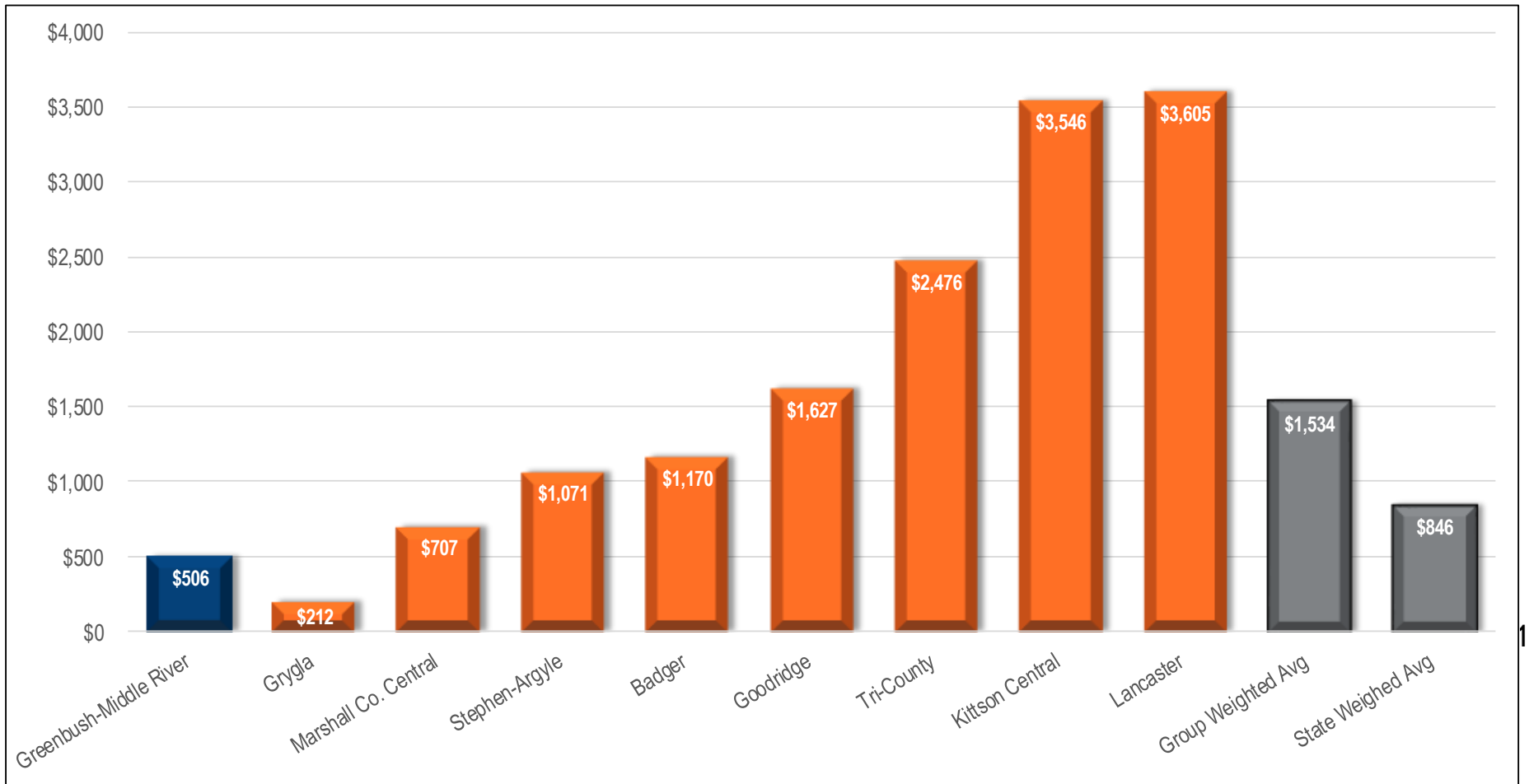


# Comparison of Voter-Approved Referendum Authority to Peer Districts in NW MN

## Greenbush-Middle River School District

Voter Approved Referendum Authority Per Pupil Unit FY 20-21 (Excludes Local Optional Revenue)

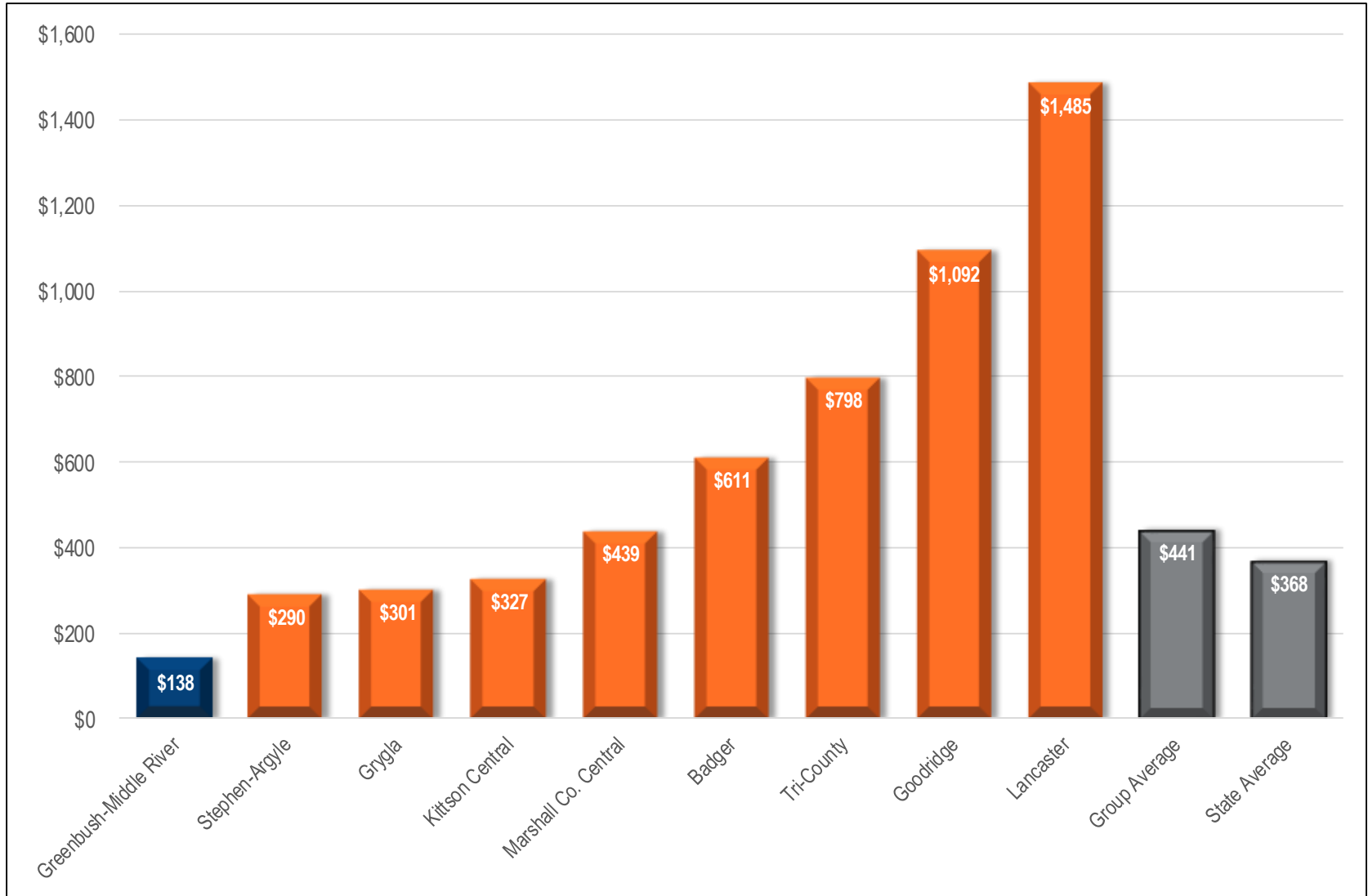
Group Average	\$	1,534.01
Greenbush-Middle River	\$	506.05
Variance	\$	(1,027.96)



# Comparison of Total School Taxes to Peer Districts in NW MN

## Greenbush-Middle River School District

Total School Property Taxes, Payable 2020, on a Home with an Estimated Market Value of \$100,000



# FACTORS IMPACTING TAX CHANGE(S)

## REMINDER:

The percent increase for school taxes payable in 2021 does NOT mean everyone's taxes will go up that percentage amount. School taxes are based on various local factors and State tax classifications.

- Local Factors
  - Inflationary pressure on real estate market
  - Property improvements not previously taxed
  - Change in property assessment value
  - Change in property classification  
(eg: farm to residential)



# D. PUBLIC COMMENT(S) ON 2020 Payable 2021 School Tax Levy?

