

Belle Plaine Public Schools Truth in Taxation Meeting for Taxes Payable in 2013



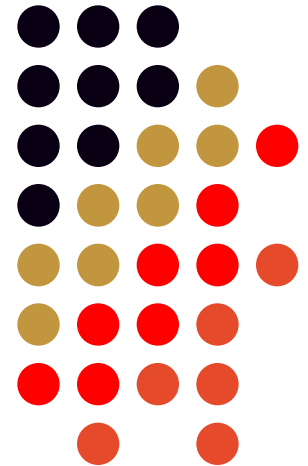
Welcome

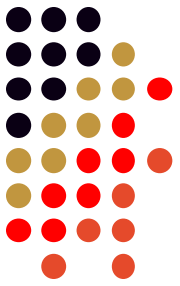
December 3, 2012

Presented by:

Kelly D. Smith, Ed. D.

Superintendent





Truth in Taxation Law

- **State law initially approved in 1988**
- **Two major requirements**
 - Counties must send out “proposed property tax statements” in November, based on preliminary tax levies set by all taxing jurisdictions.
 - School district must discuss levy at meeting
- **You are here for the school district’s annual required discussion of current year budget and proposed levy.**

Tax Hearing Presentation



- State law requires that we present information on the current year budget and actual revenue and expenses for the prior year
- State law also requires that we present information on the proposed property tax levy, including:
 - The percentage inc./dec. over the prior year
 - Specific purposes and reasons for which taxes are being increased/decreased
- District must also allow for public comments

Agenda for This Meeting



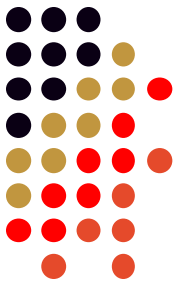
- Background on School Funding, Property Tax Levies, and Budgets
- Information on District Budget
- Information on the District's Proposed Tax Levy for Taxes Payable in 2013
- Public Comments and Questions

School District Revenues and Taxes Are Highly Regulated by the State



- **State sets** formulas which determine revenue; most revenue is based on specified amounts per pupil
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by the voters)
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval

School Levy vs. Budget Cycle



Unlike cities and counties, a school district does not set its budget when setting the tax levy

- **Property Tax Levy**

- Final levy set in December
- Property taxes levied on calendar year basis

- **Budget**

- Final budget approved in June, 6 months later
- School fiscal year is July 1 through June 30

Change in Tax Levy Does not Determine Change in Budget



- Tax levy is based on many state-determined formulas
- Some increases in tax levies are revenue neutral, offset by reductions in state aid
- Expenditure budget is limited by state-set revenue formulas, voter-approved levies, and fund balance, not just by tax levies

Budget Information



Because approval of the budget lags certification of the tax levy by six months, the state requires only current year budget information and prior year actual financial results to be presented at this hearing.

Budget Information

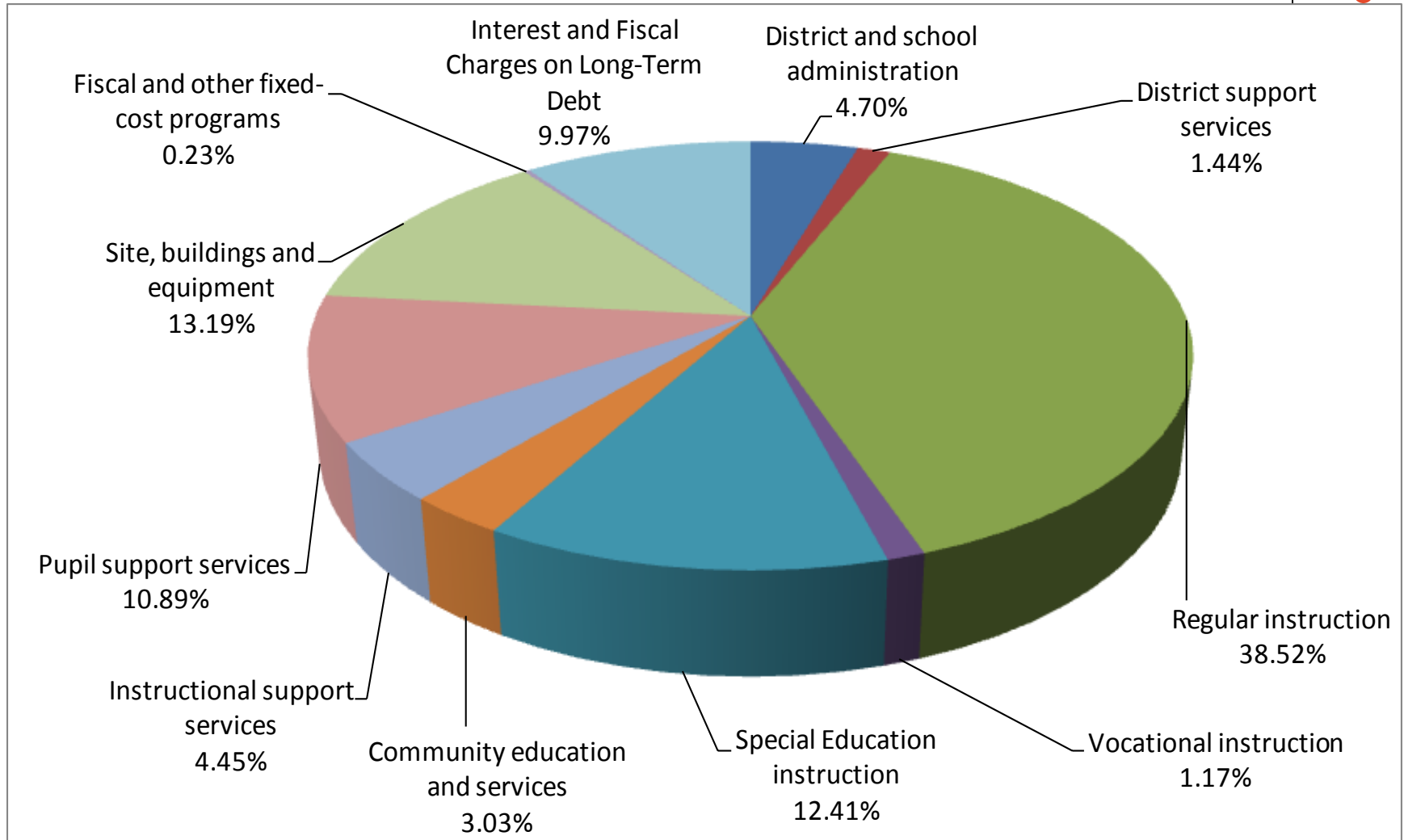


- All school districts' budgets are divided into separate funds, based on purposes of revenue, as required by law
- For our district, 5 funds are currently active:
 - General fund (includes former transportation and capital expenditure funds)
 - Food service fund
 - Community service fund
 - Debt service fund
 - Trust fund

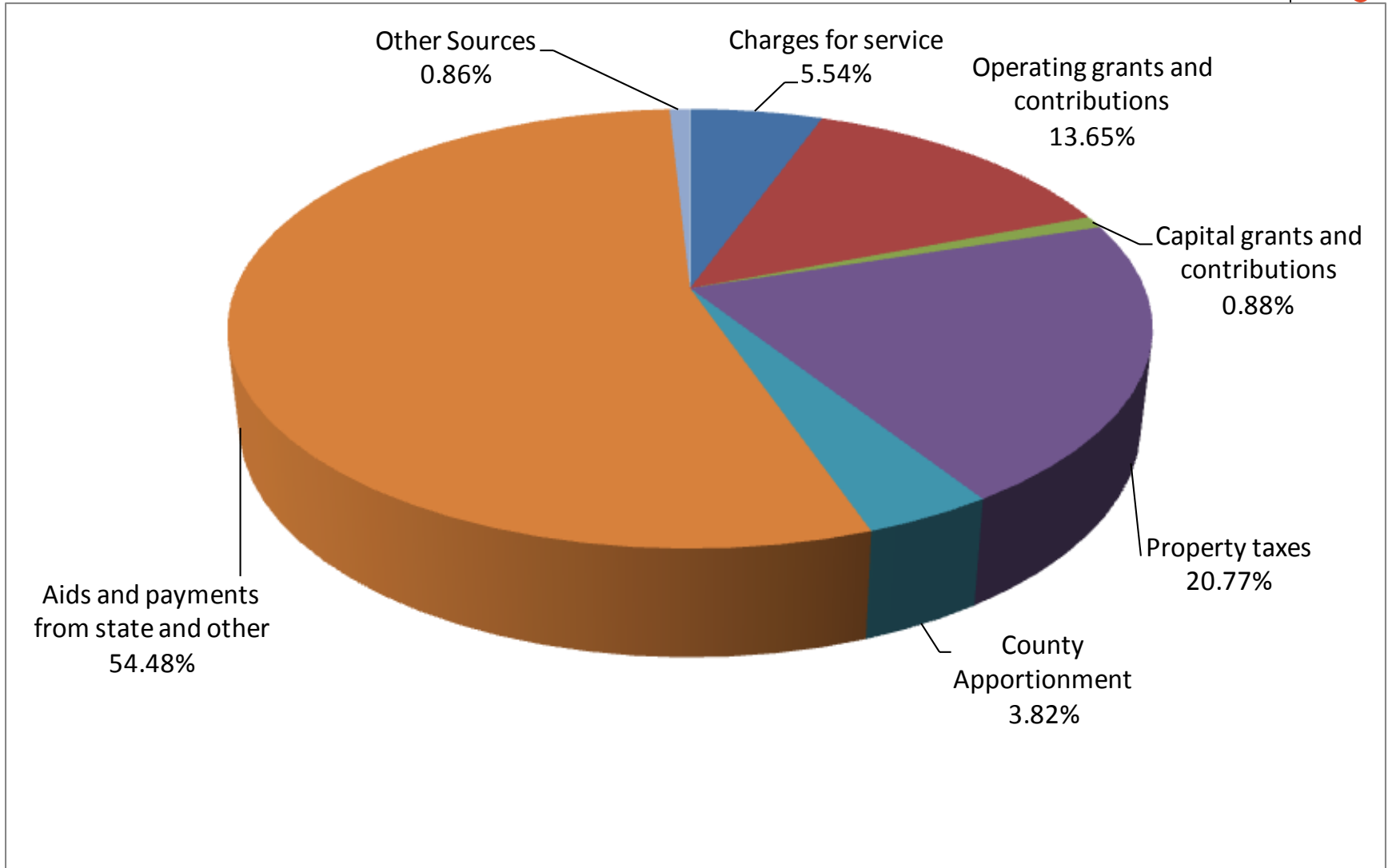
**ISD No. 716, Belle Plaine District
Revenues and Expenditures Actual for
FY11, Budget for FY12**

FUND	FY 2012 BEGINNING FUND BALANCES	FY 2012 ACTUAL REVENUES AND TRANSFERS IN	FY 2012 ACTUAL EXPENDITURES AND TRANSFERS OUT	JUNE 30, 2012 ACTUAL FUND BALANCES	FY 2013 BUDGET REVENUES AND TRANSFERS IN	FY 2013 BUDGET EXPENDITURES AND TRANSFERS OUT	JUNE 30, 2013 PROJECTED FUND BALANCES
General Fund/Restricted	835,526	1,147,618	1,236,215	746,929	1,219,828	1,436,492	530,265
General Fund/Other	2,026,953	12,693,147	12,415,505	2,304,595	12,272,581	12,436,989	2,140,187
Food Service Fund	79,218	655,007	635,861	98,364	626,000	625,000	99,364
Community Service Fund	93,749	544,157	516,954	120,952	550,832	573,882	97,902
Building Construction Fund							
Debt Service Fund	687,221	3,594,695	3,779,438	502,478	3,248,144	3,088,190	662,432
Trust Fund	1,875	-	525	1,350	2,000	1,875	1,475
TOTAL - ALL FUNDS	3,724,542	18,634,624	18,584,498	3,774,668	17,919,385	18,162,428	3,531,625

2011-2012 Expenditures



2011-2012 Revenues



Proposed 2013 Property Tax Levy



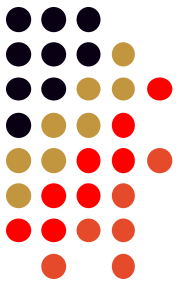
- Determination of levy
- Comparison 2012 to 2013 levies
- Specific reasons for changes in tax levy
- Impact on taxpayers

Property Tax Background



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

School District Property Taxes



- Each school district may levy taxes in up to 30 different categories
- “Levy limits” (maximum levy amounts) for each category are set either by:
 - State law, or
 - Voter approval
- Minnesota Department of Education (MDE) calculates detailed levy limits for each district



Proposed Levy Payable in 2013

- Schedule of events in approval of district's 2012 (Payable 2013) tax levy
 - Early September – Dept. of Education prepared and distributed first draft of levy limit worksheets setting maximum authorized levy
 - Sept. 24: School board approved proposed levy amounts
 - Mid-November: County mailed “Proposed Property Tax Statements” to all property owners
 - December 3: Public meeting discussing proposed levy
 - December 17: School board will certify final levy amounts for taxes payable in 2013

Payable 2012 & Payable 2013 Levy Comparison

			Increase/ (Decrease)		
	11 Payable 12 Levy	12 Payable 13 Levy	from 11 Pay 12 Levy	%	L/F
Operating Levy	462,875.01	454,733.84	(8,141.17)		L
Equity	202,105.21	211,042.51	8,937.30		F
Transition	5,961.91	5,560.89	(401.02)		F
Operating Capital	198,182.10	179,727.14	(18,454.96)		F
Integration	18,000.00	18,000.00	-		F/L
Unemployment	5,000.00	5,000.00	-		F
Safe Schools	57,803.40	56,226.30	(1,577.10)		F
Career/Technical	33,545.96	28,768.40	(4,777.56)		F
Annual OPEB	-	169,333.00	169,333.00		L
Health & Safety	91,493.98	87,006.02	(4,487.96)		L
Deferred Maintenance	94,527.67	88,213.98	(6,313.69)		F
Building Lease	31,946.90	30,430.72	(1,516.18)		L
Adjustments	(102,589.55)	(147,439.16)	(44,849.61)		F
Total General Fund	1,098,852.59	1,186,603.64	87,751.05	7.99%	

Payable 2012 & Payable 2013 Levy Comparison

Basic Community Education	74,496.16	74,496.16	-	F
Early Childhood Fam. Ed.	40,039.90	36,993.17	(3,046.73)	F
Home Visiting	1,512.00	1,499.20	(12.80)	F
School Age Care	4,000.00	4,000.00	-	L
Adjustments	42.38	910.09	867.71	F
Total Community Education	120,090.44	117,898.62	(2,191.82)	-1.83%
Debt Service	2,761,579.56	2,855,500.68	93,921.12	L
Reduction for Debt Excess	-	(141,775.45)	(141,775.45)	F
Alt Facility Bond Debt Service	448,479.00	446,615.00	(1,864.00)	L
Reduction for Debt Excess	-	(21,063.25)	(21,063.25)	L
Adjustments	792.17	5,340.90	4,548.73	F
Total Debt Service	3,210,850.73	3,144,617.88	(66,232.85)	-2.06%

Overview of Proposed Levy Payable in 2013



- Total 2013 levy increased by \$19,326.38 from 2012
- Increase largely due to new Other Post Employment Benefit (OPEB) levy
- End Result is a 0.44% overall increase

Explanation of Levy Changes



- Category: Operating Capital
- Change: Decrease of \$18,454.96
- Use of funds: Must be used for Operating Capital approved programs – facility repairs, textbooks, technology, etc.
- Reason for decrease:
 - Decrease reflects a switch from levy to state aid in this area.

Explanation of Levy Changes



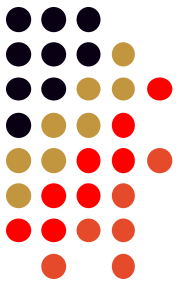
- Category: Annual OPEB
- Change: \$169,333.00
- Use of funds: These funds are used to pay district obligations for retirement benefits for some district employees
- Reason for increase:
 - District has previously paid for these obligations directly from general fund
 - Adding this levy will retain district general fund revenue for current educational programs

Explanation of Levy Changes



- Category: Debt Service
- Change: -\$66,232.85
- Use of funds: Principal and interest payments on the district's bonds
- Reason for increase:
 - Reduction in debt excess fund balance

State Property Tax Refunds



- State of Minnesota has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional, or
 - Visit the Department of Revenue web site at www.taxes.state.mn.us

State Property Tax Refunds



- Minnesota Property Tax Refund (aka “Circuit Breaker” Refund)
 - Has existed since 1970s
 - Available to all owners of homestead property
 - Annual income must be approx. \$91,000 or less (income limit is higher if you have dependents)
 - Refund is a sliding scale, based on total property taxes and income
 - Maximum refund is \$1,700
 - Especially helpful to those with lower incomes
 - Fill out state tax form M-1PR



State Property Tax Refunds

- Special Property Tax Refund
 - Available for all homestead properties with a gross tax increase of at least 12% and \$100 over the prior year
 - Refund is 60% of the amount by which the tax increase exceeds the greater of 12% or \$100, up to a maximum of \$1,000
 - There is no Income limit for this refund
 - Fill out state tax form M-1PR

Senior Citizen Property Tax Deferral



- Allows people 65 years of age or older with a household income of \$60,000 or less to defer a portion of the property taxes on their home
- Taxes paid in any year limited to 3% of household income for year before entering deferral program; this amount does not change in future years
- Additional taxes are deferred, but not forgiven
- State charges interest up to 5% per year on deferred taxes and attaches a lien to the property
- The deferred property taxes plus accrued interest must be paid when the home is sold or the homeowner(s) dies

Next Steps



- Tonight – Board will accept public comments and questions on proposed levy
- December 17 - Board will certify final amount of tax levy payable in 2013

Public Comments and Questions

