

Truth and taxation information will be presented by Joe Prom, Director Of Business Services. **I recommend approving the payable 2018 levy in the amount of \$9,992,798.** This represents a 2.97% increase compared to the 2017 levy.



Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Truth in Taxation

For Taxes Payable in 2018

December 4, 2017

Truth in Taxation Law

Two Major Requirements

- 1) Counties must send out “proposed property tax statements” in November, based on preliminary tax levies set by all jurisdictions (counties, cities, townships, school districts, etc.).**
- 2) Most taxing jurisdictions must hold a hearing prior to certifying the final levy**

**You are here for the School District’s annual
required hearing**

Tax Hearing Requirements

- State law requires that we present information on the current year budget and actual revenues and expenses for prior year
- State law also requires that we present information on the proposed property tax levy
- District must also allow for public comments

2016-17 General Fund Results

| Fund | 6/30/16 Audited Fund Balance | Revenues & Adjustments | Expenditures | Other Financing Sources | Variance | 6/30/17 Audited Fund Balance |
|--------------------------------|---|---------------------------------------|----------------------|--|-------------------|---|
| General Fund | \$ 501,409 | \$ 30,704,823 | \$ 30,091,998 | \$ 505,892 | \$ 1,118,717 | \$ 1,620,126 |
| Less: Capital Reserves | | | | | | |
| Health & Safety | \$ (462,612) | \$ 384,692 | \$ - | \$ - | \$ 384,692 | \$ (77,920) |
| Operating Capital | \$ 4,407 | \$ 1,208,993 | \$ 1,579,316 | \$ 441,957 | \$ 71,634 | \$ 76,041 |
| Long-Term Facilities Maint | \$ (13,413) | \$ 465,425 | \$ 453,630 | \$ - | \$ 11,795 | \$ (1,618) |
| Total Capital Reserves | \$ (471,618) | \$ 2,059,110 | \$ 2,032,946 | \$ 441,957 | \$ 468,121 | \$ (3,497) |
| Assigned Fund Balances | \$ 249,334 | \$ 346,072 | \$ 348,502 | \$ - | \$ (2,430) | \$ 246,904 |
| Restricted for Integration | \$ - | \$ 198,574 | \$ 191,918 | \$ - | \$ 6,656 | \$ 6,656 |
| Non-Spendable Fund Balances | \$ 153,002 | \$ 464,457 | \$ 153,002 | \$ - | \$ 311,455 | \$ 464,457 |
| General Fund Unassigned | \$ 570,691 | \$ 27,636,610 | \$ 27,365,630 | \$ 63,935 | \$ 334,915 | \$ 905,606 |

2016-17 Results (All Funds)

| Fund | 6/30/16 | | Revenues & Expenditures | | Other Financing Sources | | 6/30/17 Audited Fund Balance |
|------------------------|----------------------|---------------|-------------------------|--------------|-------------------------|--------------|------------------------------|
| | Audited Fund Balance | Adjustments | | | | Variance | |
| General Fund | \$ 501,409 | \$ 30,704,823 | \$ 30,091,998 | \$ 505,892 | \$ 1,118,717 | \$ 1,620,126 | |
| Food Service Fund | \$ (5,879) | \$ 1,408,376 | \$ 1,391,899 | \$ - | \$ 16,477 | \$ 10,598 | |
| Community Service Fund | \$ 195,727 | \$ 1,183,248 | \$ 1,056,185 | \$ - | \$ 127,063 | \$ 322,790 | |
| Debt Service Fund | \$ 130,043 | \$ 3,655,553 | \$ 3,494,618 | \$ 2,282,969 | \$ 2,443,904 | \$ 2,573,947 | |
| Total All Funds | \$ 821,300 | \$ 36,952,000 | \$ 36,034,700 | \$ 2,788,861 | \$ 3,706,161 | \$ 4,527,461 | |

2017-18 General Fund Original Budget

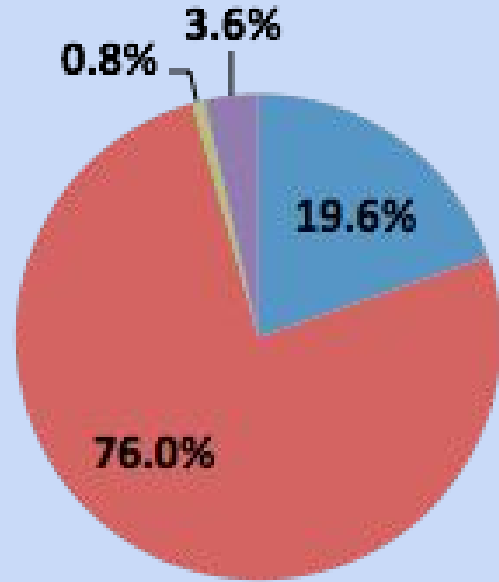
| Fund | 6/30/17 Audited Fund Balance | Revenues | Expenditures & Adjustments | Other Financing Sources | Variance | 6/30/18 Proj. Ending Fund Balance |
|--------------------------------|------------------------------------|----------------------|-------------------------------|-------------------------------|-------------------|---|
| General Fund | \$ 1,620,126 | \$ 31,091,504 | \$ 30,465,786 | \$ 230,000 | \$ 855,718 | \$ 2,475,844 |
| Less: Capital Reserves | | | | | | |
| Health & Safety | \$ (77,920) | \$ 112,491 | \$ 34,571 | \$ - | \$ 77,920 | \$ - |
| Operating Capital | \$ 76,041 | \$ 1,099,394 | \$ 1,413,029 | \$ 230,000 | \$ (83,635) | \$ (7,594) |
| Long-Term Facilities Maint | \$ (1,618) | \$ 657,861 | \$ 649,930 | \$ - | \$ 7,931 | \$ 6,313 |
| Total Capital Reserves | \$ (3,497) | \$ 1,869,746 | \$ 2,097,530 | \$ 230,000 | \$ 2,216 | \$ (1,281) |
| Assigned Fund Balances | \$ 246,904 | \$ 228,000 | \$ 228,000 | \$ - | \$ - | \$ 246,904 |
| Restricted for Integration | \$ 6,656 | \$ 258,830 | \$ 265,486 | \$ - | \$ (6,656) | \$ - |
| Non-Spendable Fund Balances | \$ 464,457 | \$ 131,004 | \$ 131,004 | \$ - | \$ - | \$ 464,457 |
| General Fund Unassigned | \$ 905,606 | \$ 28,603,924 | \$ 27,743,766 | \$ - | \$ 860,158 | \$ 1,765,764 |

2017-18 Original Budget (All Funds)

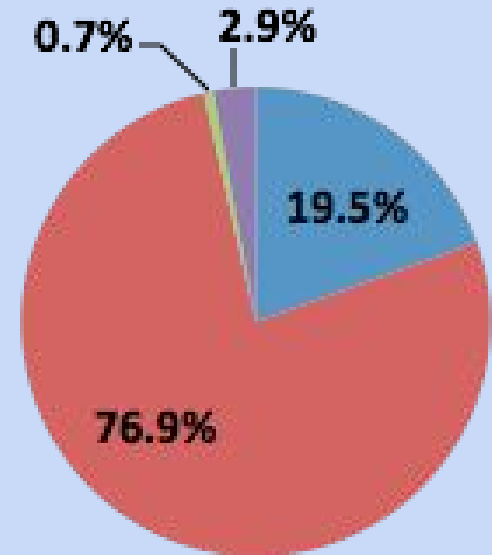
| Fund | 6/30/17 Audited Fund Balance | Revenues | Expenditures & Adjustments | Other Financing Sources | Variance | 6/30/18 Proj. Ending Fund Balance |
|-------------------------------|---|-----------------|---|--|-----------------|--|
| General Fund | \$ 1,620,126 | \$ 31,091,504 | \$ 30,465,786 | \$ 230,000 | \$ 855,718 | \$ 2,475,844 |
| Food Service Fund | \$ 10,598 | \$ 1,415,700 | \$ 1,410,949 | \$ - | \$ 4,751 | \$ 15,349 |
| Community Service Fund | \$ 322,790 | \$ 1,207,984 | \$ 1,169,344 | \$ - | \$ 38,640 | \$ 361,430 |
| Debt Service Fund | \$ 2,573,947 | \$ 3,618,140 | \$ 3,507,163 | \$ - | \$ 110,977 | \$ 2,684,924 |
| Total All Funds | \$ 4,527,461 | \$ 37,333,328 | \$ 36,553,242 | \$ 230,000 | \$ 1,010,086 | \$ 5,537,547 |

General Fund Revenues

2016-17

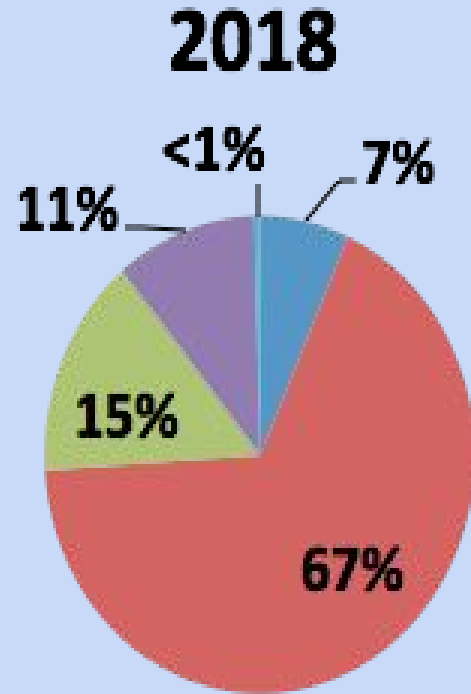
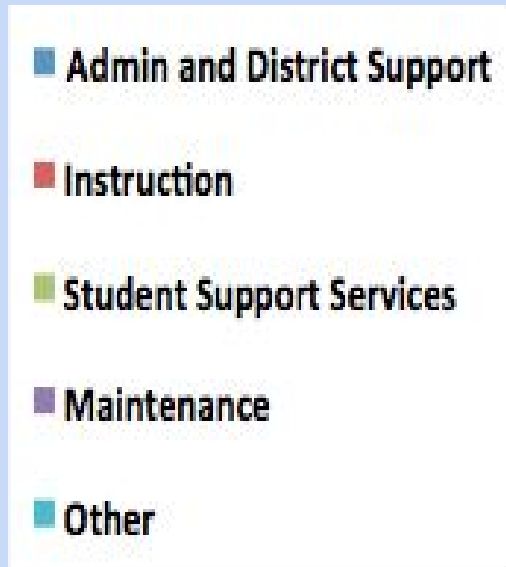
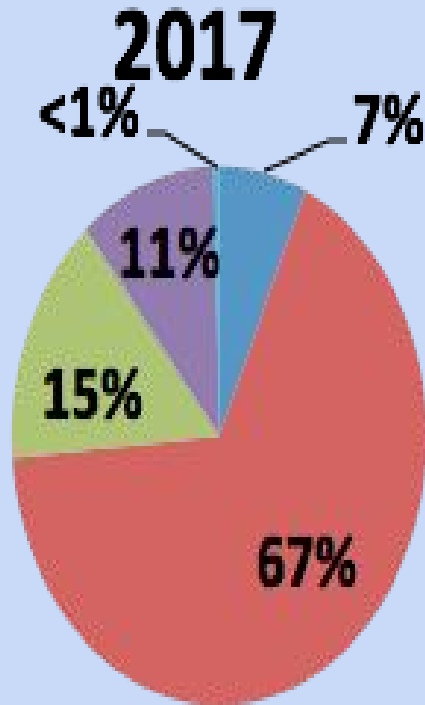


2017-18

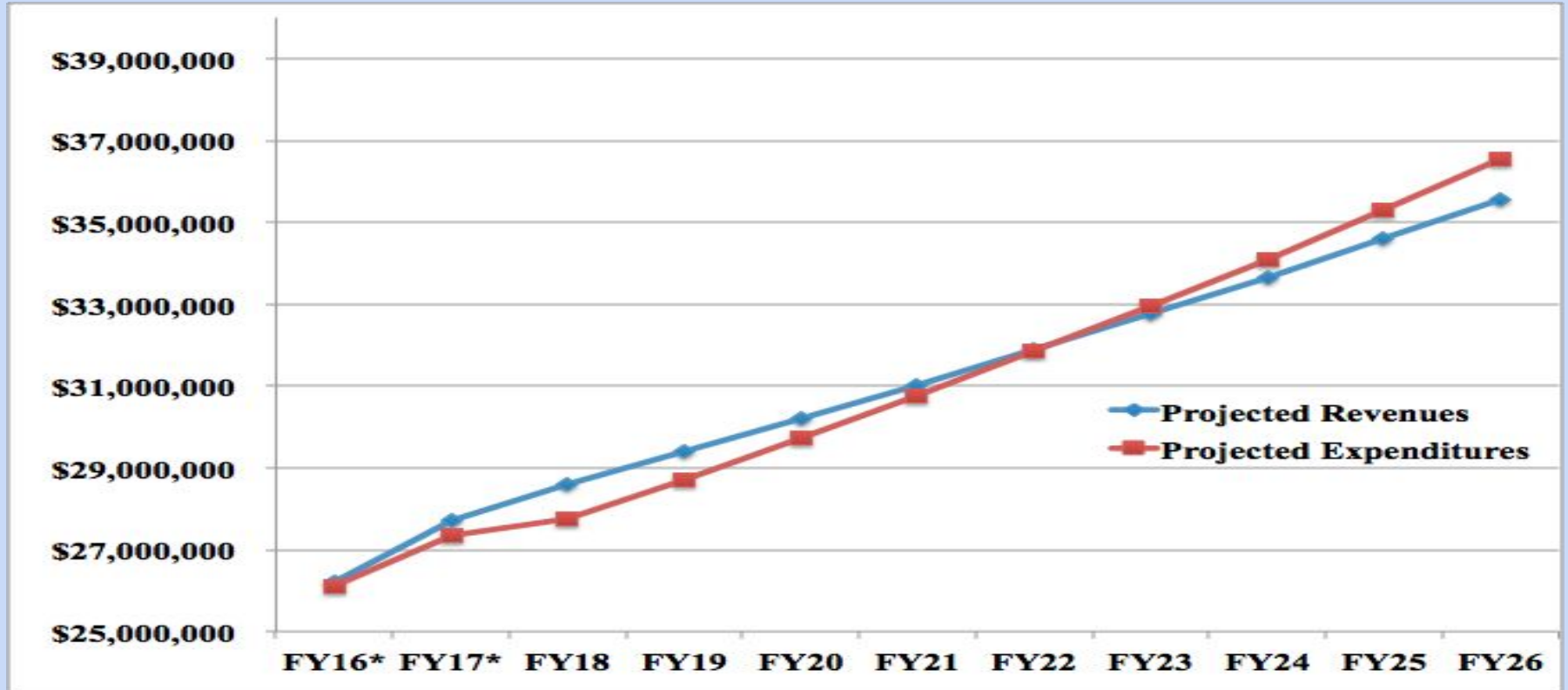


■ Local Property Taxes
■ State Sources
■ Federal Sources
■ Other

General Fund Expenditures

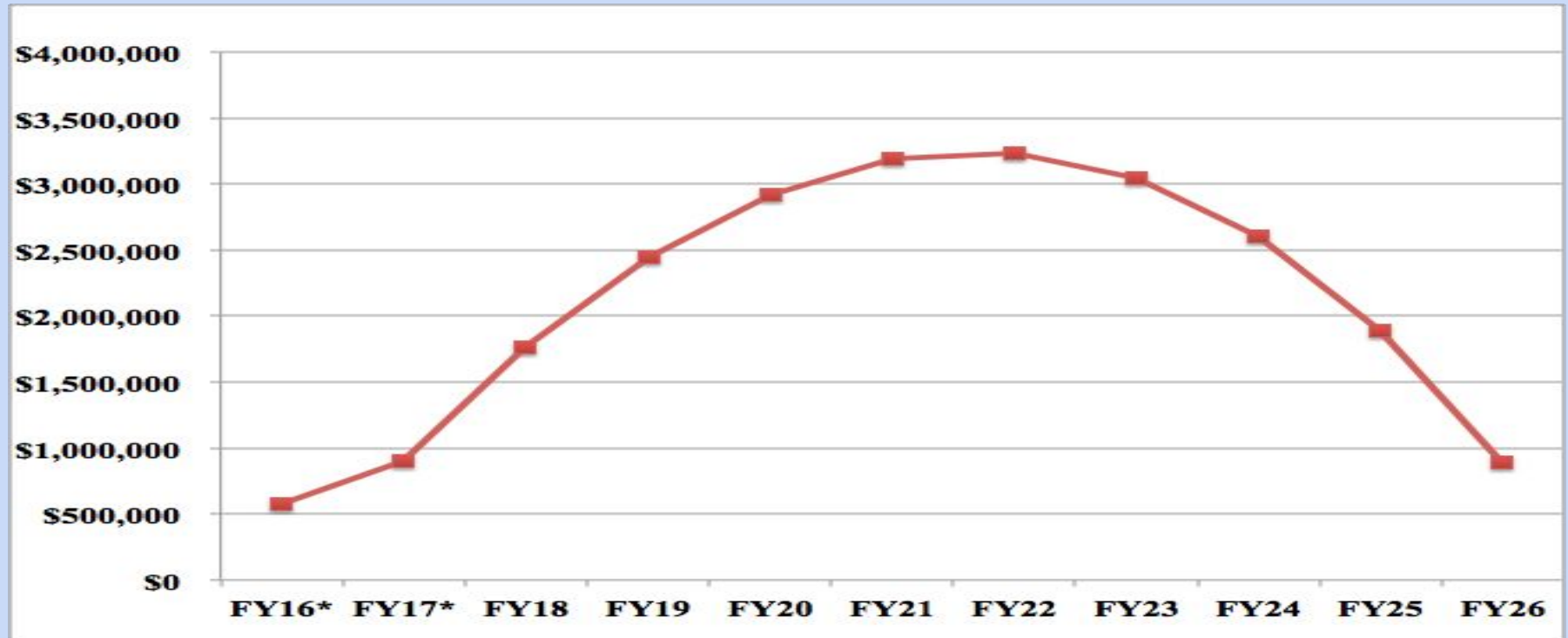


General Fund - 10 Year Projection



*Actual

General Fund - Projected Unassigned Fund Balance



*Actual

General Education Funding

Formula Allowance

X

Students

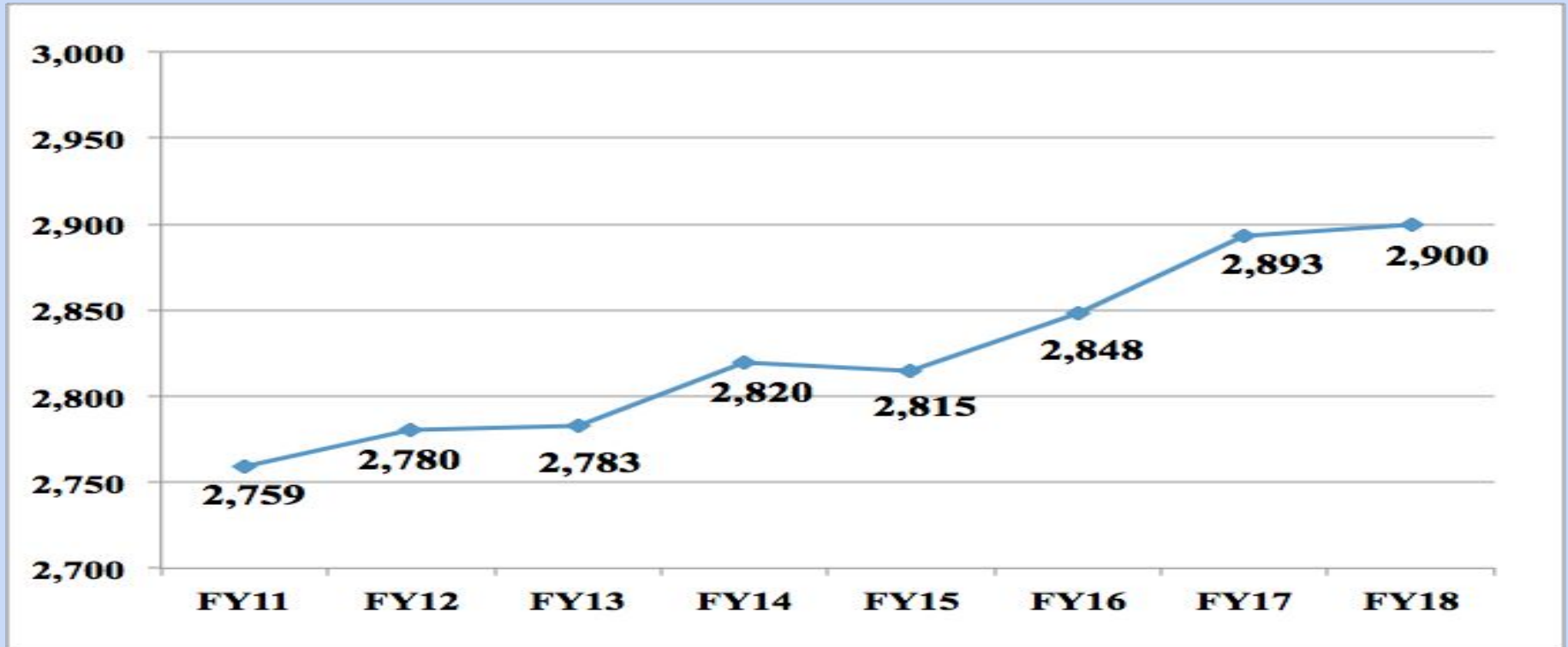
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Revenue

Formula Allowance



Becker Students (Oct 1)



How Are Levy Amounts Determined?

- **Legislature** sets formulas in statute to determine levy limits.
- **Mn Dept of Ed** calculates levy limits for each District, based on these formulas.
- **Board of Education** adopts proposed levy in September; final levy cannot exceed this, except for voter-approved levies.

Payable 2018 Proposed Levy - All Funds

| | ACTUAL 2016 PAY 2017 | PROPOSED 2017 PAY 2018 | DOLLAR DIFFERENCE | % Change |
|---------------------------------|---------------------------------------|---|------------------------------------|---------------------------|
| General Fund | \$ 5,917,921 | \$ 6,206,826 | \$ 288,905 | 4.88% |
| Community Education Fund | 203,368 | 197,983 | \$ (5,385) | -2.65% |
| Debt Service Fund | <u>3,583,685</u> | <u>3,587,989</u> | <u>\$ 4,304</u> | 0.12% |
| TOTAL PROPOSED LEVY | \$ 9,704,974 | \$ 9,992,798 | \$ 287,824 | 2.97% |

General Fund Levy Changes

Overall change is \$288,905 increase.

- **Operating Referendum levies** increased by \$147,864. Result of enrollment and inflation increases.
- **Health & Safety levy** decreased by \$112,807 due to previous year being last year of this levy component.
- **Long Term Facilities Maintenance (LTFM) levy** increased by \$238,027; 2nd year of this levy that replaces Health & Safety & Deferred Maintenance. Increase is result of statutory formula.
- **All other General fund levies (12 components)** increased by \$15,821; mostly the result of increased net tax capacity.

Community Ed Levy Changes

Overall change is \$5,385 decrease.

- **School Age Care levy** decreased \$4,643 as a result of reduction in qualifying expenditures.
- **Other Community Ed levies** decreased by \$742 combined.

Debt Service Levy Changes

Overall change is \$4,304 increase.

- Statute requires 105% of obligations be levied; collections over 100% over time reduce levy in future years. Becker levy is no longer being reduced for excess collections.

How is MY Property Tax Determined?

1. **County Assessor** determines market value for each parcel of property.
2. **MN Legislature** sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
3. **County Auditor** calculates the tax capacity for each parcel based on steps 1 & 2.
4. **County Auditor** divides the total levy by total tax capacity of the District to determine tax rate needed. Tax Rate is multiplied by each property's tax capacity*.

* Certain Levies are spread based on the Market Value rather than the tax capacity.

Who can I contact for questions?

District Specific Levy Questions:

Joe Prom, Director of Business Services – Becker Public Schools

jprom@isd726.org

(763) 261-4502

Questions regarding your Property Value:

Sherburne County Assessor's Office

assessor@co.sherburne.mn.us

(763) 241-2880



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Any Questions?

