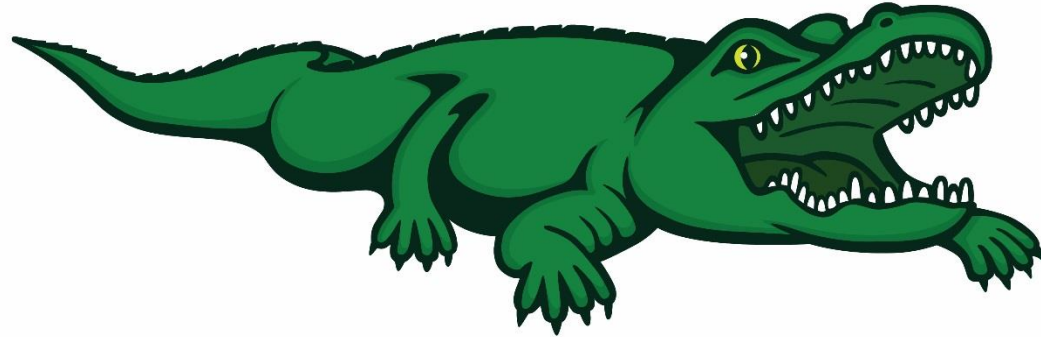


# Greenbush Middle River Public School District



Truth-in-Taxation for School Taxes Payable in **2020**

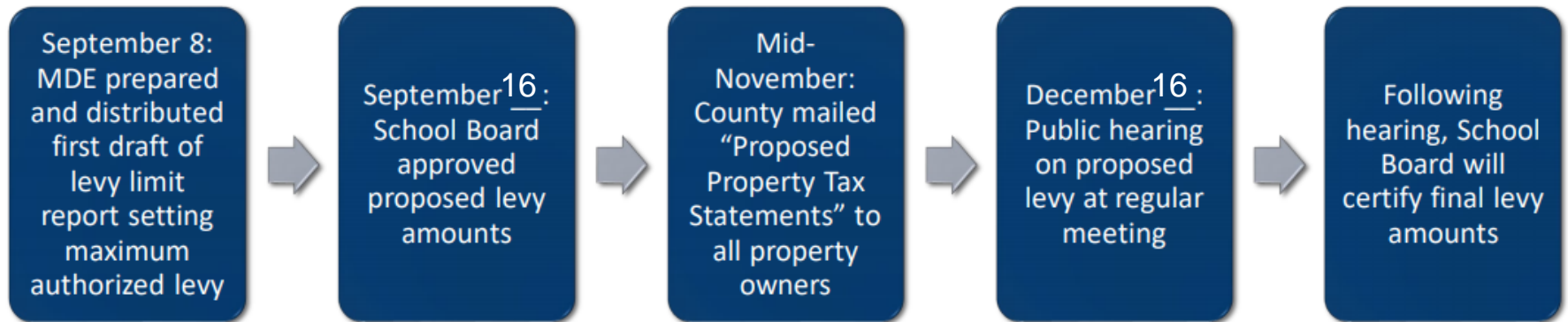
School Board Agenda item

6:00 pm ~ December 16, 2019

Greenbush Middle River School Library

# Schedule of Events in Approval of District's 2019 (Payable 2020) Tax Levy

---



# 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)

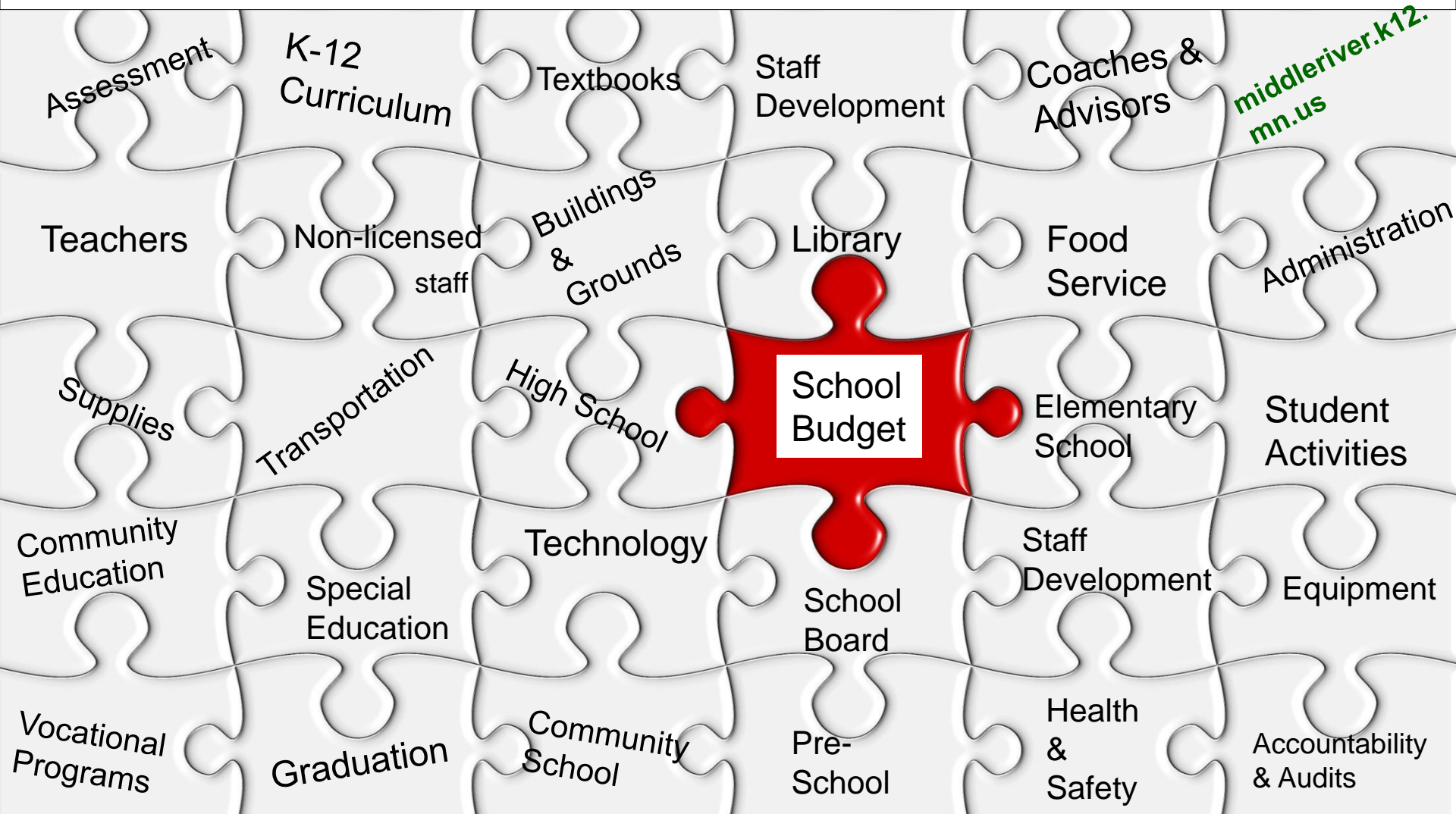
## A. 2019 – 2020 Budget

- 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



# 2019-2020 *estimated* School Budget

## GREENBUSH MIDDLE RIVER SCHOOL DISTRICT NO. 2683

### 2019 - 2020 BUDGET

#### REVENUE

|                             |                 |
|-----------------------------|-----------------|
| FUND 01 - General           | \$4,349,557     |
| FUND 02 - Food Service      | 203,900         |
| FUND 04 - Community Ed      | 66,026          |
| FUND 07 - Debt Service      | 67,838          |
| FUND 08 - Scholarships      | 1,300           |
| FUND 09 - Student Activity  | 154,800         |
| <br>TOTAL REVENUE ALL FUNDS | <br>\$4,843,421 |

#### EXPENDITURE

|                                 |                 |
|---------------------------------|-----------------|
| FUND 01 - General               | \$4,800,165     |
| FUND 02 - Food Service          | 171,665         |
| FUND 04 - Community Ed          | 27,259          |
| FUND 07 - Debt Service          | 63,475          |
| FUND 08 - Scholarships          | 1,300           |
| FUND 09 - Student Activity      | 154,600         |
| <br>TOTAL EXPENDITURE ALL FUNDS | <br>\$5,218,464 |

|            |             |
|------------|-------------|
| DIFFERENCE | (\$375,043) |
|------------|-------------|

Based on 271 enrollment  
6/17/19 School Board Meeting

## **2019 – 2020 GMR estimated School Budget**

**The 2019-2020 Budget reflects a Fall 2015 voter approved operating referendum;**


**The 2019-2020 Budget reflects State authorization of the school board to levy up to \$724 per pupil unit (\$300 board referendum and \$424 in local optional revenue [LOR]);**

**The 2019-2020 Budget reflects debt payments for a Fall 2005 voter approved Bond Referendum for building (HVAC) improvements;**

**The 2019-2020 Budget reflects 2016 refinancing of the Fall 2005 voter approved Bond for building (HVAC) improvements;**

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

**The 2019-2020 Budget reflects: an decrease of 8 students from the previous year and an increase of 2% in the State basic general education formula. The 2018-2019 school budget needs to reflect salary and benefits of year #1 of a two year Agreement between licensed teachers and Year #2 of a two year Agreement between non-licensed employees (the two largest employee groups) as well as other employee groups.**

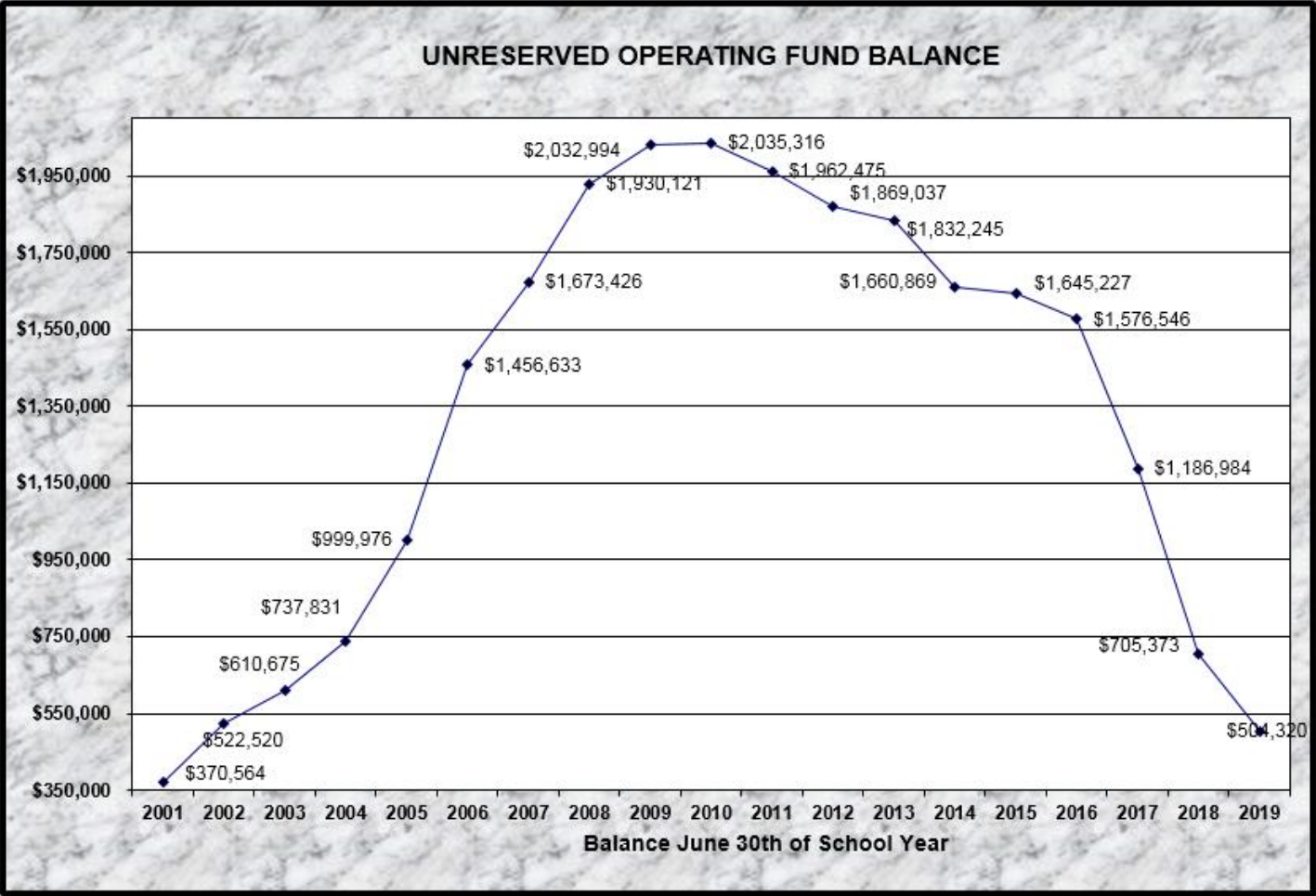
| School Year  | State Aid General Education Formula Allowance  | Percent funding increase over previous year  | Greenbush Middle River School District FALL enrollment   | Unreserved General Fund Balance ( <i>final audit</i> )   |
|--|--|--|--|--|
| 1996-97  | \$3,505  |  |  |  |
| 1997-98  | \$3,581  |  |  |  |
| 1998-99  | \$3,530  |  |  |  |
| 1999-00  | \$3,740  |  |  |  |
| 2000-01  | \$3,964  |  | 464  | \$370,564  |
| 2001-02  | \$4,068  |  | 455  | \$522,520  |
| 2002-03  | \$4,601  |  | 462  | \$610,675  |
| 2003-04  | \$4,601  | 0%   | 459  | \$737,831  |
| 2004-05  | \$4,601  | 0%   | 473  | \$999,976  |
| 2005-06  | \$4,783  | 4%   | 474  | \$1,456,633  |
| 2006-07  | \$4,974  | 4%   | 477  | \$1,673,426  |
| 2007-2008  | \$5,074  | 2%   | 480  | \$1,930,121  |
| 2008-2009  | \$5,124 + 51* = \$5,175  | 1% + 1%* = 2%  | 470  | \$2,032,994  |
| 2009-2010  | \$5,124  | 0%   | 452  | \$2,035,316  |
| 2010-2011  | \$5,124  | 0%   | 436  | \$1,962,475  |
| 2011-2012  | \$5,174  | 1%   | 419  | \$1,869,037  |
| 2012-2013  | \$5,224  | 1%   | 444  | \$1,832,245  |
| 2013-2014  | \$5,302  | 1.5%   | 426  | \$1,660,869  |
| 2014-2015  | \$5,831 (increase due to changes in pupil weights)   | 1.5% + .5%   | 423  | \$1,645,227  |
| <i>Per pupil [weighted] funding. Historical Perspective</i><br> | <b>2013-2014</b><br><u>Grade Funding Weight</u><br>Grade K..... .612<br>Grade 1 to 3... 1.115<br>Grade 4 to 6... 1.06<br>Grade K to 6... 197<br>(Elem. Funding Units)<br><br>7-12..... 1.3<br>Grade 7-12..... 218<br>(H.S. Funding Units)<br>K-12...197 + 218 = 480<br>(Total) Funding Units | <b>2014-2015</b><br><u>Grade Funding Weight</u><br>K-6 ..... 1.0<br>Grade K to 6... 201<br>(Elem. Funding Units)<br><br>7-12 ..... 1.2<br>Grade 7-12..... 266<br>(H.S. Funding Units)<br>K-12...201 + 266 = 467<br>(Total) Funding Units | <b>2015-2016</b><br><u>Grade Funding Weight</u><br>K-6 ..... 1.0<br>Grade K to 6... 190<br>(Elem. Funding Units)<br><br>7-12 ..... 1.2<br>Grade 7-12..... 252<br>(H.S. Funding Units)<br>K-12...190 + 252 = 442<br>(Total) Funding Units | <b>2019-2020</b><br><u>Grade Funding Weight</u><br>K-6 ..... 1.0<br>Grade K to 6... 121<br>(Elem. Funding Units)<br><br>7-12 ..... 1.2<br>Grade 7-12..... 180<br>(H.S. Funding Units)<br>K-12...121 + 180 = 301<br>(Total) Funding Units |
|  | 2015-2016 \$5,948  | +\$117 or 2%   | 400  | \$1,576,546  |
| 2016-2017  | \$6,067  | +\$119 or 2%   | 387  | \$1,186,984  |
| 2017-2018  | \$6,188  | +\$121 or 2%   | 323  | \$705,373  |
| 2018-2019  | \$6,312  | +\$124 or 2%   | 279  | \$504,320  |
| 2019-2020  | \$6,438  | +\$126 or 2%   | 271  | TBD by Audit   |
| 2020-2021  | \$6,567  | +\$129 or 2%   | 242 estimated  | TBD by Audit   |

Note<sup>1</sup>: Effective 2014-2015: the 1.0 weighted factor applies to K-6. 7-12 students are weighted at 1.2.

Note<sup>2</sup>: There is no absolute right answer as to how much a given district should have in its fund balance. A general guideline provided by financial auditors believe a fund balance of 25% of the general education formula in the unreserved general fund: \$6,438 x 25% = \$1,609 x 311 [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. Information Source: Minnesota Association of School Business Officials & District Financial Auditor

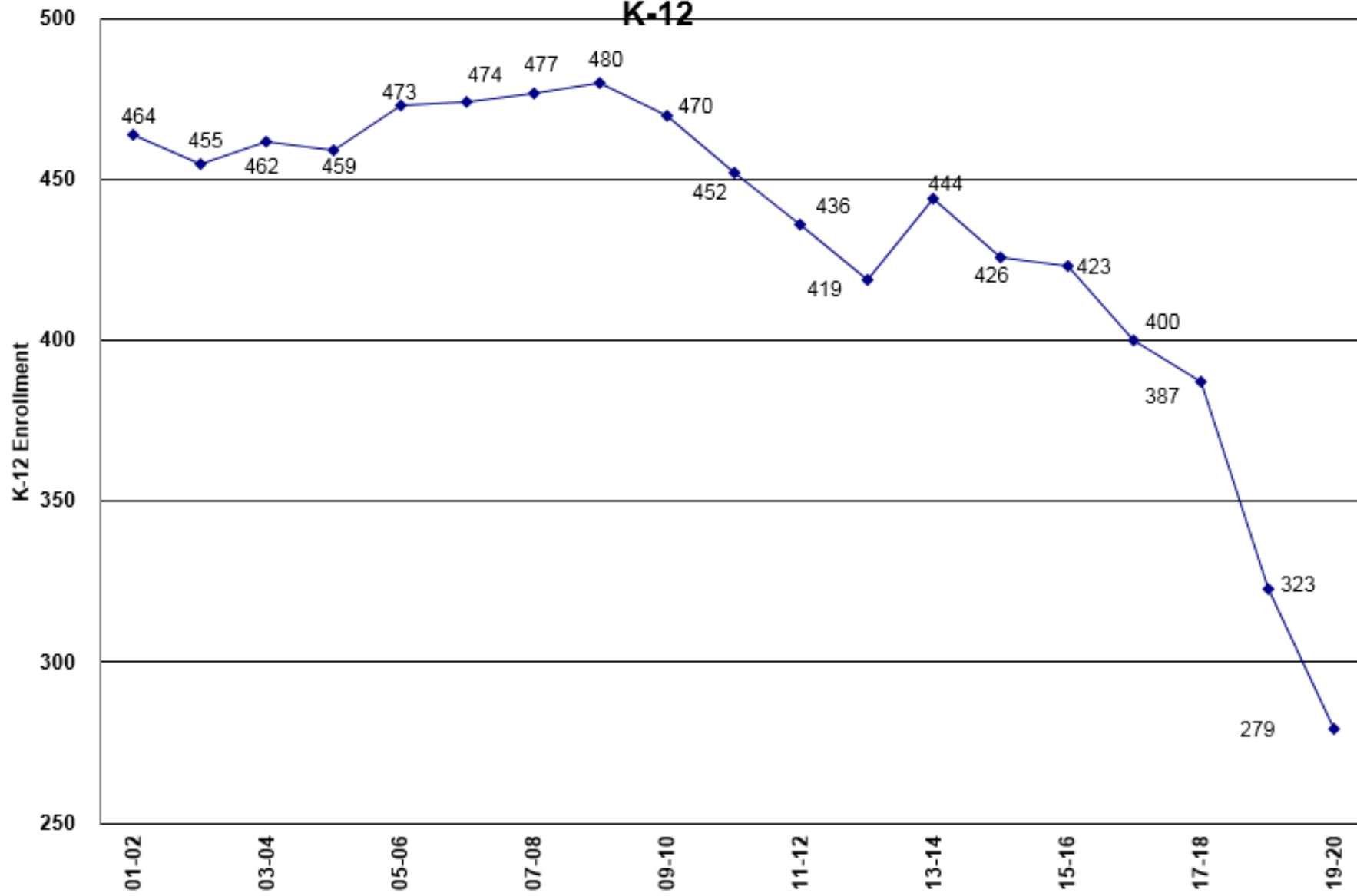


| Fiscal Year<br>ending June 30 | Undesignated General<br>Fund Balance as of<br>June 30 <sup>th</sup> |
|-------------------------------|---|
| 2001                          | \$370,564   |
| 2002                          | \$522,520   |
| 2003                          | \$610,675   |
| 2004                          | \$737,831   |
| 2005                          | \$999,976   |
| 2006                          | \$1,456,633   |
| 2007                          | \$1,673,426   |
| 2008                          | \$1,930,121   |
| 2009                          | \$2,032,994   |
| 2010                          | \$2,035,316   |
| 2011                          | \$1,962,475   |
| 2012                          | \$1,869,037   |
| 2013                          | \$1,832,245   |
| 2014                          | \$1,660,869   |
| 2015                          | \$1,645,227   |
| 2016                          | \$1,576,546   |
| 2017                          | \$1,186,984   |
| 2018                          | \$705,373   |
| 2019                          | \$504,320   |



# 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 2020

Schedule of events in approval of the Greenbush Middle River School District's 2019 Payable 2020 tax levy are:

- Early Sept. – Dept. of Education prepared and distributed first draft of levy limit worksheets
- Sept. 2019 – School Board approved “MAXIMUM” proposed levy amounts.
  - *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 16** – School Board Agenda item on Proposed levy and thereafter certify final Payable 2020 school tax levy amounts

# Proposed Levy Payable in 2020

## Greenbush Middle River Public Schools

### Comparison of Proposed Tax Levy Payable in 2020 to Actual Levy Payable in 2019

| FUND    Levy Category  | Actual Levy<br>Payable in 2019 | Proposed Levy<br>Payable in 2020 | Change              | Percent<br>Change |
|--|--------------------------------|----------------------------------|---------------------|-------------------|
| General Fund<br>Voter Approved Referendum<br>Board Approved Referendum<br>Equity<br>Operating Capital<br>Health & Safety (Long Term<br>Facilities Maintenance [LTFM]<br>Other Levies (eg: Safe Schools,<br>Career & Technical Ed. Levy)<br>Total, General Fund | \$ 357,876.23                  | \$261,310.74                     | -\$96,565.49        | -(26.98)%         |
| Community Service Fund<br>Basic Community Education<br>Early Childhood Family Education<br>Other Levies (eg: School Readiness)<br>Total Community Service Fund   | \$32,642.74                    | \$32,342.88\$                    | -\$299.86           | -\$0.92)%         |
| Debt Service Fund<br>Voter Approved Debt Service<br>Total, Debt Service Fund   | \$34,528.05                    | \$38,264.66                      | \$3,736.61          | \$10.82%          |
| <b>Total Levy, All Funds</b>   | <b>\$425,047.02</b>            | <b>\$331,918.28</b>              | <b>-(93,128.74)</b> | <b>-(21.91)%</b>  |

# FACTORS AFFECTING PROPOSED TAXES FOR GMR School District

**Total tax levy in 2020 is *decreasing -\$93,128.74* over the previous school tax levy payable in 2019.**

## **Factors Affecting school tax levy include:**

- Changes in total property valuation increased (or decreased) in the district (ie: Tax base)
- Change in individual property valuation
- Due to changes in K-12 enrollment
- Due to changes in state aid formula (aid calculations)  
eg: Long Term Facilities Maintenance
- Voter Approved Referendum in Nov. 2015
- Board Authorization up to \$300 per pupil per pupil (pp)
- Local Operating Revenue \$424 pp
- Refunding of previously issued Bonds in 2016 thereby reducing debt service levy

# Explanation of Levy Changes

- Category: Debt Service Levy
  - Total levy in this category increased by \$3,736.61 or 10.82% from Payable 2019
  - 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. School Districts are 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.



# FACTORS IMPACTING TAX CHANGE(S)

Reminder... the TOTAL School Tax levy payable in 2020 will be **21.91%** less than the previous year (2019). That does NOT mean everyone's taxes will go down **21.91%**. Taxes are based on various local factors and State tax classification(s)

- 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 2019  
Payable 2020 School Tax Levy?**