School Board Meeting: **August 28, 2017**

Subject: Levy Process and Timelines

Presenter: **Gary Kawlewski, Director**
Finance and Operations

SUGGESTED SCHOOL BOARD ACTION: None at this time-informational only

DESCRIPTION: The levy process for the 2017 Payable 2018 levy cycle remains largely the same as it was for 2016 Payable 2017. We will be required to adopt the proposed levy by September 30, 2017 and will do so at the September 25, 2017 board meeting.

As was the case the last several years, the Truth in Taxation meeting will be held as part of a regular board meeting and the final levy will be adopted at the same meeting. Currently, we are scheduled to host our Truth in Taxation meeting on December 11, 2017. We have notified both county auditors of this date for our Truth in Taxation hearing so we have met the September 30, 2017 notification deadline.

The five items that I am seeing right now as having the biggest impact on the levy this year are as follows:

1. The increased allowance for the third year of the Long-Term Facilities Maintenance Revenue program
2. The impact from the new School Building Bond Ag Credit
3. Continuation of the under levy in debt service
4. The savings from the OPEB bond refunding and the end of the tennis court lease levy
5. An overall increase in the equalized levy categories due to the increase in property values which results in less state aid and a higher local share

The Long-Term Facilities Maintenance revenue program (LTFM) generated revenue starting in fiscal year 2016-17. We are in the third year of this program and the formula allowance goes up one last time for fiscal year 2019 from $292 per pupil unit to $380 per pupil unit. This increased formula allowance could generate approximately $2.255 million for fiscal year 2019 in total. We generated $1.306 million for fy 2018 after the under levy amount of $354,000. Based on the changes in our debt service levies which include the OPEB bond refund, we will be able to add about $200,000 of additional LTFM revenue with no change in tax impact from last year and no reduction in state aid due to under levying. Any amount above the $200,000 would be split at about 45% state aid and 55% local levy. Full implementation would add about $497,000 to the levy. Our intent will be to bring in as much of the LTFM revenue as we can to fully maximize the state aid components but try to keep our tax burden as level as possible.

We will also seek, again, to under levy in the debt service fund to spend down the debt service fund balance and offset the levy increase as we move towards full implementation of the LTFM dollars. This mechanism is included in the LTFM numbers listed above.

We will see some increase in our levy total as a result of our property values having increased which results in less state aid and a higher local share.

As always, we will look to manage the tax impact to our taxpayers yet still try to maximize our revenue to provide the best educational programs and facilities for our students, staff and public.

We will, again, ask you to approve the "maximum" levy in September as has been the past practice. This allows the final levy corrections to be made by the Minnesota Department of Education that may not be done in time to approve the levy on September 25.

ATTACHMENT(S):

None