

**School Board Meeting:**

August 22, 2016

**Subject:**

Levy Process and Timelines

**Presenter:**

Gary Kawlewski

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

**DESCRIPTION:** The levy process for the 2016 Payable 2017 levy cycle remains largely the same as it was for 2015 Payable 2016. We will be required to adopt the proposed levy by September 30, 2016 and will do so at the September 26, 2016 board meeting. We will also need to notify both county auditors of the date for our Truth in Taxation hearing by September 30, 2016.

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 12, 2016.

The four 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 second year of the Long-Term Facilities Maintenance Revenue program
2. The alternative compensation (Q Comp/PPD) program catch up levy for the 2015-16 school year drops off in the amount of about \$380,000
3. Continuation of the under levy in debt service
4. 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. The first year of the levy began with the 2015 payable 2016 tax levy. This program replaced the health and safety program and the deferred maintenance revenue program both of which ended with the 2015-16 fiscal year. Now in its second year of levy, and based on preliminary calculations, the LTFM program is estimated to provide an additional \$1,008,000 for FY 2018 above what we levied for taxes payable in 2016. However, as you may recall, we under levied in LTFM revenue by \$350,000 for the 2015 pay 16 levy (2016-17 fiscal year) to implement the PPD program. The PPD program had a one-time catch-up levy for fiscal year 2015-16 in the amount of \$380,000 that will drop off the levy for the 2016 pay 2017 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. Currently, it is estimated that we will need to under levy in a similar amount to last year in order to offset the change in the PPD levy. However, this will still bring in an estimated \$658,000 in additional LTFM revenue for the 2017-18 fiscal year.

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.

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 26.

**ATTACHMENT(S):**

**None**