



# INDEPENDENT SCHOOL DISTRICT NO. 719

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## TRUTH IN TAXATION

Presented on  
Tuesday, December 4, 2007

# AGENDA

- The Truth in Taxation Process
- Basic School Funding
- Levy Certification 2007 pay 2008
- Factors Contributing to the Levy Increase
- Levy Certification History
- Graphical Analysis
- 07-08 Budget Summary





# TAX LEVY CALENDAR

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- August Set dates and location of levy hearings
  - September Certify Proposed Levy (1)
  - November County mails levy notices to property owners
  - December Public hearing on levy
  - December Certify final tax levy (2)
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- (1) Except for new voter approved tax levies, the final levy cannot exceed the proposed levy certified in September
  - (2) The certification of the levy is the culmination of a five month process which began the previous July

# CITY/COUNTY VS. SCHOOL DISTRICT LEVY/BUDGET CYCLE

	#	2007												2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A					
	A	E	A	P	A	U	U	E	C	O	E	A	E	A	P	A	U	U	E	C	O	E	A	E	A	P	A	U	U								
	N	B	R	R	Y	N	L	G	P	T	V	C	N	B	R	R	Y	N	L	G	P	T	V	C	N	B	R	R	Y	N	L	G					
<b>Legislation</b>	█																																				
<b>City/County Tax Levy Decision</b>																																					
<b>Collection of Levy</b>																																					
<b>Budget Year School District Tax Levy Decision</b>																																					
<b>Collection of Levy</b>																																					
<b>Budget Year</b>																																					



# AUTHORITY FOR SCHOOL LEVIES

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- A School District Tax Levy Must Be Either:
  - SET BY STATE FORMULA
    - OR
  - VOTER APPROVED



# FACTORS IMPACTING TAX CHANGE

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- Issues Driven by State Level Decisions
  - Change in levies determined by state formula
  - Change in sales ratio (Impacting ANTC)
  - Laws mandating code compliance (Health & Safety)
- Issues Determined by District Voters
  - Voter approved bond referendum
  - Voter approved excess levy referendum
- Local Factors (not under District control)
  - Inflationary pressure on real estate market
  - Abatements
  - Property improvements not previously taxed
  - Change in individual assessed market value
  - Possible change in classification (i.e.. homestead to rental)



# BASIC FORMULA FOR DETERMINING REVENUE

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- Formula Allowance x Pupil Units
  - +
  - Excess Levy Referendum
    - +
    - Categorical Items

# BASIC FORMULA FOR CALCULATING PROPERTY TAXES

- Adjusted Tax Capacity Base x State Tax Rate
  - +
    - Excess Levy Referendum
      - +
        - Categorical Levies





# BASIC FORMULA FOR CALCULATING STATE AID

- Authorized Total Revenue

- -

- Local Property Taxes

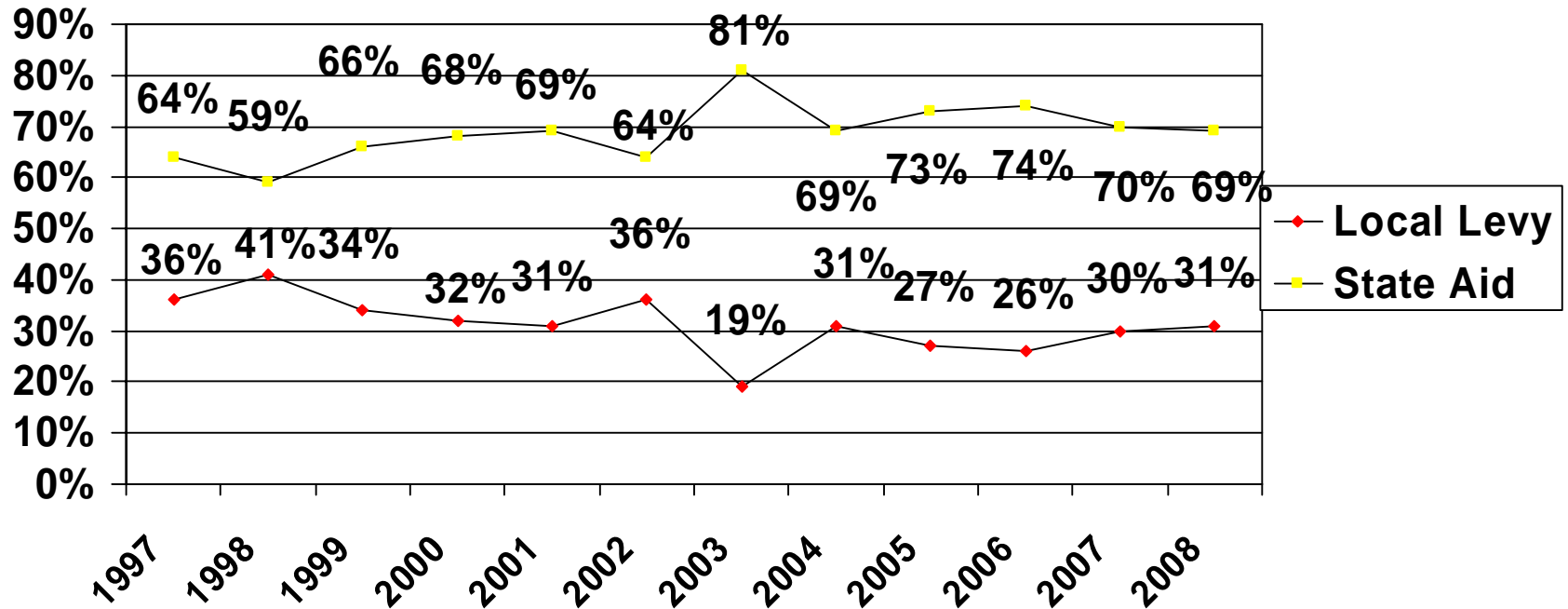
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- State Aid



# LOCAL LEVY VS. STATE AID

ISD 719 FY 97-08 Average Levy 31% State Aid 69%



# 07 Pay 08 Final Levy Certification

	Tax Levy By Year		Difference	Percent
	2007 (Actual)	2008 (Proposed)		
<b><u>School District Fund</u></b>				
<b><u>General Fund</u></b>				
Set by State Formula	\$1,854,584	\$2,021,294	\$166,710	8.99%
Voter Approved Levy	\$6,439,759	\$6,931,019	\$491,261	7.63%
Set by Local Board	\$779,268	\$702,667	(\$76,601)	-9.83%
<b>Total General Fund</b>	<b>9,073,610</b>	<b>9,654,980</b>	<b>581,370</b>	<b>6.41%</b>
<b><u>Community Service Fund</u></b>				
Set by State Formula	\$499,844	\$436,335	(\$63,510)	-12.71%
Set by Local Board	\$65,000	\$65,000	\$0	0.00%
<b>Total Community Svc. Fund</b>	<b>564,844</b>	<b>501,335</b>	<b>(63,510)</b>	<b>-11.24%</b>
<b><u>Debt Service Fund</u></b>				
Set by Local Board				
Voter Approved Bonds	\$12,248,662	\$13,451,543	\$1,202,881	9.82%
Reduction in Debt Excess	\$0	(\$200,000)	(\$200,000)	
<b>Total Debt Service Fund</b>	<b>\$12,248,662</b>	<b>\$13,251,543</b>	<b>\$1,002,881</b>	<b>8.19%</b>
<b>Property Tax Levy</b>	<b>\$21,887,117</b>	<b>\$23,407,858</b>	<b>\$1,520,741</b>	<b>6.95%</b>



# FACTORS CONTRIBUTING TO LEVY CHANGE

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- Adjusted Net Tax Capacity 11.5% inc.
- Referendum Market Value 13% inc.
- 2007 Legislative change of state/levy formula for:
  - Reduction in Early Childhood Family Education Levy-one year only
  - Career & Technical Formula Change
- Lease Levy Reduction due to decrease in leased properties



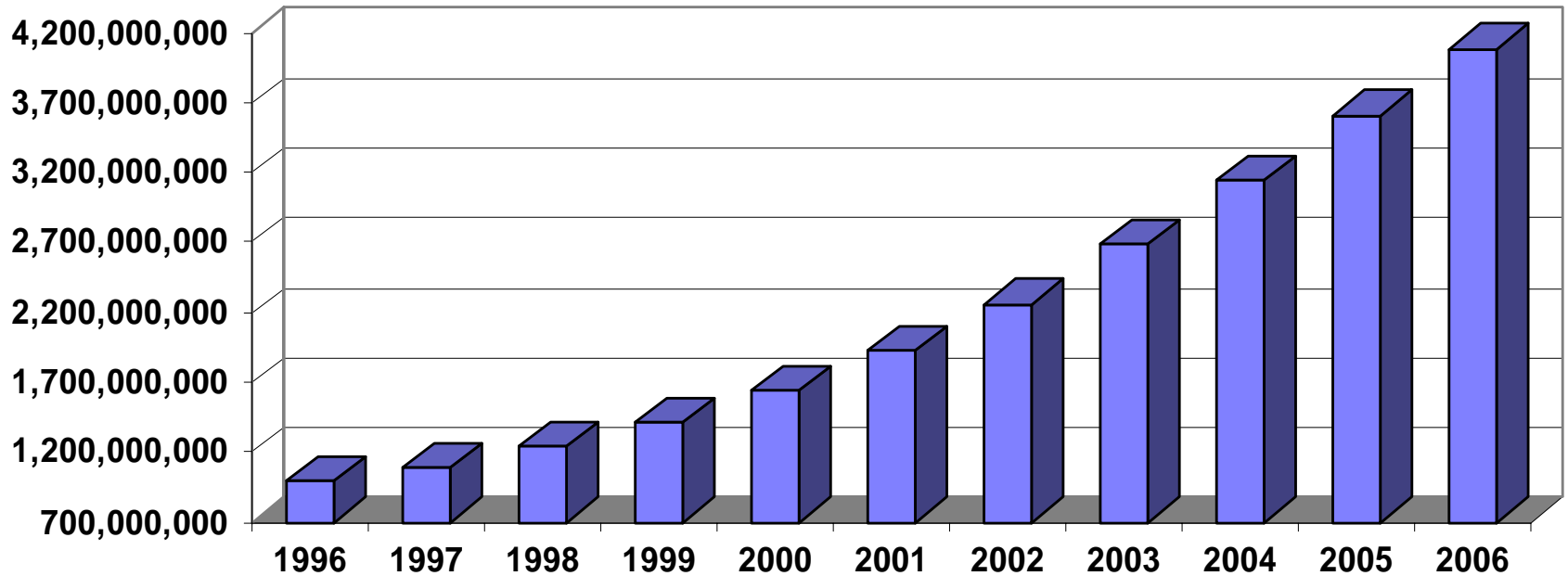
# What is included in the school district levy certification?

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- Voter Approved Referendums
  - levy and bond
- Levies set by state formula
  - equity, operating capital, transition, deferred maintenance, community service
- Levies authorized by the state based on local need
  - reemployment, crime, career & technical, health & safety, facility leases, integration and extended day disabled

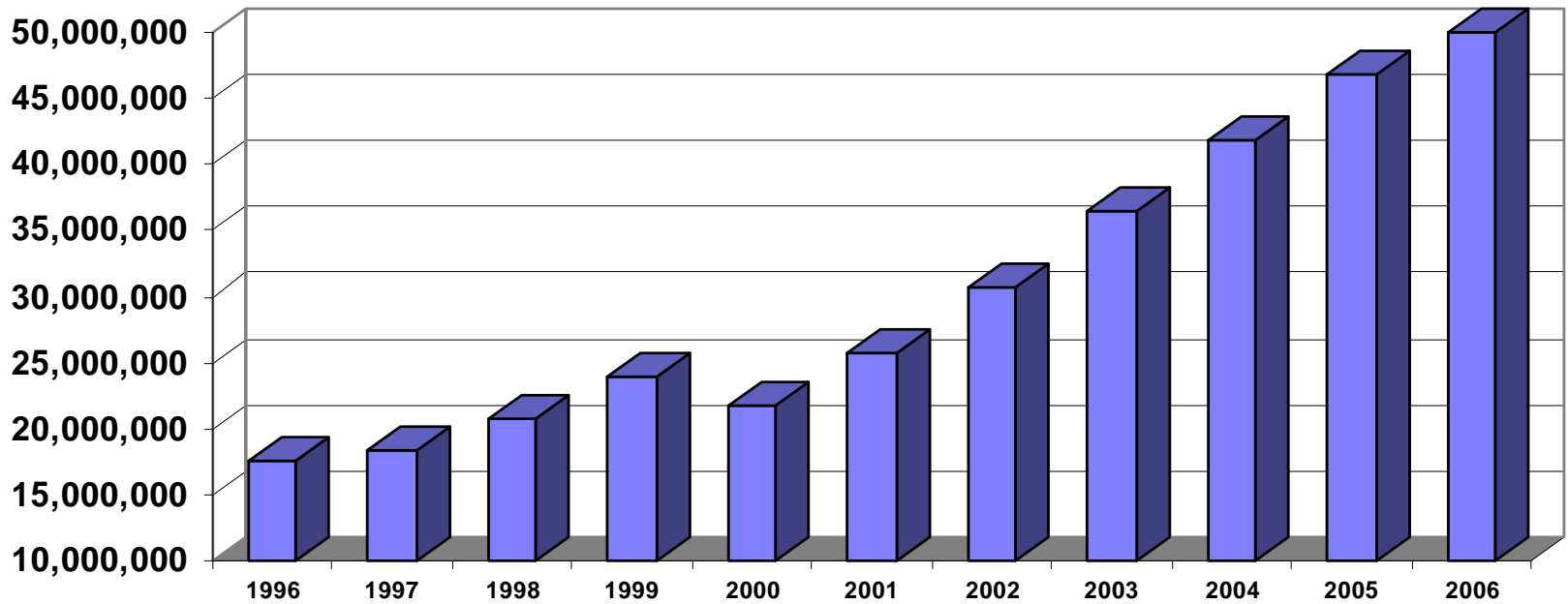
# REFERENDUM MARKET VALUE ANALYSIS

07 PAY 08 LEVY LIMITATION  
REFERENDUM MARKET VALUE ANALYSIS



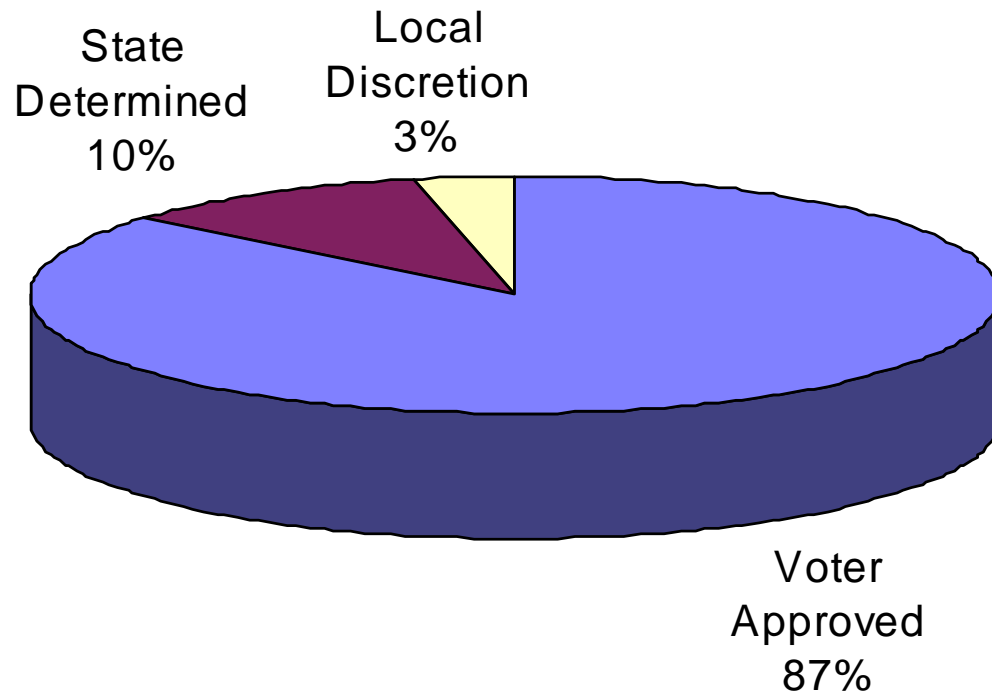
# ADJUSTED NET TAX CAPACITY ANALYSIS

**07 PAY 08 LEVY LIMITATION  
ADJUSTED NET TAX CAPACITY ANALYSIS**

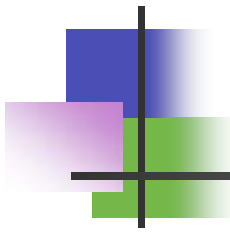


# LEVY LIMITATION ANALYSIS

## 07 PAY 08 LEVY LIMITATION ANALYSIS







# What steps have been taken to minimize local tax impact of the levy?

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- Reduction in leased facilities
- Requested reduction in debt service levy to the MN Department of Education
- Recommended reduction in extended day disabled levy
- Refinancing of 2000 Bonds