

#V.A.

**RUSH CITY SCHOOL DISTRICT #139**

**TRUTH IN TAXATION HEARING  
TAXES PAYABLE IN 2016**

**December 17, 2015**

**AGENDA**

- A. Property Tax Levy Process
- B. Schedule of Events
- C. Information on District Budget
- D. Information on the District's Proposed Tax Levy  
for Taxes Payable in 2016
- E. Public Comments
- F. Board Certification of Final Levy

## A. PROPERTY TAX LEVY PROCESS

- \* Every owner of taxable property pays property taxes for the various "taxing jurisdictions" (county, city or township, school district, special districts) in which the property is located
- \* Each taxing jurisdiction sets its own tax levy, often based on limits in state law.
- \* "Levy limits" (maximum levy amounts) for all categories are set either by: 1) State law or 2) Voter approval
- \* County sends out bills, collects taxes from property owners, and distributes funds back to each taxing jurisdiction.
  
- \* Key steps in the property tax process are summarized below. Any of these steps may affect the taxes on a parcel of property, but the district has control over one, step #6, of the 7 steps
  - #1 The **City or County Assessor** determines the estimated market value for each parcel of property in the county
  - #2 The **Legislature** sets the formulas for tax capacity (E.g. for homestead residential property, tax capacity=1% of first \$500,000 in value + 1.25% of value over \$500,000). These formulas determine the amount of taxes.
  - #3 The **County Auditor** calculates the tax capacity for each parcel of property in the county (based on values from step 1 and tax capacity formulas from step 2) as well as the total tax capacity for each school district.
  - #4 The **Legislature** sets the formulas which determine school district levy limits. These are the maximum amounts of taxes that school districts can levy in every category.
  - #5 The **Department of Education** calculates detailed levy limits for each district based on the formulas approved by the legislature in step #4. These limits tell districts the exact amounts that can be levied in every category.
  - #6 The **School Board** adopts a proposed levy in September, based on the limits set in step #5. After a public hearing, the board adopts a final levy in December. Final levy cannot be more than the proposed levy, except for amounts approved by voters.
  - #7 The **County Auditor** divides the final levy (determined by the school board in step #6) by the district's total tax capacity (determined in step #3) to determine the tax rate needed to raise the proper levy amount. The auditor multiplies this tax rate times each property's tax capacity, to determine the school tax for that property.

## **B. LEVY CALENDAR FOR PAYABLE IN 2016**

- \* **SCHEDULE OF EVENTS** in approval of District's 2016-2017 (Payable 2016) tax levy
- \* By September 8th - Department of Education prepares and distributes first draft of levy limit worksheets
- \* By September 30, 2015- School Board approves **PROPOSED** levy amounts
- \* Between November 11 and 24th - County sends out "Proposed Property Tax Statements".
- \* Thursday, December 17, 2015-School Board will certify **FINAL** 2016 levy amounts

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## **C. 2015-16 BUDGET**

- \* School District budgets are divided into separate funds, as required by law
- \* For our district there are 6 funds:
  - 1 Fund 01 - General fund (includes former transportation and capital expenditure funds)**
    - \*accounts for most daily operating expenses of district (90%)
  - 2 Fund 02 - Food service fund**
    - \*accounts for all expenses of the breakfast and lunch programs
  - 3 Fund 04 - Community service fund**
    - \*accounts for expenses of educational and recreational programs not part of the regular K-12 and special education programs. Such as: Early childhood family education, preschool program, programs for adults, recreational programs to include aquatic center and summer recreation program
  - 4 Fund 06 - Building Construction fund**
    - \*accounts for expenses of construction projects -no current projects
  - 5 Fund 07 - Debt service fund**
    - \*accounts for principal and interest payments on the district voter-approved bonds
  - 6 Fund 08 - Trust fund**
    - \*accounts for funds established to generate interest earnings to offset operating costs of aquatic center and scholarship accounts

**2015-2016 BUDGET:**

Expenditure Budget is limited by state-set revenue formulas, voter-approved levies, and fund balance, not just by levies

**Total Expenditures by Fund (salary and benefits)**

Salary and Benefits  
% Expenditures

	FUND NAME	ACTUAL FUND BALANCE June 30, 2015	Revenue 2015-16 Budget	Expenditure 2015-16 Budget	ESTIMATED FUND BALANCE June 30, 2016	Total Salary and Benefits	% of Total Budget
1	Fund 01 General	\$828,086	\$8,498,906	\$8,552,687	\$774,305	\$6,458,116	75.51%
2	Fund 02 Food Service	\$106,491	\$406,200	\$407,458	\$105,233	\$178,605	43.83%
3	Fund 04 Community Serv.	\$59,772	\$432,531	\$414,468	\$77,835	\$274,033	66.12%
4	<i>Operating Funds Total</i>	\$994,349	\$9,337,637	\$9,374,613	\$957,373	\$6,910,754	<b>73.72%</b>
5	Fund 06 Building Construction	\$0	\$0	\$0	\$0	N/A	N/A
6	Fund 07 Debt Redemption	\$307,267	\$1,354,056	\$1,358,815	\$302,508	N/A	N/A
7	Fund 08 Trust FD-Aquatic	\$513,100	\$9,000	\$4,000	\$518,100	N/A	N/A
8	Fund 08 Trust Fd-Scholarship	\$157,836	\$16,500	\$16,000	\$158,336	N/A	N/A
9	<b>TOTAL ALL FUNDS</b>	\$1,972,552	\$10,717,193	\$10,753,428	\$1,936,317	N/A	N/A

**Total Revenues by Source**

	FUND NAME	TOTAL Budget	Local Prop Tax and Levy S000-020	Sales/Misc Fees/Admiss S021-099;600-699	State Aid S200-399	Federal Aid S400-499	Other Local and County S500-599;700-999
10	Fund 01 General	\$8,498,906	\$712,159	\$550,550	\$7,079,077	\$127,120	\$30,000
11	PERCENTAGE TOTAL BUDGET		8.38%	6.48%	83.29%	1.50%	0.35%
12	Fund 02 Food Service	\$406,200	\$0	\$204,000	\$22,700	\$179,500	\$0
13	PERCENTAGE TOTAL BUDGET		0.00%	50.22%	5.59%	44.19%	0.00%
14	Fund 04 Community Serv.	\$432,531	\$59,777	\$282,879	\$67,375	\$0	\$22,500
15	PERCENTAGE TOTAL BUDGET		13.82%	65.40%	15.58%	0.00%	5.20%
18	Fund 07 Debt Redemption	\$1,354,056	\$1,259,755	\$2,000	\$92,301	\$0	\$0
19	PERCENTAGE TOTAL BUDGET		93.04%	0.15%	6.82%	0.00%	0.00%
20	Fund 08 Trust Fd-Aquatic	\$9,000	\$0	\$4,000	\$0	\$0	\$5,000
21	PERCENTAGE TOTAL BUDGET		0.00%	44.44%	0.00%	0.00%	55.56%
22	Fund 10 Trust Fd-Scholarship	\$16,500	\$0	\$16,500	\$0	\$0	\$0
23	PERCENTAGE TOTAL BUDGET		0.00%	100.00%	0.00%	0.00%	0.00%
24	<b>TOTAL ALL FUNDS</b>	\$10,717,193	\$2,031,691	\$1,059,929	\$7,261,453	\$306,620	\$57,500

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General Fund: General Ed Revenue is 66% of Total Revenue(\$5,948/932WADM) = \$5,543,536

RUSH CITY SCHOOL DISTRICT #139

TRUTH IN TAXATION HEARING FOR TAXES PAYABLE IN 2016

**D. PAYABLE 2016 PROPERTY TAXES LEVY FINAL LIMITATION  
RUSH CITY SCHOOL DISTRICT 139**

	A	B	C	D	E
	<b>FUND</b>	<b>FINAL CERTIFIED Dec 2014 14 PAY 15</b>	<b>PROPOSED Sept 17, 2015 15 PAY 16</b>	<b>FINAL LIMITATION 15 PAY 16 Dec. 2016</b>	<b>% CHANGE From PREV YEAR</b>
5	01-General/State Det & Other	\$717,508.86	\$811,763.61	\$811,741.50	13.13%
6	04-Community Service	\$60,727.22	\$60,010.65	\$60,010.65	-1.18%
7	07-Debt Redemption	\$1,279,254.91	\$1,284,671.61	\$1,226,410.63	-4.13%
11	<b>GRAND TOTAL LEVY</b>	<b>\$2,057,490.99</b>	<b>\$2,156,445.87</b>	<b>\$2,098,162.78</b>	<b>1.98%</b>
			<b>RECOMMEND TO CERTIFY MAXIMUM</b>	<b>FINAL To be adopted: December 17, 2015</b>	

\*\*Parcel Statements reflect %  
AFTER adjustments--credits, etc.

**NOTES:**

State of MN is paying general aid at 100%; general fund above consists of Operating Capital, Board referendum, Local Optional Revenue  
Long Term Facilities Maintenance, Equity, Career Technical, Safe Schools, Annual OPEB, prior year adjustments, abatements, etc.

**MEMO/INFORMATIONAL:**

YEAR	Sales Ratio	ANTC	WADM	Total Levy	% Incr. or Decr.
PAY 16 (16-17 Budget)	95.7%	14 ANTC 4,581,321	1030.07	\$2,098,162.78	1.98%
PAY 15 (15-16 Budget)	92.4%	13 ANTC 4,474,279	1040.36	\$2,057,490.99	12.37%
PAY 14 (14-15 Budget)	98.4%	12 ANTC 4,131,053	1027.55	\$1,830,999.08	3.18%
PAY 13 (13-14 Budget)	101.9%	11 ANTC 4,252,587	1017.01	\$1,774,646.94	-5.16%
PAY 12 (12-13 Budget)	103.9%	10 ANTC 4,499,990	1004.40	\$1,871,224.67	-8.08%
PAY 11 (11-12 Budget)	101.3%	09 ANTC 5,398,596	994.92	\$2,035,770.18	0.86%
PAY 10 (10-11 Budget)	95.3%	08 ANTC 5,965,348	1000.71	\$2,018,435.47	-1.82%
PAY 09 (09-10 Budget)	87.1%	07 ANTC 6,478,573	1041.94	\$2,055,824.40	0.99%
PAY 08 (08-09 Budget)	78.3%	06 ANTC 6,032,146	1062.43	\$2,035,751.45	3.07%
PAY 07 (07-08 Budget)	76.2%	05 ANTC 5,602,786	1089.60	\$1,975,051.08	9.23%
PAY 06 (06-07 Budget)	71.2%	04 ANTC 5,038,214	1103.41	\$1,808,176.67	17.29%
PAY 05 (05-06 Budget)	57.3%	03 ANTC 4,609,402	1207.38	\$1,541,693.16	6.11%
PAY 04 (04-05 Budget)	65.3%	02 ANTC 3,873,447	1199.33	\$1,452,953.00	6.73%
PAY 03 (03-04 Budget)	65.6%	01 ANTC 3,357,414	1178.89	\$1,361,273.06	N/A 47.56%
PAY 02 (02-03 Budget)	71.6%	00 ANTC 2,821,356	1166.32	\$922,504.90	N/A
PAY 01 (01-02 Budget)		99 ANTC 2,822,601	1156.53	\$1,682,277.39	0.13%
PAY 00 (00-01 Budget)		98 ANTC 2,527,698	1063.23	\$1,680,021.56	11.00%
PAY 99 (99-00 Budget)		97 ANTC 2,160,366	1069.68	\$1,513,550.82	-1.79%
PAY 98 (98-9 Budget)		96 ANTC 2,121,036	1065.92	\$1,541,097.70	5.14%
PAY 97 (97-8 Budget)		95 ANTC 2,174,002	1029.15	\$1,465,810.46	3.34%
PAY 96 (96-7 Budget)		94 ANTC 2,044,714	1024.61	\$1,418,427.67	

Gen ed aid shifted to 100% State

NOTE: ANTC = Adjusted Net Tax Capacity; WADM = Weighted Average Daily Membership

County spreads levy on NTC; State uses ANTC (NTC divided by Sales Ratio = ANTC)

**RUSH CITY SCHOOL DISTRICT #139**  
**D. DETAIL of Payable 2016 Property Taxes Proposed**

	CURRENT Year 2016 LEVY	Current Year 2016-17 STATE	Current Year 2016 TOTAL	Previous Year 2015 LEVY	Current Year 2015-16 STATE	Current Year 2015 TOTAL
<b>GENERAL FUND</b>						
BOARD APPROVED REFERENDUM	\$117,244.95	\$165,775.05	\$283,020.00	\$112,853.56	\$172,266.44	\$285,120.00
LOCAL OPTIONAL REVENUE	\$285,924.42	\$114,077.18	\$400,001.60	\$194,727.72	\$90,392.28	\$285,120.00
HEALTH & SAFETY	\$0.00		\$0.00	\$105,761.59		\$105,761.59
DEFER MAINTENANCE (new 2007)	\$0.00	\$0.00	\$0.00	\$35,606.54	\$9,508.68	\$45,115.22
LONG TERM FACILITIES MAINT.	\$69,084.92	\$71,165.77	\$140,250.69	\$0.00		
STUDENT ACHIEVEMENT zero by 18-19	\$13,743.96		\$13,743.96	\$14,765.12		\$14,765.12
OPERATING CAPITAL (new 2004)	\$67,153.33	\$136,677.67	\$203,831.00	\$66,333.57	\$137,973.92	\$204,307.49
REEMPLOYMENT	\$5,000.00		\$5,000.00	\$5,000.00		\$5,000.00
EQUITY FUNDING (new 2004)	\$97,106.41	\$38,743.19	\$135,849.60	\$93,469.31	\$43,388.29	\$136,857.60
SAFE SCHOOLS	\$33,962.40		\$33,962.40	\$34,214.40		\$34,214.40
CAREER TECHNICAL	\$11,548.05	\$6,813.55	\$18,361.60	\$10,171.68	\$8,189.92	\$18,361.60
Annual OPEB	\$46,648.00		\$46,648.00	\$58,574.00		\$58,574.00
LEASE LEVY-TIES&SCRED	\$12,654.53		\$12,654.53	\$12,376.33		\$12,376.33
ADJ-FY16 LOR	(\$4,637.28)		(\$4,637.28)	\$0.00		\$0.00
ADJ-Oper Capital	\$753.48		\$753.48	\$328.78		\$328.78
ADJ Board Appr Ref	(\$2,687.51)		(\$2,687.51)	(\$1,418.25)		(\$1,418.25)
ADJ-Safe Schools	(\$990.30)		(\$990.30)	\$1,037.40		\$1,037.40
ADJ-Career and Tech	(\$161.88)		(\$161.88)	\$0.00		\$0.00
ADJ- Health & Safety	\$60,476.00		\$60,476.00	\$0.00		\$0.00
ADJ- OPEB	\$0.00		\$0.00	(\$25,500.00)		(\$25,500.00)
ADJ- Reemployment	\$3,342.19		\$3,342.19	\$939.05		\$939.05
ADJ-Deferred Maintenance	(\$1,128.35)		(\$1,128.35)	(\$1,193.96)		(\$1,193.96)
ADJ- Other Adj	\$0.00		\$0.00	\$384.04		\$384.04
ADJ- Equity	(\$4,256.00)		(\$4,256.00)	(\$842.53)		(\$842.53)
ADJ-Abatement	\$960.18		\$960.18	(\$79.49)		(\$79.49)
<b>Total General Fund</b>	<b>\$811,741.50</b>	<b>\$533,252.41</b>	<b>\$1,344,993.91</b>	<b>\$717,508.86</b>	<b>\$461,719.53</b>	<b>\$1,179,228.39</b>
<b>COMMUNITY SERVICE FUND (New 2010 Census popul. From 5084 to 6,612 @ \$5.42)</b>						
BASIC COMMUNITY EDUCATION	\$42,449.04	\$0.00	\$42,449.04	\$42,058.22	\$390.82	\$42,449.04
EARLY CHILDHOOD FAMILY	\$15,573.28	\$31,870.32	\$47,443.60	\$16,861.99	\$28,735.41	\$45,597.40
HOME VISITING	\$544.00		\$544.00	\$544.00		\$544.00
ADULTS WITH DISABILITIES	\$1,422.00		\$1,422.00	\$1,422.00		\$1,422.00
ADJ-HomeVisiting	\$0.00		\$0.00	\$44.80		\$44.80
ADJ-Abatement	\$51.63		\$51.63	(\$14.54)		(\$14.54)
ADJ- ECFE	(\$29.30)		(\$29.30)	(\$189.25)		(\$189.25)
<b>Total Community Service Fund</b>	<b>\$60,010.65</b>	<b>\$31,870.32</b>	<b>\$91,880.97</b>	<b>\$60,727.22</b>	<b>\$29,126.23</b>	<b>\$89,853.45</b>
<b>DEBT SERVICE FUND</b>						
INITIAL DEBT SERVICE	\$1,307,348.44	\$56,272.04	\$1,363,620.48	\$1,349,821.80	\$74,833.95	\$1,424,655.75
Reduction for Debt Excess	(\$82,027.47)		(\$82,027.47)	(\$70,156.62)		(\$70,156.62)
ADJ-Abatement	\$1,089.66		\$1,089.66	(\$410.27)		(\$410.27)
<b>Total Debt Service Fund</b>	<b>\$1,226,410.63</b>	<b>\$56,272.04</b>	<b>\$1,282,682.67</b>	<b>\$1,279,254.91</b>	<b>\$74,833.95</b>	<b>\$1,354,088.86</b>

**GRAND TOTAL LEVY** **\$2,098,162.78** **\$2,057,490.99**

**History of Debt Service Levy and State Aid**

	Pay Needed	Levy	State Aid	% State
Pay 2016	\$1,417,190	\$1,360,918	\$56,272	3.97%
Pay 2015	\$1,424,656	\$1,349,821	\$74,833	5.25%
Pay 2014	\$1,420,957	\$1,308,278	\$112,678	7.93%
Pay 2013	\$1,452,458	\$1,303,987	\$126,100	8.68%
Pay 2012	\$1,511,816	\$1,403,633	\$108,182	7.16%
Pay 2011	\$1,557,141	\$1,511,161	\$45,980	2.95%
Pay 2010	\$1,552,311	\$1,552,311	\$0	0.00%
Pay 2009	\$1,557,246	\$1,557,246	\$0	0.00%
Pay 2008	\$1,561,419	\$1,561,420	\$0	0.00%
Pay 2007	\$1,599,644	\$1,528,484	\$71,160	4.45%
Pay 2006	\$1,526,496	\$1,398,887	\$127,609	8.36%
Pay 2005	\$1,550,104	\$1,290,749	\$259,355	16.73%
Pay 2004	\$1,443,037	\$1,177,557	\$265,480	18.40%
Pay 2003	\$1,517,604	\$1,093,148	\$424,456	27.97%



## **E. PUBLIC COMMENTS**