

WAYZATA PUBLIC SCHOOLS

Independent School District 284
Wayzata, Minnesota

BOARD OF EDUCATION

Special Meeting - September 25, 2017 - 4:00 PM
District Administration Building

AGENDA

- | | |
|---|----|
| 1. ROLL CALL | 3 |
| 2. BUSINESS AND FINANCE | |
| A. PAY 2018 Preliminary Levy <i>J. Westrum 30 minutes</i> | 4 |
| 3. ADJOURN | 13 |

WAYZATA PUBLIC SCHOOLS

Independent School District 284
Wayzata, Minnesota

MISSION

Our Core Purpose:

The mission of Wayzata Public Schools is to ensure a world-class education that prepares each and every student to thrive today and excel tomorrow in an ever-changing global society.

VISION

What We Intend to Create and Experience:

The vision of Wayzata Public Schools is to be a model of excellence where all students discover their unique talents, develop a love and tenacity for learning and demonstrate confidence and capacity for success through:

Exceptional Student Learning, Experiences and Relationships:

- High achievement by each and every student—no exceptions, no excuses;
- Content-rich, rigorous and personalized education;
- Meaningful relationships with teachers, staff, mentors and peers in a welcoming, nurturing and safe environment where all are valued for who they are and the contributions they make.

Community Trust, Confidence and Partnership:

- Comprehensive learning opportunities meeting diverse learner needs and community aspirations;
- Committed to being the first choice for students and families;
- Maintaining the highest levels of satisfaction and pride by staff, parents and community.

Operational Excellence:

- Attraction, development and retention of exemplary, creative and engaged employees;
- Accountability by all staff for individual and collective performance;
- Effective and efficient use of time and human, financial and physical resources;
- Culture of continuous improvement and responsive innovation;
- High performing district governance, management and partnerships.

WAYZATA PUBLIC SCHOOLS
Independent School District 284
Wayzata, Minnesota

BOARD OF EDUCATION
Special Meeting – September 25, 2017

AGENDA SECTION: 1. Call to Order

ITEM: Call to Order/Roll Call Attendance

COMMENTS BY: Chris McCullough, Board Chair

School Board Chair – Chris McCullough, will call the meeting to order. Board Clerk, Andrea Cuene, will call the roll.

	<u>Present</u>	<u>Absent</u>
Linda A. Cohen	_____	_____
Andrea Cuene	_____	_____
Sarah Johansen	_____	_____
Erik Brown	_____	_____
Chris McCullough	_____	_____
Bonita Lucky	_____	_____
Cheryl Polzin	_____	_____
Dr. Chace B. Anderson, Ex Officio	_____	_____

WAYZATA PUBLIC SCHOOLS
Independent School District 284
Wayzata, Minnesota

BOARD OF EDUCATION
Special Meeting – September 25, 2017

AGENDA SECTION: Business and Finance

ITEM: Pay 2018 Preliminary Levy

COMMENTS BY: Jim Westrum, Exec. Director of Finance and Business Services

Preliminary Levy Limitation and Certification -2017 Payable 2018

Minnesota Law requires school districts to certify their proposed property tax levy payable in 2018 to the county auditor on or before September 30, 2017. We have recently received the levy data from the Minnesota Department of Education and have analyzed the details. A summary written analysis of the proposed levy is included for your review. The Minnesota Department of Education is still in the process of making computer program changes and will be providing school districts with updated reports if any changes need to be made. While most components of the levy are materially accurate and complete, the Administration will be recommending that the Board levy a preliminary amount in all funds. If the Board approves the maximum allowed, the county auditor will automatically include any positive adjustments in the levy. Otherwise, the final levy amount cannot exceed the preliminary levy amount, except for some very limited exceptions.

This levy does not include the impact of voter approval of the referendum questions being presented to voters on November 7, 2017. A brief discussion of how approval of the referendum questions will be discussed at the work session.

The Citizens Financial Advisory Council and Administration recommend that the Board adopt this preliminary levy. The School Board will set the final levy certification amounts at its Regular Board meeting in December.

RECOMMENDED ACTION: Approve the Preliminary Levy Limitation and Certification for 2017 Payable 2018 at the "maximum" allowed by state statute.

Motion by: _____ ROLL CALL Passed _____

Second by: _____ Failed _____

Abstentions: _____



Jim Westrum, Executive Director of Finance & Business Services
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TO: Members of the Board of Education
Dr. Chace Anderson, Superintendent of Schools

FROM: Jim Westrum, Finance and Business

DATE: September 25, 2017

SUBJ: **Recommendation of the Payable 2018 Preliminary Tax Levy Certification to Finance a portion of the 2018-2019 School Year Operations**

We have received a draft “Levy Limitation and Certification” document from the State Department of Education. Based on this state authorization, we have enclosed several exhibits summarizing our preliminary levy for your consideration.

The school district’s payable 2018 preliminary tax levy must be certified by our school board by September 30, 2017. Therefore, it is necessary that we certify a preliminary tax levy at the special school board meeting scheduled for Monday, September 25, 2017. Typically once we have submitted our preliminary tax levy certification to the county auditor, it can be increased only with authorization from the Minnesota Department of Education. However, due to the November 7, 2017 referendums, the levy may also be changed to reflect the outcome of this year’s election. In addition, individual items may be decreased prior to final approval which is expected to occur in December 2017.

The district’s property tax levy is allocated to individual parcels of property in the district using formulas based upon Hennepin County’s assessed market value. Hennepin County’s preliminary estimate of the district’s total assessed market value has increased nearly another \$800 million from \$12.1 billion to almost \$13.0 billion. This represents a seven percent increase in market value and includes existing as well as new properties. It is important to note that there continues to be significant variations in changes associated with individual parcels of properties within the District’s eight cities. Thus, individual taxpayers will not see similar changes in their individual property’s market value and that directly translates into the variability of their school district property tax amounts. Preliminary review of a sample selection of properties has shown assessed valuations fluctuating from a minimal increase to double digit percent increases. We will have a sample of individual parcel estimates available prior to approval of the final levy scheduled in December.

As in prior years, the legislature often passes statutes that impact school districts and the formulas that drive a school district’s local property tax levy. These legislative changes combined with revenue formulas, student enrollment growth and individual taxpayer’s market value fluctuations add complexity to a school district’s local property tax levy. The purpose of this document will be to discuss the significant changes that have occurred in the Payable 2018 Preliminary Tax Levy and provide clarity to the school board and to the community.

PROPOSED SCHOOL TAX LEVY

The total preliminary levy for taxes payable in 2018 is \$63.1 million. This total levy amount represents an overall increase of \$2.2 million or 3.6% from the previous year, and includes principal and interest payments on the \$109.645 million of building bonds approved by voters in February 2014. It does not include any possible voter approved referendums that will be presented to voters on November 7, 2017.

We continue to be pleased to report that the tax impact of issuing the 2014 voter approved bonds continues to be less than the impact communicated to our public and translates into savings to our taxpayers for years to come.

The table below shows a comparison of the administration’s recommended preliminary levy payable in 2018 with the District’s final levy payable in 2017. While the levy detail is presented by fund, it is important to focus on the district’s **total** Payable 2018 levy when comparing to the **total** Payable 2017 levy.

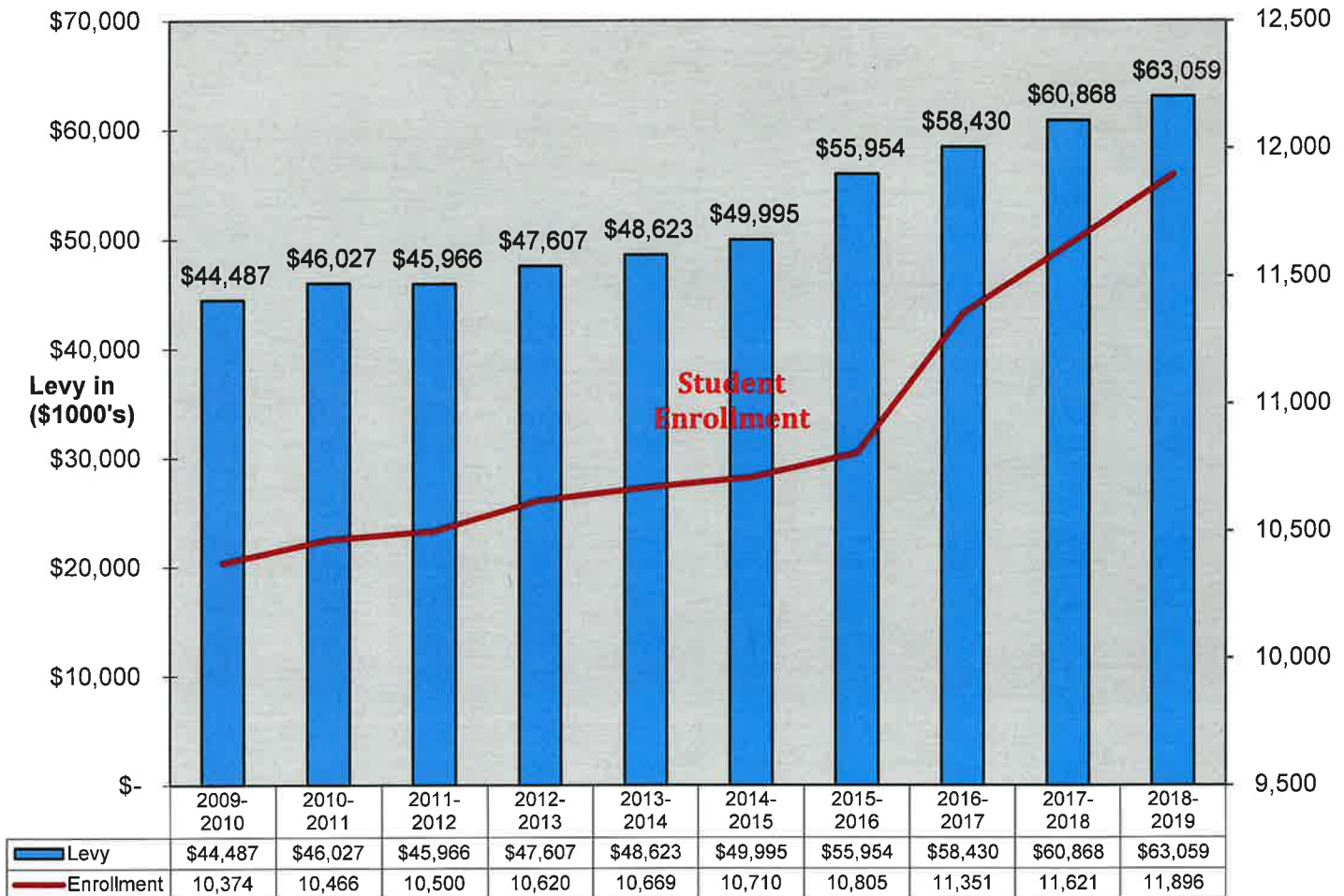
<u>FUND</u>	<u>PRELIMINARY 2018 LEVY</u>	<u>PAYABLE 2017 LEVY</u>	<u>CHANGE</u>	<u>PERCENT CHANGE</u>
General	\$ 52,943,622	\$ 51,468,035	\$ 1,475,587	2.87%
Community Service	\$ 1,225,989	\$ 1,004,745	\$ 221,244	22.02%
Debt Service	\$ 8,889,686	\$ 8,395,227	\$ 494,459	5.89%
Per Truth in Taxation Notice	<u>63,059,297</u>	<u>\$ 60,868,007</u>	<u>\$ 2,191,290</u>	<u>3.60%</u>

Much of the change in the District’s **total** Payable 2018 levy when compared to the prior year is due to legislative changes and growth in the District’s student enrollment. Voter approved operating referendum authority is calculated based upon the number of students times the per pupil authority. Resident student enrollment growth of 2.4% translates directly into an increase in the total operating referendum authority component of our property tax levy. As mentioned earlier in this document, the robust residential development occurring in the District helps to minimize the impact this increase may have on an individual taxpayer’s proportionate share of this increase.

It is also important to note that the District’s preliminary levy amount not only includes referendum authority for the 2018-19 school year, but levy adjustments for changes in final 2015-16 resident enrollment as well as changes in revised 2017-18 resident student enrollment. Thus, it is helpful to look at each of the funds for a detailed analysis of the components that make up each of the totals for each of the funds presented above. Discussion of those components will occur within this document.

The following chart shows the district's total levy history over the last decade.

Property Tax levy Historical Trends All funds



It is important to note that many of the formulas that drive the state's levy revenue calculations are directly correlated to student enrollment, a district's overall population, and a district's total property market value. As you can see from the chart above, the District has seen recent robust student enrollment growth of 2.4% and the overall population of the District has grown as well. Over the last five years, the District's total levy increase (excluding the voter approved bonds) has averaged in the 4% growth rate... similar to the student enrollment growth rate. With the district's robust residential construction growth in the northern part of the district, the corresponding tax capacity growth has served to minimize the individual taxpayer impact of most of the increases in levy components. While adding additional homes and properties within the district continue to reduce the tax burden of existing taxpayers, recent legislative changes on how local property taxes are allocated and variations in assessed valuations often make it difficult to quantify a direct correlation between the district's property tax levy and the amount of taxes that an individual property owner will pay.

Excellence. For each and every student.

The following pages provide a detailed analysis of the levy by fund.

GENERAL FUND

Exhibit I is a detailed analysis of the proposed levy recommendation for the General fund. Overall, the General fund levy increased by \$1.475 million or 2.87% and is largely attributed to an increase of 2.4% in student enrollment.

The largest component that increased in the District's general fund levy is the voter approved operating referendum revenue authority. \$892,828 of the increase is due to referendum authority attributed to growth in our student enrollment. In 2009, local voters approved an operating referendum that provides revenue to be used for class size reductions and other educational purposes. This voter approved operating referendum authority is calculated based upon the number of students and enrollment growth translates directly into an increase in the total operating referendum authority component of our property tax levy.

The District voters have also authorized an annual technology levy that has increased by \$460,940 to fund nearly \$7 million in annual technology expenses such as IPADS and technology access and support. This levy uses the tax capacity of the district to determine the annual levy amount.

The General fund levy also includes several other components that are primarily formula driven and have changed either due to changes in estimates, changes in enrollment or changes in the district's tax capacity.

For instance, voter approved operating referendum authority is calculated based upon the number of students times the per pupil authority. Projected student enrollment growth translates directly into an increase in the total operating referendum authority component of our property tax levy. It is also important to note that the district's preliminary levy amount not only includes referendum authority for the 2018-19 school year, but levy adjustments for changes in final 2015-2016 resident enrollment as well as changes in revised 2017-2018 resident student enrollment. Thus, a negative \$500,578 in the General fund levy reduces this year's levy as the authority from prior years' is adjusted to actual due to changes between estimated and actual student enrollment. Similar adjustments occur with other levy components as can be seen with the prior year adjustments amounts included in this analysis.

The District's administration pays close attention to the adjustments as large swings can have a large impact on the District's total levy. For instance, the large change in Abatements and other adjustments means that the Pay 2018 property taxes will decrease by \$928,041 without a corresponding change in the District's financial position. In addition, tax abatements will be recognized in the accounting records of the District when they are collected.

Overall, each individual component of the general fund levy has been reviewed for reasonableness and accuracy with the corresponding formula that drives its calculation. Nothing unusual was noted.

COMMUNITY SERVICES FUND

Exhibit II is a detailed analysis of the proposed levy recommendation for the Community Services fund.

These levies are based on statewide tax rates applied to all property in the State. Statewide revenue formulas continue to generate slight increases in revenue due to current and prior district population growth. The addition of all-day kindergarten programming has reduced the need and cost of providing school age care for students with disabilities and accounts for the majority of the \$304,431 negative adjustment to this levy from the prior year and the \$99,802 negative adjustment to this levy in the current year.

The school board passed a resolution at its June 2017 school board meeting that revised the District's total population estimate. The Community Services fund levy includes the updated population in its calculations.

DEBT SERVICE FUND

Exhibit III is a detailed analysis of the proposed levy recommendation for the Debt Service fund.

The district is required to levy 105% of scheduled principal and interest payments. The required levy includes the **current** required debt service amount.

Overall, while the Debt Service fund increased by 5.59%, the District's tax capacity increased by over 7%. This should minimize any tax impact of existing debt on current and future taxpayers.

SUMMARY

The proposed school tax levy represents the combined total impact, across all funds, of the legislated property tax program combined with the educational programming needs of the Wayzata Public Schools as they relate to our particular levy authority/capacity. As the state continues to refine the 39 pages of formulas that calculate this levy, it is important to note that minor changes may still occur. This year the state is allowing local school boards to simply approve a "MAXIMUM" preliminary levy certification to allow changes made until September 30th to be reflected in the parcel specific notices that will be mailed out this fall. We are recommending that the board approve the "Maximum" amount at this time. The board retains the option to reduce the amount subsequently adopted at the December 11, 2017 meeting.

TRUTH IN TAXATION LAW

Legislative Session Laws 2009 repealed the requirement to hold a truth in taxation hearing. The public will have the opportunity to speak to the board at the regular school board meeting December 11 2017 at 7:00 p.m.

If you have questions regarding the enclosed materials or desire additional information, please give me a call at any time at 763-745-5023.

Excellence. For each and every student.

Wayzata Public Schools
 Pay 2018 Analysis as of 9-15-17
 General Fund Levy -Proposed

Exhibit I

		PRELIMINARY Payable 2018 Amount	Payable 2017 Amount	Dollar Change	Percent Change
Referendum Levy Authority	*	\$ 19,882,181	\$ 18,989,353	\$ 892,828	4.70%
--- Prior year adjustments		(500,578)	(499,301)	(1,277)	0.26%
Local Optional (Location Equity)		5,561,438	5,421,349	140,090	2.58%
--- Prior year adjustments		(105,966)	(158,288)	52,322	-33.05%
Equity Revenue		1,238,371	1,129,980	108,391	9.59%
--- Prior year adjustments		75,934	(105,446)	181,380	-172.01%
Transition Revenue		15,478	15,088	390	2.58%
--- Prior year adjustments		(295)	(416)	121	-29.17%
Technology Levy	*	6,885,343	6,424,403	460,940	7.17%
Student Achievement (New GenEd)		-	194,386	(194,386)	-100.00%
Operating Capital		1,351,354	1,567,710	(216,356)	-13.80%
Alt Teacher Compensation (Q-comp)		1,063,396	1,019,520	43,876	4.30%
Achievement & Integration (new formula)		484,828	493,095	(8,267)	-1.68%
Reemployment (state unemployment)		25,000	25,000	-	0.00%
Safe Schools/Crime Levy		472,198	460,303	11,894	2.58%
-- Safe schools Intermediate 287		196,749	191,793	4,956	2.58%
Ice Arena		260,673	249,657	11,016	4.41%
Career Technical		506,890	488,903	17,987	3.68%
Alt Facilities/Deferred Maintenance		3,000,000	-	3,000,000	#DIV/0!
Long Term Facility Maintenance		9,808,382	12,481,028	(2,672,645)	-21.41%
Capital Facility Bonds	**	(601,493)	(600,228)	(1,265)	0.21%
Lease Levy		3,404,810	3,351,360	53,451	1.59%
Abatements		424,423	(93,760)	518,183	-552.67%
Other adjustments	***	(505,494)	422,547	(928,041)	-219.63%
GENERAL FUND TOTALS		<u>\$ 52,943,622</u>	<u>\$ 51,468,035</u>	<u>\$ 1,475,587</u>	<u>2.87%</u>

* These levy components represent voter approved revenue sources indexed for inflation or student growth.

** See corresponding addition in the Debt Service fund for capital facilities bonds

*** Includes many minor adjustments due to more current and accurate information.

Wayzata Public Schools
 Pay 2018 Analysis as of 9-15-17
 Community Service Fd - Proposed

Exhibit II

	PRELIMINARY			
	Payable 2018 Amount	Payable 2017 Amount	Dollar Change	Percent Change
Basic Levy	\$ 469,841	\$ 458,881	\$ 10,960	2.4%
Early Childhood Levy	461,267	454,872	6,395	1.4%
Home Visitation Levy	7,182	7,922	(741)	-9.3%
Adults with Disabilities	7,500	7,500	-	0.0%
School Age Care (before and after school for students w/disabilities	380,000	380,000	-	0.0%
Abatements and Prior year adjustments	(99,802)	(304,431)	204,629	
COMMUNITY SERVICE FUND TOTALS	\$ 1,225,989	\$ 1,004,745	\$ 221,244	22.02%

Wayzata Public Schools
 Pay 2018 Analysis as of 9-15-17
 Debt Service Fd Levy - Proposed

Exhibit III

	PRELIMINARY Payable 2018 Amount	Payable 2017 Amount	Dollar Change	Percent Change
Levy of 105% of Principal and Interest Debt Excess (Refund to taxpayers)	\$ 5,670,815 (307,069)	\$ 5,249,686 (139,391)	\$ 421,129 (167,678)	8.0%
Capital and Alternative Facilities Bonds Debt Excess (Refund to taxpayers)	3,562,959 (192,931)	3,381,047 (75,835)	181,912 (117,096)	5.4%
Abatements and Prior year adjustments	155,912	(20,280)	176,192	
DEBT SERVICE FUND TOTALS	<u>8,889,686</u>	<u>8,395,227</u>	<u>494,459</u>	<u>5.89%</u>

WAYZATA PUBLIC SCHOOLS
Independent School District 284
Wayzata, Minnesota

BOARD OF EDUCATION
Special Meeting – September 25, 2017

AGENDA SECTION: 3. Adjourn

ITEM: _____

COMMENTS BY: Chris McCullough, Board Chair

This agenda item brings closure to the school board meeting.

RECOMMENDED ACTION: Call the meeting to a close.

Motion by: _____ Yes _____ Passed _____

Second by: _____ No _____ Failed _____

Abstentions: _____

Time: _____