AGENDA

✓ Requirements
✓ Additional Content
✓ Referendum
✓ Sample Presentation

MN STATUTE 275.065, SUB 3

• Meeting must be after November 24
• Must be before Final Levy Certification
  - May be at the same meeting as Final Levy Certification
  - Deadline for 2019 is December 30th
• Meeting must be 6:00 p.m. or later
• Time & location of meeting, plus contact information, must be given to County Auditor prior to Tax Notices being sent out
At the Meeting, you must present:
- Current Year Budget Information
- Proposed Levy Information

The Public **must** be allowed to speak at the meeting
- Roberts Rules of Order may be used for Public Comment

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PRETTY SIMPLE, RIGHT?

Two slide presentation...
- Budget
- Levy

Let the Public Speak

*Don’t let it end there.....*

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USE THIS OPPORTUNITY TO TELL **YOUR** STORY

- Has your District received the MDE Finance Award?
  - **TELL THEM!!!**
- Have you received the ASBO Meritorious Budget Award?
  - **TELL THEM!!!**
- Taxes going up?
  - Why?
- Taxes going down?
  - Celebrate!!!
USE THIS OPPORTUNITY TO TELL YOUR STORY

- Help create the headlines for your local newspaper
- Solicit the help of your District’s Communication Team
- Use your website
- Use your District’s newsletter

✓ Clean Audit
✓ No Audit Findings (how many years?)
✓ Tax Base Growth/Decline
✓ Sales Ratio Growth/Decline
✓ Tax Comparisons to other Districts
✓ District’s Taxes over Time
✓ District’s Fund Balance over Time
SPECIAL ITEMS OF INTEREST

- Result and effect of an Operating Referendum
- Result and effect of a Technology Referendum
- Result and effect of a Bond Referendum

FINANCE 101

- Keep it VERY high level
- District receives revenue from State, Federal, and Local Sources
- Student Enrollment drives most Funding Formulas

FY20 Budgeted Revenues By Source

- State Aid: 71%
- Property Taxes: 18%
- Federal Aid: 6%
- Other: 0%
FINANCE 101

- Tax Base often determines how much each entity will fund
- Increase in local taxes does not always equate to increase in funds received by District
- Increase or Decrease in Tax Base affects how much each property owner pays

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INCREASING TAX BASE

### 2 Taxpayers

![Pie Chart for 2 Taxpayers]

- Taxpayer 1: 50%
- Taxpayer 2: 50%

### 4 Taxpayers

![Pie Chart for 4 Taxpayers]

- Taxpayer 1: 25%
- Taxpayer 2: 25%
- Taxpayer 3: 25%
- Taxpayer 4: 25%

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INCREASING TAX BASE

### Single Homeowner vs. Other Taxpayers

- **Current Tax Base**
  - Single Homeowner
  - Other Taxpayers

- **Increase in Tax Base**
  - Single Homeowner
  - Other Taxpayers
### Enrollments

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>1,750</td>
</tr>
<tr>
<td>2016-17</td>
<td>1,800</td>
</tr>
<tr>
<td>2017-18</td>
<td>1,850</td>
</tr>
<tr>
<td>2018-19</td>
<td>1,900</td>
</tr>
<tr>
<td>2019-20</td>
<td>1,950</td>
</tr>
<tr>
<td>2020-21</td>
<td>1,900</td>
</tr>
</tbody>
</table>

### Personalize It

- **Summer of 2019**
  - Wildwoods Development
    - 50 New Single Family Homes
  - Fox Hollow Development
    - 36 Unit Mix of Townhomes and Senior Living Apartments

### Market Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$600,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>$800,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>$1,000,000,000</td>
</tr>
<tr>
<td>2017</td>
<td>$1,200,000,000</td>
</tr>
<tr>
<td>2018</td>
<td>$914,281,100</td>
</tr>
<tr>
<td>2019</td>
<td>$1,020,891,835</td>
</tr>
<tr>
<td>2020</td>
<td>$1,074,186,900</td>
</tr>
<tr>
<td>2021</td>
<td>$1,102,419,800</td>
</tr>
<tr>
<td>2022</td>
<td>$1,147,783,300</td>
</tr>
</tbody>
</table>
PERSONALIZE IT

- Summer of 2019
  - Wildwoods Development
    - 50 New Single Family Homes
  - Fox Hollow Development
    - 36 Unit Mix of Townhomes and Senior Living Apartments
  - Fleet Farm Opened
  - New Caribou in Town!

SALES RATIO

- Sales Ratio

LOCAL TAX VS. STATE AID

- Some funding is all State Aid
  - Education Formula Allowance
    - $6,438 per pupil unit in FY20
    - $6,567 per pupil unit in FY21
  - Some funding is all Local Tax
  - Reemployment Insurance

- Some funding is a mix between the two
  - Capital Funding
LOCAL TAX VS. STATE AID

LOCAL TAX PERCENTAGE

• Legislature’s attempt at being fair with differences in communities’ ability to pay
• Function of total District’s property value per student

TOTAL REVENUE

<table>
<thead>
<tr>
<th></th>
<th>PAY 19</th>
<th>PAY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$1,439,249</td>
<td>$1,458,357</td>
</tr>
</tbody>
</table>

ADDITIONAL REVENUE

<table>
<thead>
<tr>
<th></th>
<th>PAY 19</th>
<th>PAY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Tax %</td>
<td>26%</td>
<td>29%</td>
</tr>
<tr>
<td>State Aid</td>
<td>$1,065,044</td>
<td>$1,035,433</td>
</tr>
</tbody>
</table>

LOCAL TAX

<table>
<thead>
<tr>
<th></th>
<th>PAY 19</th>
<th>PAY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Tax</td>
<td>$374,205</td>
<td>$422,924</td>
</tr>
<tr>
<td>Additional Local Tax</td>
<td>$48,719</td>
<td>$48,719</td>
</tr>
</tbody>
</table>

CAPITAL FUNDING

REFERENCE
PROPOSED TAX STATEMENT

- County must mail notices between November 10 and November 24
- Impacts of November Elections are NOT included on Proposed Tax Statement
- If there is an election, a notice will be on the Tax Statement saying Taxes may be higher than amount shown

ADDITIONAL CONTENT

PROPERTY TAX STATEMENT

"Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district’s voter approved property tax for 2019 may be higher than the proposed amount shown on this notice."
Voters Approved $275 Per Pupil Increase in Operating Referendum

- Projected Annual Increase of $57 on a $250,000 Home
- Agricultural Land valued at house, garage and 1 acre
- No tax impact for Seasonal Recreational property
- Not reflected on your Proposed Tax Statement
- Tax Calculator available on District's Website
  - www.spruceville.org

Referendum Market Value

NOVEMBER 5, 2019

Voters Approved $56,000,000 School Building Bonds (Juniper Middle School)

- Projected Annual Increase of $68 on a $250,000 Home
- Agricultural Property receives School Ag Credit
- Not reflected on your Proposed Tax Statement
- Tax Calculator available on District's Website
  - www.spruceville.org
SCHOOL BOND AGRICULTURAL CREDIT
State Aid Pays for a Percentage of School Taxes on Ag Land

- 40% for Taxes Payable in 2019
- 50% for Taxes Payable in 2020
- 55% for Taxes Payable in 2021
- 60% for Taxes Payable in 2022
- 70% for Taxes Payable in 2023 and thereafter

20 Year Debt Service With New Bonds

SPRUCEVILLE ISD 999
Truth in Taxation Presentation
December 9, 2019 | 6:30 PM
DISTRICT FINANCE STAFF

• Mary Elm – Director of Finance & Operations
• John Oak – Accountant
  o Received MDE School Finance Award for 8 Straight Years
  o Awarded the ASBO Meritorious Budget Award in 2018
  o Clean Audit Opinion by Independent Auditors for FY's 2007-2019

SCHOOL DISTRICT REQUIREMENTS

• Presentation of the current school year budget
• Presentation of the proposed tax levy
• Public comment must be allowed

LEY CALENDAR

June-July: District provides data to MDE
August: Set date and location of levy hearing
September: School Board certifies proposed levy
November: County mails levy notices
December: Public Hearing & Certify final tax levy
Our school district is required to use a “Fund Accounting” system, thus we account for our revenues and expenditures using five separate funds:

- General Fund *
- Food Service Fund
- Community Service Fund *
- Building Construction Fund
- Debt Service Fund *

* These Funds have a Tax Levy Component
### General Fund

<table>
<thead>
<tr>
<th>Levy Category</th>
<th>Actual Levy Payable in 2019</th>
<th>Proposed Levy Payable in 2020</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Optional Revenue</td>
<td>$347,017</td>
<td>$352,063</td>
<td>$5,046</td>
<td>1%</td>
</tr>
<tr>
<td>Bond Approval Referendum</td>
<td>$166,653</td>
<td>$173,108</td>
<td>$6,454</td>
<td>4%</td>
</tr>
<tr>
<td>Capital Project Referendum</td>
<td>$239,943</td>
<td>$253,639</td>
<td>$13,696</td>
<td>6%</td>
</tr>
<tr>
<td>Student Achievement</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>$124,058</td>
<td>$138,862</td>
<td>$8,804</td>
<td>7%</td>
</tr>
<tr>
<td>Achievement and Integration</td>
<td>$9,748</td>
<td>$9,445</td>
<td>-$303</td>
<td>-3%</td>
</tr>
<tr>
<td>Reemployment Inc.</td>
<td>$10,000</td>
<td>$16,000</td>
<td>$6,000</td>
<td>60%</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>$15,800</td>
<td>$0</td>
<td>-$15,800</td>
<td>-100%</td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Community Service Fund

<table>
<thead>
<tr>
<th>Levy Category</th>
<th>Actual Levy Payable in 2019</th>
<th>Proposed Levy Payable in 2020</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Community Education</td>
<td>$80,976</td>
<td>$80,976</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Early Childhood Family Education</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Special Education</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Early Learning</td>
<td>$35,878</td>
<td>$35,878</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Special needs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Adjustments for prior years</td>
<td>-$400</td>
<td>-$92</td>
<td>$308</td>
<td>-77%</td>
</tr>
</tbody>
</table>

### Debt Service Fund

<table>
<thead>
<tr>
<th>Levy Category</th>
<th>Actual Levy Payable in 2019</th>
<th>Proposed Levy Payable in 2020</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voter Approved Debt Service</td>
<td>$776,047</td>
<td>$776,047</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Excess Bond principal</td>
<td>$42,040</td>
<td>$42,040</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Debt Service Adjustment</td>
<td>$34,511</td>
<td>$34,511</td>
<td>$0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Total - Debt Service Fund                  $852,600 $852,600 $0 0%
### MAJOR CHANGES

**Additional Revenue due to Tax Base Growth**
- Capital Project Referendum $13,696

**Shift from State to Local due to Tax Base Growth**
- Operating Capital $8,768
  - $1,000 Additional dollars to District
  - 53% Local Burden in Pay 2016
  - 57% Local Burden in Pay 2017

**Prior Year Adjustments** $18,350

**Total of Major Changes** $71,196

**Total Increase** $84,787
TOTAL LEVY INCREASES BY 4.09%

However:
- Referendum Market Value Increases by 2.41%
- Net Tax Capacity Increases by 5.28%

If property valuation is the same from 2019 to 2020, the estimated impact is a decrease in school district taxes.

<table>
<thead>
<tr>
<th>Home Value</th>
<th>Tax Decrease</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>(2.63)</td>
<td>(0.92%)</td>
</tr>
<tr>
<td>$150,000</td>
<td>(3.77)</td>
<td>(0.81%)</td>
</tr>
<tr>
<td>$200,000</td>
<td>(4.91)</td>
<td>(0.76%)</td>
</tr>
<tr>
<td>$250,000</td>
<td>(6.04)</td>
<td>(0.74%)</td>
</tr>
</tbody>
</table>

Total School Property Taxes on a Home with a Market Value of $150,000 for Taxes Payable in 2019
Big Tree Conference Schools
Other factors that may affect your individual property tax statement include:

• Increase or decrease in assessed valuation
• New Elections
• Other taxing entities

Minnesota provides the potential for tax relief to Home Owners and Renters

Download forms and instructions at www.taxes.state.mn.us

RECOMMENDED LEVY CERTIFICATION AMOUNT

$12,456,791.87
PUBLIC COMMENT

CONTACT INFORMATION

STEVE PUMPER
spumper@pmanetwork.com
612-509-2565

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