



# EXPLANATION OF LEVY LIMITATION AND CERTIFICATION REPORT AND LEVY CERTIFICATION TIMELINES

2017 Payable 2018

September 8, 2017

## 1. INTRODUCTION

Review the 2017 Payable 2018 Levy Limitation and Certification Report (ED-00111-39) for your district. The reports were made available on or before September 8, 2017. This is a 39-page report that contains your district's levy limitations for certifying the proposed levies. This explanation will assist you in understanding the levy certification process and the report.

All school districts should certify a proposed levy to the home county auditor by September 30 (or by October 7 if the district has been granted an extension by the county auditor). However, due to September 30 and October 7 falling on a weekend, the information can be certified at the **beginning of business hours** on the following Monday.

## 2. LEVY CERTIFICATION TIMELINES

Levy certification timelines in effect for the 2017 Payable 2018 levy are as follows:

- a. On or before September 30, 2017, each school district must adopt a proposed 2017 Payable 2018 property tax levy and certify it to the county auditor. A copy of the proposed levies must be sent to the Minnesota Department of Education (MDE) by October 7, 2017 (**beginning of business hours** on October 9, 2017). Adoption of the proposed levy requires school board action.

**NO CHANGES IN LEVY LIMITATIONS OR LEVY DATA WILL BE ACCEPTED AFTER SEPTEMBER 30, 2017, EXCEPT AS PROVIDED IN PARAGRAPH (d) BELOW.**

- b. School districts are required to meet the Truth in Taxation requirements for levy year 2017, taxes payable 2018. School districts are no longer required to hold a separate Truth in Taxation hearing, but instead are required to discuss the payable 2018 levy and the current year (Fiscal Year (FY) 2018) budget at a regularly scheduled board meeting and allow the public to speak. All districts must have this discussion at a board meeting as there is no longer an exemption for districts whose levy is not increasing. The meeting must take place after November 24, 2017, but before the final levy is adopted (by December 27, 2017). The meeting must also take place at 6:00 p.m. or later. The district may adopt

the final levy at this same meeting. The date of this meeting must be announced at the board meeting when the proposed levy is adopted and published in the minutes of that meeting.

Review Payable 2018 Truth in Taxation instructions on the Department of Revenue website. There is also a link to this site on the levy section of the MDE website. Questions concerning the Truth in Taxation requirements or the public property tax levy meeting should be directed to Sarah Vanderwal at the Department of Revenue at 651-556-6826.

- c. The final property tax levy must be adopted by the school board and certified to the home county auditor on or before five working days after December 20 (December 27, 2017). The district must send a copy of the final certified levy to MDE, Division of School Finance, by the January 7, 2018 (**beginning of business hours** on January 8, 2018). Revised Levy Limitation and Certification Reports will be issued in mid-November for your use in certifying the final 2017 Payable 2018 property tax levy.
- d. Under Minnesota Statutes, section 275.065, subdivision 6, the district's final property tax levy must not exceed the proposed levy, except by an amount up to the sum of the following amounts:

- (i.) The amount of a referendum levy under Minnesota Statutes, section 126C.17, subdivision 9, or a capital projects referendum levy under Minnesota Statutes, section 123B.63, subdivision 3, approved by district voters after the proposed levy was certified.

Districts are required to provide written notice to the county auditor at least 53 days prior to every school district election held under Minnesota Statutes, section 126C.17 (operating referendum), section 475.58 (bond issue), section 123B.62 (facilities bonds), section 123B.63 (capital project referendum), or section 126C.69 (capital loan referendum). This same notice must also be provided to the commissioner of education at least 49 days prior to the election.

At least 15 days prior to the day of a referendum, the school district shall submit a copy of the required first-class mailing to the county auditor and to the commissioner of education.

- (ii.) The amount of a levy to pay principal and interest on bonds approved by the voters under Minnesota Statutes, section 475.58, after the proposed levy was certified. This allowance does not apply to bonds issued after the proposed levy was certified if the bonds were issued without voter approval in accordance with Minnesota Statutes, section 475.58.
- (iii.) The amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue, per section (ii) of the section below.
- (iv.) The amount of a levy to pay tort judgments against a district that became final after the proposed levy was certified, if the amount is approved by the commissioner of revenue, per section (i) of the section below.
- (v.) The amount of an increase in levy limits certified to the school district by the commissioner of education after the proposed levy is certified.
- (vi.) The amount necessary in accordance with Minnesota Statutes, section 126C.55, to pay for a potential default in payments on school district tax anticipation certificates of indebtedness, aid anticipation certificates of indebtedness or general obligation bonds.

Under Minnesota Statutes, section 275.065, subdivision 6(a), a school district may appeal to the commissioner of revenue for authorization to levy an amount over the amount of the proposed levy under paragraphs (iii) or (iv) above. The district must provide evidence satisfactory to the commissioner that it has incurred costs for the purposes specified. The commissioner may approve an increase in the district's levy of up to the amount of costs incurred or a lesser amount determined by the commissioner.

The commissioner's decision is final. An increase in the levy may be approved only if the following costs are incurred after the proposed levy is certified:

- i. The unreimbursed costs to satisfy judgments rendered against the district by a court of competent jurisdiction in a tort action excess of \$50,000 or 10 percent of the current year's proposed certified levy, whichever is less; or
- ii. Costs incurred in clean-up of a natural disaster.

Review the Levy Limitation and Certification Calendar for a more detailed outline of key dates for 2017 payable 2018 levy certification.

### 3. LEVY CERTIFICATION PROCESS

Districts are required to use the web-based Levy Certification System for certifying both the proposed levy and the final levy.

You should request access to the Levy Certification System now if you did not do this last year. You will also need to request an MDE user ID and password if you do not already have one.

Please review the initial levy limitation components to insure your district has received the maximum limitation amount to which it is entitled (see next section). If the maximum levy limitation for a levy component is based on an incorrect estimate, the district should contact the appropriate Division of School Finance person so that a revision to the levy limitation can be made. Certifying an under levy based on an incorrect levy limitation in a levy component may result in a reduction in state aid or an incorrect future levy adjustment.

If possible, it is recommended you enter and validate the proposed levy in the Levy Certification System prior to the school board meeting. This will give you an opportunity to review and fix any errors before the board actually certifies the levy. After the board meeting, update the certification data if any changes were made by the school board, and then "certify" the levy on the Levy Certification System. A report will then be available for your use in certifying the data to the home county auditor. The certification report must be signed by the school board clerk and delivered to the home county auditor no later than September 30, 2017 (**beginning of business hours** on October 2, 2017). A copy of the signed report must also be submitted to MDE, Division of School Finance, 1500 Highway 36 West, Roseville, MN 55113, or [daley.lehmann@state.mn.us](mailto:daley.lehmann@state.mn.us) and [MDE.Levy@state.mn.us](mailto:MDE.Levy@state.mn.us) no later than October 7, 2017 (**beginning of business hours** on October 9, 2017).

With the Levy Certification System, districts have the option to the levy maximum. For these districts, county auditors will be instructed to use the levy limitation certified to them by MDE after October 7, 2017. This certification to the county will include all revisions made, if any, to the maximum levy limitation from the date the district certified through October 7, 2017.

Districts may also choose to certify a specific dollar amount, whether the levy limit or an amount less than the levy limit. For these districts, county auditors will be instructed to use the lesser of the dollar amount certified by the district or the maximum levy limitation certified by MDE. If the maximum allowable levy is increased after the levy is certified by the school board, the board will need to recertify the levy by October 7, 2017 (**beginning**

of business hours on October 9, 2017), in order to levy the maximum allowable levy. When certifying the maximum for any component, do not dollar-round.

## 4. LEVY LIMITATION CALCULATIONS

The first 29 pages of the Levy Limitation and Certification Report provide general background information and shows how your district's levy limitations were calculated.

The calculations for the main levy types and their component limitations are arranged as follows:

### General Fund Initial Limitations:

Type of Levy	Page	Location on Page
General education revenue	2-8	Lines 101-340
Basic revenue	2	Lines 101-102
Declining enrollment revenue	2	Lines 103-105
Pension adjustment revenue	2	Lines 106-107
Gifted and talented revenue	2	Lines 108
Extended time revenue	2	Line 109
Compensatory revenue	2	Lines 110-113
English learner	2	Lines 114-123
Sparsity revenue	2-3	Lines 124-135
Small schools revenue	3	Lines 136-138
Transportation sparsity revenue	3	Lines 139-157
Operating capital revenue	3	Lines 159-163

<b>Type of Levy</b>	<b>Page</b>	<b>Location on Page</b>
Local Optional revenue	3	Lines 164-166
Referendum revenue	4-5	Lines 167-220
Equity revenue	5-6	Lines 221-243
Transition revenue	6	Lines 244-245
Student Achievement Levy & Initial Gen Ed Aid		Phased out in FY 2018
Operating capital aids and levies	6	Lines 246-249
Local Optional aids and levies	6	Lines 250-253
Equity aids and levies	6	Lines 254-255
Transition aids and levies	6	Lines 256-257
Referendum aids and levies	6-7	Lines 258-305
Referendum aid guarantee	7-8	Lines 306-331
Alternative attendance adjustment	8	Lines 332-337
General education revenue summary	8	Lines 338-340
Alternative teacher compensation revenue	8	Lines 341-348
Special education aid	8	Lines 349-353
Achievement and Integration revenue	8-9	Lines 354-369
Reemployment insurance levy	9	lines 370-371

<b>Type of Levy</b>	<b>Page</b>	<b>Location on Page</b>
Safe schools levy	9	lines 372-376
Judgment levy	9	lines 377-379
Ice arena levy	9	lines 380-381
Career and technical levy	9	lines 382-394
Annual other postemployment	9	lines 395-397
Nonpublic transportation aid	9	lines 398-406F
Long-Term Facilities Maintenance (LTFM)	9-11	lines 401-447
Initial LTFM revenue	9-10	lines 401-407
LTFM revenue for VPK	10	Lines 408-409
Health and safety (old law)	10	line 410
Alt facilities (old law)	10	lines 411-415
Deferred maintenance (old law)	10	lines 416-418
LTFM revenue	10	lines 419-436
Debt service portion of LTFM revenue	11	lines 437-441
General fund portion of LTFM revenue	11	lines 442-447
General fund adjustments:	16-23	lines 1001-1343

**Capital Related Levy Limitations:**

<b>Type of Levy</b>	<b>Page</b>	<b>Location on Page</b>
Disabled access	11	lines 448-456
Lease levy	11-12	lines 457-502
Initial capital related levies	12	lines 502-506
Other initial general	12	lines 507-519
Initial general fund levy	12	lines 520-525

**Community Education:**

<b>Type of Levy</b>	<b>Page</b>	<b>Location on Page</b>
Initial limitations	12-13	lines 601-634
Adjustments	24	lines 1401-1417

**General Debt Service:**

<b>Type of Levy</b>	<b>Page</b>	<b>Location on Page</b>
Initial limitations	13-16	lines 701-811
Adjustments	24	lines 1701-1710

**OPEB/Pension Debt Service:**

Type of Levy	Page	Location on Page
Initial limitation	16	lines 901-927
Adjustments	24	line 1901-1906

**Other Data:**

Type of Levy	Page	Location on Page
Tax capacity data	1	lines 1-35
Pupil data	1-2	lines 36-77
Abatement adjustments (for all types of levy)	24-25	lines 2001-2074

**Total Initial Levy Summary Before Offsetting Adjustments:**

Type of Levy	Page	Location on Page
Offsetting adjustments	25-27	lines 3001-3046
Levy after offsets	27	Lines 3500-3506

## **5. OFFSETTING ADJUSTMENTS**

Pages 26 and 27 show your district’s offsetting adjustments. These adjustments are used to ensure that the maximum levy limitation in each levy/fund category is not less than zero. Offsetting adjustments are calculated because county auditors cannot spread levies based on a negative tax rate. Offsetting adjustments essentially move the net negative from one levy/fund category to another category with a net positive balance.

Since offsetting adjustments are calculated for general and community service fund levy categories as a group, interfund transfers of levy revenue may be needed. Contact MDE for accounting instructions necessary to record levy revenues correctly. If there is not enough levy authority within the General and Community Service Funds,

or within the General Debt Service Fund, or within the OPEB/Pension Debt Service Fund, any negative balance shown on page 27, lines 3037 through 3040, will be carried forward to payable 2018.

**6. MAXIMUM EFFORT LOAN AID**

Maximum effort loan aid adjustments to school district levies are determined after the offsetting adjustments have been calculated.

Type of Levy	Page	Location on Page
Maximum effort loan aid adjustments	27	lines 3507-3518

**7. TACONITE REFERENDUM PAYMENT and ADJUSTMENTS**

Taconite adjustments to school district levies are determined after the offsetting adjustments have been calculated.

Type of Levy	Page	Location on Page
Taconite referendum payment and adjustments	27-28	lines 4001-4064

**8. REVENUE SUMMARY**

The revenue summary includes levies and state aids associated with levies. Because other state aids not associated with levies, federal aids, and other miscellaneous local revenues are not included, the amounts shown do not represent total school district revenue by fund. Also, if there are offsetting adjustments in one or more levy category, total school district revenue by fund will be over or understated by these offset amounts.

**Total revenue summary by fund:**

Type of Levy	Page	Location on Page
General	29	lines 5001-5010
Community service	29	lines 5011-5015

Type of Levy	Page	Location on Page
General debt service	29	lines 5016-5022
OPEB/pension debt service	29	lines 5023-5028
All funds	29	lines 5029-5033

## 9. LEVY LIMITATION SUMMARY

Page 30 compares the district's 2016 payable 2017 against the 2017 payable 2018 and also summarizes the district's 2017 payable 2018 levy limitations by levy category.

- General fund levies are subdivided into five categories: general referendum market value voter approved JOBZ exempt; general referendum market value other JOBZ exempt; general net tax capacity voter approved JOBZ exempt; general net tax capacity other general education (phased out in FY 2018); and general net tax capacity other JOBZ exempt.
- The community service fund has no separate category.
- The general debt service fund is subdivided into two categories: general debt service voter approved JOBZ non-exempt and general debt service other JOBZ non-exempt.
- The OPEB/pension debt service fund is subdivided into two categories: OPEB/pension debt service voter approved JOBZ non-exempt and OPEB/pension debt service other JOBZ non-exempt.

These divisions are needed to provide the detail required on the parcel specific Truth in Taxation notice. Please note that districts must certify an amount in each fund category on page 30 that is zero or greater than zero. County auditors cannot spread a levy based on a negative tax rate.

The proposed levy and certified levy data are not included at this time, but will be shown in versions of this report posted after the district certification deadlines.

Page 31 summarizes the district's 2017 payable 2018 levy limitation by levy category, school district fund, tax base and Truth in Taxation categories, and should match the amounts shown in the Levy Certification System. 2017 payable 2018 certified levy data is not included at this time, but will be shown in versions of this report posted after the district certification deadlines.

Pages 32 through 39 lists each individual levy component included in each levy category, with a line number referenced back to the computation of the specific levy authority. Please note the footnotes regarding the minimum limits and the amounts that must be levied to receive maximum aid.

## 10. ERRORS AND OMISSIONS

Your levy limitations were calculated using data from many sources. If your report lacks a limitation to which you are entitled, includes a limitation to which you are not entitled or contains other errors, contact the Daley Lehmann at the Division of School Finance at [daley.lehmann@state.mn.us](mailto:daley.lehmann@state.mn.us) and [mde.levy@state.mn.us](mailto:mde.levy@state.mn.us). If corrected reports are necessary, School Finance will provide them to the district and county auditor.

## 11. ABBREVIATIONS USED ON THE REPORT

A sequence line numbers and an abbreviated title identify data items on the report.

Example: (45) 2017-18 RES PU (EST)

The abbreviations and symbols used in the titles are defined as follows:

Abbreviation	Definition
>	Greater than
<	Less than
#	Number
X	Multiplication sign
/	Division sign
ABATE	Abatement
ACT	Actual
ADDL	Additional
ADJ	Adjusted or Adjustment
ADJUST	Adjustment

<b>Abbreviation</b>	<b>Definition</b>
ADM	Average Daily Membership
ADMIN	Administrative
AF	Alternative Facilities
ALLOW	Allowance
ALT	Alternative
AMCPU	Adjusted Marginal Cost Pupil Units
ANTC	Adjusted Net Tax Capacity
APPR	Approved
APU	Adjusted Pupil Unit
AUTH	Authority
AVE	Average
BAL	Balance
BLDG	Building
CAP	Capital
CERT	Certified
COM SER	Community Service
COMM	Commissioner

<b>Abbreviation</b>	<b>Definition</b>
COMM ED	Community Education
COMP	Compensation
CONT	Continued
CPI	Consumer Price Index
CUM	Cumulative
CY	Calendar Year
CY	Current Year (Applies to 2016 Payable 2017 levy or FY 2017)
DBT	Debt
DEF	Deferred
DEV	Development
DEVELOP	Development
DIST	Distance
DIST	District
DISTS	Districts
ECFE	Early Childhood Family Education
ECON	Economic
ED	Education

<b>Abbreviation</b>	<b>Definition</b>
EDUC	Education
EFF	Effort
EL	English Learner
ELEM	Elementary
ELG	Eligible
ELPU	English Learner Pupil Unit
EQC	Equalization
EQL	Equalization
EQP	Equipment
EQU	Equalization
EQUAL	Equalized
EQUAL	Equalization
EQUIP	Equipment
EST	Estimated
ETMCPU	Extended Time Marginal Cost Pupil Unit(s)
EXC	Excess
EXPEND	Expenditures

<b>Abbreviation</b>	<b>Definition</b>
EXT	Extended or Extended Time
FAC	Facilities
FACIL	Facilities
FTE	Full-Time Equivalent (Pupils Transported)
FY	Fiscal Year (e.g. (FY 2018 begins July 1, 2017 and ends June 30, 2018)
GDS	General Debt Service
GEN	General
GTR	Greater (or greatest) of
H&S	Health and Safety
HS	High School
INCL	Including
INCR	Increase
INELG	Ineligible
INS	INSURANCE
INTEG	Integration
INTERMED	Intermediate District
JOINT	Joint lease applying to two or more districts

<b>Abbreviation</b>	<b>Definition</b>
K-12	Kindergarten through 12 grade
LIMIT	Limitation
LSE	Lesser (or least) of
LTFM	Long-Term Facilities Maintenance
LY	Last Year (Applies to 2015 payable 2016 levy or FY 2016)
MAINT	Maintenance
MAX	Maximum
MCPU	Marginal Cost Pupil Unit(s)
MIN	Minimum
MPLS	Minneapolis
MS	Minnesota Statutes
NON-J	Non joint lease, applying to only one district
NTC	Net Tax Capacity
NY	Next Year (Applies 2017 payable 2018 levy or FY 2019)
OPEB	Other Postemployment Benefits
OPER	Operating
OTH	Other

<b>Abbreviation</b>	<b>Definition</b>
PAY	Payable
PEB	Other Postemployment Benefits Debt
PREKGN	Pre-kindergarten
PROG	Program
PROJ	Projects
PROP	Property
PU	Pupil Unit(s)
PYMT	Payment
REDEMPT	Redemption
REDUCT	Reduction
REEMPLOY	Reemployment
REF	Referendum
REFER	Referendum
REG	Regular
REPL	Replacement
REQ	Required
RES	Resident

<b>Abbreviation</b>	<b>Definition</b>
REV	Revenue
RMCPU	Resident Marginal Cost Pupil Unit(s)
RMV	Referendum Market Value
RPU	Residential Pupil Unit
RPYMT	Repayment
SCH	School
SERV	Service
SQ RT	Square Root
SRP	School Readiness Plus
SRV	Served
STP	St. Paul
STR	School Tax Report
T&E	Training and Experience
TAC	Taconite
TBRA	Tax Base Replacement Aid
TCHR	Teacher
TECH	Technical

<b>Abbreviation</b>	<b>Definition</b>
TIES	Technology and Information Educational Services
TIF	Tax Increment Financing
TWP	Township
TY	This Year (Applies to 2016 payable 2017 levy or FY 2017)
UFARS	Uniform Financial Accounting and Reporting System
UNEQL	Unequalized
UNEQUAL	Unequalized
VAR	Variance
VPK	Voluntary Pre-kindergarten
VTR	Voter
W/	With
W/O	Without
WADM	Weighted Average Daily Membership