



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

**2013 Payable 2014  
September 12, 2013**

### **1. INTRODUCTION**

Review the 2013 Payable 2014 Levy Limitation and Certification Report (ED-00111-35) for your district. The reports were made available September 9, 2013. Access your district's report by selecting the first letter of your district's name, select your district and then select View Reports Last Week or Last Month. This is a 34-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.

### **2. LEVY CERTIFICATION TIMELINES**

Levy certification timelines in effect for the 2013 Payable 2014 levy are as follows:

- a. On or before September 30, 2013, each school district must adopt a proposed 2013 Payable 2014 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, 2013. Adoption of the proposed levy requires school board action.

#### **NO CHANGES IN LEVY LIMITATIONS OR LEVY DATA WILL BE ACCEPTED AFTER SEPTEMBER 30, 2013, EXCEPT AS PROVIDED IN PARAGRAPH (d) BELOW.**

- b. School districts are required to meet the Truth in Taxation requirements for levy year 2013, taxes payable 2014. School districts are no longer required to hold a separate Truth in Taxation hearing, but instead are required to discuss the payable 2014 levy and the current year (FY 2014) 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, 2013, but before the final levy is adopted. 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 2014 Truth in Taxation instructions on the [Department of Revenue website](http://taxes.state.mn.us) (taxes.state.mn.us). 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 Kristie Strum at the Department of Revenue, 651-556-6074 or [kristie.strum@state.mn.us](mailto:kristie.strum@state.mn.us).

- 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 30, 2013). The district must send a copy of the final certified levy to MDE, Division of School Finance, by January 7, 2014. Revised Levy Limitation and Certification Reports will be issued in mid-November for your use in certifying the final 2013 Payable 2014 property tax levy.
- d. Pursuant to 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 next section.

(iv) the amount of a levy to pay tort judgments against a district that become final after the proposed levy was certified, if the amount is approved by the Commissioner of Revenue per section (i) 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.

Pursuant to 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 2013 Payable 2014 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. In the past, the forms for certifying the levy were including as part of the Levy Limitation and Certification Report.

The system will not be available for district input until after September 9, 2013, but 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 don't already have one. There is a link to the system from the instructions document.

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 Division of School Finance 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.

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 October 1, 2013. A copy of the signed report must also be submitted to MDE, Division of School Finance, 1500 Highway 36 West, Roseville, MN 55113, no later than October 7, 2013.

With the Levy Certification System, districts still have the option to levy maximum. For these districts, county auditors will be instructed to use the levy limitation certified to them by MDE after October 7, 2013. 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 2013.

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 before October 7, 2013, 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 20 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:

<u>TYPE OF LEVY</u>	<u>PAGE</u>	<u>LOCATION ON PAGE</u>
<b>General Fund Initial Limitations:</b>		
General education revenue	2-9	lines 101-358
Basic revenue	2	lines 101-102
Gifted and talented revenue	2	line 111
Extended time revenue	2	line 112
Basic skills revenue	2	lines 115-124
Sparsity revenue	3	lines 125-136
Small schools revenue	3	lines 137-139
Transportation sparsity revenue	3	lines 140-146
Operating capital revenue	3	lines 148-152
Referendum revenue	3-4	lines 153-190
Equity revenue	5	lines 191-213
Location Equity	5	lines 214-218
Transition revenue	5	lines 218-225
School Achievement Levy & Initial Gen Ed Aid	5	lines 226-229
Operating capital aids and levies	5	lines 230-233
Equity aids and levies	5	lines 234-237
Location Equity aids and levies	6	lines 238-239
Transition aids and levies	6	lines 240-241
Referendum aids and levies	6-7	lines 242-286
Referendum aid guarantee	7-8	lines 287-352
Alternative attendance adjustment	8	lines 352-357
General education revenue summary	9	lines 357-360
Alternative teacher compensation revenue	9	lines 361-368
Special education aid	9	lines 369-373
Integration and achievement revenue	9	lines 374-391
Reemployment insurance levy	10	lines 392-393
Safe schools levy	10	lines 394-398
Judgment levy	10	lines 399-401
Ice arena levy	10	lines 402-403
Career and technical levy	10	lines 404-419
Annual other postemployment (OPEB) levy	10	lines 420-422
Nonpublic transportation aid	10	lines 423-431

**Capital Related Levy Limitations:**

Health and safety revenue	10-11	lines 432-446
Alternative facilities revenue	11	lines 447-455
Health and safety aids and levies	11-12	lines 456-460
Alternative facilities aids and levies	11	lines 461-464
Deferred maintenance	11	lines 465-471
Disabled access	11	lines 472-480
Lease levy	11-12	lines 481-525
Initial capital related	12	lines 526-529
Other Initial General	12	lines 530-542
Initial General Fund Levy	12	lines 543-547
General Fund Adjustments	16-21	lines 1001-1311

**Community Education:**

Initial limitations	12-13	lines 601-629
Adjustments	21-22	lines 1401-1419

**General Debt Service:**

Initial limitations	13-15	lines 701-795
Adjustments	22	lines 1701-1706

**OPEB/Pension Debt Service:**

Initial limitations	15-16	lines 901-926
Adjustments	22	line 1901-1906

**Other Data:**

Tax capacity data	1	lines 1-34
Pupil data	1-2	lines 35-79
Abatement adjustments: (for all types of levy)	20-23	lines 2001-2074

**Total Initial Levy Summary before**

Offsetting Adjustments	22-24	lines 3001-3040
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**5. OFFSETTING ADJUSTMENTS**

Pages 22 and 24 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 the 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 25, lines 3037 through 3040, will be carried forward to pay 2015.

<u>PAGE</u>	<u>LOCATION</u>	<u>ON PAGE</u>
Offsetting Adjustments	23–25	lines 3001–3040

## **6. TACONITE REFERENDUM PAYMENT and ADJUSTMENTS**

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

<u>PAGE</u>	<u>LOCATION</u>	<u>ON PAGE</u>
Taconite referendum payment and adjustments	22–23lines	4001 - 4061

## **7. 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.

<u>PAGE</u>	<u>LOCATION</u>	<u>ON PAGE</u>
<b>Total revenue summary by fund:</b>		
General	26	lines 5001-5005
Community service	26	lines 5006
General debt service	26	lines 5007-5009
OPEB/pension debt service	26	lines 5010-5012

## **8. LEVY LIMITATION SUMMARY**

Page 26 summarizes the district's 2013 Payable 2014 levy limitations by levy category. General fund levies are subdivided into four categories: general referendum market value voter approved JOBZ exempt; general referendum market value other JOBZ exempt; general net tax capacity voter approved JOBZ exempt; and general net tax capacity other JOBZ exempt. 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 27 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 28 summarizes the district's 2013 Payable 2014 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. 2013 Payable 2014 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 29 through 34 lists each individual levy component included in each levy category, with a line number reference 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.

## **9. 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 Division of School Finance at [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.

## **10. ABBREVIATIONS USED ON THE REPORT**

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

Example: (43) 2012-13 RES PU (EST)

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

> Greater than

< Less than

# Number

X

/

ABATE

Multiplication sign

Division sign

Abatement

ACT Actual

ADDL Additional

ADJ

ADJ

ADJUST

ADM

ADMIN

Adjusted

Adjustment

Adjustment

Average Daily Membership

Administrative

AF Alternative Facilities

ALLOW Allowance

ALT Alternative

ANTC

AMCPU

APPR

AUTH

ADM

AVE

BAL

Adjusted Net Tax Capacity

Adjusted Marginal Cost Pupil Units

Approved

Authority

Average Daily Membership

Average

Balance

BLDG

CAP

CERT

Building

Capital

Certified

COM SER

COMM

Community Service

Commissioner

COMM ED

COMP

CONT

Community Education

Compensation

Continued

CPI Consumer Price Index

CY Calendar Year

CY

CUM

Current Year (Applies to 2013 Payable 2014 levy or FY 2014)

Cumulative

DBT

Debt

DEF

Deferred

DEV

Development

DEVELOP

Development

DIST

Distance

DIST

District

DISTS

Districts

ECFE

Early Childhood Family Education

ECON

Economic

ED

Education

EDUC

Education

EFF

Effort

ELEM

Elementary

ELG

Eligible

EQL

Equalization

EQP

Equipment

EQU

Equalization

EQUAL

Equalized

EQUAL

Equalization

EQUIP

Equipment

EST

Estimated

ETMCPU

Extended Time Marginal Cost Pupil Unit(s)

EXPEND

Expenditures

EXC

Excess

EXT

Extended

EXT

Extended Time

FAC

Facilities

FACIL

Facilities

FTE

Full-Time Equivalent (Pupils Transported)

FY

Fiscal Year (e.g. (FY 2014 begins July 1, 2013 and ends June 30, 2014)

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

K-12

Kindergarten through 12th grade

LEP

Limited English Proficiency

LIMIT

Limitation

LSE

Lesser (or least) of

LY

Last Year (Applies to 2012 Payable 2013 levy or FY 2013)

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 2014 Payable 2015 levy or FY 2015)

OPEB

Other Postemployment Benefits

OPER

Operating

OTH

Other

PAY

Payable

PREKGN

PreKindergarten

PROG

Program

PROJ

Projects

PROP

Property

PU

Pupil Unit(s)

PYMT

Payment

REDEMPT

Redemption

REDUCT

Reduction

REEMPLOY

Reemployment

REF

Referendum

REFER

Referendum

REG

Regular

REQ

Required

RES

Resident

REPL

Replacement

REV

Revenue

RMV

Referendum Market Value

RMCPU

Resident Marginal Cost Pupil Unit(s)

RPYMT

Repayment

SCH

School

SERV

Service

SQ RT

Square Root

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

TIES

Technology and Information Educational Services

TIF

Tax Increment Financing

TRN & EXP

Training and Experience

TWP

Township

TY

This Year (Applies to 2013 Payable 2014 levy or FY 2014)

UFARS

Uniform Financial Accounting & Reporting System

UNEQL

Unequalized

UNEQUAL

Unequalized

VAR

Variance

VTR

Voter

W/

With

W/O

Without

WADM

Weighted Average Daily Membership