Minnesota Department of Education

M E M O R A N D U M

To: School District Superintendents
School District Business Managers

From: Tom Melcher, Director
Division of School Finance

Date: November 29, 2012

Subject: **Final 2012 Payable 2013 Levy Limitation and Certification Report**

The final version of the 2012 Payable 2013 Levy Limitation and Certification Report (ED-00111-34) for each school district has been posted to the Minnesota Department of Education (MDE) website – Select Data Center > Data Reports and Analytics > Minnesota Funding Reports (MFR).

Districts are required to discuss this levy and the current year budget at a regularly scheduled board meeting and allow the public to speak. There is no longer an exemption from this hearing based upon the amount of increase in the district's levy from the prior year. The final levy may be adopted at this same board meeting or a later board meeting. **The school board must adopt the final property tax levies no later than five working days after December 20 (effectively December 28).**

Truth in Taxation hearing requirements are outlined in the School District Levy Limitation and Certification Calendar (view calendar). Additional detailed Payable 2013 Truth in Taxation Instructions are available on the Department of Revenue website (view Truth in Taxation information).

The final property tax levy must be certified as a specific dollar amount and the board minutes should reflect the amount certified. The option to certify maximum applies only to the proposed levy.

Submit your final certified levy to MDE using the web-based Levy Certification System. Complete the following steps prior to the school board meeting:

- Access to the Levy Certification System from the Data Submissions web page.
- Sign on using your SERVS user ID and password. If you are new to the system, use the options on the bottom section of the web page to create a user ID/password and request access to the Levy Certification System.
- Verify levy limits are correct.
- Enter any under levies being recommended to the school board by selecting the related levy category on the left navigation bar. Update the appropriate amount in the certified column and click save. Clear any fatal errors and review/clear any warning errors.
- Select Validate/Certify on the left navigation bar. Review certified levy data to assure under levies have been properly updated.
- Select Validate. Clear any fatal errors and review/clear any warning errors.

After the school board meeting, return to the Levy Certification System and complete the following steps:

- Verify levy limits are correct.
- Enter any under levy changes approved by the school board.
- Select Validate/Certify on the left navigation bar. Review levy limits and certified levy data to assure any under levies have been properly updated.
- Select Validate. Clear any fatal errors and review/clear any warning errors.
- Select Certify.
- On the left navigation bar, select Print Report. **Send the signed report to the home county auditor by December 28, 2012. Also send a copy of the signed report to MDE.**

More detailed instructions for the Levy Certification System are available by selecting help on the left navigation bar. Pages 10-11 relate specifically to certifying the final levy.

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:

1. 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;

2. Levy to pay principal and interest on bonds approved by the voters under Minnesota Statutes, section 475.58, after the proposed levy was certified;

3. Levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if the amount is approved by the commissioner of Revenue;

4. 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;

5. Increase in levy limits certified to the school district by the commissioner of Revenue or the Commissioner of Education after the proposed levy is certified under Minnesota Statutes, section 275.065, subdivision 6a; and

6. Levy 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.

Levy limitations shown on this report may have been revised for one or more of the above changes since the proposed levy was certified. If revisions which result in an increase in levy authority have been made for your school district in areas other than new operating or bond referendums, additional letters will be mailed to you and your county auditor authorizing the increase.

For districts newly applying for the Alternative Teacher Compensation (Q Comp) program for FY 2014, the proposed levy authority was granted based upon the letter of intent submitted. However, final levy authority will be authorized only for districts submitting complete Q Comp application materials prior to final levy certification in December. The Q Comp levy authority has been tentatively removed for all districts newly applying for Q Comp that have not already submitted a completed application for FY 2014.

- For districts submitting a complete Q Comp application before the December 28, 2012 final levy certification deadline, a revised Levy Limitation and Certification Report will be issued to include the Q Comp levy, if the district had Q Comp levy authority for the proposed levy. The application need not be approved before certifying the final levy. For questions or clarifications regarding a 'complete' Q Comp application, please contact Kristie Anderson.

- If the application is submitted after the district has certified its final levy, the district will need to recertify its final levy or notify MDE that the levy authority should be removed for Pay 2013. If the authority is added to the levy limitation after final levy certification, and the district does not recertify its levy to include the Q Comp amount or notify MDE to remove the levy authority, the district will not have the opportunity to certify this amount as a "catch-up levy" in the following year. For questions or clarifications regarding the Q Comp levy, please contact Terri Yetter at 651-582-8868.

November 2, 2012 was the deadline for districts to submit final information for Health and Safety projects and Alternative Facilities projects that are still pending approval (PPA and ALT respectively) for this year's levy. If your district had any projects coded as PPA or ALT and approval was not granted on or before November 2, 2012, these projects were cancelled and your district's Health and Safety levy limitation was reduced.

November 5, 2012 was the deadline for districts to submit documentation for the Annual Other Postemployment Benefits (OPEB) levy. If your district requested Annual OPEB levy authority and the following documentation was not submitted, the district's levy limitation has been reduced by the amount of any Annual OPEB levy authority previously included in the district's levy limitation. Based upon approved levy requests, there is no need to prorate the Annual OPEB levy.

- Current actuarial study or statement from the district's auditor certifying the acceptance of an alternative measurement method used to calculate the UAAL and a copy of the UAAL calculation.

- Copy of the collective bargaining agreement(s) related to the eligible retiree(s). These agreements must each include a sunset clause relating to health insurance benefits for retirees.

Other revisions may have been made affecting estimated aids and revenues shown on the report. If the report is used for budgetary purposes, please note that the recently posted report may have updated information for your school district.

Questions concerning Truth in Taxation procedures should be directed to Kristie Strum at the Department of Revenue, 651-556-6074. Other questions should be directed to Terri Yetter at (651) 582-8868. After December 5, 2012, other questions may also be directed to Jan Carlson at (651) 582-8342.

cc: County Auditors