

Draft Board of Education Meeting

Explanation of Tax Levy

January 17, 2013



2% Levy Cap

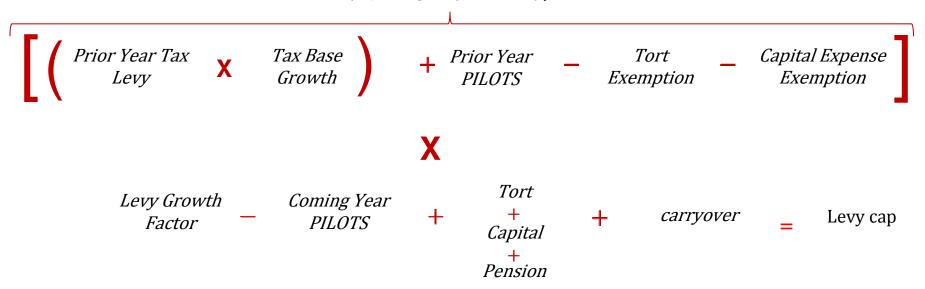
If you simply multiplied this year's levy:

76,242,180 by 2%

you would get a levy increase of \$1,524,844

It's not that easy......







Part One of the Formula

(Adjusted prior year tax levy)

Supplied annually by the State Taxation and Finance Department. This numerical value adjusts the tax levy limit to reflect an increase in the full value of taxable real property in a district due to new growth or significant additions to existing properties. **2012 rate was 1.0059**



Capital Expense Exemption

Debt in budget 2,452,956

• Bus leases 370,000

Energy performance contracts 316,286

• Sub-Total 3,139,242

MINUS

Building Aid and Transportation Aid -574,640

• Total 2,564,602



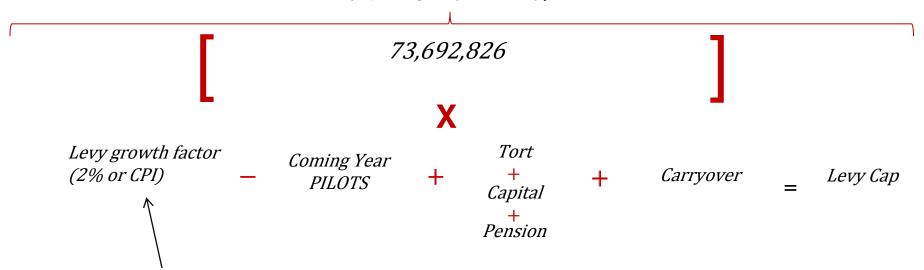
Complete Part One of Formula

$$\left(76,242,180 \times 1.0002 \right) = 76,257,428 + 0 - 0 - 2,564,602$$

An adjusted prior year tax levy of 73,692,826

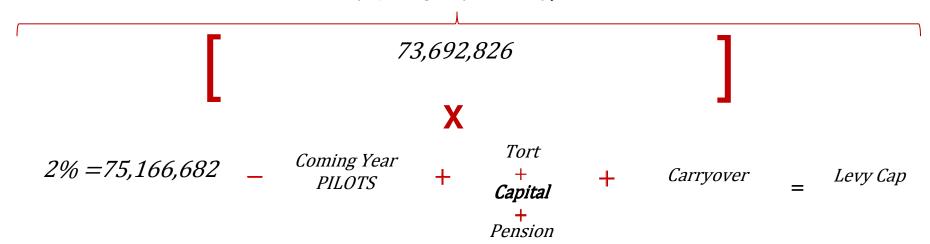


(Adjusted prior year tax levy)



The allowable Levy Growth Factor is the lesser of 2% or the inflation rate. If the inflation rate is less than 2%, then the allowable Levy Growth Factor is the sum of 1 plus an inflation rate (average of last 2 years CPI).





Capital Expense Exemption

 Debt in budget 	1,952,956
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- Bus leases 370,000
- Energy performance contracts 316,286
- Sub-Total 2,639,242

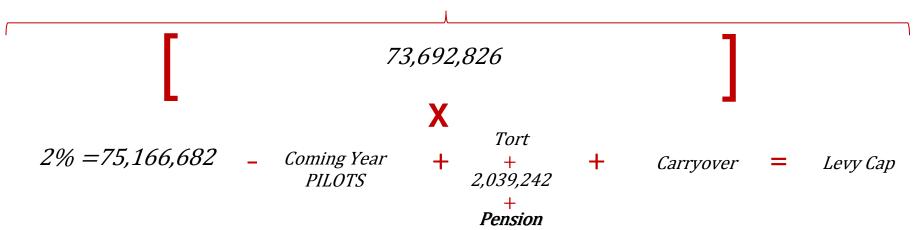
Minus

Building Aid and Transportation Aid -600,000*

• Total 2,039,242

*Not known at this time







- TRS increase is 11.84% to 16.0% = 4.16% increase*
- We have an exemption for the 2.16% over 2%
- 2.0% x \$37,000,000
- = \$740,000
- * TRS percent still not finalized; we have been told to calculate between 15.50% and 16.50%



Final Levy Cap



• New Levy 77,945,924

• Old levy 76,242,180

• Increase in levy 1,703,744 or 2.23%

This is an approximate number



- Present calculation of a "roll over" budget is 86,000,000 or a 2.38% budget to budget increase;
- Major drivers-
 - TRS-\$1,500,000
 - ERS- \$ 200,000
 - Health- \$800,000

Snapshot Summary

- Difference between roll over budget and tax levy limit is approx. a \$550,000 reduction
- Reduction of \$500,000 of debt changes levy calculation from 2.9% to 2.3%
- Growth rate only added 15,000 to levy (last year it added \$441,310)
- TRS added about 1% to allowable cap



Capital Expense Exemption

Can have a one time effect on the Levy Calculation. As we see this yearit lowered the tax levy calculation from 2.9% to 2.3%. After this year the debt number will remain constant in the first part of the calculation as well as the second part. Similarly if we added debt- it would increase the levy cap for one year.

What happens if the reverse occurs? What would happen if we add \$500,000 of debt? That would mean our allowable levy cap would increase by .6%. Again that would be a one time occurrence. BUT that also doesn't mean we have to maximize that cap. For example- if we floated a bond in 2013-14 and incurred a \$500,000 debt we could transfer the facilities repair line in next year's budget to cover the new debt. So even though we would be allowed to go an additional .6% on the levy calculation we wouldn't have to because it is already in the budget.