

## Valuation, school tax bill rise

Written by Elizabeth Barrett

Friday, 07 September 2012 13:52 - Last Updated Friday, 07 September 2012 13:58

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### Increase in state aid seen as a pleasant surprise

Same story second verse.

Like last year, Gothenburg's property valuation continues to rise.

Local valuation to support the city school this year increased 10.3%, from \$484,766,851 to \$534,572,464.

Last year, valuation rose 9%.

That means the community's ability to financially support tax-supported entities like District 20 is working, according to District 20 superintendent Dr. Mike Teahon.

However the district is still asking for a 10.6% increase, compared to 9.4% last year, in local property taxes because federal receipts have been inflated in previous years through stimulus money and causes the district to now rely on state and local resources, Teahon said.

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The request is for \$6,194,333 which also reflects an increase in estimated costs. Of that increase, he said \$120,000 goes into the building fund.

The tax levy, which includes money for the general, special building and bond funds, is proposed at 1.193, which is slightly less than last year's 1.194.

| 2012-13 SCHOOL BUDGET |               |               |            |
|-----------------------|---------------|---------------|------------|
|                       | 2012-13       | 2011-12       | Difference |
| Valuation             | \$534,572,464 | \$484,786,851 | 10.3%      |
| Budget                | \$11,286,698  | \$10,808,096  | 4.4%       |
| Tax asking            | \$6,194,333   | \$5,001,010   | 10.6%      |
| Levy                  | 1.193         | 1.194         | 0%         |

\*Part of the increase in the proposed budget is due to approximately \$2 million of what was formerly unused budget authority. Unused budget authority was tracked outside the budget but is now included in budgets to allow for local control. The authority is generated by setting previous budgets below statutorily allowed levels. The proposed \$11.2 million budget also includes a \$500,000 cash reserve.

For property owners with homes valued at \$100,000, the tax bill—\$1,193—will decrease a dollar if the value of properties didn't increase.

While an increase in valuation may result in a reduction of state funding, a strong local tax base involves less risk and more stability, Teahon said.

"If you rely on state aid, you're at the whim of the Legislature," Teahon said about the lawmakers who tweak the formula nearly every year. "And there are various factions who attempt to change the formula to their advantage."

In 2012-13, however, that's not the case for the district which is poised to receive \$3,236,164 in state aid. That's an 18.6% increase over this year's allocation of \$2,728,084.

Teahon said the American Recovery and Reinvestment Act stimulus money is no longer available which causes the change to be revenue neutral.

In addition, the district's basic funding, within the calculated needs portion of the state aid formula, increased due to spending patterns of the 20 peer schools compared to Gothenburg.

Budget-wise, the district's proposal of \$11,286,698 is 4.4%, or \$480,802 more than spending in

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2011-12.

Teahon said the district has utilized a long-term strategic plan process to maintain school facilities which most recently has included renovation of the Community Building, the addition of angled parking on Avenue I and the renovation of a patio area in front of Dudley Elementary.

## REVENUES

### ■ Property tax

The levy is slightly less than last year but is still expected to generate \$6,194,333, which is a 10.6%—or \$593,883—increase because of the

higher cost of school operations and a decrease in federal receipts.

total \$3,236,164 in 2012-13 compared to \$2,728,084 this year.

### ■ State aid

State aid funds are expected to

### ■ Federal aid

The district expects to receive

about \$450,000 in state aid funds and \$100,000 in federal aid. With few exceptions, Teahon said the district depends more on state aid.

## EXPENSES

### ■ General fund

This fund finances all facets of services offered by the school district. Approximately 78% of the budget is salaries and benefits. Benefits, including health insurance (2.9%) and retirement (1%) increase almost 4%.

Salaries and benefits will cost an estimated \$7.3 million.

Major non-salary expenditures include:

- \$300,000 in supplies and materials
- \$250,000 in building, equipment and improvements
- \$170,000 in electricity
- \$60,000 in fuel for building

- \$75,000 in fuel for transportation
- \$65,000 in property insurance
- \$50,000 in computer hardware
- \$50,000 in vehicle replacement

### ■ Cash reserve

The same amount of reserve—\$500,000—will be kept as last year.

### ■ Special fund

An additional \$100,000 is being added into this fund for capital improvement projects.

The district's budget for 2012-13 is \$100 million, compared to \$95 million for the 2011-12 year budget. The district's long-range plan is to increase the budget to \$120 million by 2015.

Each year, the school board evaluates the district's capital improvement plan to determine projects, if any, to be completed the following year.

Money reserved in the special building fund is used.

Projects suggested, during a brainstorming session, include the renovation of visitor bleachers on the north side of the football field, track resurfacing in 2016, a greenhouse and replacement of playground equipment.

School board members, who crafted the budget with Teahon's help, will have a public hearing on the budget at 7 p.m. and tax request at 7:15 p.m. on Monday, Sept. 10 in the media center.

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A more detailed budget can be reviewed in the superintendent's office.

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