

**MEMO TO: BOARD MEMBERS
DR. JOHN SIMPSON**

FROM: BRUCE ELLERMAN

DATE: SEPTEMBER 2, 2016

RE: 2016-17 PROPERTY TAX RATES

In preparation for the Tax Rate Hearing scheduled for 6:30 PM on September 12, 2016, the Business Office has completed its initial calculation of the 2016 tax rates (one for each of 4 separate property classes) based on preliminary assessed valuation data from the County Assessor's Office. A copy of the Tax Rate Hearing Notice that will be published in the Webster Kirkwood Times and posted in various places throughout the district is attached for your reference.

Please note that these calculations can and most likely will change in the next few weeks—i.e. after the Tax Rate Hearing on 9/12 but before the Board actually sets the tax rates on 9/26—as the assessor routinely updates information. So just be aware that the tax rates you will ultimately be asked to approve on 9/26 may differ slightly from these preliminary 9/12 rates. This is a normal part of the timing of the rate setting process since tax rates are being computed by school districts at the same time as the Assessor is still finalizing assessed valuations. It's a moving target by its very nature. However, any impact should be relatively minor...perhaps a few pennies at the most.

In the meantime, based on the current data, overall assessed valuation increased by 1.62% compared to last year. Because 2016 is not a reassessment year, the only source of growth was new construction and new personal property. Specifically, residential property increased .4%, commercial property decreased .34% (due to protest settlements) and personal property increased 12.23%. The large increase in personal property has been questioned but the Assessor's Office so far has indicated the number is correct. Furthermore, several other St Louis County districts had similar percentage increases in personal property this year.

I have provided a preview of the tax levy by category (residential, commercial, personal property) and some talking points for you to review. This should provide you adequate information to consider before we conduct our public hearing and ask the Board to approve the tax levy rates at our September 26 meeting.

Operating Levy Comparison

	Residential rate	Commercial rate	Personal Property rate
2014-2015	\$5.2885	\$5.6617	\$5.9100
2015-2016	\$5.0937	\$5.2206	\$5.9100
2016-2017	\$5.0830	\$5.2916	\$5.9100

- These rates are computed using standard forms provided by the State Auditor's Office that already have all calculation formulas and prior year tax rate information pre-populated. All the district does is plug in current year assessed valuations and any new voter-approved tax rate increase. However, since the assessed valuations aren't yet final, the calculations have not yet been submitted to the State Auditor's Office for review. Instead, we will do that after receiving updated assessed valuation data in a few weeks but prior to the 9/26/2016 Board meeting.
- Because commercial assessed valuation declined, the district is able to roll up the commercial property class tax rate by \$0.071 to compensate for that loss.
- The debt service tax rate calculations are based upon the property tax revenue needed to pay the current year's debt and an additional year's reserve as required by the State Auditor's Office. The district has calculated this tax rate at \$1.3188. The district is able to voluntarily reduce this rate by \$0.7489 to hold the debt service rate at the \$0.5699 level as previously committed. However, please be aware this will only allow a minimal debt service fund balance that is just sufficient to make required interest and principal payments to be maintained.

We can provide you with the preliminary calculation forms from the State Auditor's Office to support these rates if you would like to review them. Please do not hesitate to contact me if you have additional questions.