Reconciling Local Tax Revenue

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Michigan Department of Education

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Dexter Schools 2018 Taxable Value (non-primary residence) $264,344,912 * 18.0 mills + (commercial PP) $10,554,090 * 6.0 mills = $4,821,533

Dexter Schools 2018 Taxable Value (all properties) $1,332,417,299 * 6.0 mills = $7,994,503 = $8.0 million

Dexter Community Schools
2018-19 Foundation Allowance

$8,117 x 3,643.81 students* = $29,576,805**
* Blended student counts 10% Feb 2018 and 90% Oct 2018
** Includes adjustment for 137 students who are school of choice

$4,821,533 16%
$24,755,272 84%

Foundation Received from State Aid Fund

General Fund Revenue $41,579,893

School Aid Fund (SAF) Revenue

TOTAL RESOURCES: $33,767.7 MILLION
(All dollars in millions)

Sales and Use Tax $6,485,8 20.1%
Transportation Tax Revenue $5,778.0 8.2%
State Education Tax $2,121.7 6.3%
Net Business Taxes $678.4 2.0%
Tobacco Taxes $195.7 0.6%
Lottery $500.0 2.8%
Other Revenue $5,960.3 17.4%

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School Aid Fund (SAF) Revenue
Property Tax Process
Property Tax Process

Township & City Assessors

Taxable Value Information (DS-4410)

County Equalization Director

Tax Increment Financing Authorities

Updated in May and at least annually thereafter
Property Tax Process

County Equalization Director

Taxable Value Information (DS-4410)

School District

Consolidates information for each school district
Submitted online by County Treasurer to MDE
Property Tax Process

School District

Tax Levy
(Form L-4029)

Townships & Cities

- School District prepares L-4029 for each township/city
- Board approves after Truth In Taxation
Property Tax Process

Townships / Cities

Property Tax Bills

Property Owners
Property Tax Process

Property Owners

Pay Bill? (by Feb 28)

YES
Check
Township / City Treasurer

NO
Settlement Process with the County
Property Tax Process

Township / City Treasurer

Tax Breakdown

Check

School District
Property Tax Process

School District

Property Tax Receivables Worksheet

Deposits Check in Bank

COLLECTION
Property Tax Process

Township & City Treasurer

Settlement

County

- Townships & Cities verify to the County parcel by parcel
- Tax collections
- Taxes receivable
- As of March 1
Property Tax Process

1. County Treasurer
2. Tax Breakdown
3. Check
4. School District
Property Tax Process

County

Delinquent Personal Property Taxes

No Action

Delinquent Real Property Taxes

School District

County collects delinquent real property taxes (bills back if uncollectible)

Township/City collects delinquent personal property taxes

Check

(Issues debt until collected)
Property Tax Process

School District

Property Tax Receivables Worksheet

Used to calculate taxes receivable

Deposits Check in Bank

Delinquent Payoff

Notes:
- School District
- Property Tax Receivables Worksheet
- Deposits Check in Bank
- Used to calculate taxes receivable

Diagram:
- Diagram showing the flow of the property tax process from the School District to the Delinquent Payoff.
Property Tax Reconciliation
Property Tax Collection

• Track your property tax collections on a spreadsheet
  (Dexter Excel file: Current Tax Allocations 18-19.xls)
• 2018 Tax Year = 2018-19 Fiscal Year
• 2019 Tax Year = 2019-20 Fiscal Year
Finalize property taxes collected details
- Each property tax receipt by municipality (i.e. township, city)
- County settlement collections
- Delinquent personal property tax from municipality
Taxable Values

• Print and Download (Excel) your updated Taxable Value (DS4410) from https://mdoe.state.mi.us/TVS/Menu (public access)
  – Note this is a new link for 2018

Note last update is current/"final"
Taxable Values

- Copy and paste final reported taxable values into a Property Tax Reconciliation Worksheet
  (Dexter Excel file: Audit Property Tax Reconciliation 17-18.xls)
Reconciliation Worksheet

- Use formulas to calculate expected tax collection of operating, debt, sinking fund, etc.
- Modify content and formulas as needed for your particular situation and particular year
  - Levy debt as common debt fund or per issuance year
  - Sinking fund
  - Tax captures like DDA
  - Annexed parcels
- Enter actual property taxes collected from Current Tax Allocations spreadsheet
- Record receivables, reconciling items, and adjustments to DS4410 that are needed / expected
County Settlements

- Tie property taxes calculated from Reconciliation Worksheet to county settlement reports
Property Taxes Collected

- Tie property taxes collected to General Fund, Debt Fund, Sinking Fund general ledgers
Reconciliation

- Tie to State Aid Status Report for operating revenues expected
- If they do not match, either the DS4410 is not updated or the update to the DS4410 has not been picked up by the State. Verify and note adjustment.
Reconciliation

- Compare the L-4029 you did the prior summer to get a sense of your expected taxable values versus final taxable values.
Foundation Allowance
Reconciliation
Calculate Your Foundation Allowance

Foundation per pupil  $7,799

Dexter Community School District

<table>
<thead>
<tr>
<th>Foundation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>7,799.00</td>
</tr>
<tr>
<td>FY 1995</td>
<td>5,875.85</td>
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</tbody>
</table>

State Aid Membership  3,582.17

x + Number of students  3,582.17

= Foundation Total  27,937,343.80
Foundation from State Source

Expected Gross Foundation $27,937,343.80

Less Local Property Tax Revenue - $4,441,786.00

Total Expected State Aid = $23,495,557.80

Second page of State Aid Status Report:
OTHER CURRENT YEAR CALCULATION INFORMATION

<table>
<thead>
<tr>
<th>20</th>
<th>FOUNDATION GROSS (State PP: $6,543,11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20(5) Adjust: 92.86 FTEs, $-19,598.24</td>
<td></td>
</tr>
<tr>
<td>51a.2</td>
<td>SPECIAL ED FOUNDATION (SEC 52)</td>
</tr>
<tr>
<td>20(5) Adjust: 0.19 FTEs, $17.42</td>
<td></td>
</tr>
<tr>
<td>51a12</td>
<td>SPECIAL ED FOUNDATION (NON-SEC 52)</td>
</tr>
</tbody>
</table>

$23,121,876.91

$352,922.17

$23,495,549.75
Dexter Community Schools 2018-19 Foundation Allowance

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School Aid Fund (SAF) Revenue
I have a difference...now what?

• If you find you have a difference, first check your original numbers, confirming everything with the State Aid Status Reports and DS4410 taxable value website
• Check if you have a TIF captured value that you did not incorporate into the formula
• Check to make sure that you received all the revenue from your local treasurers and county treasurer settlement
I have extra revenue...

• There is no such thing as extra revenue with this formula or reconciliation....

• If you have collected more than your foundation allowance calculation, it is not your money, so do not book it as revenue… you owe somebody and eventually they will figure out you owe it and come take it back!
Other Tips
**County Settlements**

- Most municipalities settle with the county by mid-May
- Settlements are basis for revised DS4410 report
- School district pays county for surety bonds issued for delinquent tax revolving fund (DTRF)
- Delinquent taxes on personal property collected by local treasurers, unless county treasurer agrees to collect
Tax Adjustment Invoices

• When tax adjustments (Board of Review, etc.) mean you owe money back to taxpayers, you will get an invoice from the county
• Determine the split of the original tax: General Fund, Debt, Sinking Fund
• Pay the General Fund portion to an asset account
  – 11-2141-0000 Due from other Governmental Units
  – You will be reimbursed through your State Aid
• Pay the Debt Fund or Sinking Fund portions to an expense account
  – 30-1259-7610 Tax Refunds/Costs
Tax Adjustment Invoices

• Be in contact with your county treasurer and know when the 4410 will be adjusted
• Changes to the 4410 Taxable Value website by the 1st of the month will be adjusted on your State Aid Status Report on the 20th of the month
• The change in non-PRE (nonhomestead) taxable value will trigger a “prior year adjustment” for each tax year of the adjustment
• Post the prior year adjustment State Aid payment to the same asset account – 11-2141-0000 Due from other Governmental Units
• By the end of the fiscal year, the balance should be close to $0
Headlee Rollback

- The State Foundation calculation utilizes the full 18 mills for calculating the local effort against the reported Non Principal Residence Taxable Value (TV)
- If there is a Headlee Rollback factor that reduces the local revenue collected, the revenue will **NOT** be made up in the State Aid payment
- You are expected to go for a Rollback millage to make up the difference or it is **LOST REVENUE** to the district
Contact Information

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