

PUBLIC HEARING
2023-24 Budget
& Proposed 2024
Property Taxes



NRHEG Public Schools
December 18, 2023 6:00 pm
Secondary School Media

Why have a Truth in Taxation Meeting?

- Truth in Taxation Law, passed in 1989
- Two major requirements:

1. Tax Statements

Counties must send out proposed property tax statements in November based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)

2. Public Hearing

Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:

- Payable 2024 levy
- Fiscal year 2024 budget
- Public comments

**This is the school district's
annual required hearing**



Who sets the School Levy?

Components of a District Tax Levy are either:

- **Set By State Formula By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds

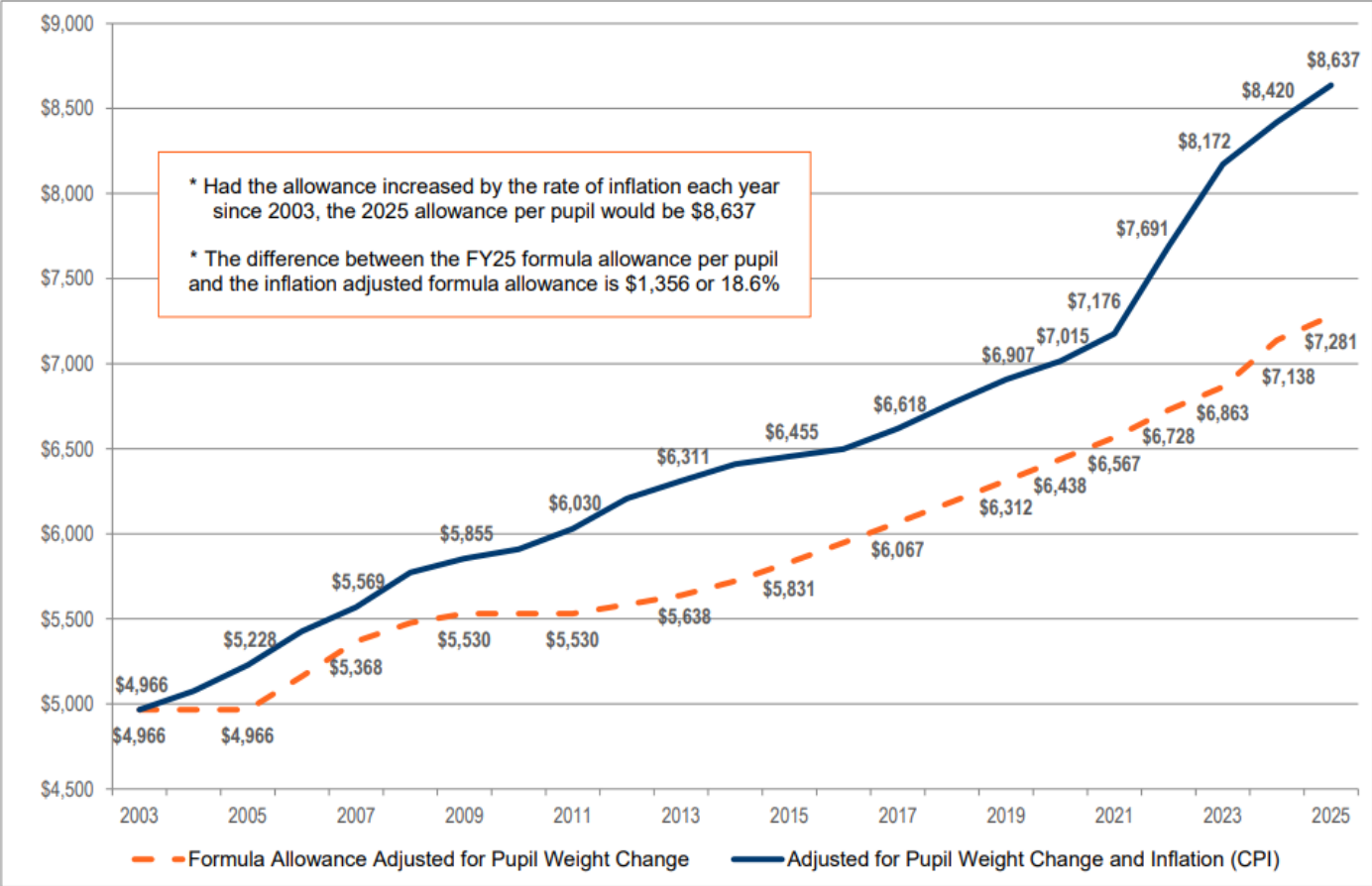
How is my property tax determined?

- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel based on the above.
- County Auditor divides the total levy by total tax capacity of the District to determine tax rate needed. Tax rate is multiplied by each property's tax capacity*.

*Certain levies are spread based on Market Value rather than tax capacity.

General Education Formula Allowance, 2003-2025

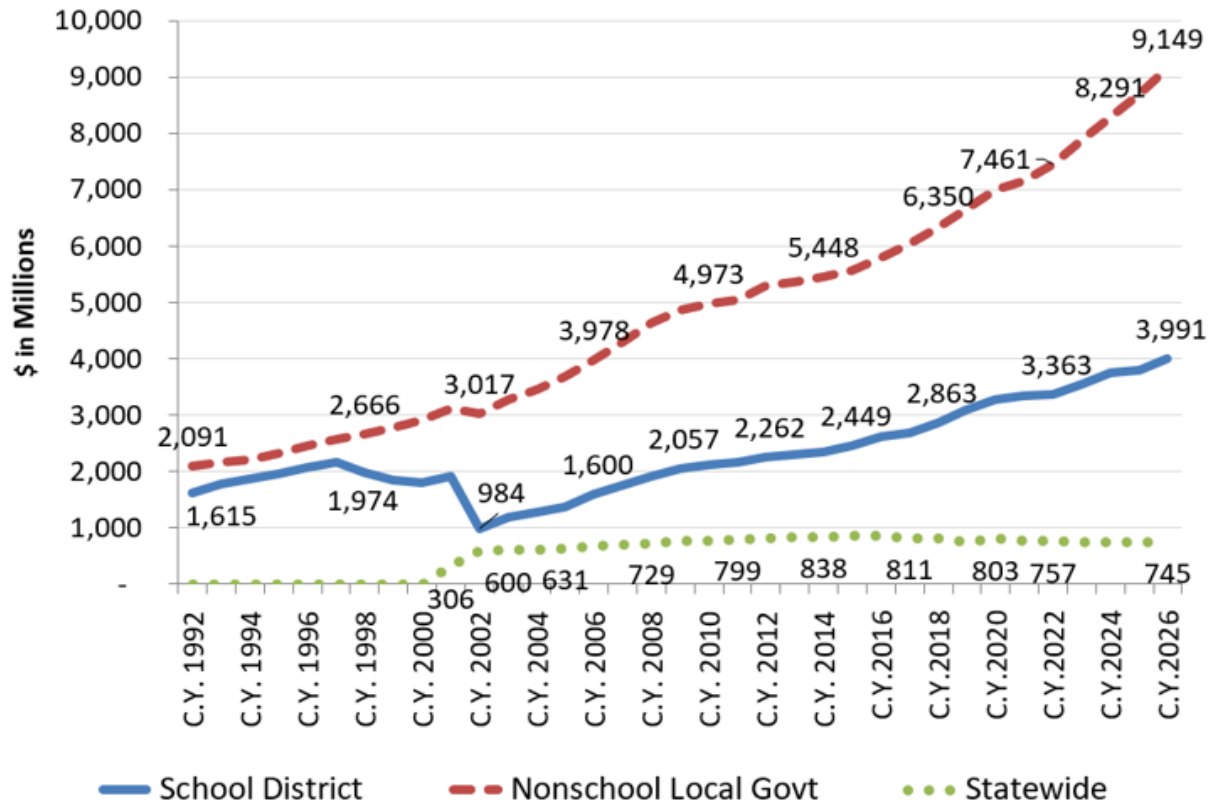
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023



Property Tax Levies: School vs Non School Payable 1992-2026





NRHEG School District Budget

**Current School Year
2023-2024**

FY24 Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Net</u>
General	\$10,724,198	\$10,604,257	\$119,941
Food Service	\$747,494	\$735,364	\$12,130
Community Education	\$462,865	\$458,203	\$4,662
Debt Service	\$1,298,780	\$1,292,499	\$6,281
Scholarship Trust	\$1,500	\$1,500	\$0
Student Activity	<u>\$51,000</u>	<u>\$51,000</u>	<u>\$0</u>
Totals	\$13,285,837	\$13,142,823	\$143,014

Property Classifications and Value

Know Your Valuation

- Property classification and market value
- Sent Spring 2023; cannot change value
- Watch for 2024 statement in SPRING and where to appeal

PROPOSED TAXES 2024

THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2023	2024
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
Step 2	PROPOSED TAX		
	Property Taxes before credits	\$1,479.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,467.52	
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2024		
<p>The time to provide feedback on PROPOSED LEVIES is NOW</p> <p>It is too late to appeal your value without going to Tax Court.</p>			

Share of Tax Liability

Property Classification	Market Value Share (2022 Assessment)	Share of Net Taxes (Payable in 2023)
Farms	16.7%	6.4%
Seasonal Rec Residential	4.1%	2.6%
Commercial and Industrial	12.8%	29.4%
Residential Homes	59.8%	54.2%
Other Residential	6.6%	7.6%

Source: Jared Swanson House Legislative Analyst

Ag2School Tax Credit

- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Will remain at 70% in 2024
- The revenue for Ag2School comes from state income, sales and other tax revenue

Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report

PROPOSED TAXES 2024		
THIS IS NOT A BILL. DO NOT PAY.		
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Your School District Tax Levy

Possible reasons for changes to your parcel:

- Change in value or classification to your property
- Change in enrollment numbers
- Change in valuation of property in district
Equalization aid depends on district property wealth per pupil
- Local decisions and requirements
- Adjustment for prior years (estimate to actual)
- Legislative changes (Local Optional Revenue)

NRHEG School District

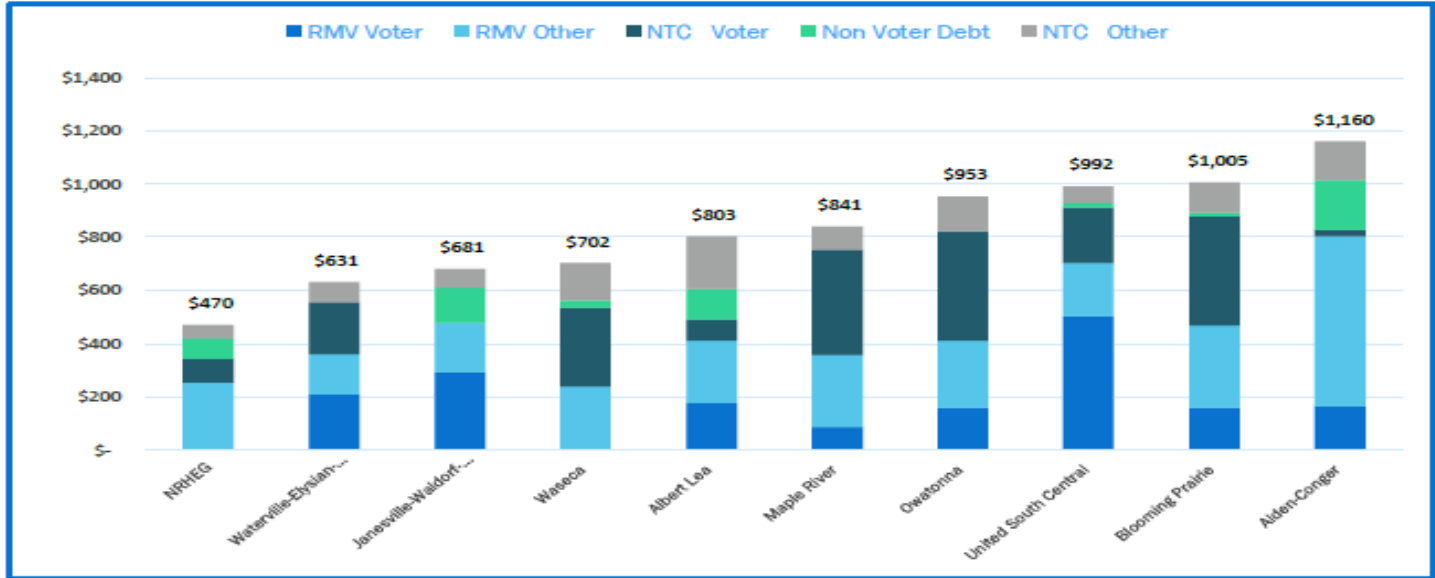
Estimated Tax Impacts - Pay 2023 Levy Total School Taxes

Summary				
	Pay 2022	Est. Pay 2023	% Change	
Referendum Market Value	\$ 440,083,210	\$ 532,114,660	20.91%	
RMV Tax Rate	0.14191%	0.12710%	-10.43%	
Net Tax Capacity	\$ 12,026,975	\$ 14,197,481	18.05%	
NTC Tax Rate	10.43%	11.97%	14.73%	

Types of Property	Pay 2022	Pay 2023 Est.	Pay 2022		Pay 2023		\$ Change	% Change
	Value	Value						
Residential Homestead	\$75,000	\$90,750	\$153		\$189		\$36	23.35%
	100,000	121,000	217		267		\$50	23.21%
	150,000	181,500	345		423		\$78	22.72%
	206,612	250,000	489		599		\$110	22.49%
	250,000	302,500	600		735		\$134	22.38%
	300,000	363,000	728		890		\$162	22.29%
	400,000	484,000	984		1,194		\$211	21.43%
Commercial / Industrial**	\$100,000	\$105,000	\$298		\$322		\$24	7.90%
	250,000	262,500	798		872		\$74	9.29%
	500,000	525,000	1,674		1,834		\$160	9.54%
	1,000,000	\$1,050,000	3,427		3,758		\$331	9.66%
Agricultural Homestead	\$8,000	\$8,800	\$2.82		\$2.46		(\$0.37)	-13.00%
	9,000	9,900	3.18		2.76		(\$0.41)	-13.00%
	10,000	11,000	3.53		3.07		(\$0.46)	-13.00%
	11,000	\$12,100	3.88		3.38		(\$0.50)	-13.00%
Agricultural Non-Homestead	\$8,000	\$8,800	\$5.65		\$4.91		(\$0.73)	-13.00%
	9,000	9,900	6.35		5.53		(\$0.83)	-13.00%
	10,000	11,000	7.06		6.14		(\$0.92)	-13.00%
	11,000	\$12,100	7.76		6.75		(\$1.01)	-13.00%

NRHEG School District

Pay 2023 Tax Levies for Residential Homestead

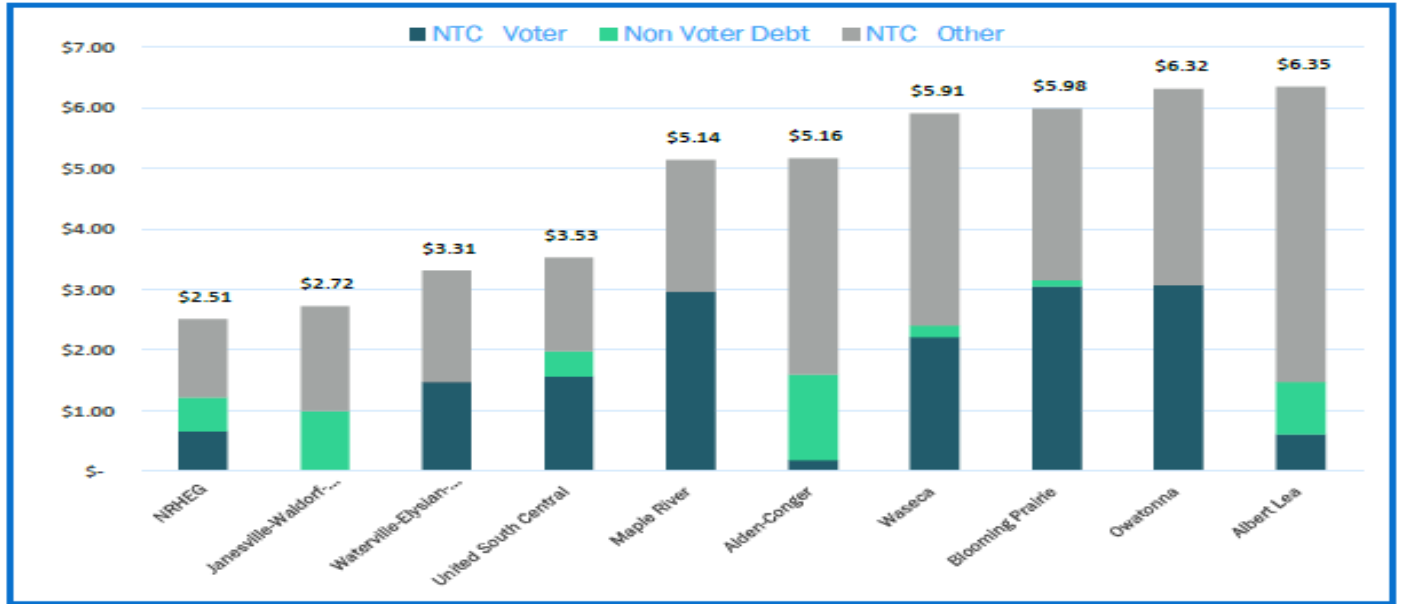


#	District Name	Home Value	RMV Voter	RMV Other	NTC Voter	Non Voter Debt	NTC Other	Total Levy
2168	NRHEG	200,000	\$ -	\$ 255	\$ 88	\$ 75	\$ 52	\$ 470
2143	Waterville-Elysian-Morristown	200,000	\$ 210	\$ 151	\$ 197	\$ -	\$ 74	\$ 631
2835	Janesville-Waldorf-Pembert	200,000	\$ 293	\$ 185	\$ -	\$ 134	\$ 69	\$ 681
829	Waseca	200,000	\$ -	\$ 238	\$ 297	\$ 25	\$ 141	\$ 702
241	Albert Lea	200,000	\$ 177	\$ 234	\$ 81	\$ 115	\$ 196	\$ 803
2135	Maple River	200,000	\$ 87	\$ 270	\$ 397	\$ -	\$ 87	\$ 841
761	Owatonna	200,000	\$ 160	\$ 251	\$ 412	\$ -	\$ 130	\$ 953
2134	United South Central	200,000	\$ 503	\$ 199	\$ 209	\$ 19	\$ 62	\$ 992
756	Blooming Prairie	200,000	\$ 160	\$ 309	\$ 408	\$ 14	\$ 114	\$ 1,005
242	Alden-Conger	200,000	\$ 165	\$ 638	\$ 25	\$ 189	\$ 143	\$ 1,160
Group Average			\$ 159	\$ 271	\$ 200	\$ 59	\$ 102	\$ 792

Data sourced from Minnesota Department of Education Pay 2023 School Tax Report

NRHEG School District

Pay 2023 Tax Levies for Agricultural Homestead



#	District Name	Acre Value	Non Voter							Total Levy
			NTC	NTC Voter	Debt	NTC	Other			
2168	NRHEG	9,000	45 \$	0.66 \$	0.56 \$	1.29 \$	0.00 \$	2.51 \$		
2835	Janesville-Waldorf-Pembert	9,000	45 \$	- \$	1.00 \$	1.72 \$	0.00 \$	2.72 \$		
2143	Waterville-Elysian-Morristown	9,000	45 \$	1.47 \$	- \$	1.84 \$	0.00 \$	3.31 \$		
2134	United South Central	9,000	45 \$	1.56 \$	0.42 \$	1.55 \$	0.00 \$	3.53 \$		
2135	Maple River	9,000	45 \$	2.96 \$	- \$	2.17 \$	0.00 \$	5.14 \$		
242	Alden-Conger	9,000	45 \$	0.18 \$	1.41 \$	3.57 \$	0.00 \$	5.16 \$		
829	Waseca	9,000	45 \$	2.22 \$	0.19 \$	3.50 \$	0.00 \$	5.91 \$		
756	Blooming Prairie	9,000	45 \$	3.05 \$	0.11 \$	2.83 \$	0.00 \$	5.98 \$		
761	Owatonna	9,000	45 \$	3.08 \$	- \$	3.24 \$	0.00 \$	6.32 \$		
241	Albert Lea	9,000	45 \$	0.61 \$	0.86 \$	4.88 \$	0.00 \$	6.35 \$		
Group Average				\$ 1.49	\$ 0.46	\$ 2.54	\$ 0.00	\$ 4.49		

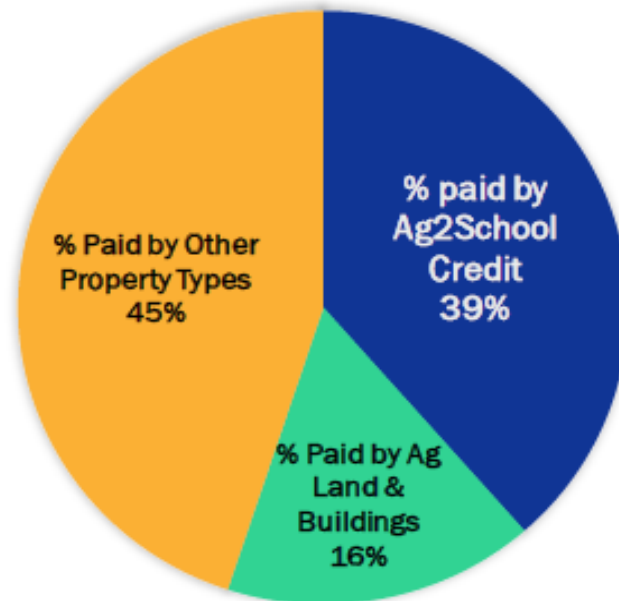
Data sourced from Minnesota Department of Education Pay 2023 School Tax Report

ISD No. 2168, NRHEG School District

Source of Debt Service Payments

(Assuming 70% Ag2School Credit beginning in taxes payable 2023)

(Based on Valuations for taxes payable in 2023)



Notes:

1. The Ag2School credit applies to agricultural land and buildings. The house, garage and first acre of land do not benefit from the Ag2School credit.
2. The Ag2School credit does not increase or decrease the tax impact on all other property types.

Attachment 1

Series 2022A Sources and Uses

	LTFM 10 yr	LTFM IAQ 15 yr	Abatement 10 yr	Issue Summary
Sources Of Funds				
Par Amount of Bonds	\$1,205,000.00	\$2,570,000.00	\$1,370,000.00	\$5,145,000.00
Reoffering Premium	59,851.50	75,431.45	68,143.10	203,426.05
Total Sources	\$1,264,851.50	\$2,645,431.45	\$1,438,143.10	\$5,348,426.05
Uses Of Funds				
Deposit to Project Construction Fund	1,232,700.00	2,581,500.00	1,407,000.00	5,221,200.00
Total Underwriter's Discount (1.250%)	15,062.50	32,125.00	17,125.00	64,312.50
Financial Advisor (PMA Securities)	6,858.54	14,627.75	7,797.67	29,283.96
Rating Agency Fee (S&P)	3,805.88	8,117.10	4,327.02	16,250.00
Bond Counsel (Dorsey & Whitney)	3,513.12	7,492.71	3,994.17	15,000.00
Rounding Amount	2,712.39	1,144.30	(2,327.10)	1,529.59
Paying Agent (U.S. Bank)	199.07	424.59	226.34	850.00
Total Uses	\$1,264,851.50	\$2,645,431.45	\$1,438,143.10	\$5,348,426.05

	No Tax Increase	New Tax Created	
	LTFM	LTFM (+)	Abatement
Eligible Purposes	Deferred Maintenance Health & Safety Voluntay Pre-K Remodeling	Indoor Air Quality Fire Suppression Asbestos Abatement	Parking Lots
Estimated Project Size	\$1,232,700	\$2,581,500	\$1,407,000
% Usage of Revenue Sources	46%	NA	NA

Based on project scopes provided by Sitoligiq

ISD No. 2168, NRHEG

\$4,985,000 - Final

G.O. Facilities Maintenance and Tax Abatement Bonds, Series 2022A

Dated: November 10, 2022

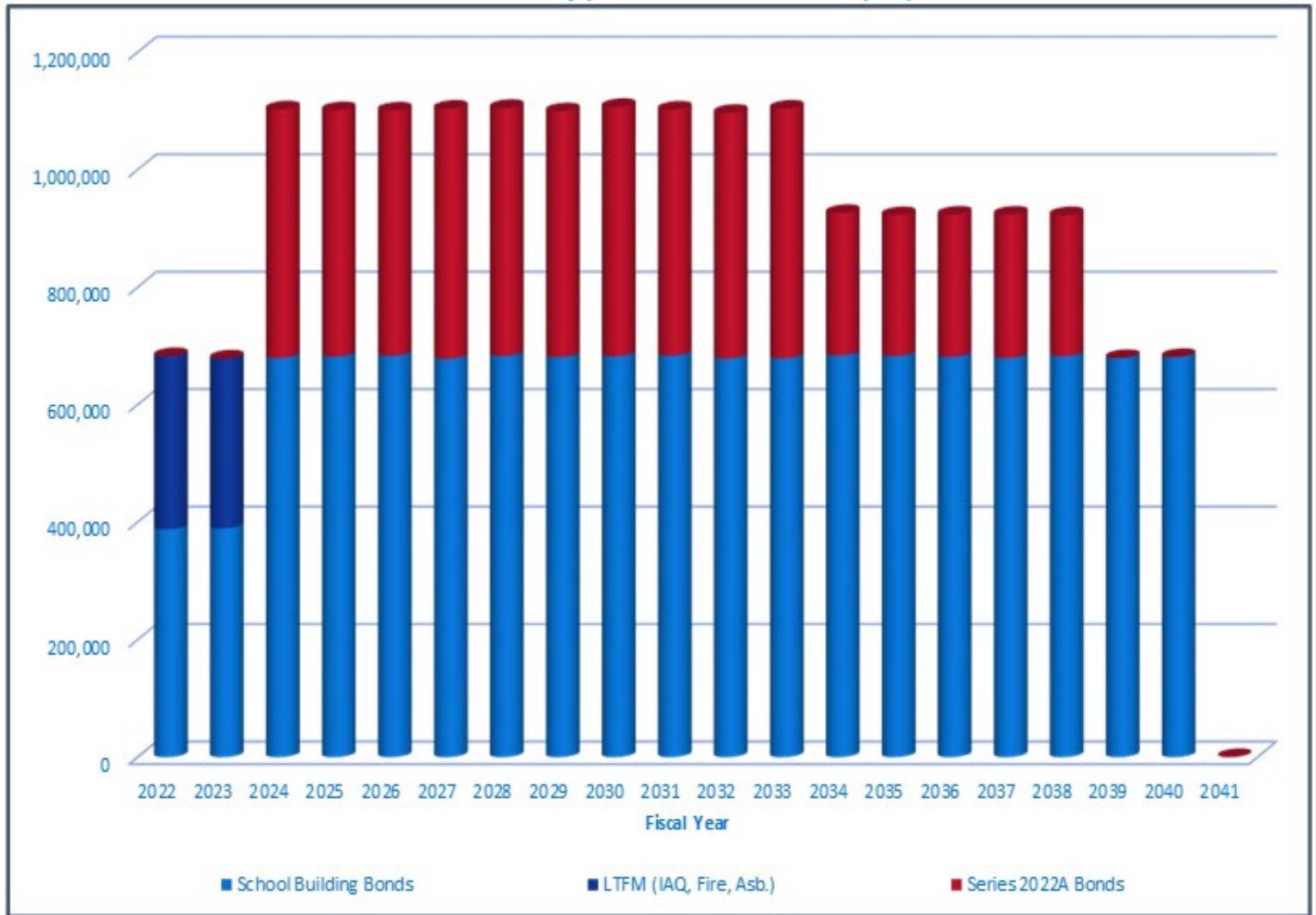
Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/10/2022	-	-	-	-	-
08/01/2023	-	-	166,278.75	166,278.75	-
02/01/2024	270,000.00	5.000%	114,675.00	384,675.00	550,953.75
08/01/2024	-	-	107,925.00	107,925.00	-
02/01/2025	335,000.00	5.000%	107,925.00	442,925.00	550,850.00
08/01/2025	-	-	99,550.00	99,550.00	-
02/01/2026	345,000.00	5.000%	99,550.00	444,550.00	544,100.00
08/01/2026	-	-	90,925.00	90,925.00	-
02/01/2027	375,000.00	5.000%	90,925.00	465,925.00	556,850.00
08/01/2027	-	-	81,550.00	81,550.00	-
02/01/2028	390,000.00	5.000%	81,550.00	471,550.00	553,100.00
08/01/2028	-	-	71,800.00	71,800.00	-
02/01/2029	405,000.00	5.000%	71,800.00	476,800.00	548,600.00
08/01/2029	-	-	61,675.00	61,675.00	-
02/01/2030	430,000.00	5.000%	61,675.00	491,675.00	553,350.00
08/01/2030	-	-	50,925.00	50,925.00	-
02/01/2031	445,000.00	5.000%	50,925.00	495,925.00	546,850.00
08/01/2031	-	-	39,800.00	39,800.00	-
02/01/2032	470,000.00	4.000%	39,800.00	509,800.00	549,600.00
08/01/2032	-	-	30,400.00	30,400.00	-
02/01/2033	495,000.00	4.000%	30,400.00	525,400.00	555,800.00
08/01/2033	-	-	20,500.00	20,500.00	-
02/01/2034	190,000.00	4.000%	20,500.00	210,500.00	231,000.00
08/01/2034	-	-	16,700.00	16,700.00	-
02/01/2035	195,000.00	4.000%	16,700.00	211,700.00	228,400.00
08/01/2035	-	-	12,800.00	12,800.00	-
02/01/2036	205,000.00	4.000%	12,800.00	217,800.00	230,600.00
08/01/2036	-	-	8,700.00	8,700.00	-
02/01/2037	215,000.00	4.000%	8,700.00	223,700.00	232,400.00
08/01/2037	-	-	4,400.00	4,400.00	-
02/01/2038	220,000.00	4.000%	4,400.00	224,400.00	228,800.00
Total	\$4,985,000.00	-	\$1,676,253.75	\$6,661,253.75	-

Yield Statistics

Bond Year Dollars	\$38,131.63
Average Life	7.649 Years
Average Coupon	4.3959673%
Net Interest Cost (NIC)	3.6126863%
True Interest Cost (TIC)	3.4907680%
Bond Yield for Arbitrage Purposes	3.3940921%
All Inclusive Cost (AIC)	3.6762957%

ISD 2168, N.R.H.E.G.
Bond Summary (All Debt with Direct Tax Impact)



Proposed Pay '24 Levy

Certification for NRHEG

Fund	Pay '24 Levy Limit	Increase (Decrease)	Percent Change
General	\$ 980,192.08	\$ 2,681.70	.27%
Community Ed	\$ 128,309.83	\$ 23,729.76	22.69%
General Debt Service	\$1,293,410.32	\$ 16,420.54	1.29%
Total	\$2,401,912.23	\$ 42,832.00	1.82%

Board Resolution

- Whereas, Pursuant to Minnesota Statutes the School Board of NRHEG School District, New Richland, Minnesota, is authorized to make the following proposed tax levies for general purposes:

General	\$ 980,192.08
Community Service	128,309.83
General Debt Service	<u>1,293,410.32</u>

Total Proposed School Tax Levy \$ 2,401,912.23

Now Therefore, Be it resolved by the School Board of NRHEG School District, New Richland, Minnesota, that the levy to be levied in 2023 to be collected in 2024 is set at **\$2,401,912.23** The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.

QUESTIONS?

