

# NRHEG Public School

Independent School District No. 2168



High School  
306 Ash Ave. South  
New Richland, MN 56072  
(507)465-3205  
Fax (507)465-8633

Elementary School  
600 School St.  
Ellendale, MN 56026  
(507)684-3181  
Fax (507)684-2108

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## *Our Mission*

*Empowering students with knowledge and skills to succeed.*

## *Our Vision*

*To be the school district of choice, inspiring excellence in academics, arts, and activities.*

December 2016

## **NRHEG School District Update**

Dale Carlson, Superintendent

I invited our School District Business Manager, Karla Christopherson, to share information about the upcoming Truth in Taxation Public Hearing to be held at 6:00 pm on Monday, December 19, in the Secondary School Media Center. Thank you to Ms. Christopherson for the important work she does in managing the finances of the school district.

A reminder that the School Board conducts its regular monthly meeting on the third Monday of each month. The location of the meeting is rotated monthly between the NRHEG Secondary School Media Center in New Richland and the NRHEG Elementary School Media Center in Ellendale. The December 19, 2016, School Board meeting will be at the Secondary School beginning at 6:30 pm, and the January 17, 2017, School Board meeting will be at the Elementary School beginning at 6:30 pm. Please note the January School Board meeting is on a Tuesday since Monday, January 16, is a holiday.

As part of the December 19 School Board meeting, special recognition will be given to the three School Board members who will be ending their service on the Board as of December 31, 2016. They are Mike Moen, Michele Moxon, and Lori Routh. A reception will be held in the cafeteria following the conclusion of the School Board meeting.

The School Board will also be holding a special School Board meeting on Tuesday, January 3, 2017, for the purpose of conducting the annual organizational meeting of the School Board. This year, three new School Board members will be taking the oath of office on January 3. The newly elected Board members are Neil Schlaak, Karen Flatness, and Dan Schmidt.

Thank you for all you do in support of students!

Dale

*Dale N. Carlson, Superintendent*

*David A. Bunn, High School Principal*

*Douglas A. Anderson, Elementary Principal*

# What is Truth in Taxation?

Karla Christopherson, Business Manager

Minnesota's Truth in Taxation Law requires that cities, counties and school districts follow certain steps before adopting a tax levy for the following year as explained in a publication by **Minnesota Revenue** called *Truth in Taxation Instructions for Payable 2017*. Each school district must have adopted its proposed property tax for the taxes payable year 2017 and certified that amount to the home county auditor on or before Sept. 30, 2016. The proposed property tax levy certified should be the school district's proposed property tax levy for all purposes, including debt service. The school district must certify its proposed levy in two amounts: (1) the voter-approved referendum and debt levies; and (2) the sum of the remaining school levies, or the maximum levy limitation certified by the commissioner of education according to Minnesota Statutes 126C.48, subdivision 1, minus the amounts levied under (1). "Voter-approved levies" means school district taxes approved at referendums for both operating purposes and debt. Voter approved levies include those referendum levies based on market value and net tax capacity.

In the recent past, the state legislature has approved two pieces of legislation that may affect local property taxes. In 2014, the legislature extended authority to local school districts to determine whether to implement a local tax assessment called Local Optional Revenue (LOR). The effort was intended to bridge some of the financial gap for districts that either have a difficult time securing voter approval or have limited authority because of the equalization issues with districts who have greater referendum/levy authority. An equalized levy means that the State will pay for a portion of the revenue, depending on the district's property value.

With the LOR legislation, lawmakers were attempting to address some previous issues in school funding. Several years ago, legislation was approved that was known as "small school funding" in that it provided support for schools with student enrollment of 800 students or less. In 2013, the Location Equity Aid supported schools in the seven county metro area or outstate schools of 2000 or more students. The schools between 800 and 2000 students (including NRHEG Public Schools), did not benefit from either of the previous actions which is why an organization known as the Minnesota Rural Education Association (MREA), lobbied for the LOR to go into effect.

LOR applies to all school districts in some fashion. A minimal effect, for those that already exceed the referendum values involved, would be alignment of funding structure to maximize state aid available to schools. For other schools, like NRHEG, the LOR opened up funding opportunities that previously did not exist.

The second legislation, called Long Term Facility Maintenance (LTFM), was passed in 2015. As Rod Schumacher explains in an article entitled *New MN Legislation for Long-Term Facilities Maintenance Revenue*, "for years, many Minnesota school district referendums for facilities maintenance projects did not pass. The Legislature, recognizing an important need to maintain district facilities, requested input on how to create a more equitable and sustainable financing process for public school facilities." It was based on the idea that all districts statewide should have same opportunity to generate facility maintenance funds from their tax base with equalization as do the larger districts in the state. According to state statute 123B.595, the new LTFM program includes a three-year phased approach beginning in FY 2017. Districts will receive up to \$193 per pupil of revenue the first year, then in FY 2018, districts can obtain up to \$292 per pupil and up to \$380 per pupil in FY 2019. Schumacher goes on to explain, "a key element of the equalization of this program is that half of the agricultural land in a district is not counted when calculating the district's value per pupil. The result is that districts with significant concentrations of

agricultural land such as NRHEG, will reflect a lower value when compared to land areas with more dense populations, potentially qualifying them for additional state aid.”

A component of the new legislation requires that districts develop a 10 year facilities maintenance plan adopted by its school board. As a result of the plan approved by the NRHEG School Board, a few examples of LTFM projects being completed this year include parking lot improvements, a new walk-in freezer in Ellendale, new carpet and paint in the Ellendale media center and replacement of basketball backstops in the New Richland secondary gym.

As part of the required public hearing, administration will discuss the proposed property tax levy and present an overview of the District budget approved by the School Board in June, 2016. The 2016-2017 budget includes a projected revenue of \$10,639,705 across the four primary funds including General, Food Service, Community Service, and Debt Service, and reflects a decrease of about 0.9% from the prior year. The budget also includes planned expenditures of \$10,607,906 which reflects a decrease of about 0.6% from the prior year.

At the regular School Board meeting on December 19, the School Board will consider certifying the final payable 2017 property tax levy. The School Board will consider the following 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:**

<b>Maintenance (General Fund)</b>	<b>\$ 915,840.17</b>
• Includes Referendum	
<b>Community Service</b>	<b>61,065.37</b>
<b>Debt Service</b>	<b>398,590.75</b>
<b>Total Proposed School Tax Levy</b>	<b>\$1,375,496.29</b>

**Now Therefore, Be it resolved by the School Board of NRHEG School District, New Richland, Minnesota, that the levy to be levied in 2016 to be collected in 2017 is set at \$1,375,496.29. The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.**

The proposed levy of \$1,375,496.29 represents a 3.58% increase over the prior year in which our school district experienced a 6% decrease.

For more information regarding *Truth In Taxation* and NRHEG’s school levy, please plan to attend the public hearing on December 19 beginning at 6:00 pm in the Secondary School Media Center in New Richland, or visit our school website at [nrheg.k12.mn.us](http://nrheg.k12.mn.us) to view the power point presentation.