



PUBLIC HEARING
2022-23 Budget
& Proposed 2023
Property Taxes



NRHEG Public Schools
December 19, 2022 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 2023 levy
- Fiscal year 2023 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

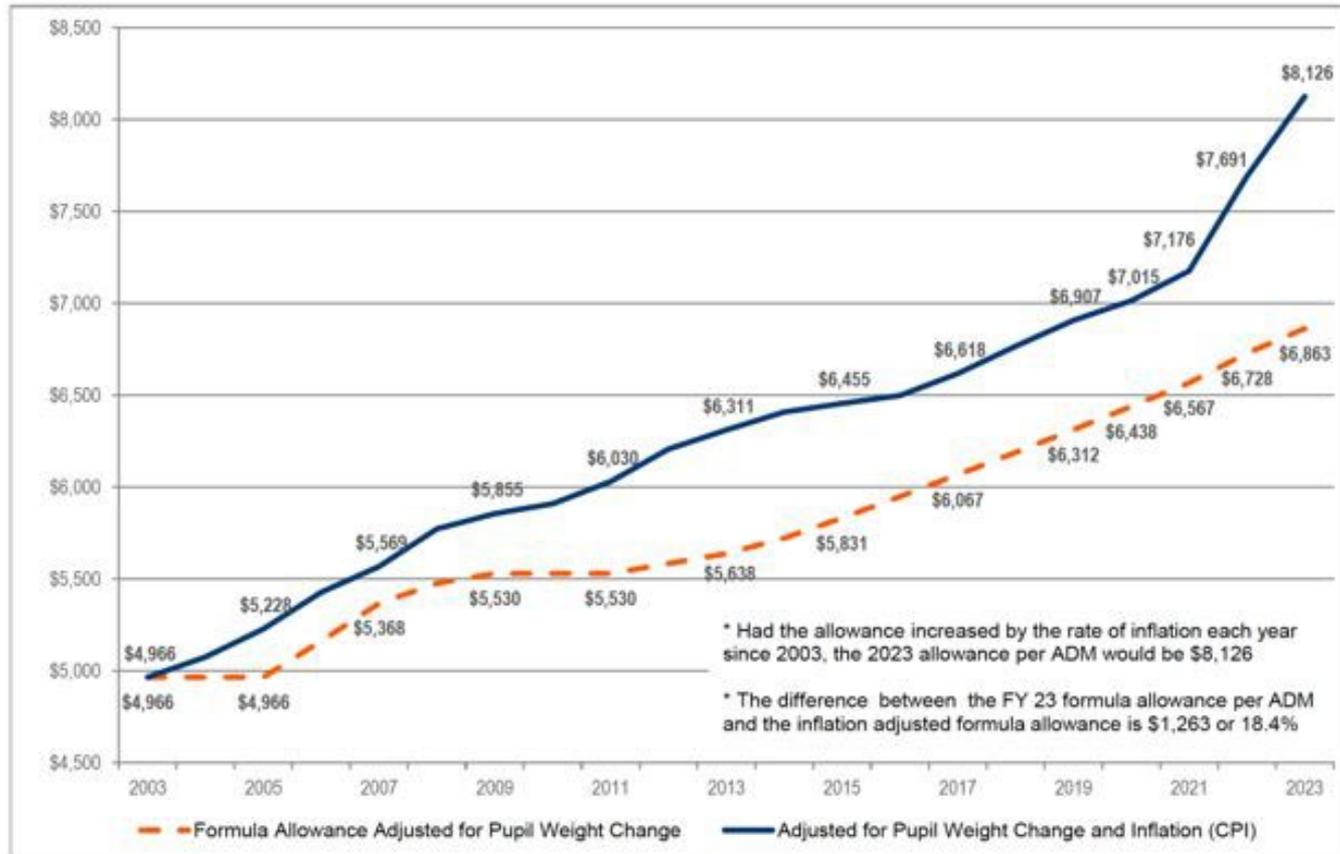
How is my property tax determined?

- 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.

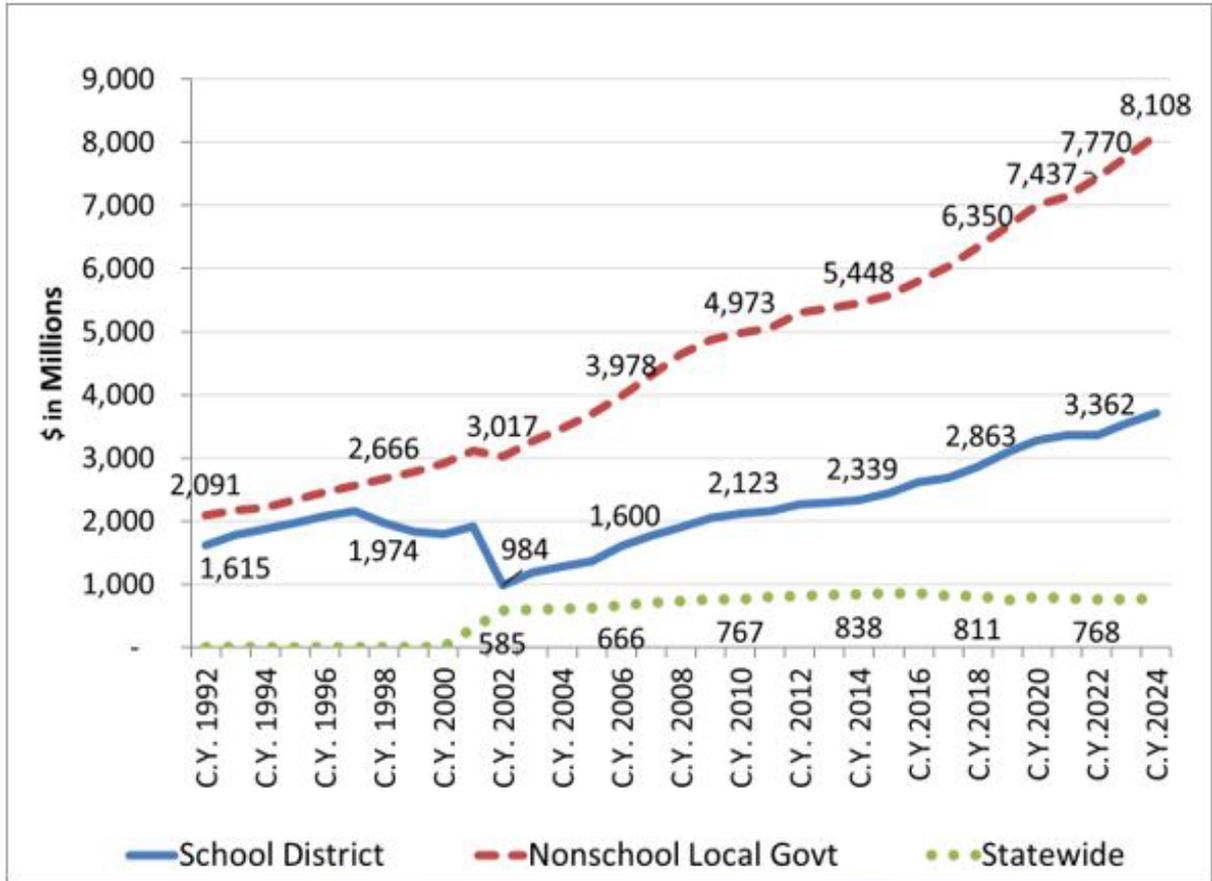
General Education Formula Allowance, 2003-2023

Adjusted for Pupil Weight Change and Inflation (CPI)





Property Tax Levies: School vs Non School Payable 1992-2024



*data source MDE Minnesota Prek-12 Education Finance System Overview: MSBA-Summer Conference
July 2022



NRHEG School District Budget

**Current School Year
2022-2023**



FY23 Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Net</u>
General	\$10,214,858	\$10,435,379	(\$220,521)
Food Service	\$509,200	\$581,215	(\$72,015)
Community Education	\$374,315	\$355,501	\$18,814
Debt Service	\$766,061	\$738,197	\$27,864
Scholarship Trust	\$1,500	\$1,000	\$500
Student Activity	<u>\$55,800</u>	<u>\$55,800</u>	<u>\$0</u>
Totals	\$11,921,734	\$12,167,092	(\$245,358)

Property Classifications and Value

Know Your Valuation

- Property classification and market value
- Sent Spring 2022; cannot change value
- Watch for 2023 statement in SPRING and where to appeal

PROPOSED TAXES 2023

THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2022	2023
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
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		
3	PROPERTY TAX STATEMENT		
	Coming in 2023		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			

Share of Tax Liability

Property Classification	Market Value Share (2021 Assessment)	Share of Net Taxes (Payable in 2022)
Farms	17.1%	6.6%
Seasonal Rec Residential	3.9%	2.6%
Commercial and Industrial	13.9%	31.1%
Residential Homes	58.5%	52.1%
Other Residential	6.6%	7.6%

(Source: Tim Strom- 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
- Scheduled to scale to 70% in 2023
- 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

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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

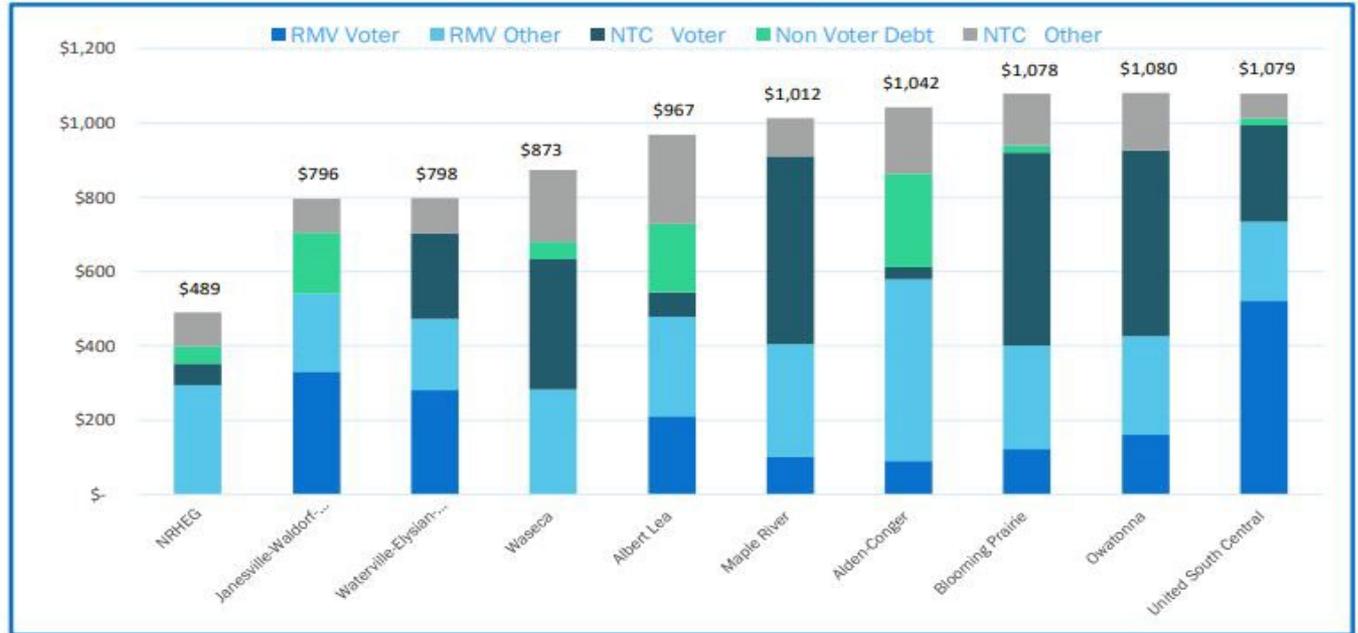
Estimated Tax Impacts - Pay 2023 Levy Total School Taxes

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 Value	Pay 2023 Est. Value	Pay 2022	Pay 2023	\$ Change	% Change
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 2022 Tax Levies for Residential Homestead

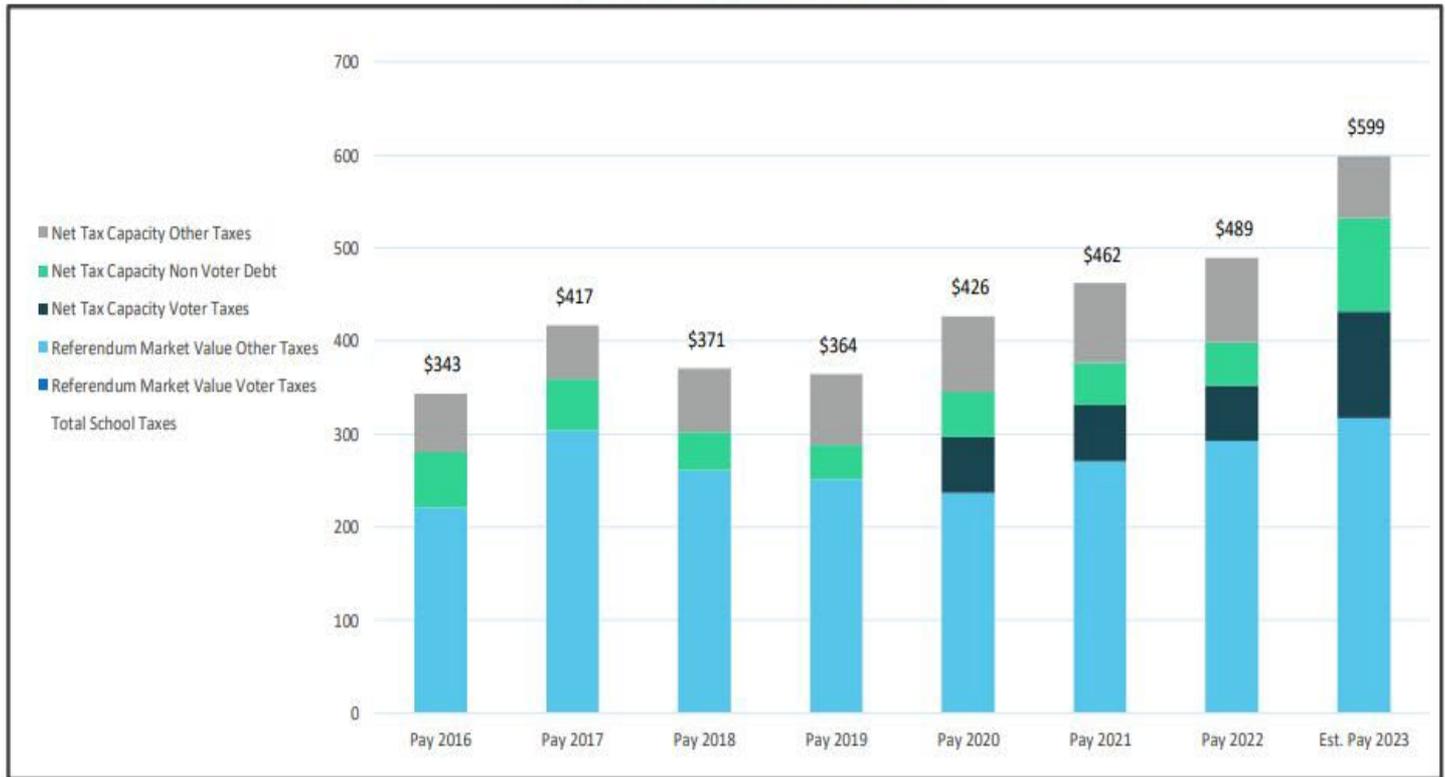


#	District Name	Home Value	RMV Voter	RMV Other	NTC Voter	Non Voter Debt	NTC Other	Total	Levy
2168	NRHEG	206,612	\$ -	\$ 293	\$ 59	\$ 46	\$ 90	\$ 489	
2835	Janesville-Waldorf-Pembert	206,612	\$ 331	\$ 210	\$ -	\$ 163	\$ 92	\$ 796	
2143	Waterville-Elysian-Morristov	206,612	\$ 281	\$ 191	\$ 232	\$ -	\$ 94	\$ 798	
829	Waseca	206,612	\$ -	\$ 282	\$ 351	\$ 48	\$ 193	\$ 873	
241	Albert Lea	206,612	\$ 210	\$ 267	\$ 67	\$ 184	\$ 239	\$ 967	
2135	Maple River	206,612	\$ 102	\$ 303	\$ 506	\$ -	\$ 102	\$ 1,012	
242	Alden-Conger	206,612	\$ 91	\$ 489	\$ 32	\$ 252	\$ 178	\$ 1,042	
756	Blooming Prairie	206,612	\$ 122	\$ 279	\$ 519	\$ 18	\$ 140	\$ 1,078	
761	Owatonna	206,612	\$ 160	\$ 265	\$ 500	\$ -	\$ 154	\$ 1,080	
2134	United South Central	206,612	\$ 521	\$ 214	\$ 258	\$ 19	\$ 67	\$ 1,079	
Group Average			\$ 165	\$ 281	\$ 235	\$ 71	\$ 131	\$ 882	

Data sourced from Minnesota Department of Education Pay 2022 School Tax Report

NRHEG School District

Residential Homestead School Tax Trend

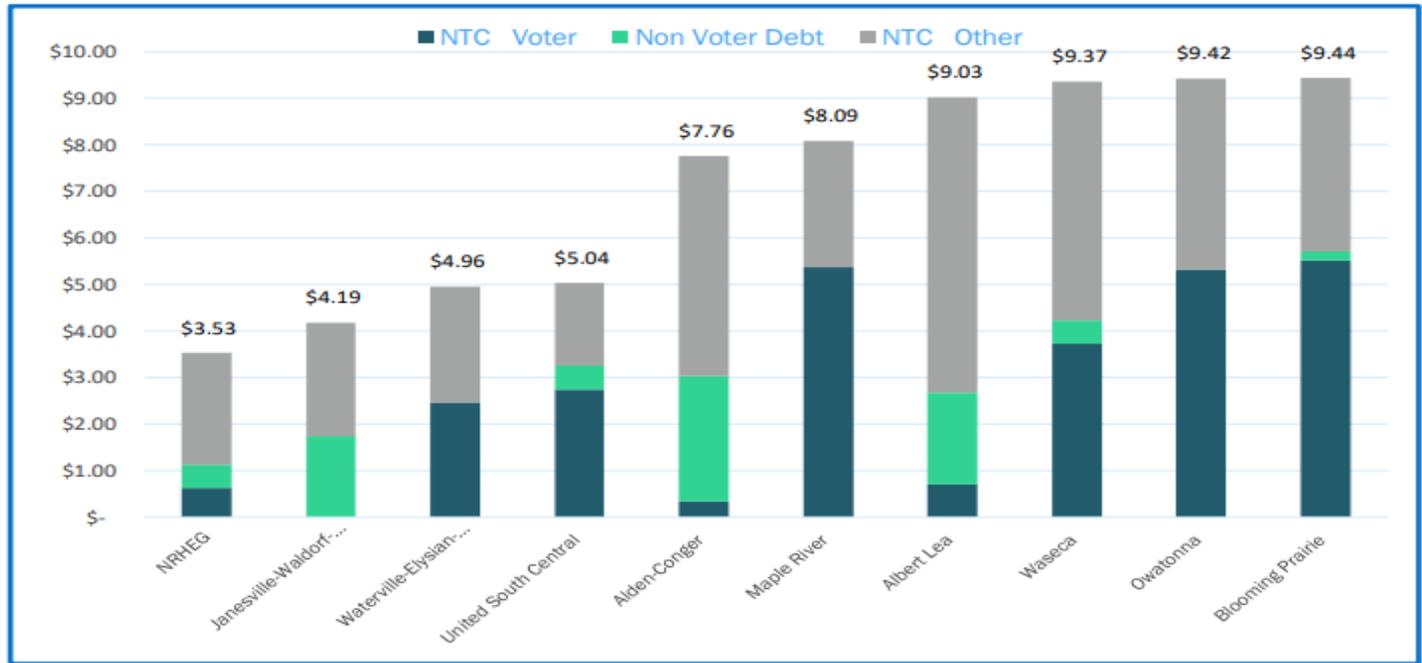


	Pay 2016	Pay 2017	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Est. Pay 2023
Home Value*	163,288	169,820	176,612	183,677	191,024	198,665	206,612	250,000
Referendum Market Value Voter Taxes	0	0	0	0	0	0	0	0
Referendum Market Value Other Taxes	221	304	262	252	237	271	293	318
Net Tax Capacity Voter Taxes	0	0	0	0	61	60	59	114
Net Tax Capacity Non Voter Debt	60	55	41	37	48	46	46	101
Net Tax Capacity Other Taxes	63	58	68	76	81	86	90	67
Total School Taxes	\$ 343	\$ 417	\$ 371	\$ 364	\$ 426	\$ 462	\$ 489	\$ 599

*The chart assumes a 4% annual increase in the home value for taxes payable from 2016 to 2022. A 21% increase in value is assumed for taxes payable in 2023.

NRHEG School District

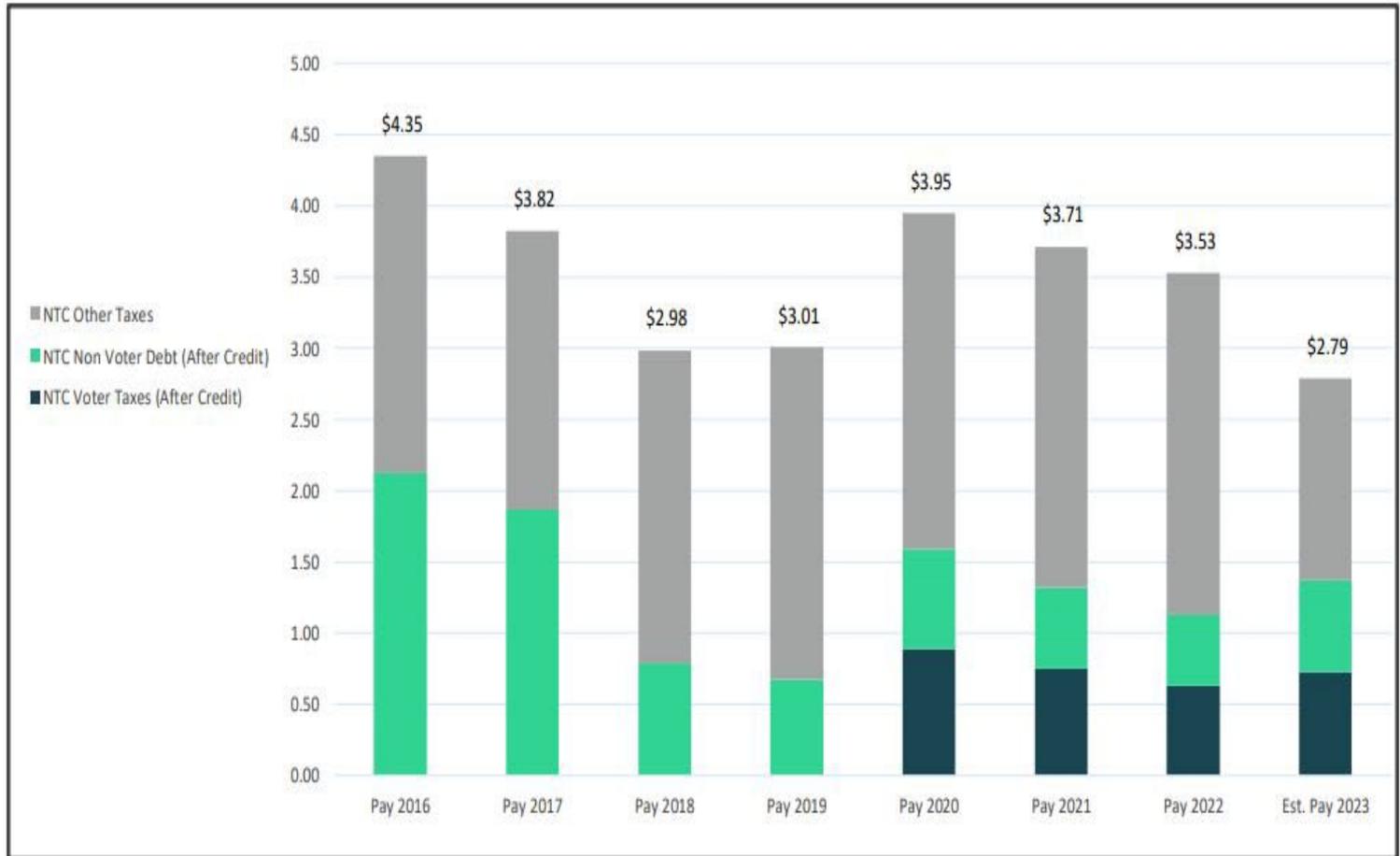
Pay 2022 Tax Levies for Agricultural Homestead



#	District Name	Acre Value	NTC	NTC Voter	Non Voter Debt	NTC Other	Total	Levy
2168	NRHEG	10,000	50 \$	0.63 \$	0.49 \$	2.40 \$	\$ 3.53	
2835	Janesville-Waldorf-Pembert	10,000	50 \$	- \$	1.74 \$	2.45 \$	\$ 4.19	
2143	Waterville-Elysian-Morristov	10,000	50 \$	2.46 \$	- \$	2.50 \$	\$ 4.96	
2134	United South Central	10,000	50 \$	2.75 \$	0.51 \$	1.78 \$	\$ 5.04	
242	Alden-Conger	10,000	50 \$	0.34 \$	2.68 \$	4.74 \$	\$ 7.76	
2135	Maple River	10,000	50 \$	5.38 \$	- \$	2.70 \$	\$ 8.09	
241	Albert Lea	10,000	50 \$	0.72 \$	1.96 \$	6.36 \$	\$ 9.03	
829	Waseca	10,000	50 \$	3.73 \$	0.51 \$	5.13 \$	\$ 9.37	
761	Owatonna	10,000	50 \$	5.32 \$	- \$	4.10 \$	\$ 9.42	
756	Blooming Prairie	10,000	50 \$	5.52 \$	0.19 \$	3.72 \$	\$ 9.44	
Group Average				\$ 2.50	\$ 0.78	\$ 3.48	\$ 6.76	

NRHEG School District

Agricultural Homestead Land School Tax Trend



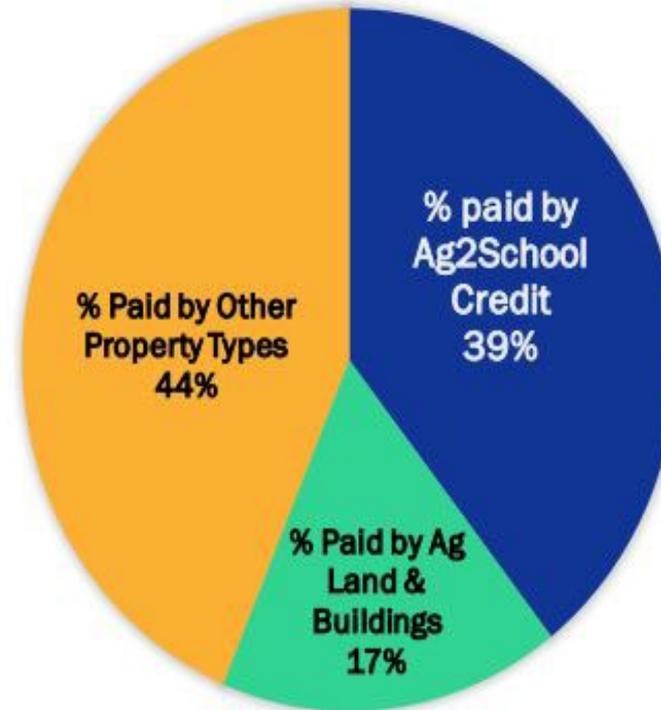
	Pay 2016	Pay 2017	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Est. Pay 2023
Value per Acre	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
NTC Voter Taxes (After Credit)	0.00	0.00	0.00	0.00	0.89	0.75	0.63	0.73
NTC Non Voter Debt (After Credit)	2.13	1.87	0.79	0.67	0.71	0.57	0.49	0.64
NTC Other Taxes	2.22	1.95	2.20	2.33	2.36	2.39	2.40	1.42
Total School Taxes	\$ 4.35	\$ 3.82	\$ 2.98	\$ 3.01	\$ 3.95	\$ 3.71	\$ 3.53	\$ 2.79

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 2022)



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 Sitologiq

ISD No. 2168, NRHEG

\$4,985,000 - Final

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

Dated: November 10, 2022

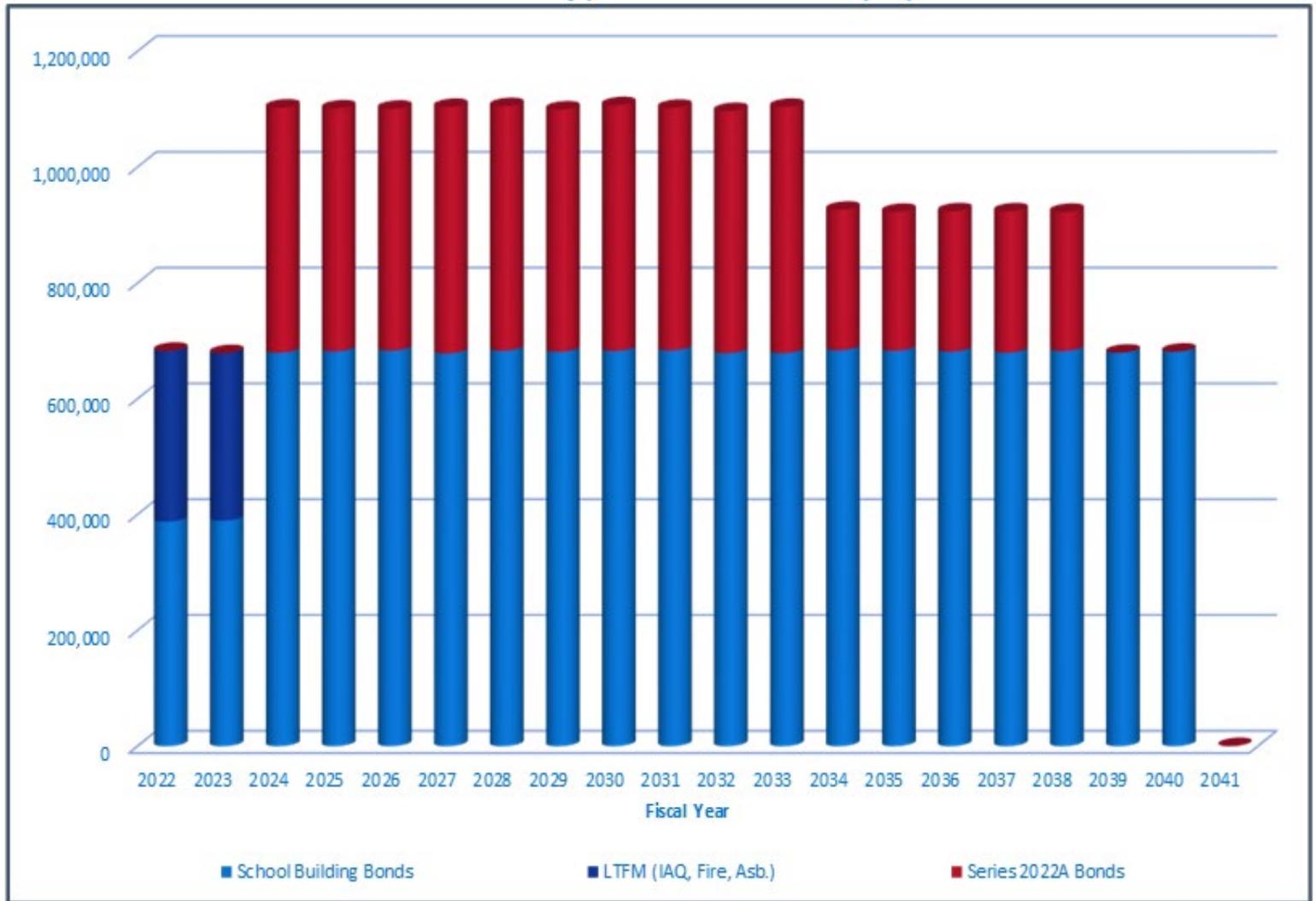
Debt Service Schedule

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 '23 Levy

Certification for NRHEG

Fund	Pay '23 Levy Limit	Increase (Decrease)	Percent Change
General	\$ 977,510.38	\$(136,381.00)	-12.24%
Community Ed	\$ 104,580.07	\$ 15,629.63	17.57%
General Debt Service	\$1,276,989.78	\$600,679.86	88.82%
Total	\$2,359,080.23	\$479,928.49	25.54%

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	\$ 977,510.38
Community Service	104,580.07
General Debt Service	<u>1,276,989.78</u>

Total Proposed School Tax Levy \$ 2,359,080.23

Now Therefore, Be it resolved by the School Board of NRHEG School District, New Richland, Minnesota, that the levy to be levied in 2022 to be collected in 2023 is set at **\$2,359,080.23** The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.



QUESTIONS?

