



Inver Grove Heights Schools, ISD 199

Public Hearing for Taxes Payable in 2024

DECEMBER 11, 2023

PRESENTED BY:

HEATHER AUNE, DIRECTOR OF
BUSINESS SERVICES

Minnesota State Law Requirements

A Public Meeting...

- Between November 25th & December 28th
- At 6:00 PM or later
- May be part of regularly scheduled meeting
- Must allow for public comments
- May adopt final levy at same meeting

...and Presentation of:

- Current year budget
- Proposed property tax levy

Hearing Agenda



Background
Information on
School Funding



District's Budget



District's Proposed
Tax Levy for Taxes
Payable in 2024



Public Comments

MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1

“UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The ***legislature shall make such provisions by taxation or otherwise*** as will secure a thorough and efficient system of public schools throughout the state.”



As a Result,
Funding is
Highly
Regulated

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
 - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

State also authorizes school board to submit referendums for operating & capital needs to voters for approval

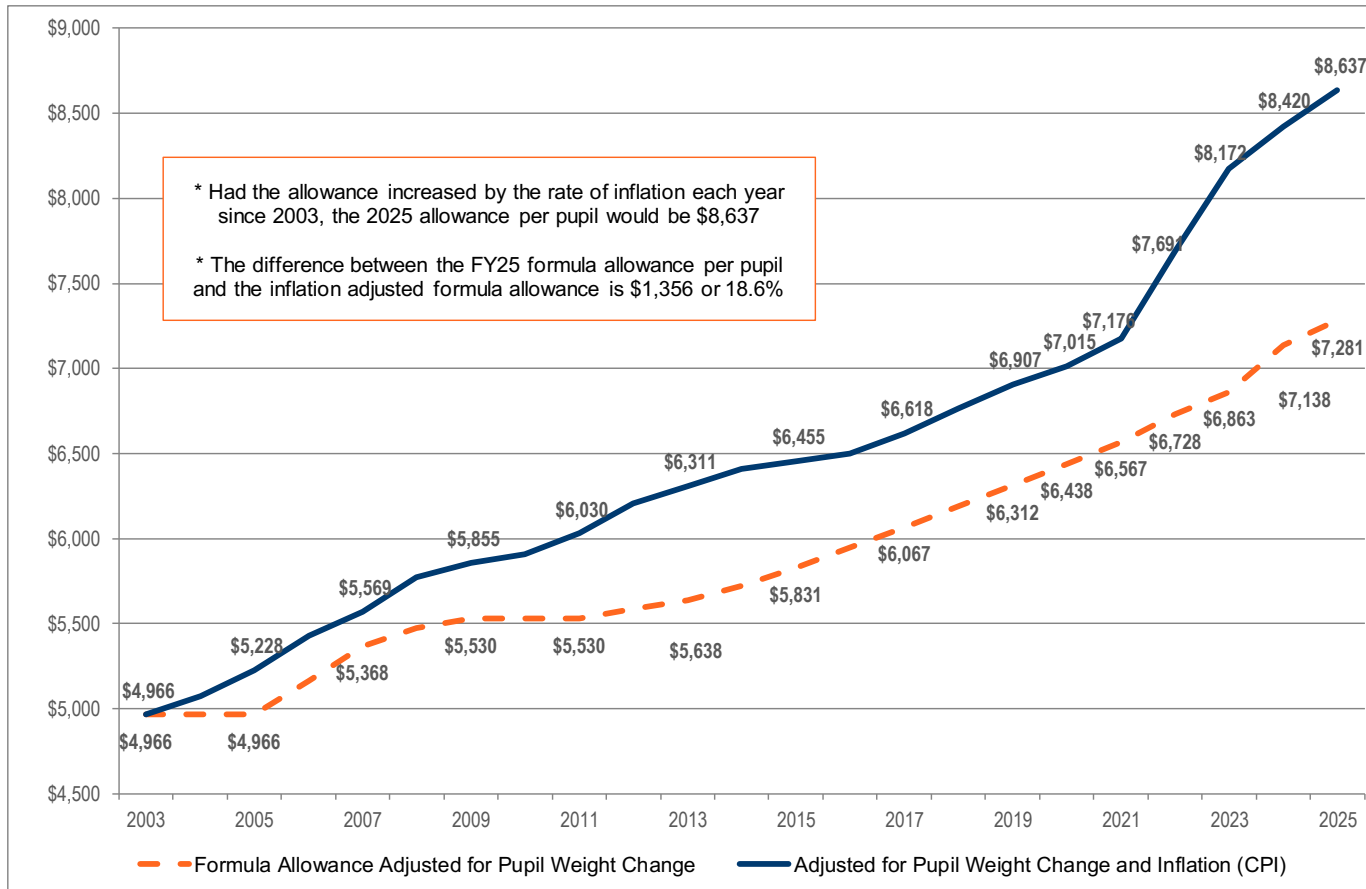
Basic General Education Formula Lags Inflation

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2023-24, an increase of 4.00% or \$275 over previous year was approved
- For Fiscal Year 2024-25, an increase of 2.00% or \$143 over previous year was approved

Per-pupil allowance for Fiscal Year 2024-25 of \$7,281 would need to increase by another \$1,356 (18.6%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,637

General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

According to MN Department of Education (MDE):

FY 2022 costs of providing programs were underfunded statewide by \$712 million

Even with recent improvements in funding, by FY 2027 costs of providing programs statewide will be underfunded by \$408 million



Primary options to bridge funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both

Underfunding of Special Education

Change in Tax Levy does not Determine Change in Budget



Tax levy is based on many state-determined formulas plus voter approved referendums



Some increases in tax levies are revenue neutral, offset by reductions in state aid



Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance



An increase in school taxes does not always correlate to an equal increase in budget

Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information be presented at this hearing. Fiscal Year 2024-25 budget will be adopted by School Board in June 2024.

School district budgets are divided into separate funds, based on purposes of revenue, as required by law.

Our District's Funds:

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- Internal Service
- OPEB* Trust
- OPEB* Debt Service

**Other Post-Employment Benefits*



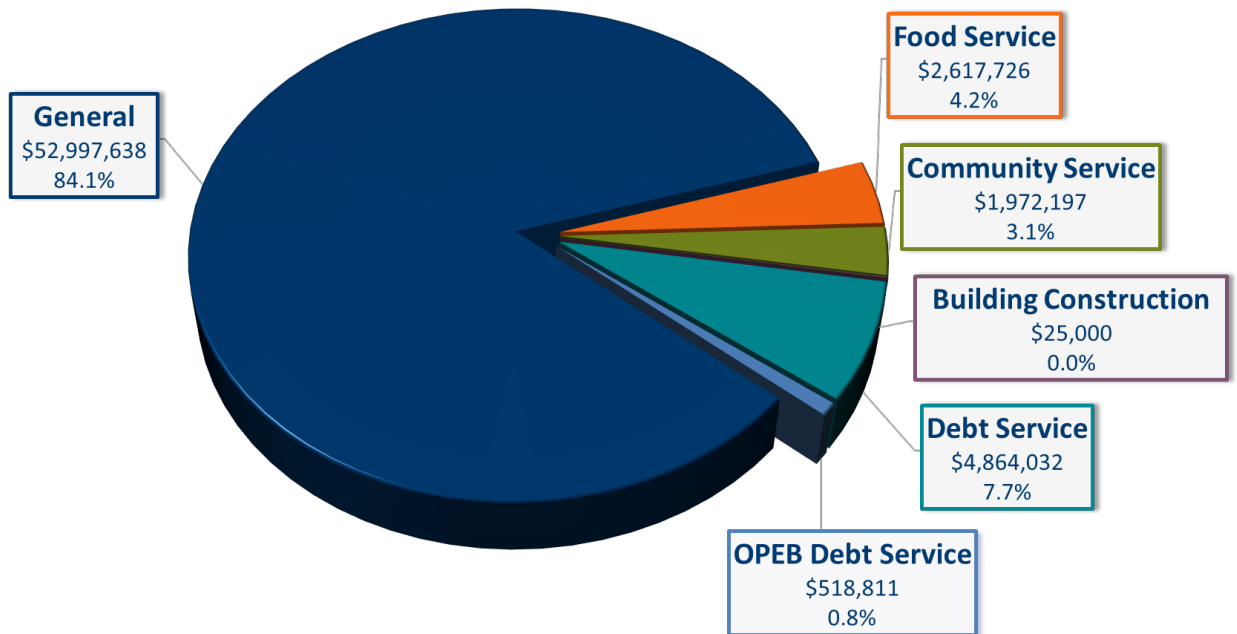
District Revenues & Expenditures
Actual for FY 2023, Budget for FY 2024

	FISCAL 2023 BEGINNING	2022-23 ACTUAL		JUNE 30, 2023 ACTUAL	2023-24 BUDGET		JUNE 30, 2024 PROJECTED
FUND	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES	REVENUES & TRANSERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES
General/Restricted	\$4,013,973	\$14,426,007	\$12,830,379	\$5,609,601	\$13,852,186	\$11,581,117	\$7,880,670
General/Other	6,406,884	37,174,278	38,982,207	4,598,955	39,145,452	41,397,095	2,347,312
Food Service	968,070	2,453,506	2,590,160	831,416	2,617,726	2,558,443	890,699
Community Service	225,033	2,061,006	1,948,845	337,194	1,972,197	1,861,377	448,014
Building Construction	0	3,431,766	902,344	2,529,423	25,000	1,889,800	664,623
Debt Service	1,004,364	13,055,016	13,046,080	1,013,301	4,864,032	4,948,201	929,132
Internal Service	81,470			131,167			176,919
OPEB* Revocable Trust	4,394,099	0	0	4,394,099	0	0	4,394,099
OPEB* Debt Service	119,118	527,350	530,365	116,103	518,811	524,515	110,399
Total All Funds	17,213,011	73,128,929	70,830,380	19,561,257	62,995,404	64,760,548	17,841,865

*Other Post Employment Benefits

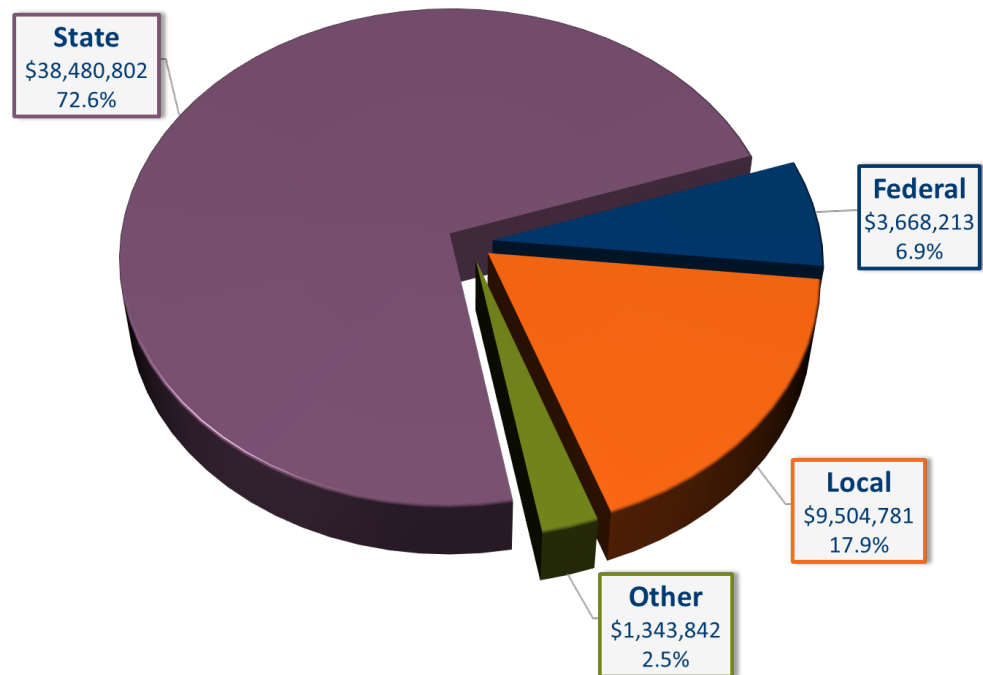
Revenue - All Funds -

2023-24 Budget
\$62,995,404



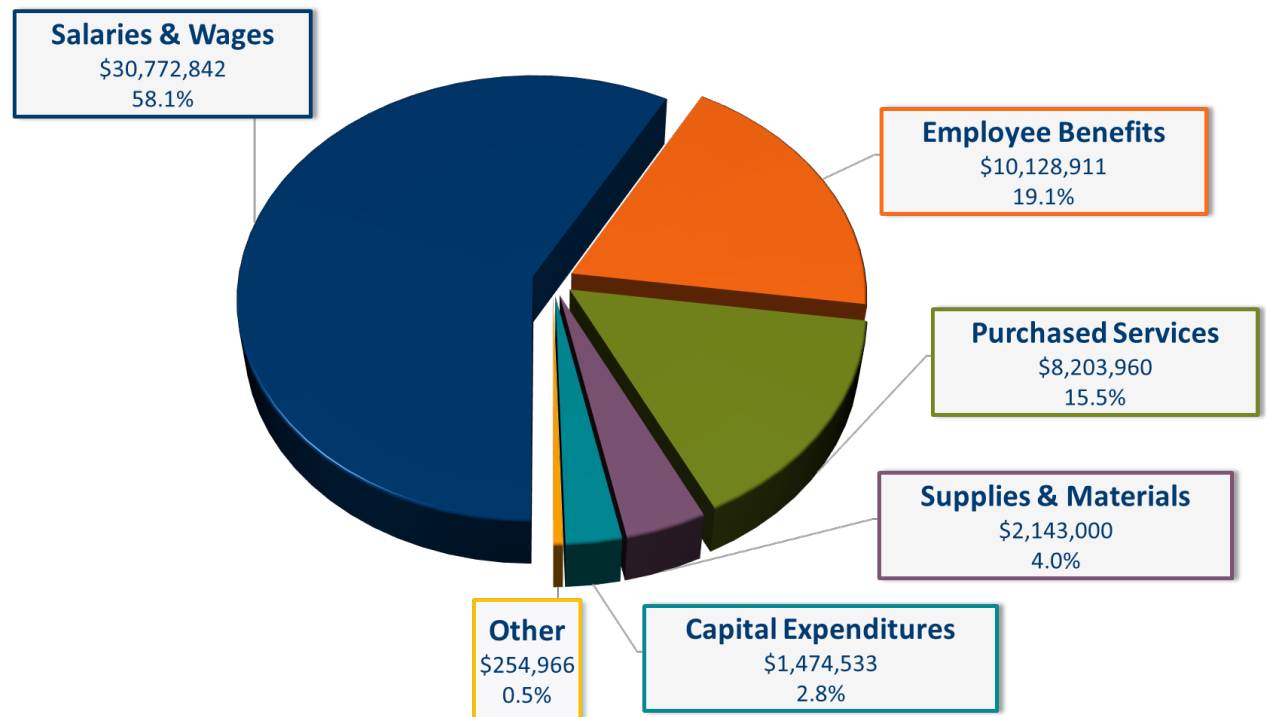
General Fund Revenue

2023-24 Budget
\$52,997,638



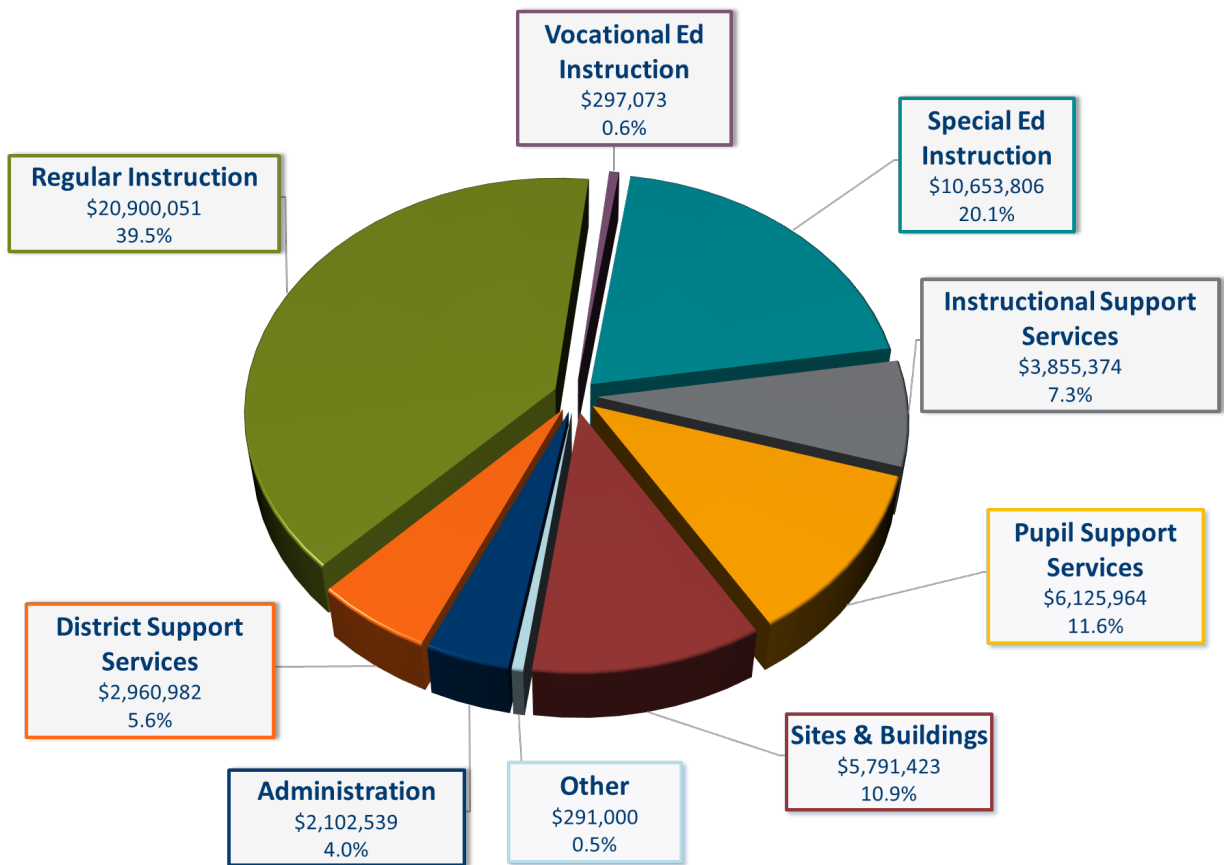
General Fund Expenditures - by Object -

2023-24 Budget
\$52,978,212



General Fund Expenditures - by Program -

2023-24 Budget
\$52,978,212



Sample of parcel specific notice mailed to every property owner between November 11 & November 24

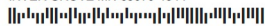
Contents:

- Proposed property taxes compared to last year
 - By taxing jurisdiction
 - By voter approved & other for school district
- Time & place of public meetings

Dakota COUNTY
PROPERTY TAXATION & RECORDS
ADMINISTRATION CENTER
1590 HIGHWAY 55
HASTINGS, MINNESOTA 55033-2392
www.dakotacounty.us

Property ID: 00-0000-00-000

TAXPAYER(S):

ISD 199 Resident
1234 70TH ST E
INVER GROVE MN 55076-1544


Property Address: 1234 70TH ST E
INVER GROVE HEIGHTS MN 55076

Property Description: ISD 199 ESTATES

PROPOSED TAXES 2024

— This is Not a Bill • Do Not Pay —

Step 1	VALUES AND CLASSIFICATION		
Taxes Payable Year	2023	2024	
Estimated Market Value:	334,900	339,100	
Homestead Exclusion:	0	0	
Other Excl./Deferrals:	0	0	
Taxable Market Value:	334,900	339,100	
Property Classification:	RES NON HSTD	RES NON HSTD	

Step 2	PROPOSED TAX	
Property Taxes Before Credits:	\$	3,524.00
School Building Bond Credit:		
Agricultural Market Value Credit:		
Other Credits:		
Property Taxes After Credits:	\$	3,524.00

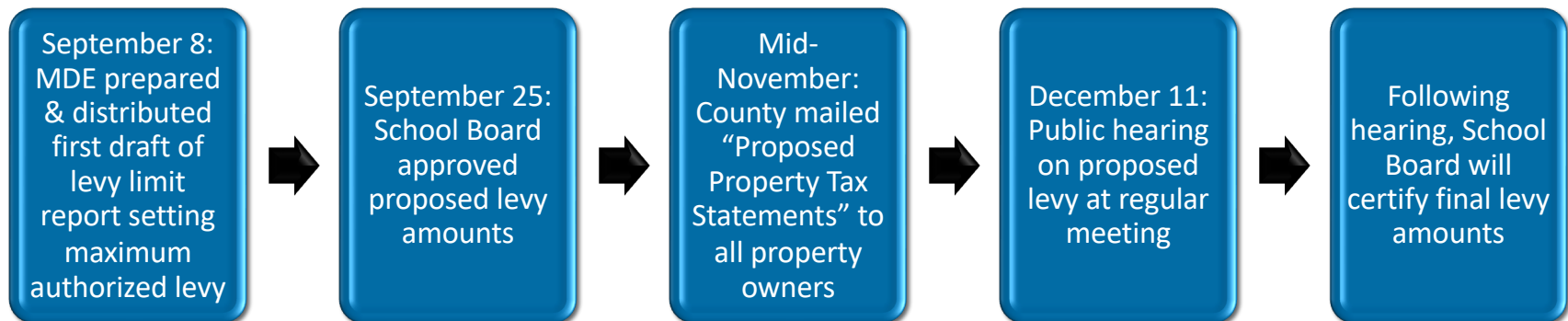
Step 3	PROPERTY TAX STATEMENT	
	• Coming in 2024 •	

The time to provide feedback on PROPOSED LEVIES is NOW.

Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2023	Proposed 2024
STATE GENERAL TAX	NO PUBLIC MEETING	\$.00	\$.00
DAKOTA COUNTY DAKOTA COUNTY ADMINISTRATION 1590 HIGHWAY 55 HASTINGS MN 55033 WWW.DAKOTACOUNTY.US 651-438-4576	NOV 28 2023-6:00 PM ADMINISTRATION CENTER COUNTY BOARDROOM 1590 HIGHWAY 55 HASTINGS MN 55033	630.78	620.18
INVER GROVE HEIGHTS FINANCE DIRECTOR 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077 WWW.IGHMN.GOV/FINANCE 651-450-2521	DEC 4 2023-6:00 PM CITY COUNCIL CHAMBERS 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077	1,656.86	1,721.04
SCH DIST 199 DIRECTOR OF BUSINESS SERVICES 2990 80TH ST E INVER GROVE HEIGHTS MN 55076 WWW.ISD199.ORG 651-306-7807	DEC 11 2023-6:00 PM ISD 199 DISTRICT OFFICE 2990 80TH ST E INVER GROVE HEIGHTS MN 55076		
VOTER APPROVED LEVIES		524.04	523.92
OTHER LOCAL LEVIES		546.72	557.38
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district voter approved property tax for 2024 may be higher than the proposed amount shown on this notice.			
METRO SPECIAL TAXING DISTRICTS METROPOLITAN COUNCIL 390 ROBERT ST N ST PAUL MN 55101-1805 WWW.METROCOUNCIL.ORG/BUDGET 651-602-1738	DEC 13 2023-6:00 PM COUNCIL CHAMBERS 390 ROBERT ST N ST PAUL MN 55101-1805	58.22	57.12
OTHER SPECIAL TAXING DISTRICTS		39.38	44.36
TAX INCREMENT TAX	NO PUBLIC MEETING	.00	.00
FISCAL DISPARITY TAX	NO PUBLIC MEETING	.00	.00
TOTALS (Excluding Special Assessments)		\$ 3,456.00	\$ 3,524.00 2.0%

Approval of District's Tax Levy in 2023 (Payable 2024)





Overview of District's Proposed Tax Levy

- Proposed Payable 2024 tax levy is an increase from 2023 of \$582,694 or 3.8%
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides

Comparison of Actual Tax Levy Payable in 2023 to Proposed Levy Payable in 2024

Fund Levy Category	Actual Levy Payable in 2023	Proposed Levy Payable in 2024	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$2,377,952	\$2,446,034	\$68,082	
Local Optional Revenue (LOR)	2,520,291	2,493,815	(26,476)	
Equity	483,370	465,195	(18,175)	
Voter Approved Capital Project Referendum	920,513	1,041,928	121,415	
Operating Capital	444,925	524,992	80,068	
Long Term Facilities Maintenance	1,300,007	1,267,489	(32,518)	
Instructional Lease	906,810	894,887	(11,923)	
Other	503,260	512,051	8,791	
Prior Year Adjustments	(33,263)	319,606	352,869	
Total, General Fund	\$9,423,865	\$9,965,997	\$542,132	5.8%
Community Service				
Basic Community Education	\$214,645	\$196,615	(\$18,030)	
Early Childhood Family Education	109,994	105,004	(4,990)	
School-Age Child Care	120,000	135,000	15,000	
Other	4,004	4,835	832	
Prior Year Adjustments	(21,255)	(19,279)	1,975	
Total, Community Service Fund	\$427,388	\$422,174	(\$5,213)	-1.2%
Debt Service				
Voter Approved	\$4,186,652	\$4,193,845	\$7,193	
Other	395,704	431,025	35,321	
Long Term Facility Maintenance	515,917	513,560	(2,356)	
Other Post Employment Benefits	548,851	540,937	(7,914)	
Reduction for Debt Excess	(263,151)	(285,033)	(21,883)	
Prior Year Adjustments	(1,130)	34,284	35,414	
Total, Debt Service Fund	\$5,382,843	\$5,428,618	\$45,775	0.9%
Total Levy, All Funds	\$15,234,096	\$15,816,790	\$582,694	3.8%
Subtotal by Truth in Taxation Categories:				
Voter Approved	7,464,916	7,671,152	206,236	
Other	7,769,180	8,145,638	376,458	
Total	\$15,234,096	\$15,816,790	\$582,694	3.8%

Explanation of Levy Changes

Category:

General Fund – Voter Approved Capital Project Referendum

Change:

+\$121,415

Use of Funds:

Technology & Capital Costs

Reasons for Change:

- Levy is based on voter approved tax rate applied to tax base
- District's tax base increased

Explanation of Levy Changes

Category:	General Fund – Prior Year Adjustments
Change:	+\$352,869
Use of Funds:	Various
Reason for Change:	Initial levies are based on estimates. In later years, amounts are updated and levies are retroactively adjusted.

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause a tax bill for an individual property to increase or decrease from year to year

- Changes in value of individual property
- Changes in total value of all property within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors

What's happening with each slice?

Higher Market Value Increase = Bigger Slice



Lower Market Value Increase = Smaller Slice



Each Property Owner pays a portion of the pie

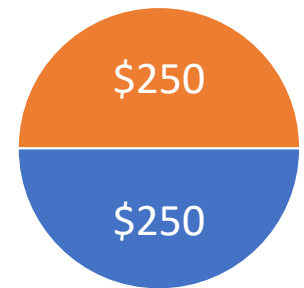
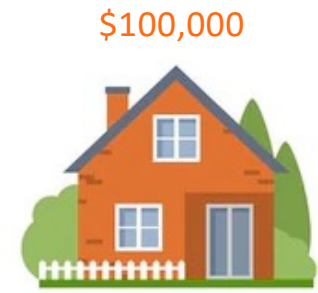
Impact of Property Valuations

Two properties in the district

- Both houses are valued at \$100,000

Total levy of \$500

- Each property will pay \$250 of levy



Impact of Property Valuations

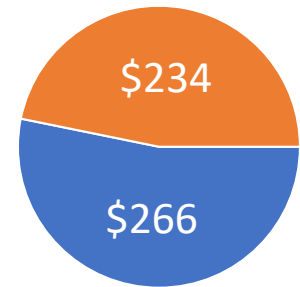
Two properties in the district

- Orange house value increases by 10%
- Blue house value increases by 25%

Total levy of \$500

- School District will still generate the same amount of levy even though values increased
- Orange house pays less
- Blue house pays more

\$110,000



\$125,000



Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and a 22.1% increase in property value for residential homes over the past four years
 - Actual changes in value may be more or less than this for any parcel of property
 - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Examples are for property in City of Inver Grove Heights
- Amounts for 2024 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal financial advisors)

Estimated Changes in School Property Taxes, 2021 to 2024
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2021	Actual Taxes Payable in 2022	Actual Taxes Payable in 2023	Estimated Taxes Payable in 2024	Change in Taxes 2021 to 2024	Change in Taxes 2023 to 2024
Residential Homestead	\$200,000	\$690	\$649	\$601	\$599	-\$91	-\$2
	300,000	1,079	1,014	939	936	-143	-3
	350,000	1,273	1,197	1,108	1,105	-168	-3
	500,000	1,838	1,729	1,599	1,594	-244	-5
	600,000	2,264	2,130	1,968	1,963	-301	-5
	800,000	3,116	2,933	2,708	2,702	-414	-6
Commercial/Industrial #	\$250,000	\$971	\$883	\$836	\$851	-\$120	\$15
	500,000	2,055	1,868	1,766	1,800	-255	34
	1,000,000	4,223	3,837	3,626	3,699	-524	73
	1,500,000	6,391	5,807	5,487	5,597	-794	110
Apartments and Res. Non-Homestead (2 or more units)	\$500,000	\$2,130	\$2,007	\$1,849	\$1,846	-\$284	-\$3
	1,000,000	4,260	4,015	3,697	3,691	-569	-6
	2,000,000	8,520	8,030	7,395	7,382	-1,138	-13

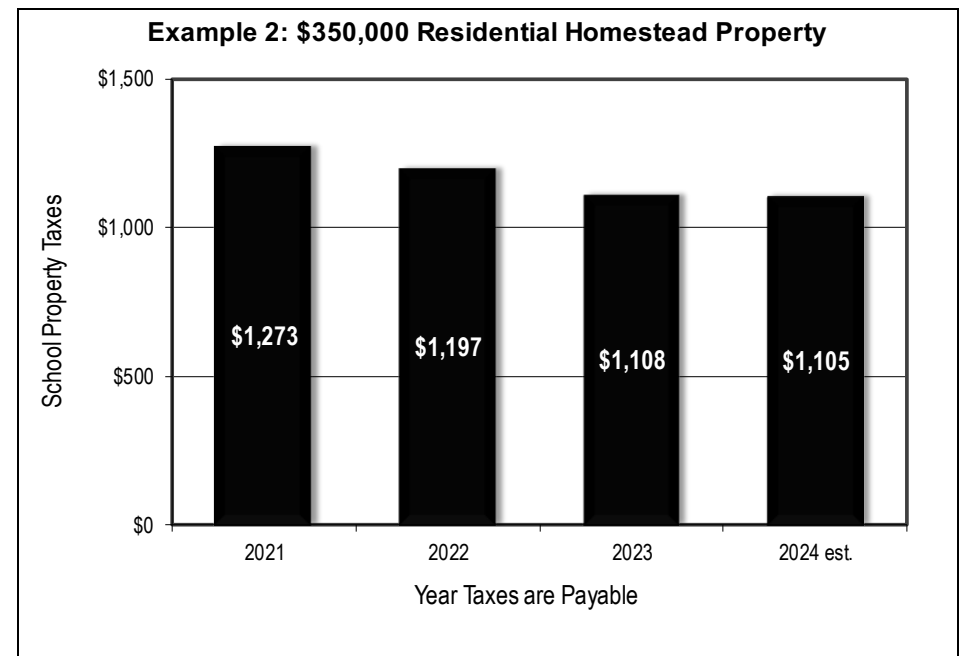
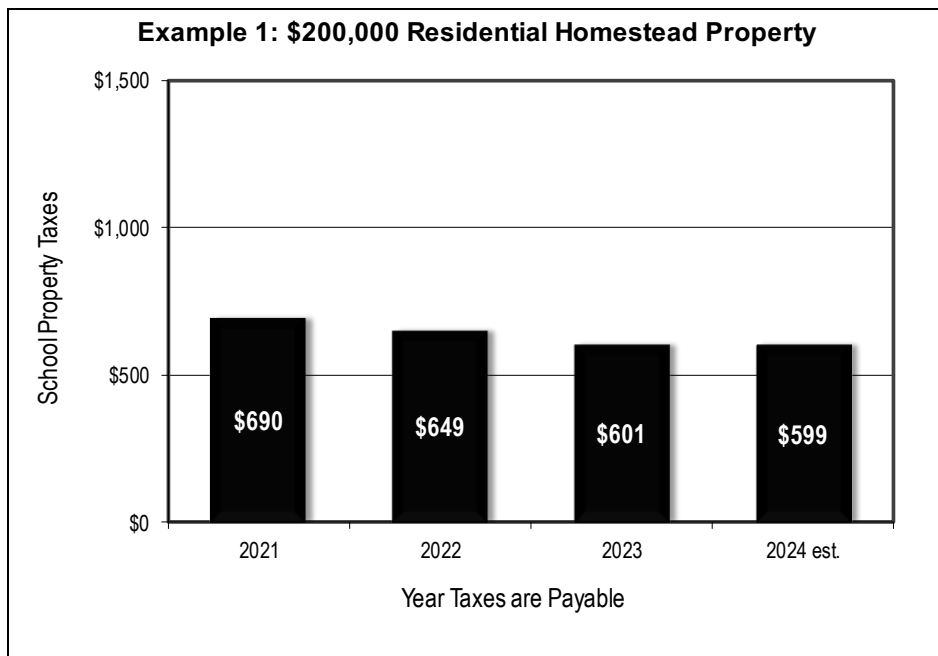
For commercial-industrial property, amounts above are for property in Inver Grove Heights. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2024 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2021 to 2024.

Estimated Changes in School Property Taxes, 2021-24

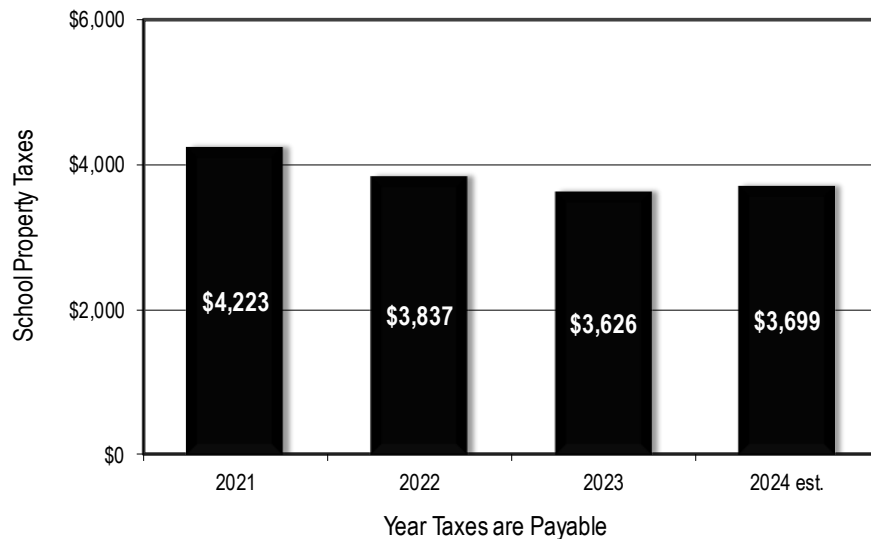
Based on No Changes in Property Value



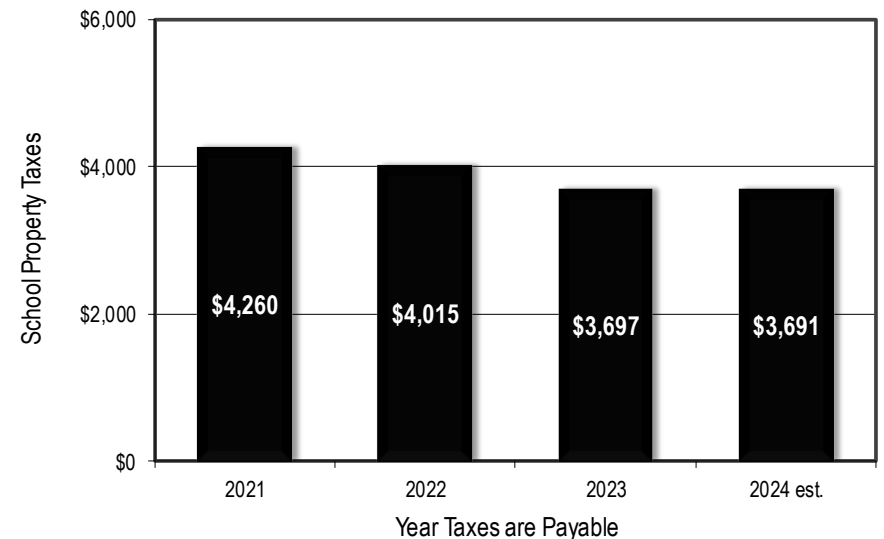
Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value

Example 3: \$1,000,000 Commercial - Industrial Property

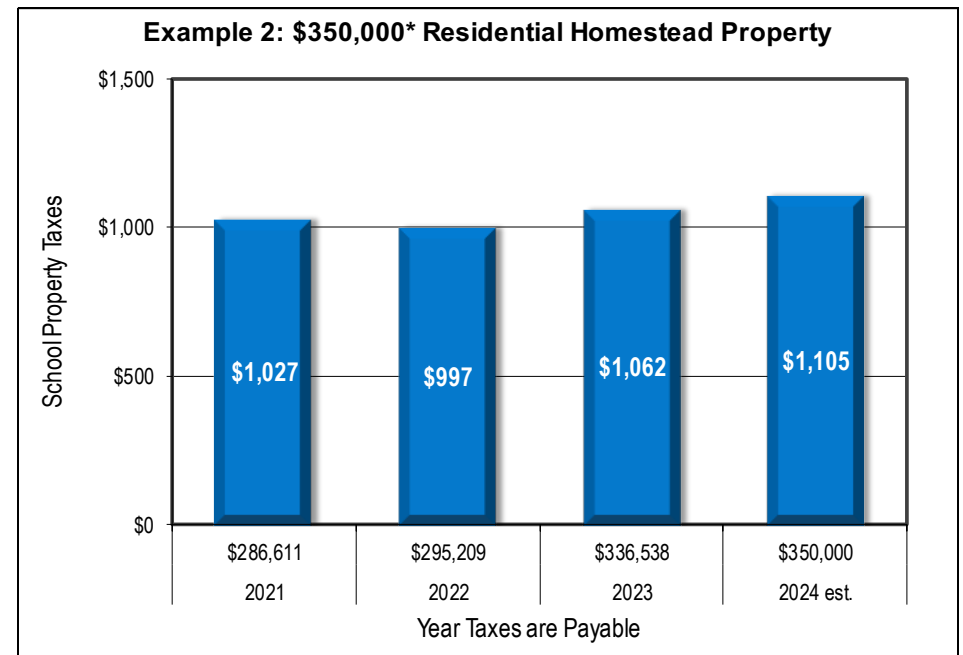
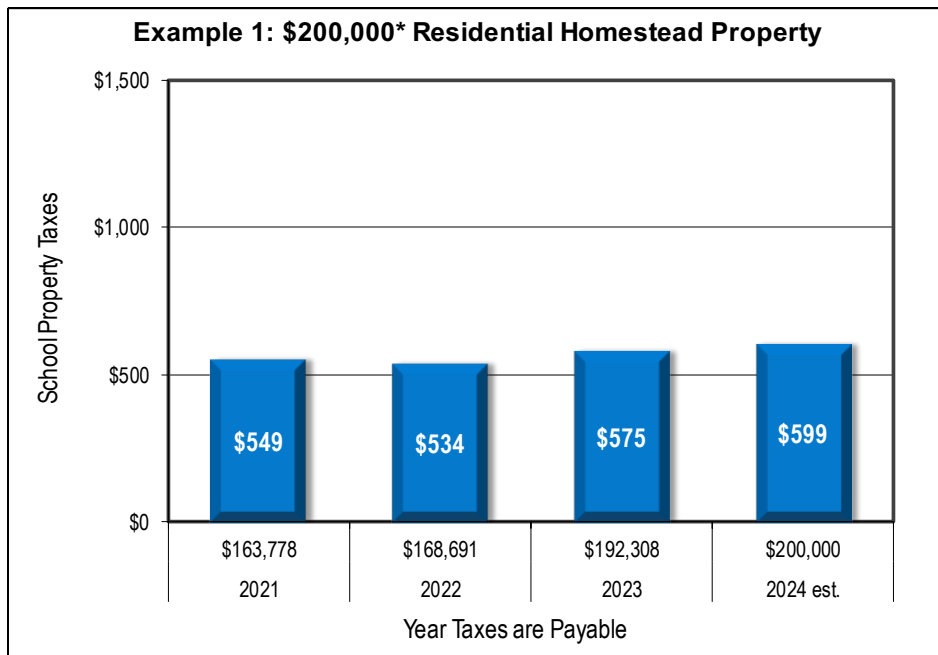


Example 4: \$1,000,000 Apartment - Non Residential Homestead Property



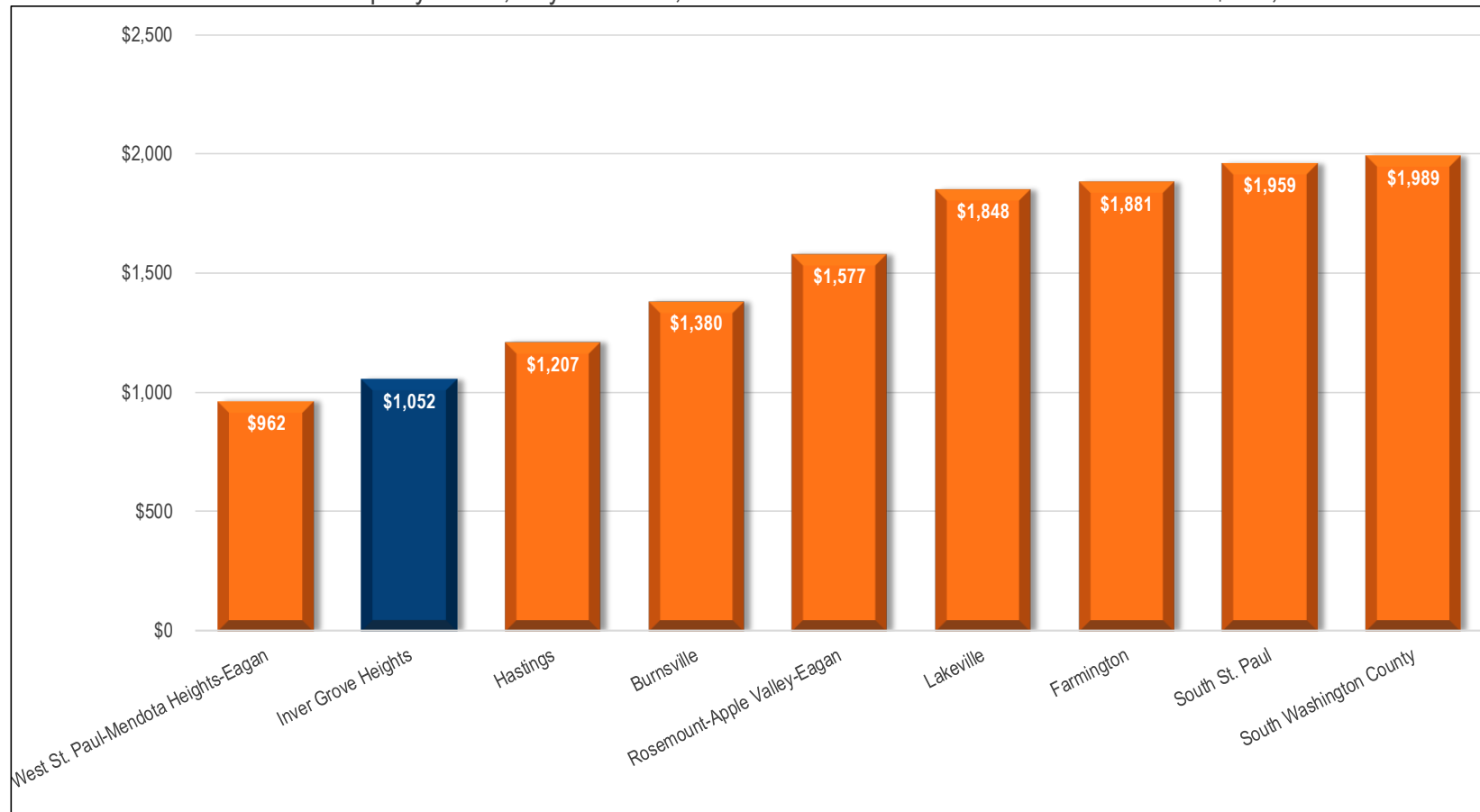
Estimated Changes in School Property Taxes, 2021-24

Based on 22.1% Cumulative Changes in Property Value



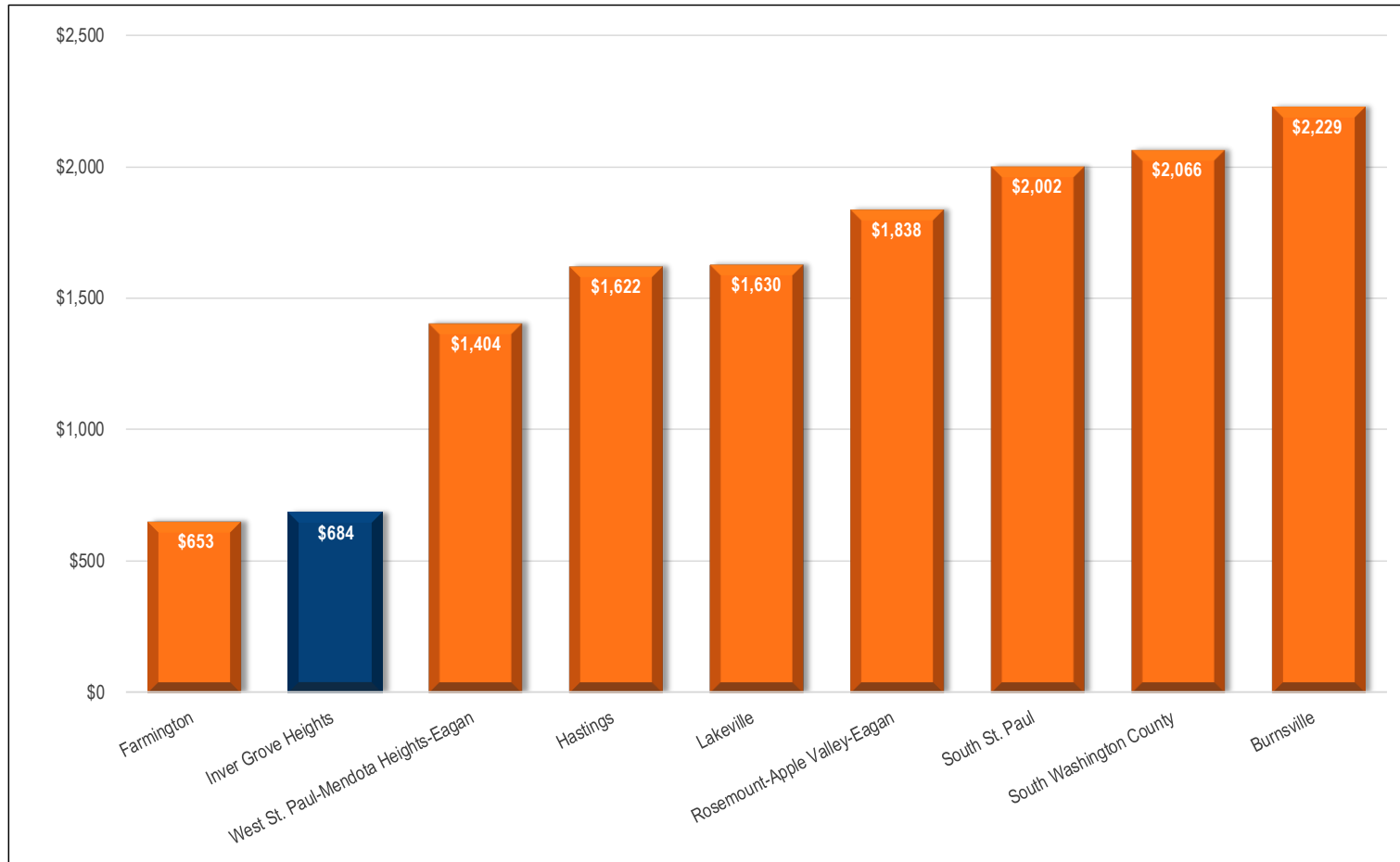
* Estimated market value for taxes payable in 2024. Taxes are calculated based on changes in market value of 3.0% from 2021 to 2022, 14.0% from 2022 to 2023 and 4.0% from 2023 to 2024.

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$333,540



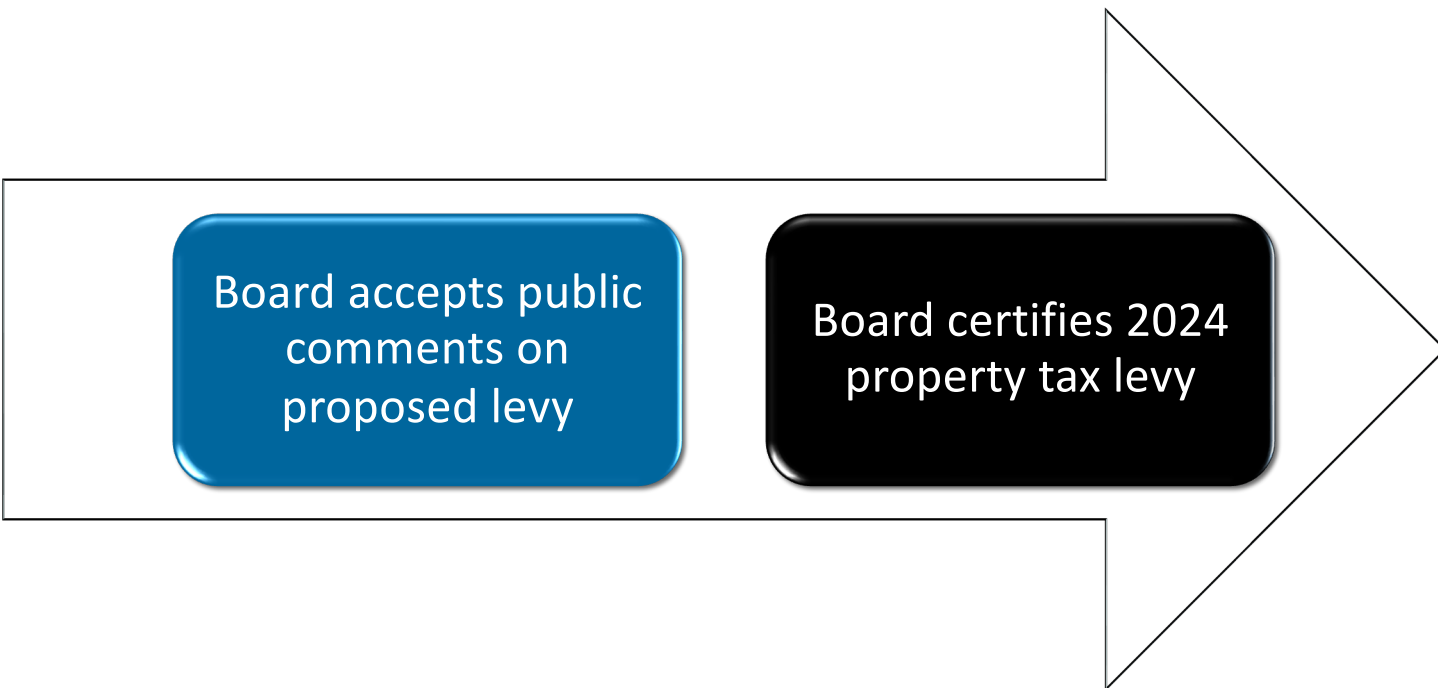
Source: Pay 23 School Tax Report

Voter Approved Referendum Authority Per Pupil Unit FY 2023-24 (Excludes Local Optional Revenue)



Source: MDE Levy Report for Taxes Payable in 2023, MDE Referendum Phaseout Spreadsheet 6/30/2023

Next Steps



Board accepts public
comments on
proposed levy

Board certifies 2024
property tax levy



PUBLIC COMMENTS