



Inver Grove Heights Schools, ISD 199

Public Hearing for Taxes Payable in 2022

DECEMBER 13, 2021

PRESENTED BY:

HEATHER AUNE,

DIRECTOR OF BUSINESS SERVICES

Minnesota State Law Requires:

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 2022
- 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 and capital needs to voters for approval

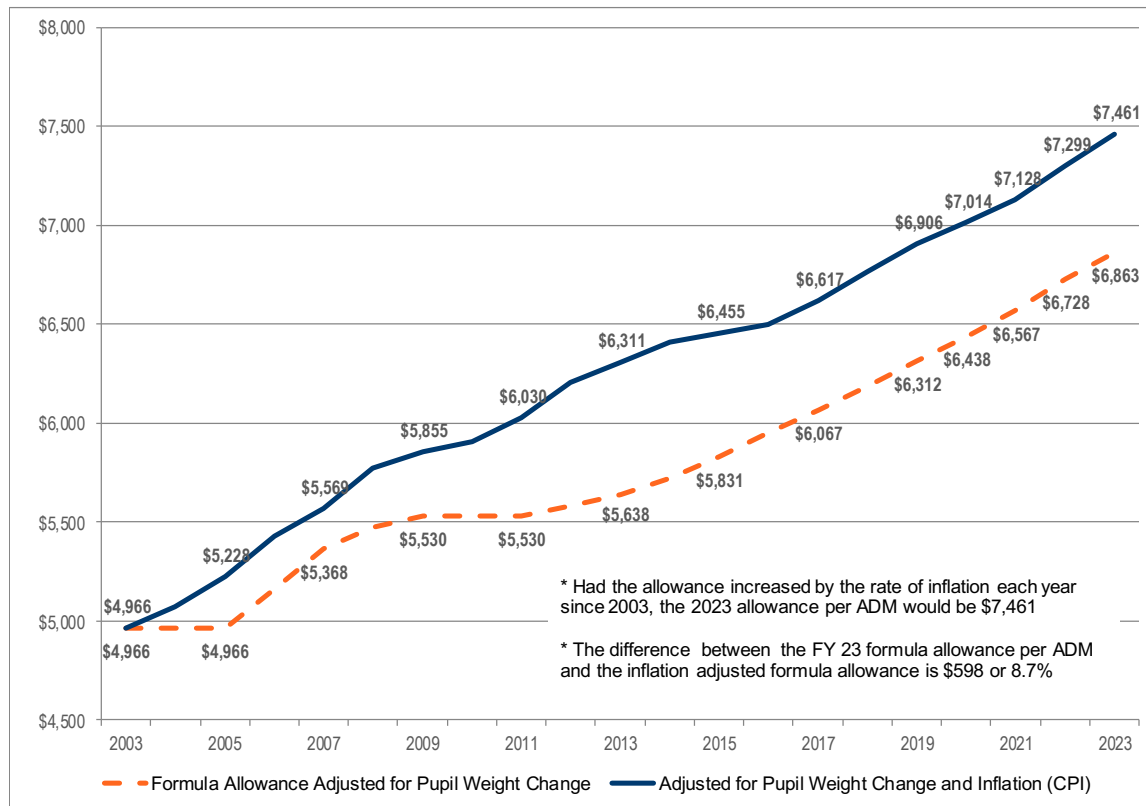
Challenge: State Set Basic General Education Formula Lags Inflation

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2021-22, an increase of 2.45% or \$161 over previous year was approved
- For Fiscal Year 2022-23, an increase of 2.00% or \$135 over current year was approved

Per-pupil allowance for Fiscal Year 2022-23 of \$6,863 would need to increase by another \$598 (8.7%) to have kept pace with inflation since 2002-03

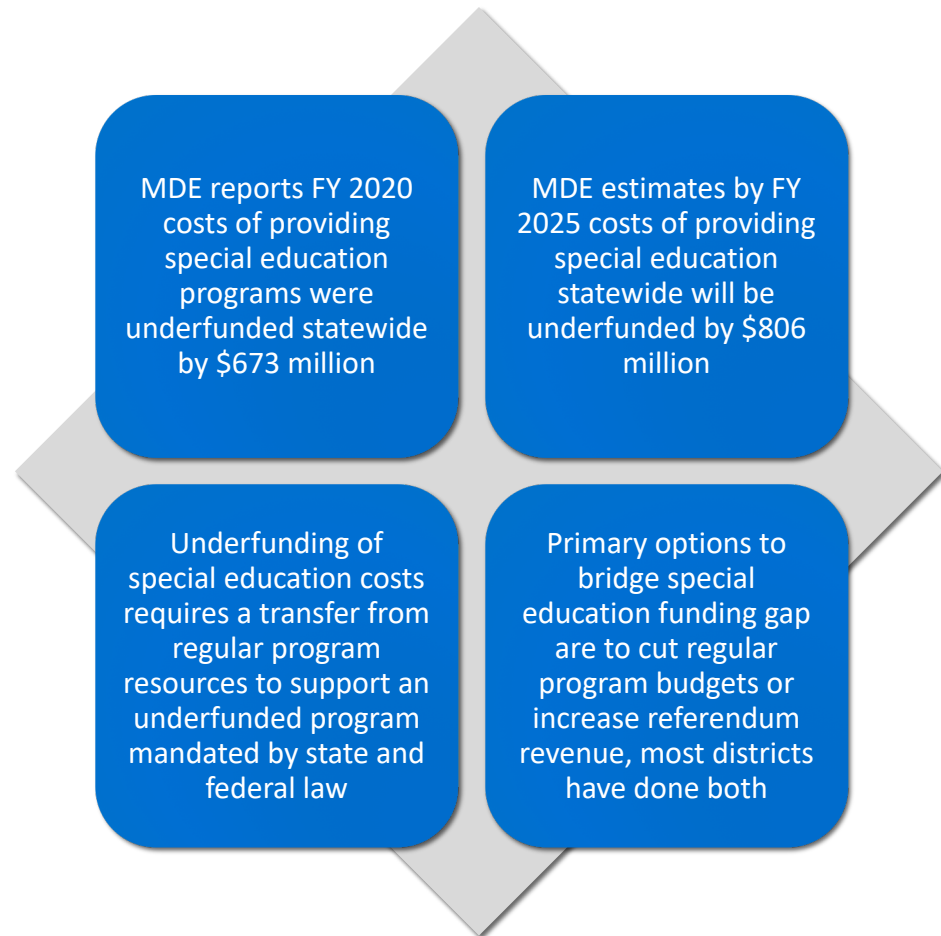
General Education Formula Allowance, 2003-2023

Adjusted for Pupil Weight Change and Inflation (CPI)



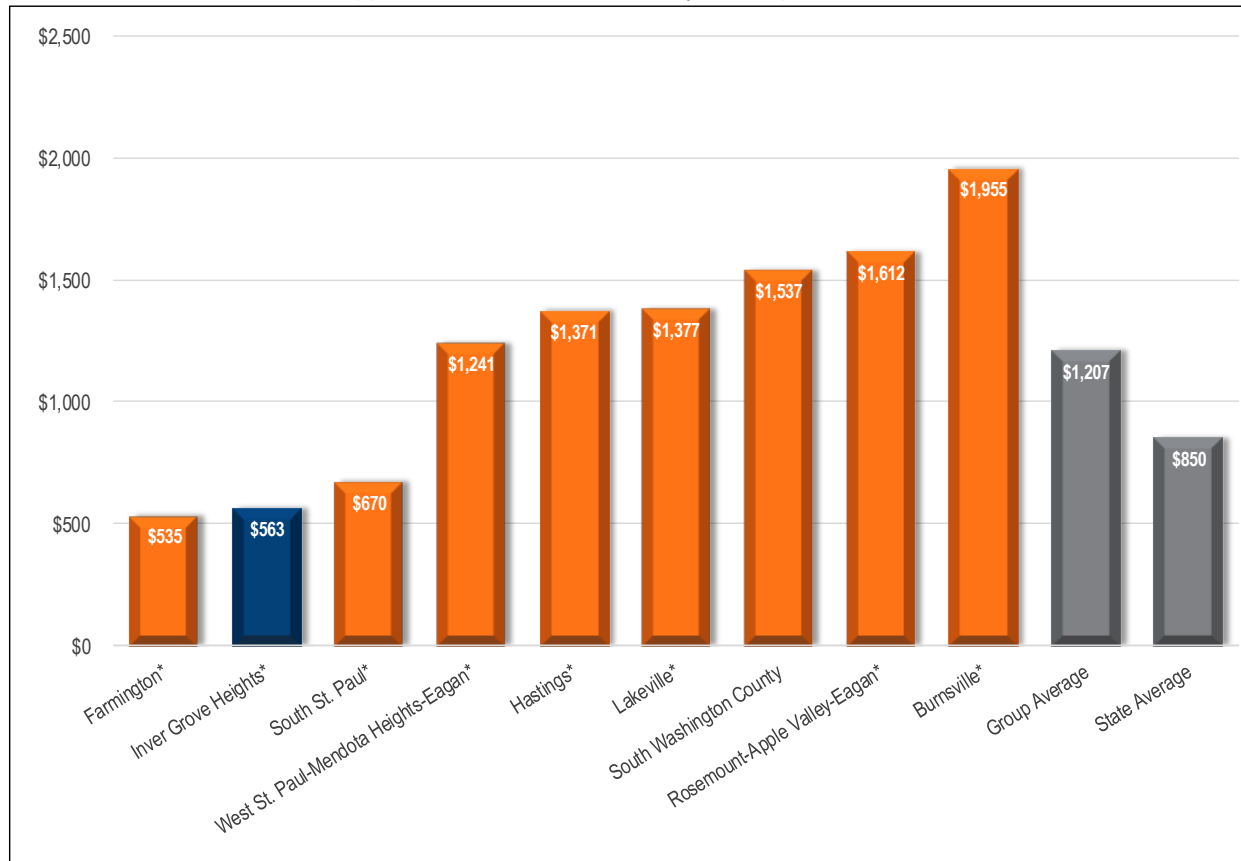
Source: MDE April 2021 Inflation Estimates

Underfunding of Special Education



Inver Grove Heights School District

Voter Approved Referendum Authority Per Pupil Unit FY 2021-22



* Authorities with voter approved annual inflationary adjustment
Source: MDE Operating Referendum Phaseout July 2021

Change in Tax Levy does not Determine Change in Budget

1

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

2

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

3

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

4

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

School District Levy Cycle Differs from City/County Levy Cycle

City/County:

- Budget Year same as calendar year
- 2022 taxes provide revenue for 2022 calendar year budget

Schools:

- Budget year begins July 1st and coincides with school year
- 2022 taxes provide revenue for 2022-23 school fiscal year
- Budget will be adopted in June 2022

Inver Grove Heights Schools, ISD 199

District Revenues and Expenditures

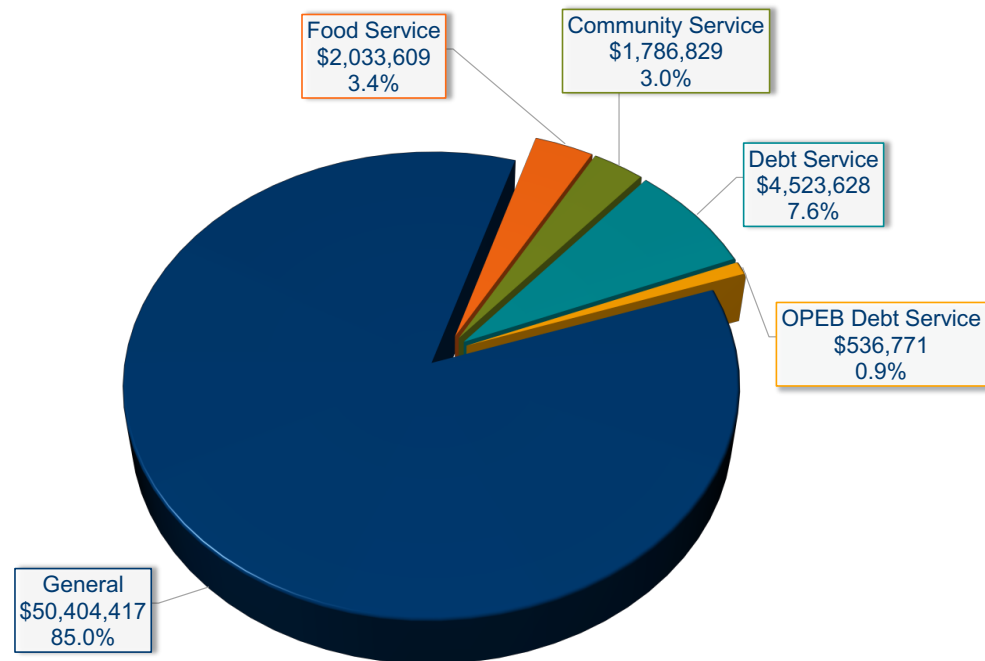
Actual for FY 2021, Budget for FY 2022

FUND	FISCAL 2021 BEGINNING	2020-21 ACTUAL	2020-21 ACTUAL	JUNE 30, 2021 ACTUAL	2021-22 BUDGET	2021-22 BUDGET	JUNE 30, 2022 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES	REVENUES & TRANSERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES
General/Restricted	\$4,194,909	\$11,599,149	\$11,238,935	\$4,555,123	\$11,304,707	\$11,949,019	\$3,910,810
General/Other	7,667,370	37,535,858	36,768,301	8,434,927	39,099,710	39,109,627	8,425,010
Food Service	745,353	1,792,792	1,846,036	692,109	2,033,609	2,075,783	649,935
Community Service	187,556	1,887,783	1,969,521	105,817	1,786,829	1,848,953	43,693
Building Construction	243,273	-	243,273	-	-	-	-
Debt Service	1,142,249	4,395,207	4,510,356	1,027,100	4,523,628	4,541,253	1,009,475
Internal Service	-			25,363			75,000
OPEB* Revocable Trust	3,204,509	-	-	3,204,509	-	-	3,204,509
OPEB* Debt Service	153,223	498,176	528,090	123,310	536,771	542,215	117,866
Total All Funds	\$17,538,443	\$57,708,965	\$57,104,514	\$18,168,257	\$59,285,254	\$60,066,850	\$17,436,299

*Other Post Employment Benefits

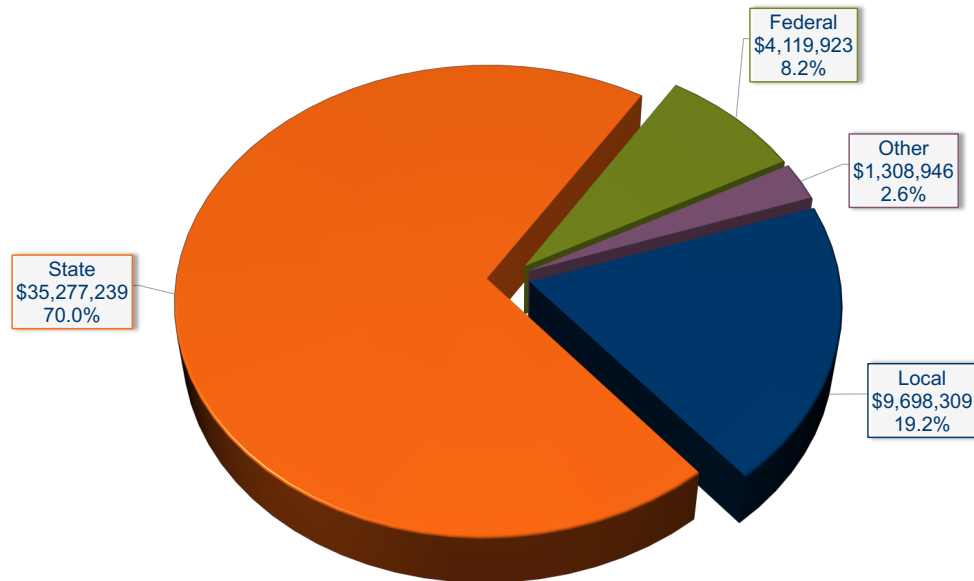
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Revenue – All Funds
2021-22 Budget \$59,285,254



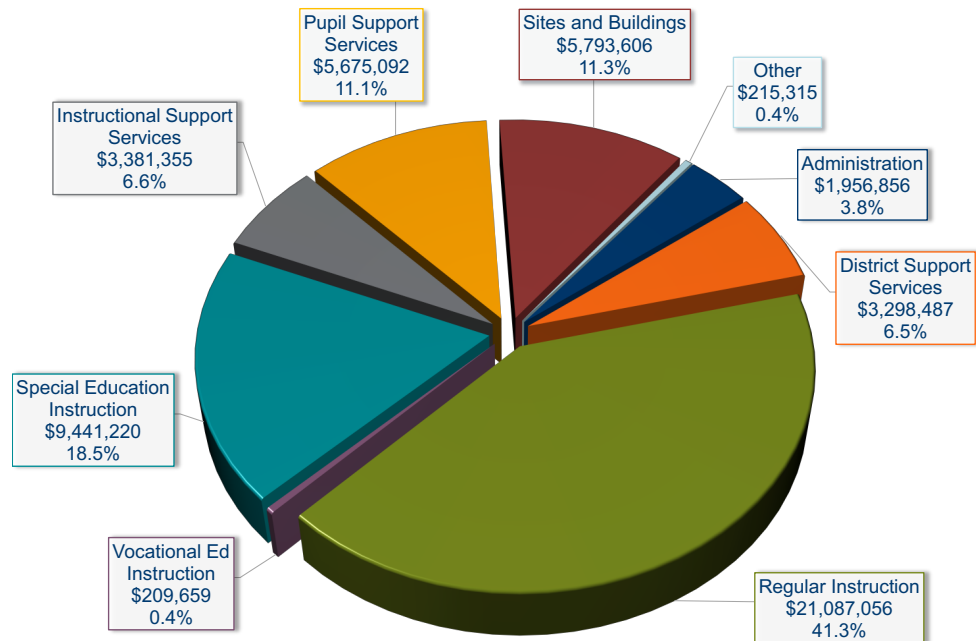
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General Fund Revenue
2021-22 Budget \$50,404,417



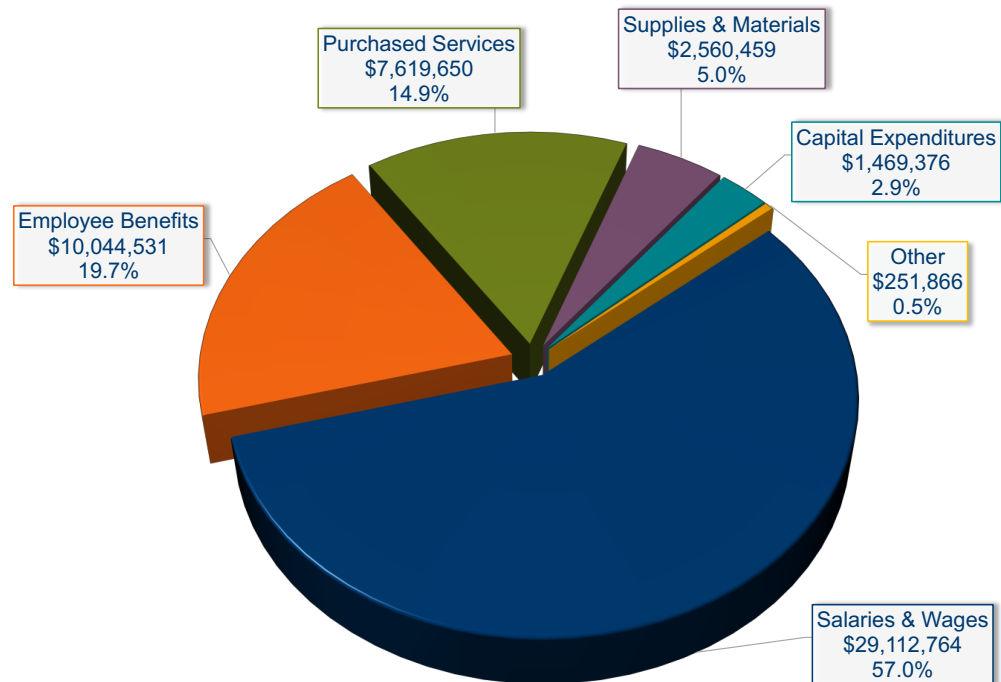
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General Fund Expenditures by Program
2021-22 Budget \$51,058,646



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General Fund Expenditures by Object
2021-22 Budget \$51,058,646



Payable 2022 Property Tax Levy

- Determination of levy
- Comparison of 2021 to 2022 levies
- Reasons for changes in tax levy
- Impact on taxpayers

Property Tax Background

- Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located
- Each taxing jurisdiction sets own tax levy, often based on limits in state law
- County sends bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions

Sample of parcel specific notice mailed to every property owner between November 11 & November 24 with information on impact of Proposed 2022 levy

Contents:

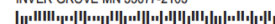
- Proposed property taxes compared to last year
- By taxing jurisdiction
- Contains time and place of public meetings
- By voter approved and other for school district

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

Property ID: 20-00000-00-000

TAXPAYER(S):

ISD 199 Resident
000 Cahill Ave
INVER GROVE MN 55077-2103



Property Address: 000 CAHILL AVE
INVER GROVE HEIGHTS MN 55076

Property Description: SECTION 00 TWIN
00 RANGE 000

PROPOSED TAXES 2022

— This is Not a Bill • Do Not Pay —

Step 1	VALUES AND CLASSIFICATION	2021	2022
	Taxes Payable Year		
	Estimated Market Value:	280,000	294,000
	Homestead Exclusion:	12,040	10,780
	Other Excl./Deferrals:	0	0
	Taxable Market Value:	267,960	283,220
	Property Classification:	RESO HSTD	RESO HSTD

Step 2	PROPOSED TAX
	Property Taxes Before Credits: \$ 3,214.00
	School Building Bond Credit:
	Agricultural Market Value Credit:
	Other Credits:
	Property Taxes After Credits: \$ 3,214.00

Step 3	PROPERTY TAX STATEMENT
	• Coming in 2022 •

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 2021	Proposed 2022
STATE GENERAL TAX	NO PUBLIC MEETING	\$.00	\$.00
		608.76	610.36
DAKOTA COUNTY DAKOTA COUNTY ADMINISTRATION 1590 HIGHWAY 55 HASTINGS MN 55033 WWW.DAKOTACOUNTY.US 651-438-4576	NOV 30 2021-6:00 PM ADMINISTRATION CENTER COUNTY BOARDROOM 1590 HIGHWAY 55 HASTINGS MN 55033		
INVER GROVE HEIGHTS FINANCE DIRECTOR 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077 AHOVE@IGHMN.GOV 651-450-2521	DEC 13 2021-6:00 PM CITY HALL COUNCIL CHAMBERS 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077	1,372.08	1,519.74
SCH DIST 199 DIRECTOR OF BUSINESS SERVICES 2960 80TH ST E INVER GROVE HEIGHTS MN 55076 AUNEH@ISD199.ORG 651-306-7807	DEC 13 2021-6:00 PM SIMLEY HIGH SCHOOL-SPARTAN CTR 2920 80TH ST E INVER GROVE HEIGHTS MN 55076		
VOTER APPROVED LEVIES		466.38	469.52
OTHER LOCAL LEVIES		534.78	518.94
METRO SPECIAL TAXING DISTRICTS METROPOLITAN COUNCIL 390 ROBERT ST N ST PAUL MN 55101-1805 651-602-1738	DEC 8 2021-6:00 PM METROPOLITAN COUNCIL CHAMBERS 390 ROBERT ST N ST PAUL MN 55101-1805	55.14	56.16
OTHER SPECIAL TAXING DISTRICTS	NO PUBLIC MEETING	36.86	39.28
TAX INCREMENT TAX	NO PUBLIC MEETING	.00	.00
FISCAL DISPARITY TAX	NO PUBLIC MEETING	.00	.00
TOTALS (Excluding Special Assessments)		\$ 3,074.00	\$ 3,214.00 4.6%

See Reverse Side for Important Information

School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- Maximum levy amounts for each category are set by:
 - State law
 - Voter approval

Minnesota Department of Education (MDE) calculates levy maximums for each district

Overview of Proposed Levy Payable in 2022

- Proposed property tax levy for 2022 is a decrease from 2021 of \$110,492 or 0.8%
- Reasons for major changes in levy are included on following slides

Inver Grove Heights Schools, ISD 199

Comparison of Actual Tax Levy Payable in 2021 to Proposed Levy Payable in 2022

Fund Levy Category	Actual Levy Payable in 2021	Proposed Levy Payable in 2022	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$2,115,342	\$2,114,023	(\$1,320)	
Local Optional Revenue (LOR)	2,564,109	2,534,848	(29,261)	
Equity	523,457	501,395	(22,062)	
Voter-Approved Capital Project Referendum	831,816	884,282	52,466	
Operating Capital	383,247	429,150	45,903	
Achievement and Integration	204,401	197,713	(6,689)	
Long Term Facilities Maintenance	1,364,152	1,341,506	(22,646)	
Instructional Lease	974,096	934,722	(39,374)	
Other	301,150	302,141	991	
Prior Year Adjustments	(67,787)	(170,451)	(102,665)	
Total, General Fund	\$9,193,984	\$9,069,327	(\$124,657)	-1.4%
Community Service				
Basic Community Education	\$211,823	\$214,645	\$2,822	
Early Childhood Family Education	103,944	106,494	2,550	
School-Age Child Care	135,000	135,000	0	
Other	3,142	3,737	595	
Prior Year Adjustments	33,014	21,300	(11,714)	
Total, Community Service Fund	\$486,922	\$481,175	(\$5,747)	-1.2%
Debt Service				
Voter Approved	\$4,170,377	\$4,179,302	\$8,925	
Long-Term Facility Maintenance	510,540	522,430	11,890	
Other Post Employment Benefits	568,276	555,886	(12,390)	
Reduction for Debt Excess	(313,546)	(289,499)	24,047	
Prior Year Adjustments	22,485	9,924	(12,561)	
Total, Debt Service Fund	\$4,958,132	\$4,978,044	\$19,912	0.4%
Total Levy, All Funds	\$14,639,038	\$14,528,546	(\$110,492)	-0.8%
Subtotal by Truth in Taxation Categories:				
Voter Approved	6,852,673	6,926,735	74,062	
Other	7,786,365	7,601,811	(184,554)	
Total	\$14,639,038	\$14,528,546	(\$110,492)	-0.8%

Explanation of Levy Changes

Category: General Fund – Prior Year Adjustments

Change: -\$102,665

Use of Funds: General operating expenses

Reason for Change:

- Each year, initial levies are based on estimates of enrollment, values, and expenditures for future years
 - In later years, estimates are updated, and levies are retroactively adjusted
 - Adjustments in Local Optional Revenue category for taxes payable in 2022 are larger negative amounts of about \$54,000 as compared to taxes payable in 2021
 - Adjustments in abatement category were a positive amount of about \$43,000 for taxes payable in 2021 and are a negative amount of about \$4,000 for taxes payable in 2022
- 

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause 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 in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

Four Year School Levy Comparison

- Following slides show examples of changes in school district portion of property taxes from 2019 to 2022
- Examples include school district taxes only
- All examples are based on an 11.9% increase in property value over this four-year period
 - 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

Impact on Taxpayers

- Examples are for property in City of Inver Grove Heights
- Amounts for 2022 are preliminary estimates, based on best available data – final amounts could change slightly
- Estimates prepared by Ehlers, District's municipal financial advisors

Inver Grove Heights Schools, ISD 199

Estimated Changes in School Property Taxes, 2019 to 2022

Based on 11.9% Cumulative Changes in Property Value from 2019 to 2022 Taxes

Type of Property	Estimated Market Value for 2019 Taxes	Actual Taxes Payable in 2019	Estimated Market Value for 2020 Taxes	Actual Taxes Payable in 2020	Estimated Market Value for 2021 Taxes	Actual Taxes Payable in 2021	Estimated Market Value for 2022 Taxes	Estimated Taxes Payable in 2022	Change in Taxes 2019 to 2022	Change in Taxes 2021 to 2022
Residential Homestead	\$89,329	\$278	\$92,456	\$259	\$96,154	\$287	\$100,000	\$282	\$4	-\$5
	133,994	467	138,683	431	144,231	473	150,000	464	-3	-9
	178,658	655	184,911	603	192,308	660	200,000	646	-9	-14
	223,323	844	231,139	775	240,385	847	250,000	828	-16	-19
	290,320	1,127	300,481	1,034	312,500	1,127	325,000	1,101	-26	-26
	357,316	1,409	369,822	1,292	384,615	1,408	400,000	1,375	-34	-33
	424,313	1,690	439,164	1,545	456,731	1,679	475,000	1,636	-54	-43
	491,310	1,956	508,506	1,794	528,846	1,961	550,000	1,922	-34	-39
	558,307	2,262	577,848	2,077	600,962	2,268	625,000	2,221	-41	-47
	714,633	2,988	739,645	2,739	769,231	2,985	800,000	2,921	-67	-64
Commercial/ Industrial #	\$178,658	\$699	\$184,911	\$649	\$192,308	\$721	\$200,000	\$688	-\$11	-\$33
	446,646	1,932	462,278	1,784	480,769	1,972	500,000	1,874	-58	-98
	669,968	2,959	693,417	2,730	721,154	3,014	750,000	2,862	-97	-152
	893,291	3,987	924,556	3,675	961,538	4,056	1,000,000	3,850	-137	-206
	1,071,949	4,808	1,109,467	4,432	1,153,846	4,890	1,200,000	4,641	-167	-249
Apartments and Res. Non-Homestead (2 or more units)	\$223,323	\$1,037	\$231,139	\$945	\$240,385	\$1,024	\$250,000	\$1,000	-\$37	-\$24
	1,786,582	8,299	1,849,112	7,563	1,923,077	8,192	2,000,000	7,996	-303	-196
	3,573,164	16,599	3,698,225	15,125	3,846,154	16,384	4,000,000	15,992	-607	-392

For commercial-industrial property, amounts above are for property in the City of 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

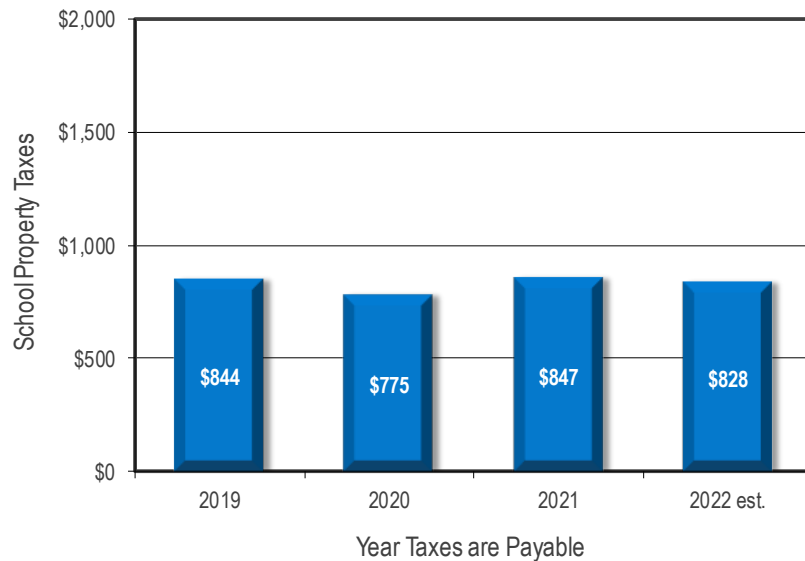
1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2022 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on changes in estimated market value of 3.5% from 2019 to 2020 taxes, 4.0% from 2020 to 2021, and 4.0% from 2021 to 2022.

Inver Grove Heights Schools, ISD 199

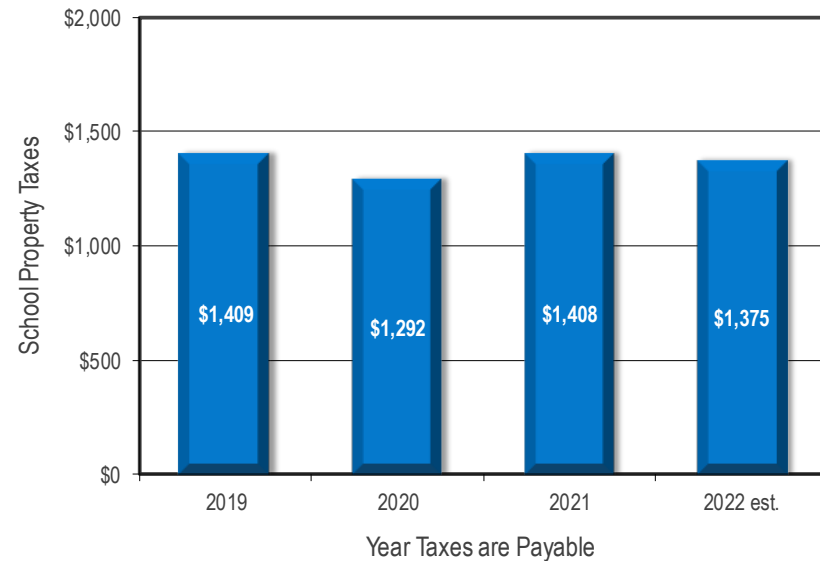
Estimated Changes in School Property Taxes, 2019 to 2022

Based on 11.9% Cumulative Changes in Property Value from 2019 to 2022 Taxes

Example 1: \$250,000* Residential Homestead Property



Example 2: \$400,000* Residential Homestead Property



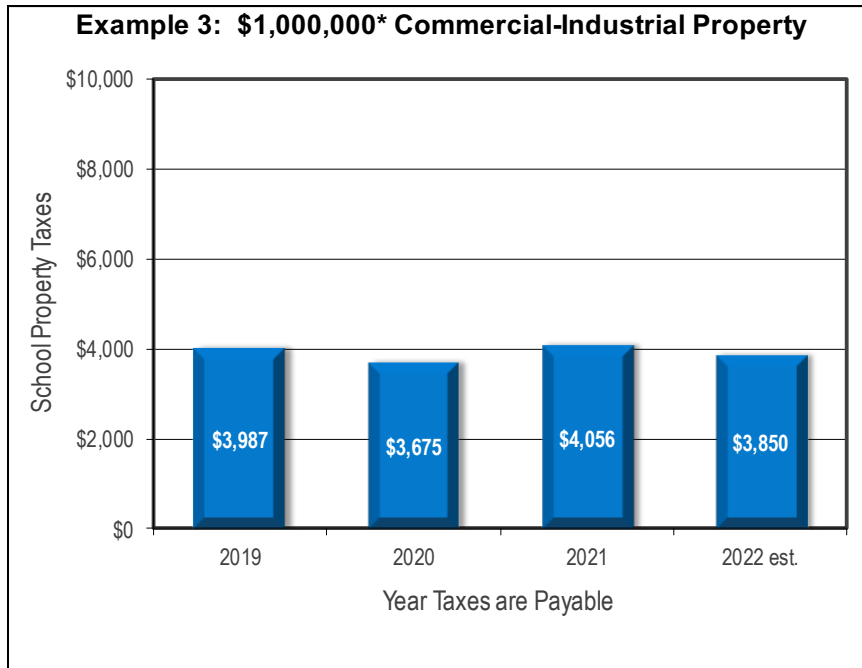
* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 3.5% from 2019 to 2020 taxes, 4.0% from 2020 to 2021, and 4.0% from 2021 to 2022.

Inver Grove Heights Schools, ISD 199

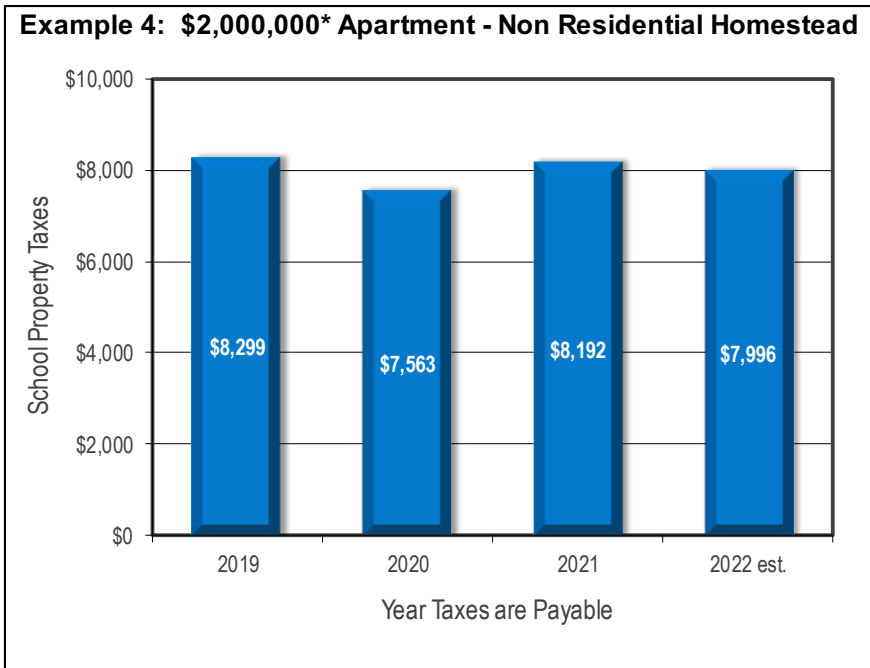
Estimated Changes in School Property Taxes, 2019 to 2022

Based on 11.9% Cumulative Changes in Property Value from 2019 to 2022 Taxes

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



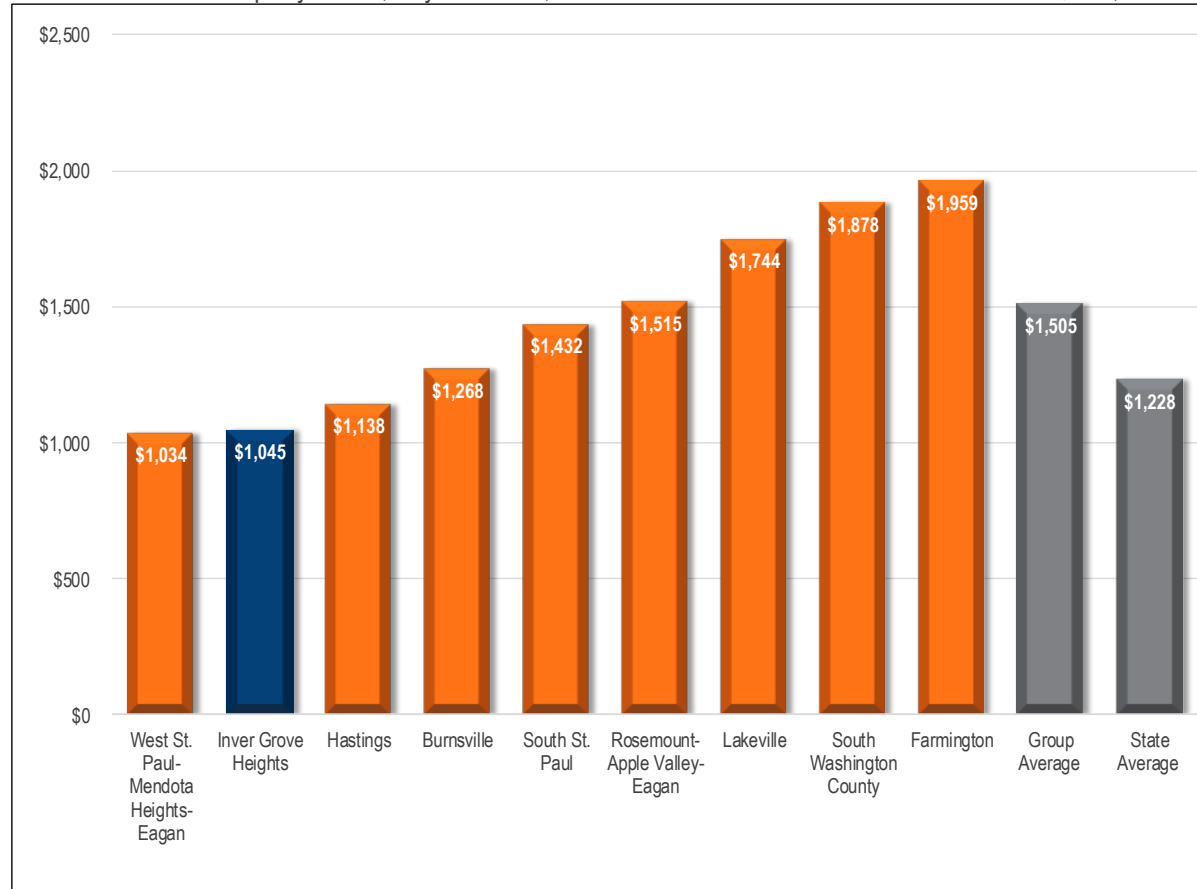
Example 4: \$2,000,000* Apartment - Non Residential Homestead



* Estimated market value for taxes payable in 2022. Taxes are calculated based on changes in market value of 3.5% from 2019 to 2020 taxes, 4.0% from 2020 to 2021, and 4.0% from 2021 to 2022.

Inver Grove Heights School District

Total School Property Taxes, Payable 2021, on a Home with an Estimated Market Value of \$291,266



Source: Pay 2021 School Tax Report

Next Steps

1

Board will accept public
comments on proposed levy

2

Board will certify 2022
property tax levy



PUBLIC COMMENTS