



Inver Grove Heights Schools, ISD 199

Public Hearing for Taxes Payable in 2023

DECEMBER 12, 2022

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 2023
- 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

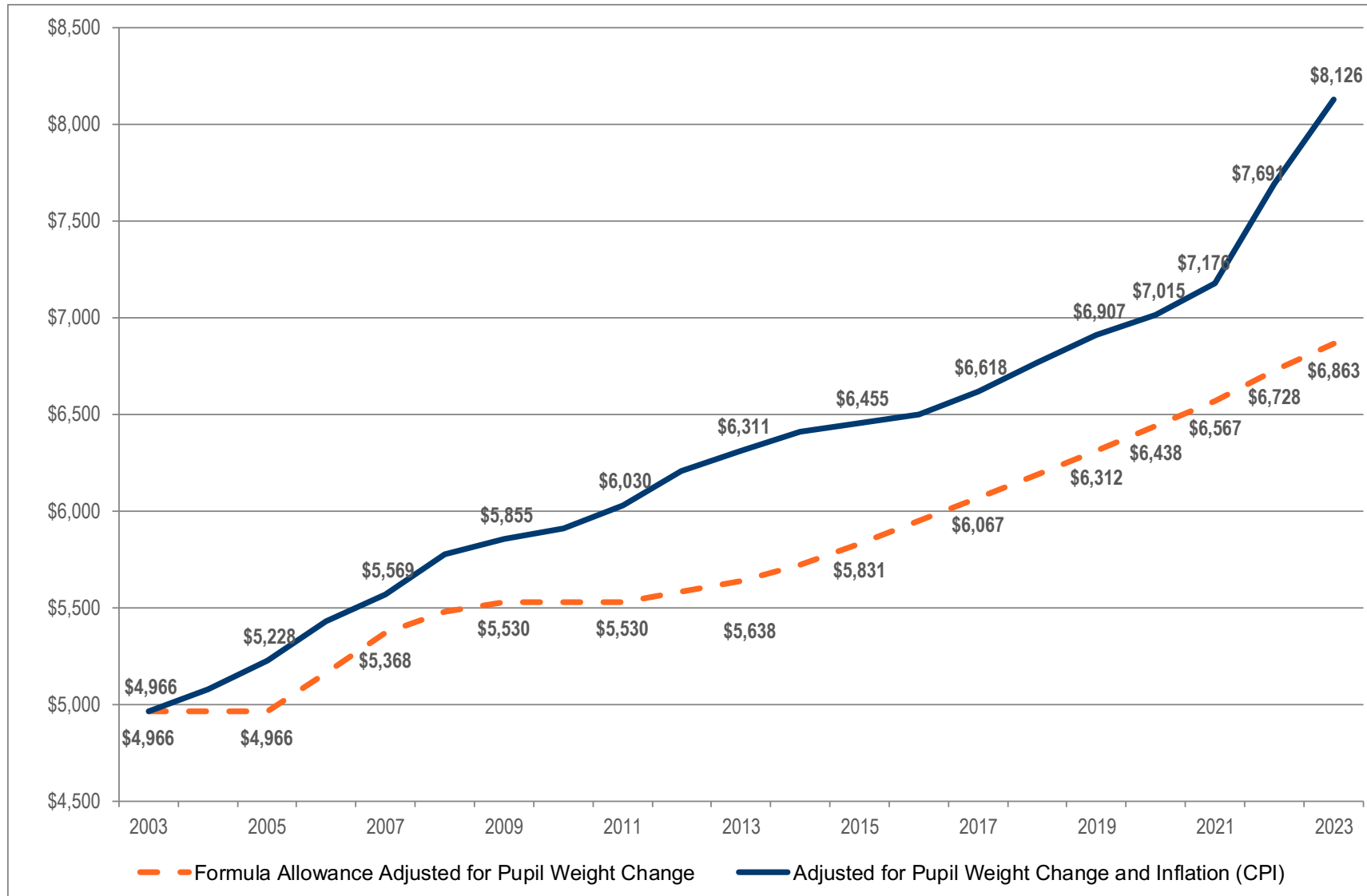
Basic General Education Formula Lags Inflation

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 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 previous year was approved

Per-pupil allowance for Fiscal Year 2022-23 of \$6,863 would need to increase by another \$1,263 (18.4%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,126

General Education Formula Allowance, 2003-2023

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2022 Inflation Estimates

According to MN Department of Education (MDE):

FY 2020 costs of providing programs were underfunded statewide by \$591 million

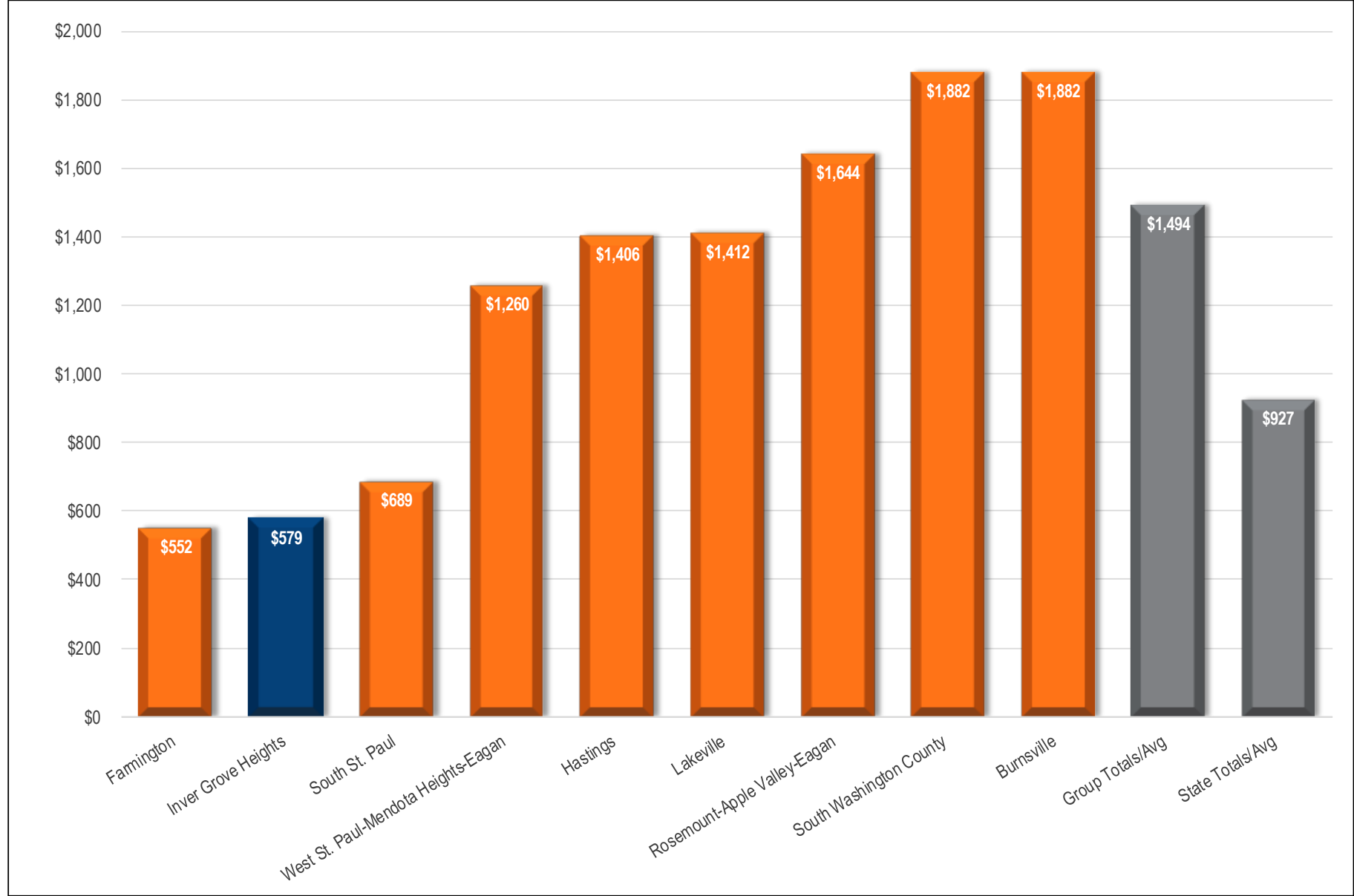
By FY 2025 costs of providing programs statewide will be underfunded by \$806 million



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

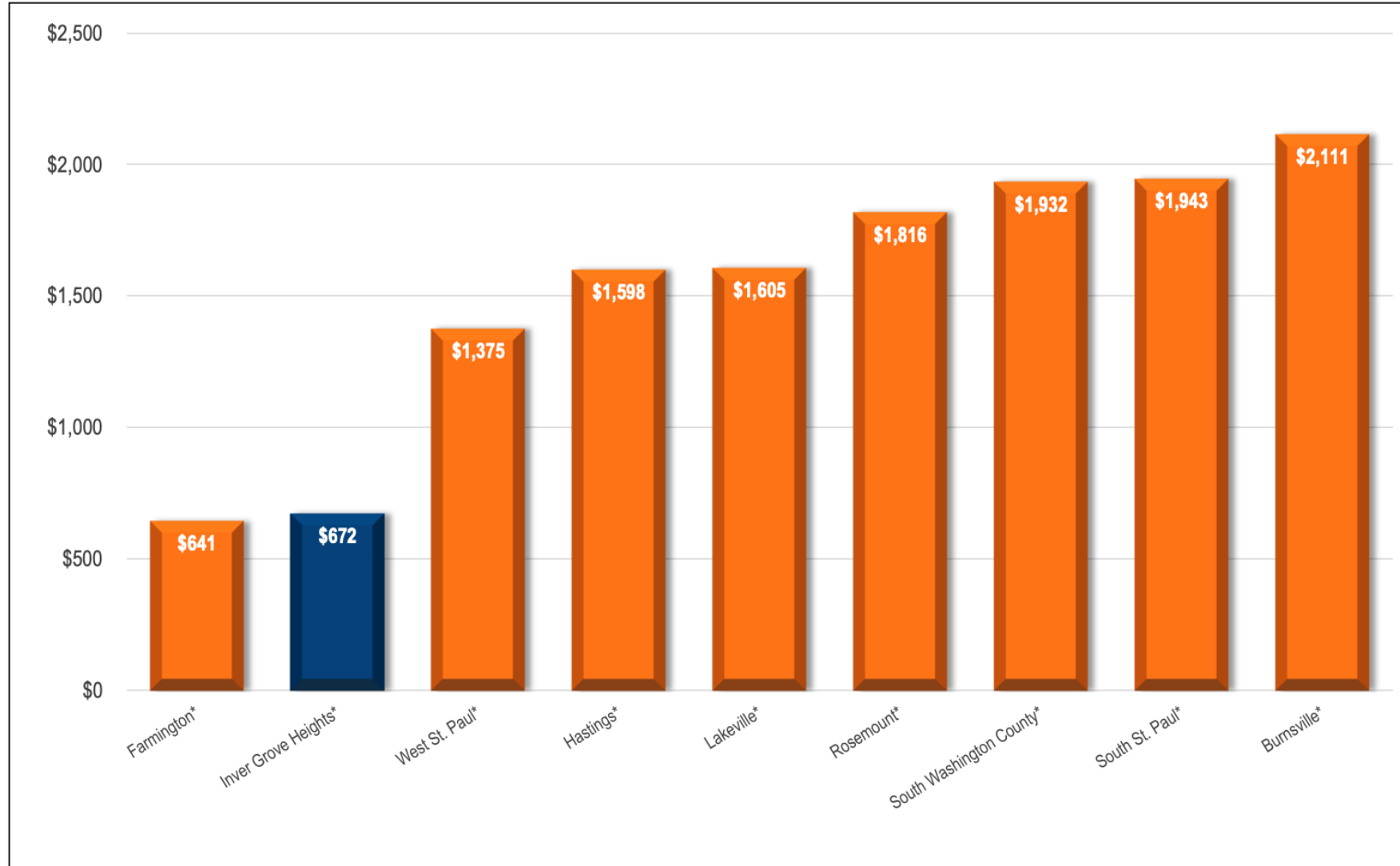
Voter Approved Referendum Authority Per Pupil Unit FY 2022-23 (Excludes Local Optional Revenue)



Source: MDE Levy Report for Taxes Payable in 2022

Inver Grove Heights School District

Voter Approved Referendum Authority Per Pupil Unit FY 2023-24



* Authorities with voter approved annual inflationary adjustment

Source: MDE Levy Reports, 2022 Payable 2023

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 2023-24 budget will be adopted by School Board in June 2023.

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
- Debt Service
- Internal Service
- OPEB* Trust
- OPEB* Debt Service

**Other Post-Employment Benefits*



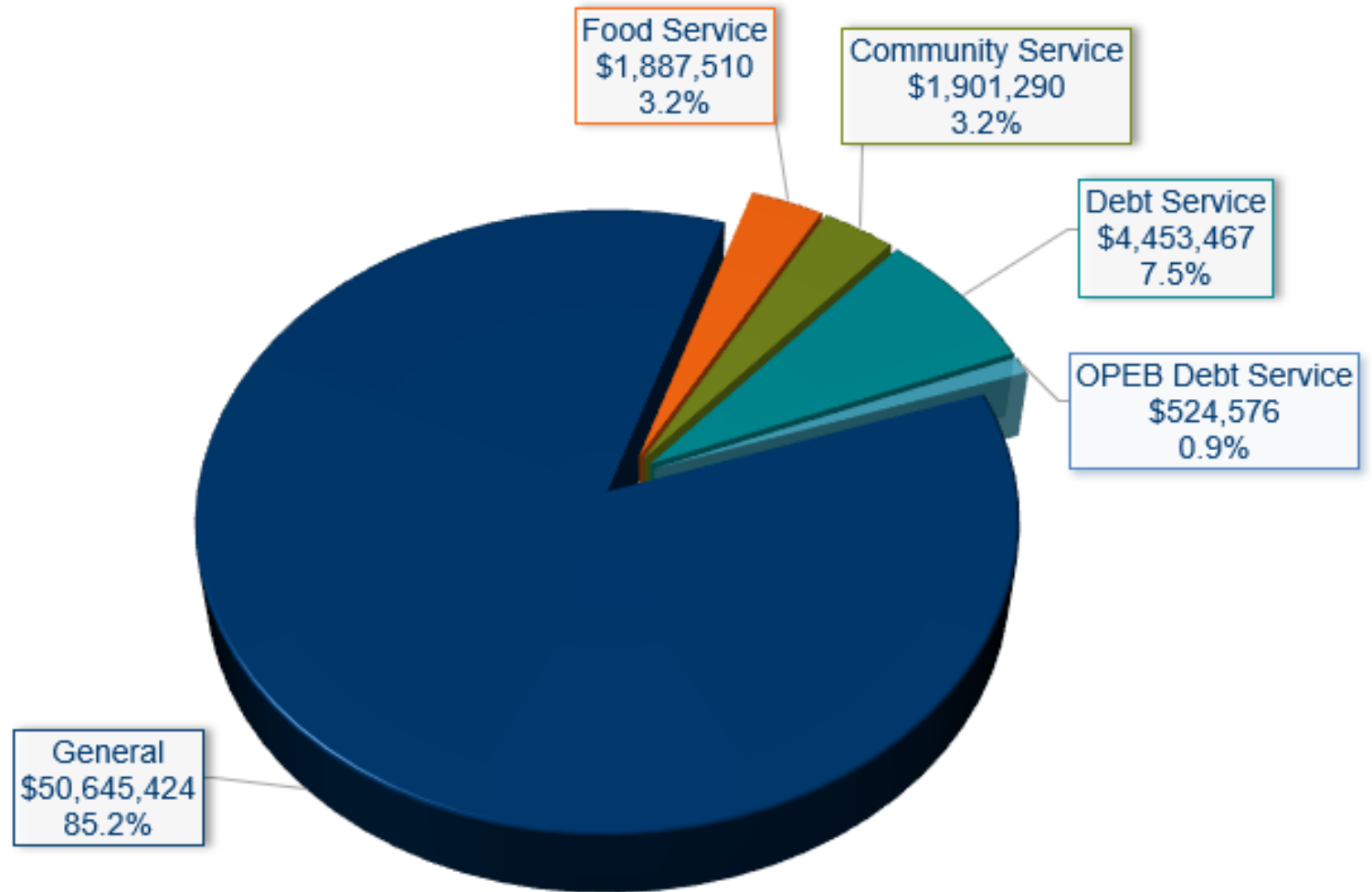
District Revenues & Expenditures
Actual for FY 2022, Budget for FY 2023

FUND	FISCAL 2022 BEGINNING	2021-22 ACTUAL		JUNE 30, 2022 ACTUAL	2022-23 BUDGET		JUNE 30, 2023 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES
General/Restricted	\$4,286,178	\$11,900,392	\$12,172,597	\$4,013,973	\$12,246,063	\$13,577,517	\$2,682,519
General/Other	8,434,927	37,475,505	39,503,548	6,406,884	38,399,361	37,162,357	7,643,888
Food Service	640,930	2,745,137	2,417,997	968,070	1,887,510	1,920,100	935,480
Community Service	100,923	2,097,330	1,973,220	225,033	1,901,290	1,828,545	297,778
Debt Service	1,027,100	4,479,252	4,501,988	1,004,364	4,453,467	4,547,833	909,998
Internal Service	25,363			65,929			-
OPEB* Revocable Trust	4,394,099	-	-	4,394,099	-	-	4,394,099
OPEB* Debt Service	123,310	537,973	542,165	119,118	524,576	530,415	113,279
Total All Funds	\$19,032,830	\$59,235,589	\$61,111,515	\$17,197,470	\$59,412,267	\$59,566,767	\$16,977,041

*Other Post Employment Benefits

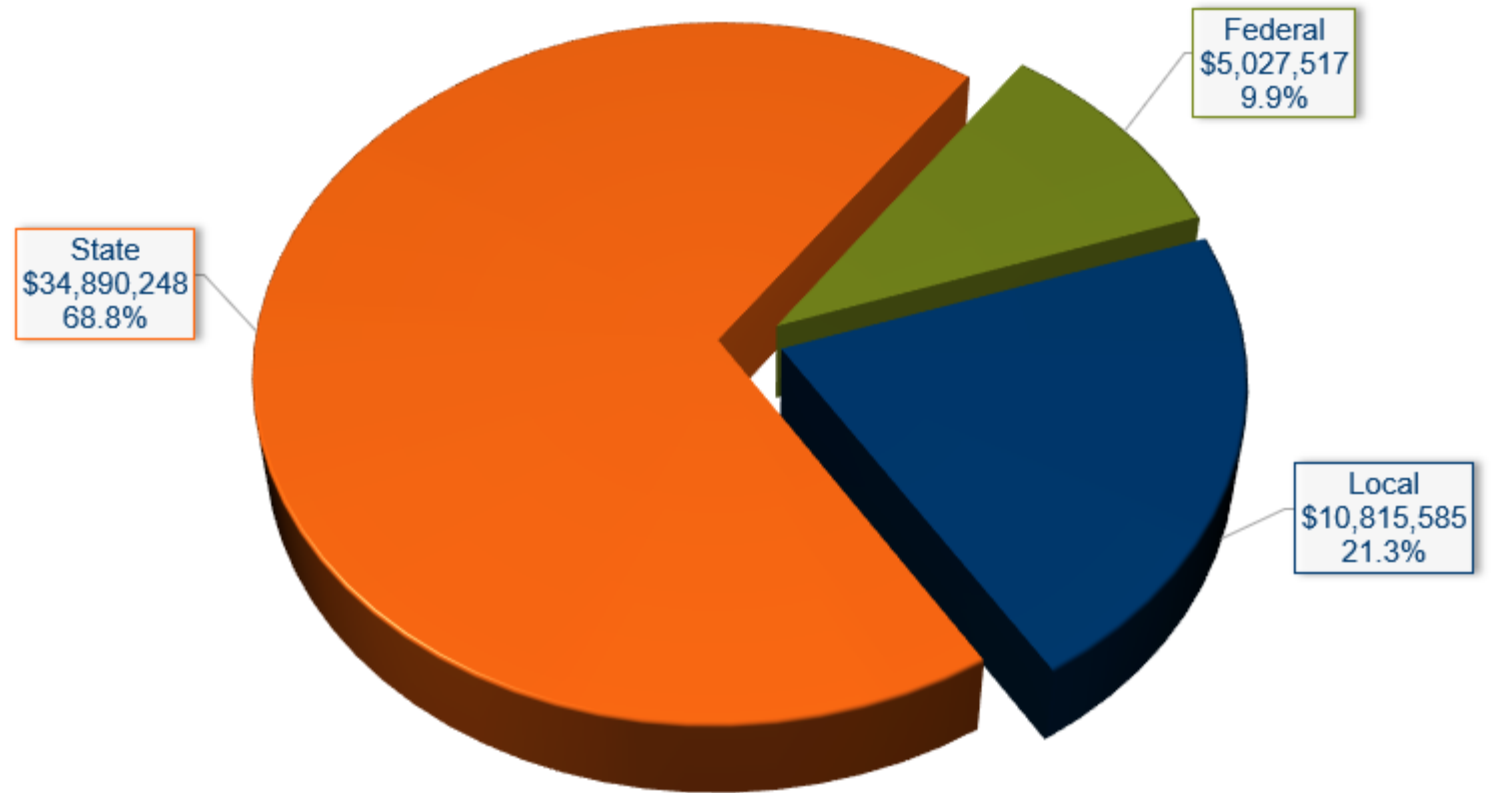
Revenue - All Funds -

2022-23 Budget
\$59,412,267



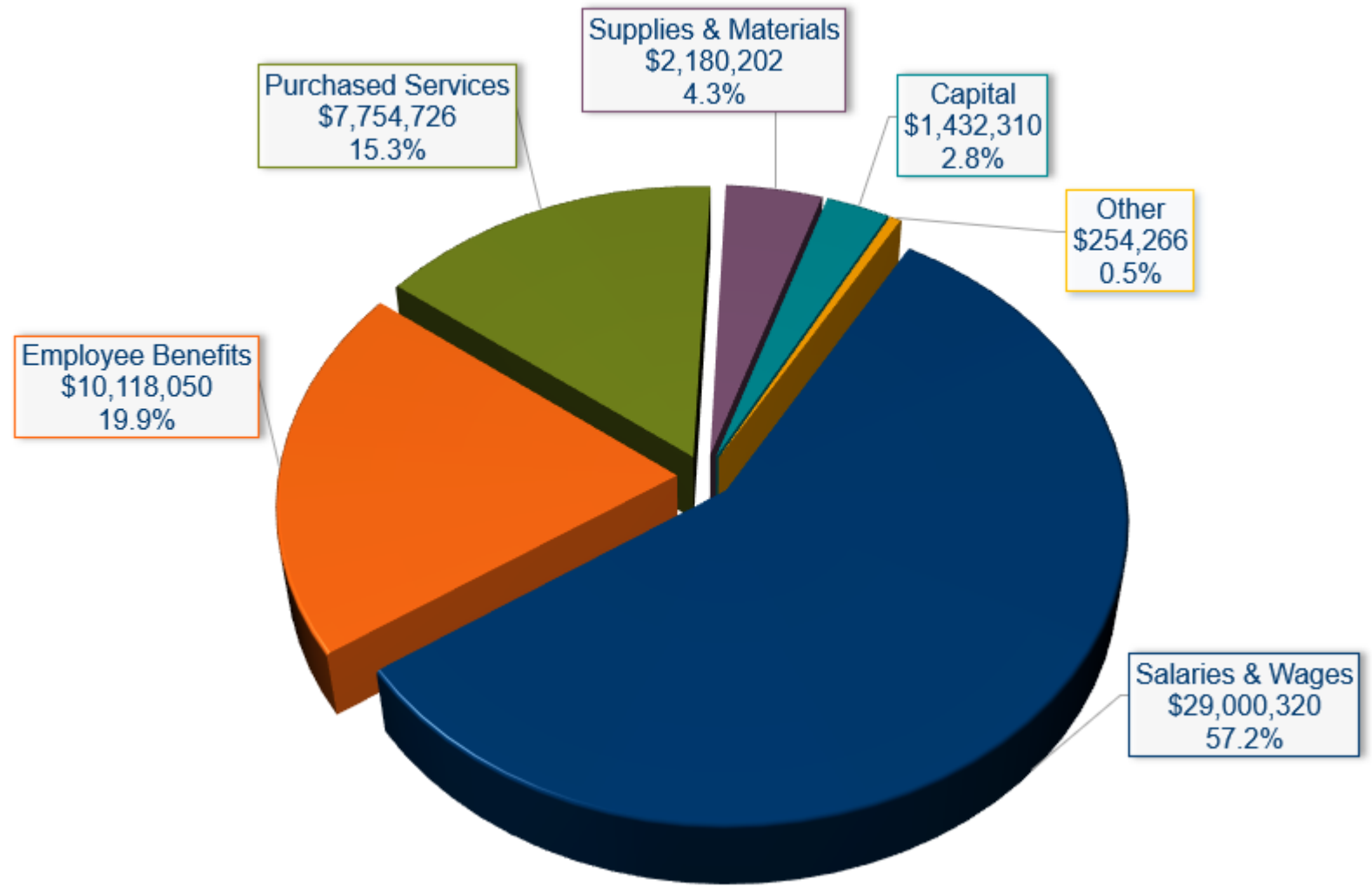
General Fund Revenue

2022-23 Budget
\$50,733,350



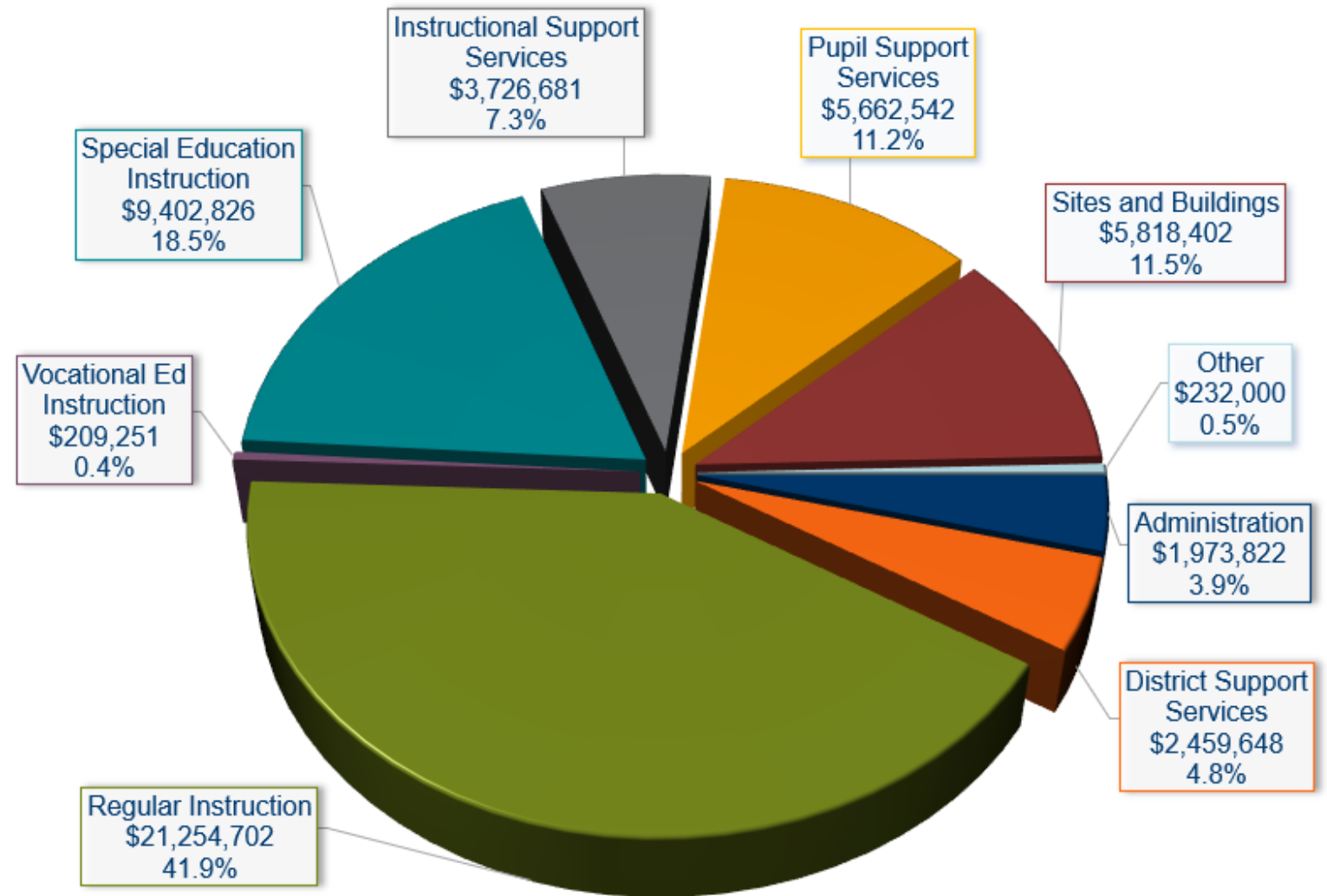
General Fund Expenditures - by Object -

2022-23 Budget
\$50,739,874



General Fund Expenditures - by Program -

2022-23 Budget
\$50,739,874



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

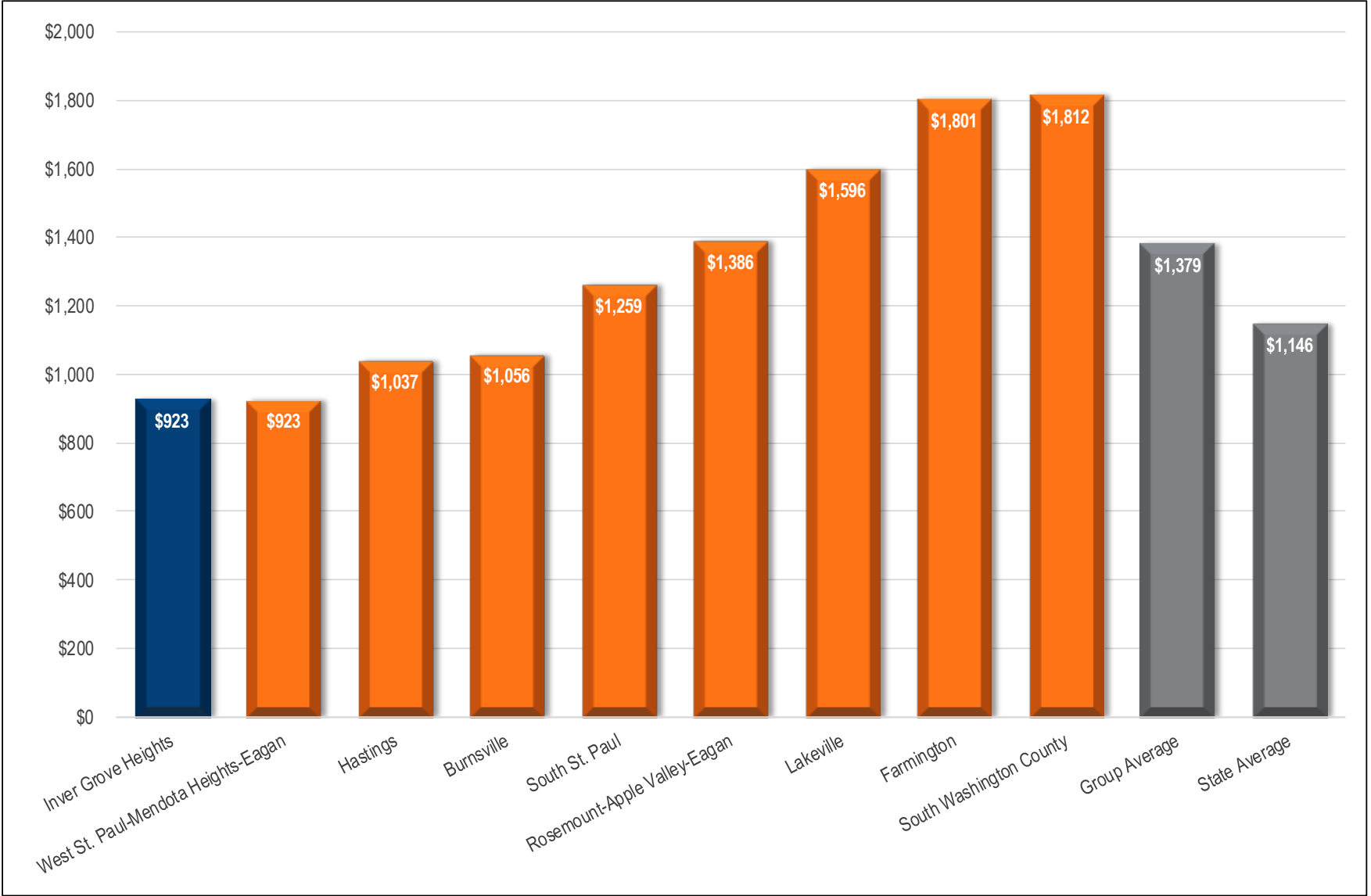


Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance



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

Total School Property Taxes, Payable 2022, on a Home with an Estimated Market Value of \$275,000

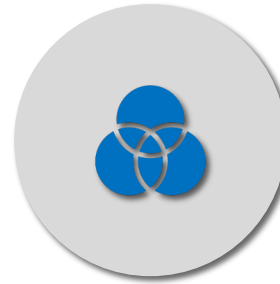


Source: Pay 22 School Tax Report

Payable 2023 Property Tax Levy



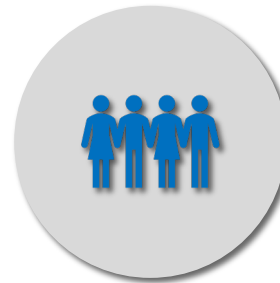
Determination of levy



Comparison of 2022 to 2023
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 & distributes funds back to other taxing jurisdictions

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

Contents:

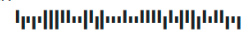
- Proposed property taxes compared to last year
 - By taxing jurisdiction
 - By voter approved & other for school district
- Time & place of public meetings



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

Property ID: 20-11111-22-333

TAXPAYER(S):

ISD 199 Resident
Resident Name
123 Cahill Ave
INVER GROVE MN


Property Address: 123 Cahill Ave
INVER GROVE HEIGHTS MN 55076

Property Description: 199 Resident

PROPOSED TAXES 2023
— This is Not a Bill • Do Not Pay —

Step 1

VALUES AND CLASSIFICATION

Taxes Payable Year	2022	2023
Estimated Market Value:	244,400	275,100
Homestead Exclusion:	0	0
Other Excl./Deferrals:	0	0
Taxable Market Value:	244,400	275,100
Property Classification:	RES NON HSTD	RES NON HSTD

Step 2

PROPOSED TAX

Property Taxes Before Credits:	\$	2,814.00
School Building Bond Credit:		
Agricultural Market Value Credit:		
Other Credits:		
Property Taxes After Credits:	\$	2,814.00

Step 3

PROPERTY TAX STATEMENT

• Coming in 2023 •

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 2022	Proposed 2023
STATE GENERAL TAX	NO PUBLIC MEETING	\$.00	\$.00
		529.28	517.16
DAKOTA COUNTY DAKOTA COUNTY ADMINISTRATION 1590 HIGHWAY 55 HASTINGS MN 55033 WWW.DAKOTACOUNTY.US 651-438-4576	NOV 29 2022-6:00 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 5 2022-6:00 PM CITY HALL COUNCIL CHAMBERS 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077	1,269.06	1,341.98
SCH DIST 199 DIR OF BUSINESS SERVICES 2990 80TH ST E INVER GROVE HEIGHTS MN 55076 WWW.ISD199.ORG 651-306-7807	DEC 12 2022-6:00 PM DISTRICT OFFICE 2990 80TH ST E INVER GROVE HEIGHTS MN 55076		
	VOTER APPROVED LEVIES OTHER LOCAL LEVIES	402.16 442.86	428.76 446.00
METRO SPECIAL TAXING DISTRICTS METROPOLITAN COUNCIL 390 ROBERT ST N ST PAUL MN 55101-1805 651-602-1374	DEC 14 2022-6:00 PM METROPOLITAN COUNCIL CHAMBERS 390 ROBERT ST N ST PAUL MN 55101-1805	48.64	47.78
OTHER SPECIAL TAXING DISTRICTS	NO PUBLIC MEETING	34.00	32.32
TAX INCREMENT TAX	NO PUBLIC MEETING	.00	.00
FISCAL DISPARITY TAX	NO PUBLIC MEETING	.00	.00
TOTALS (Excluding Special Assessments)		\$ 2,726.00	\$ 2,814.00 3.2%

See Reverse Side for Important Information



School District Property Taxes

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

The background of the slide features a blurred image of financial documents. In the foreground, there's a tablet displaying a bar chart. Below it, a printed document shows a bar chart with blue bars and a red line graph. A pen is visible on the left side of the documents.

Overview of District's Proposed Tax Levy

- Proposed Payable 2023 tax levy is an increase from 2022 of \$705,550 or 4.9%
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides

Comparison of Actual Tax Levy Payable in 2022 to Proposed Levy Payable in 2023

Fund Levy Category	Actual Levy Payable in 2022	Proposed Levy Payable in 2023	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$2,114,023	\$2,377,952	\$263,930	
Local Optional Revenue (LOR)	2,534,848	2,520,291	(14,556)	
Equity	501,395	483,370	(18,025)	
Capital Project Referendum	884,282	920,513	36,231	
Operating Capital	429,150	444,925	15,774	
Long Term Facilities Maintenance	1,341,506	1,300,007	(41,499)	
Instructional Lease	934,722	906,810	(27,912)	
Other	499,853	503,260	3,407	
Prior Year Adjustments	(170,451)	(33,263)	137,188	
Total, General Fund	\$9,069,327	\$9,423,865	\$354,538	3.9%
Community Service				
Basic Community Education	\$214,645	\$214,645	\$0	
Early Childhood Family Education	106,494	109,994	3,500	
School-Age Child Care	135,000	120,000	(15,000)	
Other	3,737	4,004	267	
Prior Year Adjustments	21,300	(21,255)	(42,554)	
Total, Community Service Fund	\$481,175	\$427,388	(\$53,787)	-11.2%
Debt Service				
Voter Approved	\$4,179,302	\$4,186,652	\$7,350	
Other	0	395,704	395,704	
Long Term Facility Maintenance	522,430	515,917	(6,513)	
Other Post Employment Benefits	555,886	548,851	(7,035)	
Reduction for Debt Excess	(289,499)	(263,151)	26,348	
Prior Year Adjustments	9,924	(1,130)	(11,055)	
Total, Debt Service Fund	\$4,978,044	\$5,382,843	\$404,799	8.1%
Total Levy, All Funds	\$14,528,546	\$15,234,096	\$705,550	4.9%
Subtotal by Truth in Taxation Categories:				
Voter Approved	6,926,735	7,464,916	538,182	
Other	7,601,811	7,769,180	167,368	
Total	\$14,528,546	\$15,234,096	\$705,550	4.9%

Explanation of Levy Changes

Category:

General Fund - Voter Approved Operating Referendum

Change:

+\$263,930

Use of Funds:

General Operating Expenses

Reason for Change:

- Voter approved operating referendum authority includes an annual inflationary increase
- Inflation factors are determined by State, as set in statute

Explanation of Levy Changes

Category:

General Fund – Prior Year Adjustments

Change:

+\$137,188

Use of Funds:

Various

Reason for Change:

Initial levies are based on estimates. In later years, amounts are updated and levies are retroactively adjusted.

Explanation of Levy Changes

Category:

Debt Service – Other

Change:

+\$395,704

Use of Funds:

Debt Payments

Reason for Change:

Pay 2023 levy includes payments for abatement bonds issued in November 2022 to finance parking lot projects.

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

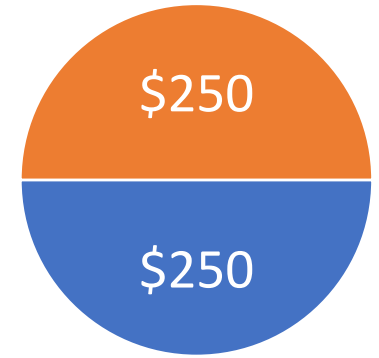
Two properties in the district

- Both houses are valued at \$100,000

Total levy of \$500

- Each property will pay \$250 of levy

\$100,000



\$100,000



Impact of Property Valuations

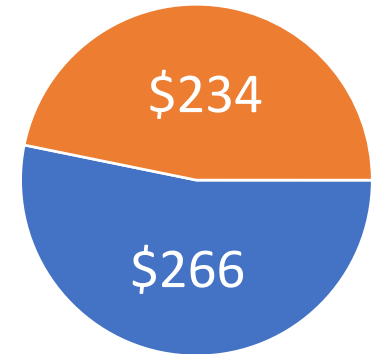
Two properties in the district

- 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 26.8% 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 2023 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal financial advisors)

Estimated Changes in School Property Taxes, 2020 to 2023
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2020	Actual Taxes Payable in 2021	Actual Taxes Payable in 2022	Estimated Taxes Payable in 2023	Change in Taxes 2020 to 2023	Change in Taxes 2022 to 2023
Residential Homestead	\$150,000	\$473	\$496	\$466	\$430	-\$43	-\$36
	250,000	846	884	832	766	-80	-66
	300,000	1,032	1,079	1,014	934	-98	-80
	400,000	1,404	1,467	1,380	1,269	-135	-111
	500,000	1,759	1,838	1,729	1,590	-169	-139
	800,000	2,986	3,116	2,933	2,693	-293	-240
Commercial/ Industrial #	\$200,000	\$711	\$755	\$686	\$646	-\$65	-\$40
	500,000	1,938	2,055	1,868	1,757	-181	-111
	1,000,000	3,984	4,223	3,837	3,608	-376	-229
	1,200,000	4,802	5,090	4,625	4,348	-454	-277
Apartments and Res. Non-Homestead (2 or more units)	\$250,000	\$1,022	\$1,065	\$1,004	\$920	-\$102	-\$84
	2,000,000	8,180	8,520	8,030	7,357	-823	-673
	4,000,000	16,360	17,040	16,060	14,715	-1,645	-1,345

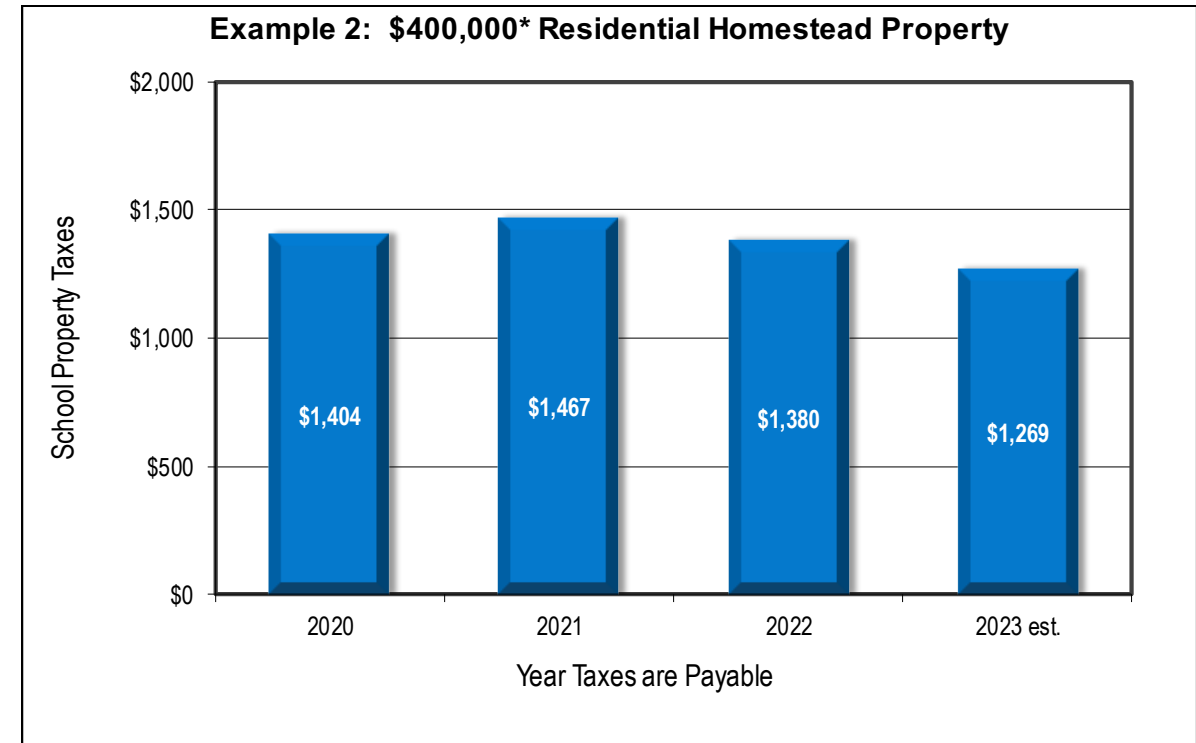
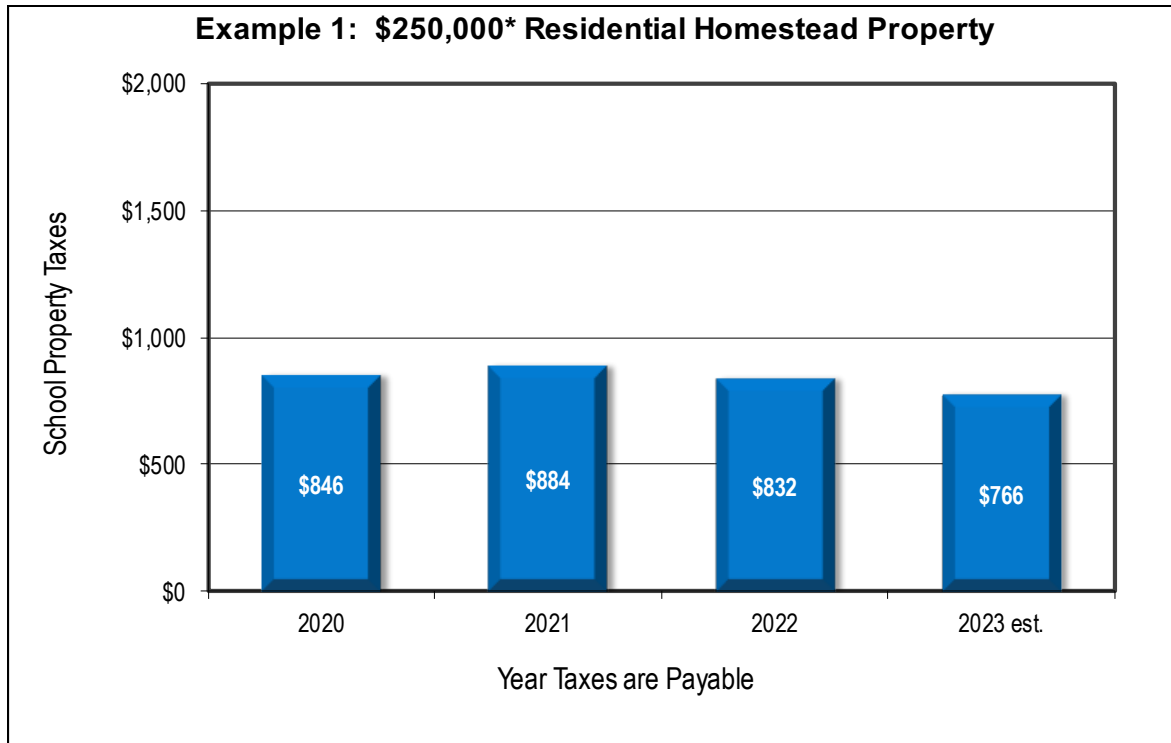
For commercial-industrial property, amounts above are for property in the City of Inver Grove Heights. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

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 2023 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 2020 to 2023.

Estimated Changes in School Property Taxes, 2020-23

Based on No Changes in Property Value

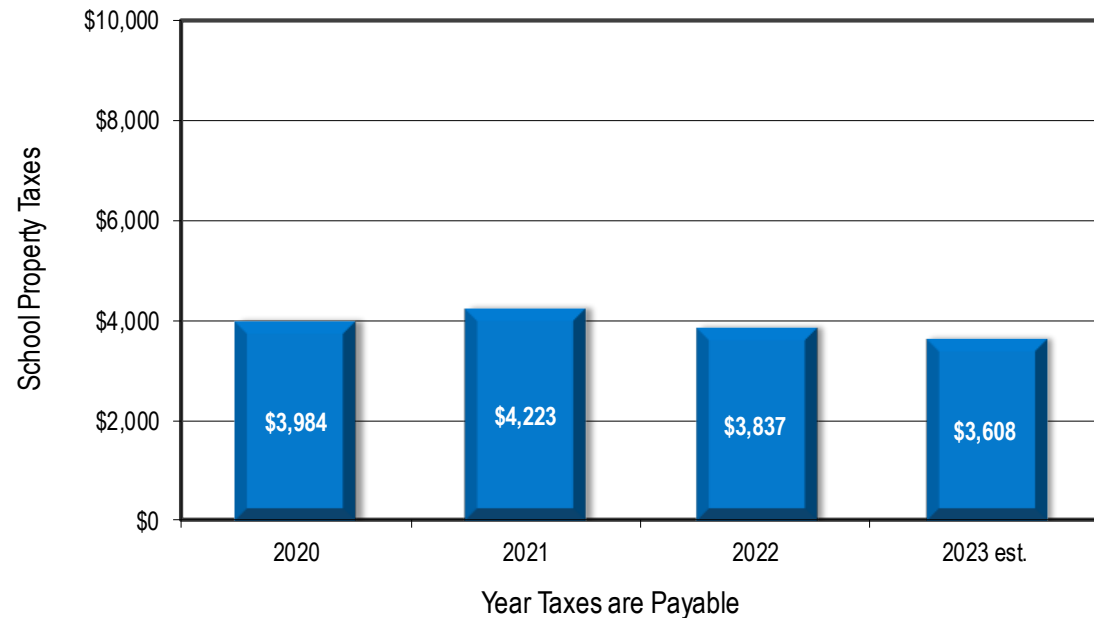


* Estimated market value for taxes payable in 2023. Taxes are calculated based on no changes in market value from 2020 to 2023.

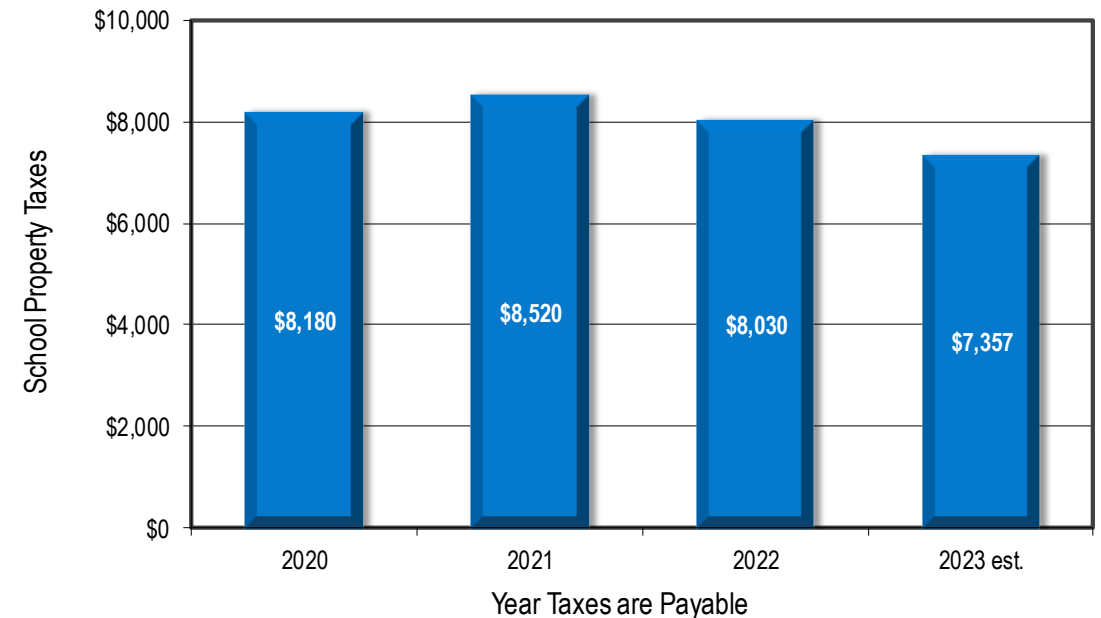
Estimated Changes in School Property Taxes, 2020-23

Based on No Changes in Property Value

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



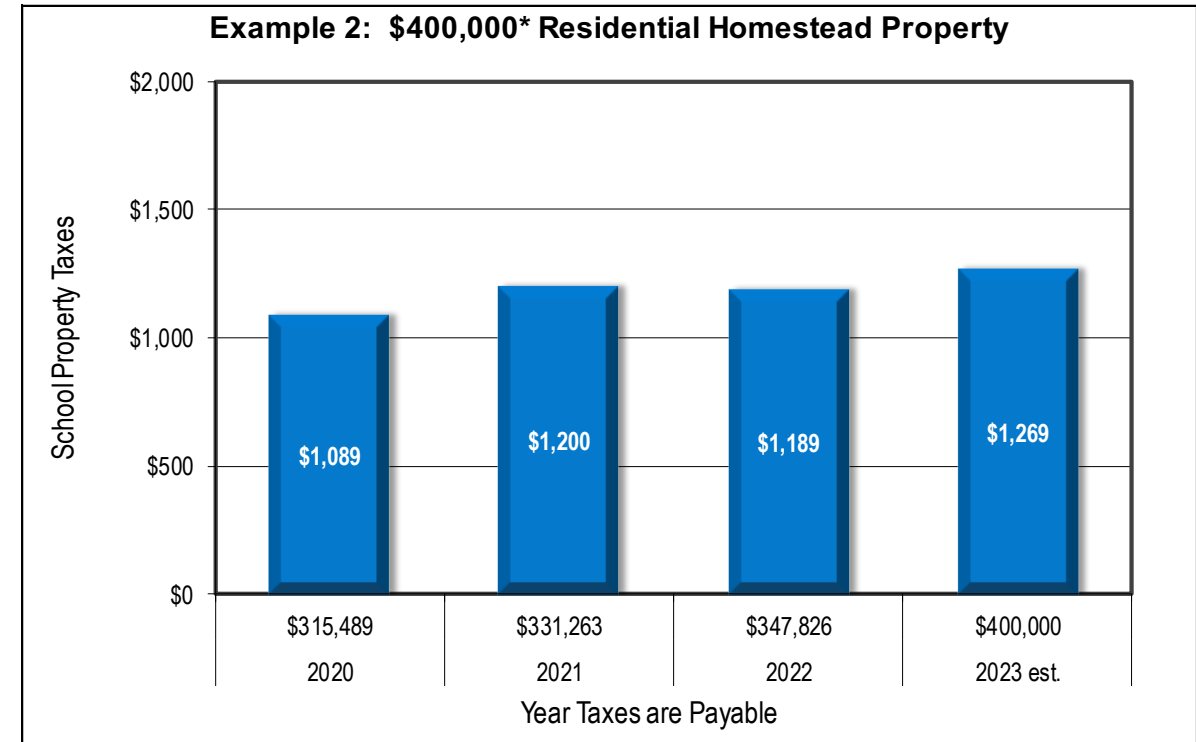
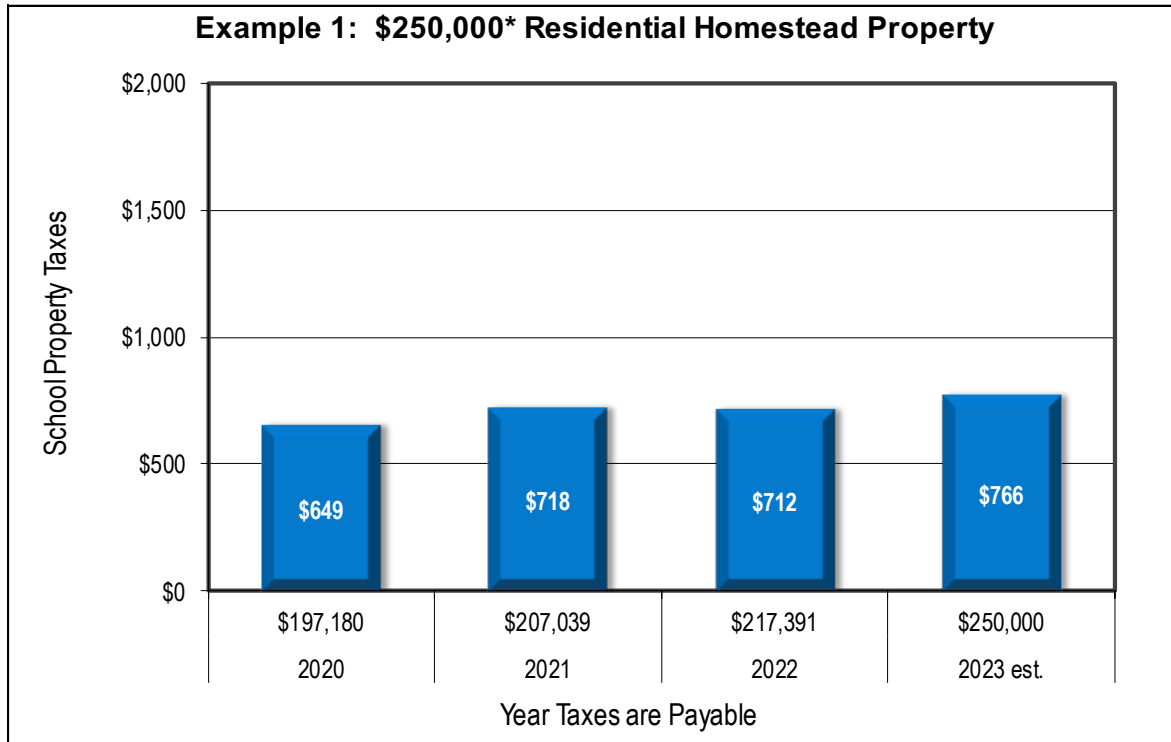
Example 4: \$2,000,000* Apartment - Non Residential Homestead Property



* Estimated market value for taxes payable in 2023. Taxes are calculated based on no changes in market value from 2020 to 2023.

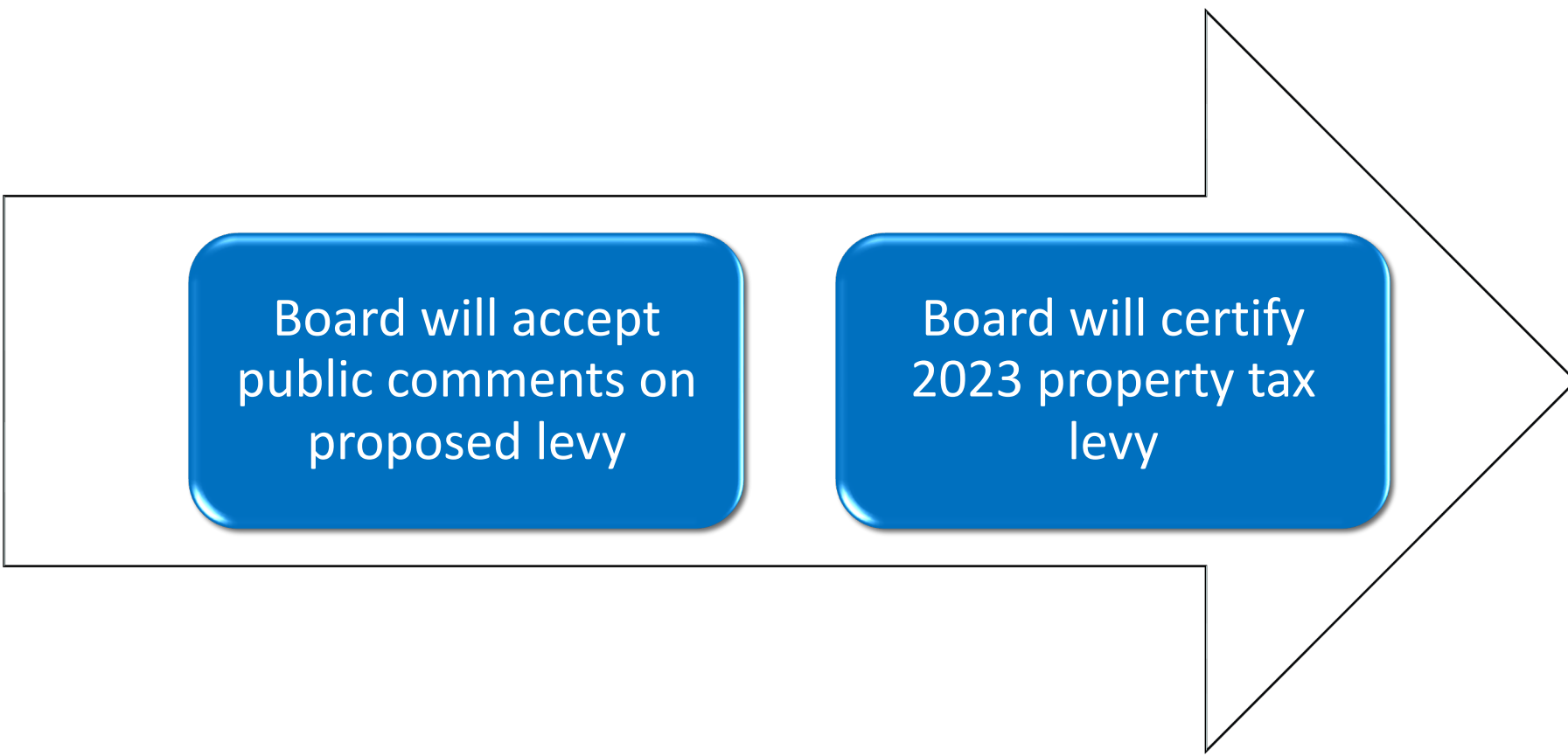
Estimated Changes in School Property Taxes, 2020-23

Based on 26.8% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2023. Taxes are calculated based on changes in market value of 5.0% from 2020 to 2021, 5.0% from 2021 to 2022 and 15.0% from 2022 to 2023.

Next Steps



Board will accept
public comments on
proposed levy

Board will certify
2023 property tax
levy



PUBLIC COMMENTS