



NRHEG Public Schools

2017 Payable 2018

Truth In Taxation Public Meeting

6:00 p.m.

12/18/2017

at the

NRHEG School District Media Center

306 Ash Avenue S

New Richland, MN 56072

Truth in Taxation Law

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. One important part of that law requires a mailed notice to each property owner in the county, which describes the tax levies proposed by the city, county and school district and what percent increase such a levy would mean in dollars.

Truth in Taxation Public Meeting

A second part of the law pertains to a “Truth in Taxation” public meeting for each taxing jurisdiction.

You are here tonight as part of the school district’s public meeting process.

Requirements of the Truth in Taxation Public Meeting

1. Discuss proposed property tax levy for taxes 2017 payable 2018
2. Provide and discuss information on the current budget (2017-2018).
3. Public must be given a reasonable amount of time to comment on the proposed property tax levy and budget and to ask questions.

Points to Remember:

1. Revenue formulas are set by the State Legislature except for voter approved referendums.
2. Local Levy and State Aid mix are set by the State Legislature.
3. An increase in local taxes does not necessarily mean an increase in revenues for the school district.

NRHEG
School District Budget

Current School Year
2017-2018

2017-18 Fund Accounting Overview

GENERAL FUND (Fund 01)

- Revenue is based on student enrollment
- The local referendum levy is part of the General Fund
- Provides for classroom instruction, instructional supplies and equipment, and other educational activities
- Special Education, and State / Federal Mandated Programs
- Extra-curricular Activities
- Pupil Transportation
- Facilities Operation and Maintenance
- Capital Expenditures and Improvements
- Health and Safety Code Compliance

2017-18 Fund Accounting Overview (*cont.*)

FOOD SERVICE (Fund 02)

- School Breakfast and Lunch Program

COMMUNITY SERVICE (Fund 04)

- Community Education Levy is based on adult population in the District
- Early childhood levy is based on the number of children under 5 years of age
- Provides for enrichment programs for any age level that are not part of the K-12 education program
- Early Childhood Family Education
- School Readiness
- Adult Basic Education

2017-18 Fund Accounting Overview *(cont.)*

DEBT SERVICE (Fund 07)

- Based on annual debt retirement schedules for the district's outstanding bonded indebtedness. Annual levy is for the payment of principal and interest on bonds as due. Current debt is a result of the non-voter approved alternative facilities and the capital facilities bonds plus the new payment for the secondary remodel project.

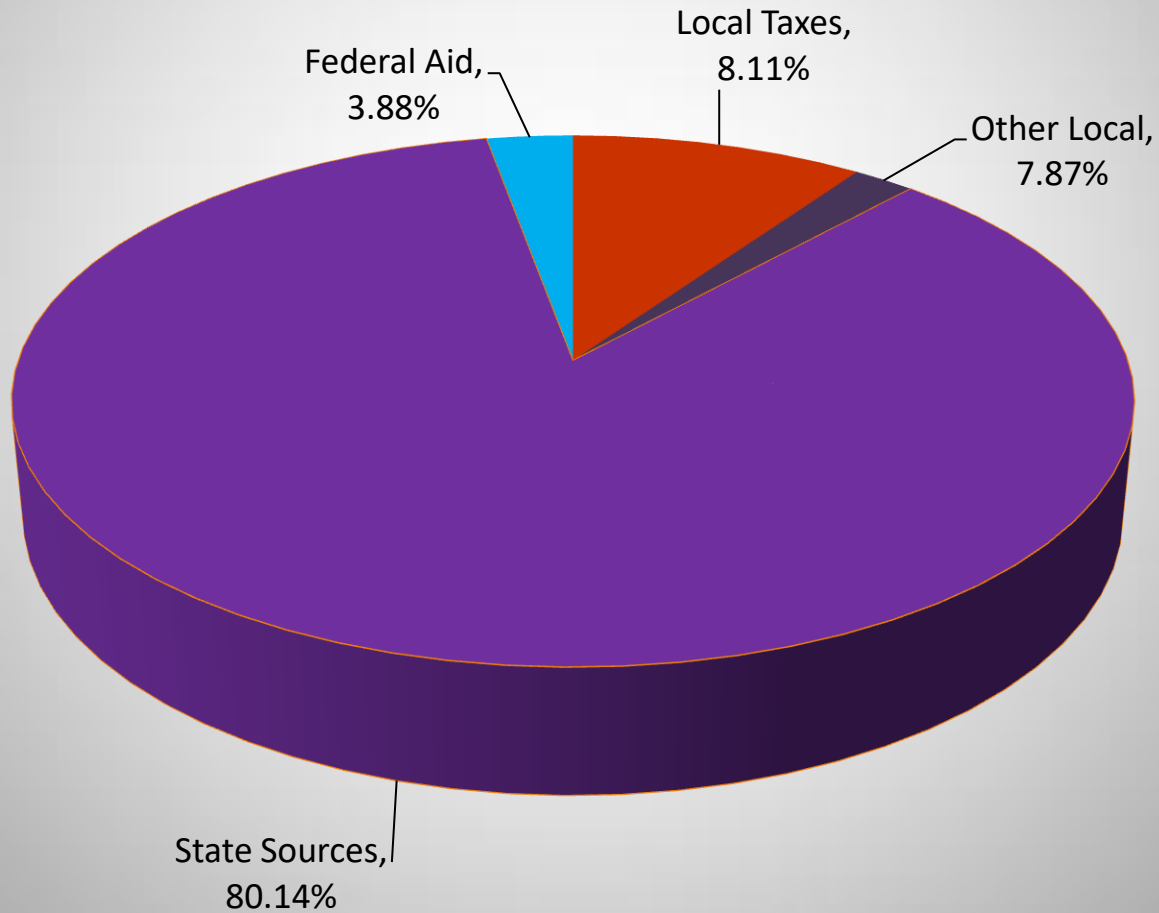
2017-2018 BUDGET OVERVIEW

REVENUES

	16-17 Actual	17-18 Budget	Percent Change
General Fund	9,946,740	9,878,580	-0.69%
Food Service	513,843	463,582	-9.78%
Community Service	226,335	214,270	-5.33%
Debt Service	576,977	452,637	-21.55%
Totals	<u>\$11,060,195</u>	<u>\$11,009,069</u>	-0.46%

General Fund Revenue Budget

Where Did Our School Revenues Come From in FY17?



2017-2018 BUDGET OVERVIEW

EXPENDITURES

	16-17 <u>Actual</u>	17-18 <u>Budget</u>	Percent Change
General Fund	9,590,493	9,910,057	3.33%
Food Service	498,881	463,582	-7.08%
Community Service	206,950	214,270	3.54%
Debt Service	<u>483,695</u>	<u>452,637</u>	-6.42%
Totals	<u>\$10,780,019</u>	<u>\$11,040,546</u>	2.42%

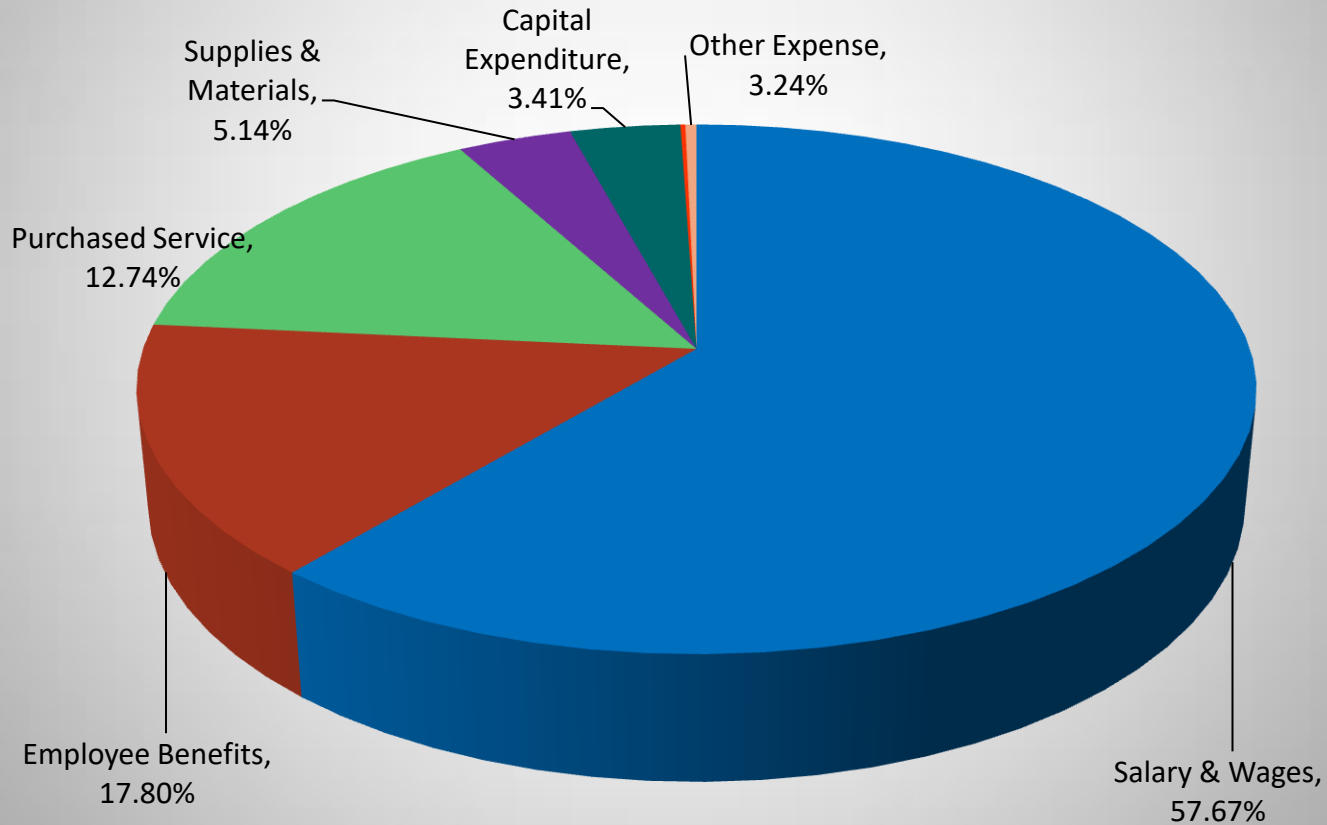
HOW ARE GENERAL FUND DOLLARS SPENT?

*Expenses incurred in the operation of the district are paid from the General Fund.
The following schedule relates how the dollars allocated to the
General Fund were spent in FY17:*

District & School Administration	4.20%
District Support Services	3.70%
Regular Instruction	54.82%
Vocational Instruction	1.50%
Special Education Instruction	11.36%
Community Education Services	1.48%
Instructional Support Services	3.21%
Pupil Support Services	9.39%
Sites-Building, Equipment	8.82%
Fiscal and Other	1.52%

General Fund Expenditure Budget

What Did Our Expenditures Pay For in FY17?



School District Levy & Our Future

- Strategic Planning
- Long Range Facility Planning
- Community Engagement

Authority for School Levies

A School District Tax Levy must be either:

➤ Set by State Formula

-or-

➤ Voter Approved

How will your 2018 school taxes be spent?

Percent

General Fund

73%

Provides additional funding for district instructional programs by means of the approved excess referendum. Provides funds for operating capital expenses, building/land lease, and Health & Safety costs:

Community Education Fund

5%

Levy for Community Education Programs:

Debt Service

22%

Levy for repayment of principal and interest on district debt:

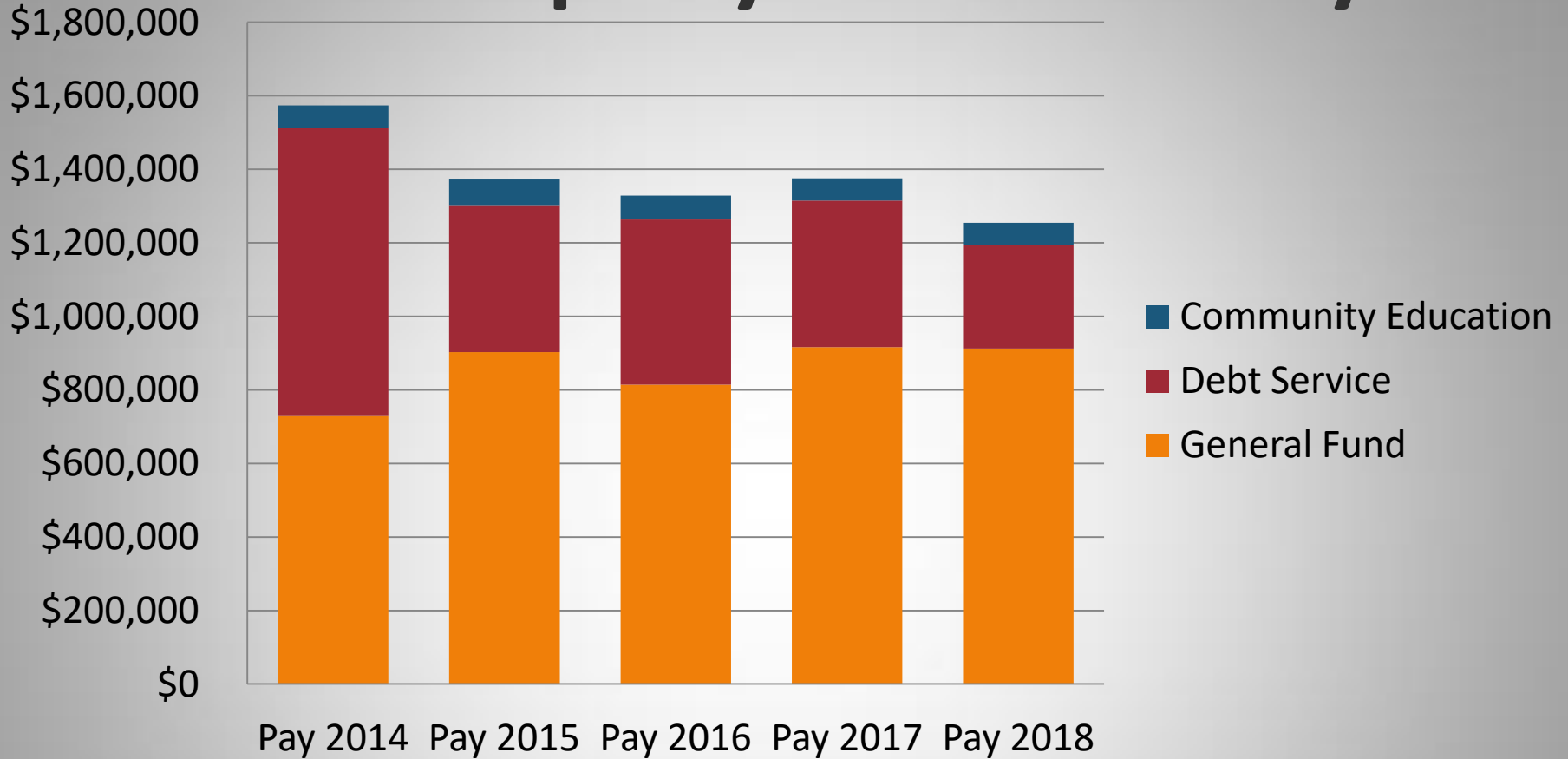
Comparison of Certified Payable 2017 Levy with Proposed Payable 2018 Levy

Gross Levies By Fund	Actual 16 Pay 17	Proposed 17 Pay 18	Dollar Difference	Percent Difference
General Fund	\$915,840.17	\$912,208.39	(\$3,631.78)	-.40%
Community Services	\$61,065.37	\$61,560.71	\$495.34	.81%
Debt Redemption	\$398,590.75	\$280,842.42	(\$117,748.33)	-29.54%
Total	\$1,375,496.29	\$1,254,611.52	(\$120,884.77)	-8.79%

Historical Changes to Levy Limits

Year	Levy Amount	%Change
2012 payable 2013	\$1,346,450.61	-2.65%
2013 payable 2014	\$1,573,829.45	16.89%
2014 payable 2015	\$1,412,995.14	-10.22%
2015 payable 2016	\$1,327,973.77	-6.00%
2016 payable 2017	\$1,375,496.29	3.58%
2017 payable 2018	\$1,254,611.52	-8.79%

2018 Property Tax Summary

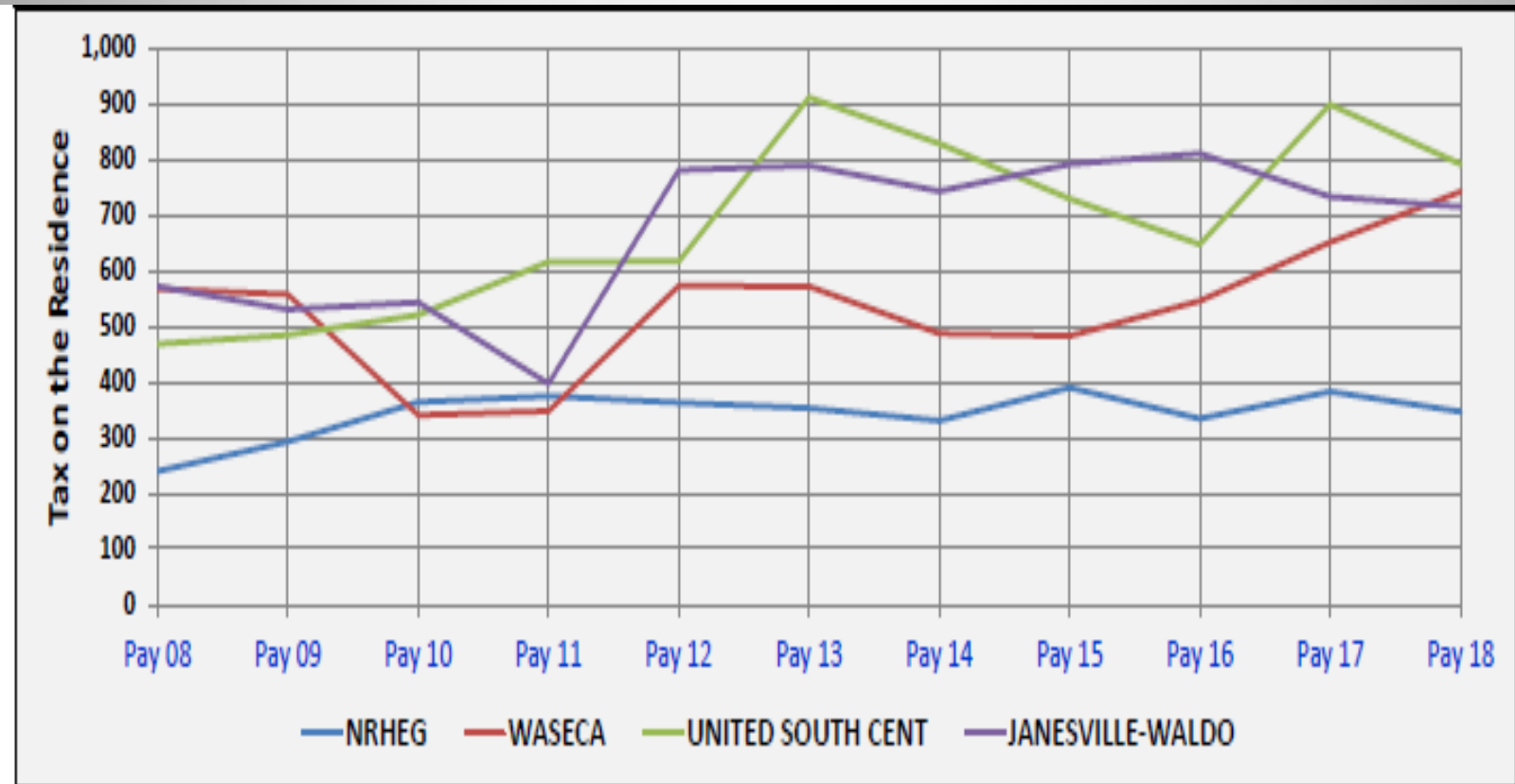


Community Education	\$61,221	\$71,635	\$64,401	\$61,065	\$61,561
Debt Service	\$783,340	\$400,008	\$449,141	\$398,591	\$280,842
General Fund	\$728,668	\$902,381	\$814,432	\$915,885	\$912,208

Comparable Levies on Residential Homesteads

	Market Value	NRHEG	Waseca	USC	JWP
Pay 2008 (FY 2009)	\$150,000	\$239	\$567	\$468	\$571
Pay 2009 (FY 2010)	\$150,000	\$292	\$558	\$485	\$531
Pay 2010 (FY 2011)	\$150,000	\$364	\$340	\$520	\$543
Pay 2011 (FY 2012)	\$150,000	\$374	\$348	\$616	\$397
Pay 2012 (FY 2013)	\$150,000	\$363	\$572	\$616	\$780
Pay 2013 (FY 2014)	\$150,000	\$353	\$572	\$911	\$789
Pay 2014 (FY 2015)	\$150,000	\$330	\$487	\$828	\$743
Pay 2015 (FY 2016)	\$150,000	\$389	\$482	\$729	\$792
Pay 2016 (FY 2017)	\$150,000	\$334	\$546	\$647	\$810
Pay 2017 (FY 2018)	\$150,000	\$383	\$651	\$898	\$732
Pay 2018 (FY 2019)	\$150,000	\$346	\$742	\$791	\$715

Simple Line Graph of the Changing Property Taxes on a Residence of the Specified Market Value Bitmap



School District Property Taxes 2001-2018

Property Taxes by Year and Property Type

Payable Year	Primary School Year	Parcel's Market Value	District Total Levy	Residential Homestead	Commercial Industrial	Agricultural Land & Bldg
2008	2008-09	\$150,000	\$1,053,018	\$244	\$347	\$114
2009	2009-10	\$150,000	\$1,053,194	\$239	\$339	\$110
2010	2010-11	\$150,000	\$1,379,237	\$292	\$414	\$134
2011	2011-12	\$150,000	\$1,315,782	\$364	\$454	\$99
2012	2012-13	\$150,000	\$1,353,302	\$374	\$467	\$102
2013	2013-14	\$150,000	\$1,383,078	\$363	\$449	\$95
2014	2014-15	\$150,000	\$1,573,829	\$330	\$420	\$100
2015	2015-16	\$150,000	\$1,412,719	\$389	\$45	\$61
2016	2016-17	\$150,000	\$1,327,974	\$334	\$399	\$72
2017	2017-18	\$150,000	\$1,375,541	\$383	\$440	\$63
2018	2018-19	\$150,000	\$1,254,612	\$346	\$399	\$58

Main variables that cause property tax increases and decreases?

- Changes in market values, classification or class rates
- Change in property tax credits (*e.g. change in Homestead Benefit from a credit to an exclusion*)
- Voter and/or non-voter approved referendums
- Increases or decreases in levy amounts caused by changes in state funding formulas

Main variables that cause property tax increases and decreases (*cont.*)

- The value of your property may increase or decrease
- The value of other properties may increase or decrease and change the share that your property is of the total tax base, whether your property's value changed or not.

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:

Maintenance (General Fund)	\$ 912,208.39
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- Includes Referendum

Community Service	61,560.71
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Debt Service	280,842.42
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Total Proposed School Tax Levy	\$1,254,611.52
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Now Therefore, Be it resolved by the School Board of NRHEG School District, New Richland, Minnesota, that the levy to be levied in 2017 to be collected in 2018 is set at **\$1,254,611.52** The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.

QUESTIONS?