



# **NRHEG Public Schools**

## **2018 Payable 2019**

### **Truth In Taxation Public Meeting**

6:00 p.m.

12/17/2018

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 2018 payable 2019
2. Provide and discuss information on the current budget (2018-2019).
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**  
**2018-2019**

# 2018-19 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

# 2018-19 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



# 2018-19 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.

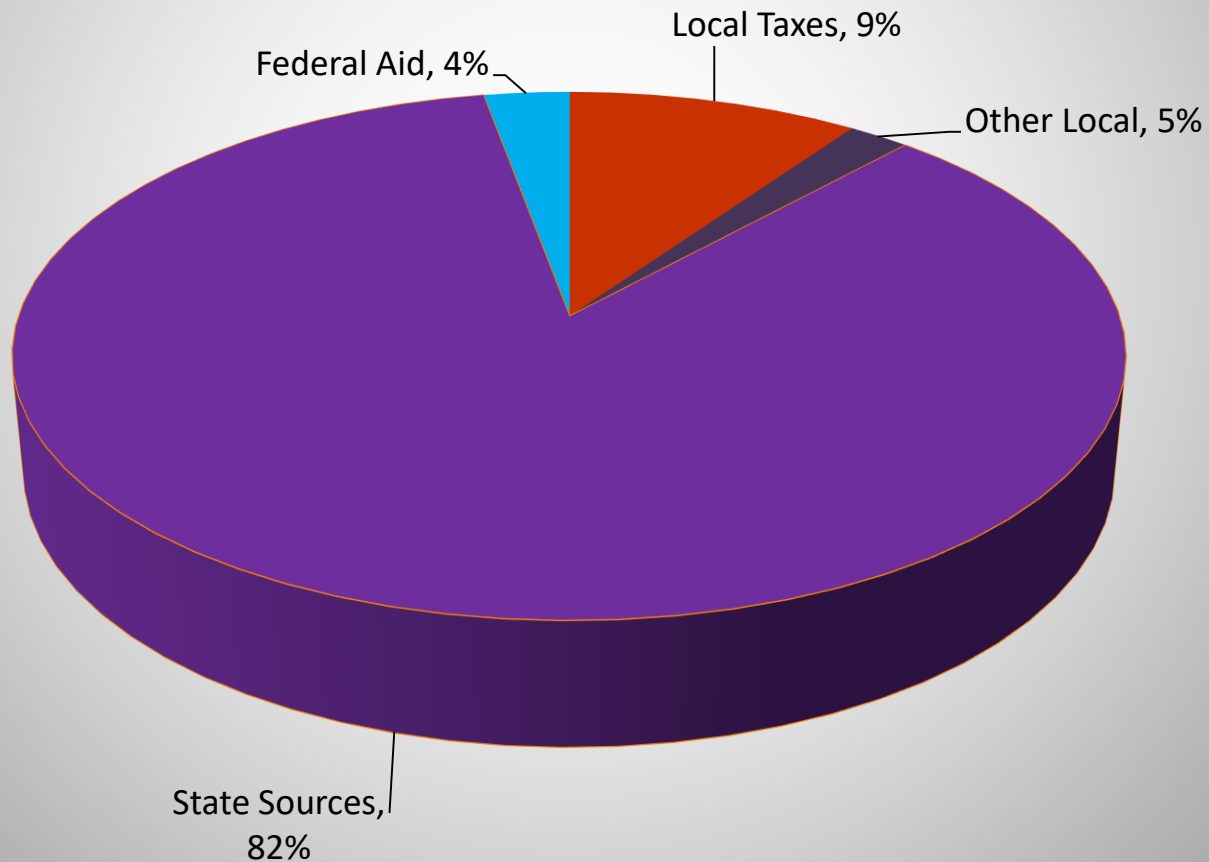
# 2018-2019 BUDGET OVERVIEW

## REVENUES

	17-18 Actual	18-19 Budget	Percent Change
General Fund	9,815,870	9,851,375	0.36%
Food Service	499,488	518,550	3.82%
Community Service	228,114	211,310	-7.37%
Debt Service	472,957	323,305	-31.64%
Totals	<u>\$11,016,429</u>	<u>\$10,904,540</u>	-1.02%

# General Fund Revenue Budget

*Where Did Our School Revenues Come From in FY18?*



# 2018-2019 BUDGET OVERVIEW

## EXPENDITURES

	17-18 <u>Actual</u>	18-19 <u>Budget</u>	Percent Change
General Fund	9,922,004	10,089,119	1.68%
Food Service	490,845	473,363	-3.56%
Community Service	228,600	198,200	-13.3%
Debt Service	<u>1,755,234</u>	<u>367,865</u>	<u>-79.04%</u>
Totals	<u>\$12,396,683</u>	<u>\$11,128,547</u>	<u>-10.23%</u>

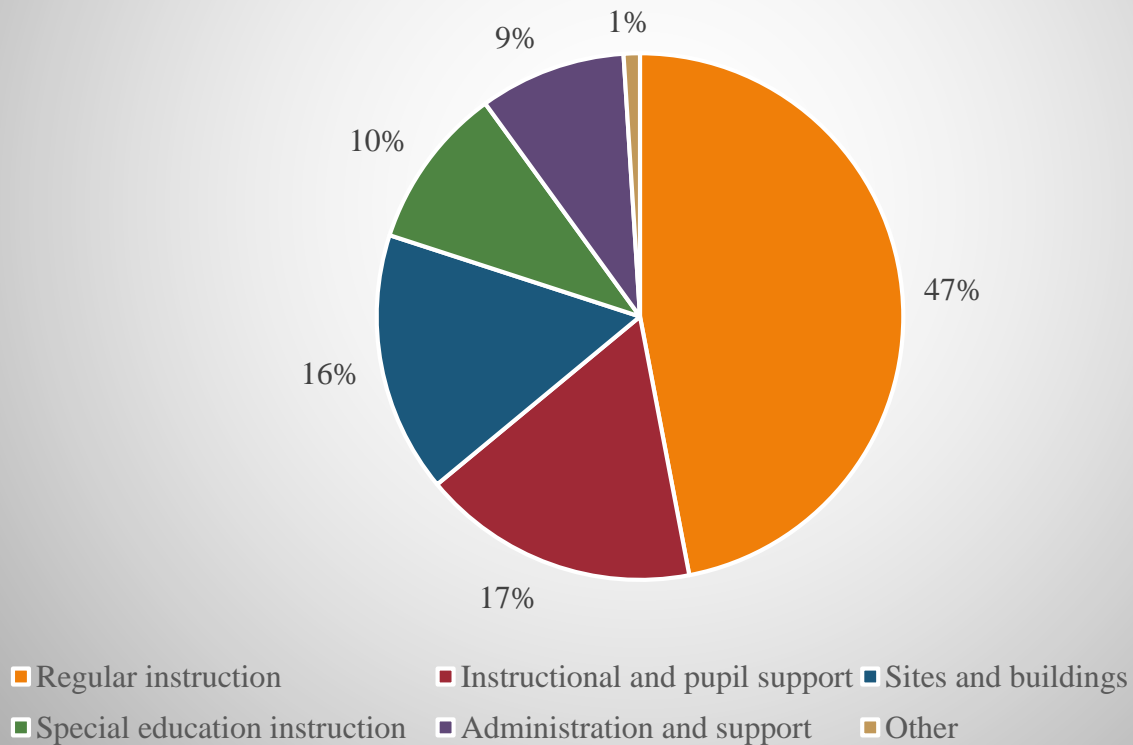
# HOW ARE GENERAL FUND DOLLARS SPENT?

*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 FY18:*

District & School Administration	6.11%
District Support Services	3.31%
Regular Instruction	47.22%
Vocational Instruction	2.23%
Special Education Instruction	17.12%
Instructional Support Services	4.31%
Pupil Support Services	9.12%
Sites-Building, Equipment	10.13%
Fiscal and Other	.45%

# General Fund Expenditure Budget

## What Did Our Expenditures Pay For in FY18?



# **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 2019 school taxes be spent?

## Percent

### **General Fund**

**74%**

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**

**6%**

Levy for Community Education Programs:

### **Debt Service**

**20%**

Levy for repayment of principal and interest on district debt:

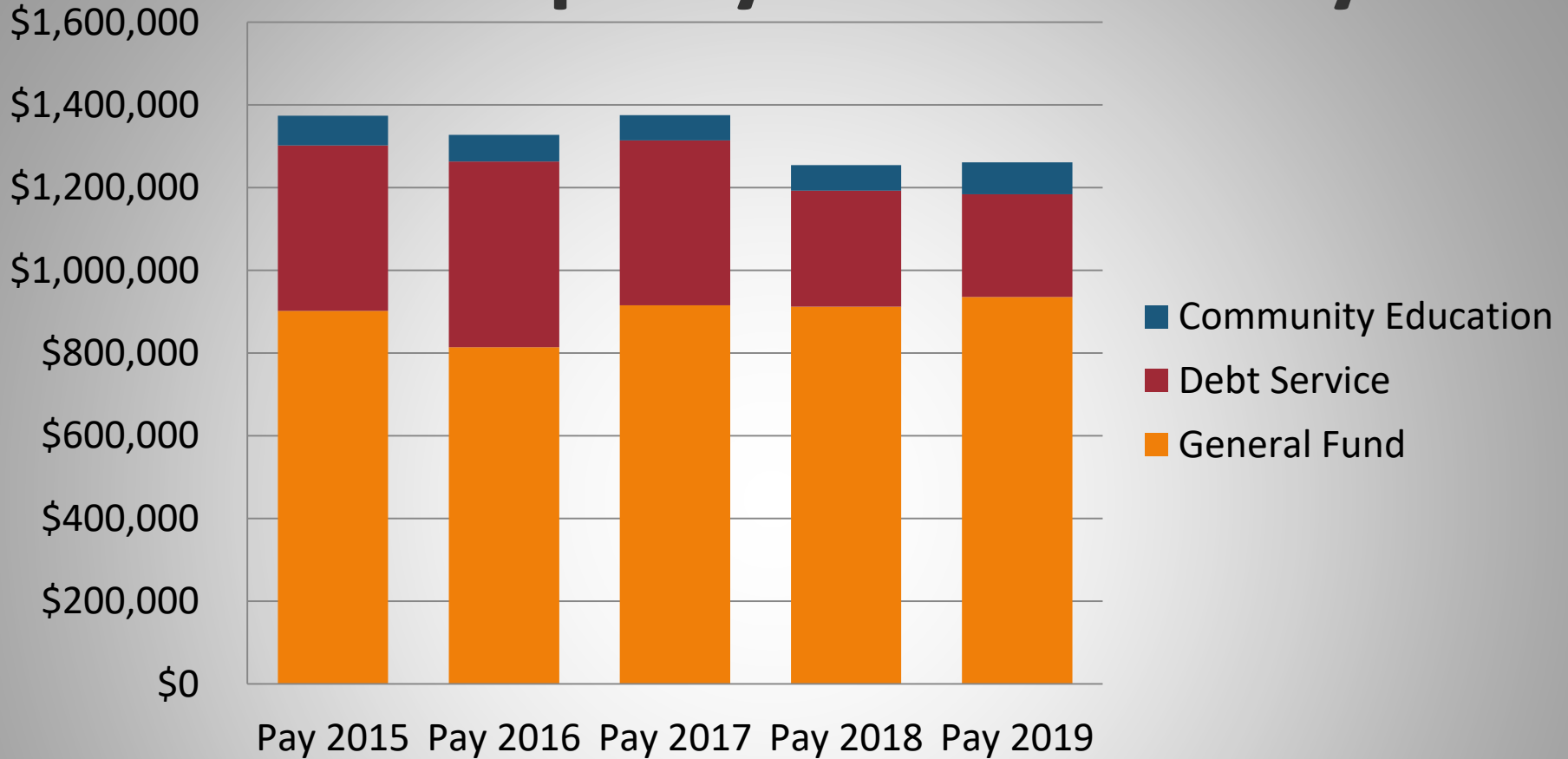
# Comparison of Certified Payable 2018 Levy with Proposed Payable 2019 Levy

<b>Gross Levies By Fund</b>	<b>Actual 17 Pay 18</b>	<b>Proposed 18 Pay 19</b>	<b>Dollar Difference</b>	<b>Percent Difference</b>
General Fund	\$912,208.39	\$935,908.88	\$23,700.49	2.60%
Community Services	\$61,560.71	\$76,989.85	\$15,429.14	25.06%
Debt Redemption	\$280,842.42	\$248,304.24	(\$32,538.18)	-11.59%
<b>Total</b>	<b>\$1,254,611.52</b>	<b>\$1,261,202.97</b>	<b>(\$6,591.45)</b>	<b>.53%</b>

# Historical Changes to Levy Limits

<b>Year</b>	<b>Levy Amount</b>	<b>%Change</b>
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 payable 2019	\$1,261,202.97	0.53%

# 2019 Property Tax Summary



<b>Community Education</b>	\$71,635	\$64,401	\$61,065	\$61,561	\$76,990
<b>Debt Service</b>	\$400,008	\$449,141	\$398,591	\$280,842	\$248,304
<b>General Fund</b>	\$902,381	\$814,432	\$915,885	\$912,208	\$935,909

# Comparable Levies on Residential Homesteads

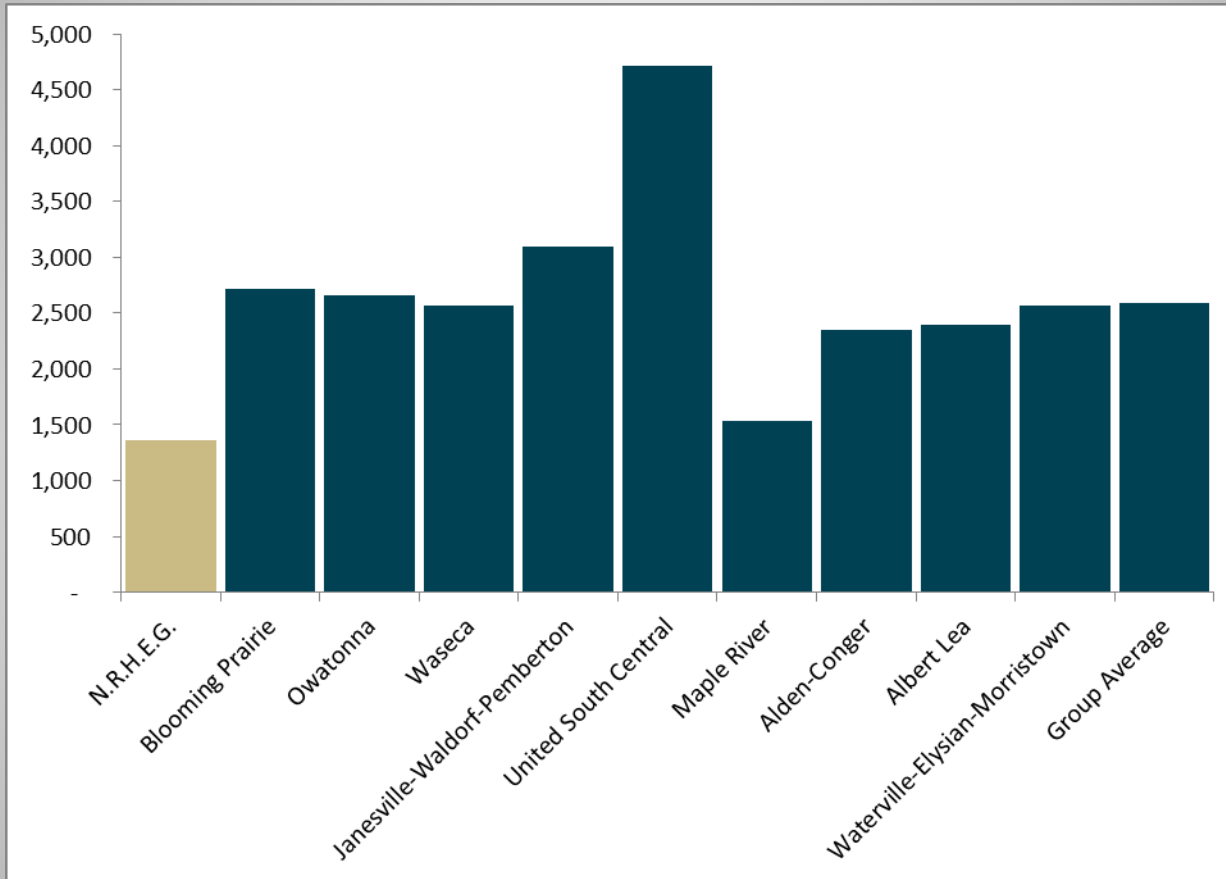
	Market Value	NRHEG	Waseca	USC	JWP
Pay 2008 (FY 2009)	\$150,000	\$239	\$567	\$468	\$571
Pay 2009 (FY 2010)	\$150,000	\$292	\$558	\$485	\$531
Pay 2010 (FY 2011)	\$150,000	\$364	\$340	\$520	\$543
Pay 2011 (FY 2012)	\$150,000	\$374	\$348	\$616	\$397
Pay 2012 (FY 2013)	\$150,000	\$363	\$572	\$616	\$780
Pay 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

# 2018 Total Levy per ADM (student)

Dist. #	District Name	2017-2018 ADJ ADM	Total Levy	Total Levy Per ADM
2168	N.R.H.E.G.	917	1,250,202	1,364
756	Blooming Prairie	737	2,002,867	2,717
761	Owatonna	4,902	13,022,902	2,657
829	Waseca	1,894	4,858,158	2,565
2835	Janesville-Waldorf-Pemberton	632	1,953,028	3,092
2134	United South Central	708	3,336,152	4,709
2135	Maple River	957	1,466,030	1,532
242	Alden-Conger	488	1,147,526	2,353
241	Albert Lea	3,418	8,191,140	2,396
2143	Waterville-Elysian-Morristown	775	1,990,252	2,569
	Group Average	1,543	3,921,826	2,595

Source: MDE Pay 2018 School Tax Report Data, Levy Limitation and Certification Report

# 2018 Total Levy per ADM (student)



# 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. Ag2School Credit passed in 2017 legislation*)
- 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)	\$ 935,908.88
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- Includes Referendum

Community Service	76,989.85
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Debt Service	248,304.24
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<b>Total Proposed School Tax Levy</b>	<b>\$1,261,202.97</b>
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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 2018 to be collected in 2019 is set at **\$1,261,202.97** The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.

**QUESTIONS?**