



Inver Grove Heights Schools, ISD 199

Public Hearing for Taxes Payable in 2025

DECEMBER 9, 2024

PRESENTED BY:

HEATHER AUNE,

DIRECTOR OF BUSINESS SERVICES

Minnesota State Law Requirements

A Public Meeting...

- Between November 25th & December 30th
- 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 2025



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:

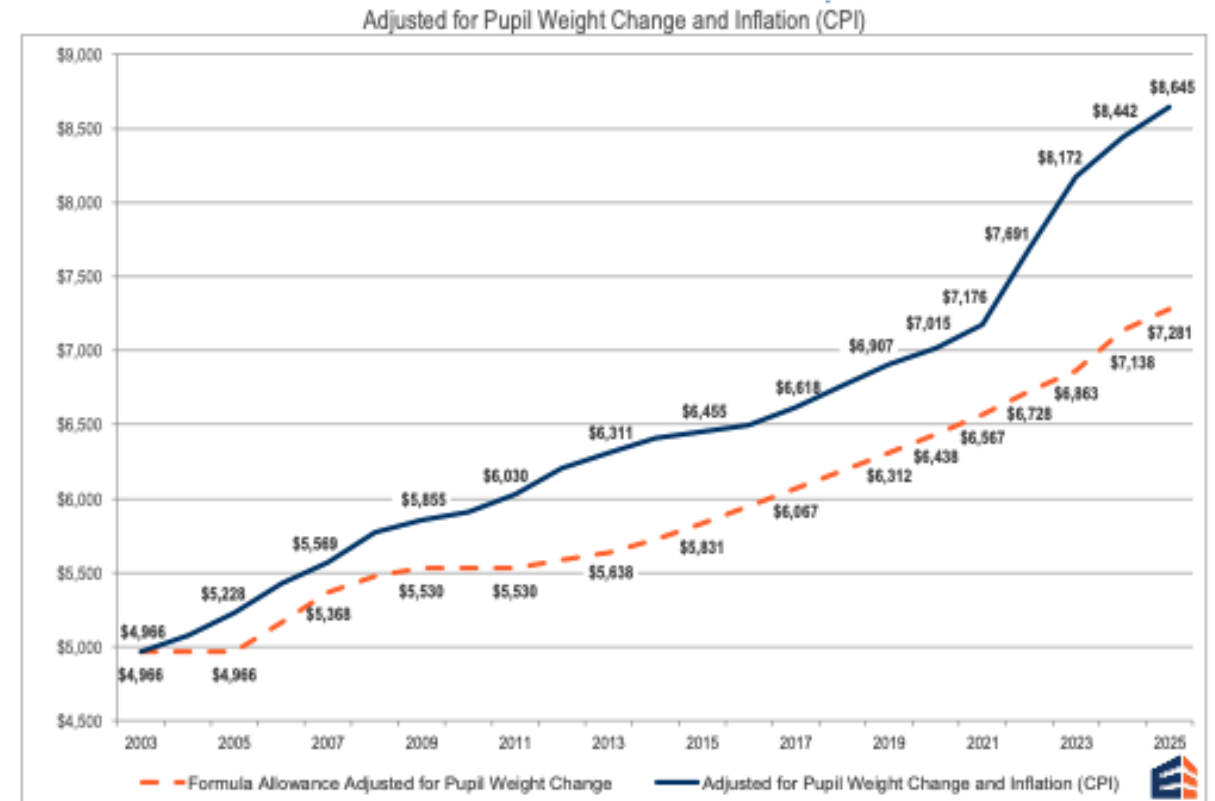
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
 - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

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

General Education Formula Allowance, 2003-25

- 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 \$1,364 (18.7%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,645



According to MN Department of Education (MDE):

FY 2023 costs of providing programs were underfunded statewide by \$726 million

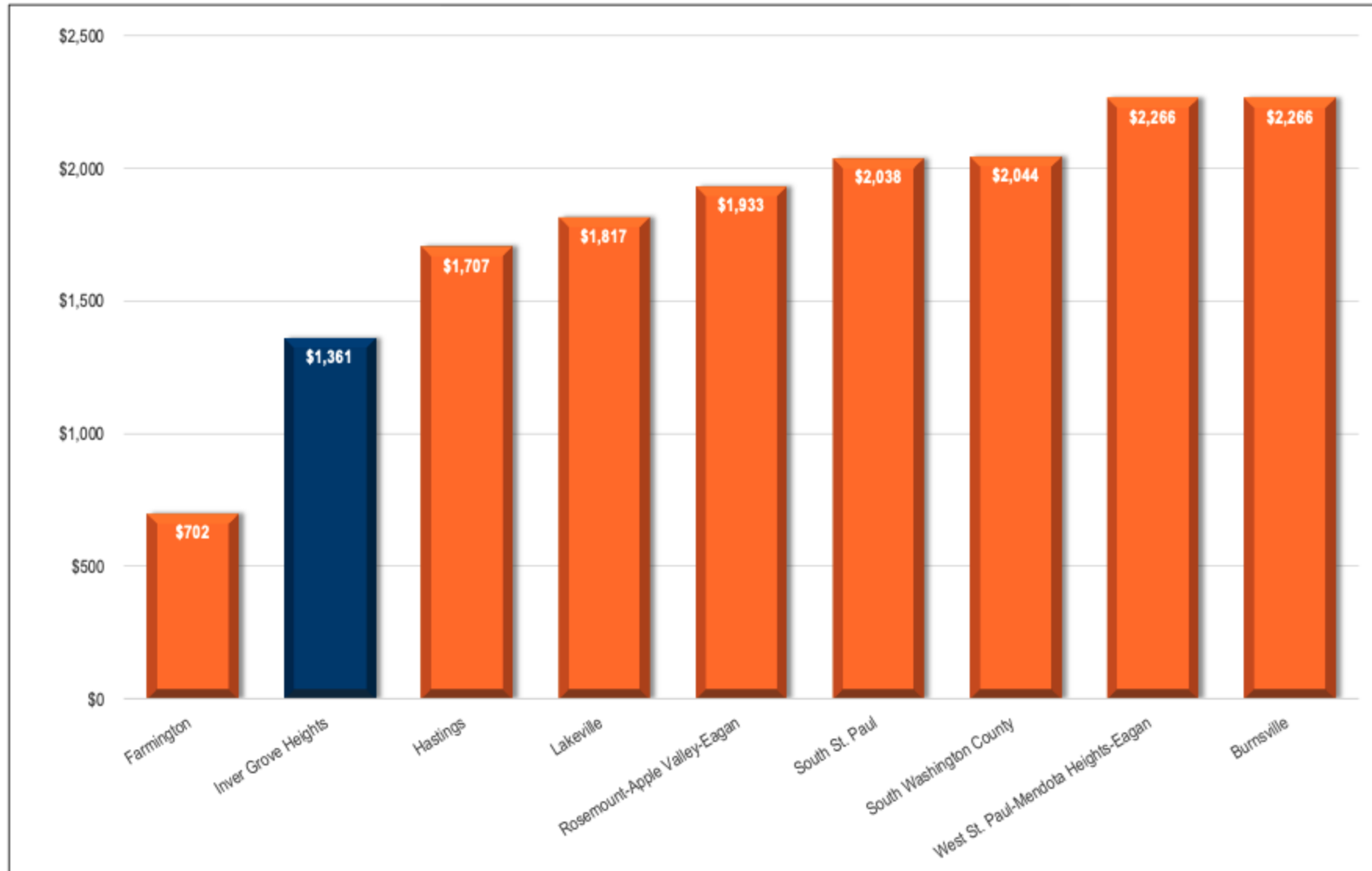
Even with recent funding, costs will be underfunded by \$455 million statewide by FY 2027



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 2025-26 (Excludes Local Optional Revenue)



Source: MDE Pay 25 Levy Certification Report

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 2025-26 budget will be adopted by School Board in June 2025.

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*



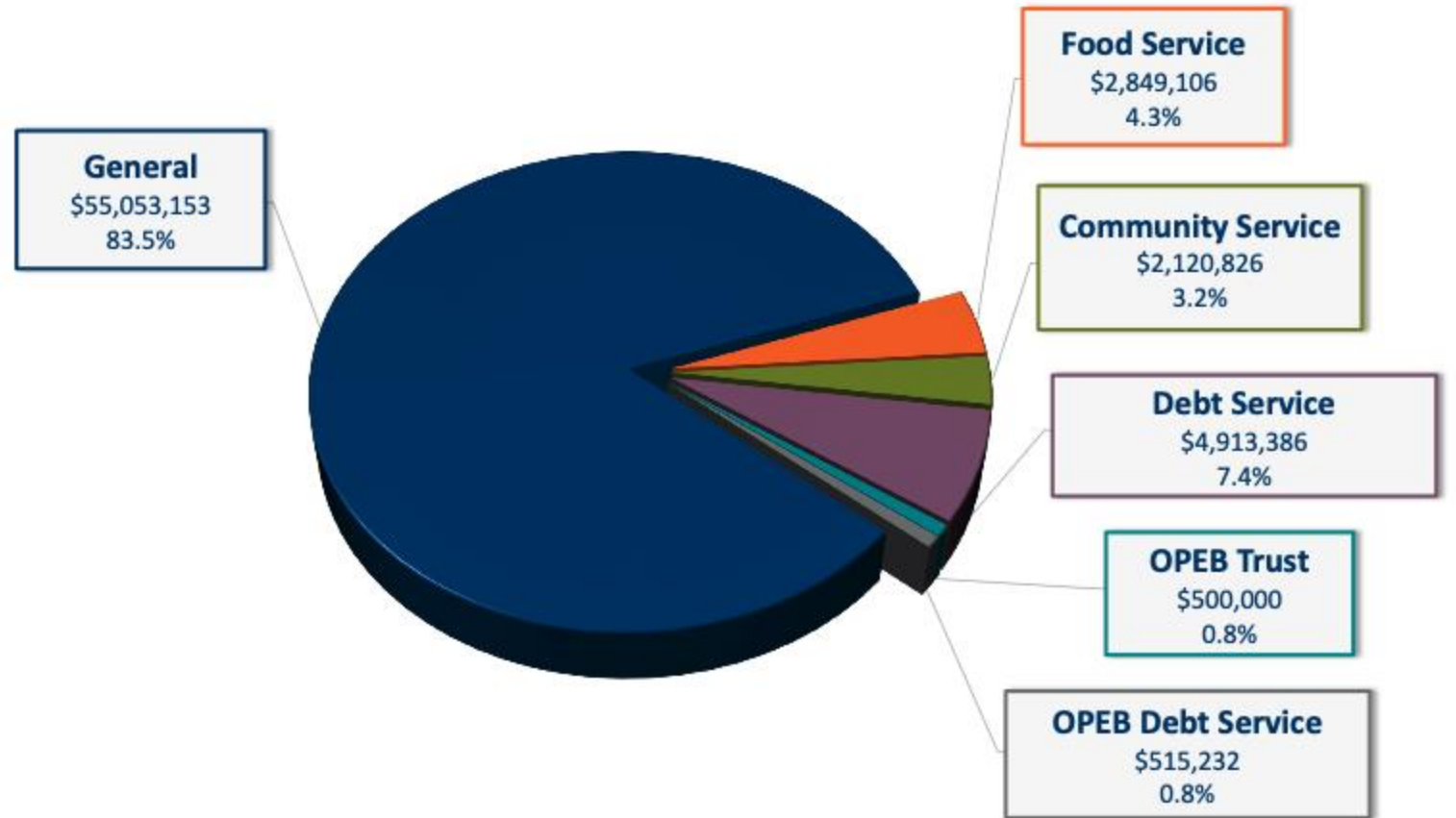
District Revenues & Expenditures
Actual for FY 2024, Budget for FY 2025

FUND	FISCAL 2024 BEGINNING	2023-24 ACTUAL		JUNE 30, 2024 ACTUAL	2024-25 BUDGET		JUNE 30, 2025 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES	REVENUES & TRANSERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES
General/Restricted	\$4,813,819	\$11,634,674	\$12,065,006	\$4,383,487	\$11,277,418	\$11,773,270	\$3,887,635
General/Other	6,341,326	45,491,459	44,346,960	7,485,825	43,775,735	43,412,060	7,849,500
Food Service	848,929	2,901,939	2,866,501	884,366	2,849,106	2,913,527	819,945
Community Service	335,013	1,962,716	2,086,688	211,041	2,120,826	2,103,671	228,196
Building Construction	2,529,423	89,332	1,175,965	1,442,790	15,000	1,457,790	(0)
Debt Service	1,013,301	29,647,459	29,606,783	1,053,977	4,913,386	4,558,888	1,408,475
Internal Service	229,301			476,521			526,521
OPEB* Irrevocable Trust	2,499,544	902,736	576,827	2,825,453	500,000	500,000	2,825,453
OPEB* Debt Service	116,103	522,319	523,665	114,757	515,232	516,178	113,811
Total All Funds	18,726,758	93,152,634	93,248,396	18,878,216	65,966,703	67,235,384	17,659,535

*Other Post Employment Benefits

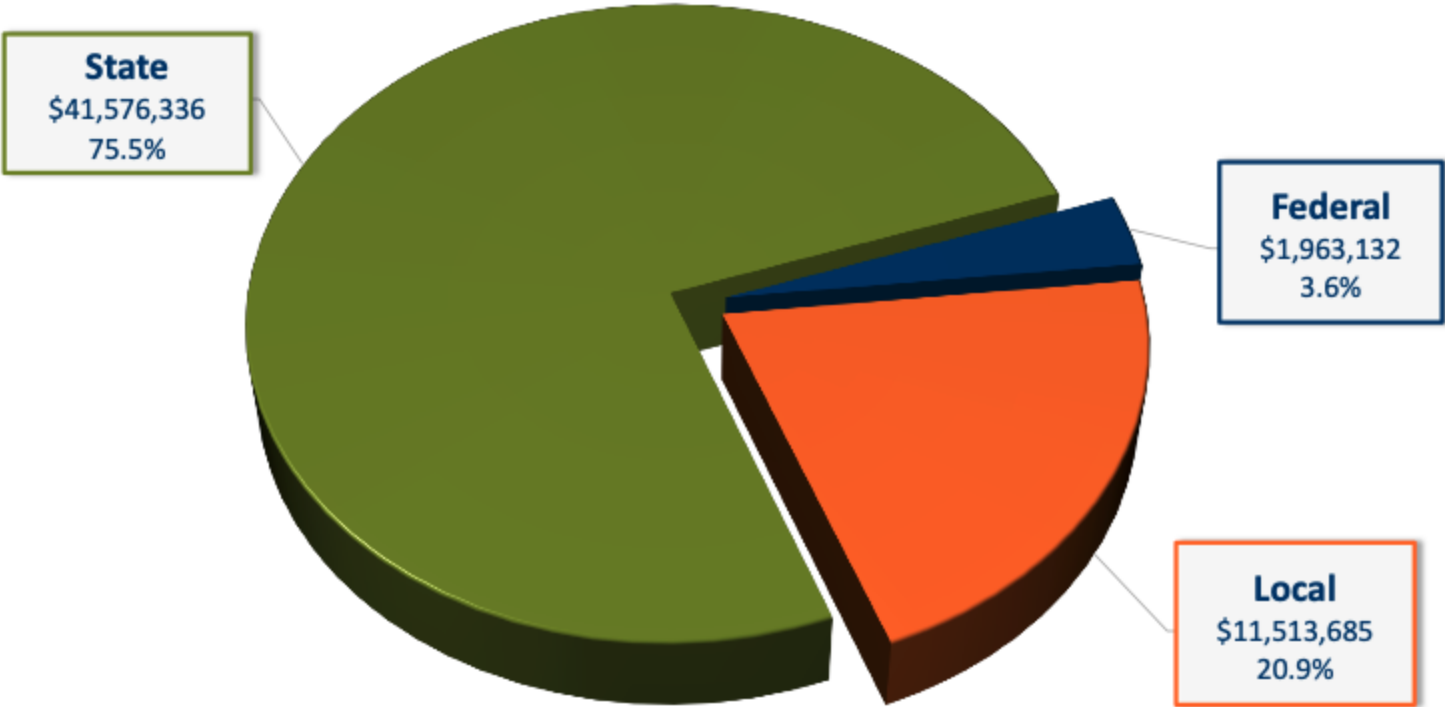
Revenue - All Funds -

2024-25 Budget
\$65,966,703



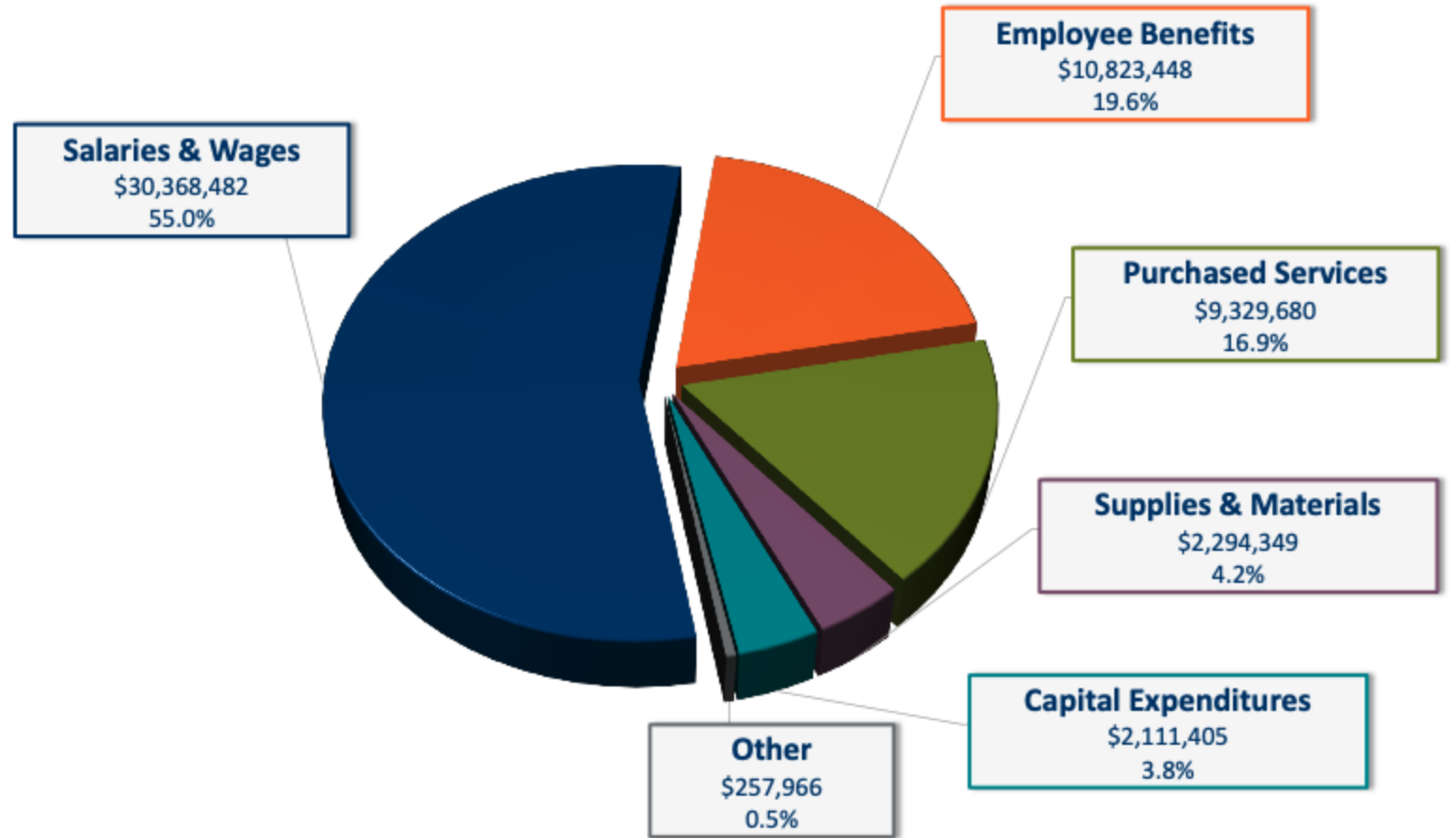
General Fund Revenue

2024-25 Budget
\$55,053,153



General Fund Expenditures - by Object -

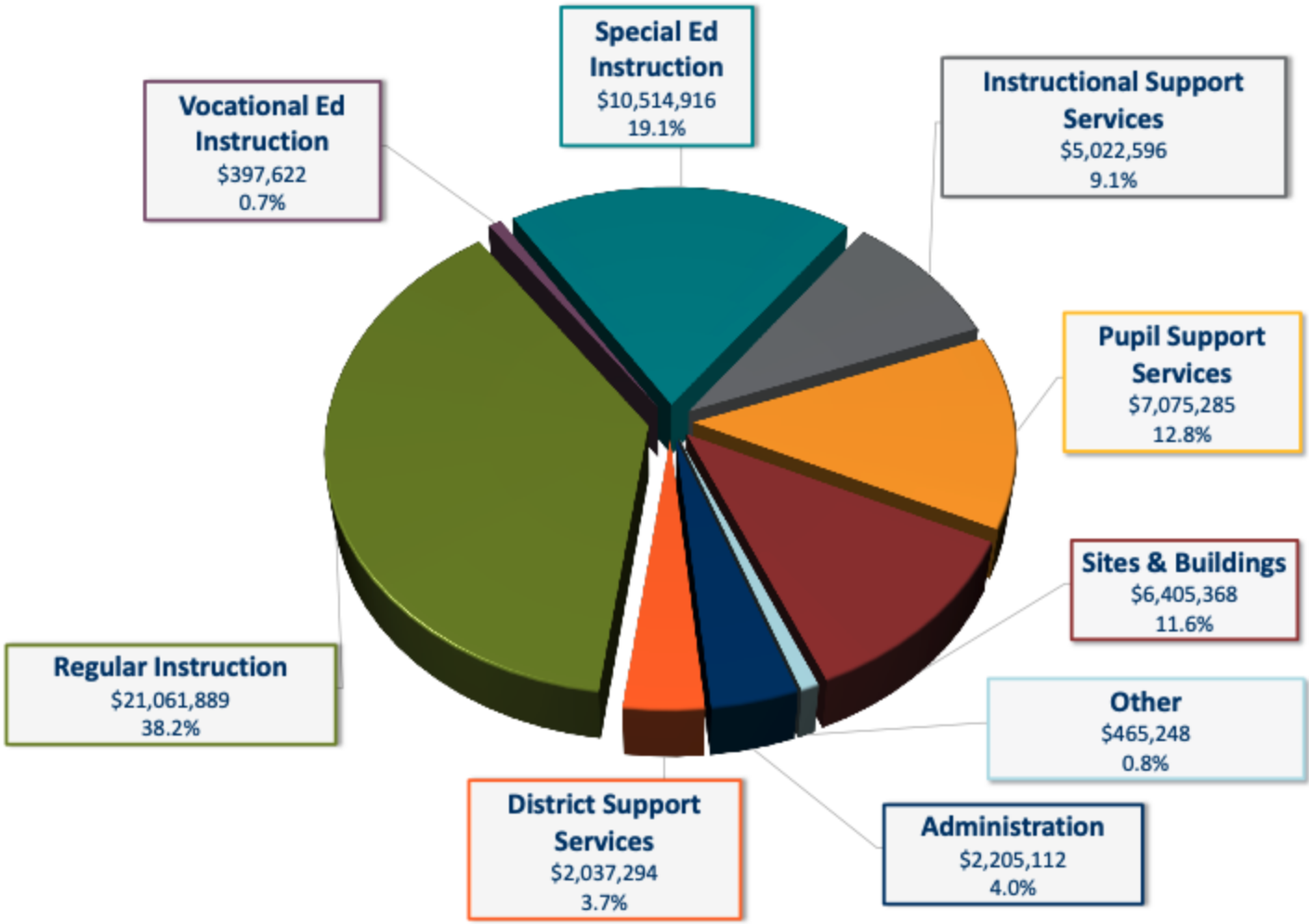
2024-25 Budget
\$55,185,330



General Fund Expenditures - by Program

-

2024-25 Budget
\$55,185,330



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

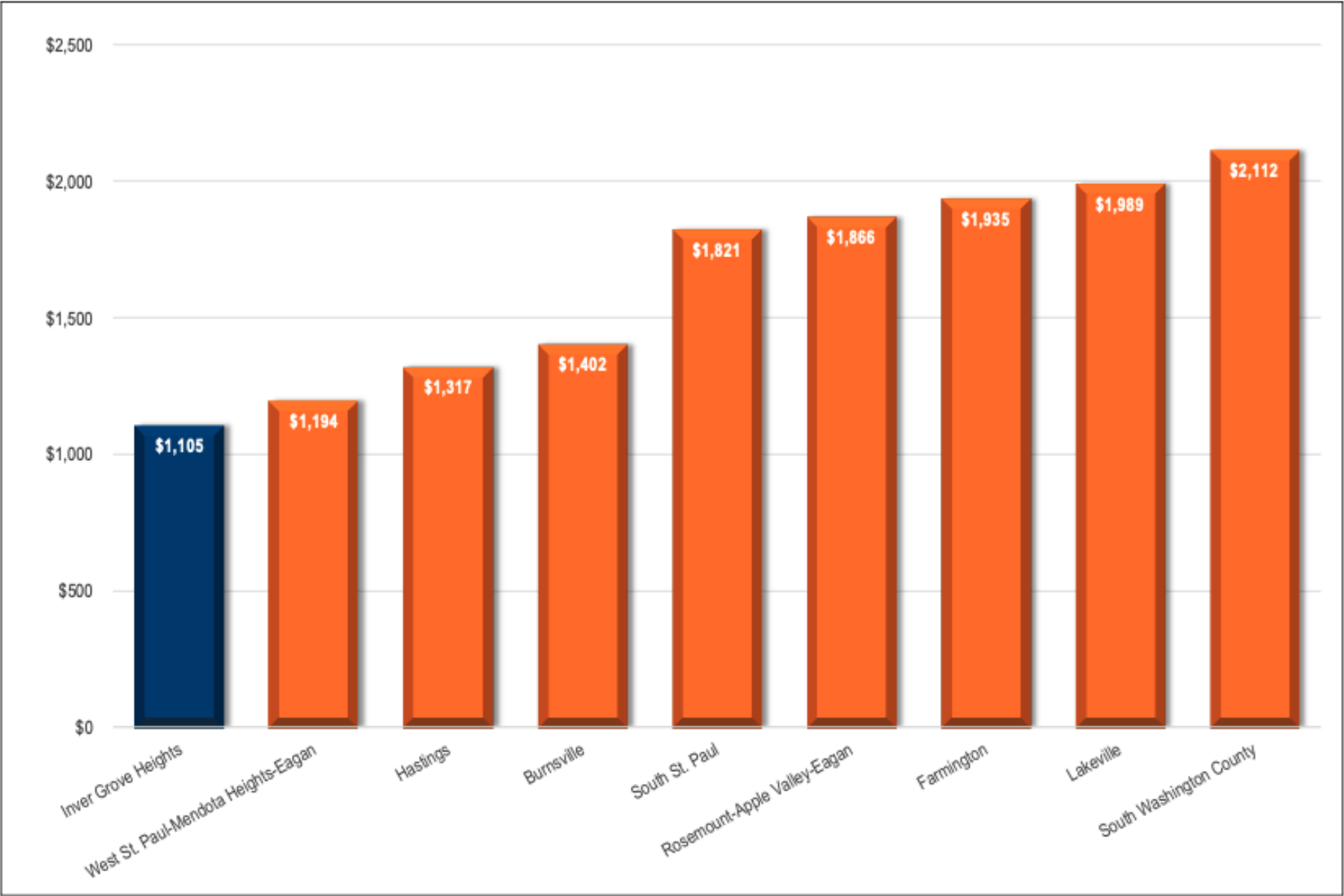


Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance



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

Total School Property Taxes, Payable 2024, on a Home with an Estimated Market Value of \$350,000




Source: Pay 24 School Tax Report.

Sample of parcel specific notice mailed to every property owner between November 10th – 25th

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



PROPERTY TAXATION & RECORDS
ADMINISTRATION CENTER
1590 HIGHWAY 55
HASTINGS, MINNESOTA 55033-2292
www.dakotacounty.us

Property ID: 00-00000-00-000

TAXPAYER(S):

ISD 199 Residents
1234 Cahill
INVER GROVE MN 55076-0000

Property Address: 1234 Cahill
INVER GROVE HEIGHTS MN 55076

Property Description: ISD 199 Estates

PROPOSED TAXES 2025

— This is Not a Bill • Do Not Pay —

Step 1 VALUES AND CLASSIFICATION

Taxes Payable Year	2024	2025
Estimated Market Value:	351,000	353,100
Homesstead Exclusion:	5,650	14,771
Other Excl./Deferrals:	0	0
Taxable Market Value:	345,350	338,329
Property Classification:	RESO HSTD	RESO HSTD

Step 2 PROPOSED TAX

Property Taxes Before Credits:	\$ 3,666.00
School Building Bond Credit:	
Agricultural Market Value Credit:	
Other Credits:	
Property Taxes After Credits:	\$ 3,666.00

Step 3 PROPERTY TAX STATEMENT
• Coming in 2025 •

The time to provide feedback on PROPOSED LEVIES is NOW.

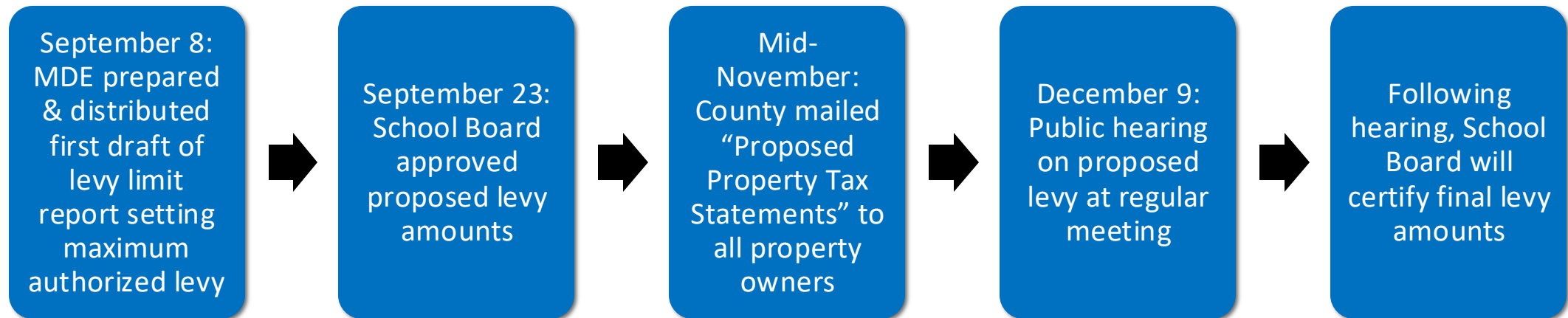
Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2024	Proposed 2025
STATE GENERAL TAX	NO PUBLIC MEETING	\$.00	\$.00
DAKOTA COUNTY 1590 HIGHWAY 55 HASTINGS MN 55033 WWW.DAKOTACOUNTY.US 651-438-4576	DEC 03 2024-6:00 PM ADMINISTRATION CENTER COUNTY BOARDROOM 1590 HIGHWAY 55 HASTINGS MN 55033	633.32	673.98
INVER GROVE HEIGHTS FINANCE DIRECTOR 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077 WWW.IGHMN.GOV 651-450-2521	DEC 02 2024-6:00 PM CITY COUNCIL CHAMBERS 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077	1,731.56	1,716.26
SCH DIST 199 DIRECTOR OF BUSINESS SERVICES 2990 80TH ST E INVER GROVE HEIGHTS MN 55076 WWW.ISD199.ORG 651-306-7807	DEC 09 2024-6:00 PM ISD 199 DISTRICT OFFICE 2990 80TH ST E INVER GROVE HEIGHTS MN 55076		
VOTER APPROVED LEVIES		536.80	557.98
OTHER LOCAL LEVIES		571.34	614.72
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 2025 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 11 2024-6:00 PM METROPOLITAN COUNCIL CHAMBERS 390 ROBERT ST N ST PAUL MN 55101-1805	58.24	57.16
OTHER SPECIAL TAXING DISTRICTS	NO PUBLIC MEETING	45.22	45.90
TAX INCREMENT TAX	NO PUBLIC MEETING	.00	.00
FISCAL DISPARITY TAX	NO PUBLIC MEETING	.00	.00
TOTALS (Excluding Special Assessments)		\$ 3,576.48	\$ 3,666.00 2.5%

School District Property Taxes

- Each school district has limited authority to levy taxes
- MDE calculates levy amounts for various categories, set by:
 - State law
 - Voter approval

Approval of District's Tax Levy in 2024 (Payable 2025)





Overview of District's Proposed Tax Levy

- Proposed Payable 2025 tax levy is an increase from 2024 of \$3,482,974 or 22.0%
 - Includes increase of \$2.2 million from initial proposed levy approved by School Board in September due to operating referendum approved by voters in election held on November 5th
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides

Comparison of Actual Tax Levy Payable in 2024 to Proposed Levy Payable in 2025

Fund Levy Category	Actual Levy Payable in 2024	Proposed Levy Payable in 2025	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$2,446,034	\$4,995,417	\$2,549,383	
Local Optional Revenue (LOR)	2,493,815	2,652,096	158,281	
Equity	465,195	398,200	(66,995)	
Voter Approved Capital Project Levy	1,041,928	1,104,497	62,569	
Operating Capital	524,992	556,534	31,542	
Achievement and Integration	207,695	231,413	23,718	
Long Term Facilities Maintenance (LTFM)	1,267,489	1,316,058	48,569	
Lease Levy	894,887	957,300	62,413	
Other	304,356	324,133	19,777	
Prior Year Adjustments	319,606	837,309	517,704	
Total, General Fund	\$9,965,997	\$13,372,957	\$3,406,960	34.2%
Community Service				
Basic Community Education	\$196,615	\$182,891	(\$13,724)	
Early Childhood Family Education	105,004	110,858	5,855	
School-Age Child Care	135,000	135,000	0	
Other	4,835	7,762	2,926	
Prior Year Adjustments	(19,279)	13,485	32,764	
Total, Community Service Fund	\$422,174	\$449,996	\$27,821	6.6%
Debt Service				
Voter Approved	\$4,193,845	\$4,288,200	\$94,355	
Other	431,025	432,863	1,838	
Long Term Facility Maintenance (LTFM)	513,560	498,603	(14,957)	
Other Post Employment Benefits (OPEB)	540,937	538,272	(2,665)	
Reduction for Debt Excess	(285,033)	(290,416)	(5,383)	
Prior Year Adjustments	34,284	9,288	(24,995)	
Total, Debt Service Fund	\$5,428,618	\$5,476,811	\$48,193	0.9%
Total Levy, All Funds	\$15,816,790	\$19,299,764	\$3,482,974	22.0%
Subtotal by Truth in Taxation Categories:				
Voter Approved	7,671,152	10,448,855	2,777,702	
Other	8,145,638	8,850,909	705,272	
Total	\$15,816,790	\$19,299,764	\$3,482,974	22.0%

Explanation of Levy Changes

Category:

General Fund - Voter Approved Operating Referendum & Equity

Change:

+\$2,549,383 (Operating Referendum) and -\$66,995 (Equity)

Use of Funds:

General Operating Expenses

Reasons for Change:

- Voter approved operating referendum authority includes an annual inflationary increase
- Voters approved an increase to operating referendum authority in election held on November 5, 2024
- Increase to operating referendum authority results in a reduction to equity revenue, based on state-determined formula

Explanation of Levy Changes

Category:

General Fund – Prior Year Adjustments

Change:

+\$517,704

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

\$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 17.0% 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 2025 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal financial advisors)

Estimated Changes in School Property Taxes, 2022 to 2025
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2022	Actual Taxes Payable in 2023	Actual Taxes Payable in 2024	Estimated Taxes Payable in 2025			Change in Taxes 2022 to 2025	Change in Taxes 2024 to 2025
					Without Ballot Question*	Approved Ballot Question*	Total		
Residential Homestead	\$200,000	\$649	\$601	\$599	\$622	\$100	\$722	\$73	\$123
	300,000	1,014	939	936	981	150	1,131	117	195
	350,000	1,197	1,108	1,105	1,161	175	1,336	139	231
	400,000	1,380	1,276	1,273	1,341	200	1,541	161	268
	500,000	1,729	1,599	1,595	1,700	250	1,950	221	355
	600,000	2,130	1,968	1,964	2,096	300	2,396	266	432
	700,000	2,532	2,338	2,333	2,488	350	2,838	306	505
Commercial/ Industrial #	\$250,000	\$883	\$836	\$851	\$895	\$125	\$1,020	\$137	\$169
	500,000	1,868	1,766	1,801	1,889	250	2,139	271	338
	1,000,000	3,837	3,626	3,699	3,877	501	4,378	541	679
	1,500,000	5,807	5,487	5,598	5,865	751	6,616	809	1,018
Apartments and Res. Non-Homestead (2 or more units)	\$500,000	\$2,007	\$1,849	\$1,846	\$1,962	\$250	\$2,212	\$205	\$366
	1,000,000	4,015	3,697	3,692	3,924	501	4,425	410	733
	2,000,000	8,030	7,395	7,383	7,849	1,001	8,850	820	1,467

* "Approved ballot question" includes estimates of additional taxes for the renewal of the operating referendum approved by voters on November 5, 2024.

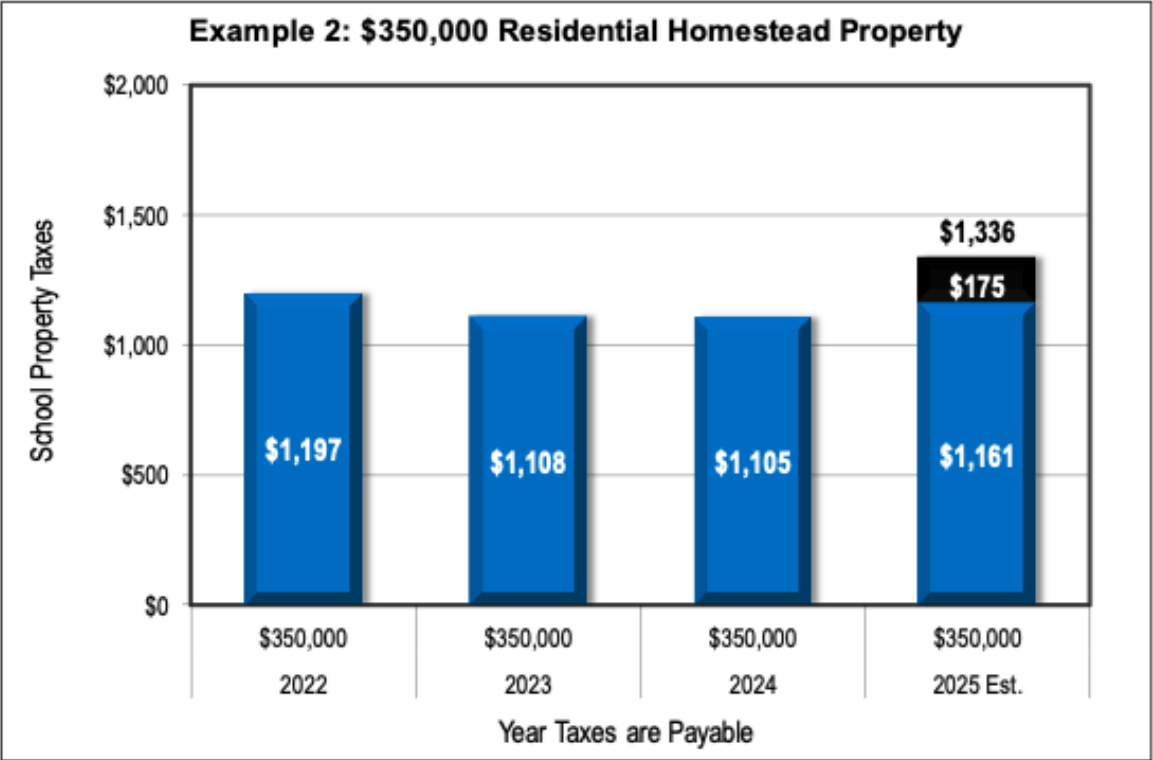
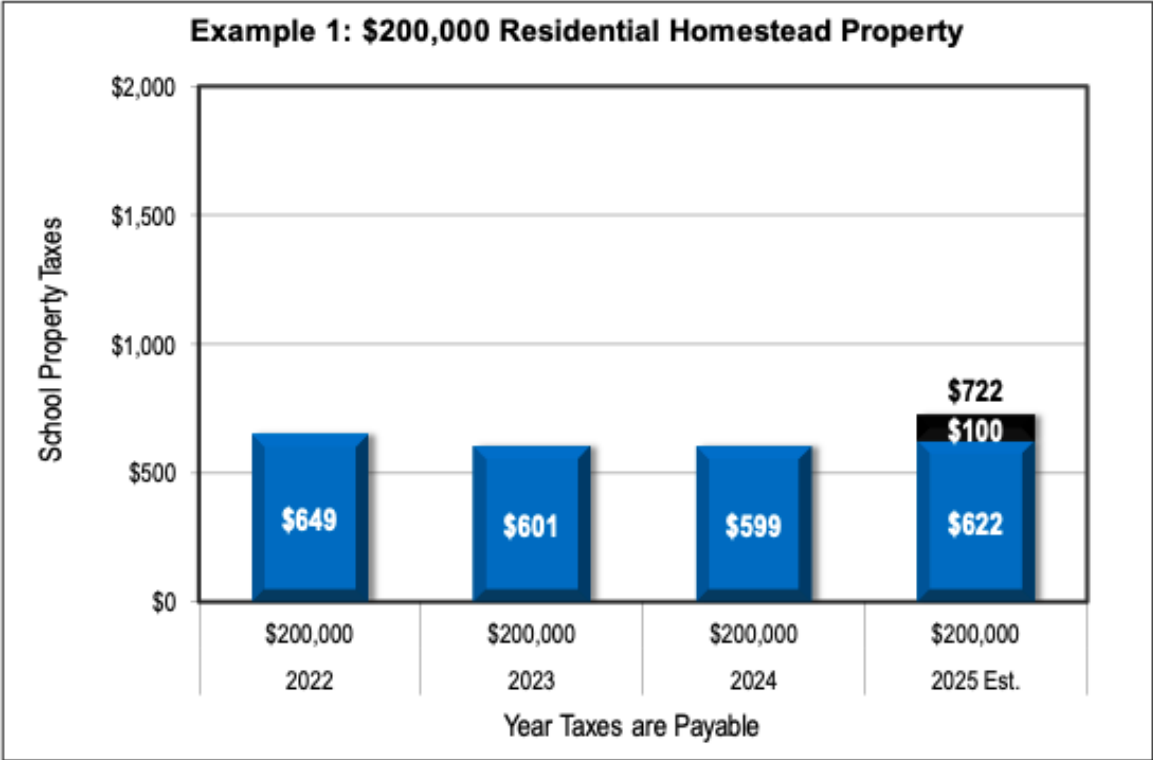
For commercial-industrial property, amounts above are for property in Inver Grove Heights. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

General Notes

1. Amounts are based on school district taxes only, and do not include taxes for the 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.

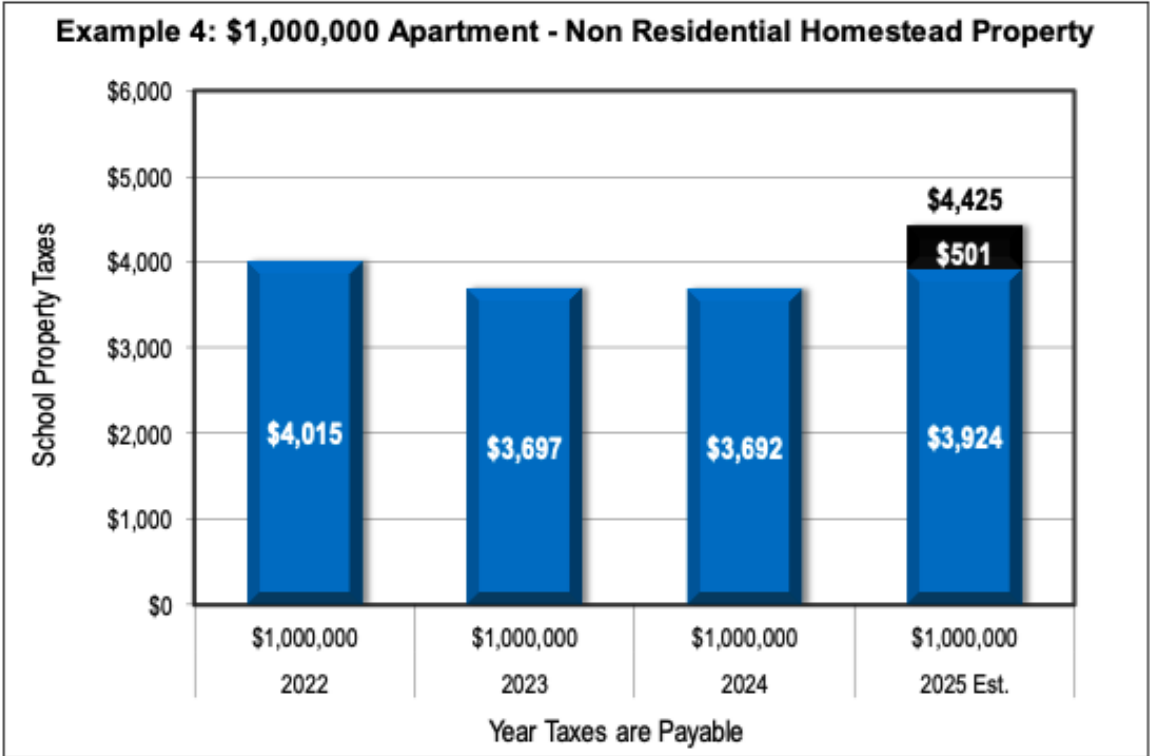
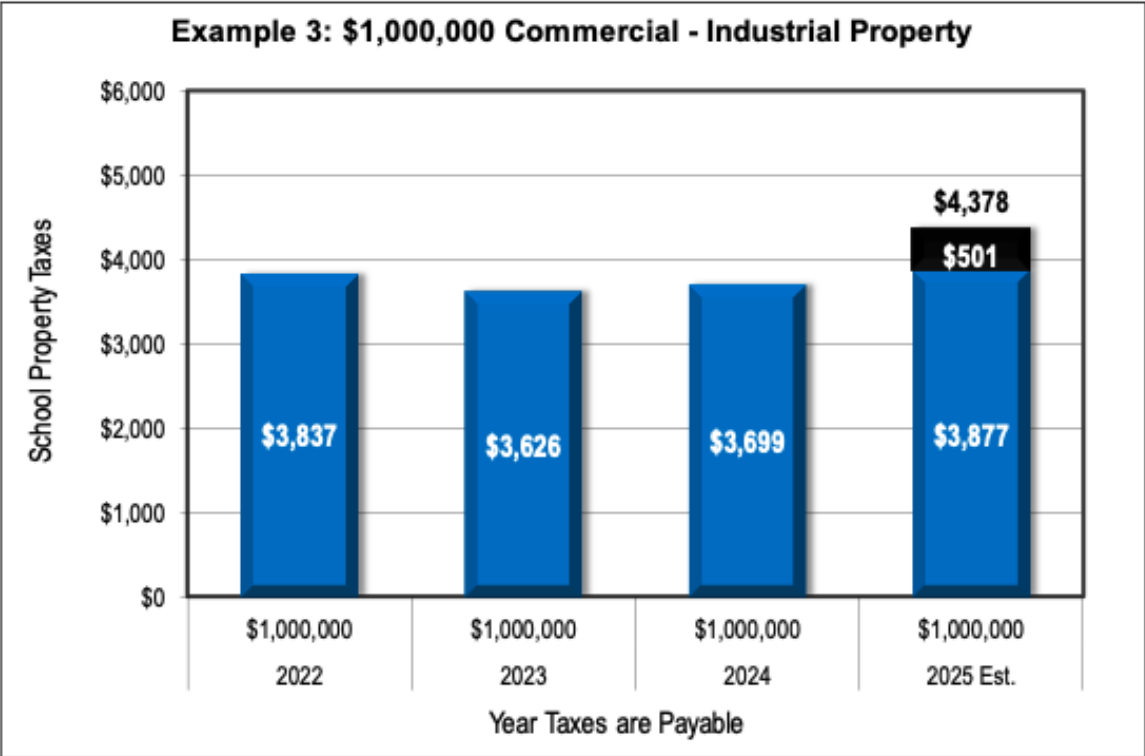
Estimated Changes in School Property Taxes, 2022-25

Based on No Changes in Property Value



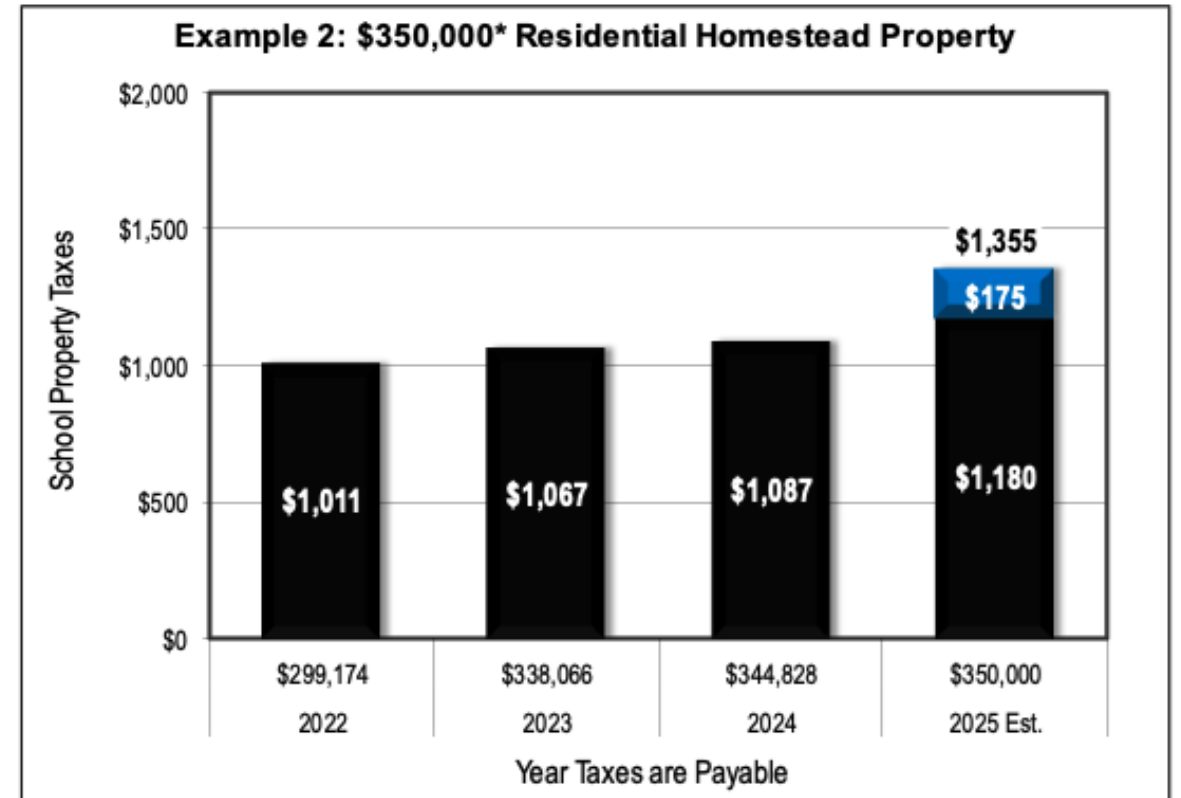
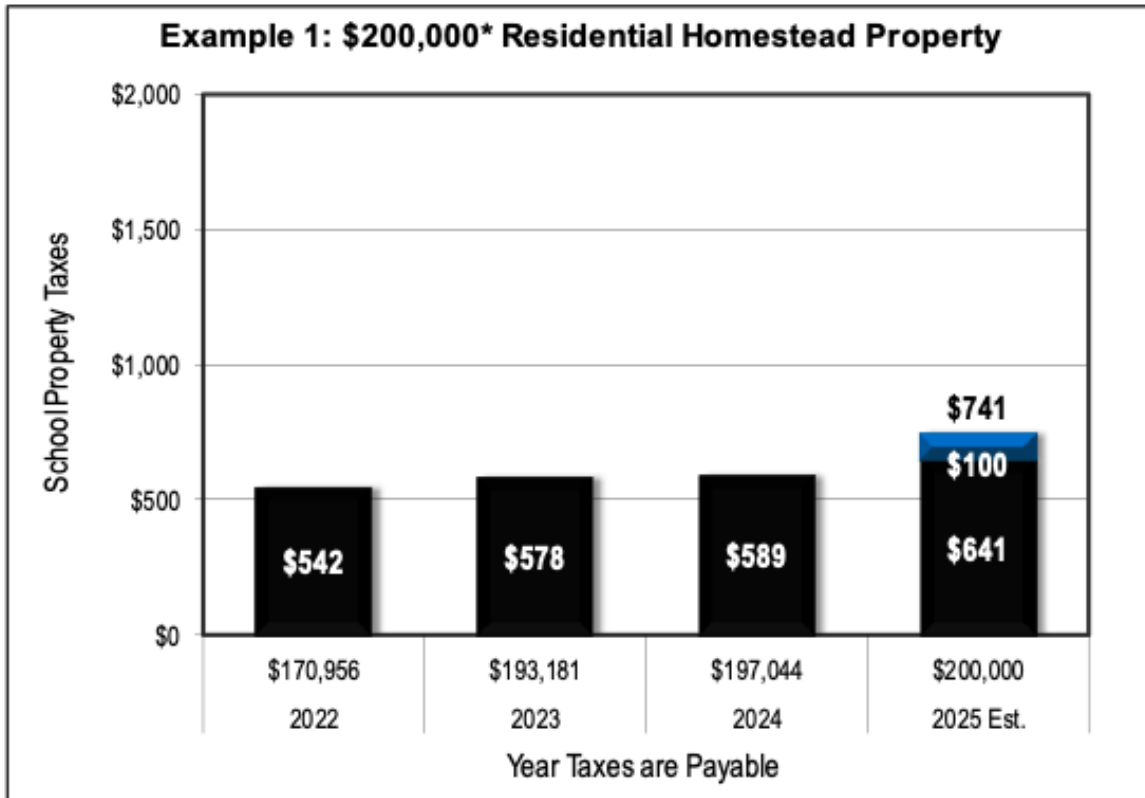
Estimated Changes in School Property Taxes, 2022-25

Based on No Changes in Property Value



Estimated Changes in School Property Taxes, 2022-25

Based on 17.0% Cumulative Changes in Property Value



*Estimated market value for taxes payable in 2025. Taxes are calculated based on changes in market value of 13.0% from 2022 to 2023, 2.0% from 2023 to 2024 and 1.5% from 2024 to 2025.

** The darker portion of the 2025 bar represents the estimated taxes associated with the renewal of the operating referendum approved by voters on November 5, 2024.

Next Steps



Board accepts public
comments on
proposed levy

Board certifies 2025
property tax levy



PUBLIC COMMENTS