

Truth in Taxation Public Hearing

Duluth Public Schools, ISD 709

Agenda

Tuesday, December 19, 2023

District Services Center

709 Portia Johnson Dr.

Duluth, MN 55811

6:00 PM

1. 1. Truth in Taxation Public Hearing**2**

DULUTH PUBLIC SCHOOLS
Independent School District 709

2

2023 PAYABLE 2024
PROPERTY TAX HEARING

For the school budget year
July 1, 2023 – June 30, 2024

Prepared by:

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Michael Hoheisel, Managing Director, R.W. Baird & Co.

REQUIREMENTS OF THE TRUTH IN TAXATION HEARING

- The 2023 Pay 2024 Proposed Property Tax Levy
 - Proposed Changes
 - Specific Purposes for Changes
- Current Year Budget
 - Distribution of Revenues by Revenue Source
 - Spending by Program Area
- Public Comments and Questions

Minnesota Statute 275.065

School District Levy and School District Funds

School District Levy

- Taxes levied in the fall of 2023 are payable and collected in 2024
- District Revenue for 2024-2025 school year
- Fiscal year 2025

School District Funds

General Fund Levy

- A. Based on student enrollment

Community Education Fund Levy

- A. Based on the population of the District
 1. Includes basic community education revenue, youth services and after school revenue
 2. Early childhood family education levy is based on number of children under 5 years of age in district

School District Levy and School District Funds

School District Funds (continued)

Debt Service Fund Levy

- A. Based on annual debt retirement schedules
 - 1. Annual levy is what is needed to pay principal and interest payments of bonded debt plus 5%
 - 2. A calculation is done annually by the Minnesota Department of Education to determine level of fund balance
 - a. If over cap of 5% a levy reduction will be made to bring debt fund balance to the 5% over levy requirement
 - 3. Debt Service Fund may be composed of voter-approved bonds, as well as non-voter approved bonds such as abatement bonds, alternative facilities bonds, capital equipment notes, capital facilities bonds and long-term facilities maintenance bonds

How will your payable 2024 School Taxes be spent?

General Fund	Percent
Provides funding for district regular and special education instructional programs including but not limited to support services, transportation, instructional, athletic, and operational equipment, technology, building maintenance, etc.	40.30%
Community Education Fund	
Funding for Community Education programs Early Childhood Family Education and School Readiness	1.90%
Debt Service Fund	
Levy for repayment of principal and interest on District debt	57.80%
Total Levy before credits and exclusions:	100.00%

The School District Levy is changing by

\$2,323,603.28

Or

5.29%

Source: MDE Levy Limitation and Certification Report for taxes payable 2024 (page 30 of 39)

SCHOOL DISTRICT BUDGET

**CURRENT SCHOOL YEAR
2023-2024**

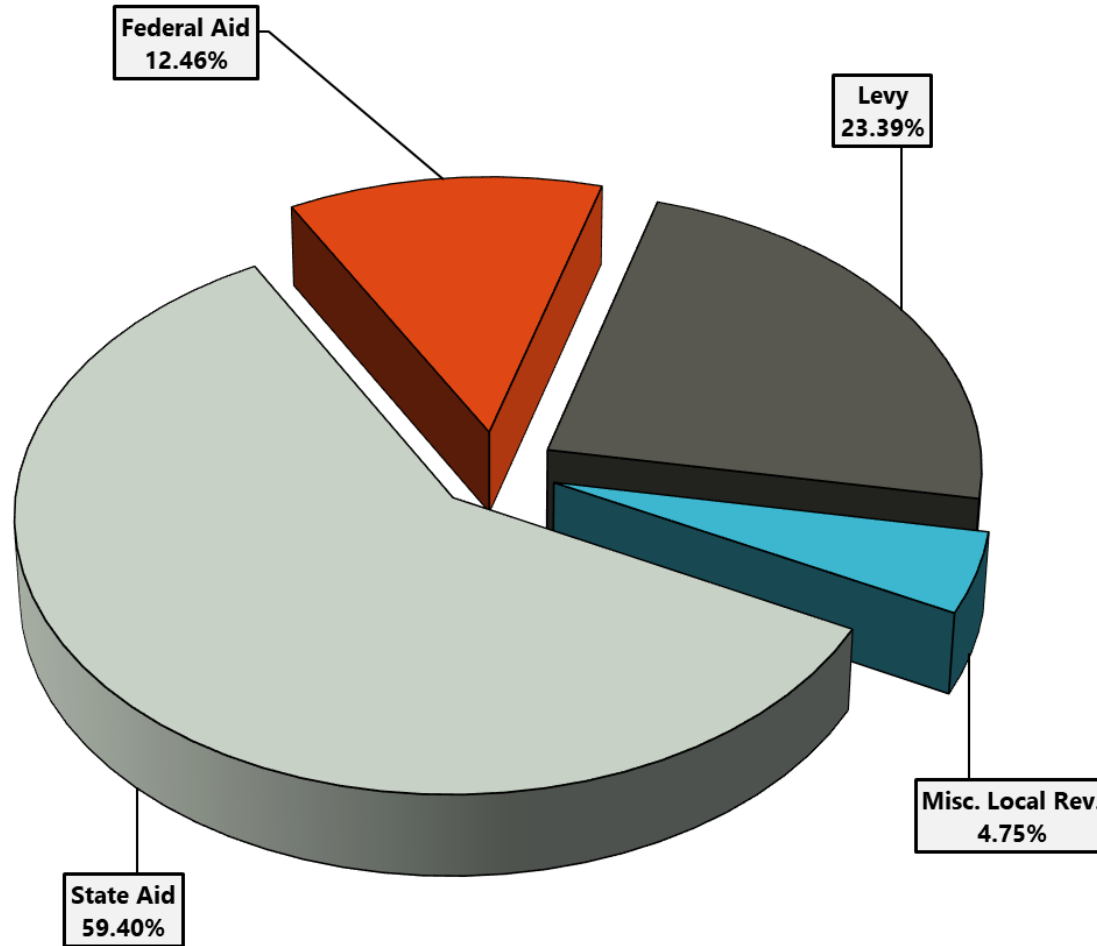
DULUTH PUBLIC SCHOOLS
FISCAL YEAR 2023-2024
COMPOSITE BUDGET

REVENUES							
	GENERAL FUND	FOOD SERVICE FUND	COMM. ED. FUND	DEBT FUND	GIFTS / BEQUESTS	Internal Service	TOTAL
	FUND 01	FUND 02	FUND 04	FUND 07	FUND 08	FUND 20	
Levy	17,157,611		843,544	21,616,223		950,000	40,567,378
Misc. Local Rev.	4,569,706	1,497,400	1,890,000	1,000	276,100		8,234,206
State Aid	98,042,595	191,800	2,750,000	2,030,000			103,014,395
Federal Aid	16,252,905	2,350,000	3,012,000				21,614,905
Totals	136,022,817	4,039,200	8,495,544	23,647,223	276,100	950,000	173,430,884

EXPENSES							
	GENERAL FUND	FOOD SERVICE FUND	COMM. ED. FUND	DEBT FUND	GIFTS / BEQUESTS	Internal Service	TOTAL
	FUND 01	FUND 02	FUND 04	FUND 07	FUND 08	FUND 20	
Salaries/Benefits	108,220,416	2,060,826	5,778,052		253,750	850,000	117,163,044
Utilities/Travel/Repairs/Consult/Dues	10,618,236	113,450	1,825,000			65,000	12,621,686
Supplies	9,376,433	1,800,000	450,000				11,626,433
Equipment / Bldg	6,305,830	25,000	81,020				6,411,850
Debt Service				23,640,000			23,640,000
Gifts/Bequests	337,578	13,600	174,612				525,790
Totals	134,858,493	4,012,876	8,308,684	23,640,000	253,750	915,000	171,988,803

BUDGET BALANCE	1,164,324	26,324	186,860	7,223	22,350	35,000	1,442,081
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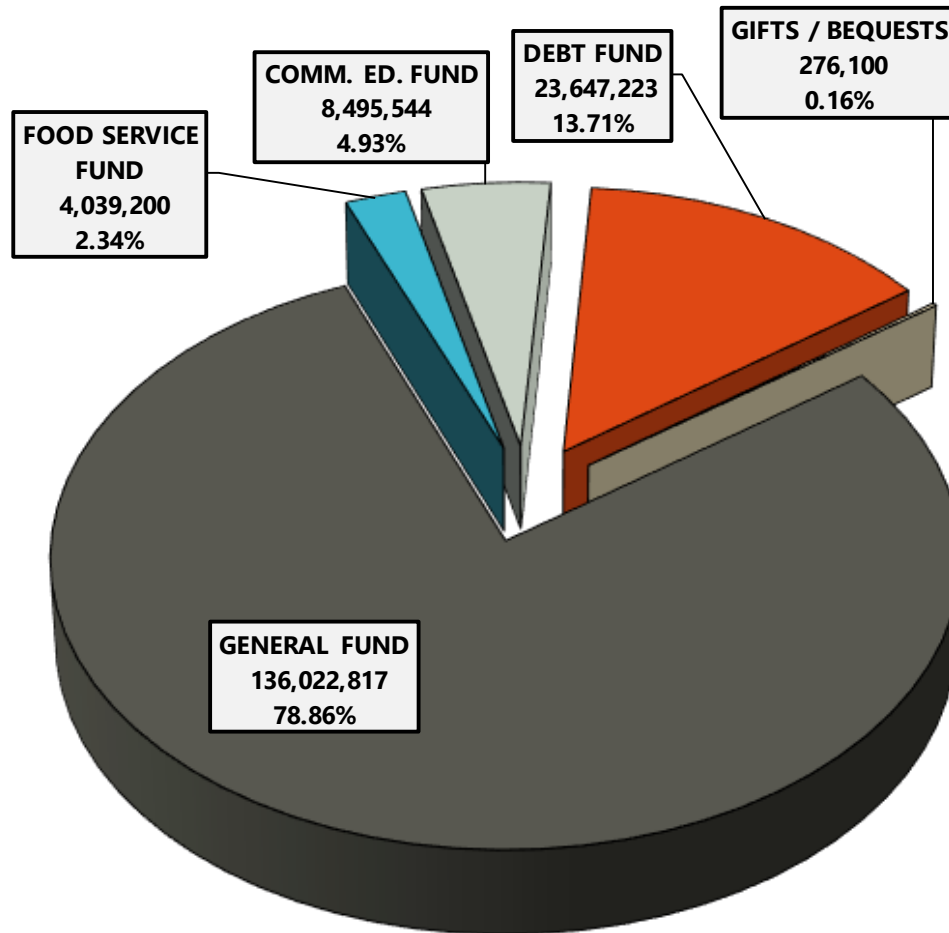
DULUTH PUBLIC SCHOOLS FISCAL YEAR 2023-2024 REVENUE BY SOURCE



DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2023-2024

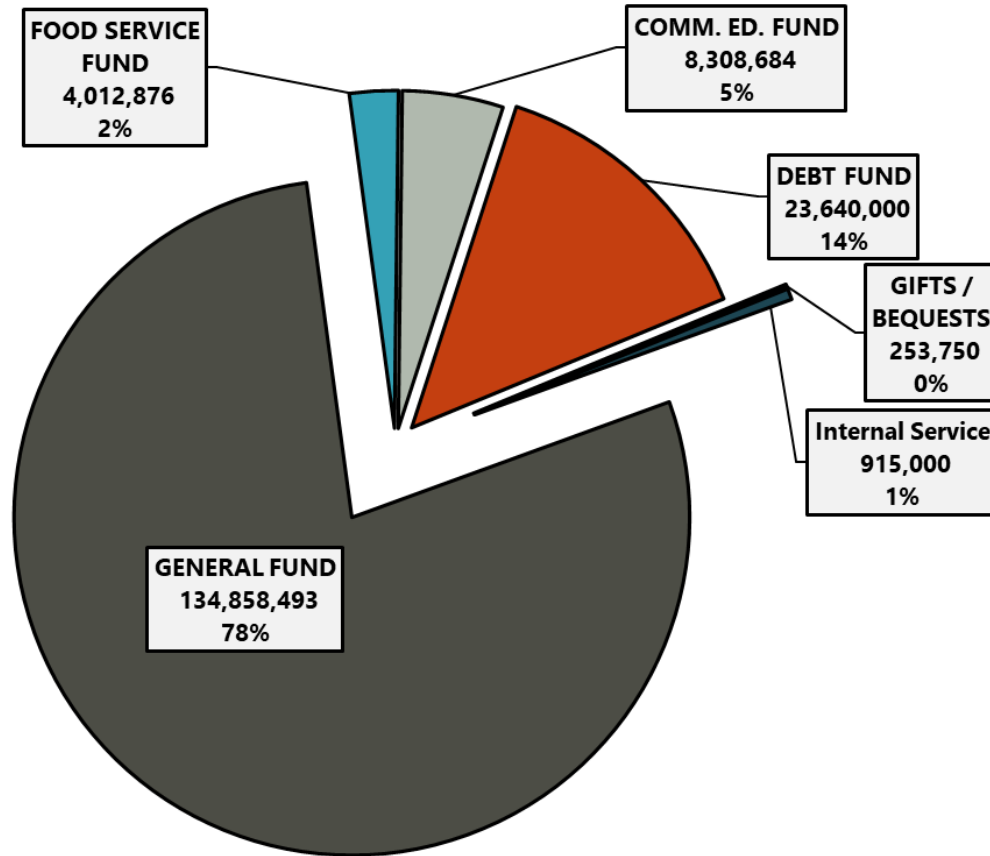
REVENUE BY FUND



DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2023-2024

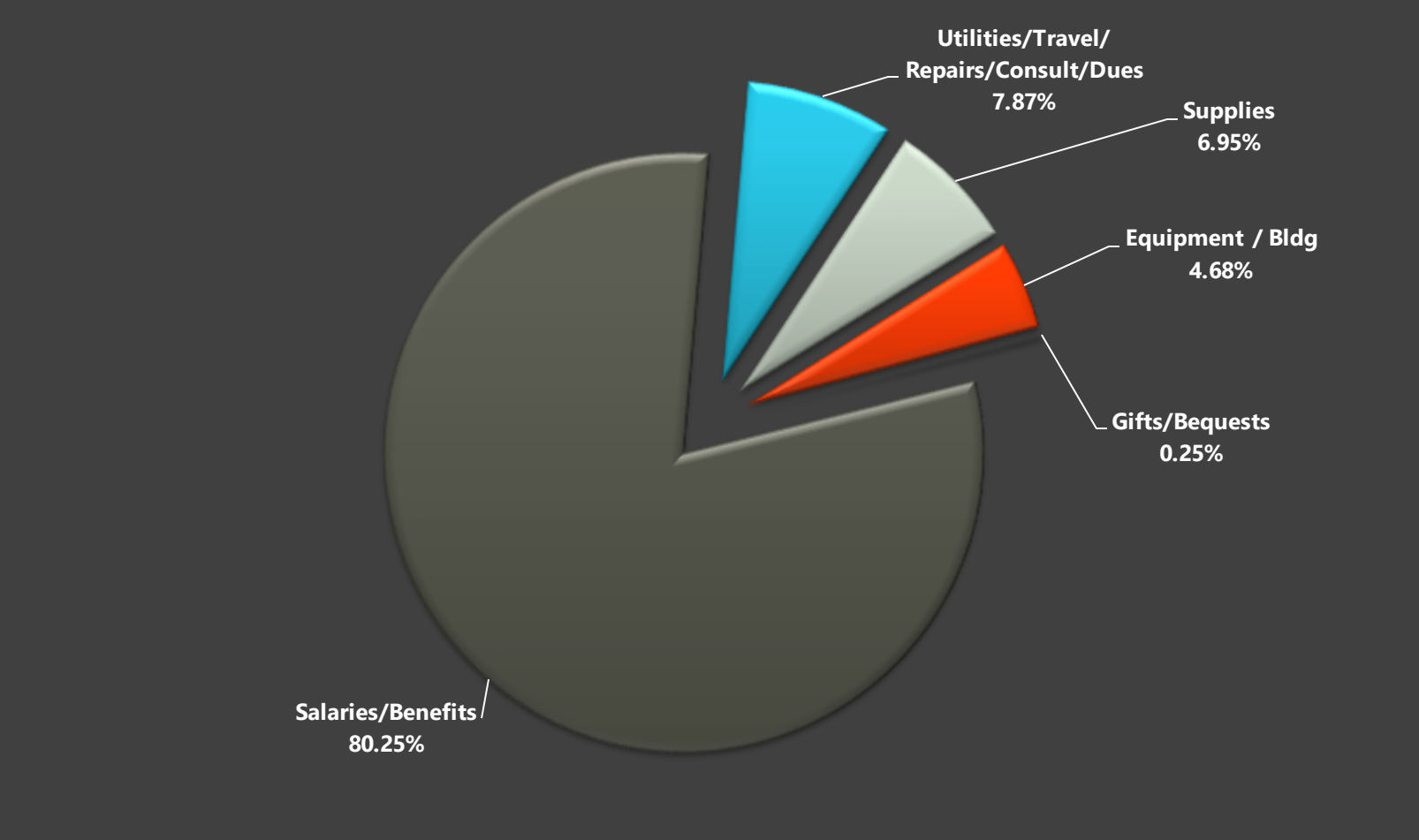
EXPENDITURE BY FUND



DULUTH PUBLIC SCHOOLS FISCAL YEAR 2023-2024 GENERAL FUND PROGRAM EXPENDITURES

EXPENSES	GENERAL FUND
Salaries/Benefits	108,220,416
Utilities/Travel/ Repairs/Consult/Dues	10,618,236
Supplies	9,376,433
Equipment / Bldg	6,305,830
Debt Service	-
Gifts/Bequests	337,578
TOTAL EXPENDITURES	134,858,493

DULUTH PUBLIC SCHOOLS FISCAL YEAR 2023-2024 GENERAL FUND PROGRAM EXPENDITURES



Local Financial Reminders

November 7, 2023 Bond Refunding / Capital Projects Levy

Question 1: Not to exceed \$21,800,000 refinancing the District's Series 2019A and 2021B COPs for general fund operational savings (estimated savings of \$2.6M annually)

Question 2: Capital Projects Levy of 4.687% times the net tax capacity of the School District. This Levy would raise an estimated \$5.29 million for taxes payable 2024 and be authorized for 10 years. The additional revenue would be used for technology improvements district wide.

Result: PASS

Result: FAIL

Yes Votes: 15,879 or 54.57%

No Votes: 13,219 or 45.43%

Yes Votes: 14,443 or 49.50%

No Votes: 14,734 or 50.50%

Local Financial Reminders Continued

November 6, 2018 Operating Levy Referendum

Question 1: Renewal of \$371.78 Per Pupil of Current Authority

Question 2: Increase Authority by \$575 Per Pupil

Question 3: Increase Authority by an Additional \$335 Per Pupil

Result: PASS

Result: PASS

Result: FAIL

Yes Votes:
32,248 or
73.27%

No Votes:
12,314 or
27.63%

Yes Votes:
23,805 or
53.92%

No Votes:
20,346 or
46.08%

Yes Votes:
21,387 or
48.65%

No Votes:
22,575 or
51.35%

November 6, 2018 Operating Levy Referendum

New Authority effective taxes payable 2019 and be applicable for 10 years

Last year of collection for current operating levy authority is taxes payable 2028 / FY 2029

In Taxes Payable 2024, this categorical authority generated a total of \$5,658,303.09 in revenue

Local Financial Reminders - *continued*

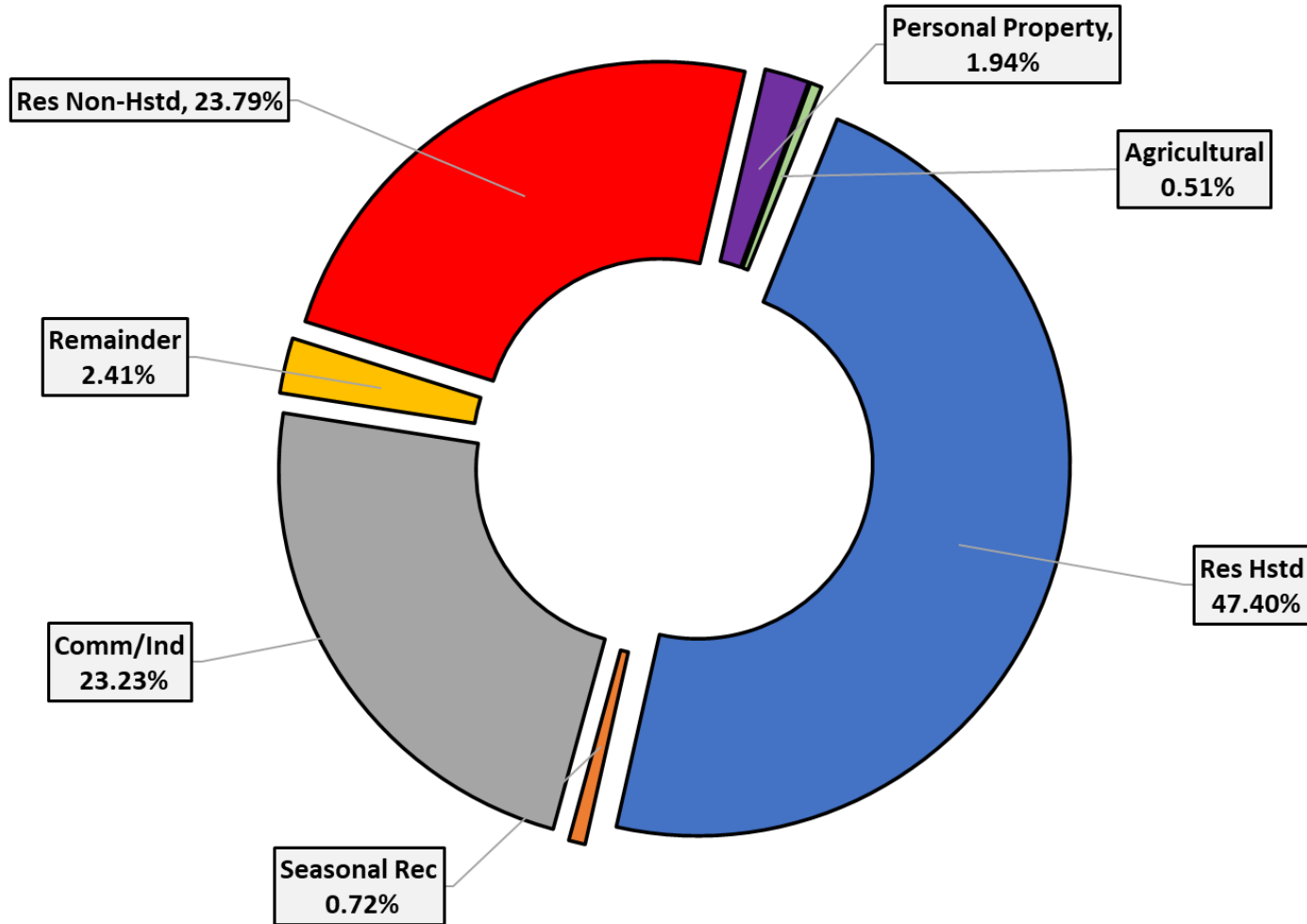
- Student Enrollment Information

AVERAGE DAILY MEMBERSHIP (ADM)

Grade	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
K (total) + EC	833.29	785.96	724.76	729.81	819.79	797.02	830.04	737.24	756.32	799.41
1	652.69	704.31	647.13	636.59	602.43	644.98	641.06	588.40	614.82	581.95
2	653.92	628.66	673.36	622.13	617.88	591.03	637.68	574.16	597.78	607.31
3	650.09	630.00	606.88	662.99	624.05	597.55	572.54	597.62	590.84	586.57
4	599.45	630.27	593.91	582.37	646.85	620.48	589.52	507.84	605.84	588.98
5	611.12	581.88	605.06	586.63	570.25	621.52	619.65	540.73	516.78	593.83
6	507.52	557.25	545.60	551.39	572.48	571.29	610.70	542.05	561.90	501.93
7	633.93	526.02	555.44	567.26	579.71	584.07	589.04	581.07	593.59	589.98
8	554.58	611.60	547.75	551.08	586.18	576.26	622.87	555.74	587.95	579.34
9	639.75	681.65	694.90	647.17	668.14	707.65	697.70	695.44	658.15	711.70
10	699.47	634.01	670.54	696.38	634.02	660.50	711.16	650.09	690.45	667.79
11	636.78	674.09	602.20	619.99	664.72	609.90	646.82	672.61	638.94	690.84
12	680.42	634.81	647.49	612.03	628.87	646.91	602.23	621.11	669.75	620.44
Total ADM	8,353.01	8,280.51	8,115.02	8,065.82	8,215.37	8,229.16	8,371.01	7,864.10	8,083.11	8,120.07
Elementary ADM 1-6	3,674.79	3,732.37	3,671.94	3,642.10	3,633.94	3,646.85	3,671.15	3,350.80	3,487.96	3,460.57
Secondary ADM 7-12	3,844.93	3,762.18	3,718.32	3,693.91	3,761.64	3,785.29	3,869.82	3,776.06	3,838.83	3,860.09
Total Adjusted Pupil Units	9,122.00	9,032.95	8,858.68	8,804.60	8,967.70	8,986.22	9,144.97	8,619.31	8,850.88	8,892.09

Estimated Pay 2024 Tax Base Composition

ISD 709 - NTC Tax Base Composition



Source: MN Dept. of Revenue PRISM

HOW ARE STATE AID AND LOCAL LEVIES DETERMINED?

AUTHORITY FOR SCHOOL LEVIES

A SCHOOL DISTRICT TAX LEVY MAY BE EITHER:

SET BY STATE FORMULA

OR

VOTER APPROVED

**DULUTH PUBLIC SCHOOLS
GENERAL FUND
GROSS LEVY COMPARISON**

	Percent Change	10.40%	
	ACTUAL 2022 PAY 2023	PROPOSED 2023 PAY 2024	DOLLAR DIFFERENCE
1 Referendum Levies	5,510,617.34	5,790,608.41	279,991.07
2 Local Optional Levy	6,012,716.16	6,529,711.27	516,995.11
3 Equity Levy	426,004.00	447,649.00	21,645.00
4 Transition Levy	413,905.49	434,935.75	21,030.26
5 Operating Capital Levy	1,091,475.61	1,284,801.18	193,325.57
6 OPEB	(42,844.00)	37,504.00	80,348.00
7 Reemployment Insurance	168,016.60	47,875.56	(120,141.04)
8 Safe Schools Levy	305,514.72	312,389.64	6,874.92
9 Career & Technical Levy	262,185.24	262,185.24	0.00
10 Achievement & Integration Levy	481,925.10	498,540.12	16,615.02
11 Long Term Facilities Levy	815,196.69	1,884,533.00	1,069,336.31
12 Building Lease Levy	1,401,621.00	969,390.75	(432,230.25)
13 Tree Growth	1,914.04	1,914.04	0.00
14 Abatement	59,362.14	163,619.49	104,257.35
TOTAL GROSS LEVY	\$16,907,610.13	\$18,665,657.45	1,758,047.32

**DULUTH PUBLIC SCHOOLS
COMMUNITY EDUCATION
GROSS LEVY COMPARISON**

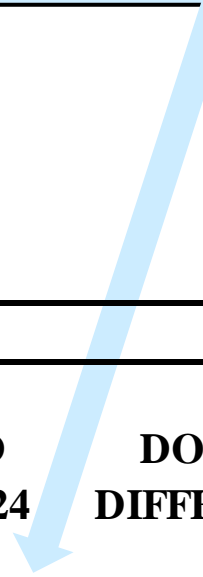
Percent Change	-17.69%
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	ACTUAL 2022 PAY 2023	PROPOSED 2023 PAY 2024	DOLLAR DIFFERENCE
1 Basic Community Ed. Levy	\$662,477.15	\$503,519.43	(\$158,957.72)
2 Early Childhood Levy	278,636.50	255,300.06	(23,336.44)
3 Adults with Disabilities Levy	22,309.51	8,056.31	(14,253.20)
4 School Age Care Levy	90,000.00	90,000.00	0.00
5 Home Visit Levy	12,697.25	14,710.26	2,013.01
6 Abatements	2,613.62	8,108.66	5,495.04
TOTAL GROSS LEVY	\$1,068,734.03	\$879,694.72	(\$189,039.31)

New For Pay 2024 – This is the debt levy authorized for the voter-approved refunding bonds

**DULUTH PUBLIC SCHOOLS
DEBT SERVICE
GROSS LEVY COMPARISON**

	Percent Change		2.90%
	ACTUAL 2022 PAY 2023	PROPOSED 2023 PAY 2024	DOLLAR DIFFERENCE
1 Voter-Approved Debt Service Levy	\$0.00	\$1,937,250.00	\$1,937,250.00
2 Required Debt Service Levy	\$17,318,852.00	\$18,175,030.00	\$856,178.00
3 Long Term Facilities Debt Service Levy	9,314,906.36	6,965,111.36	(2,349,795.00)
4 Debt Excess	(724,159.33)	(553,003.46)	171,155.87
5 Abatements	73,023.68	212,830.08	139,806.40
TOTAL GROSS LEVY	25,982,622.71	26,737,217.98	754,595.27



**DULUTH PUBLIC SCHOOLS
ALL FUNDS
GROSS LEVY COMPARISON**

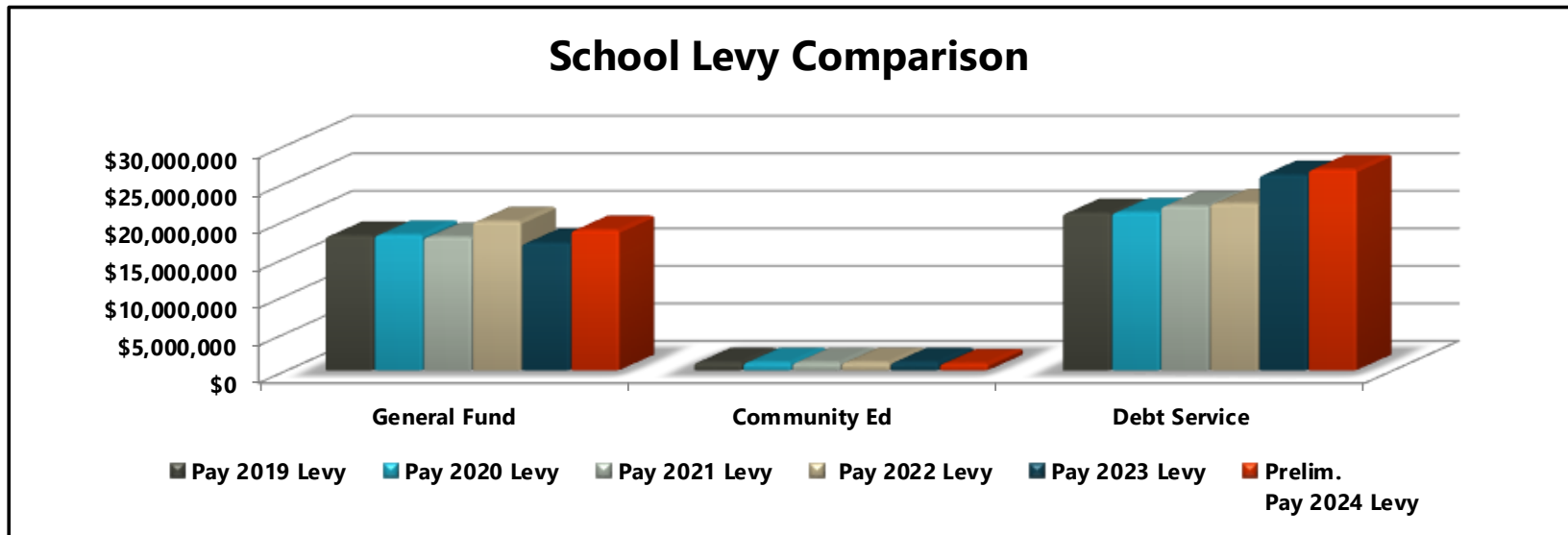
Percent Change	5.29%
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	ACTUAL 2022 PAY 2023	PROPOSED 2023 PAY 2024	DOLLAR DIFFERENCE
General Fund	\$16,907,610.13	\$18,665,657.45	\$1,758,047.32
Community Education Fund	1,068,734.03	879,694.72	(189,039.31)
Debt Service Fund	25,982,622.71	26,737,217.98	754,595.27
TOTAL GROSS LEVY	43,958,966.87	46,282,570.15	2,323,603.28

DULUTH PUBLIC SCHOOLS

SCHOOL PORTION of PROPERTY TAX LEVY

Total Pay 2019 Levy = \$39,837,624.11
 Total Pay 2020 Levy = \$40,089,645.79
 Total Pay 2021 Levy = \$40,663,003.06
 Total Pay 2022 Levy = \$43,085,879.83
 Total Pay 2023 Levy = \$43,958,966.87
Total Prelim. Pay 2024 Levy = \$46,282,570.15



	Pay 2019 Levy	Pay 2020 Levy	Pay 2021 Levy	Pay 2022 Levy	Pay 2023 Levy	Prelim. Pay 2024 Levy
General Fund	17,872,105.08	18,024,526.72	17,739,246.90	19,828,807.76	16,907,610.13	\$18,665,657.45
Community Ed	1,045,278.73	1,050,895.81	1,039,985.60	1,054,744.18	1,068,734.03	879,694.72
Debt Service	20,920,240.30	21,014,223.26	21,883,770.56	22,202,327.89	25,982,622.71	26,737,217.98
Total Levy	39,837,624.11	40,089,645.79	40,663,003.06	43,085,879.83	43,958,966.87	46,282,570.15

WHAT ARE THE MAIN VARIABLES THAT MAY CAUSE PROPERTY TAX INCREASES AND DECREASES?

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- 1. Changes in market values**
- 2. Changes in class rates/history**
- 3. Market value exclusion**
- 4. Voter approved referendums**
- 5. State adjustments**

(i.e. Ag2School Tax Credit Program)

- 6. New programs authorized or mandated by legislature**

(i.e. Long-Term Facilities Maintenance [LTFM] Revenue Program)

CHANGES IN MARKET VALUE

The market values are final and are not a subject for the upcoming budget hearings. They were discussed at the local County Board of Review and County Board of Equalization hearings held earlier this year. The final taxable market values may reflect a reduction under the limited value law. If this property is a qualifying homestead, the final taxable market values may exclude improvements which you made to this property.

DULUTH PUBLIC SCHOOLS TAX BASE HISTORY

Assessment Year	Taxes Payable	RMV - Referendum Market Value	% Change	NTC - Net Tax Capacity	% Change
2023	2024	10,856,956,307	8.891%	124,141,567	9.982%
2022	2023	9,970,451,057	15.652%	112,874,293	15.695%
2021	2022	8,621,046,488	5.020%	97,562,108	4.894%
2020	2021	8,208,989,331	4.420%	93,009,780	5.424%
2019	2020	7,861,546,141	5.796%	88,224,893	5.735%
2018	2019	7,430,848,653	4.865%	83,439,718	5.087%
2017	2018	7,086,106,061	5.030%	79,400,393	4.609%
2016	2017	6,746,712,710	4.029%	75,901,967	4.741%
2015	2016	6,485,412,360	3.365%	72,466,411	4.942%
2014	2015	6,274,290,486	2.338%	69,053,594	2.615%
2013	2014	6,130,955,276	1.969%	67,293,718	2.583%
2012	2013	6,012,560,140		65,599,036	

*Source: Preliminary Pay 2024 figures are
from the St. Louis County Auditor*

State Legislative change in the Market Value Homestead credit to Homestead Market Value Exclusion

- The 2011 Legislature repealed the Homestead Market Value Credit (the homestead credit) and replaced it with a new Homestead Market Value Exclusion.
- The exclusion began for property taxes payable in 2012 and continues for taxes payable in 2024.

Pay 2023 vs. Pay 2024 School Portion of Tax

0%

DATA BELOW ASSUMES NO CHANGE IN PROPERTY VALUE

Type of Property	Estimated Market Value - Taxes Payable 2023	Estimated Market Value - Taxes Payable 2024	Actual Pay 2023 School Portion of Taxes	Preliminary Pay 2024 School Portion of Taxes	Estimated Tax Increase / (Decrease) - Pay 2022 vs Pay 2023	Estimated Percent Change
Residential Homestead	100,000	100,000	324.98	312.93	(12.05)	-3.71%
	125,000	125,000	432.12	415.82	(16.31)	-3.77%
	150,000	150,000	539.54	518.96	(20.58)	-3.81%
	175,000	175,000	646.68	621.84	(24.83)	-3.84%
	200,000	200,000	754.09	724.99	(29.10)	-3.86%
	225,000	225,000	861.23	827.87	(33.36)	-3.87%
	250,000	250,000	968.65	931.02	(37.63)	-3.88%
	275,000	275,000	1,075.79	1,033.90	(41.89)	-3.89%
	300,000	300,000	1,183.21	1,137.05	(46.16)	-3.90%
	400,000	400,000	1,612.32	1,549.11	(63.21)	-3.92%
500,000	500,000	2,019.60	1,940.39	(79.21)	-3.92%	
Commercial Industrial	250,000	250,000	1,499.66	1,436.51	(63.15)	-4.21%
	500,000	500,000	3,209.26	3,072.87	(136.38)	-4.25%
	1,000,000	1,000,000	6,628.45	6,345.59	(282.86)	-4.27%
	2,500,000	2,500,000	16,886.04	16,163.76	(722.28)	-4.28%
Seasonal Recreational	250,000	250,000	699.80	666.17	(33.63)	-4.81%
	500,000	500,000	1,399.60	1,332.34	(67.26)	-4.81%
	750,000	750,000	2,274.35	2,165.05	(109.30)	-4.81%
	1,000,000	1,000,000	3,149.10	2,997.76	(151.34)	-4.81%

Pay 2023 vs. Pay 2024 School Portion of Tax

9%

DATA BELOW ASSUMES A 9% CHANGE IN PROPERTY VALUE

Type of Property	Estimated Market Value - Taxes Payable 2023	Estimated Market Value - Taxes Payable 2024	Actual Pay 2023 School Portion of Taxes	Preliminary Pay 2024 School Portion of Taxes	Estimated Tax Increase / (Decrease) - Pay 2022 vs Pay 2023	Estimated Percent Change
Residential Homestead	100,000	109,437	324.98	351.59	26.61	8.19%
	125,000	136,796	432.12	464.53	32.41	7.50%
	150,000	164,155	539.54	577.21	37.67	6.98%
	175,000	191,514	646.68	689.89	43.22	6.68%
	200,000	218,873	754.09	802.84	48.74	6.46%
	225,000	246,233	861.23	915.25	54.02	6.27%
	250,000	273,592	968.65	1,028.19	59.54	6.15%
	275,000	300,951	1,075.79	1,140.87	65.08	6.05%
	300,000	328,310	1,183.21	1,253.55	70.34	5.95%
	400,000	437,747	1,612.32	1,698.67	86.35	5.36%
Commercial Industrial	500,000	547,184	2,019.60	2,154.98	135.38	6.70%
	250,000	273,592	1,499.66	1,590.93	91.27	6.09%
	500,000	547,184	3,209.26	3,381.71	172.45	5.37%
	1,000,000	1,094,367	6,628.45	6,963.27	334.82	5.05%
Seasonal Recreational	2,500,000	2,735,918	16,886.04	17,707.95	821.91	4.87%
	250,000	273,592	699.80	729.05	29.26	4.18%
	500,000	547,184	1,399.60	1,489.55	89.95	6.43%
	750,000	820,776	2,274.35	2,400.87	126.52	5.56%
	1,000,000	1,094,367	3,149.10	3,312.19	163.09	5.18%

Whereas, Pursuant to Minnesota Statutes the School Board of Independent School District No. 709, Duluth, Minnesota, is authorized to make the following proposed tax levies for general purposes:

General Fund	\$ 18,665,657.45
Community Services	\$ 879,694.72
Debt	<u>\$ 26,737,217.98</u>
Total Proposed Tax Levy	\$ 46,282,570.15

Now Therefore, Be it resolved by the School Board of Independent School District No. 709, Duluth, Minnesota, that the levy to be levied in 2023 to be collected in 2024 is set at \$46,282,570.15. The clerk of the ISD 709 School Board is authorized to certify the proposed levy to the County Auditor of St. Louis County, Minnesota.

Public Comments and Questions?