

Truth In Taxation Public Hearing

Duluth Public Schools, ISD 709

Agenda

Tuesday, December 17, 2024

District Services Center

709 Portia Johnson Dr.

Duluth, MN 55811

6:15 PM

1. Truth In Taxation Public Hearing

2

DULUTH PUBLIC SCHOOLS
Independent School District 709

2024 PAYABLE 2025
PROPERTY TAX HEARING

For the school budget year
July 1, 2024 – June 30, 2025

Prepared by:

John Magas, Superintendent

Simone Zunich, Executive Director of Finance & Business Services

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

REQUIREMENTS OF THE TRUTH IN TAXATION HEARING

- The 2024 Pay 2025 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 2024 are payable and collected in 2025
- District Revenue for 2025-2026 school year
- Fiscal year 2026

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 2025 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.	38.20%
Community Education Fund	
Funding for Community Education programs Early Childhood Family Education and School Readiness	1.70%
Debt Service Fund	
Levy for repayment of principal and interest on District debt	60.20%
Total Levy before credits and exclusions:	100.00%

The School District Levy is changing by

\$-1,323,441.87

Or

-2.86%

Source: MDE Levy Limitation and Certification Report for taxes payable 2025 (page 30 of 39)

SCHOOL DISTRICT BUDGET

**CURRENT SCHOOL YEAR
2024-2025**

DULUTH PUBLIC SCHOOLS
FISCAL YEAR 2024-2025
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	18,665,659		851,979	25,535,516			45,053,154
Misc. Local Rev.	4,819,706	2,224,302	2,016,236	7,122	276,100	950,000	10,293,466
State Aid	100,779,650	284,908	2,686,754	2,524,647			106,275,959
Federal Aid	6,552,905	3,490,790	3,025,532				13,069,227
Totals	130,817,920	6,000,000	8,580,501	28,067,285	276,100	950,000	174,691,806

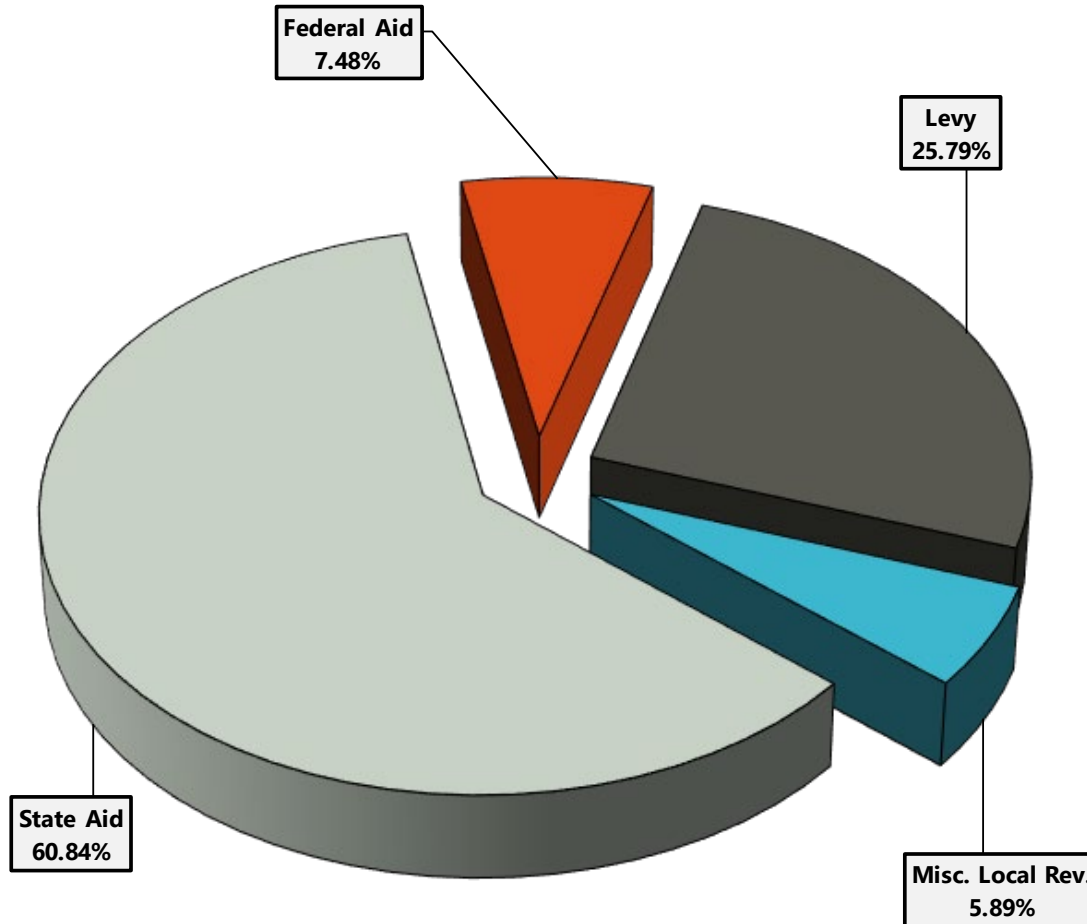
EXPENSES							
	GENERAL FUND	FOOD SERVICE FUND	COMM. ED. FUND	DEBT FUND	GIFTS / BEQUESTS	Internal Service	TOTAL
	FUND 01	FUND 02	FUND 04	FUND 07	FUND 08	FUND 20	
Salaries/Benefits	117,674,448	3,252,367	5,891,654		263,733	870,564	127,952,766
Utilities/Travel/Repairs/Consult/Dues	10,502,565	172,724	1,372,626			59,000	12,106,915
Supplies	5,026,899	2,600,492	495,478				8,122,869
Equipment / Bldg	3,289,830	57,715	131,101				3,478,646
Debt Service				27,393,530			27,393,530
Gifts/Bequests	337,578						337,578
Totals	136,831,320	6,083,298	7,890,859	27,393,530	263,733	929,564	179,392,304

BUDGET BALANCE	(6,013,400)	(83,298)	689,642	673,755	12,367	20,436	(4,700,498)
-----------------------	-------------	----------	---------	---------	--------	--------	-------------

DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2024-2025

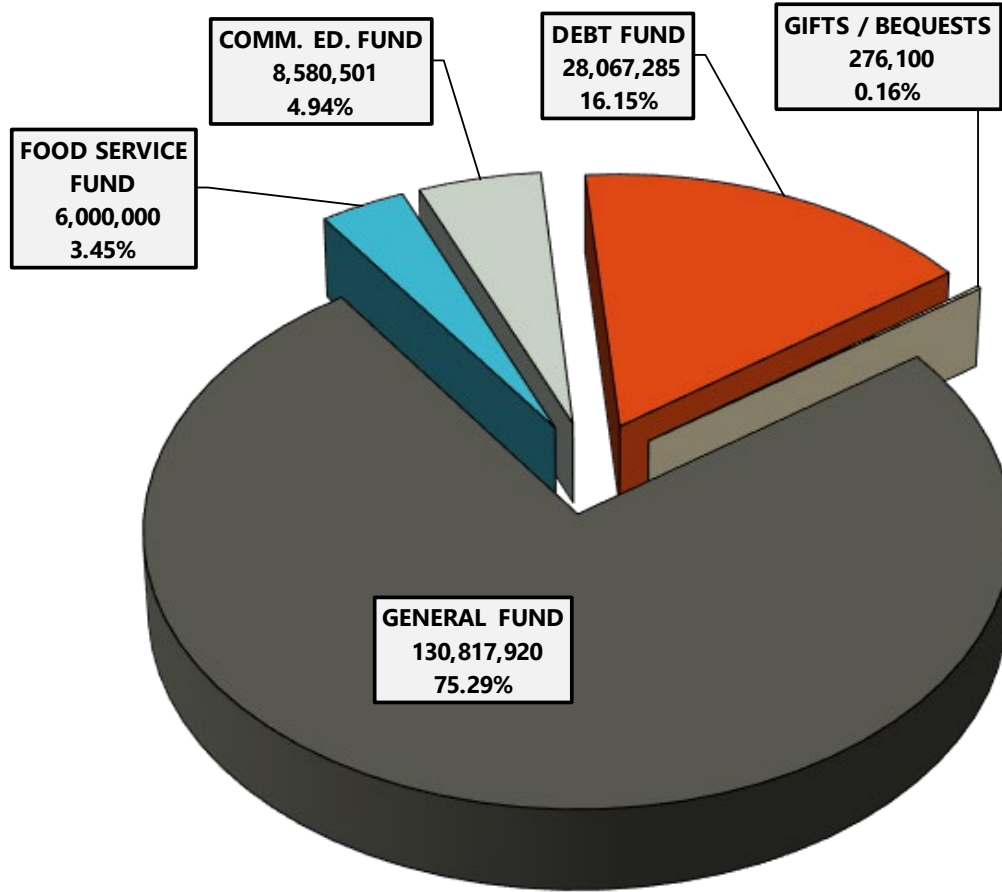
REVENUE BY SOURCE



DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2024-2025

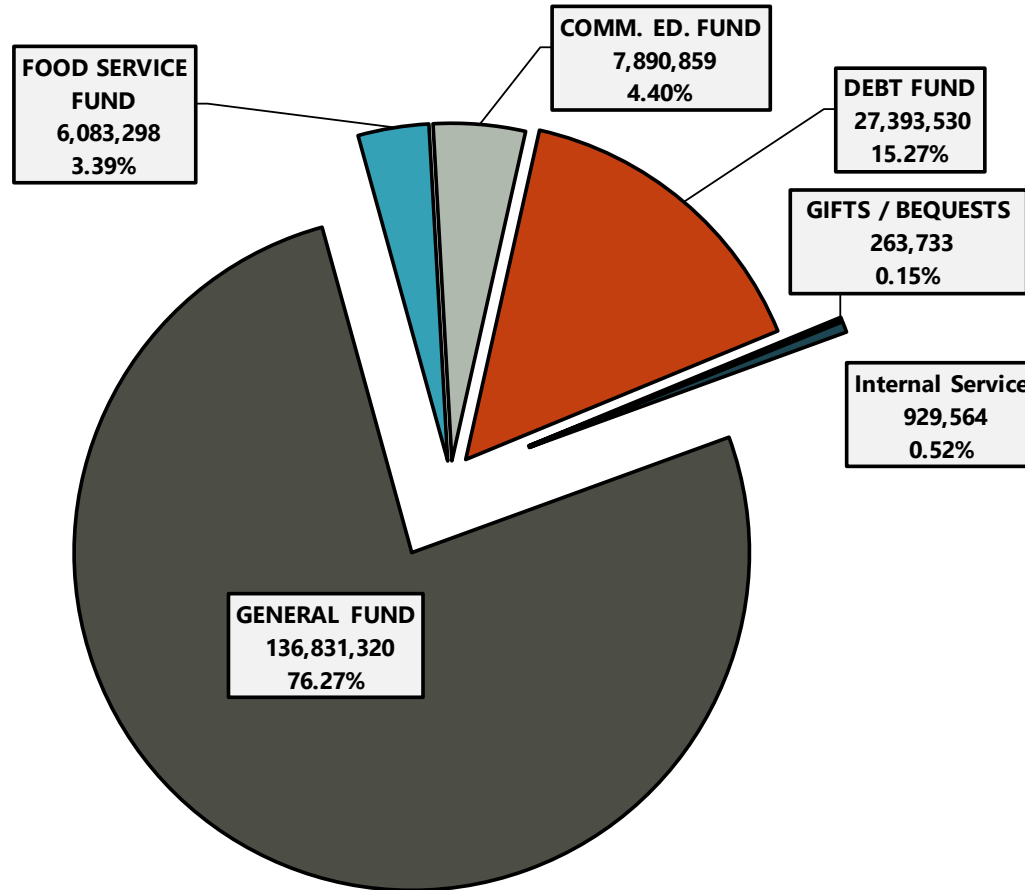
REVENUE BY FUND



DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2024-2025

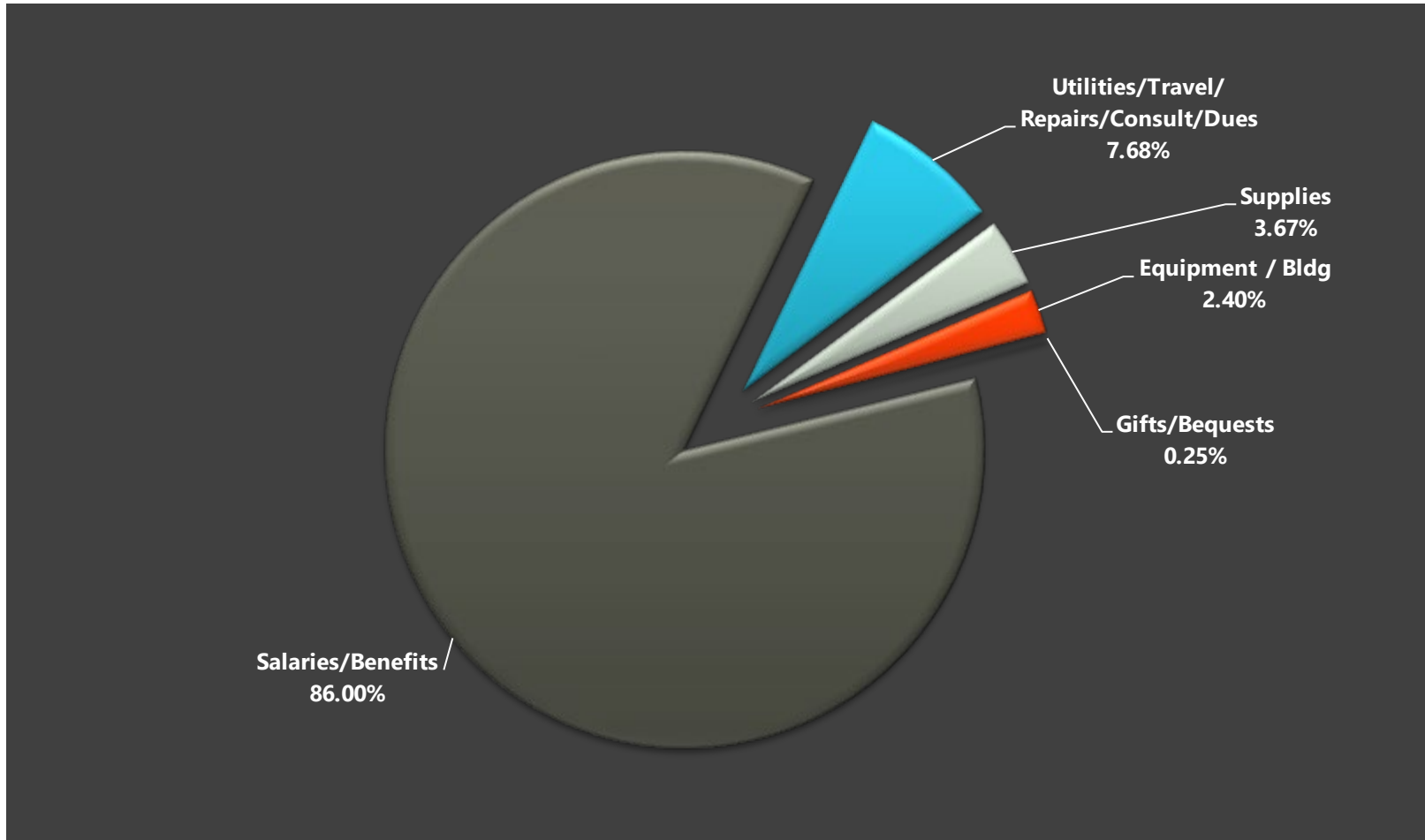
EXPENDITURE BY FUND



DULUTH PUBLIC SCHOOLS FISCAL YEAR 2024-2025 GENERAL FUND EXPENDITURES by OBJECT CODE

EXPENSES	GENERAL FUND
Salaries/Benefits	117,674,448
Utilities/Travel/ Repairs/Consult/Dues	10,502,565
Supplies	5,026,899
Equipment / Bldg	3,289,830
Debt Service	-
Gifts/Bequests	337,578
TOTAL EXPENDITURES	136,831,320

DULUTH PUBLIC SCHOOLS FISCAL YEAR 2024-2025 GENERAL FUND OBJECT CODE EXPENDITURES



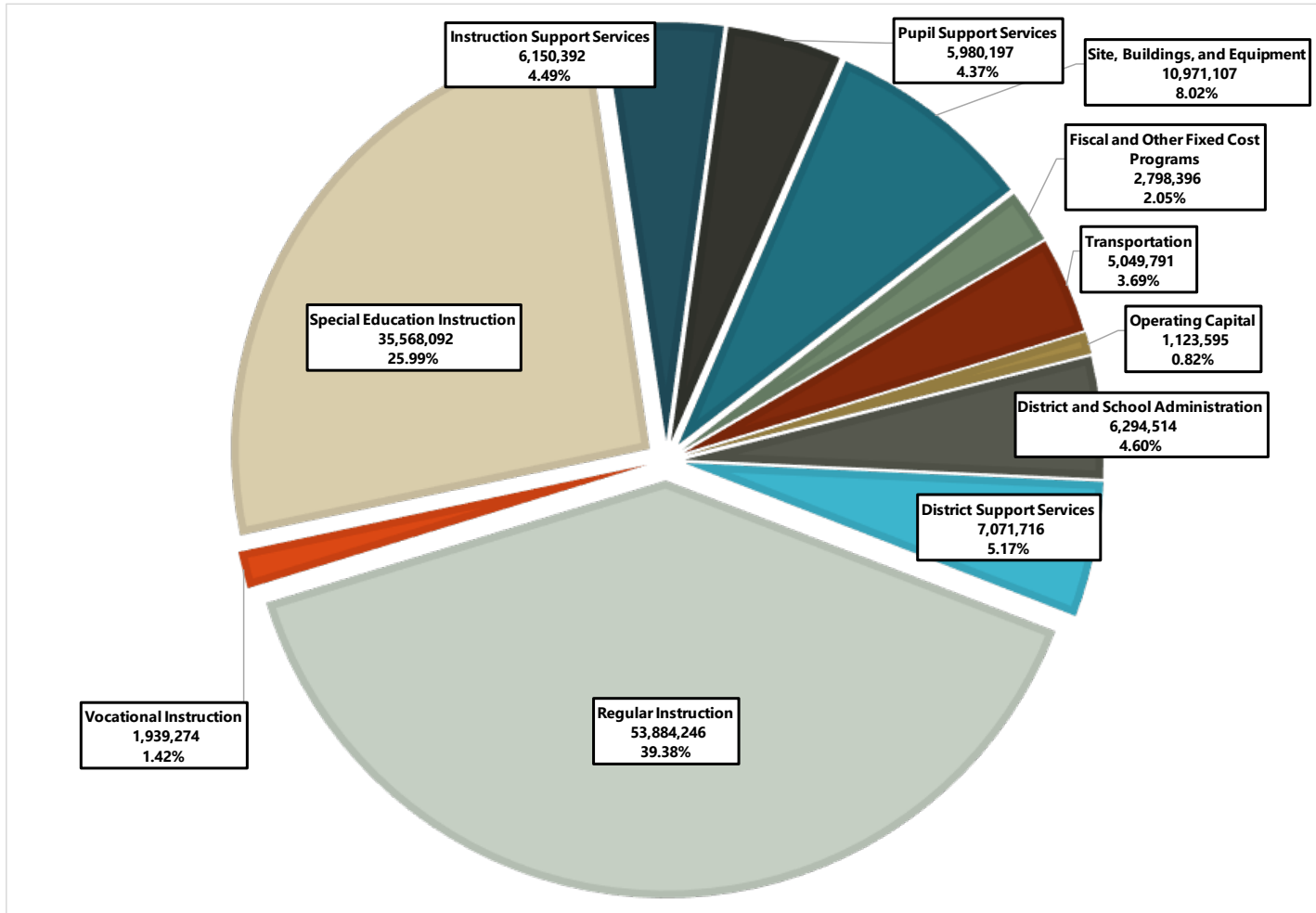
DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2024-2025

GENERAL FUND EXPENDITURES by PROGRAM

EXPENSES	GENERAL FUND
District and School Administration	6,294,514
District Support Services	7,071,716
Regular Instruction	53,884,246
Vocational Instruction	1,939,274
Special Education Instruction	35,568,092
Community Education and Services	
Instruction Support Services	6,150,392
Pupil Support Services	5,980,197
Site, Buildings, and Equipment	10,971,107
Fiscal and Other Fixed Cost Programs	2,798,396
Transportation	5,049,791
Operating Capital	1,123,595
TOTAL EXPENDITURES	136,831,320

DULUTH PUBLIC SCHOOLS FISCAL YEAR 2024-2025 GENERAL FUND PROGRAM EXPENDITURES



Local Financial Reminders

May 14, 2024 Capital Projects Levy

Question 1: Capital Projects Levy of 4.262% times the net tax capacity of the School District. This Levy would raise an estimated \$5.29 million for taxes payable 2025 and be authorized for 10 years. The additional revenue would be used for technology improvements district wide.

Result: FAIL

Yes Votes: 5,007 or 47.84%

No Votes: 5,460 or 52.16%

Local Financial Reminders Continued

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)

Result: PASS

Yes Votes: 15,879 or
54.57%

No Votes: 13,219 or
45.43%

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: FAIL

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%

Local Financial Reminders Continued

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 2025, this categorical authority generated a total of \$5,708,350.92 in revenue

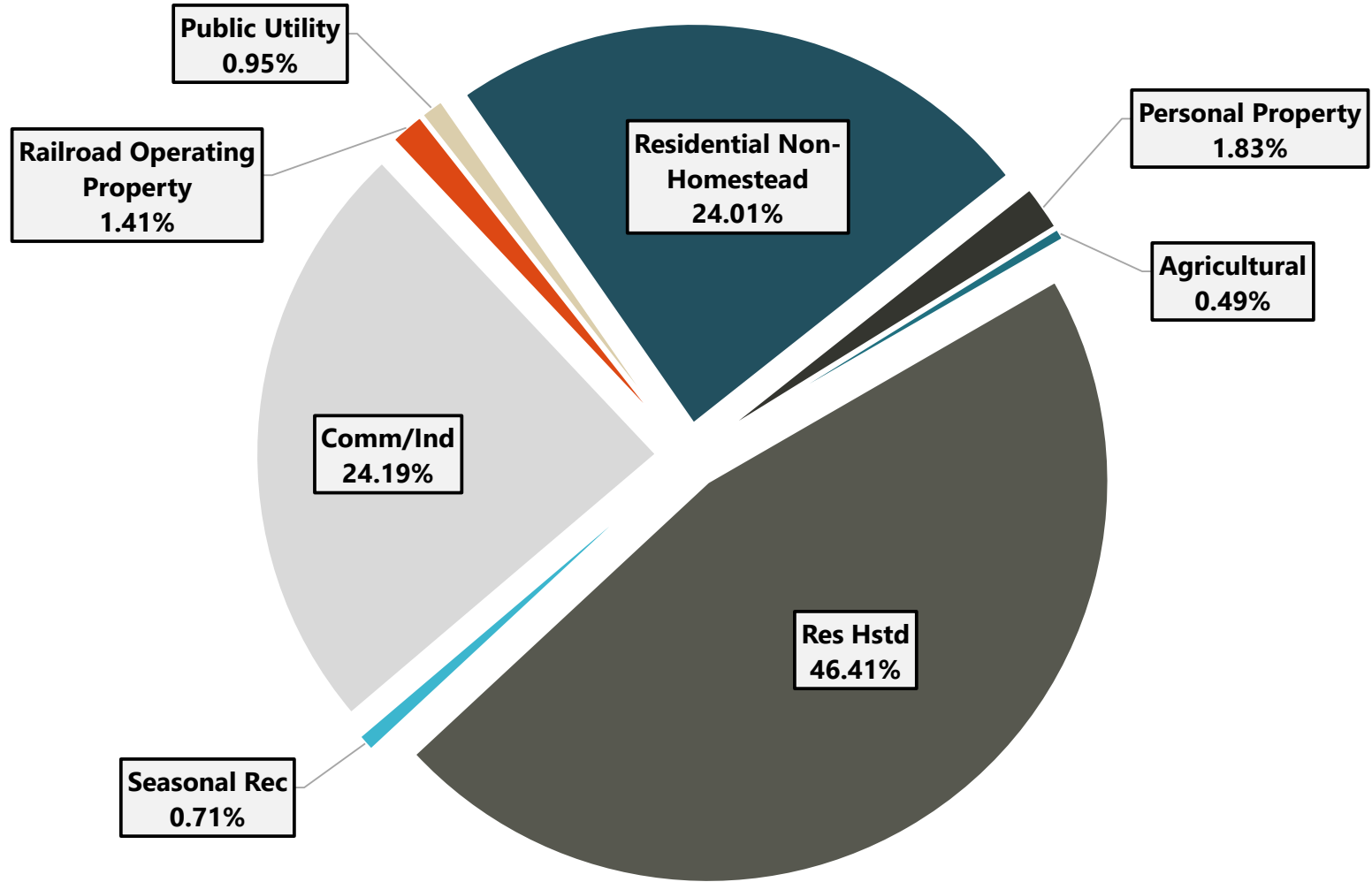
Local Financial Reminders - *continued*

- 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	2023-2024
K (total) + EC	833.29	785.96	724.76	729.81	819.79	797.02	830.04	737.24	756.32	799.41	778.16
1	652.69	704.31	647.13	636.59	602.43	644.98	641.06	588.40	614.82	581.95	618.18
2	653.92	628.66	673.36	622.13	617.88	591.03	637.68	574.16	597.78	607.31	584.20
3	650.09	630.00	606.88	662.99	624.05	597.55	572.54	597.62	590.84	586.57	604.52
4	599.45	630.27	593.91	582.37	646.85	620.48	589.52	507.84	605.84	588.98	585.84
5	611.12	581.88	605.06	586.63	570.25	621.52	619.65	540.73	516.78	593.83	590.29
6	507.52	557.25	545.60	551.39	572.48	571.29	610.70	542.05	561.90	501.93	621.44
7	633.93	526.02	555.44	567.26	579.71	584.07	589.04	581.07	593.59	589.98	540.67
8	554.58	611.60	547.75	551.08	586.18	576.26	622.87	555.74	587.95	579.34	596.69
9	639.75	681.65	694.90	647.17	668.14	707.65	697.70	695.44	658.15	711.70	659.78
10	699.47	634.01	670.54	696.38	634.02	660.50	711.16	650.09	690.45	667.79	710.03
11	636.78	674.09	602.20	619.99	664.72	609.90	646.82	672.61	638.94	690.84	652.21
12	680.42	634.81	647.49	612.03	628.87	646.91	602.23	621.11	669.75	620.44	687.48
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	8,229.49
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	3,604.47
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	3,846.86
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	8,998.86

ISD 709 DULUTH TAX BASE COMPOSITION - PRELIM PAY 2025



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	-8.11%
--	-----------------------	---------------

	ACTUAL 2023 PAY 2024	PROPOSED 2024 PAY 2025	DOLLAR DIFFERENCE
1 Referendum Levies	5,790,608.41	5,843,055.79	52,447.38
2 Local Optional Levy	6,529,711.27	6,534,477.52	4,766.25
3 Equity Levy	447,649.00	451,703.50	4,054.50
4 Transition Levy	434,935.75	438,875.12	3,939.37
5 Operating Capital Levy	1,284,801.18	1,352,389.24	67,588.06
6 OPEB	37,504.00	487,616.00	450,112.00
7 Reemployment Insurance	47,875.56	49,700.46	1,824.90
8 Safe Schools Levy	312,389.64	326,213.64	13,824.00
9 Career & Technical Levy	262,185.24	262,185.24	0.00
10 Achievement & Integration Levy	498,540.12	502,569.86	4,029.74
11 Long Term Facilities Levy	1,884,533.00	323,214.47	(1,561,318.53)
12 Building Lease Levy	969,390.75	492,479.60	(476,911.15)
13 Tree Growth	1,914.04	1,914.04	0.00
14 Abatement	163,619.49	85,572.29	(78,047.20)
TOTAL GROSS LEVY	\$18,665,657.45	\$17,151,966.77	(1,513,690.68)

DULUTH PUBLIC SCHOOLS COMMUNITY EDUCATION GROSS LEVY COMPARISON

Percent Change	-13.17%
-----------------------	----------------

	ACTUAL 2023 PAY 2024	PROPOSED 2024 PAY 2025	DOLLAR DIFFERENCE
1 Basic Community Ed. Levy	\$503,519.43	\$465,874.30	(\$37,645.13)
2 Early Childhood Levy	255,300.06	281,898.76	26,598.70
3 Adults with Disabilities Levy	8,056.31	(1,582.21)	(9,638.52)
4 School Age Care Levy	90,000.00	0.00	(90,000.00)
5 Home Visit Levy	14,710.26	14,685.85	(24.41)
6 Abatements	8,108.66	2,921.06	(5,187.60)
TOTAL GROSS LEVY	\$879,694.72	\$763,797.76	(\$115,896.96)

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

	Percent Change	1.15%	
	ACTUAL 2023 PAY 2024	PROPOSED 2024 PAY 2025	DOLLAR DIFFERENCE
1 Voter-Approved Debt Service Levy	\$1,937,250.00	\$0.00	(\$1,937,250.00)
2 Debt Service Aid Ineligible	\$18,175,030.00	\$20,013,120.00	\$1,838,090.00
3 Long Term Facilities Debt Service Levy	6,965,111.36	6,973,406.36	8,295.00
4 Debt Excess	(553,003.46)	(36,873.47)	516,129.99
5 Abatements	212,830.08	93,710.86	(119,119.22)
TOTAL GROSS LEVY	26,737,217.98	27,043,363.75	306,145.77

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

Percent Change	-2.86%
-----------------------	---------------

	ACTUAL 2023 PAY 2024	PROPOSED 2024 PAY 2025	DOLLAR DIFFERENCE
General Fund	\$18,665,657.45	\$17,151,966.77	(\$1,513,690.68)
Community Education Fund	879,694.72	763,797.76	(115,896.96)
Debt Service Fund	26,737,217.98	27,043,363.75	306,145.77
TOTAL GROSS LEVY	46,282,570.15	44,959,128.28	(1,323,441.87)

DULUTH PUBLIC SCHOOLS SCHOOL PORTION of PROPERTY TAX LEVY

Total Pay 2020 Levy = \$40,089,645.79

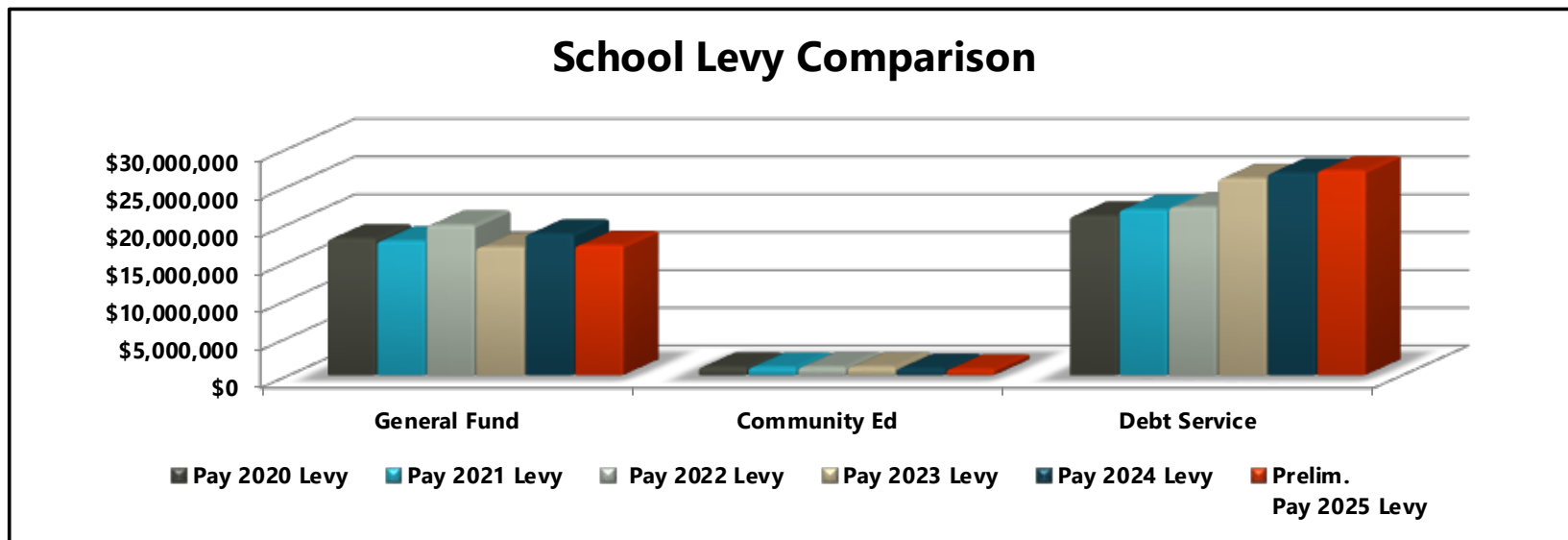
Total Pay 2021 Levy = \$40,663,003.06

Total Pay 2022 Levy = \$43,085,879.83

Total Pay 2023 Levy = \$43,958,966.87

Total Pay 2024 Levy = \$46,282,570.15

Total Prelim. Pay 2025 Levy = \$44,959,128.28



	Pay 2020 Levy	Pay 2021 Levy	Pay 2022 Levy	Pay 2023 Levy	Pay 2024 Levy	Prelim. Pay 2025 Levy
General Fund	18,024,526.72	17,739,246.90	19,828,807.76	16,907,610.13	18,665,657.45	\$17,151,966.77
Community Ed	1,050,895.81	1,039,985.60	1,054,744.18	1,068,734.03	879,694.72	763,797.76
Debt Service	21,014,223.26	21,883,770.56	22,202,327.89	25,982,622.71	26,737,217.98	27,043,363.75
Total Levy	40,089,645.79	40,663,003.06	43,085,879.83	43,958,966.87	46,282,570.15	44,959,128.28

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

- 1. Changes in market values**
- 2. Changes in class rates/history**
- 3. Market value exclusion**

(Newly adjusted Pay 2025 credit amount and value range)

- 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.

HOMESTEAD MARKET VALUE EXCLUSION

Commencing with taxes payable 2025, Minnesota residential homestead property taxpayers will see an adjusted homestead market value exclusion formula

MN Statute 273.13 subd. 35 provides a homestead market exclusion. This residential market value exclusion originated as a credit and was established by the 2001 Legislature. The 2011 Legislature converted this credit to a market value exclusion. As with the previous credit, qualifying property includes homestead property classified as 1a (residential), 1b (blind/disabled), and 2a (agricultural). In the case of an agricultural homestead or resort homestead, only the market value of the house, garage and immediately surrounding one acre of land is eligible in determining the exclusion. Homesteaded manufactured homes are eligible, as are relative homesteads to the degree the owner would be eligible if they lived there (MN Stat. 272.02)

MN Stat 273.13 subd. 35 (b) formerly stated:
For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

MN Stat 273.13 subd. 35 (b) now states:
For a homestead valued at \$95,000 or less, the exclusion is 40 percent of market value. For a homestead valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus nine percent of the valuation over \$95,000. For a homestead valued at \$517,200 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

Please note market value range and credit amount both increased

DULUTH PUBLIC SCHOOLS TAX BASE HISTORY

Assessment Year	Taxes Payable	RMV -		NTC - Net	
		Referendum Market Value	% Change	Tax Capacity	% Change
2024	2025	11,565,819,147	6.735%	131,604,680	6.337%
2023	2024	10,836,004,836	8.681%	123,761,321	9.645%
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		67,293,718	

Pay 2024 vs. Pay 2025 School Portion of Tax

0.000%

DATA BELOW ASSUMES NO CHANGE IN PROPERTY VALUE

Type of Property	Estimated Market Value - Taxes Payable 2024	Estimated Market Value - Taxes Payable 2025	Taxes Payable 2024	Taxes Payable 2025	Estimated Tax Increase / (Decrease) - Pay 2024 vs Pay 2025	Estimated Percent Change
Residential Homestead	100,000	100,000	313.75	265.23	(48.53)	-15.47%
	125,000	125,000	416.92	359.41	(57.51)	-13.79%
	150,000	150,000	520.35	453.83	(66.52)	-12.78%
	175,000	175,000	623.51	548.01	(75.50)	-12.11%
	200,000	200,000	726.94	642.43	(84.51)	-11.63%
	250,000	250,000	933.53	831.03	(102.50)	-10.98%
	285,853	285,853	1,081.73	966.32	(115.41)	-10.67%
	300,000	300,000	1,140.13	1,019.63	(120.49)	-10.57%
	350,000	350,000	1,346.72	1,208.23	(138.49)	-10.28%
	400,000	400,000	1,553.31	1,396.83	(156.48)	-10.07%
	450,000	450,000	1,751.09	1,585.44	(165.65)	-9.46%
500,000	500,000	1,945.65	1,774.04	(171.61)	-8.82%	
Commercial Industrial	250,000	250,000	1,440.58	1,310.24	(130.34)	-9.05%
	500,000	500,000	3,081.63	2,801.09	(280.54)	-9.10%
	1,000,000	1,000,000	6,363.73	5,782.79	(580.94)	-9.13%
	2,500,000	2,500,000	16,210.03	14,727.89	(1,482.14)	-9.14%
Seasonal Recreational	250,000	250,000	668.23	602.03	(66.20)	-9.91%
	500,000	500,000	1,336.45	1,204.05	(132.40)	-9.91%
	750,000	750,000	2,171.73	1,956.58	(215.15)	-9.91%
	1,000,000	1,000,000	3,007.01	2,709.11	(297.90)	-9.91%

Pay 2024 vs. Pay 2025 School Portion of Tax

6.500%

DATA BELOW ASSUMES A 6.50% CHANGE IN PROPERTY VALUE

Type of Property	Estimated Market Value - Taxes Payable 2024	Estimated Market Value - Taxes Payable 2025	Taxes Payable 2024	Taxes Payable 2025	Estimated Tax Increase / (Decrease) - Pay 2024 vs Pay 2025	Estimated Percent Change
Residential Homestead	100,000	106,500	313.75	289.54	(24.21)	-7.72%
	125,000	133,125	416.92	389.92	(27.00)	-6.48%
	150,000	159,750	520.35	490.54	(29.81)	-5.73%
	175,000	186,375	623.51	590.92	(32.59)	-5.23%
	200,000	213,000	726.94	691.30	(35.64)	-4.90%
	250,000	266,250	933.53	892.30	(41.24)	-4.42%
	285,853	304,433	1,081.73	1,036.28	(45.45)	-4.20%
	300,000	319,500	1,140.13	1,093.05	(47.07)	-4.13%
	350,000	372,750	1,346.72	1,294.05	(52.67)	-3.91%
	400,000	426,000	1,553.31	1,494.81	(58.50)	-3.77%
	450,000	479,250	1,751.09	1,695.81	(55.27)	-3.16%
500,000	532,500	1,945.65	1,912.70	(32.95)	-1.69%	
Commercial Industrial	250,000	266,250	1,440.58	1,407.15	(33.43)	-2.32%
	500,000	532,500	3,081.63	2,994.90	(86.73)	-2.81%
	1,000,000	1,065,000	6,363.73	6,170.41	(193.32)	-3.04%
	2,500,000	2,662,500	16,210.03	15,696.95	(513.09)	-3.17%
Seasonal Recreational	250,000	266,250	668.23	641.28	(26.95)	-4.03%
	500,000	532,500	1,336.45	1,301.82	(34.63)	-2.59%
	750,000	798,750	2,171.73	2,103.23	(68.50)	-3.15%
	1,000,000	1,065,000	3,007.01	2,904.89	(102.12)	-3.40%

35

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	\$ 17,151,966.77
Community Services	\$ 763,797.76
Debt	<u>\$ 27,043,363.75</u>
Total Proposed Tax Levy	\$ 44,959,128.28

Now Therefore, Be it resolved by the School Board of Independent School District No. 709, Duluth, Minnesota, that the levy to be levied in 2024 to be collected in 2025 is set at \$44,959,128.28. 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?