

DULUTH PUBLIC SCHOOLS
Independent School District 709

2022 PAYABLE 2023
PROPERTY TAX HEARING

For the school budget year
July 1, 2022 – June 30, 2023

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 2022 Pay 2023 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 2022 are payable and collected in 2023
- District Revenue for 2023-2024 school year
- Fiscal year 2024

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 2023 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.	38.50%
Community Education Fund	
Funding for Community Education programs Early Childhood Family Education and School Readiness	2.40%
Debt Service Fund	
Levy for repayment of principal and interest on District debt	59.10%
Total Levy before credits and exclusions:	100.00%

The School District Levy is changing by

\$873,087.04

Or

2.03%

Source: MDE Levy Limitation and Certification Report for taxes payable 2023 (page 30 of 39)

SCHOOL DISTRICT BUDGET

**CURRENT SCHOOL YEAR
2022-2023**

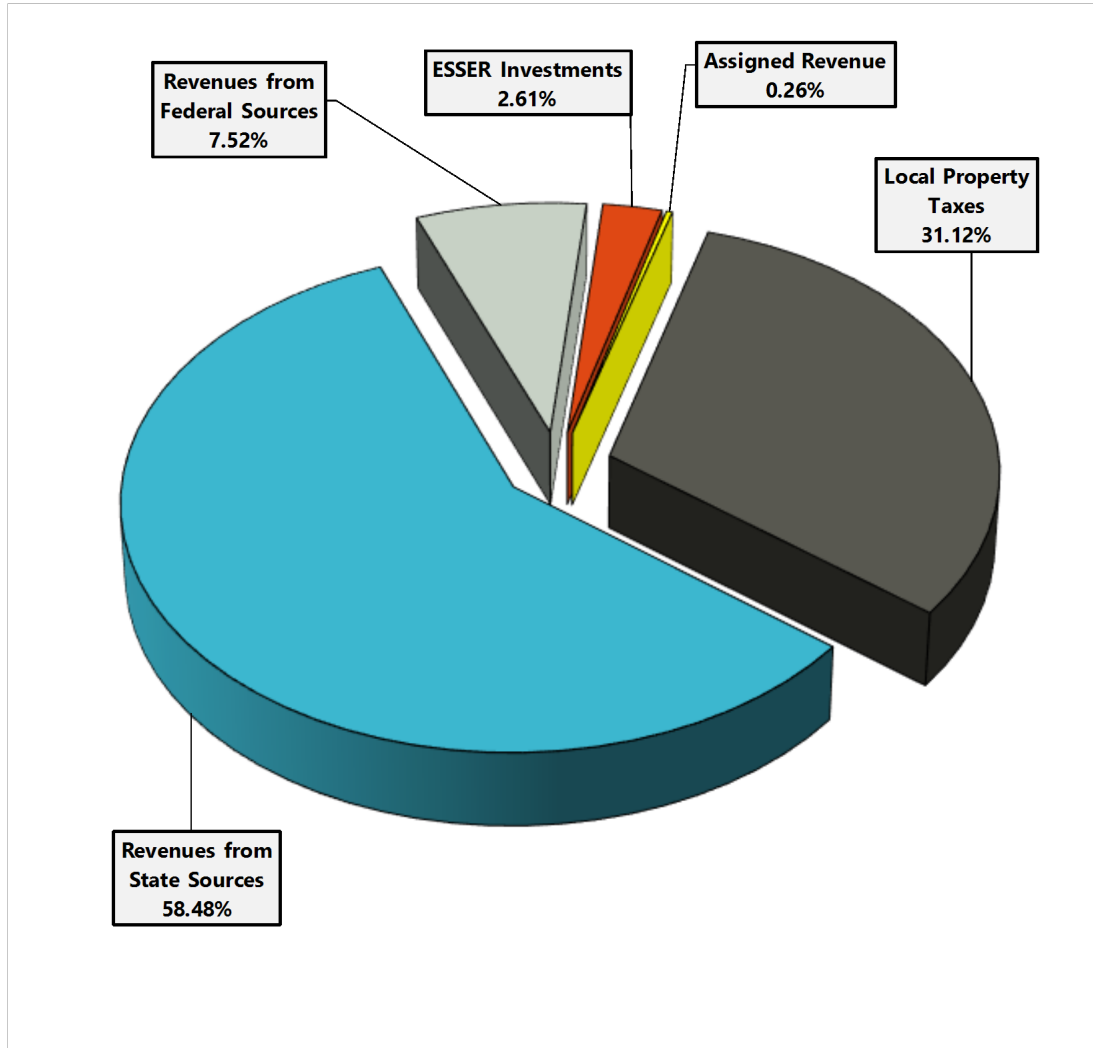
DULUTH PUBLIC SCHOOLS
FISCAL YEAR 2022-2023
COMPOSITE BUDGET

REVENUES								
	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE FUND	DEBT SERVICE FUND	TRUST FUND	DENTAL INTERNAL SERVICE FUND	STUDENT ACTIVITY FUND	TOTAL
Local Property Taxes	23,254,915	1,210,000	2,325,000	20,852,327	258,575	917,000	1,341,256	47,642,242
Revenues from State Sources	84,606,949	195,000	2,594,000	2,127,064				89,523,012
Revenues from Federal Sources	5,738,555	2,580,000	3,195,000					11,513,555
ESSER Investments	4,000,000							4,000,000
Assigned Revenue	400,000							400,000
Totals	118,000,418	3,985,000	8,114,000	22,979,391	258,575	917,000	1,341,256	153,078,809
EXPENSES								
	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE FUND	DEBT SERVICE FUND	TRUST FUND	DENTAL INTERNAL SERVICE FUND	STUDENT ACTIVITY FUND	TOTAL
Wages and Salaries	66,848,315	1,334,143	4,337,330					72,519,787
Employee Benefits	30,367,314	764,766	2,085,651		250,000	865,000		33,217,731
Purchased Services	10,954,945	113,450	1,375,000			59,000	810,961	12,443,395
Supplies	4,903,406	2,176,388	595,000				504,555	7,674,794
Capital Expenditures	4,845,698	25,000	85,000					4,955,698
Debt				24,691,485				24,691,485
Other	83,300	13,600	180,000				25,740	276,900
Totals	118,002,978	4,427,347	8,657,981	24,691,485	250,000	924,000	1,341,256	155,779,789
BUDGET BALANCE	(2,560)	(442,347)	(543,981)	(1,712,094)	8,575	(7,000)	-	(2,700,981)

DULUTH PUBLIC SCHOOLS

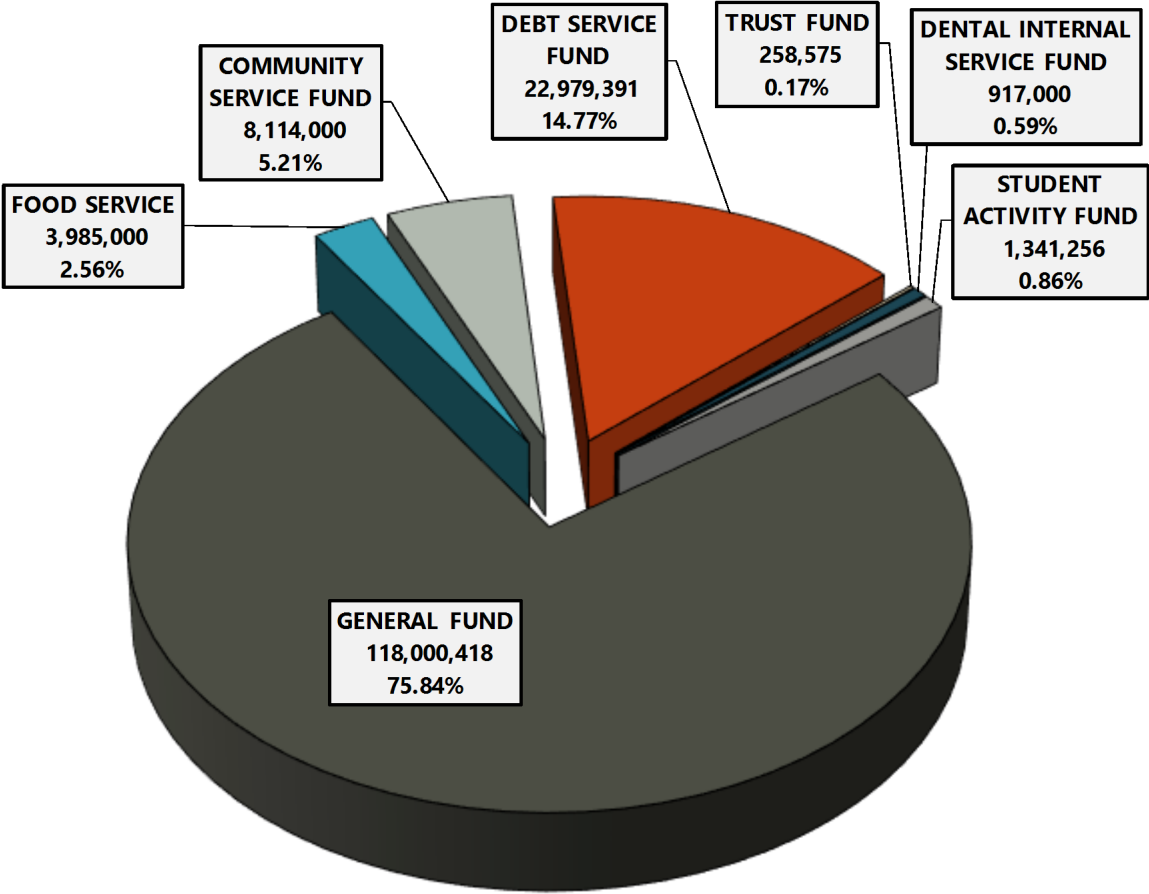
FISCAL YEAR 2022-2023

REVENUE BY SOURCE



DEI

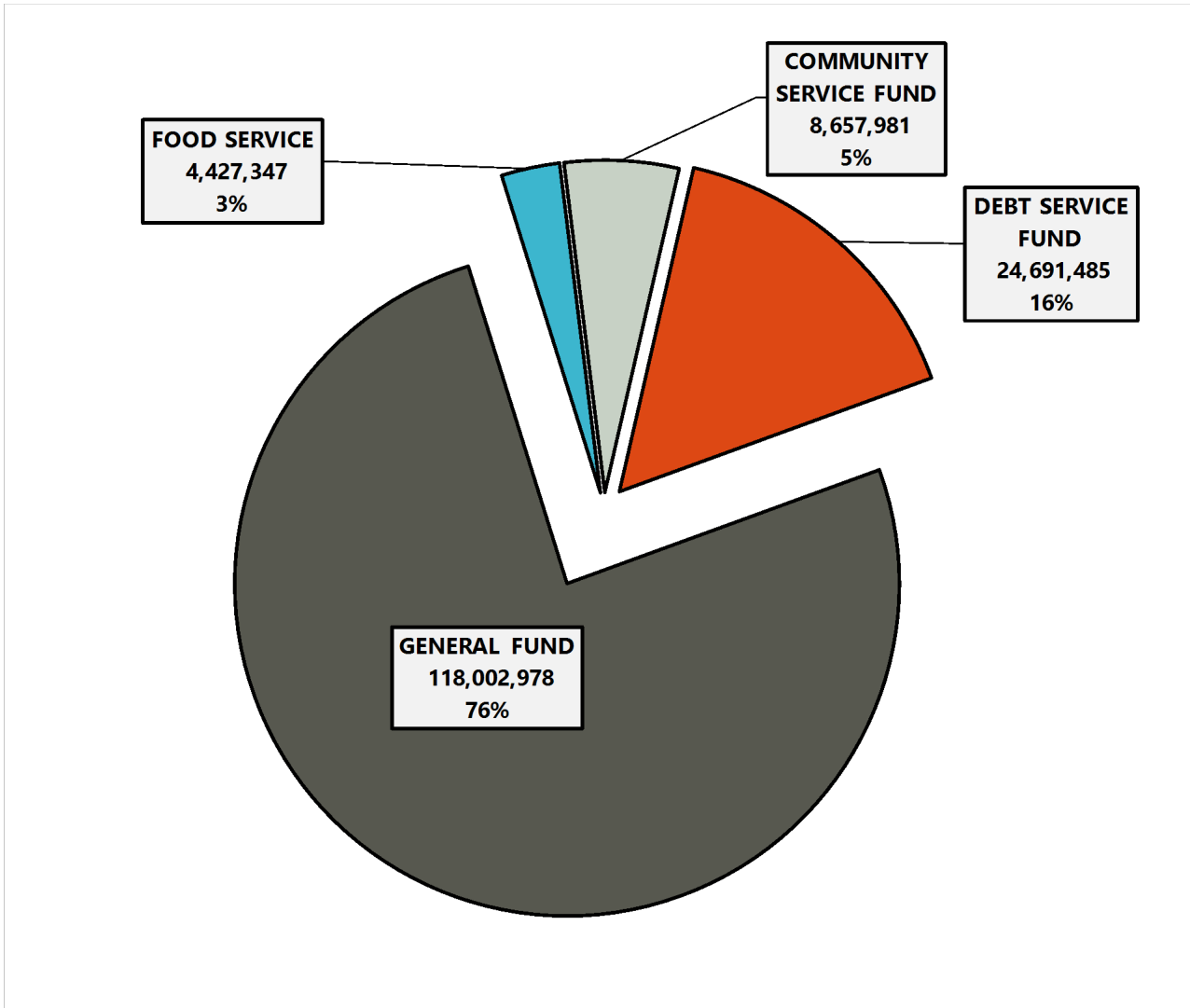
DULUTH PUBLIC SCHOOLS FISCAL YEAR 2022-2023 REVENUE BY FUND



DULUTH PUBLIC SCHOOLS

FISCAL YEAR 2022-2023

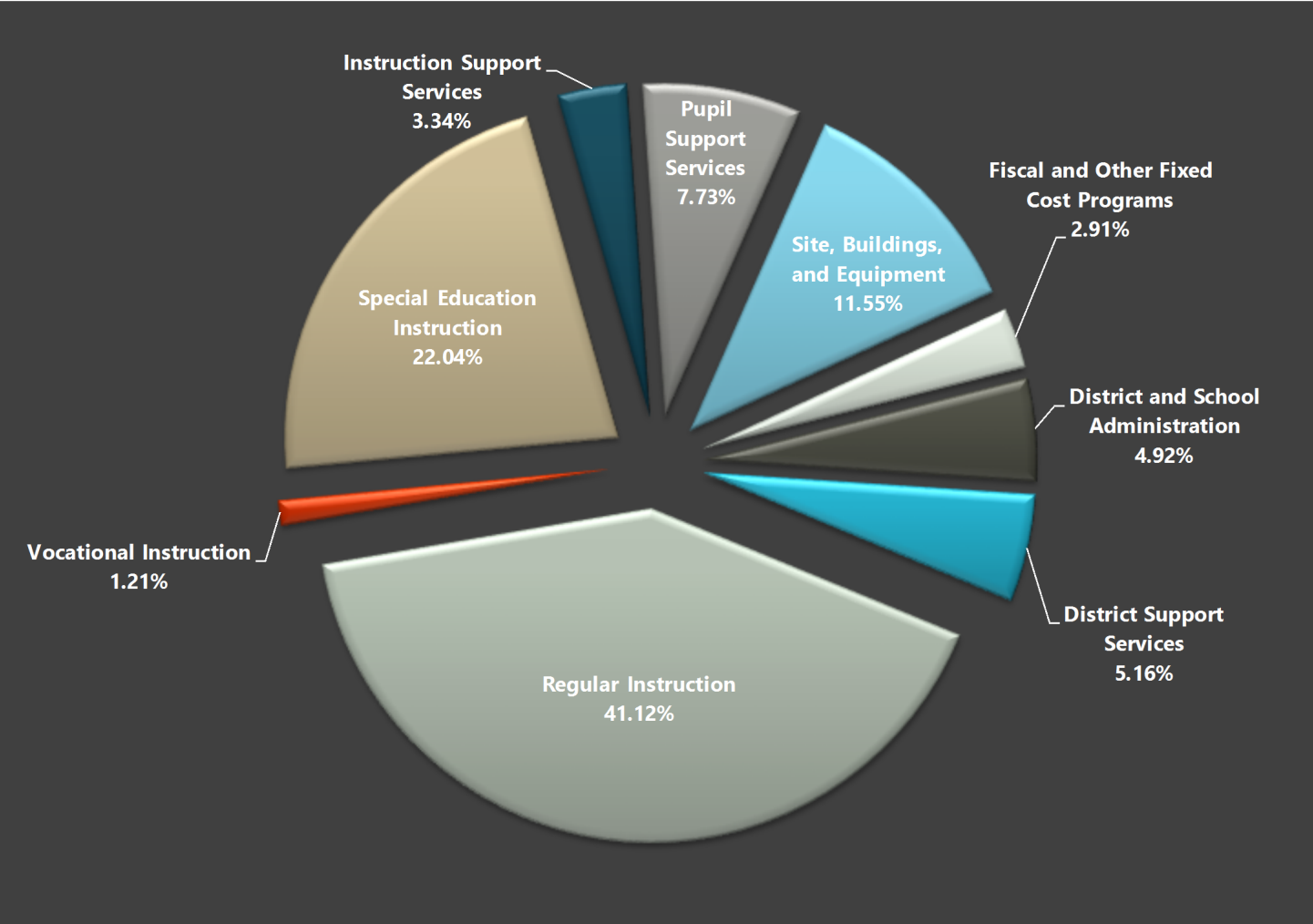
EXPENDITURE BY FUND



DULUTH PUBLIC SCHOOLS FISCAL YEAR 2022-2023 GENERAL FUND PROGRAM EXPENDITURES

EXPENSES	GENERAL FUND
District and School Administration	5,804,434
District Support Services	6,092,148
Regular Instruction	48,524,286
Vocational Instruction	1,433,464
Special Education Instruction	26,011,272
Instruction Support Services	3,940,421
Pupil Support Services	9,127,193
Site, Buildings, and Equipment	13,632,971
Fiscal and Other Fixed Cost Programs	3,436,791
TOTAL EXPENDITURES	\$118,002,979

DULUTH PUBLIC SCHOOLS FISCAL YEAR 2022-2023 GENERAL FUND PROGRAM EXPENDITURES



Local Financial Reminders

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 2023,
this authority
generated
\$5,651,777.08
in revenue

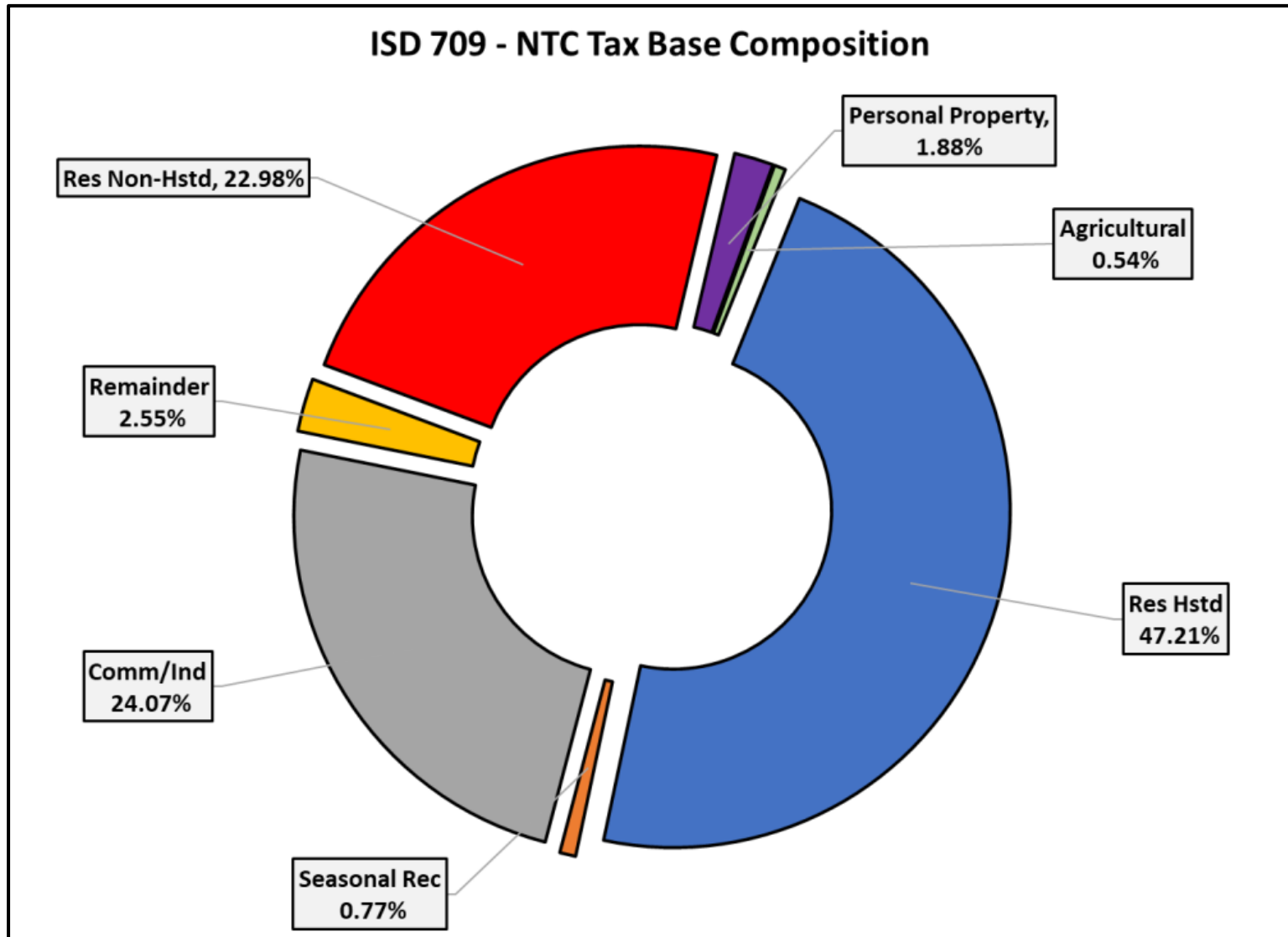
Local Financial Reminders - *continued*

- 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
K (total) + EC	833.29	785.96	724.76	729.81	819.79	797.02	830.04	737.24	756.32
1	652.69	704.31	647.13	636.59	602.43	644.98	641.06	588.40	614.82
2	653.92	628.66	673.36	622.13	617.88	591.03	637.68	574.16	597.78
3	650.09	630.00	606.88	662.99	624.05	597.55	572.54	597.62	590.84
4	599.45	630.27	593.91	582.37	646.85	620.48	589.52	507.84	605.84
5	611.12	581.88	605.06	586.63	570.25	621.52	619.65	540.73	516.78
6	507.52	557.25	545.60	551.39	572.48	571.29	610.70	542.05	561.90
7	633.93	526.02	555.44	567.26	579.71	584.07	589.04	581.07	593.59
8	554.58	611.60	547.75	551.08	586.18	576.26	622.87	555.74	587.95
9	639.75	681.65	694.90	647.17	668.14	707.65	697.70	695.44	658.15
10	699.47	634.01	670.54	696.38	634.02	660.50	711.16	650.09	690.45
11	636.78	674.09	602.20	619.99	664.72	609.90	646.82	672.61	638.94
12	680.42	634.81	647.49	612.03	628.87	646.91	602.23	621.11	668.29
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	8,081.65
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
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	3,837.37
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	8,849.12

Estimated Pay 2023 Tax Base Composition



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	-14.73%	
	ACTUAL 2021 PAY 2022	PROPOSED 2022 PAY 2023	DOLLAR DIFFERENCE
1 Referendum Levies	5,641,924.22	5,510,617.34	(131,306.88)
2 Local Optional Levy	5,717,449.14	6,012,716.16	295,267.02
3 Equity Levy	432,793.50	426,004.00	(6,789.50)
4 Transition Levy	420,502.16	413,905.49	(6,596.67)
5 Operating Capital Levy	1,050,553.67	1,091,475.61	40,921.94
6 OPEB	537,211.00	(42,844.00)	(580,055.00)
7 Reemployment Insurance	49,996.42	168,016.60	118,020.18
8 Safe Schools Levy	322,167.96	305,514.72	(16,653.24)
9 Career & Technical Levy	262,185.24	262,185.24	0.00
10 Achievement & Integration Levy	484,206.55	481,925.10	(2,281.45)
11 Long Term Facilities Levy	3,544,244.24	815,196.69	(2,729,047.55)
12 Building Lease Levy	1,295,992.23	1,401,621.00	105,628.77
13 Tree Growth	1,914.04	1,914.04	0.00
14 Abatement	67,667.39	59,362.14	(8,305.25)
TOTAL GROSS LEVY	\$19,828,807.76	\$16,907,610.13	(2,921,197.63)

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

	Percent Change		1.33%
	ACTUAL 2021 PAY 2022	PROPOSED 2022 PAY 2023	DOLLAR DIFFERENCE
1 Basic Community Ed. Levy	\$662,477.15	\$662,477.15	\$0.00
2 Early Childhood Levy	258,677.87	278,636.50	19,958.63
3 Adults with Disabilities Levy	28,968.51	22,309.51	(6,659.00)
4 School Age Care Levy	90,000.00	90,000.00	0.00
5 Home Visit Levy	10,683.27	12,697.25	2,013.98
6 Abatements	3,937.38	2,613.62	(1,323.76)
TOTAL GROSS LEVY	\$1,054,744.18	\$1,068,734.03	\$13,989.85

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

Percent Change	17.03%
-----------------------	---------------

	ACTUAL 2021 PAY 2022	PROPOSED 2022 PAY 2023	DOLLAR DIFFERENCE
1 Required Debt Service Levy	\$16,980,632.00	\$17,318,852.00	\$338,220.00
2 Long Term Facilities Debt Service Levy	6,933,788.92	9,314,906.36	2,381,117.44
3 Debt Excess	(1,809,360.62)	(724,159.33)	1,085,201.29
3 Abatements	97,267.59	73,023.68	(24,243.91)
TOTAL GROSS LEVY	22,202,327.89	25,982,622.71	3,780,294.82

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

Percent Change	2.03%
-----------------------	--------------

	ACTUAL 2021 PAY 2022	PROPOSED 2022 PAY 2023	DOLLAR DIFFERENCE
General Fund	\$19,828,807.76	\$16,907,610.13	(\$2,921,197.63)
Community Education Fund	1,054,744.18	1,068,734.03	13,989.85
Debt Service Fund	22,202,327.89	25,982,622.71	3,780,294.82
TOTAL GROSS LEVY	43,085,879.83	43,958,966.87	873,087.04

DULUTH PUBLIC SCHOOLS

SCHOOL PORTION of PROPERTY TAX LEVY

Total Pay 2018 Levy = \$31,697,855.86

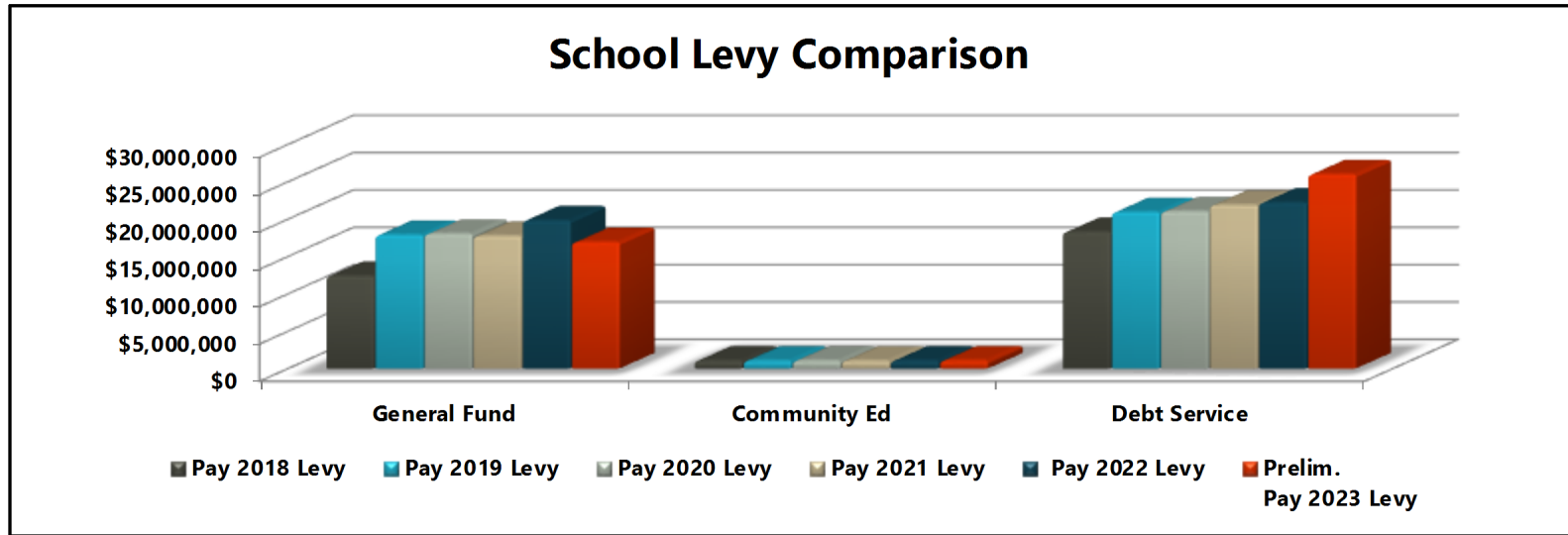
Total Pay 2019 Levy = \$39,837,624.11

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 Prelim. Pay 2023 Levy = \$43,958,966.87



	Pay 2018 Levy	Pay 2019 Levy	Pay 2020 Levy	Pay 2021 Levy	Pay 2022 Levy	Prelim. Pay 2023 Levy
General Fund	12,382,425.63	17,872,105.08	18,024,526.72	17,739,246.90	19,828,807.76	\$16,907,610.13
Community Ed	1,047,799.46	1,045,278.73	1,050,895.81	1,039,985.60	1,054,744.18	1,068,734.03
Debt Service	18,267,630.77	20,920,240.30	21,014,223.26	21,883,770.56	22,202,327.89	25,982,622.71
Total Levy	31,697,855.86	39,837,624.11	40,089,645.79	40,663,003.06	43,085,879.83	43,958,966.87

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**
- 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
2022	2023	9,976,912,185	15.727%	112,996,821	15.820%
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	-1.641%	65,599,036	-1.555%
2011	2012	6,112,867,250		66,635,215	

*Source: Preliminary Pay 2023 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 2023.

Pay 2022 vs. Pay 2023 School Portion of Tax

0%

DATA BELOW ASSUMES NO CHANGE IN PROPERTY VALUE

Type of Property	Estimated Market Value - Taxes Payable 2022	Estimated Market Value - Taxes Payable 2023	Actual Pay 2022 School Portion of Taxes	Preliminary Pay 2023 School Portion of Taxes	Estimated Tax Increase / (Decrease) - Pay 2022 vs Pay 2023	Estimated Percent Change
Residential Homestead	100,000	100,000	368.87	324.68	(44.18)	-11.98%
	125,000	125,000	490.36	431.72	(58.64)	-11.96%
	150,000	150,000	612.16	539.04	(73.13)	-11.95%
	175,000	175,000	733.65	646.07	(87.58)	-11.94%
	200,000	200,000	855.46	753.39	(102.07)	-11.93%
	225,000	225,000	976.94	860.42	(116.52)	-11.93%
	250,000	250,000	1,098.75	967.74	(131.01)	-11.92%
	275,000	275,000	1,220.24	1,074.77	(145.47)	-11.92%
	300,000	300,000	1,342.04	1,182.09	(159.96)	-11.92%
	400,000	400,000	1,828.63	1,610.79	(217.84)	-11.91%
500,000	500,000	2,290.53	2,017.68	(272.85)	-11.91%	
Commercial Industrial	250,000	250,000	1,699.05	1,498.17	(200.88)	-11.82%
	500,000	500,000	3,635.43	3,206.05	(429.38)	-11.81%
	1,000,000	1,000,000	7,508.20	6,621.81	(886.39)	-11.81%
	2,500,000	2,500,000	19,126.50	16,869.09	(2,257.41)	-11.80%
Seasonal Recreational	250,000	250,000	791.12	699.04	(92.08)	-11.64%
	500,000	500,000	1,582.23	1,398.08	(184.15)	-11.64%
	750,000	750,000	2,571.13	2,271.88	(299.25)	-11.64%
	1,000,000	1,000,000	3,560.03	3,145.68	(414.34)	-11.64%

Pay 2022 vs. Pay 2023 School Portion of Tax

16%

DATA BELOW ASSUMES A 16% CHANGE IN PROPERTY VALUE

Type of Property	Estimated Market Value - Taxes Payable 2022	Estimated Market Value - Taxes Payable 2023	Actual Pay 2022 School Portion of Taxes	Preliminary Pay 2023 School Portion of Taxes	Estimated Tax Increase / (Decrease) - Pay 2022 vs Pay 2023	Estimated Percent Change
Residential Homestead	100,000	116,000	368.87	393.16	24.30	6.59%
	125,000	145,000	490.36	517.46	27.10	5.53%
	150,000	174,000	612.16	641.76	29.59	4.83%
	175,000	203,000	733.65	766.05	32.40	4.42%
	200,000	232,000	855.46	890.35	34.89	4.08%
	225,000	261,000	976.94	1,014.64	37.70	3.86%
	250,000	290,000	1,098.75	1,139.22	40.47	3.68%
	275,000	319,000	1,220.24	1,263.51	43.28	3.55%
	300,000	348,000	1,342.04	1,387.81	45.77	3.41%
	400,000	464,000	1,828.63	1,872.41	43.78	2.39%
500,000	580,000	2,290.53	2,396.43	105.90	4.62%	
Commercial Industrial	250,000	290,000	1,699.05	1,771.43	72.38	4.26%
	500,000	580,000	3,635.43	3,752.57	117.14	3.22%
	1,000,000	1,160,000	7,508.20	7,714.85	206.65	2.75%
	2,500,000	2,900,000	19,126.50	19,601.70	475.20	2.48%
Seasonal Recreational	250,000	290,000	791.12	810.89	19.77	2.50%
	500,000	580,000	1,582.23	1,677.70	95.46	6.03%
	750,000	870,000	2,571.13	2,691.30	120.18	4.67%
	1,000,000	1,160,000	3,560.03	3,704.91	144.89	4.07%

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	\$ 16,907,610.13
Community Services	\$ 1,068,734.03
Debt	<u>\$ 25,982,622.71</u>
Total Proposed Tax Levy	\$ 43,958,966.87

Now Therefore, Be it resolved by the School Board of Independent School District No. 709, Duluth, Minnesota, that the levy to be levied in 2022 to be collected in 2023 is set at \$43,958,966.87. 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?