



# **GRAND RAPIDS AREA SCHOOLS**

PUBLIC HEARING

2024-25 Budget & Proposed 2025

Property Taxes

December 9, 2024

# Agenda

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- Why have a Truth in Taxation Meeting?
- Understanding the Levy Process
- District's Proposed Tax Levy for Taxes Payable in 2025
- District's Actual and Budgeted Information for FY24 and FY25
- Public Comments

# Minnesota State Law Requires:

Truth in Taxation Law, passed in 1989

Two major requirements:

## 1. Tax Statements

Counties must send out proposed property tax statements in November based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)

## 2. Public Hearing

Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:

- Payable 2025 levy
- Fiscal year 2026 budget
- Public comments

# Minnesota State Law Requires:

## • A Public Meeting...

- Between November 24th & December 30th
- After 6:00 PM
- May be part of regularly scheduled meeting
- May adopt final levy at same meeting
- Must allow for public comments

## ...and Presentation of:

- Current year budget
- Prior year actual revenue & expenditures
- Proposed property tax levy including % change
- Specific purposes & reasons taxes are changing

# School District Levy Cycle V. City/County Levy Cycle

- City/County:

- Budget Year same as calendar year
- 2025 taxes provide revenue for 2025 calendar year budget

- Schools:

- Budget year begins July 1st and coincides with school year
- 2025 taxes provide revenue for 2025-26 school fiscal year
- Budget will be adopted in June 2025

# School Tax Levy Cycle

## Late 2023 – Spring 2024

County Assessor determines the market value for each parcel of property  
Property values are sent to property owners

## July – September 2024

Determine levy inputs  
Calculate potential levy and school board approves the “Max” levy

## December 2024

Truth-In-Taxation Hearing  
Board approves the final school levy

## Calendar year 2025

County assesses the property owners their relevant taxes based on the market value and the type of property  
Taxpayers pay their property taxes in May and October

## Fiscal Year July 1, 2025 – June 30, 2026

District Recognizes tax revenue for operations and bond payments

# Understanding Property Valuations

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Higher Market Value Increase = Bigger Slice



Lower Market Value Increase = Smaller Slice



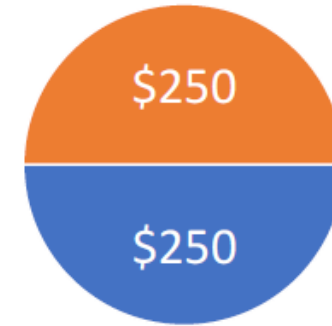
Each Property Owner pays a portion of the pie.

# Impact of Property Valuations

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- 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



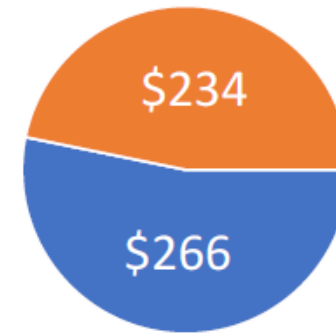


# Impact of Property Valuations

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- Two properties in the district
  - ✓ Orange house value increases by 10%
  - ✓ Blue house value increases by 25%
- Total levy of \$500
  - ✓ School will still generate the same amount levy even though values increased
  - ✓ Orange house pays less
  - ✓ Blue house pays more

\$110,000



\$125,000



# Tax Statements

- Received the Proposed Tax Statement at mid-November
- Final property tax statement mailed by March 31
- Tax payments made
  - May 15<sup>th</sup> (1<sup>st</sup> half)
  - October 15<sup>th</sup> (2<sup>nd</sup> half)

ITASCA COUNTY  
 AUDITOR/TREASURER  
 123 NE 4TH STREET  
 GRAND RAPIDS MN 55744  
 www.co.itasca.mn.us

Property Information:  
 PIN Number:  
 Address:  
 Description:

*HMV exclusion reduces the taxable market value of qualifying properties which reduces net property taxes*

GRAND RAPIDS, MN 55744-3943

PROPOSED TAXES 2025		
THIS IS NOT A BILL. DO NOT PAY.		
	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2024      2025
	Estimated Market Value	154,500      154,500
	Homestead Exclusion	23,335      32,645
Step 1	Other Exclusions	0      0
	Taxable Market Value	131,165      121,855
	Property Classification	RES HMSTD      RES HMSTD
	PROPOSED TAX	
Step 2	Property Taxes before credits	1,807.00
	School building bond credit	0.00
	Agricultural market value credit	0.00
	Other Credits	515.00
	Property Taxes after credits	1,292.00
Step 3	PROPERTY TAX STATEMENT	
	Coming March 2025	
<p><b>The time to provide feedback on PROPOSED LEVIES IS NOW</b></p> <p>It is too late to appeal your value without going to Tax Court.</p>		

Homestead market value exclusion changed for taxes payable in 2025

- Based exclusion went from \$76,000 to \$95,000
- Max qualifying value increased from \$413,800 to \$517,200

# Tax Statements

- On the back of the proposed tax statement is a list of each Taxing Authority's levy change.
- The District's levy is *decreasing* by 4.6%.

## Supplemental Budget Information - Proposed 2025 Taxes

### How Can You Learn More?

The time to provide feedback on proposed levies is now.

You are invited to attend budget meetings to express your opinion.

Levy information is provided by the county, city, and school district. It compares two years for those jurisdictions. For more information, contact the county, city, or school district directly or visit their websites.

Levy amounts impact the taxes owed for your property. Additional factors that may impact your property tax amount include changes to taxable market value, improvements made to the property, and changes in special programs, such as the homestead market value exclusion.

### Levy Information

Taxing Authority	2024 Actual	2025 Proposed	Percent Change
ITASCA COUNTY	\$42,297,261	\$43,557,747	3.0%
BIGFORK CITY	\$203,940	\$202,611	-0.7%
BOVEY CITY	\$531,720	\$628,986	18.3%
CALUMET CITY	\$226,526	\$249,179	10.0%
COHASSET CITY	\$4,096,371	\$4,296,100	4.9%
COLERAINE CITY	\$999,486	\$1,258,766	25.9%
DEER RIVER CITY	\$1,084,123	\$1,134,614	4.7%
EFFIE CITY	\$40,425	\$45,000	11.3%
GRAND RAPIDS CITY	\$9,336,352	\$9,763,695	4.6%
KEEWATIN CITY	\$565,987	\$620,844	9.7%
LAPRAIRIE CITY	\$304,922	\$304,922	0.0%
MARBLE CITY	\$214,253	\$235,678	10.0%
NASHWAUK CITY	\$639,703	\$722,964	13.0%
SQUAW LAKE CITY	\$24,008	\$24,008	0.0%
TACONITE CITY	\$288,000	\$300,000	4.2%
WARBA CITY	\$75,090	\$88,300	17.6%
ZEMPLE CITY	\$15,000	\$15,000	0.0%
BLACKDUCK SCHOOL DISTRICT 32	\$8,348	\$9,850	18.0%
DEER RIVER SCHOOL DISTRICT 317	\$2,511,809	\$2,511,848	0.0%
GRAND RAPIDS SCHOOL DISTRICT 318	\$15,500,114	\$14,794,539	-4.6%
GREENWAY SCHOOL DISTRICT 316	\$3,444,631	\$3,457,428	0.4%
NASHWAUK-KEEWATIN SCHOOL DISTRICT 319	\$2,450,885	\$2,963,866	20.9%

# Levy Breakout for Pay 24 and Pay 25

(to be certified)

	<u>23 Pay 24</u>	<u>24 Pay 25</u>	<u>Change</u>
Voter-Approved Debt Service Levies	\$ 2,958,472	\$ 6,902,595	133.3%
Other Debt Service Levies	\$ 5,790,750	\$ 1,410,041	-75.7%
<b>Total Debt Service Levies</b>	<b>\$ 8,749,222</b>	<b>\$ 8,312,636</b>	<b>-5.0%</b>
Other	\$ 6,750,892	\$ 6,481,903	-4.0%
<b>Total Levied</b>	<b>\$ 15,500,114</b>	<b>\$ 14,794,539</b>	<b>-4.6%</b>
Voter-Approved Levies	\$ 2,958,472	\$ 6,902,595	133.3%
Other	\$ 12,541,642	\$ 7,891,944	-37.1%
<b>Total Levied</b>	<b>\$ 15,500,114</b>	<b>\$ 14,794,539</b>	<b>-4.6%</b>

# Levy Breakout for Pay 24 and Pay 25

(to be certified)

	<u>23 Pay 24 LLC</u>	<u>24 Pay 25 LLC</u>	<u>Change</u>
General Levy	\$ 6,750,892	\$ 6,481,903	\$ (268,989) -4.0%
Debt Service Levy	\$ 4,155,102	\$ 8,312,636	\$ 4,157,534 100.1%
OPEB Levy	\$ 4,594,120	\$ -	\$(4,594,120) -100.0%
<b>To-be Certified Levy</b>	<b>\$ 15,500,114</b>	<b>\$ 14,794,539</b>	<b>\$ (705,575) -4.6%</b>

# Explanation of Levy Changes

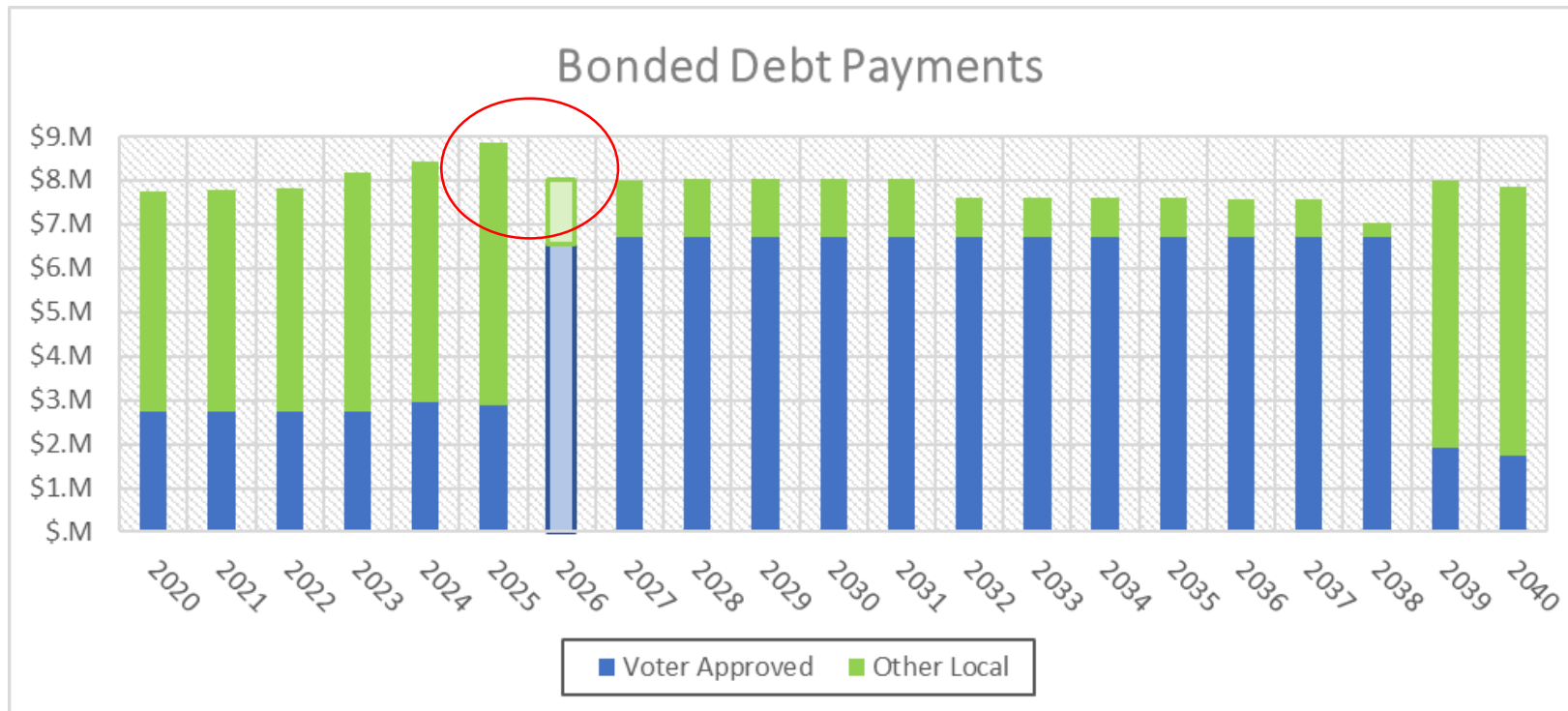
- **Category:** General Fund Levies
- **Change:** ↓ \$ 269,000
- **Use of Funds:** Operating, LTFM, C&T, A & I, Safe Schools and Retiree Benefits Levy
- **Reason for Change:**
  - Decrease in amount levies for retiree insurance
  - Decrease in pupil units
  - Pupil unit adjustments from prior years

# Explanation of Levy Changes

Category: Debt Service and OPEB Debt Service

Change: Net ↓ \$436,500

Use of Funds: Annual required payments of principal & interest on outstanding bonds



# Operating Referenda in Minnesota

## Pay 2024 Actual Authority & APU from LLC's with phaseout report for FY26 and thereafter

		FY 2025	FY 2026	FY 2027	
<b>BAIRD</b>	Districts with Op Levy Authority	235	231	197	
	Districts without Any Op Levy Authority	92	96	130	
	Total	327	327	327	
	% of Districts with Op Levy Authority	Total	71.87%	70.64%	60.24%
	Sum of Authority	242,447.19	238,391.76	201,791.13	
	Avg Authority of those Districts with Op Levy	1,031.69	1,032.00	1,024.32	
	Avg all Districts Authority	741.43	729.03	617.10	

Districts with Op Levy Authority	Rural	191	186	155
Total Number of Districts	Rural	278	278	278
% of Districts with Op Levy Authority	Rural	68.71%	66.91%	55.76%
Sum of Rural Districts Authority	Rural	173,541.89	168,029.15	137,979.16
Avg Authority of those Districts with Op Levy	Rural	908.60	903.38	890.19
Avg all Rural Districts Authority	Rural	624.25	604.42	496.33

Districts with Op Levy Authority	Metro	44	45	42
Total Number of Districts	Metro	49	49	49
% of Districts with Op Levy Authority	Metro	89.80%	91.84%	85.71%
Sum of Metro Districts Authority	Metro	68,619.27	70,076.58	63,811.97
Avg Authority of those Districts with Op Levy	Metro	1,559.53	1,557.26	1,519.33
Avg all Metro Districts Authority	Metro	1,400.39	1,430.13	1,302.29

Please note - FY 2026 Data above only includes data prior to November 2024 election



# Referendum Picture

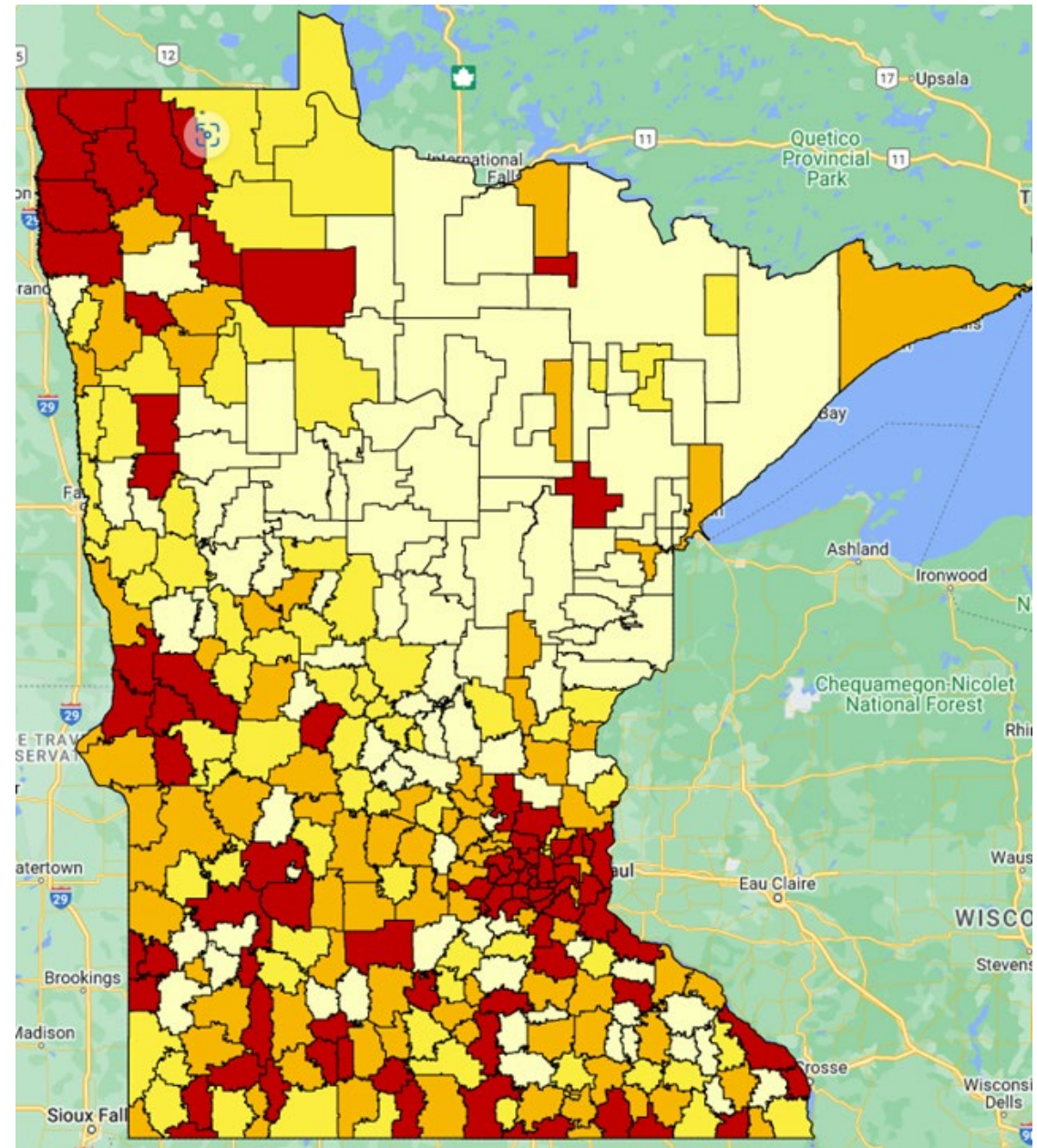
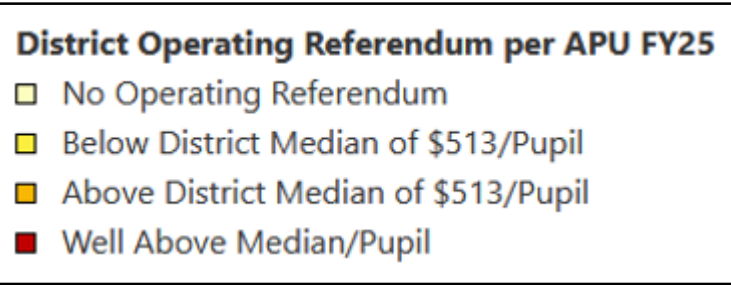
How does our district compare in Operating Referendum Revenue?

[MNREA Maps \(mreavoice.org\)](http://mreavoice.org)

**Our District:**

\$0 per APU

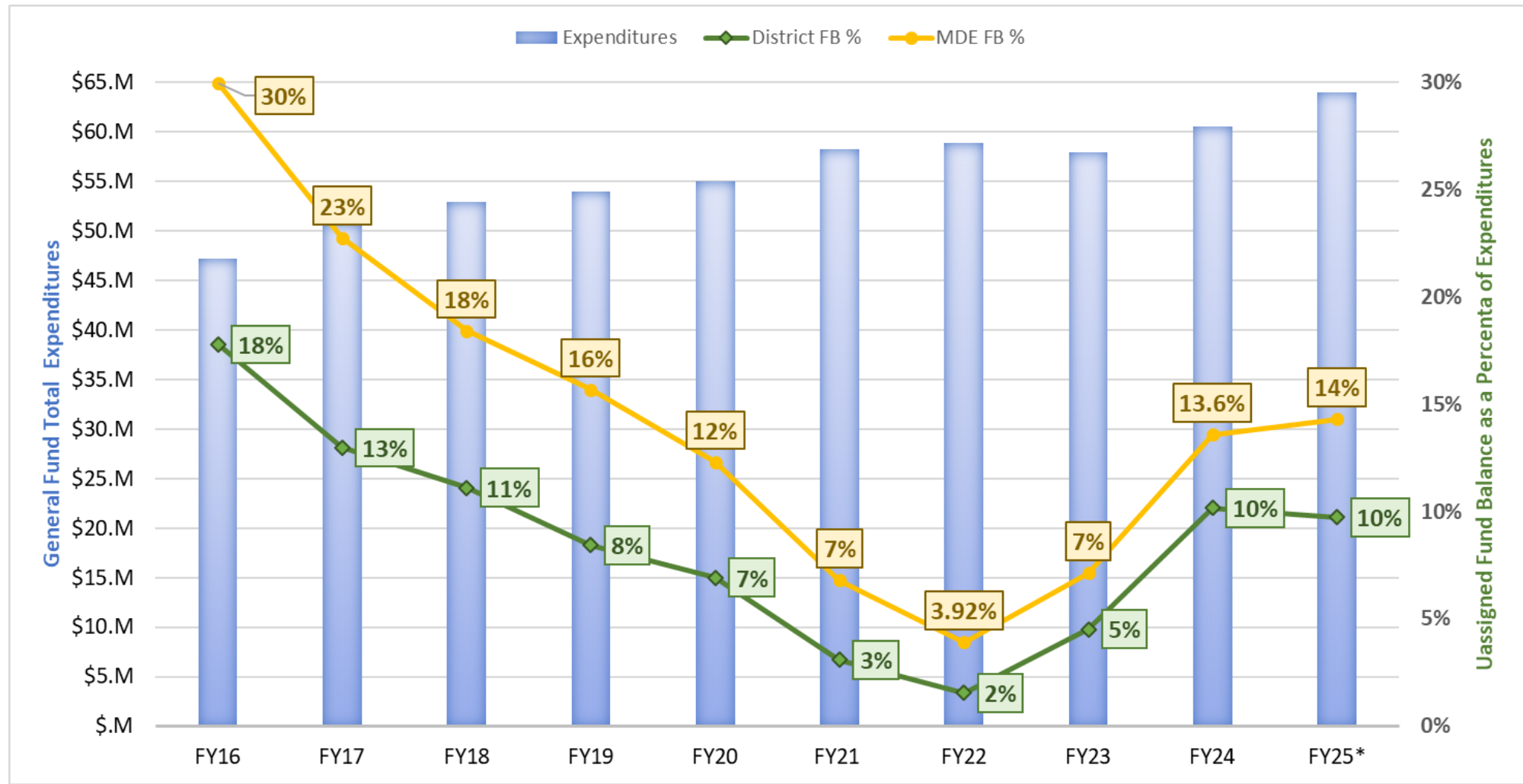
**92 districts:** \$0



# FY24 Audit Results

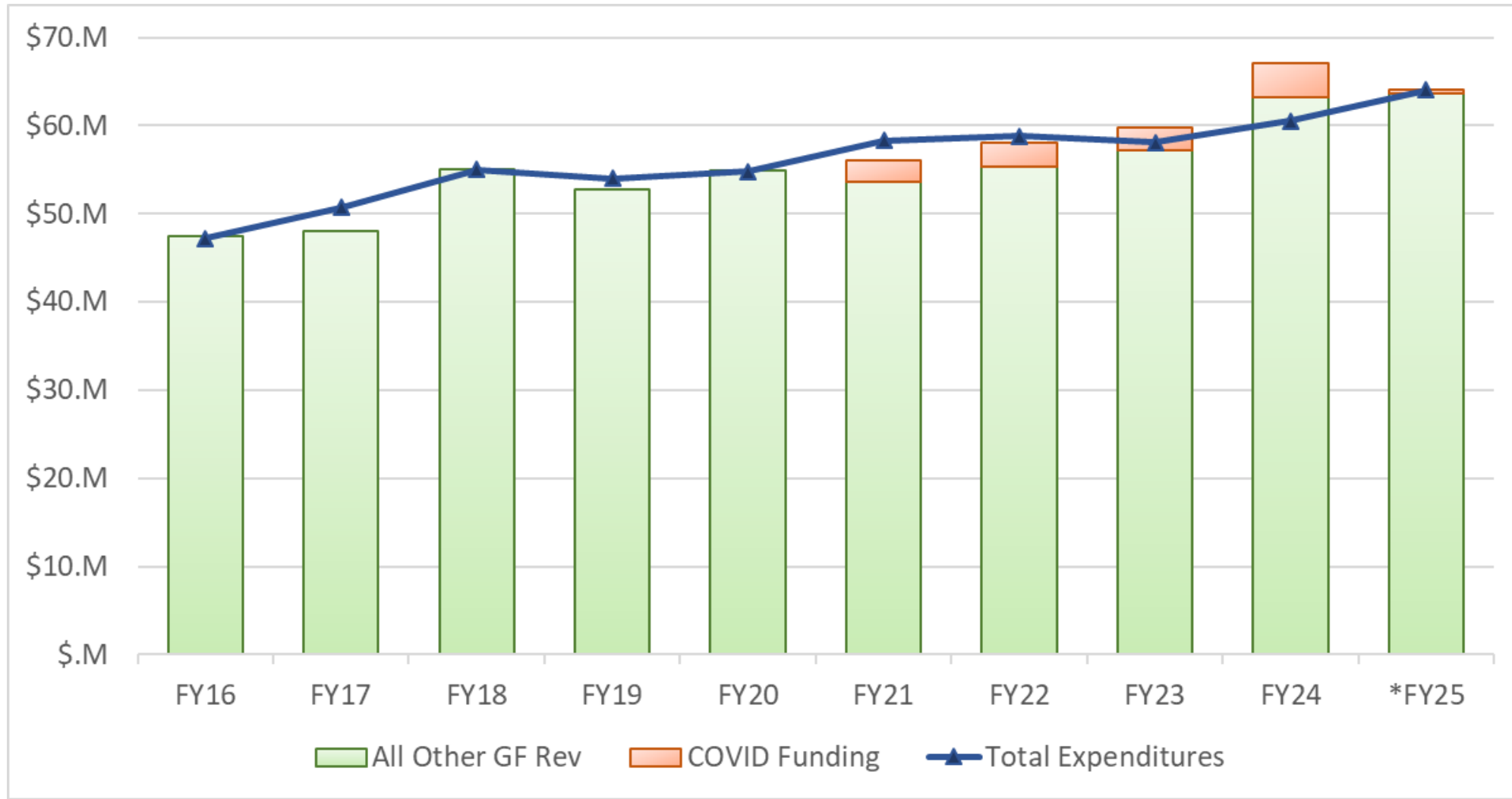
	Actuals			
	FY21	FY22	FY23	FY24
<b>Revenues</b>				
Taxes	\$ 8,493,000	\$ 8,748,000	\$ 9,196,000	\$ 8,295,000
Tuition and Fees	\$ 796,000	\$ 1,131,000	\$ 1,213,000	\$ 1,257,000
State Aid	\$ 40,833,000	\$ 42,088,000	\$ 43,036,000	\$ 49,499,000
Federal Aid	\$ 4,576,000	\$ 5,108,000	\$ 5,165,000	\$ 5,915,000
Donations & Other	\$ 1,395,000	\$ 924,000	\$ 1,199,000	\$ 2,115,000
<b>Total Revenues</b>	<b>\$ 56,093,000</b>	<b>\$ 57,999,000</b>	<b>\$ 59,809,000</b>	<b>\$ 67,081,000</b>
<b>Expenditures</b>				
Salaries	\$ 33,860,000	\$ 34,610,000	\$ 33,285,000	\$ 33,800,000
Benefits	\$ 13,380,000	\$ 14,080,000	\$ 15,377,000	\$ 16,052,000
Contracted Services	\$ 4,710,000	\$ 5,350,000	\$ 5,384,000	\$ 5,056,000
Supplies	\$ 2,960,000	\$ 3,010,000	\$ 2,517,000	\$ 3,468,000
Capital	\$ 3,220,000	\$ 1,500,000	\$ 1,337,000	\$ 1,865,000
Other	\$ 130,000	\$ 290,000	\$ 158,000	\$ 266,000
Fund Balance Health	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 58,260,000</b>	<b>\$ 58,840,000</b>	<b>\$ 58,058,000</b>	<b>\$ 60,507,000</b>
<b>Operating Surplus/(Loss)</b>	<b>\$ (2,167,000)</b>	<b>\$ (841,000)</b>	<b>\$ 1,751,000</b>	<b>\$ 6,574,000</b>
Beginning Fund Balance	\$ 7,872,000	\$ 5,705,000	\$ 4,864,000	\$ 6,615,000
Ending Fund Balance	\$ 5,705,000	\$ 4,864,000	\$ 6,615,000	\$ 13,189,000

# General Fund - Fund Balance



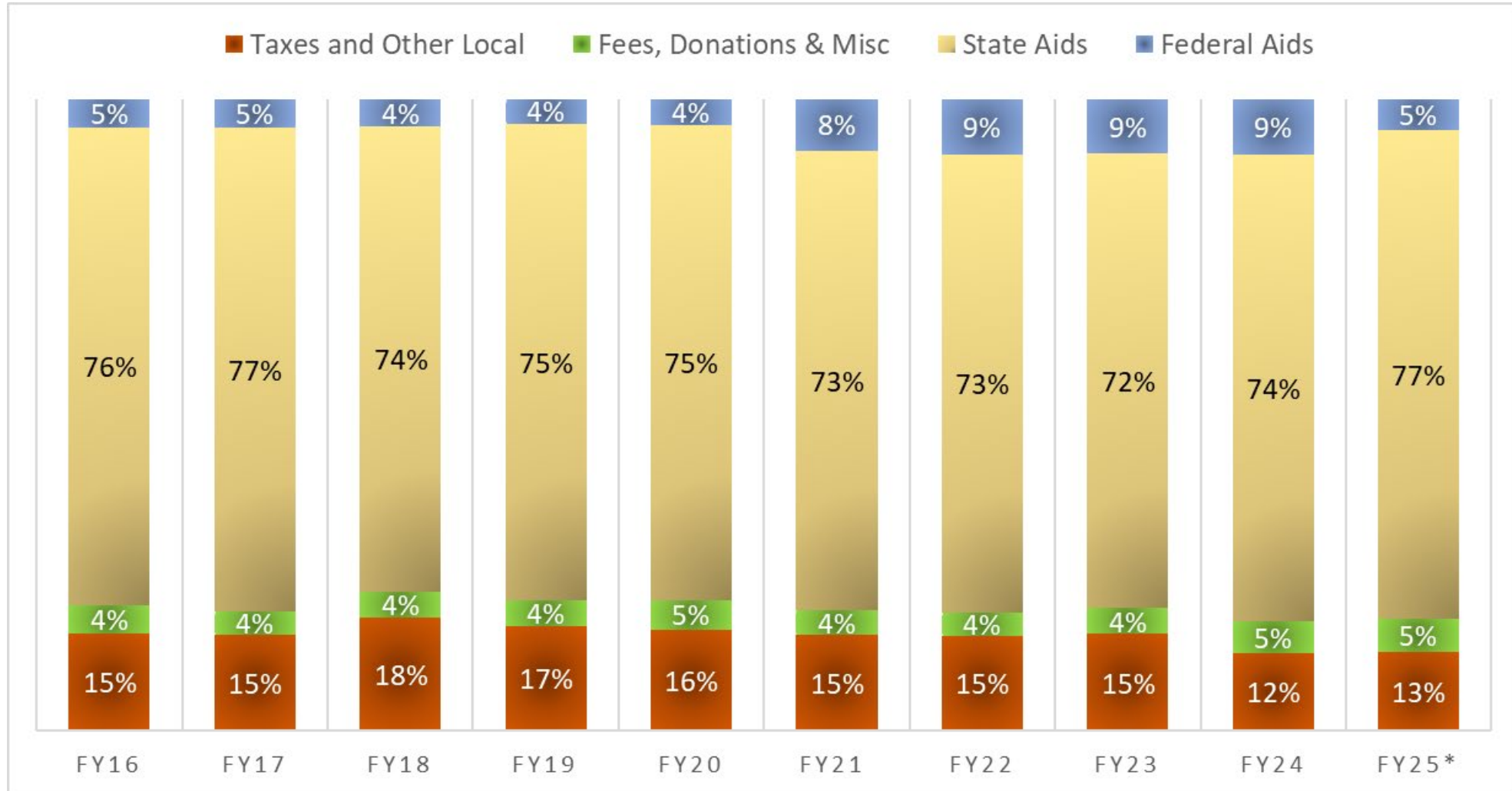
\* Budget

# General Fund Operating Results and Budget



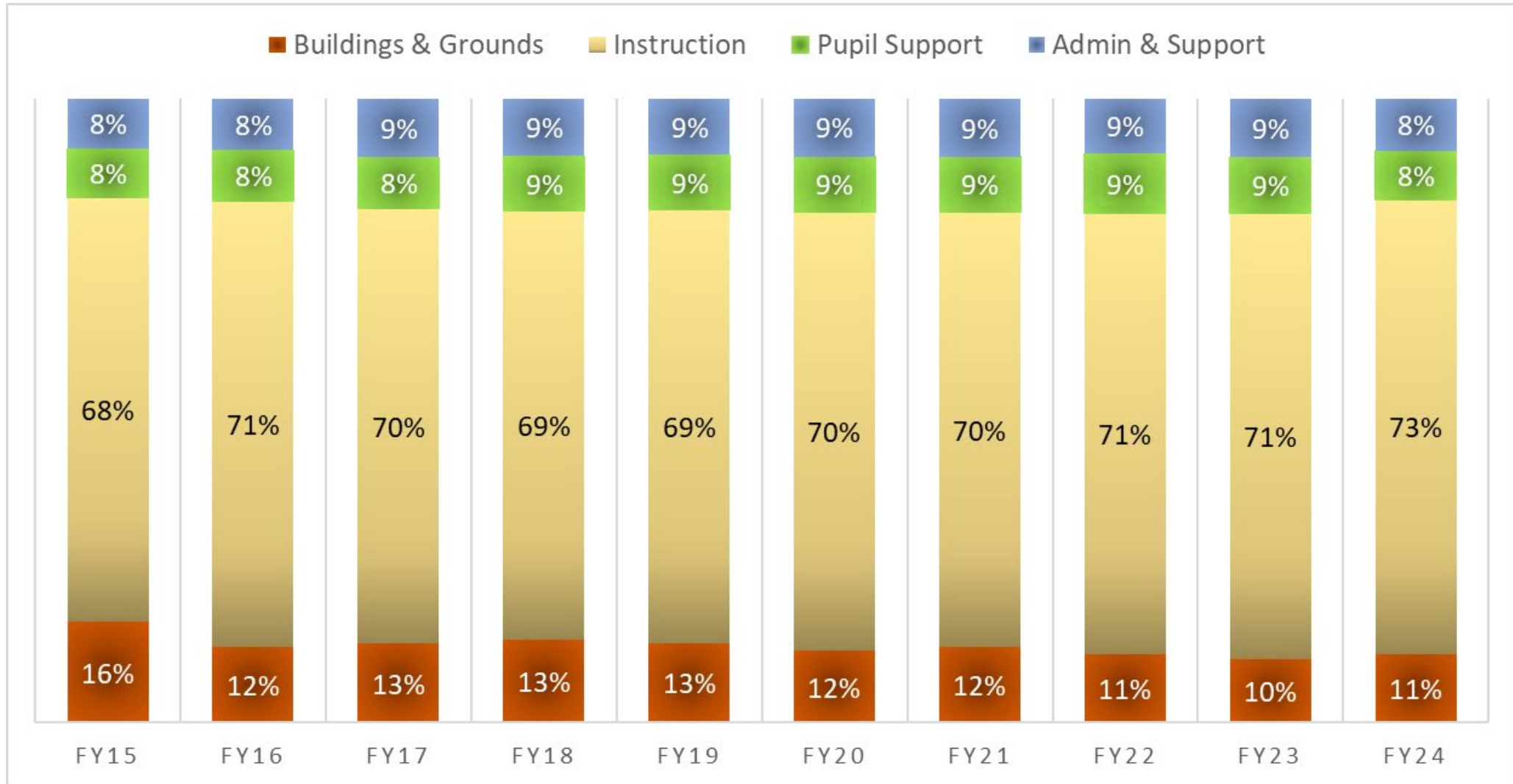
\* Working Budget

# General Fund Revenues

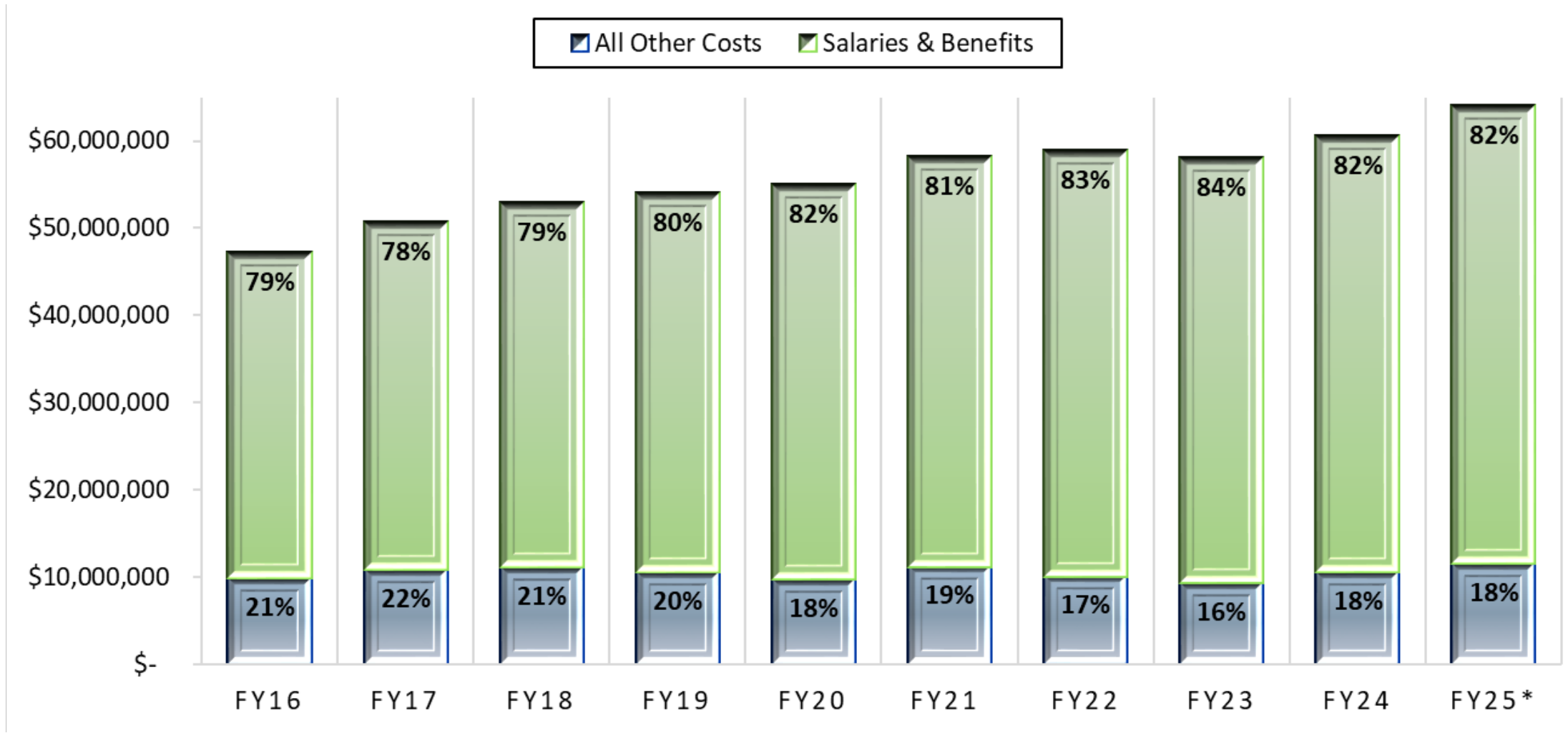


\* Budget

# General Fund Expenditures



# General Fund Expenditures



\* Working Budget

# General Fund Budget

	Budgets/YTD		
	FY25 Original	FY25 Working	FY25 Working
<b>Revenues</b>			
Taxes	\$ 8,084,000	\$ 8,043,000	\$ 2,591,000
Tuition and Fees	\$ 1,204,000	\$ 1,248,000	\$ 275,000
State Aid	\$ 49,210,000	\$ 49,571,000	\$ 10,989,000
Federal Aid	\$ 4,460,000	\$ 3,159,000	\$ 1,117,000
Donations & Other	\$ 1,913,000	\$ 2,107,000	\$ 570,000
<b>Total Revenues</b>	<b>\$ 64,871,000</b>	<b>\$ 64,128,000</b>	<b>\$ 15,542,000</b>
<b>Expenditures</b>			
Salaries	\$ 34,926,000	\$ 35,132,000	\$ 10,004,000
Benefits	\$ 16,373,000	\$ 17,229,000	\$ 4,438,000
Contracted Services	\$ 5,770,000	\$ 5,679,000	\$ 2,118,000
Supplies	\$ 4,115,000	\$ 3,973,000	\$ 2,200,000
Capital	\$ 1,961,000	\$ 1,860,000	\$ 804,000
Other	\$ 176,000	\$ 122,000	\$ 49,000
Fund Balance Health	\$ 650,000	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 63,971,000</b>	<b>\$ 63,995,000</b>	<b>\$ 19,613,000</b>
<b>Operating Surplus/(Loss)</b>	<b>\$ 900,000</b>	<b>\$ 133,000</b>	<b>\$ (4,071,000)</b>
Beginning Fund Balance	\$ 13,189,000	\$ 13,189,000	\$ 13,189,000
Ending Fund Balance	\$ 14,089,000	\$ 13,322,000	\$ 9,118,000



# School District Funding

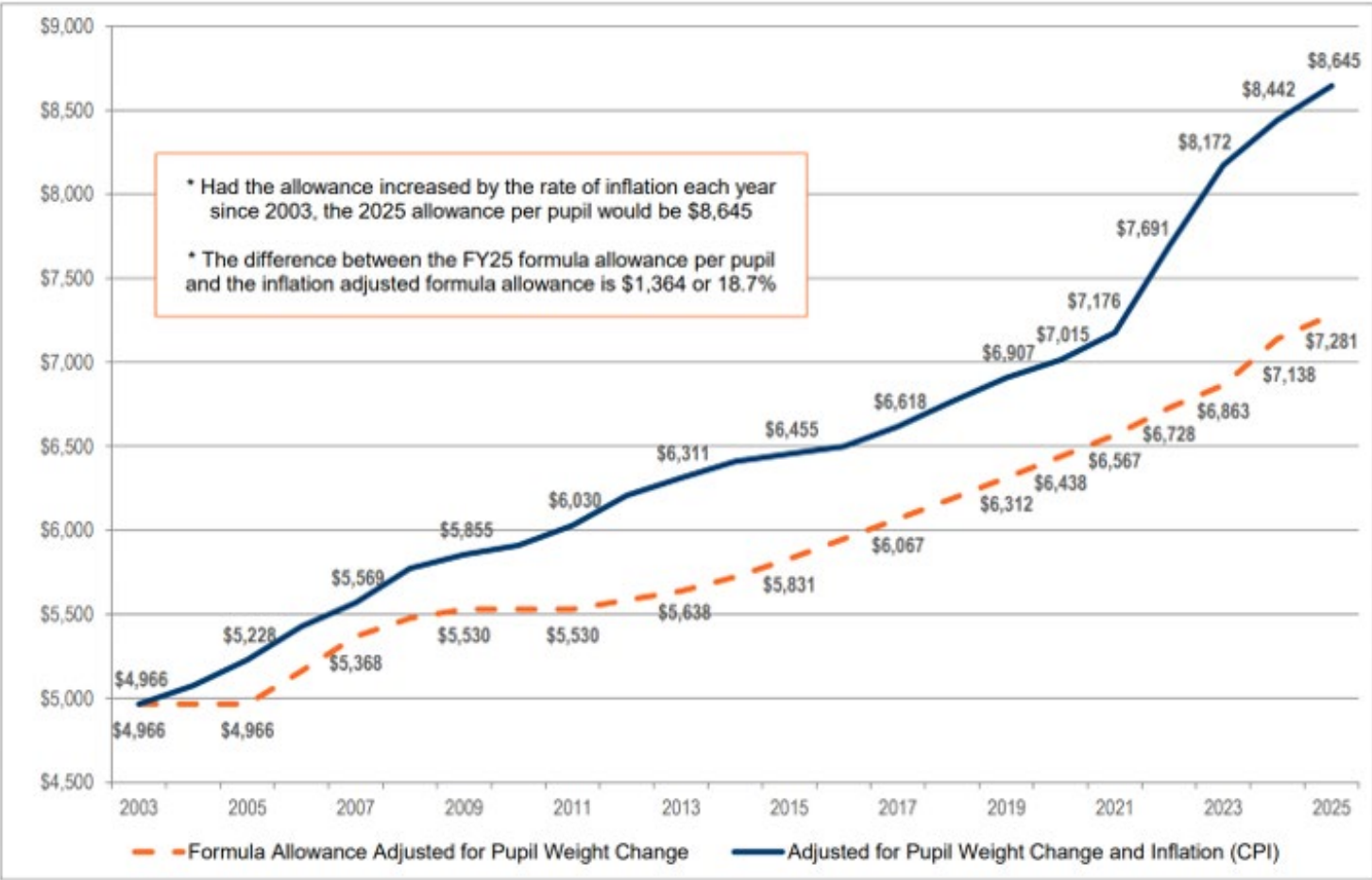
FY25 – Funding will trail inflation by \$1,364 per pupil

Assume 4,200 PU

Revenue lost due to untying allowance from inflation in FY25 is:

**\$5,728,800**

General Education Formula Allowance, 2003-2025  
Adjusted for Pupil Weight Change and Inflation (CPI)

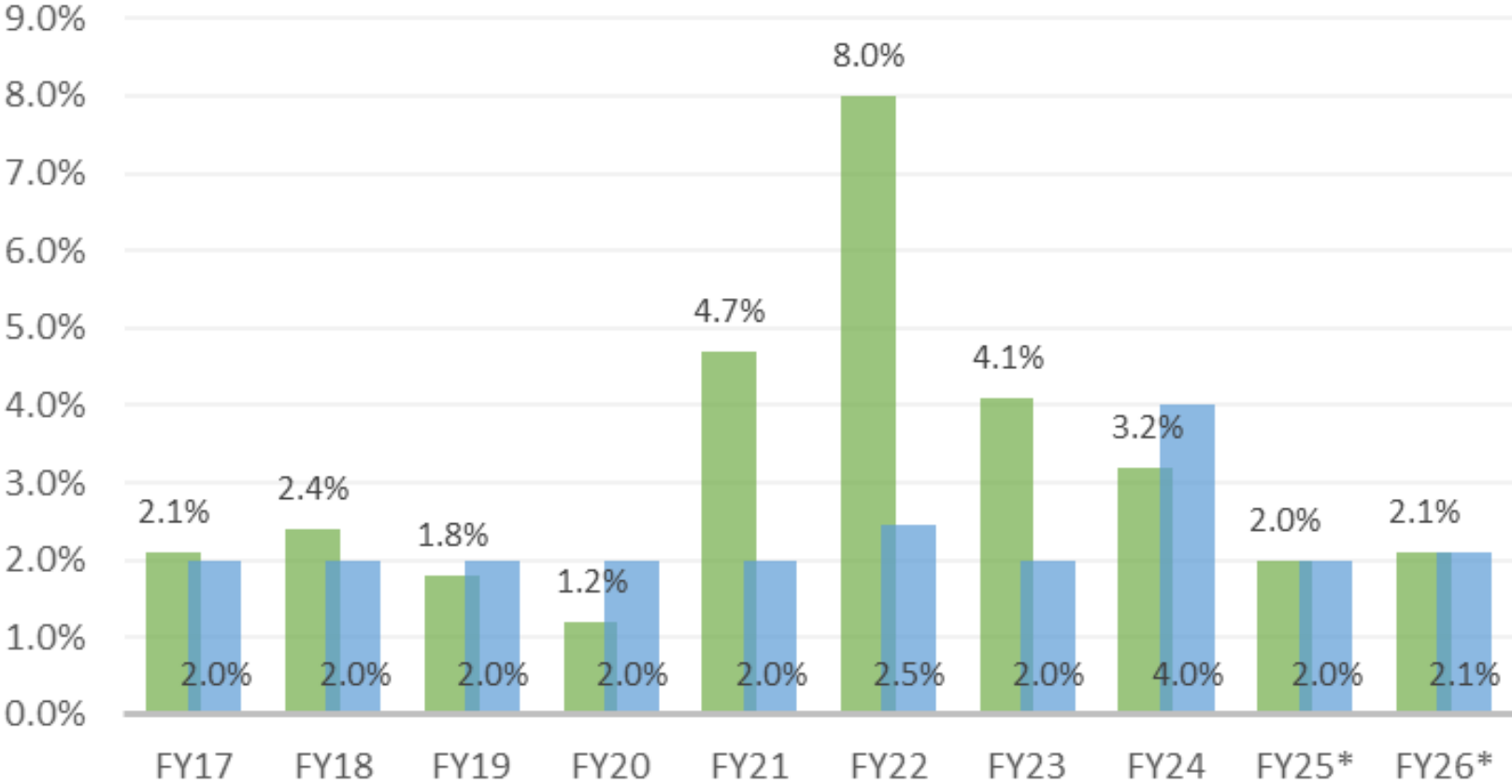


Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023



# School District Funding

Basic Formula Increase v. Inflation Rate (CPI)



Basic Education Formula Allowance				
Esimate stable pupil units		4,200		Inc in
Year	Allowance	Inc	Gen Ed x PU	Basic Ed
FY17	\$ 6,067	2.00%	\$ 25,481,400	\$ 499,800
FY18	\$ 6,188	2.00%	\$ 25,989,600	\$ 508,200
FY19	\$ 6,312	2.00%	\$ 26,510,400	\$ 520,800
FY20	\$ 6,438	2.00%	\$ 27,039,600	\$ 529,200
FY21	\$ 6,567	2.00%	\$ 27,581,400	\$ 541,800
FY22	\$ 6,728	2.45%	\$ 28,257,600	\$ 676,200
FY23	\$ 6,863	2.00%	\$ 28,822,752	\$ 565,152
FY24	\$ 7,137	4.00%	\$ 29,975,662	\$ 1,152,910
FY25	\$ 7,280	2.00%	\$ 30,575,175	\$ 599,513
FY26	\$ 7,433 *	2.10%	\$ 31,217,254	\$ 642,079

While the basic formula increase is only on a portion of the General Education revenue, most expenditures are affected by inflation.

\* Estimate  
Source: CPI - Federal Reserve Bank of Minneapolis



# How we compare -

We get less money than the average District and we spend less money than the average District.

## FY23 is the most recent year we have state comparable data

● FY23 Expenditures per student:	\$14,376	\$1354 per student <u>less</u> than state avg
● FY23 State average Exp per student:	\$15,730	
● FY23 Rev from local taxes:	\$1,670	\$1314 per student <u>less</u> than state avg
● FY23 State average from local taxes:	\$2,545	
● FY23 Rev from state :	\$10,512	
● FY23 State average:	\$11,073	

# Who you can contact for answers:

## District Specific Levy Questions:

Kara Lundin, Business Manager

[klundin@isd318.org](mailto:klundin@isd318.org) (218).327.5775

## Questions regarding your Property Value:

Itasca County Assessor's Office

[assessorinfo@co.Itasca.mn.us](mailto:assessorinfo@co.Itasca.mn.us) (218).327.7343

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Questions?

Thank you.

Kara Lundin