

2016

Truth in Taxation Public Hearing

2016 Proposed Budget and Property Tax Levy
City of Duluth, Minnesota

Mayor Don Ness

CITY COUNCILORS

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CHIEF ADMINISTRATIVE OFFICER
David Montgomery



City of Duluth Minnesota - 2016 Budget

2016 Preliminary Property Tax Levy

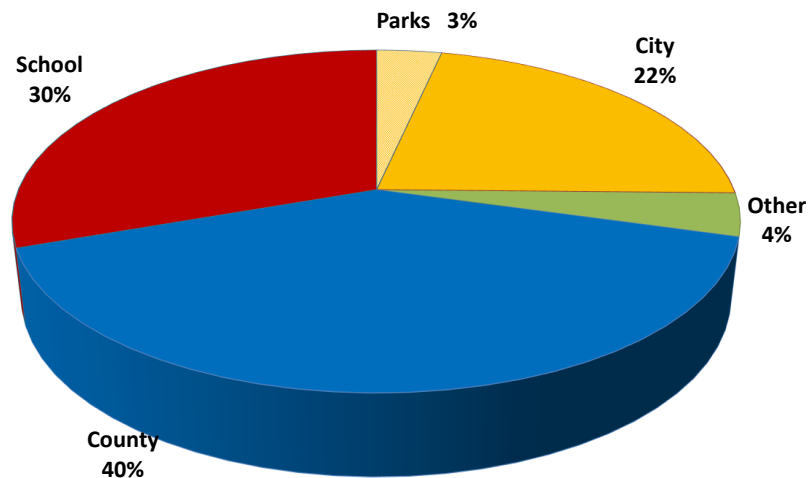
	2015 Approved Levy	2016 Proposed Levy	Change In Levy	% Change in Total City Levy	Impact on Tax Rate
General Operations Levy					
General Operations	\$ 12,864,500	\$ 13,567,600	\$ 703,100	3.50%	1.08%
New Growth	\$ -	\$ 411,300	\$ 411,300	2.05%	0.00%
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -		
Total General Operations Levy	\$ 13,014,500	\$ 14,128,900	\$ 1,114,400	5.55%	1.08%
Capital Projects Levy					
Debt Service	\$ 6,574,300	\$ 6,574,300	\$ -		0.00%
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -		
Total Capital Projects Levy	\$ 6,854,300	\$ 6,854,300	\$ -	0.00%	0.00%
Street Light Levy	\$ 220,000	\$ 647,592	\$ 427,592	2.13%	0.66%
Total City Property Tax Levy	\$ 20,088,800	\$ 21,630,792	\$ 1,541,992	7.68%	1.74%
Parks Referendum Levy	\$ 2,600,000	\$ 2,600,000	\$ -	0.00%	0.00%

Impact on Annual Property Tax Bill for \$159,600 Homestead Value

Annual City Portion:

2015 Average Homestead Property Taxes	\$ 518
2016 Property Taxes as Proposed	\$ 527
Proposed Increase	\$ 9

Breakdown of Average Homestead Property Tax Bill by Taxing Entity



ST LOUIS COUNTY
 AUDITOR
 DONALD DICKLICH
 100 N 5TH AVE W ROOM 214
 DULUTH MN 55802
 www.stlouiscountymn.gov

Taxpayer # XXXXX

Average Homesteader
 123 Main Street
 DULUTH MN

Property Information

PID Number:
 XXX-XXXX-XXXXX

Property: 123 Main Street (Duluth)

Property Description: Acres .00
 Main Street Division of Duluth
 Sec: 1000 .00 Pg: Lot: 1000 Bk:

PROPOSED TAXES 2016		
THIS IS NOT A BILL. DO NOT PAY.		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2015 2016
1	Estimated Market Value	159,600 159,600
	Homestead Exclusion	22,900 22,900
	Other Exclusions	0 0
	Taxable Market Value	136,700 136,700
	Class:	RES HMSTD RES HMSTD
Step	PROPOSED TAX	
2	Proposed Tax	2,083.00
Step	PROPERTY TAX STATEMENT	
3	Coming in 2016	To Be Determined
The time to provide feedback on PROPOSED LEVIES is NOW It is too late to appeal your value without going to Tax Court		

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2015	Proposed 2016
State General Tax	No public meeting	.00	.00
ST LOUIS COUNTY ST LOUIS COUNTY ADMIN 100 N 5TH AVE W, ROOM 202 DULUTH MN 55802 218-726-2383 www.stlouiscountymn.gov	12/03/2015 7:00 PM VIRGINIA COURTHOUSE 12/10/2015 7:00 PM DULUTH COURTHOUSE	880.61	838.86
CITY OF DULUTH BUDGET MANAGER 411 W 1ST ST ROOM 107 DULUTH MN 55801 (218) 730-5195	12/07/2015 7:00 PM CITY COUNCIL CHAMBER 411 W 1ST ST DULUTH MN 55802	518.19	527.04
School District: 709 Voter Approved Levies Other Levies BUSINESS OFFICE 215 N 1ST AVE E DULUTH MN 55802 (218) 336-8704 www.isd709.org	12/15/2015 6:30 PM HOCHS BOARD ROOM 215 N FIRST AVE E DULUTH MN 55802	70.66 576.60	79.15 553.47
Special Taxing District Tax Increment Tax Fiscal Disparity Tax		84.94 .00 .00	84.48 .00 .00
Total excluding any special assessments		2,131.00	2,083.00 -2.3 %

TAX BILL FOOTNOTES

Classification changes can significantly impact an individual's property tax burden. For example, homestead properties are taxed at a different rate than non-homestead, seasonal, or commercial/industrial.

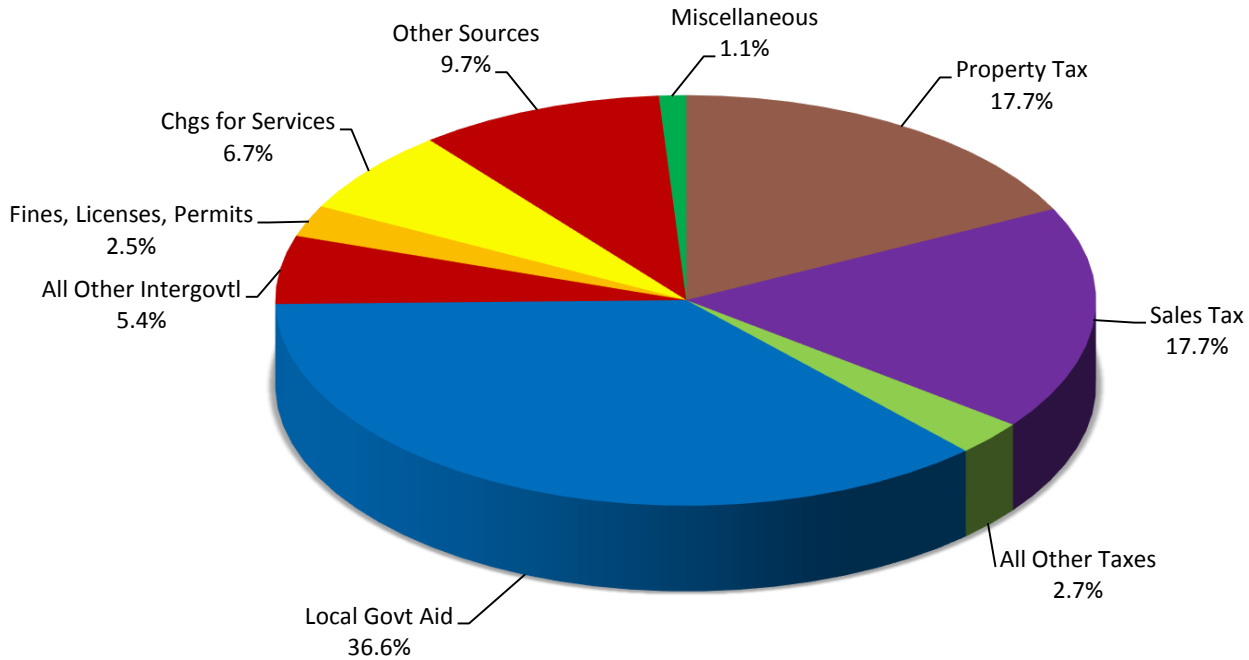
Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2015 property tax for each taxing authority compared to the proposed 2016 property tax.

If the overall tax bill is significantly higher than the previous year's, the property taxpayer may file for a refund from the State of Minnesota. This can take the form of a rebate on increases over 12%, with a \$100 minimum increase; or the circuit breaker program based on ability to pay.

City of Duluth Minnesota - 2016 Budget

GENERAL FUND PROPOSED REVENUES Percent of Total by Major Category

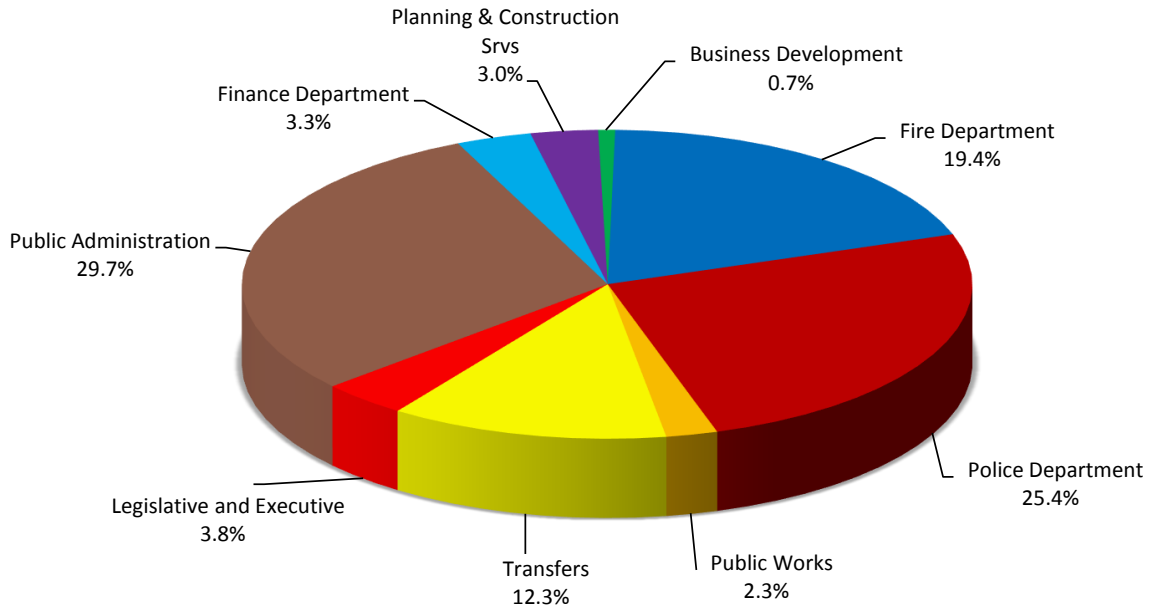


Property Tax - Current & Delinquent	\$	14,128,900
City Sales Tax	\$	14,175,000
All Other Taxes	\$	2,189,400
Local Government Aid	\$	29,264,100
All Other Intergovernmental	\$	4,307,700
Licenses and Fines	\$	1,988,900
Charges for Services	\$	5,358,100
Other Financing Sources	\$	7,738,100
Miscellaneous	\$	856,000
TOTAL 2016 REVENUES	\$	80,006,200

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2016. The City's policy of maintaining a diverse revenue base is reflected in the categories of revenues listed above, with almost 200 separate budgeted sources of revenue. Although the City does have a wide variety of revenues, the reader will note the City's relative dependence on Local Government Aid, which constitutes 36.6% of all general fund revenues. For this reason, Local Government Aid is monitored closely at the State Legislature.

City of Duluth Minnesota - 2016 Budget

GENERAL FUND PROPOSED EXPENSES Percent of Total by Department



Legislative and Executive	\$	3,048,700
Public Administration	\$	23,796,600
Finance Department	\$	2,659,400
Planning & Construction Srvs	\$	2,385,500
Business Development	\$	596,500
Fire Department	\$	15,546,600
Police Department	\$	20,328,700
Public Works	\$	1,816,500
Transfers	\$	9,827,700
TOTAL 2016 EXPENDITURES	\$	80,006,200

This graph shows the General Fund Departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2016. The largest category of expense is public safety with the Police and Fire Departments comprising 44.9% of the total; followed by the Public Administration Department which includes Maintenance Operations, City Clerk, Library, Human Resources, and Management Information Systems at 29.7%. The Transfers Department comprises 12.3% of the total. The remaining five departments totaled together are 13.1%, with no department exceeding 4%.

City of Duluth Minnesota - 2016 Budget

General Fund Expenses	2013 Actual	2014 Actual	2015 Approved	2016 Proposed
LEGISLATIVE AND EXECUTIVE				
City Council	109,369	120,079	179,200	179,200
Mayor's Office	295,000	377,088	397,100	437,800
Chief Administrative Officer	288,621	278,518	313,900	280,900
Attorney's Office	1,906,678	1,919,372	2,053,600	2,150,800
DEPARTMENT TOTAL	2,599,668	2,695,057	2,943,800	3,048,700
PUBLIC ADMINISTRATION				
Human Resources	1,003,643	1,034,698	1,149,300	1,184,100
Information Technology	2,206,541	2,398,363	2,740,900	2,939,900
City Clerk's	863,513	781,902	816,400	807,800
Maintenance Operations	10,883,612	10,488,295	9,805,100	10,434,900
Library Services	4,154,020	4,194,933	4,160,100	4,241,200
Facilities Management	3,599,429	3,538,274	4,133,600	4,188,700
DEPARTMENT TOTAL	22,710,758	22,436,465	22,805,400	23,796,600
FINANCE				
Budget Office	289,781	334,430	348,900	346,500
Auditor's Office	1,203,694	1,285,447	1,218,700	1,335,200
Purchasing	188,302	193,937	187,800	177,900
Treasurer's Office	773,484	789,113	772,500	799,800
DEPARTMENT TOTAL	2,455,261	2,602,927	2,527,900	2,659,400
PLANNING & CONSTRUCTION SERVICES				
Physical Planning	775,220	750,082	734,900	683,300
Const. Srvs & Inspection	1,532,551	1,532,816	1,651,700	1,702,200
DEPARTMENT TOTAL	2,307,771	2,282,898	2,386,600	2,385,500
BUSINESS DEVELOPMENT	565,210	631,714	611,200	596,500
FIRE DEPARTMENT				
Fire Administration	472,972	506,203	422,900	579,300
Fire Operations	13,157,326	13,516,782	13,346,800	13,936,200
Life Safety	1,025,699	927,493	1,027,500	1,031,100
DEPARTMENT TOTAL	14,655,997	14,950,478	14,797,200	15,546,600
POLICE DEPARTMENT	18,927,271	19,327,878	19,662,300	20,328,700
PUBLIC WORKS				
Director's Office	46,859	50,694	50,400	52,000
Transportation Engineering	1,665,898	1,703,102	1,733,800	1,764,500
DEPARTMENT TOTAL	1,712,757	1,753,796	1,784,200	1,816,500
TRANSFERS	8,497,557	9,928,919	10,149,400	9,827,700
DEPARTMENT TOTAL	8,497,557	9,928,919	10,149,400	9,827,700
Total General Fund	74,432,259	76,610,132	77,668,000	80,006,200

2016 Proposed General Fund Budget by Type in millions

	2014 Approved Budget	2015 Approved Budget	2016 Proposed Budget	Variance 2015 Approved Budget vs 2016 Proposed Budget	
				\$	%
REVENUES					
General Operations Levy	12.900	13.015	14.129	1.114	8.6%
City Sales Tax	12.900	13.160	14.175	1.015	7.7%
All Other Taxes	2.087	2.236	2.189	(0.047)	-2.1%
Payment in Lieu of Tax	2.935	3.997	3.012	(0.985)	-24.6%
Local Government Aid	29.043	29.204	29.264	0.060	0.2%
Pension Aids	1.724	1.724	1.899	0.175	10.2%
All Other Intergovernmental	2.227	1.914	2.408	0.494	25.8%
Charges for Services	3.575	3.396	3.086	(0.310)	-9.1%
Building Inspection Fees	2.035	2.101	2.272	0.171	8.1%
Licenses and Permits	1.479	1.577	1.483	(0.094)	-6.0%
Fines	0.613	0.540	0.506	(0.034)	-6.3%
Earnings on Investments	0.305	-	-	-	
Transfer from Other funds	3.688	3.842	4.727	0.885	23.0%
Miscellaneous Revenues	0.897	0.962	0.856	(0.106)	-11.0%
Revenue Totals	76.408	77.668	80.006	2.338	3.0%
EXPENSES					
SALARIES					
Permanent Salaries	37.920	38.363	39.975	1.612	4.2%
Overtime	1.208	1.494	1.508	0.014	0.9%
Other Wages	0.494	0.487	0.516	0.029	6.0%
Total Salaries	39.622	40.344	41.999	1.655	4.1%
BENEFITS					
PERA	4.398	4.731	4.947	0.216	4.6%
Payroll Taxes	1.759	1.778	1.839	0.061	3.4%
Employee Insurances	9.157	9.262	9.479	0.217	2.3%
Total Benefits	15.314	15.771	16.265	0.494	3.1%
OTHER EXPENSE/CAPITAL					
Supplies	3.476	3.081	2.990	(0.091)	-3.0%
Other Services and Charges	9.229	9.629	9.835	0.206	2.1%
Utilities	1.226	1.226	1.251	0.025	2.0%
Retiree Insurance	7.225	7.225	6.900	(0.325)	-4.5%
Capital	0.316	0.392	0.266	(0.126)	-32.1%
Total Other Expense	21.472	21.553	21.242	(0.311)	-1.4%
Park/Trail Maintenance Supplement	-	-	0.500	0.500	100.0%
Proposed Budget Expense Totals	76.408	77.668	80.006	2.338	3.0%

2016 Proposed General Fund Budget by Type

Bridge Schedule Outlining Variances over 2015 Approved Budget and 2016 Proposed Budget

	\$ Variance in Millions	Narrative
2015 Approved Revenues	\$ 77.668	
General Operations Levy	1.114	New growth & 3.5% levy increase
City Sales Tax	1.015	Based on 2015 projected sales
Licenses and Permits	(0.094)	Based on current projections
Local Government Aid	0.060	Certified LGA
All Other Intergovernmental	0.494	MSA and state insurance premium
Fines and Forfeits	(0.034)	Based on current projections
Payment in Lieu of Tax	(0.985)	Based on 2015 projected gas sales
Earnings on Investments	-	Revenue moved to OPEB in 2015
All Other Revenues	0.768	All other changes throughout
Total Revenue Changes	2.338	
2016 Proposed Revenues	\$ 80.006	
2015 Approved Expenses	\$ 77.668	
Permanent Salaries	1.612	Contract negotiations
Overtime	0.014	Accurately reflect usage
Other Wages	0.029	Increase in temp wages
PERA, Payroll Taxes	0.277	Due to salary increases
Insurances	0.217	More employees on family health
All Other Operating Expenses	(0.311)	Decreased retiree health costs
Park/Trail Maintenance Supplement	0.500	Park/Trail maintenance supplement
Total Expense Changes	2.338	
2016 Proposed Expenses	\$ 80.006	