



Orono Schools 2023 Pay 2024 Levy
Final – Truth in Taxation
December 11, 2023

Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 30th
- Meeting starts after 6:00pm
- May be part of a regularly scheduled meeting
- May adopt the final levy at the same meeting
- Must allow for public comments

... and a Presentation of:

- Current Year Budget
- Prior year actual revenue & expenditures
- Proposed property tax levy including % of increase
- Specific purposes & reasons taxes are being increased



Truth in Taxation Agenda

1. Points of Pride
2. Mission and Guiding Values
3. School Funding
4. District Budget
5. District's Proposed Tax Levy for Taxes Payable in 2024
6. Public Comments & Questions



Points of Pride

- For the third consecutive year, Orono High School ranked the #1 Traditional High School in Minnesota by *U.S. News and World Report*
- Orono Schools #1 District with Best Teachers in Minnesota, *Niche.com*
- Orono High School: 2021 and 2022 “Reader’s Choice Award” for Best Public School, *Sun Sailor Newspapers*
- ASBO Certificate of Excellence in Financial Reporting

**29.5****ACT**
Top 100**90%**Post-secondary
education**172****AP**
Scholars**6****AP Capstone**
Diplomas**85%**Participation in
activities

Mission and Guiding Values

Mission

Our students will maximize their potential in life because of their experiences in Orono Schools.

Values

Excellence: Encourage students, staff and administration to reach their highest levels of personal achievement.

Fortitude: Building qualities of courage, perseverance and resilience.

Relationships: Promote respectful and caring relationships.

Inclusion: Embracing diverse and unique needs, backgrounds, ideas and talents.

Global Perspective: Inspire learners to be engaged citizens in the modern world.

Stewardship: Demonstrate constant accountability through responsible planning and use of resources.



Financial Stewardship

Moody's Investors Service affirmed the district's Aa2 rating on May 4, 2023. This is a high distinction with only 2% of school districts across Minnesota earning this rating.

The Aa2 issuer rating reflects the Orono Public School District's:

- stable tax base
- strong enrollment demand
- and solid financial profile.

The district prides itself on responsible financial management and oversight to best serve our students and the community for the long term.



Education Funding is Highly Regulated

School Funding is controlled by the MN Legislature

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS - Section 1

“UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. **The legislature shall make such provisions by taxation or otherwise** as will secure a thorough and efficient system of public schools throughout the state.”

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by voters)

State also authorizes school board to submit referendums for operating and capital needs to voters for approval



Growing Dependence on Referendum Revenue

- In 1992-93, 65% of districts had operating referendum revenue averaging \$332 per pupil
- For 2022-23, all Minnesota districts have referendum revenue and/or local optional revenue levy authority averaging \$1,475 per pupil
 - Referendum revenue including Local Optional Revenue (LOR) provides 18.8% of General Fund operating revenue and of this amount, approximately \$2,000 is a voter approved operating referendum while \$724 is Local Optional Revenue (LOR)
- In November 2016, voters renewed the District's operating referendum through the 2026-2027 school year



Reliance on Technology Levy

- In November 2001, voters approved the District's first technology levy
- Technology levies may be authorized for up to ten years
- In November 2011, 73% of the district's voters approved extending the technology levy
- In November 2022, 66% of the district's voters approved extending the technology levy and it is included in the levy presented this evening
- This technology levy will fund \$1.5 million for technology next year which is the second year of its ten-year voter re-authorization



Budget Information

Because approval of the school district budget lags the certification of the tax levy by six months, the state requires only current year budget information and prior year actual financial results be presented at this hearing. The Fiscal 2024-25 budget will be set in June 2024.


All school district budgets are divided into separate funds, based on purposes of revenue, as required by law

Orono District Funds:

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- Custodial
- Internal Service
- OPEB Trust
- OPEB Debt Service



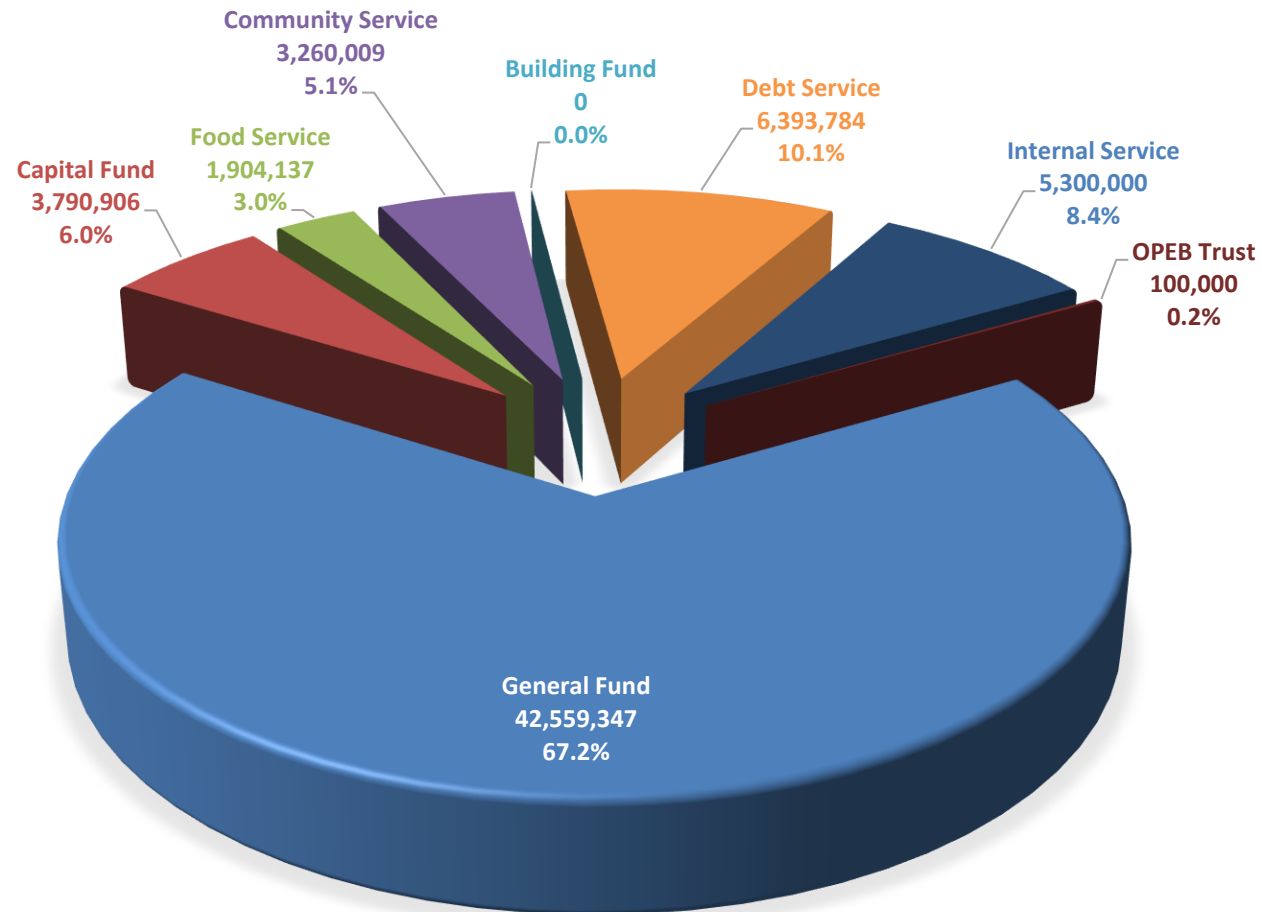
Budget Information

	Division of School Finance 400 NE Stinson Blvd. Minneapolis, MN 55413		District Revenues and Expenditures Budget for Fiscal Year (FY) 2023 and FY 2024					ED-00110-46
General Information: Minnesota Statutes 2021, section 123B.10, requires that every school board shall publish the subject data of this report.								
District Name:							District Number:	
Fund	FY 2023 Beginning Fund Balances	FY 2023 Actual Revenues and Transfers In	FY 2023 Actual Expenditures and Transfers Out	June 30, 2023 Actual Fund Balances	FY 2024 Budget Revenues and Transfers In	FY 2024 Budget Expenditures and Transfers Out	June 30, 2024 Projected Fund Balances	
General Fund/Restricted	\$ 2,112,326	\$ 4,321,672	\$ 4,811,412	\$ 1,622,586	\$ 4,465,906	\$ 4,465,906	\$ 1,622,586	
General Fund/Other	\$ 2,783,046	\$ 39,485,052	\$ 40,208,570	\$ 2,059,528	\$ 41,884,347	\$ 41,716,640	\$ 2,227,235	
Food Service Fund	\$ 923,567	\$ 2,208,543	\$ 2,119,848	\$ 1,012,262	\$ 1,904,137	\$ 1,904,137	\$ 1,012,262	
Community Service Fund	\$ 789,726	\$ 4,114,964	\$ 3,525,990	\$ 1,378,700	\$ 3,438,283	\$ 3,323,261	\$ 1,493,722	
Building Construction Fund	\$ 901,519	\$ 6,107,391	\$ 1,300,441	\$ 5,708,469	\$ -	\$ 5,708,469	\$ -	
Debt Service Fund	\$ 1,058,312	\$ 6,359,153	\$ 6,047,448	\$ 1,370,017	\$ 6,024,823	\$ 6,140,004	\$ 1,254,836	
Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Internal Service Fund	\$ 1,725,293			\$ 1,725,293			\$ 1,725,293	
* OPEB Revocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
OPEB Irrevocable Trust Fund	\$ 3,453,266	\$ 67,266	\$ 309,967	\$ 3,210,565	\$ 100,000	\$ 275,000	\$ 3,035,565	
OPEB Debt Service Fund	\$ 72,910	\$ 369,364	\$ 362,912	\$ 79,362	\$ 368,961	\$ 368,033	\$ 80,290	
Total - All Funds	\$ 13,819,965	\$ 63,033,405	\$ 58,686,588	\$ 18,166,782	\$ 58,186,457	\$ 63,901,450	\$ 12,451,789	



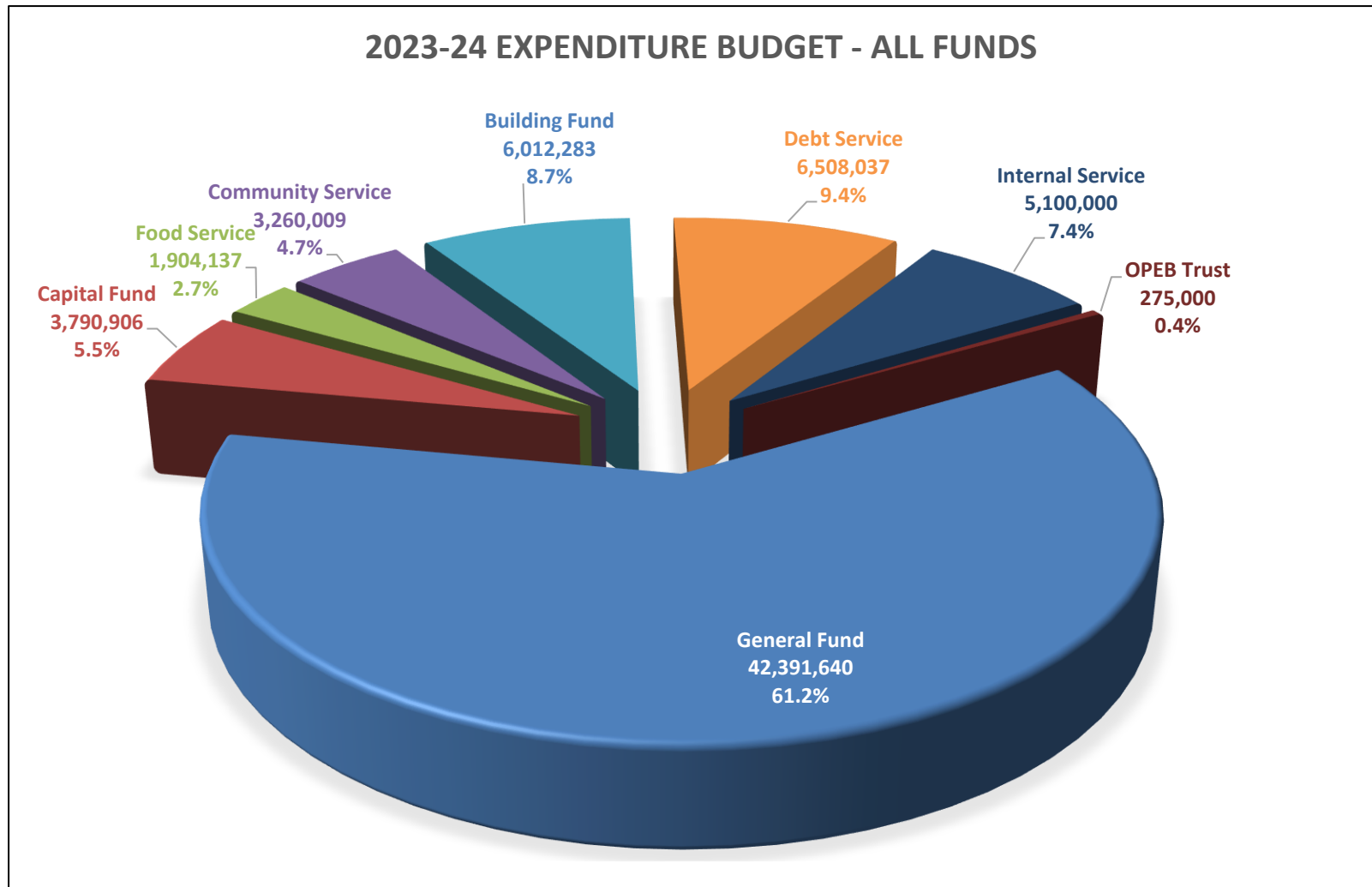
2023-24 Revenue by Fund

\$63,486,457



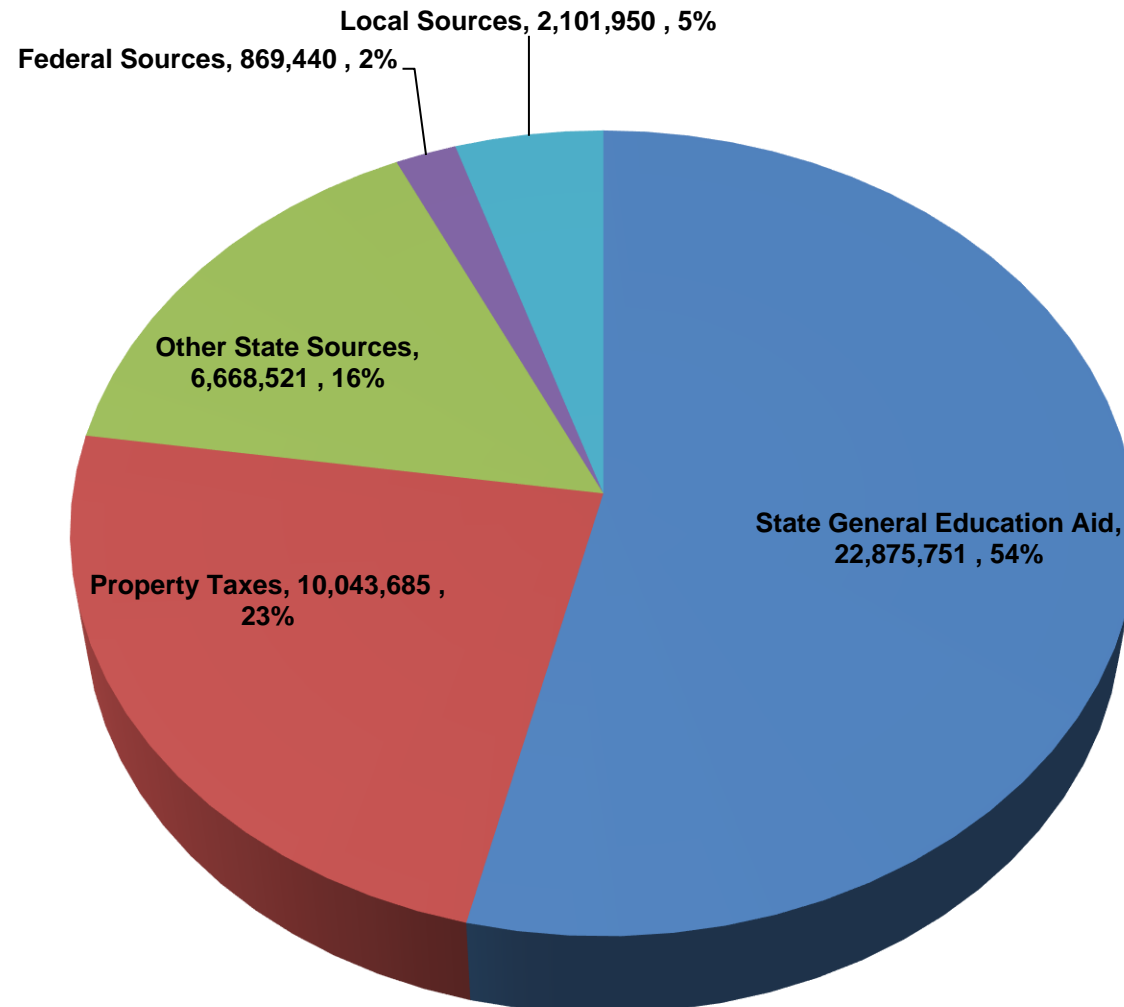
2023-24 Expenditures by Fund

\$69,305,264



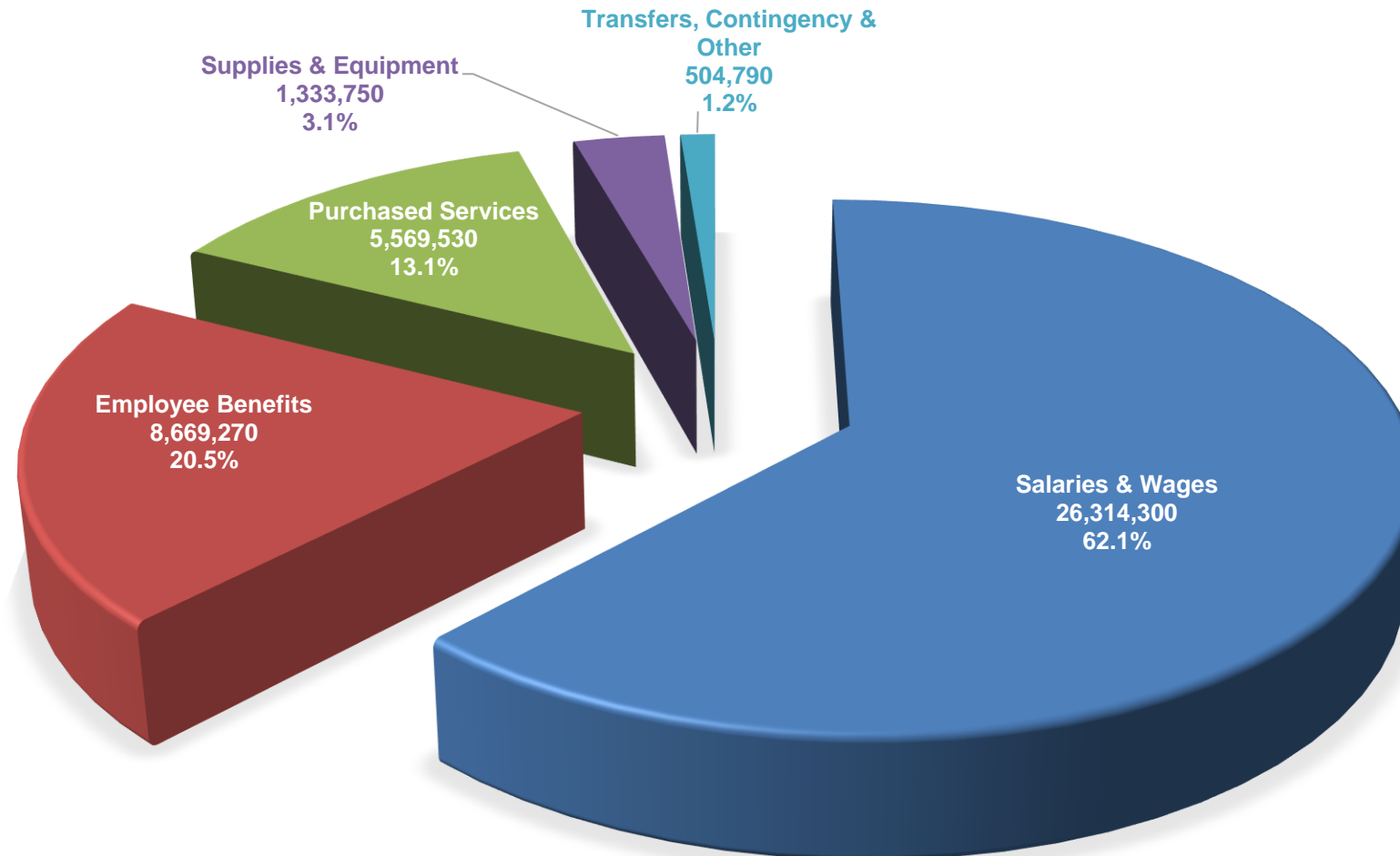
2023-24 Revenues by Source

General Fund \$42,559,347



2023-24 Expenditures by Category

General Fund \$42,391,640



Payable 2023 Property Tax Levy

- Determination of levy
- Comparison of 2023 to 2024 levies
- Specific reasons for changes in tax levy



Property Tax Background

- Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located
- Property taxes are spread (or allocated) based upon the property’s value
- Each taxing jurisdiction sets own tax levy, often based on limits in state law
- County sends bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions

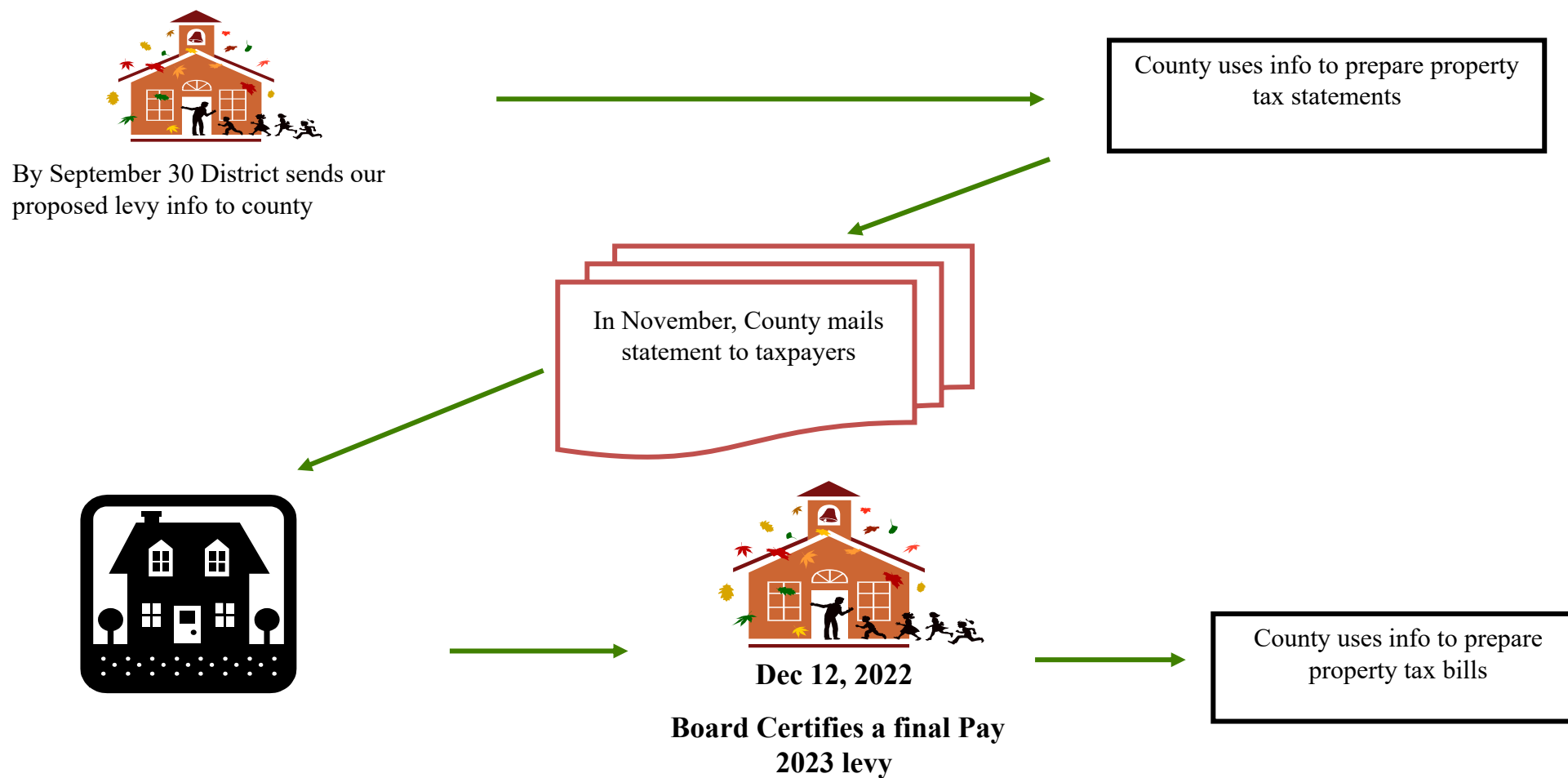


School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- “Levy limits” (maximum levy amounts) for each category are set by
 - State law
 - Voter approval
- Minnesota Department of Education (MDE) calculates detailed levy limits for each district



Property Taxes – Key Steps in the Process



What Affects the Levy?

- **Student Enrollment**
- **Property Values**
 - Net Tax Capacity = Overall property value of the District
 - Referendum Market Value = total market value excluding the value of agricultural and seasonal-recreational property
- **Voter Approved Items**
 - Operating Referendum and Bond principal and interest payments
 - Technology levy
- **Long-Term Facility Maintenance approved by MDE (bonded and pay-as-you go)**
- **Adjustments from prior year two levies**



2024 Property Tax Levy Summary

Category	Actual 2023 Levy	Proposed 2024 Levy	Difference
General Fund	13,895,486.56	13,904,524.43	9,037.87
Community Service	297,767.02	330,748.60	32,981.58
Debt Service	6,024,823.35	7,677,741.30	1,652,917.95
OPEB Debt Service	368,960.84	365,044.42	(3,916.42)
TOTAL	20,587,037.77	22,278,058.75	1,691,020.98

8.21% increase from 2023



2024 Property Tax Levy Highlights

- **Voter Approved Operating Levy** increase is primarily due to inflationary adjustments in previous years and increased enrollment
- **Voter Approved Technology Levy** increase is primarily due to an increase in the District's tax base
- **Debt Service Fund Levies** include principal and interest for voter approved bonds and state approved LTFM debt service
- **Community Service Fund levy** increased by \$32,981 and **OPEB Debt Service Fund levy** decreased by \$3,916.

Preliminary levy increase of \$1,691,020.98 or 8.21% for 2024



Tax Credit Options for Homeowners

Minnesota Homestead Credit Refund “Circuit Breaker”

- Has existed since 1970s
- Available each year to owners of homestead property (applies to taxes paid on house, garage and one acre for ag homestead property)
- Annual income must be approximately \$119,790 or less (income limit is higher if you have dependents)
- Sliding scale - refund based on income and total property taxes
- Maximum refund for homeowners is \$2,930
- Also available to renters
- Complete state tax form M-1PR (www.revenue.state.mn.us)

Minnesota Special Property Tax Refund

- Available each year to owners of homestead properties with a gross tax increase of at least 12% and \$100 over prior year
- Refund is 60% of amount by which tax increase exceeds greater of 12% or \$100, up to a maximum of \$1,000
- No income limits
- Complete state tax form M-1PR (www.revenue.state.mn.us)



Tax Credit Options for Homeowners

Senior Citizen Property Tax Deferral

- Allows people age 65 and older with household income of \$60,000 or less to defer a portion of property taxes on their home
- You have lived in, owned your home, and had it homesteaded for the last 15 years
- Limits maximum amount of property tax paid to 3% of household income
- Additional taxes are deferred, not forgiven
- Provides predictability; amount of tax you pay will not change for as long as you participate in the program
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies



Public Comment



LEVY APPROVAL

The District recommends the Board of Education:

- Approve the 2023 Pay 2024 Levy in the amount of **\$22,278,058.75**
- Direct the Board Clerk to certify the levy in the amount listed above to the Hennepin County Auditor

