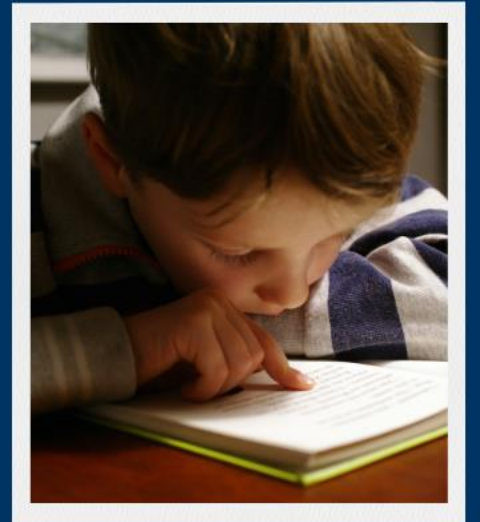


Orono Public Schools

Truth-in-Taxation Presentation for Taxes Payable in 2025

December 9, 2024



Mission

Our Unique Purpose

“Inspiring and empowering every student to achieve their highest potential through exceptional experiences.”

Vision

Our highest aspiration

“Orono Schools will inspire lifelong learners and ethical citizens who positively impact our world.”



Values

Global Perspective

Relationships

Inclusion

Community

Excellence

Resilience

Stewardship



Agenda

- Requirements and Background Information on School Funding
- FY 2024-25 School Budget
- Proposed Tax Levy Certification Payable in 2025
- Points of Pride
- Public Comment & Questions



Minnesota State Law Requirements

A Public Meeting...

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

... and a Presentation of:

- Current year budget
- Proposed property tax levy including % of increase
- Specific purposes & reasons taxes are being increased



Funding School Districts Background

Funding for School Districts is highly regulated!

State of Minnesota:

- MN Legislature Must Set Funding for Minnesota Public Schools
 - 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 of Minnesota Sets:
 - Formulas which determine revenue; most revenue based on specified amounts per pupil unit.
 - 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 in November

Authorizes school board to submit referendums for operating and capital needs to voters for approval.

Change in Tax Levy does not Determine Change in Budget



Tax levy is based on many state-determined formulas plus voter approved referendums



Some increases in tax levies are revenue neutral, offset by reductions in state aid



Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance



An increase in school taxes does not always correlate to an equal increase in budget

Difference in Levy Cycles



School District:

- Budget year begins July 1st
- 2025 taxes provide revenue for 2025-26 fiscal year
- Budget adopted in June 2025 for 2025-26 fiscal year

City/County:

- Budget year begins Jan. 1st
- 2025 taxes provide revenue for 2025 calendar year budget

Budget Information

Because approval of school district budget lags 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 2025-26 budget will be set in June 2025.

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

**Other Post-Employment Benefits*



District Revenues & Expenditures

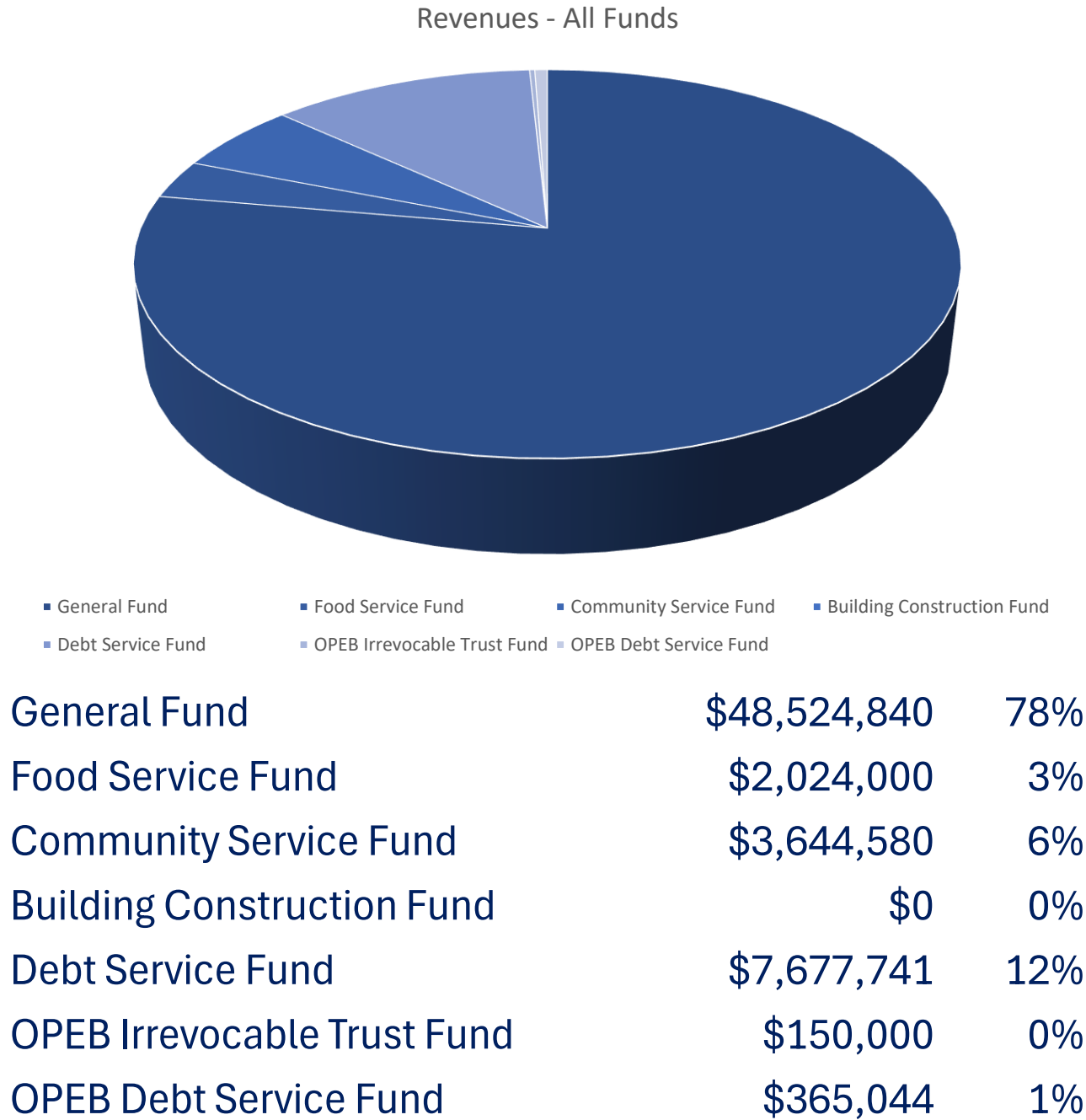
Actual for FY 2023-24, Budget for FY 2024-25



Fund	FY 2024 Beginning Fund Balances	FY 2024 Actual Revenues and Transfers In	FY 2024 Actual Expenditures and Transfers Out	June 30, 2024 Actual Fund Balances	FY 2025 Budget Revenues and Transfers In	FY 2025 Budget Expenditures and Transfers Out	June 30, 2025 Projected Fund Balances
General Fund/Restricted	\$ 1,622,587	\$ 4,740,645	\$ 4,536,095	\$ 1,827,137	\$ 4,156,211	\$ 4,340,450	\$ 1,642,898
General Fund/Other	\$ 2,059,528	\$ 42,703,582	\$ 41,691,531	\$ 3,071,579	\$ 44,368,629	\$ 43,847,450	\$ 3,592,758
Food Service Fund	\$ 1,012,262	\$ 2,526,792	\$ 2,417,201	\$ 1,121,853	\$ 2,024,000	\$ 2,137,499	\$ 1,008,354
Community Service Fund	\$ 1,378,700	\$ 4,061,088	\$ 3,995,974	\$ 1,443,814	\$ 3,644,580	\$ 3,489,424	\$ 1,598,970
Building Construction Fund	\$ 5,708,470	\$ 305,259	\$ 2,782,232	\$ 3,231,497	\$ -	\$ -	\$ 3,231,497
Debt Service Fund	\$ 1,370,017	\$ 6,203,692	\$ 6,547,938	\$ 1,025,771	\$ 7,677,741	\$ 7,504,087	\$ 1,199,425
Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Fund	\$ 2,754,204			\$ 3,560,838			\$ 3,560,838
OPEB Revocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Irrevocable Trust Fund	\$ 3,210,575	\$ 152,817	\$ 543,271	\$ 2,820,121	\$ 150,000	\$ 370,000	\$ 2,600,121
OPEB Debt Service Fund	\$ 79,361	\$ 377,724	\$ 368,508	\$ 88,577	\$ 365,044	\$ 362,832	\$ 90,789
Total - All Funds	\$ 19,195,704	\$ 61,071,599	\$ 62,882,750	\$ 18,191,187	\$ 62,386,205	\$ 62,051,742	\$ 18,525,650

Revenue – All Funds

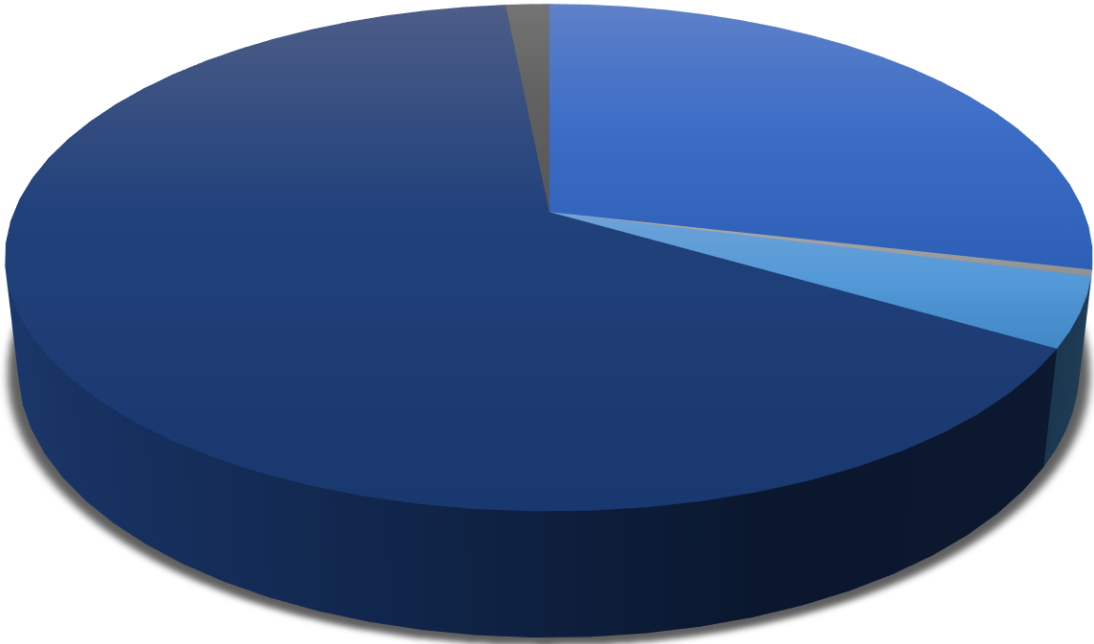
2024-25 Budget
\$62,386,205



General Fund Revenues – By Source

2024-25 Budget
\$48,524,840

General Fund Revenues



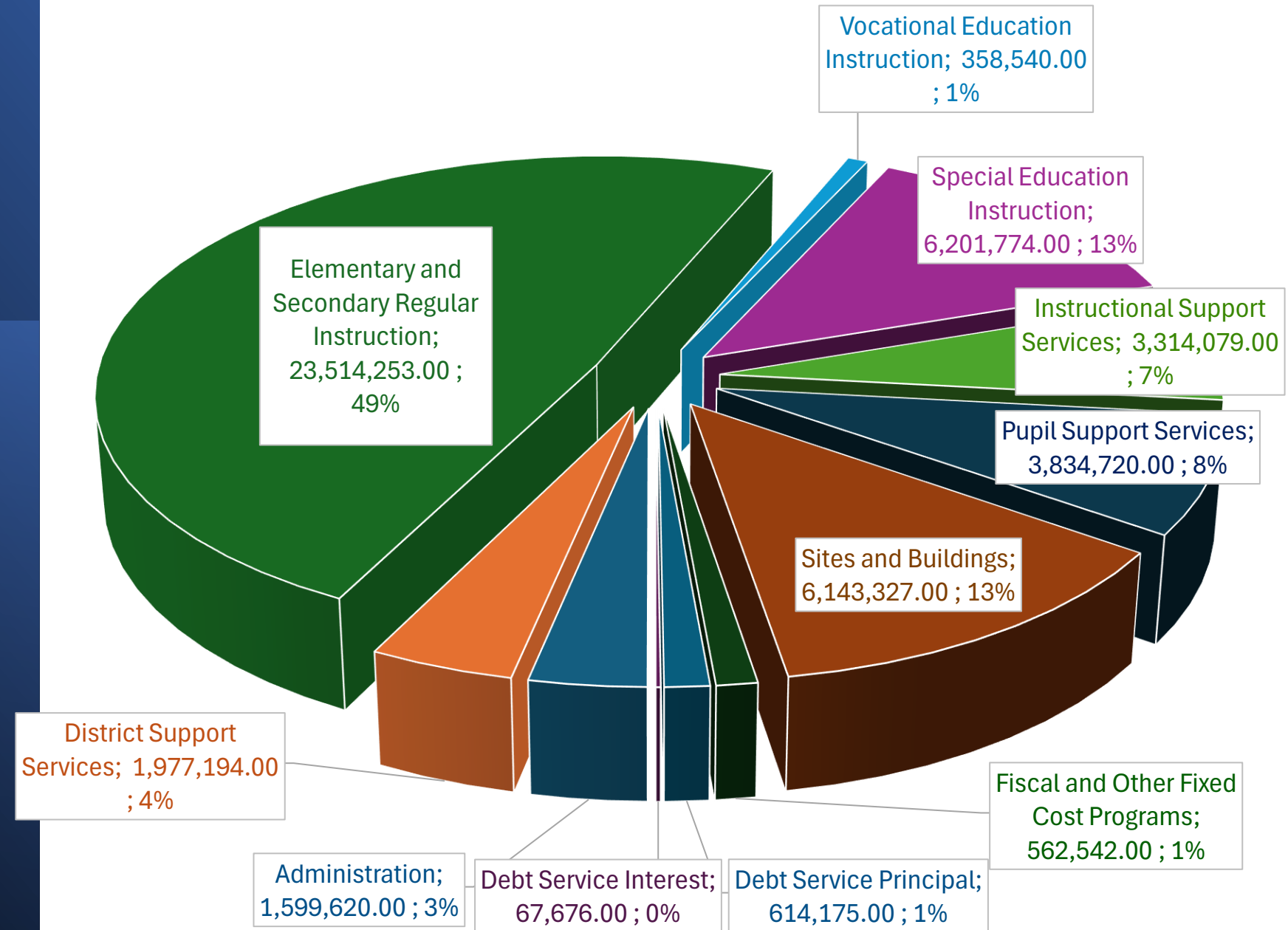
Property Taxes Investment Earnings Other State Sources Federal Sources

General Fund Revenue Summary

Property Taxes	13,885,665.00	29%
Investment Earnings	200,000.00	0%
Other	2,141,250.00	4%
State Sources	31,551,072.00	65%
Federal Sources	746,853.00	2%
Revenues - Total	48,524,840.00	

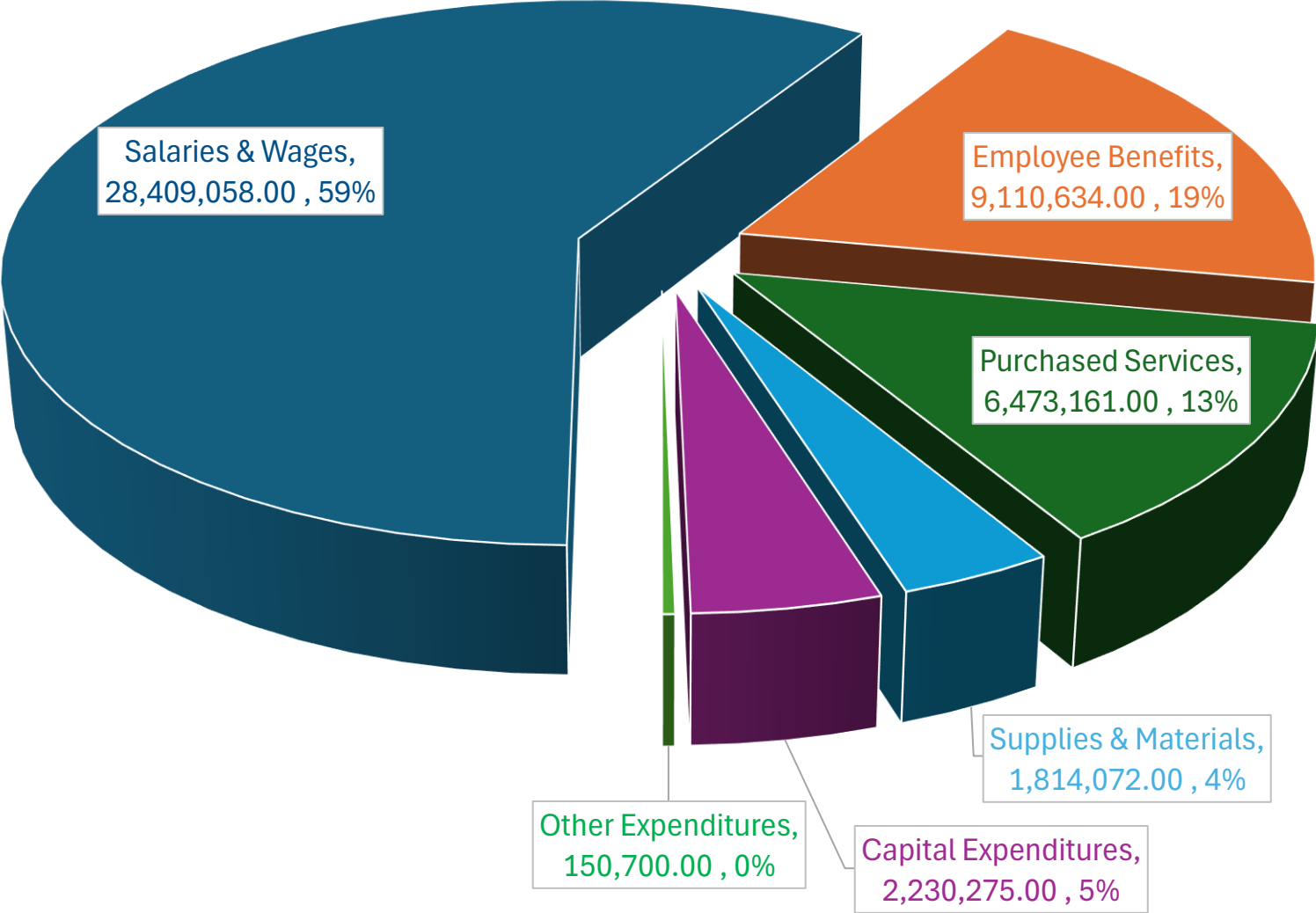
General Fund Expenditures – By Program

2024-25 Budget
\$48,187,900



General Fund Expenditures – By Object

2024-25 Budget
\$48,187,900



Payable 2025 Property Tax Levy



Determination of levy



Compare 2024 to 2025 levies



Reasons for changes in tax levy



Impact on taxpayers

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.
- Each taxing jurisdiction sets own tax levy, often based on limits in state law.
- County sends bills, collects taxes from property owners & distributes funds back to other taxing jurisdictions.



Sample of parcel specific notice mailed to every property owner between November 11 & November 24

Contents:

- Proposed property taxes compared to last year
 - By taxing jurisdiction
 - By voter approved & other for school district
- Time & place of public meetings



Spruce County
Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(555) 345-6789
www.co.spruce.mn.us

TAXPAYER(S):
John and Mary Johnson
123 Pine Rd S
Spruceville, MN 55555-5555

Property Information
PIN Number: 01.234.56.789.R1 **Property Address:** 789 Pine Rd S
Spruceville, MN 55555

Property Description:
Lot 1, Block 1, Spruce Acres Subdivision

PROPOSED TAXES 2025			
THIS IS NOT A BILL. DO NOT PAY.			
Step 1	VALUES AND CLASSIFICATION		
	<u>Taxes Payable Year</u>	<u>2024</u>	<u>2025</u>
	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$33,0500
	Taxable Market Value	\$125,000	\$116,950
	Class	Res NHmstd	Res Hmstd
Step 2	PROPOSED TAX		
	Property taxes before credits	\$1,562.46	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property taxes after credits	<u>\$1,550.46</u>	
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2025		
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 2024	Proposed 2025	
State General Property Tax	No public meeting	\$0	\$0	
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 5, 7:00 PM	\$438.06	\$484.18	
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 2, 6:30 PM Spruceville City Hall	\$273.79	\$312.06	
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789	December 9, 7:00 PM Spruceville High School Cafeteria			
Voter Approved Levies		\$289.35	\$296.68	
Other Levies		\$340.11	\$374.60	
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2025 may be higher than the proposed amount shown on this notice.				
Metro Special Taxing Districts		\$57.76	\$58.70	
Spruceville Metropolitan Council www.spruce.metrocouncil.org (555) 555-5555 Spruceville, MN 55055	December 11, 7:30 PM Spruce Park Centre 500 Pine St.			
Other Special Taxing Districts	No public meeting	\$12.80	\$13.02	
Tax Increment Tax	No public meeting	\$10.15	\$11.22	
Total excluding any special assessments		\$1,422.02	\$1,550.46	9.0%



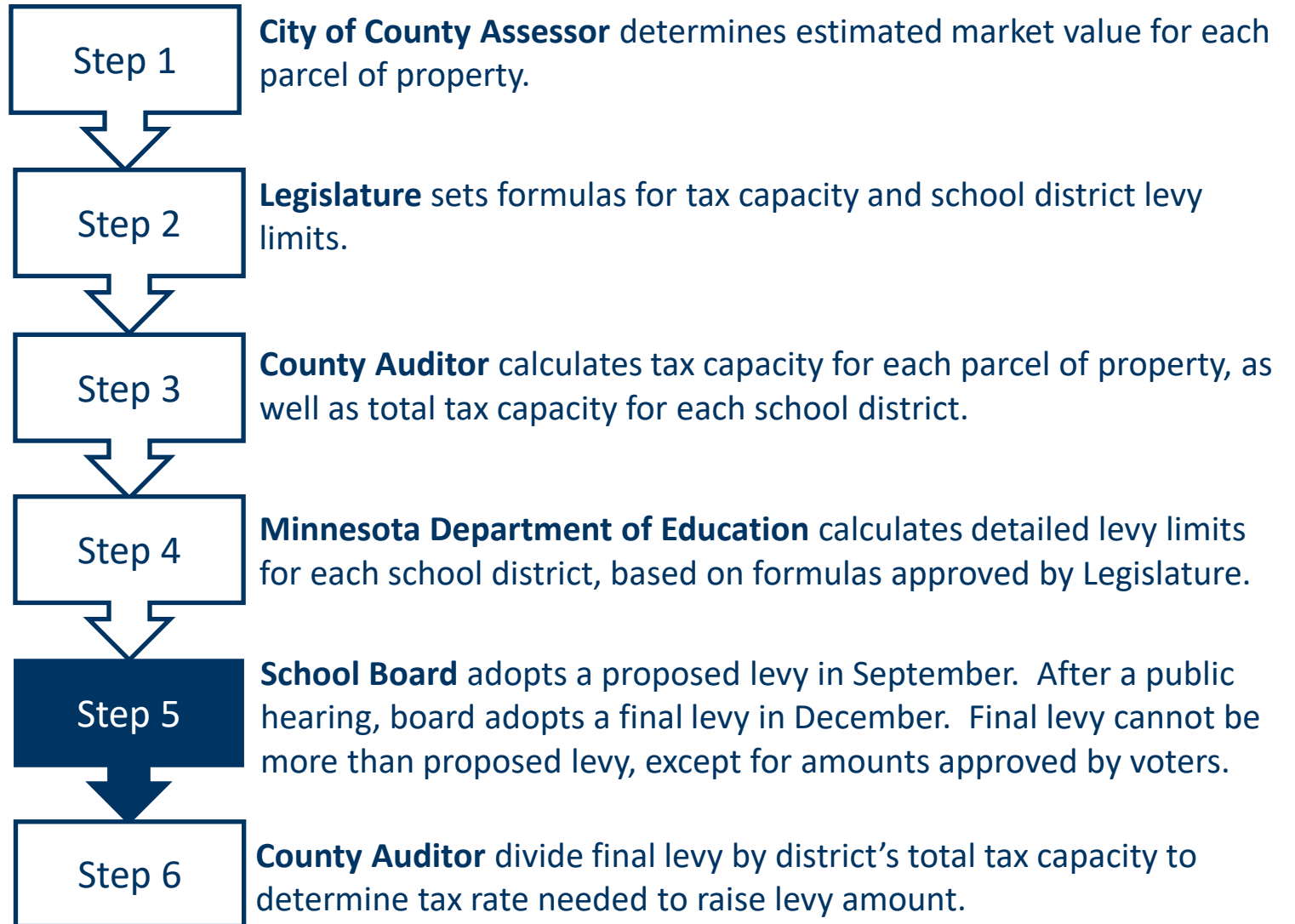
School District Property Tax Levy

- Each school district may levy taxes in over 40 different categories.
- Maximum levy amounts (calculated by MDE) for each category are set by:
 - State law
 - Voter approval
- Property tax process
 - Key steps in process are summarized on next slide.
 - Any of these steps may affect taxes on a parcel of property, but district has control over only 1 of 6 steps.
- What affects school district property tax levy:
 - Student enrollment
 - Property values (Net Tax Capacity/Referendum Market Value)
 - Voter approved items (Operating Referendum/Capital Projects (Tech) Levy
 - Long-Term Facilities Maintenance (LTFM) approved by MDE
- Adjustments from prior two levies

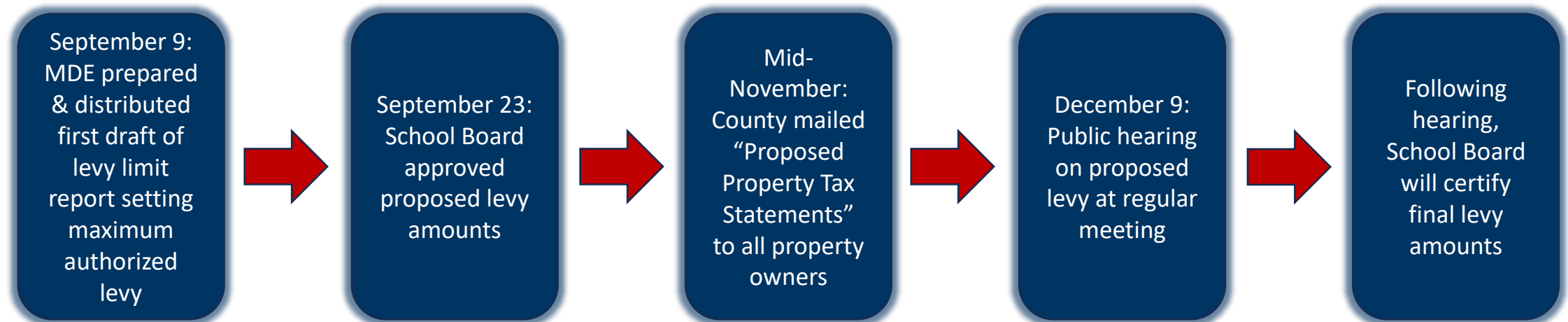


School District Property Tax Process

Note: For certain levy categories, tax rates & levy amounts are based on referendum market value, rather than tax capacity.



Approval of District's Tax Levy in 2024 (Payable 2025)



Overview of District's Proposed Tax Levy

Proposed Tax Levy** \$23,821,927; 6.93% increase from 2024

Administration is recommending a decrease of \$291,253 to the proposed levy.



Final Tax Levy*** \$23,530,674; 5.62% increase from 2024

** Proposed Tax Levy – approved by board on September 30th and what is presented in taxpayers proposed property tax statement.

*** Final Tax Levy – considered for board approval after conclusion of the public hearing, and if approved, will be certified to the County by December 30th.
Updated property tax statements will be sent in early 2025.



Overview of District's Proposed Tax Levy

Comparison of Actual Tax Levy Payable in 2024 to Proposed Tax Levy Payable in 2025

Fund Levy Category	Actual Levy Payable in 2024	Proposed Levy Payable in 2025	\$ Change	% Change
General Fund	14,180,412.43	15,670,010.65	1,489,598.22	10.50%
Community Service Fund	330,748.60	332,271.92	1,523.32	0.46%
Debt Service Fund	7,401,853.30	7,176,562.44	(225,290.86)	-3.04%
OPEB Debt Service Fund	\$365,044	\$351,829	(\$13,216)	-3.62%
Total Levy - ALL FUNDS	\$22,278,059	\$23,530,674	\$1,252,615	5.62%
Subtotal by Truth in Taxation Categories:				
Voter Approved	16,447,171	16,737,088	289,917	
Other	5,830,887	6,793,586	962,698	
Total	\$22,278,059	\$23,530,674	\$1,252,615	5.62%

- Proposed Payable 2025 tax levy is an increase from 2024 of **\$1,252,616 or 5.62%**.
- **The district plans to under levy by \$291,253 from the initial levy proposal.**
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides.

Explanation of Levy Changes

Category:	Change:	Reasons for Change:
General Fund – Voter Approved Operating Referendum	+\$443,475	<ul style="list-style-type: none">• Voter approved operating referendum authority includes an annual inflationary increase & enrollment is projected to grow.
General Fund – Voter Approved Technology Referendum	+\$195,353	<ul style="list-style-type: none">• Levy is based on voter approved tax rate applied to tax base.• District's tax base increased.
General Fund – Operating Capital	+\$110,865	<ul style="list-style-type: none">• Based on change in enrollment.• Change in adjusted net tax capacity of district.
General Fund – Other	+\$117,618	<ul style="list-style-type: none">• An increase from the previous year in OPEB levy.
General Fund – Prior Year Adjustments	+\$476,182	<ul style="list-style-type: none">• Initial levies from prior years are based on estimates. In later years, amounts are updated, and levies are retroactively adjusted.
Debt Service Fund – Total	-\$225,291	<ul style="list-style-type: none">• Overall reduction for debt excess. Formulas in state law determine adjustments to tax levy for debt excess balances.

State Property Tax Refunds & Deferral

Homestead Credit Refund

- Available for all homestead property, both residential and agricultural (house, garage and one acres (HGA) only)
- Refund is sliding scale, based on total property taxes and income (maximum refund is \$3,140 for homeowners and \$2,440 for renters).

Special Property Tax Refund

- Available for all homestead property, both residential and agricultural (HGA only) with a gross tax increase of at least 6% and \$100 over prior year.
- Refund is 60% of tax increase that exceeds greater of 6% or \$100 (max \$2,500).

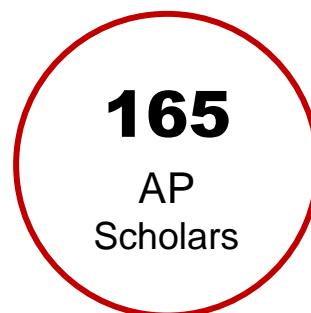
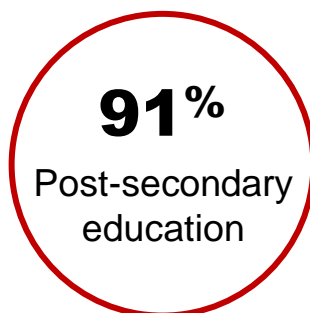
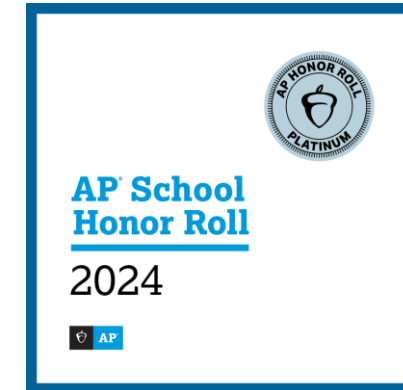
Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home.
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies.



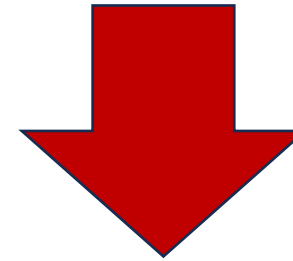
Points of Pride

- Orono High School ranked the #5 Traditional High School in Minnesota and #1 in College Readiness among 10 local, comparative public high schools by *U.S. News and World Report*
- In 2024, OHS named to the AP School Honor Roll, Platinum Level
- Orono Schools #1 District with Best Teachers in Minnesota, *Niche.com*
- In 2024, Orono Schools was named one of only three U.S. recipients of the CHARACTER COUNTS! Exemplary School District Award
- ASBO Certificate of Excellence in Financial Reporting



Next Steps

**Board accepts public
comments on
proposed levy**



**Board certifies 2025
property tax levy**



Next Steps – Public Comment

Public Comment & Questions



Next Steps – Levy Approval

The District recommends the Board of Education:

- Approve the 2024 Pay 2025 Levy in the amount of \$23,530,674
- Direct the Board Clerk to certify the levy in the amount listed above to the Hennepin County Auditor

