



2025 PAY 2026 LEVY

Truth-in-Taxation
Final Property Tax Levy
December 8, 2025

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 2025-26 School Budget
- Proposed Tax Levy Certification Payable in 2026
- Points of Pride & Project Updates
- Public Comment & Questions



Minnesota State Law Requirements

A Public Meeting...

- Between November 25th & 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

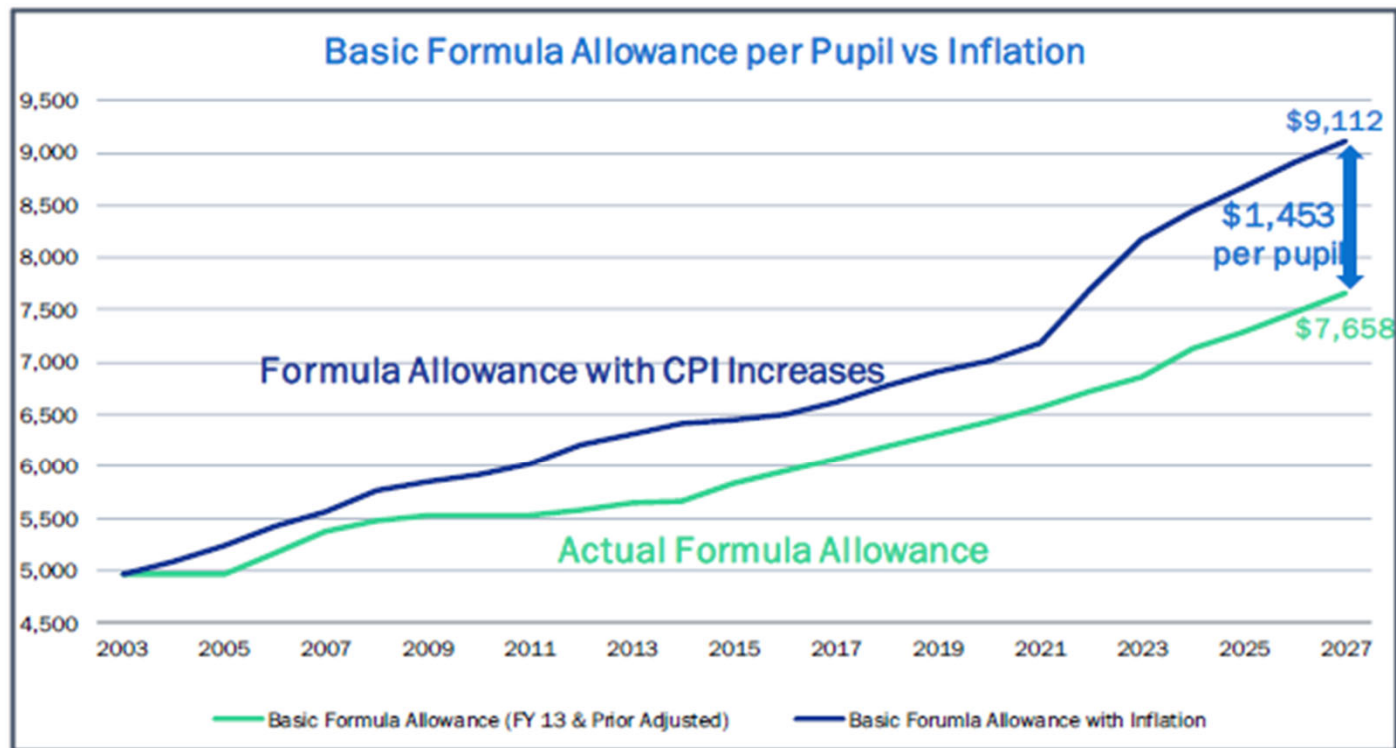
Funding for School Districts is highly regulated!

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.

State Funding – Basic general formula has not kept up with state funding over the last 20+ years



¹ Inflation is based on consumer price index

² Basic formula allowance includes changes made by legislature in 2023 and is adjusted for FY 2014 and earlier due to pupil weight changes

³ FY 25-26 & FY 26-27 are based on estimated inflation forecasts updated in July 2025 by the State of Minnesota





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 January 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 2026-27 budget will be presented in June 2026.

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★
- Internal Service
- OPEB* Trust
- OPEB* Debt Service★

★ Funds have a tax levy component

*Other Post-Employment Benefits

2025-26 Budget Book can be found online at <https://www.oronoschools.org/about/budget-finance>



District Revenues & Expenditures
Actual for FY 2024-25, Budget for FY 2025-26

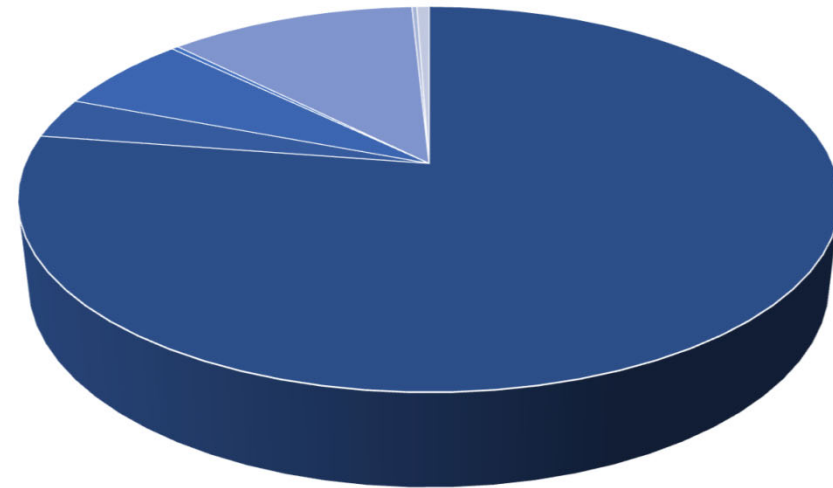


Fund	FY 2025 Beginning Fund Balances	FY 2025 Actual Revenues and Transfers In	FY 2025 Actual Expenditures and Transfers Out	June 30, 2025 Actual Fund Balances	FY 2026 Budget Revenues and Transfers In	FY 2026 Budget Expenditures and Transfers Out	June 30, 2026 Projected Fund Balances
General Fund/Restricted	\$ 1,887,462	\$ 4,457,673	\$ 4,540,557	\$ 1,804,578	\$ 4,616,114	\$ 4,420,868	\$ 1,999,824
General Fund/Other	\$ 3,011,253	\$ 44,226,780	\$ 44,110,714	\$ 3,127,319	\$ 45,867,604	\$ 45,625,253	\$ 3,369,670
Food Service Fund	\$ 1,121,853	\$ 2,444,193	\$ 2,431,505	\$ 1,134,541	\$ 2,214,750	\$ 2,233,190	\$ 1,116,101
Community Service Fund	\$ 1,443,814	\$ 4,127,083	\$ 4,215,799	\$ 1,355,098	\$ 4,195,000	\$ 4,175,000	\$ 1,375,098
Building Construction Fund	\$ 3,231,496	\$ 5,455,543	\$ 3,571,619	\$ 5,115,420	\$ 208,000	\$ 1,500,000	\$ 3,823,420
Debt Service Fund	\$ 1,025,771	\$ 7,832,786	\$ 7,511,463	\$ 1,347,094	\$ 7,582,438	\$ 7,625,332	\$ 1,304,200
Internal Service Fund	\$ 3,560,836			\$ 3,500,941			\$ 3,500,941
OPEB Irrevocable Trust Fund	\$ 2,820,121	\$ 135,388	\$ 370,000	\$ 2,585,509	\$ 150,000	\$ 370,000	\$ 2,365,509
OPEB Debt Service Fund	\$ 88,578	\$ 372,533	\$ 363,308	\$ 97,803	\$ 376,829	\$ 362,833	\$ 111,799
Total - All Funds	\$ 18,191,184	\$ 69,051,979	\$ 67,114,965	\$ 20,068,303	\$ 65,210,735	\$ 66,312,476	\$ 18,966,562

Revenue – All Funds

2025-26 Budget
\$65,210,735

Revenues - All Funds

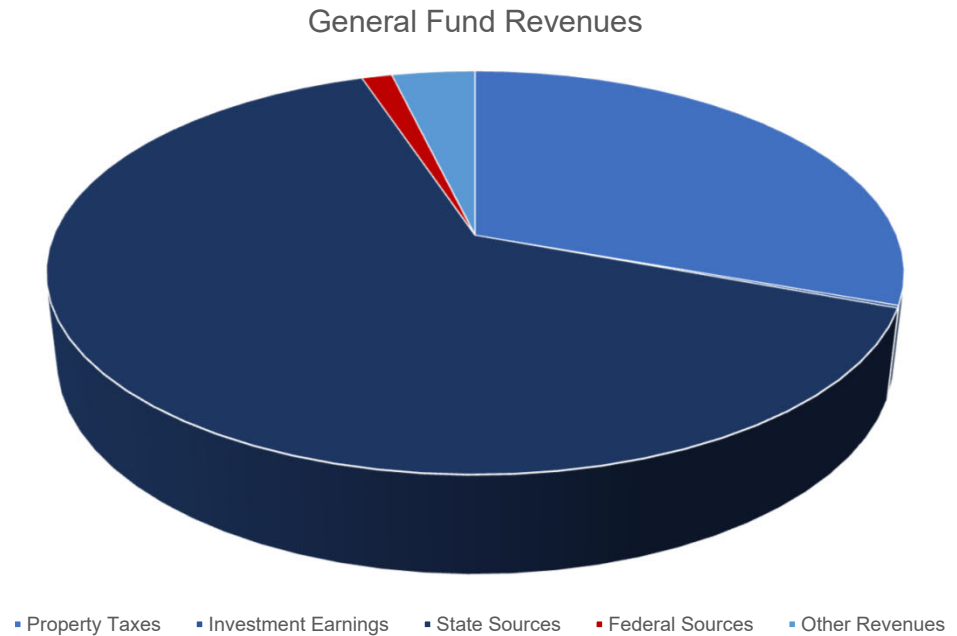


- General Fund
- Food Service Fund
- Community Service Fund
- Building Construction Fund
- Debt Service Fund
- OPEB Irrevocable Trust Fund
- OPEB Debt Service Fund

General Fund	\$50,483,718	77%
Food Service Fund	\$2,214,750	3%
Community Service Fund	\$4,195,000	6%
Building Construction Fund	\$208,000	0%
Debt Service Fund	\$7,582,438	12%
OPEB Irrevocable Trust Fund	\$150,000	0%
OPEB Debt Service Fund	\$376,829	1%
Total Revenues - All Funds	\$65,210,735	

General Fund Revenues – By Source

2025-26 Budget
\$50,483,718

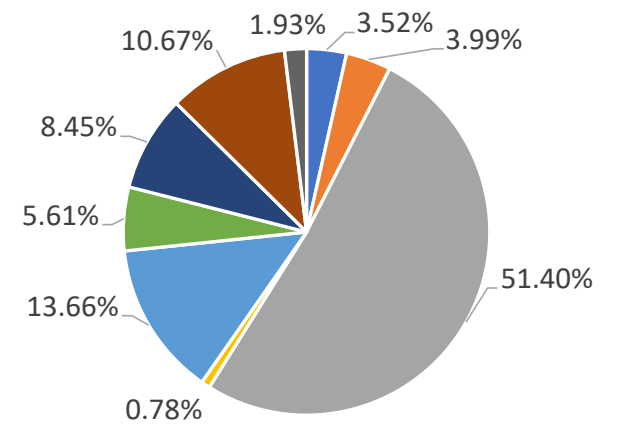


General Fund Revenue Summary

Property Taxes*	\$ 15,393,147	30%
Investment Earnings	\$ 100,000	0%
State Sources	\$ 32,408,838	64%
Federal Sources	\$ 687,233	1%
Other Revenues	\$ 1,894,500	4%
General Fund Revenue Total	\$ 50,483,718	

*A portion of property taxes are paid via state aids, but still classified as property taxes

General Fund Expenditures by Program – FY2025-26



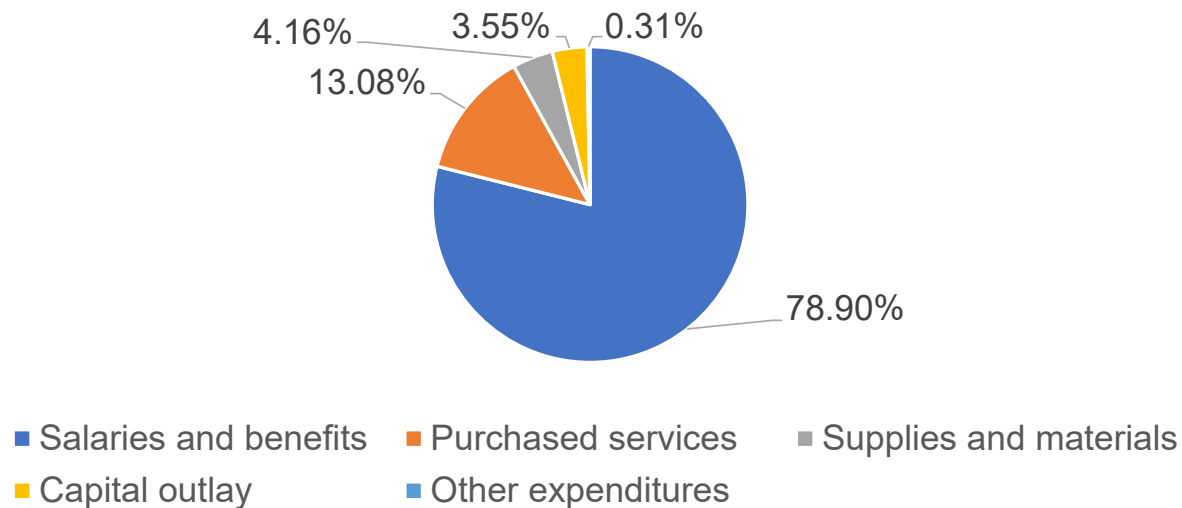
- Administration
- District Support Services
- Elementary and Secondary Regular Instruction
- Vocational Education Instruction
- Special Education Instruction
- Instructional Support Services
- Pupil Support Services
- Sites and Buildings
- Fiscal and Other Fixed Cost Programs

Program Description	FY2026 Preliminary Budget	Percentage by Program
Administration	\$1,759,858	3.52%
District Support Services	1,994,572	3.99%
Elementary and Secondary Regular Instruction	25,721,991	51.40%
Vocational Education Instruction	391,526	0.78%
Special Education Instruction	6,837,456	13.66%
Instructional Support Services	2,807,651	5.61%
Pupil Support Services	4,227,395	8.45%
Sites and Buildings	5,342,122	10.67%
Fiscal and Other Fixed Cost Programs	963,551	1.93%
Total	\$50,046,121	

General Fund Expenditures by Object



Program Description	FY2026 Preliminary Budget	Percentage by Object
Salaries and benefits	\$39,485,885	78.90%
Purchased services	6,545,097	13.08%
Supplies and materials	2,083,343	4.16%
Capital outlay	1,776,096	3.55%
Other expenditures	155,700	0.31%
Total	\$50,046,121	



Payable 2026 Property Tax Levy



Determination of levy



Compare 2025 to 2026 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 12 & November 25

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	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2024	2025
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$33,0500
	Taxable Market Value	\$125,000	\$116,950
	Class	Res NHmstd	Res Hmstd
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	PROPERTY TAX STATEMENT		
	Coming in 2025		
3			
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
<i>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.</i>			
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%



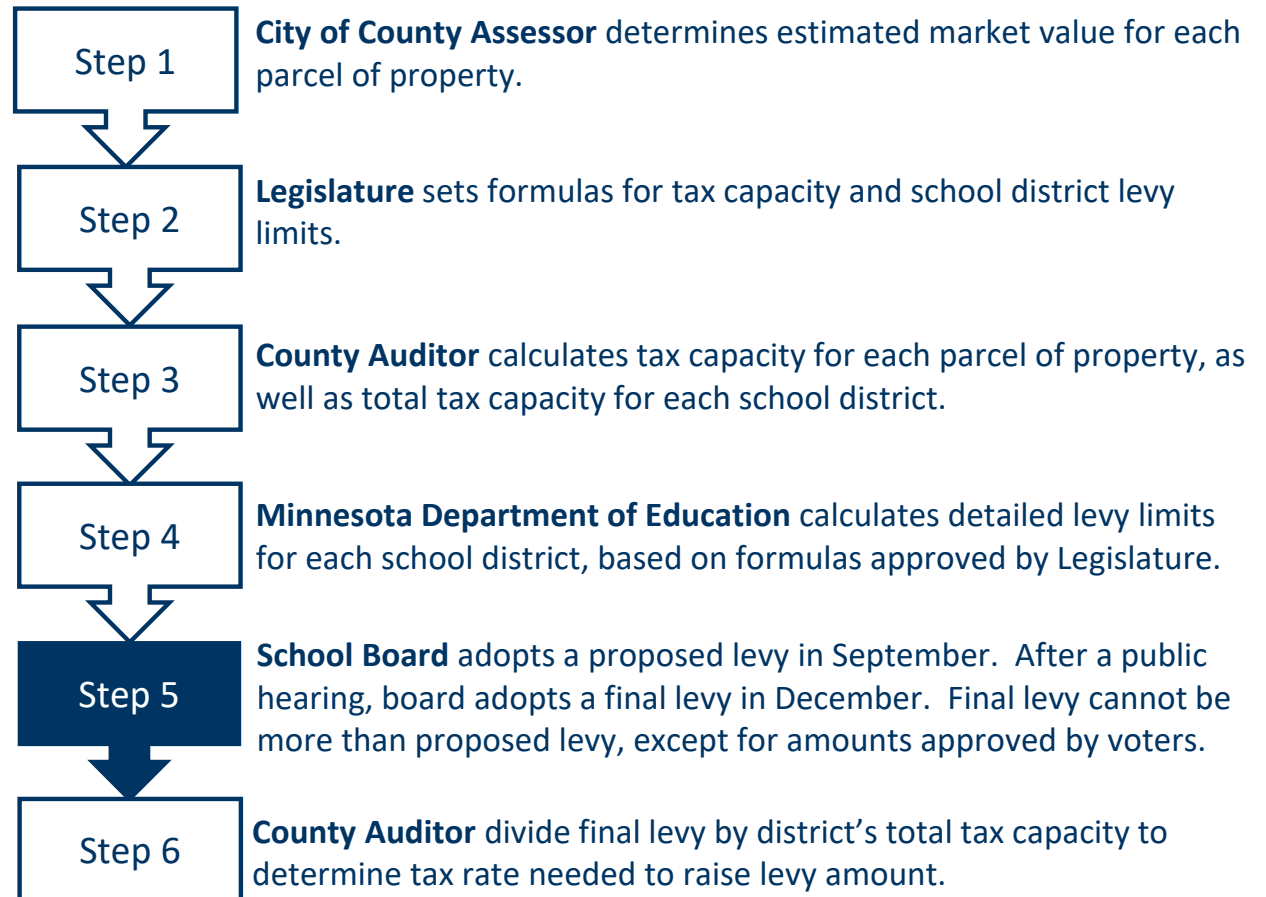
School District Property Tax Levy

- 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

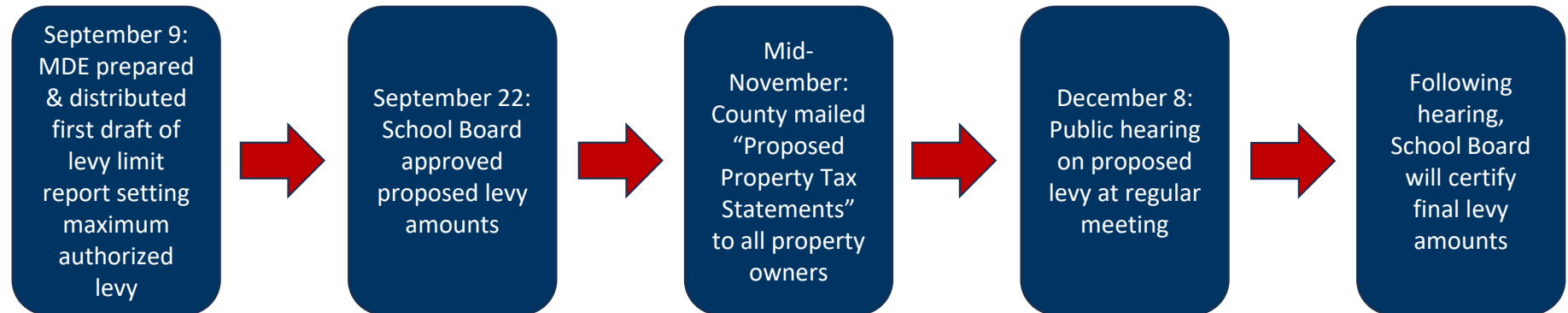


School District Property Tax Process

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 2025 (Payable 2026)



Overview of District's Proposed Tax Levy

Proposed Tax Levy** \$22,921,281; -2.59% decrease from 2025



Final Tax Levy*** \$22,921,281; -2.59% decrease from 2025

** Proposed Tax Levy – approved by board on September 22nd 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.



Overview of District's Proposed Tax Levy

Comparison of Actual Tax Levy Payable in 2025 to Proposed Tax Levy Payable in 2026

Fund Levy Category	Actual Levy Payable in 2025	Proposed Levy Payable in 2026	\$ Change	% Change
General Fund	15,670,010.65	14,704,606.31	(965,404.34)	-6.16%
Community Service Fund	332,271.92	342,764.74	10,492.82	3.16%
Debt Service Fund	7,176,562.44	7,526,971.16	350,408.72	4.88%
OPEB Debt Service Fund	\$351,829	\$346,938	(\$4,890)	-1.39%
Total Levy - ALL FUNDS	\$23,530,674	\$22,921,281	(\$609,393)	-2.59%
Subtotal by Truth in Taxation Categories:				
Voter Approved	16,737,088	17,263,397	526,308	
Other	6,793,586	5,657,884	(1,135,701)	
Total	\$23,530,674	\$22,921,281	(\$609,393)	-2.59%

- Proposed Payable 2026 tax levy is a decrease from 2025 of **\$609,393 or -2.59%**.
- 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 - Operating Referendum	+\$175,796	• Voter approved operating referendum authority includes an annual inflationary increase & enrollment is projected to grow.
General Fund – Adjustments	-\$1,312,544	• Reconciled LTFM Indoor Air Quality projects after completion. • Enrollment updates.
Debt Service Fund – Debt Excess	\$423,042	• Reduction for debt excess in Pay 2025. 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).

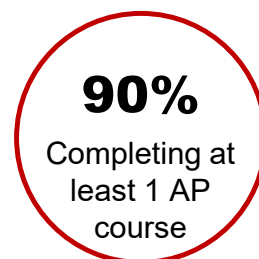
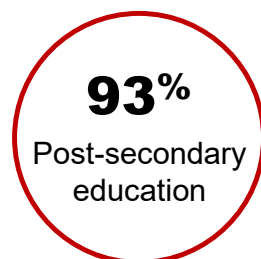
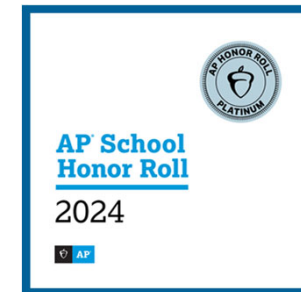
Senior Citizen Property Tax Deferral

- 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 - 2025

- Orono High School ranked the #5 Traditional High School in Minnesota and #2 in College Curriculum Breadth among public high schools by *U.S. News and World Report*
- Named twice to the AP School Honor Roll, *Platinum Level*
- 562 students took 1,020 AP exams with **91%** earning a score of 3+ (spring 2025)
- #1 District with Best Teachers in Minnesota, *2025 Niche.com*
- ASBO Certificate of Excellence in Financial Reporting
- Clean or Unqualified Audit Opinion AND No Internal Control Findings given by our independent auditors, LB Carlson
- The district's credit rating is Aa3 (by Moody's), which reflects several credit strengths including, Affluent Economic Base, Growing Enrollment, Solid Debt Profile, and Sound Financial Management



Special Projects – Levy Supported

The following is a recap of projects supported by the levy that were completed in the recent past –

- Indoor Air Quality Projects at Discovery Center, Elementary & Intermediate School, Middle School - These improvements have made a profound effect on running efficient HVAC systems as well as the overall air quality for our staff and students.
- Middle School entry re-design – This improvement allowed the middle school to have a safe and secure access into the building by placing the middle school offices near the front entrance to the building.

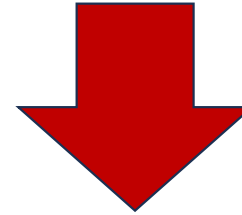
The following are projects supported by the levy that will be completed over the next few years –

- Parking lots will be improved across the main campus. This will be completed over the next two summers.
- New tennis courts located just to the south of the middle school. This is scheduled to be completed in summer 2026.
- Maintenance on buildings including – To ensure we are protecting our largest assets. Projects include building envelope (roof, walls, windows, foundation) & tuckpointing (restoration of the exterior of buildings). This includes most of our buildings throughout the district and will help keep our buildings safe, healthy, and savings for the long-term.



Next Steps

**Board accepts public
comments on
proposed levy**



**Board certifies 2026
property tax levy**



Next Steps – Public Comment

Public Comment & Questions



Next Steps – Levy Approval

The District recommends the Board of Education:

- Approve the 2025 Pay 2026 Levy in the amount of \$22,921,281
- Direct the Board Clerk to certify the levy in the amount listed above to the Hennepin County Auditor

