



Orono Schools

2021 Pay 2022 Levy
Final – Truth in Taxation

December 13, 2021 • 7 p.m.

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 2022
6. Public Comments & Questions



Orono Points of Pride

- Orono High School: #1 Traditional High School in Minnesota and Top STEM School Nationally *U.S. News and World Report* and *Newsweek*
- Orono High School: 2021 and 2022 “Reader’s Choice Award” for Best Public School, *Sun Sailor Newspapers*
- ASBO Certificate of Excellence in Financial Reporting
- Orono Middle School Destination Imagination team, “Musical Mayhem,” earned 8th place in the global finals
- Fall athletics: Tremendous success including Boys Soccer state championship

**30.3****ACT**
Top 100**85%**Participation in
activities**91%**Post-secondary
education**172****AP**
Scholars**11****AP Capstone**
Diplomas

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.



Orono Financial Stewardship

Moody's Investors Service affirmed the district's Aa2 rating on November 4, 2021.

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 2021-22, 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 20.1% of General Fund operating revenue and of this amount, \$1,144 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 and it is included in the levy presented this evening
- This technology levy will fund \$1.2 million for technology next year which is the last year of its ten-year voter authorization
- The current tax impact of the technology levy is approximately \$100 a year for a taxpayer with a \$400,000 home and the current technology levy expires after this year



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 2022-2023 budget will be set in June 2022.


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 for Fiscal Year 2021 and FY 2022

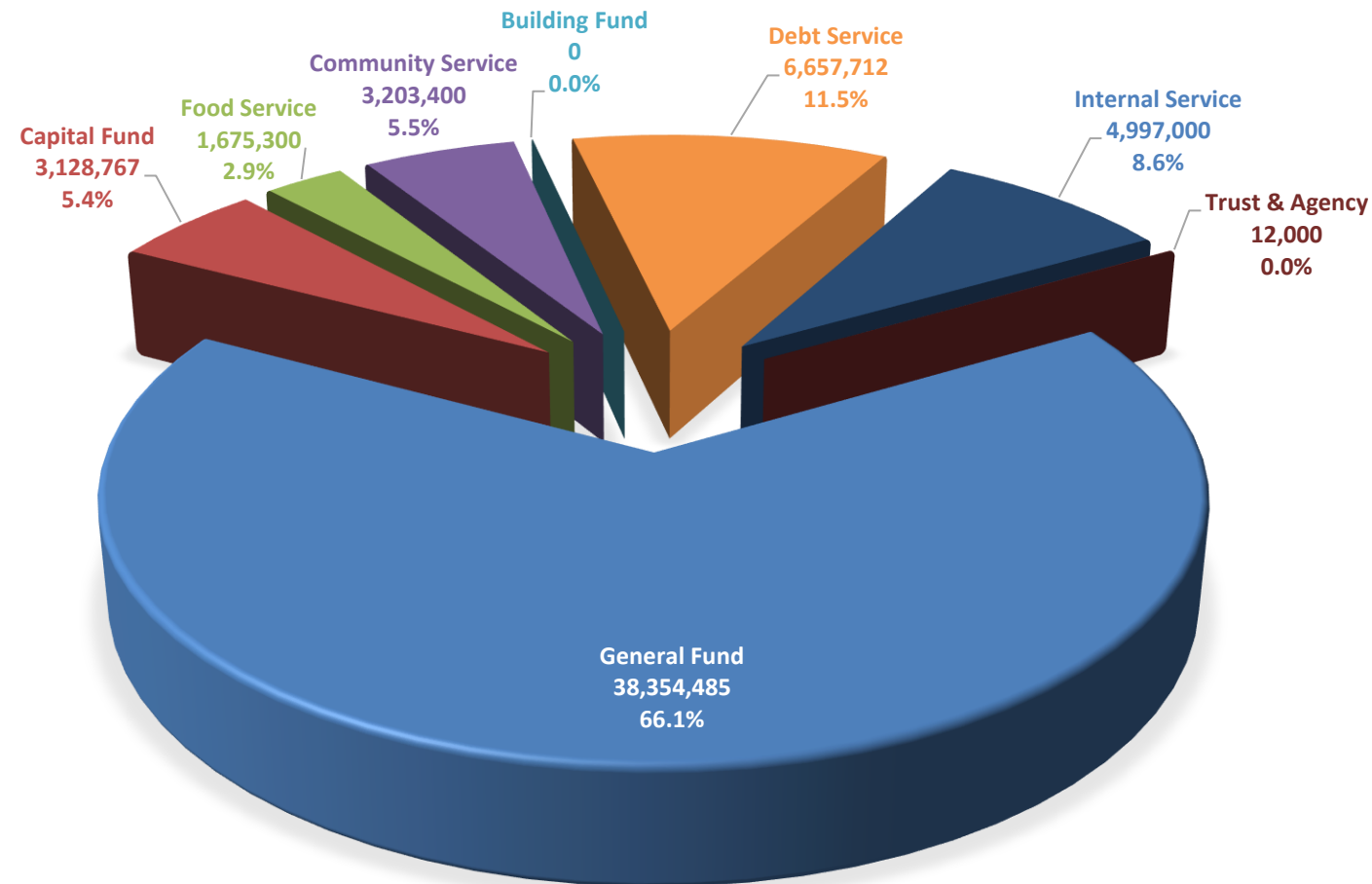
	Division of School Finance		District Revenues and Expenditures Budget for Fiscal Year (FY) 2021 and FY 2022				ED-00110-44	
	1500 Highway 36 West							
	Roseville, MN 55113-4266							
General Information: Minnesota Statutes, section 123B.10, requires that every school board shall publish the subject data of this report.								
District Name:		ISD 278 Orono Public Schools					District Number	0278
Fund	FY 2021 Beginning Fund Balances	FY 2021 Actual Revenues and Transfers In	FY 2021 Actual Expenditures and Transfers Out	June 30, 2021 Actual Fund Balances	FY 2022 Budget Revenues and Transfers In	FY 2022 Budget Expenditures and Transfers Out	June 30, 2022 Projected Fund Balances	
General Fund/Restricted	\$ 2,582,045	\$ 4,719,912	\$ 4,684,553	\$ 2,617,404	\$ 3,128,767	\$ 4,035,583	\$ 1,710,588	
General Fund/Other	\$ 6,982,524	\$36,255,146	\$ 37,843,416	\$ 5,394,254	\$ 38,354,485	\$ 37,919,026	\$ 5,829,713	
Food Service Fund	\$ 252,219	\$ 1,627,355	\$ 1,429,161	\$ 450,413	\$ 1,675,300	\$ 1,618,631	\$ 507,082	
Community Service Fund	\$ 456,317	\$ 2,644,057	\$ 2,606,217	\$ 494,157	\$ 3,203,400	\$ 3,114,921	\$ 582,636	
Building Construction Fund	\$ 350,148	\$ 929	\$ 351,077	\$ (0)	\$ -	\$ -	\$ (0)	
Debt Service Fund	\$ 721,370	\$ 6,034,714	\$ 5,987,688	\$ 768,397	\$ 6,294,884	\$ 6,359,045	\$ 704,236	
Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Internal Service Fund	\$ 899,978			\$ 1,460,383			\$ 2,018,978	
* OPEB Revocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
OPEB Irrevocable Trust Fund	\$ 4,076,713	\$ 32,785	\$ 310,904	\$ 3,798,595	\$ 12,000	\$ 275,000	\$ 3,535,595	
OPEB Debt Service Fund	\$ 87,084	\$ 367,390	\$ 370,558	\$ 83,916	\$ 362,828	\$ 372,033	\$ 74,711	
Total - All Funds	\$ 16,408,399	\$51,682,287	\$ 53,583,573	\$ 15,067,518	\$ 53,031,664	\$ 53,694,239	\$ 14,963,538	



2021-22 Revenue by Fund

\$58,028,664

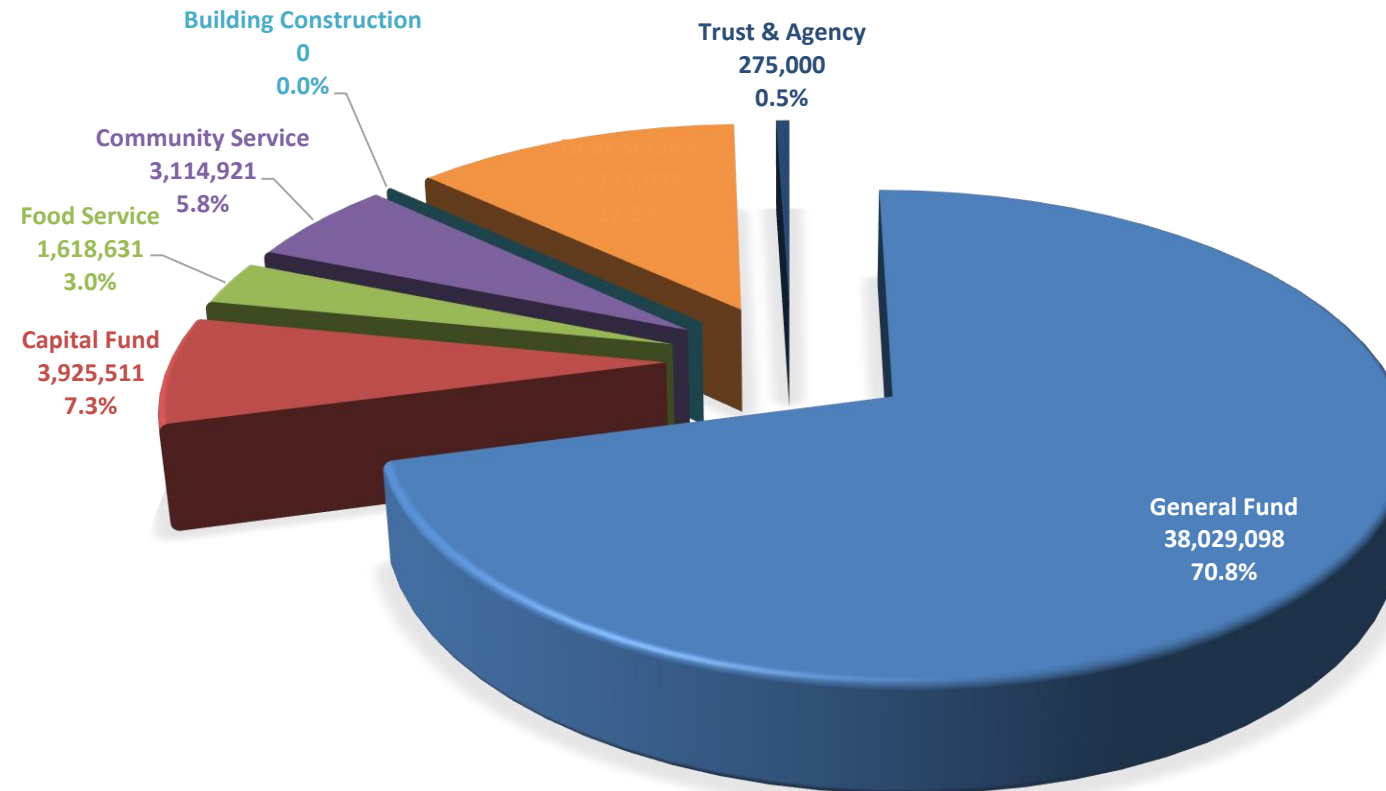
2021-22 REVENUE BUDGET - ALL FUNDS



2021-22 Expenditures by Fund

\$57,974,239

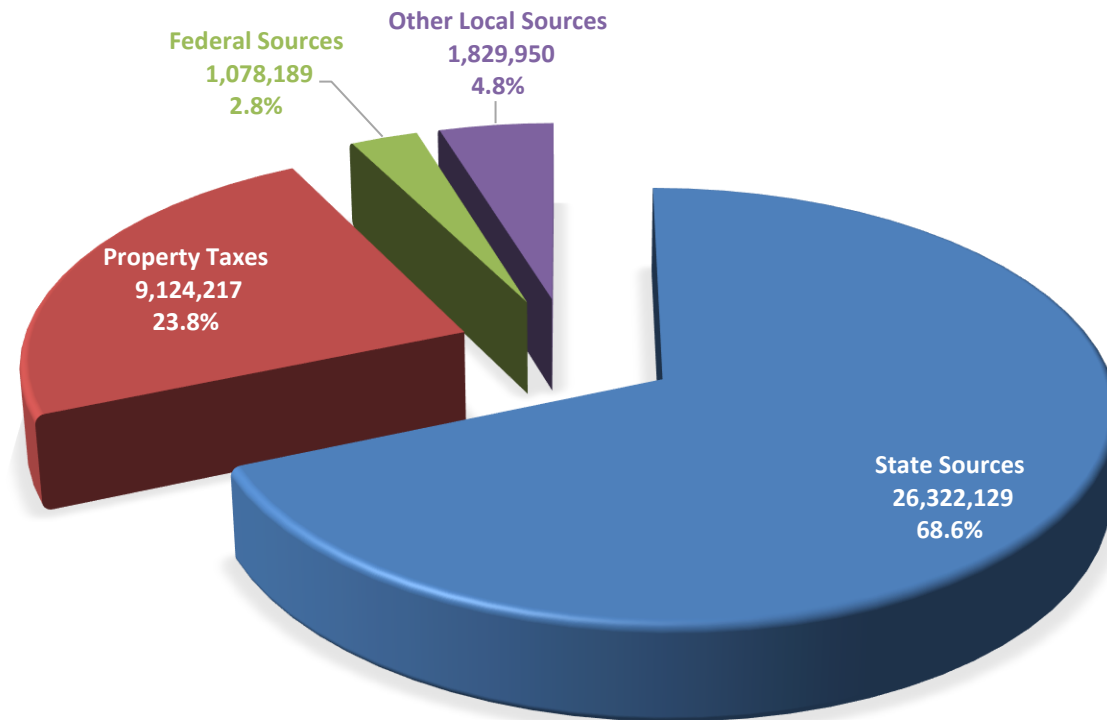
2021-22 EXPENDITURE BUDGET - ALL FUNDS



2021-22 Revenues by Source

General Fund \$38,354,485

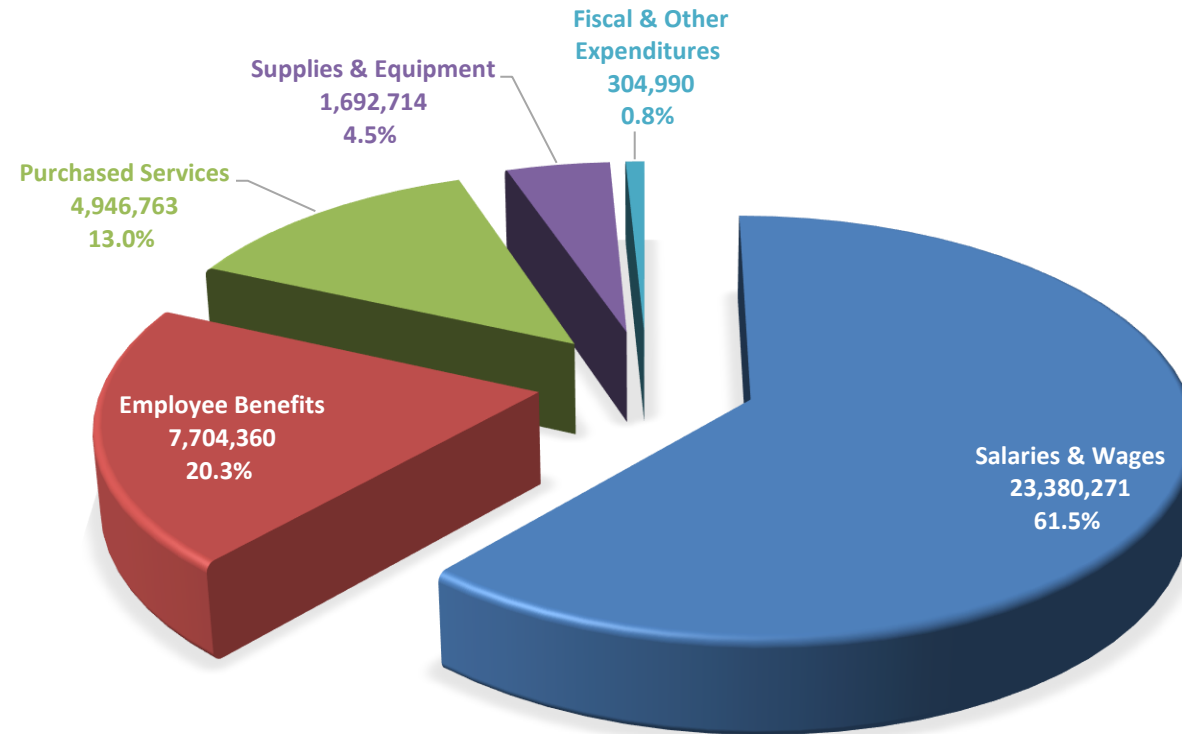
2021-22 GENERAL FUND REVENUE



2021-22 Expenditures by Object Area

General Fund \$38,029,098

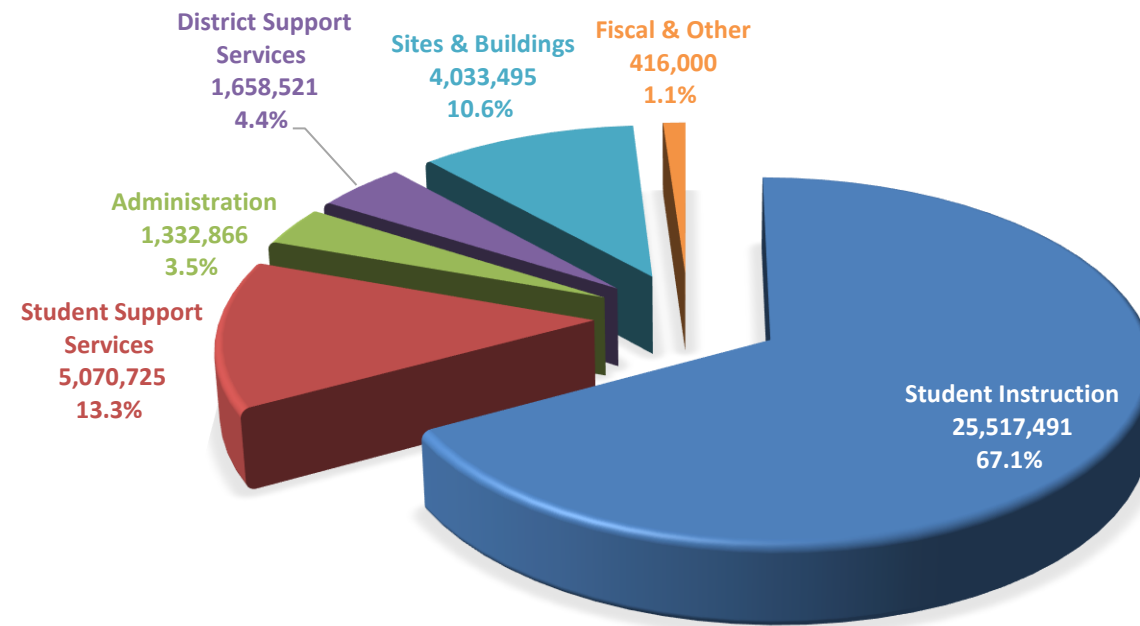
2021-22 GENERAL FUND EXPENDITURES BY CATEGORY



2021-22 Expenditures by Program Area

General Fund \$38,029,098

FISCAL 2021-2022 EXPENDITURES



Payable 2022 Property Tax Levy

- Determination of levy
- Comparison of 2021 to 2022 levies
- Specific 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
- 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

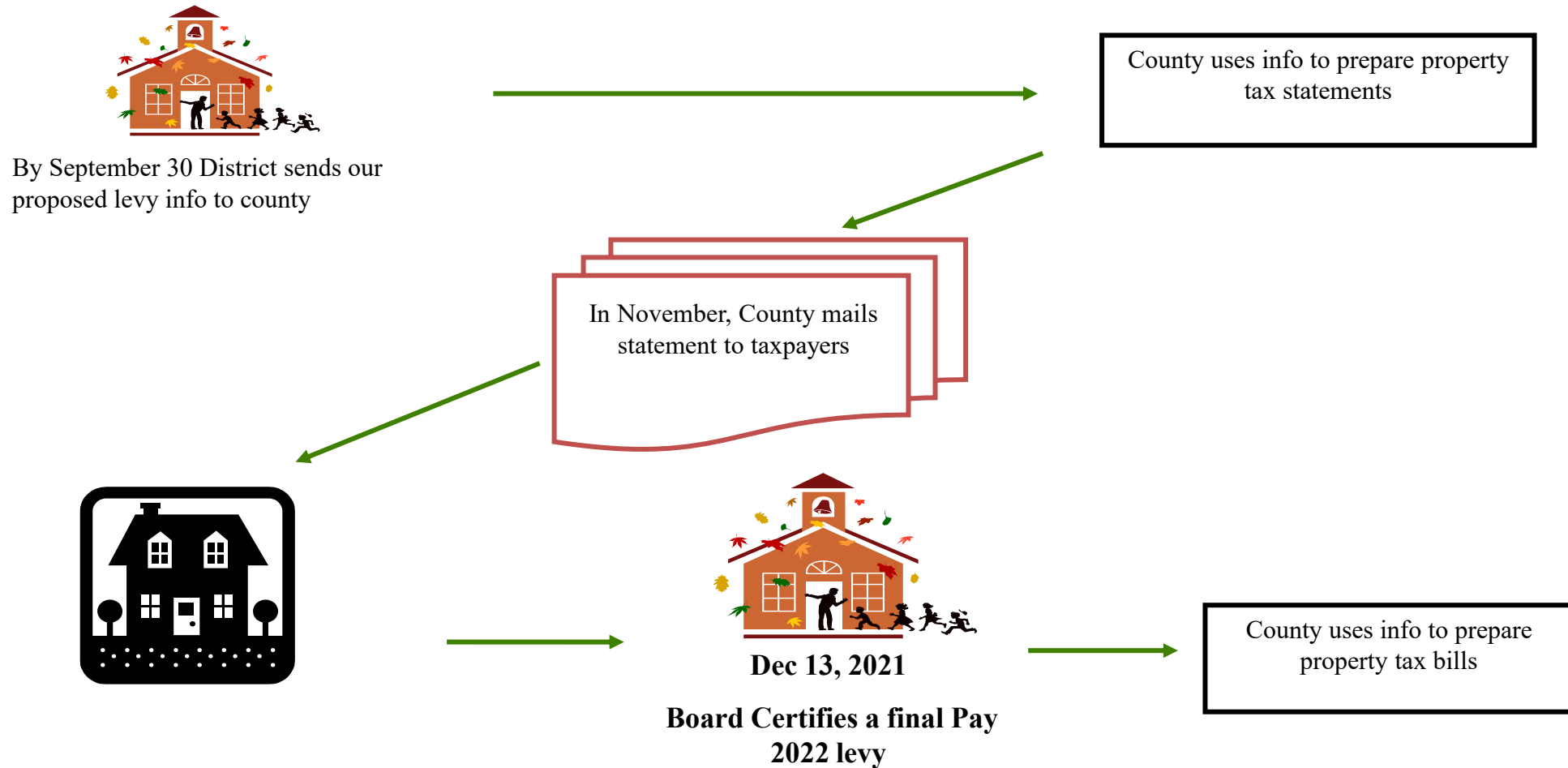


School District Property Taxes

- **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



2022 Property Tax Levy Summary - State Approved

Category	Proposed Levy (September)	Final Levy (December)	Difference	% of Budget
General Fund	13,039,337.22	13,028,380.16	(10,957.06)	34%
Community Service	320,328.25	320,328.25	-	10%
Debt Service	6,238,887.26	6,250,548.30	11,661.04	100%
OPEB Debt Service	363,780.00	363,780.00	-	100%
TOTAL	19,962,332.73	19,963,036.71	703.98	

4.76% Increase over 2021



2022 Property Tax Levy Summary – District Recommendation

Category	Proposed Levy (September)	Final Levy (December)	Difference	% of Budget
General Fund	13,039,337.22	13,008,380.16	(30,957.06)	34%
Community Service	320,328.25	320,328.25	-	10%
Debt Service	6,238,887.26	6,250,548.30	11,661.04	100%
OPEB Debt Service	363,780.00	363,780.00	-	100%
TOTAL	19,962,332.73	19,943,036.71	(19,296.02)	

4.66% Increase over 2021



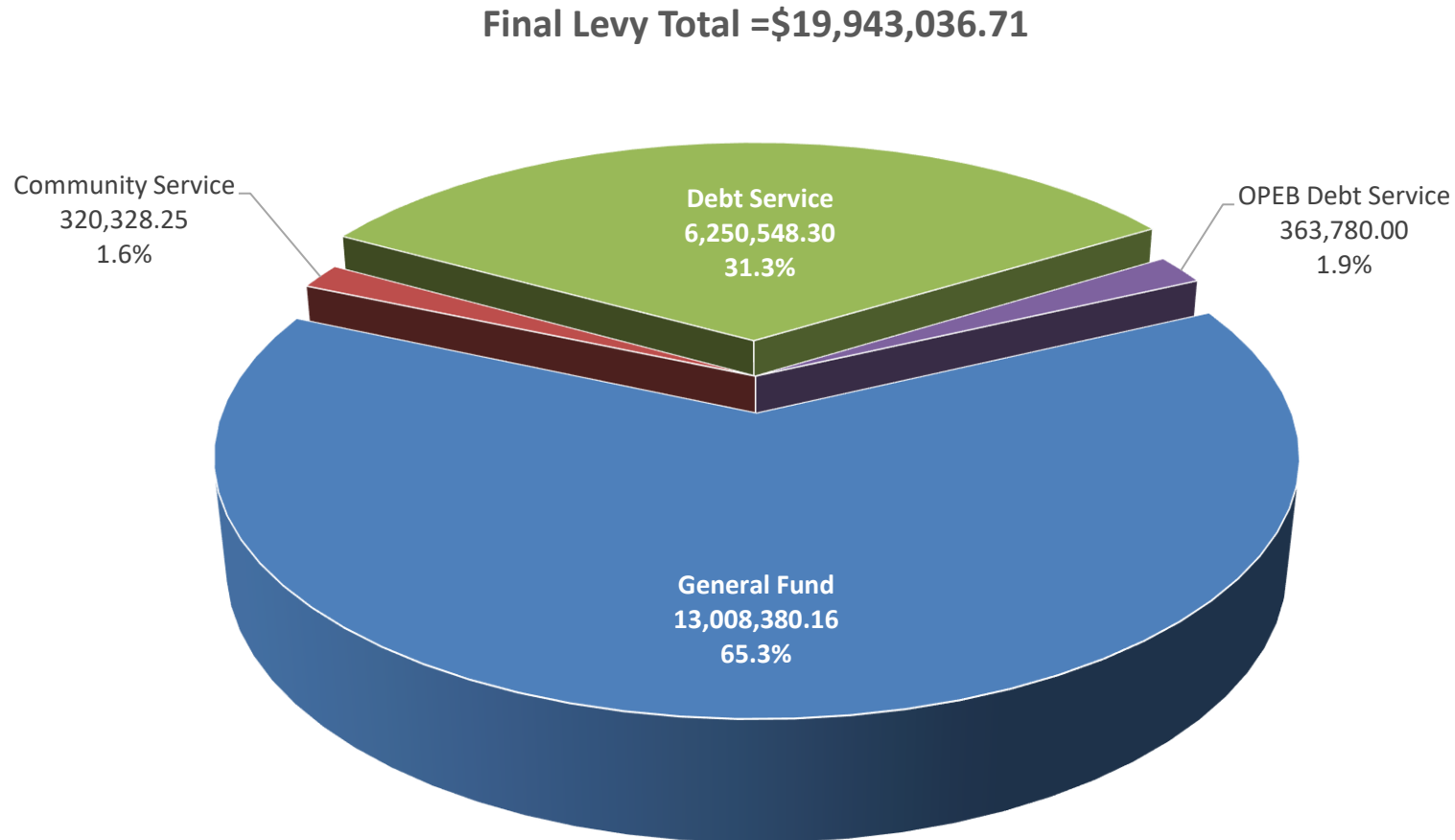
2022 Property Tax Levy Highlights

- **General Fund Levy** increased by \$917,373 and includes Long-Term Facilities Maintenance revenue restricted under statute for Indoor Air Quality (IAQ) projects and replacement of building components exceeding their useful life
- **Community Service Fund levy** increased by \$8,707
- **Debt Service Fund levy** decreased by \$38,676.

Total levy increase of \$887,405 or **4.66%** for 2022



2021 Payable 2022 Property Tax Levy



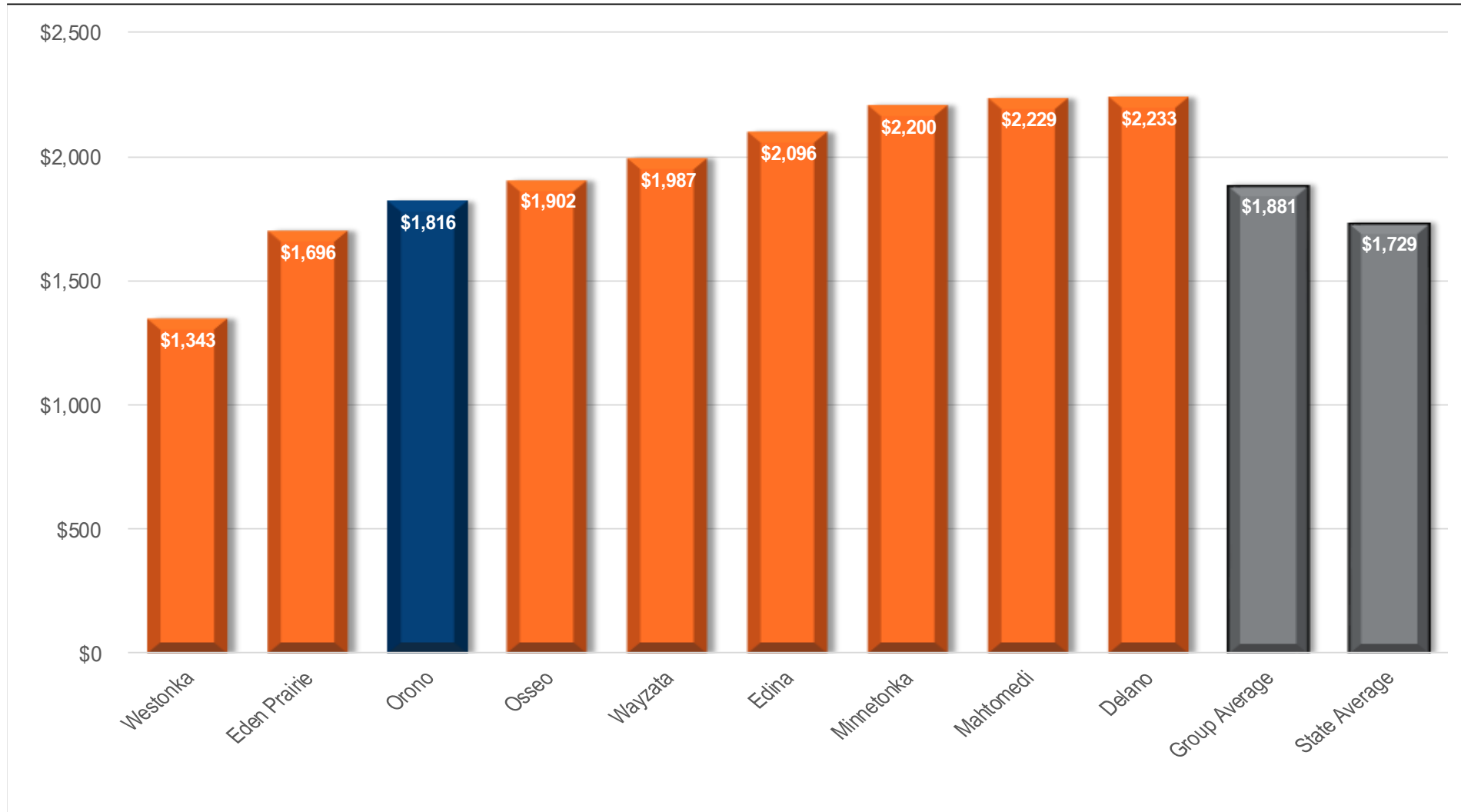
Property taxes are 32% of Total Budget



2020 Levy Comparison

Orono School District

Total School Property Taxes, Payable 2020, on a Home with an Estimated Market Value of \$400,000



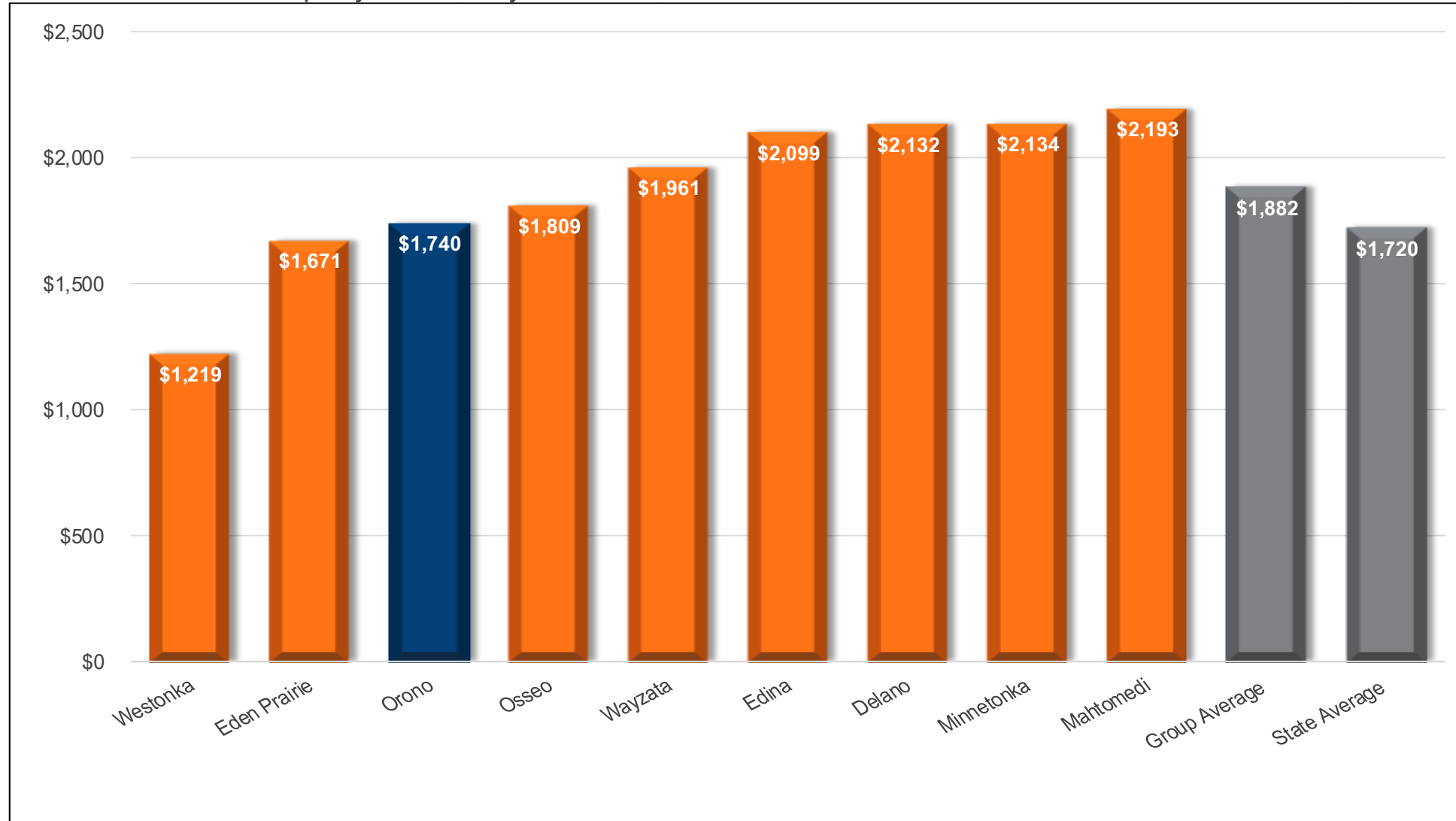
Source: Pay 20 School Tax Report



2021 Levy Comparison

Orono School District

Total School Property Taxes, Payable 2021, on a Home with an Estimated Market Value of \$400,000



Source: Pay 2021 School Tax Report



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 \$116,180 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 \$2,840
- 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
- Helpful in first year after referendum
- 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 2021 Pay 2022 Levy in the amount of **\$19,943,036.71**
- Direct the Board Clerk to certify the levy in the amount listed above to the Hennepin County Auditor

