



**Buffalo
Hanover
Montrose**

BHM SCHOOLS

Public Hearing for Taxes Payable in 2025

December 9, 2024

MN State Law Requirements

- **A Public Meeting**

- Between November 25 and December 28
- At 6:00 PM or later
- May be part of regularly scheduled meeting
- Must allow for public comments
- May adopt final levy at the same meeting

- **Presentation**

- Current year budget
- Proposed property tax levy

Public Hearing Agenda

- District's Budget
- District's Proposed Tax Levy for Taxes Payable in 2025
- Public Comments

School Levy vs. Budget Cycle

- Unlike cities and counties, a ***school district does not set its budget*** when setting the tax levy

School District

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

City/County

- Budget year begins January 1
- 2025 payable taxes provide revenue for the 2025 calendar year budget
- Budget adopted December 2024.

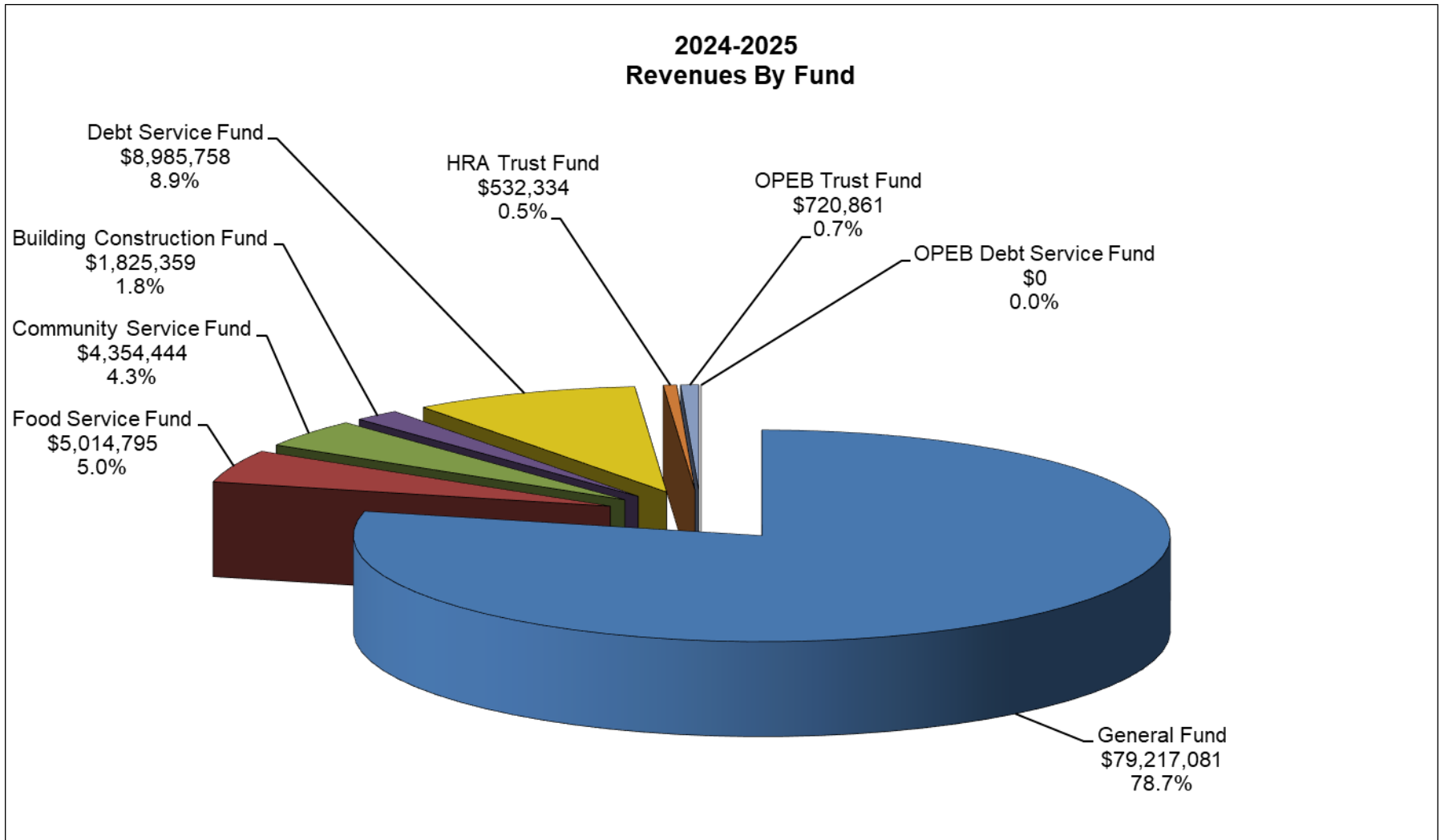
Budget Information

- All school district budgets are divided into separate funds, based on purposes of revenue, as required by law
- Our district has 8 active funds:
 1. General Fund
 2. Food Service Fund
 3. Community Service Fund
 4. Building Construction Fund
 5. Debt Service Fund
 6. OPEB Debt Service Fund
 7. HRA Trust Fund
 8. OPEB Trust Fund

All Funds Revenue Summary

	2021-2022 Actual	2022-2023 Actual	2023-2024 Revised Budget	2024-2025 Budget
General Fund	\$73,829,366	\$73,984,831	\$80,294,285	\$79,217,081
Food Service Fund	\$4,858,552	\$3,905,746	\$4,933,054	\$5,014,795
Community Service Fund	\$3,794,657	\$4,160,988	\$4,224,013	\$4,354,444
Building Construction Fund	\$0	\$0	\$46,401,139	\$1,825,359
Debt Service Fund	\$14,058,025	\$6,089,033	\$7,776,686	\$8,985,758
HRA Trust Fund	\$633,100	\$402,588	\$440,240	\$532,334
OPEB Trust Fund	(\$1,538,446)	\$1,210,415	\$990,690	\$720,861
OPEB Debt Service Fund	\$2,003,525	\$1,966,831	\$15,523	\$0
Total	\$97,638,779	\$91,720,432	\$145,075,630	\$100,650,632

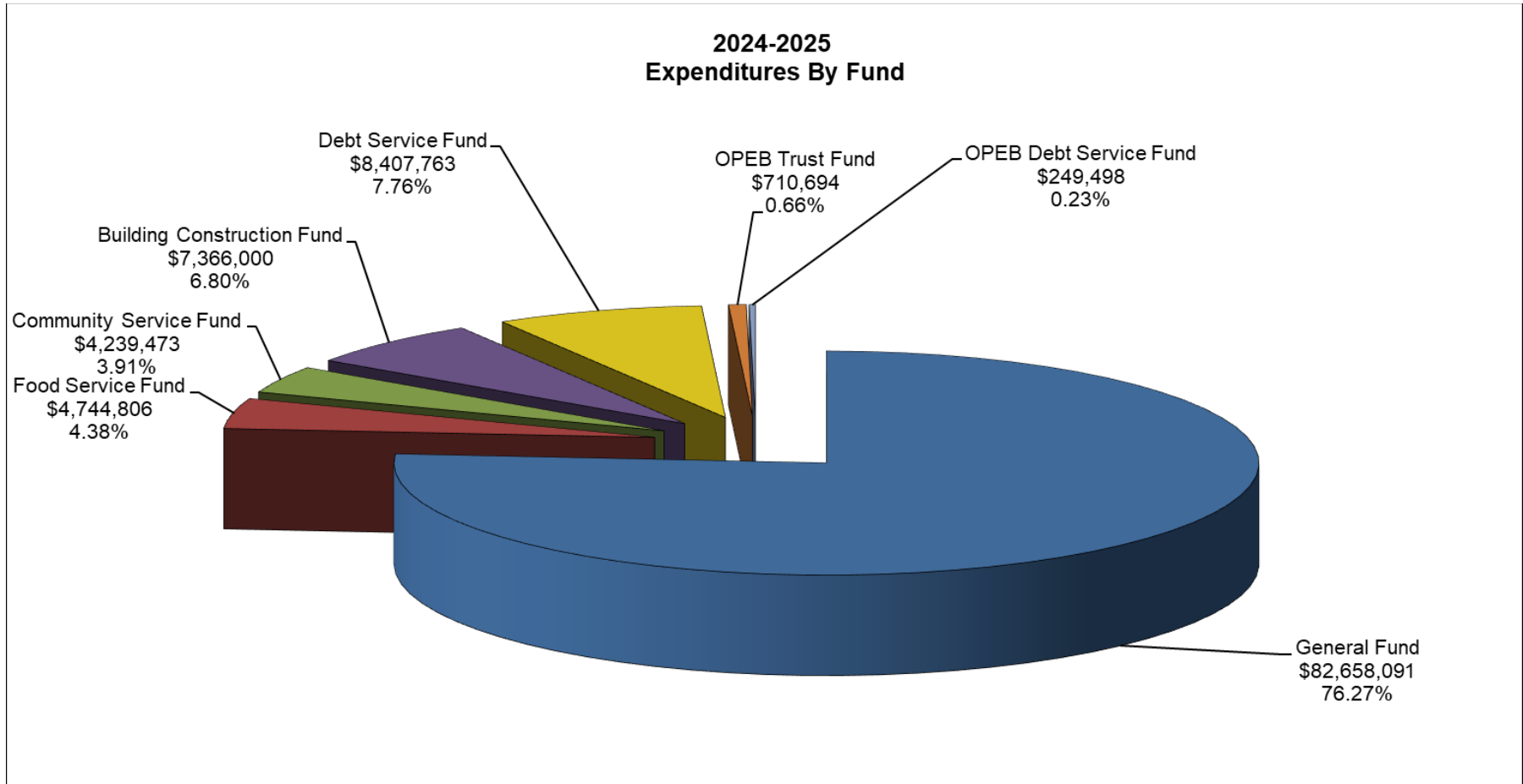
Revenues - All Funds



Expenditures – All Funds

	2021-2022 Actual	2022-2023 Actual	2023-2024 Revised Budget	2024-2025 Budget
General Fund	\$72,267,578	\$75,369,363	\$79,784,986	\$82,658,091
Food Service Fund	\$3,533,402	\$3,585,740	\$5,225,150	\$4,744,806
Community Service Fund	\$3,467,079	\$3,752,009	\$4,086,845	\$4,239,473
Building Construction Fund	\$468,779	\$42,401	\$2,209,950	\$7,366,000
Debt Service Fund	\$14,140,482	\$5,687,481	\$7,255,511	\$8,407,763
OPEB Trust Fund	\$1,294,556	\$934,524	\$741,584	\$710,694
OPEB Debt Service Fund	\$2,016,085	\$1,946,910	\$202,209	\$249,498
Total	\$97,187,961	\$91,318,428	\$99,506,235	\$108,376,325

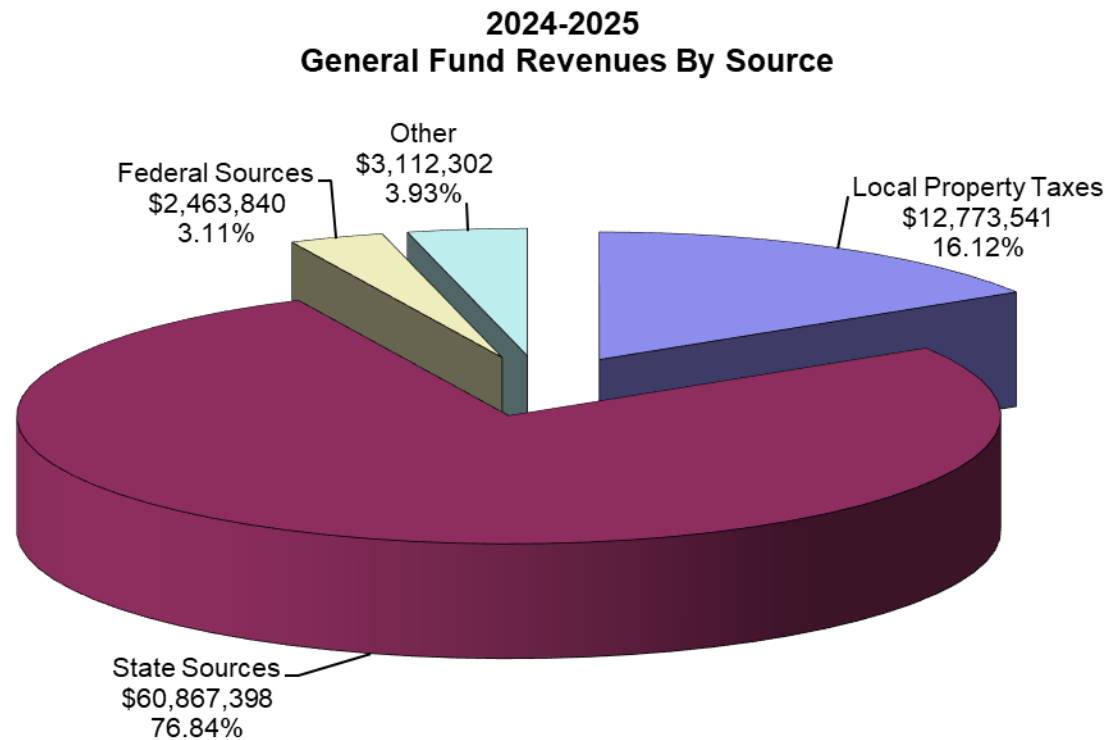
Expenditures – All Funds



General Fund Revenues by Source

	2021-2022 Actual	2022-2023 Actual	2023-2024 Revised Budget	2024-2025 Budget	Amount Change	% Change
Local Property Taxes	\$12,456,765	\$11,525,163	\$13,634,498	\$12,773,541	(\$860,957)	-6.31%
State Sources	\$55,452,982	\$54,427,728	\$59,862,463	\$60,867,398	\$1,004,935	1.68%
Federal Sources	\$3,497,364	\$4,874,319	\$3,400,429	\$2,463,840	(\$936,589)	-27.54%
Other	\$2,422,255	\$3,157,621	\$3,396,895	\$3,112,302	(\$284,593)	-8.38%
Bond Proceeds	\$0	\$0	\$0	\$0	\$0	0.00%
Total	\$73,829,366	\$73,984,831	\$80,294,285	\$79,217,081	(\$1,077,204)	-1.34%

General Fund Revenues by Source

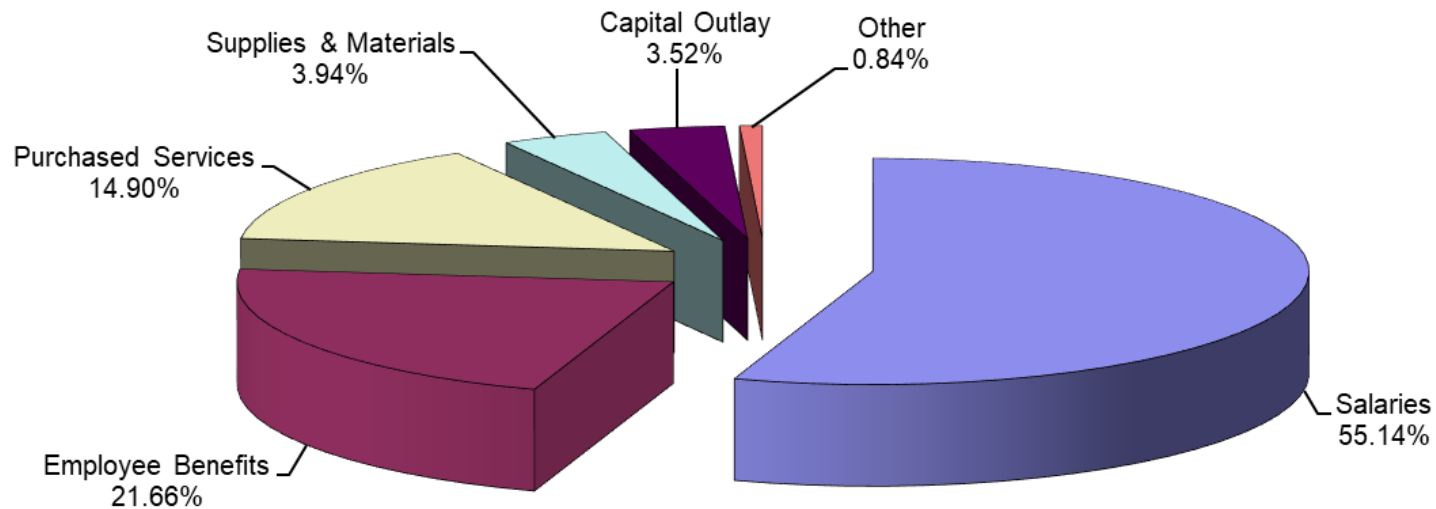


General Fund Expenditures by Object

	2021-2022 Actual	2022-2023 Actual	2023-2024 Revised Budget	2024-2025 Budget	Amount Change	% Change
Salaries	\$39,479,603	\$40,868,518	\$44,145,325	\$45,579,283	\$1,433,958	3.25%
Employee Benefits	\$15,113,852	\$14,865,267	\$16,825,185	\$17,903,474	\$1,078,289	6.41%
Purchased Services	\$11,392,180	\$13,701,054	\$12,107,095	\$12,317,325	\$210,230	1.74%
Supplies & Materials	\$3,379,522	\$3,492,919	\$3,314,088	\$3,255,054	(\$59,034)	-1.78%
Capital Outlay	\$2,219,175	\$1,877,113	\$2,698,946	\$2,911,367	\$212,421	7.87%
Other	\$683,246	\$564,492	\$694,347	\$691,588	(\$2,759)	-0.40%
OPEB Bond	\$0	\$0	\$0	\$0	\$0	0.00%
Total	\$72,267,578	\$75,369,363	\$79,784,986	\$82,658,091	\$2,873,105	3.60%

General Fund Expenditures by Object

**2024-2025
General Fund Expenditures By Object**



Change in Tax Levy does not Determine Change in Budget

- The 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 and fund balance
- An increase in school taxes does not always correlate to an equal increase in budget

Overview of Proposed Levy Payable in 2025

- Four main factors affect your taxes-(school portion only for this discussion)
 1. Levy total – an increase of \$231,683.22 or 1.05%
 2. Assessed value of all property within the school district boundaries
 - This is referred to as the tax base
 - Referendum Market Value (RMV) increased 1.26%
 - Net Tax Capacity (NTC) decreased by 0.12%
 3. Assessed value of your individual property
 4. Market Value Exclusion - **State Legislature**
 - Reduces your taxable market value based on a state-determined formula
The maximum value was increased from \$76,000 to \$95,000
 - This explains why many statements show a difference between Estimated Market Value (EMV) and Taxable Market Value (TMV)

School Levy Total - Truth in Taxation

Buffalo-Hanover-Montrose School District #877				December 9, 2024
Comparison of Final Proposed Tax Levy Payable in 2025 to Final Levy Payable in 2024 Using Final Levy Payable in 2024 as Base Year				
Category	2024 Final Levy	2025 Proposed Levy	Change from Prior Year	Percent Change
General Fund	\$ 12,660,669.40	\$ 12,591,827.69	-68,841.71	-0.54%
Community Education	\$ 537,347.75	\$ 580,422.37	43,074.63	8.02%
Debt Service	\$ 8,902,674.15	\$ 9,160,124.46	257,450.31	2.89%
Total Certified Levy	\$ 22,100,691.30	\$ 22,332,374.52	231,683.22	1.05%

Explanation of Levy Changes Payable 2025

General Fund	Amount of Change	Reason For Change
Voter Approved Operating Levy	\$ (99,900)	Due to decrease in pupil units
Equity Revenue and Transition Revenue	\$ (5,034)	Due to decrease in pupil units
Local Option Revenue	\$ 166,483	Change in Levy % due to valuation increase and decrease in pupil units
RMV Adjustments	\$ (40,102)	Prior year adjustments mainly due to changes in pupil units and valuations
Operating Capital	\$ 107,909	Change in Levy % due to valuation increase and decrease in pupil units
Lease Levy	\$ (226,168)	Final lease payments for MEEC and WTC in Pay 24
Long-Term Facilities Maintenance Revenue	\$ 122,318	Change in Levy % due to valuation increase and decrease in pupil units
Alternative Teacher Compensation (PPD)	\$ (3,636)	Due to decrease in pupil units
Integration	\$ 8,107	Due to prior year changes and current budget
Safe Schools	\$ (11,897)	Due to decrease in pupil units
General Fund Adjustments	\$ (86,922)	Prior year adjustments mainly due to changes in pupil units and valuations
Total General Fund Levy	\$ (68,842)	

Explanation of Levy Changes Payable 2025

Community Education	Amount of Change	Reason For Change
CE Adjustments	\$ 10,602	Prior year adjustments related to School-Age Care and abatements Due to changes in pupil units and valuations
Other	\$ 32,473	
Total Community Education	\$ 43,075	

Debt Service	Amount of Change	Reason For Change
Debt Service - Voter Approved	\$ 413,963	Planned debt service structure and issuance of new bonds
Debt Service Fund Adjustments - Voter Approved	\$ 31,746	Prior year adjustments mainly due to changes in pupil units and valuations
Reduction for Excess Fund Balance - Voter Approved	\$ (182,977)	Excess debt service fund balance adjustment based on future payments
Debt Service Fund Adjustments - Other	\$ 31,129	Prior year adjustments mainly due to changes in pupil units and valuations
Reduction for Debt Service-OPEB/Pension - Other	\$ (36,411)	Transfer of fund balance from OPEB Debt to Debt Service - Other
Total Debt Service Levy	\$ 257,450	

Property Value Changes School District Portion

Buffalo-Hanover-Montrose School District #877			December 9, 2024
Estimated Valuations used in Tax Calculations for Final Proposed Pay 2025 Levy			
Combined Values for Hennepin and Wright County			
Category	Pay 2024 Final	Pay 2025 Proposed	Net Change
Referendum Market Value*	\$ 5,287,013,414	\$ 5,353,381,733	\$ 66,368,319
Net % Change in Value			1.26%
Net Tax Capacity*	\$ 62,636,554	\$ 62,560,728	\$ (75,826)
Net % Change in Value			-0.12%
*All values for taxes payable in 2025 are estimates from Hennepin and Wright County			

Property Value Changes

Tax Rate Calculations

Buffalo-Hanover-Montrose School District #877 Analysis of Impact of Proposed 2025 Tax Levy and Rates Using Final Levy Payable in 2024 as Base Year Split of Taxes into Voter Approved and Other Local Levies		
Tax Rate Calculations Used for Final Tax Rates	2024 Final Levy	2025 Proposed Levy
Voter Approved Levy		
Referendum Market Value Tax Rate	0.07931%	0.07714%
Net Tax Capacity Tax Rate	14.0690%	14.5021%
Other Local Levies		
Referendum Market Value Tax Rate	0.08920%	0.08968%
Net Tax Capacity Tax Rate	6.6760%	6.6008%
Totals		
Total Referendum Market Value Tax Rate	0.16851%	0.16681%
Total Net Tax Capacity Tax Rate	20.7450%	21.1030%

Impact on Taxpayers School Portion Only

Buffalo-Hanover-Montrose School District #877			December 9, 2024
Comparison of Final Proposed Tax Levy Payable in 2025 to Final Levy Payable in 2024 Using Final Levy Payable in 2024 as Base Year			
Tax Impact on Various Classes of Property- School Portion Only	2024 Final Levy	2025 Proposed Levy	Difference From Prior Year
Residential Homestead Property			
\$150,000	\$ 517	\$ 498	\$ (19)
\$200,000	\$ 716	\$ 696	\$ (20)
\$250,000	\$ 914	\$ 895	\$ (19)
\$300,000	\$ 1,112	\$ 1,094	\$ (18)
\$350,000	\$ 1,311	\$ 1,292	\$ (19)
\$400,000	\$ 1,509	\$ 1,491	\$ (18)
Commercial/Industrial Property			
\$150,000	\$ 724	\$ 726	\$ 2
\$200,000	\$ 1,017	\$ 1,021	\$ 4
\$205,000	\$ 1,047	\$ 1,050	\$ 3
\$300,000	\$ 1,605	\$ 1,611	\$ 6
Agricultural Homestead Property			
\$600,000.00 Ag Homestead+	\$ 1,418	\$ 1,430	\$ 12
\$800,000.00 Ag Homestead+	\$ 1,625	\$ 1,642	\$ 17
\$1,000,000.00 Ag Homestead+	\$ 1,833	\$ 1,853	\$ 20
\$1,200,000.00 Ag Homestead+	\$ 2,040	\$ 2,064	\$ 24

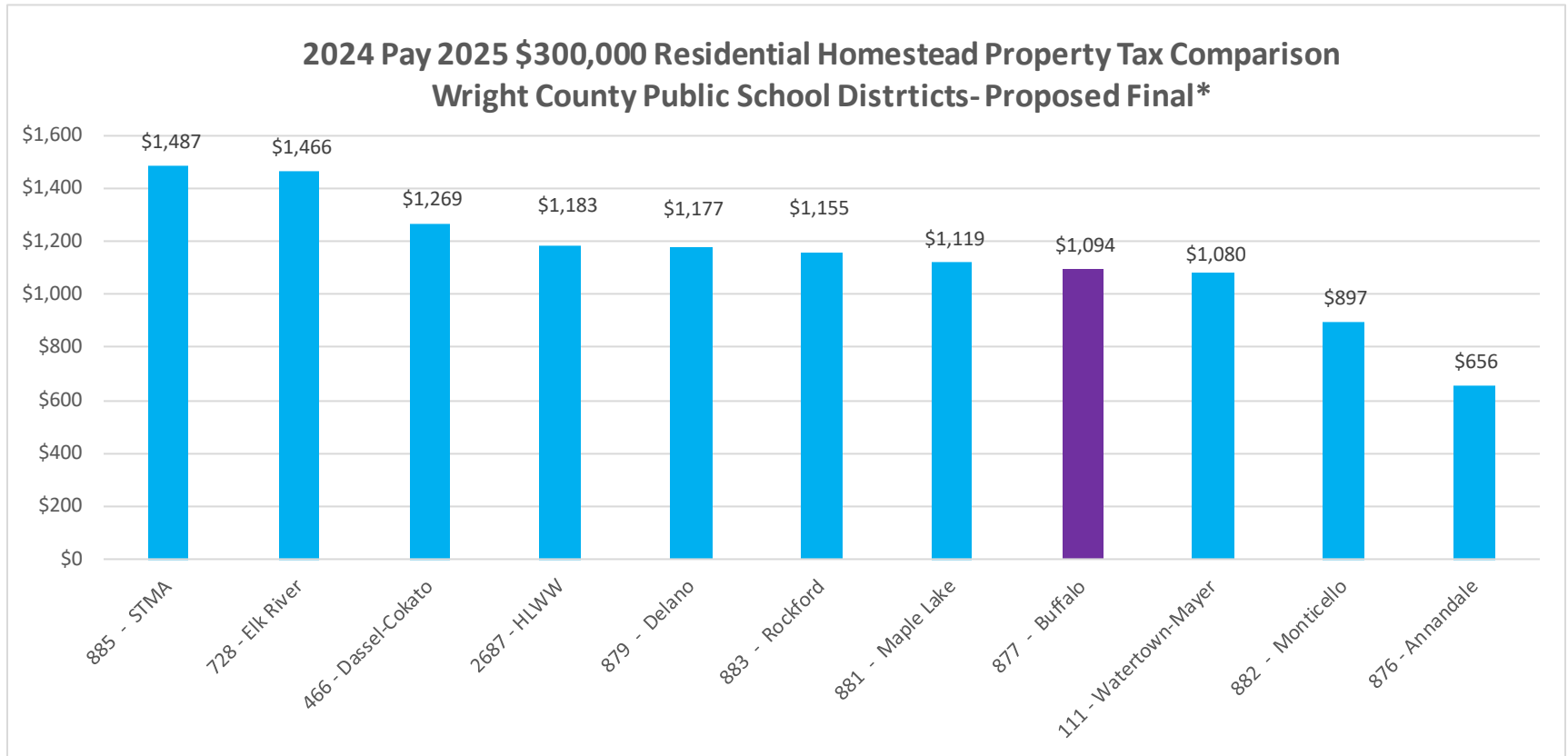
Individual Property Example

Truth In Taxation

	Wright County Parcel			Hennepin County Parcel		
	2025	2024	Net Change	2025	2024	Net Change
Estimated Market Value	\$ 273,600	\$ 251,800	\$ 21,800	\$ 525,200	\$ 518,900	\$ 6,300
EMV % Change			8.66%			1.2%
Taxable Market Value	\$ 251,674	237,222	\$ 14,452	\$ 525,200	518,900	\$ 6,300
TMV % Change			6.1%			1.2%
Market Value Exclusion	\$ 21,926	\$ 14,578	\$ 7,348	\$ -	\$ -	\$ -
Voter Approved Levies						
RMV Levy	\$ 211	\$ 200	\$ 11	\$ 406	\$ 412	\$ (6)
NTC Levy	\$ 366	\$ 337	\$ 29	\$ 772	\$ 743	\$ 29
Market Value Credit	\$ -		\$ -	\$ -	0	\$ -
Total Voter Approved Levy	\$ 577	\$ 537	\$ 40	\$ 1,178	\$ 1,155	\$ 23
Other Local Levies						
RMV Levy	\$ 246	\$ 225	\$ 21	\$ 472	\$ 463	\$ 8
NTC Levy	\$ 167	\$ 160	\$ 7	\$ 351	\$ 353	\$ (1)
Market Value Credit	\$ -	0	\$ -	\$ -	0	\$ -
Total Other Local Levies	\$ 413	\$ 385	\$ 28	\$ 823	\$ 816	\$ 7
Voter Approved Levy	\$ 577	\$ 537	\$ 40	\$ 1,178	\$ 1,155	\$ 23
Other Local Levies	\$ 413	\$ 385	\$ 28	\$ 823	\$ 816	\$ 7
Total Tax Amount Proposed Final Levy	\$ 990	\$ 922	\$ 68	\$ 2,000	\$ 1,970	\$ 30

Proposed Property Tax Comparison

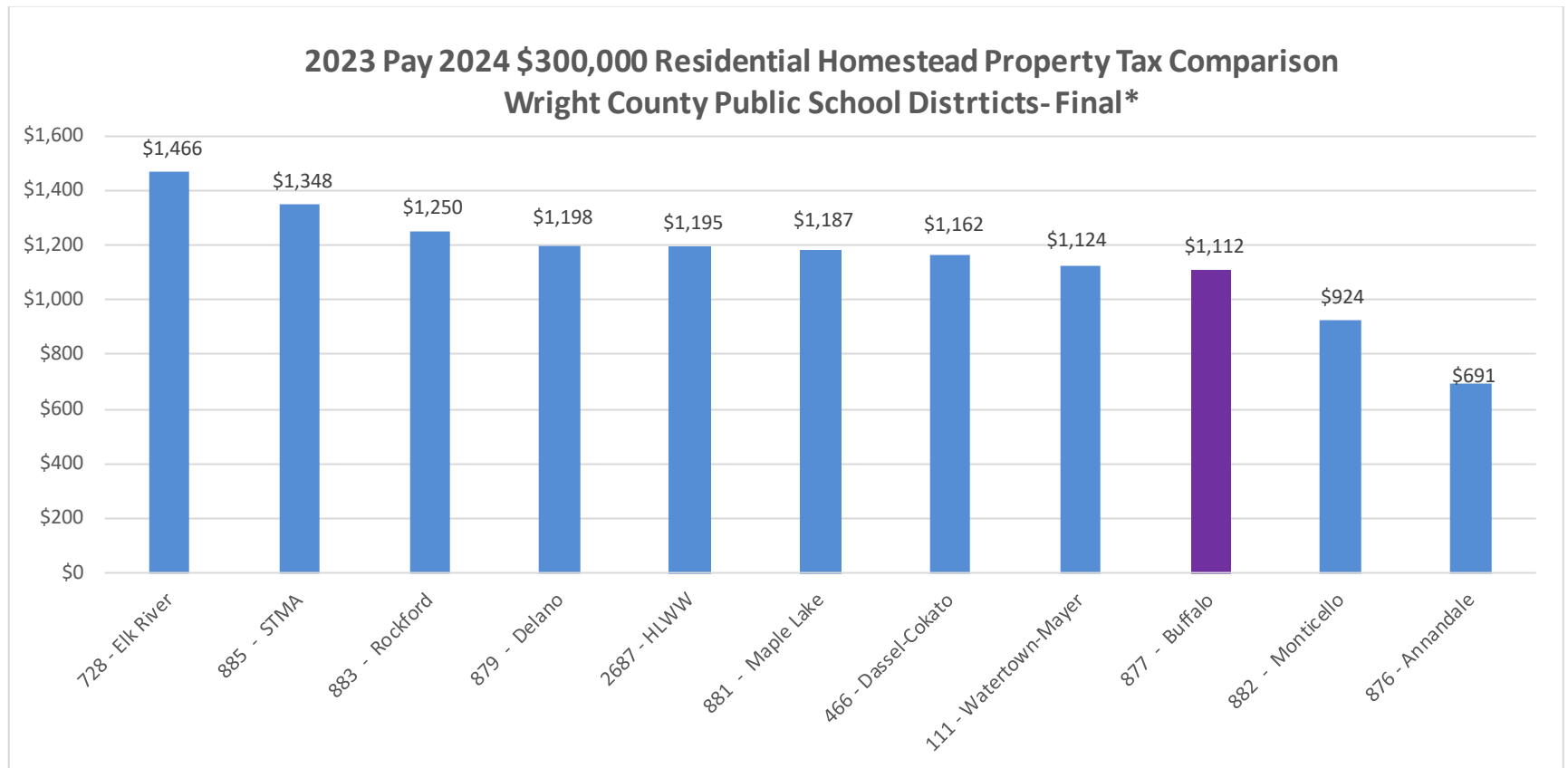
Truth In Taxation



*Source - Wright County, Minnesota Auditor/Treasurer's Office Property Taxes, Values, Levies, and Rates

<https://www.co.wright.mn.us/780/Property-Taxes-Values-Levies-and-Rates>

Proposed Property Tax Comparison – Final Prior Year



*Source - Wright County, Minnesota Auditor/Treasurer's Office Property Taxes, Values, Levies, and Rates

<https://www.co.wright.mn.us/780/Property-Taxes-Values-Levies-and-Rates>

State Property Tax Refund & Deferrals

- Homestead Credit Refund
 - Available for all homestead property, both residential and agricultural (house, garage, and one acre (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 with a gross tax increase of at least 6% and \$100 over the prior year.
 - Refund is 60% of tax increase that exceeds the greater of 6% or \$100 (max \$2500)
- 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 the home is sold or homeowner(s) dies

Next Steps

- The board will accept public comments and questions on the proposed final levy
- Board certifies the final amount of tax levy payable in 2025
- Final levy is certified to the county auditor by December 30, 2024

Public Comments and Questions