



**Buffalo
Hanover
Montrose**

BHM SCHOOLS

Public Hearing for Taxes Payable in 2026

December 8, 2025

Presented by:
Ryan Tangen, CPA
Director of Finance and Operations

MN State Law Requirements

- **Hold a Public Meeting**

- Between November 25 and December 30
- 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 must include discussion on:**

- Current Year Budget
- Proposed property tax levy

Hearing Agenda

- District's Current Budget
- District's Proposed Tax Levy for Taxes Payable in 2026
- 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
- 2026 payable taxes provide revenue for the 2026-27 fiscal year budget
- Budget adopted in June 2026

City/County

- Budget year begins January 1
- 2026 payable taxes provide revenue for the 2026 calendar year budget
- Budget adopted December 2025.



FY 2025-26 Budget

Approved by the BHM School Board on June 23, 2025

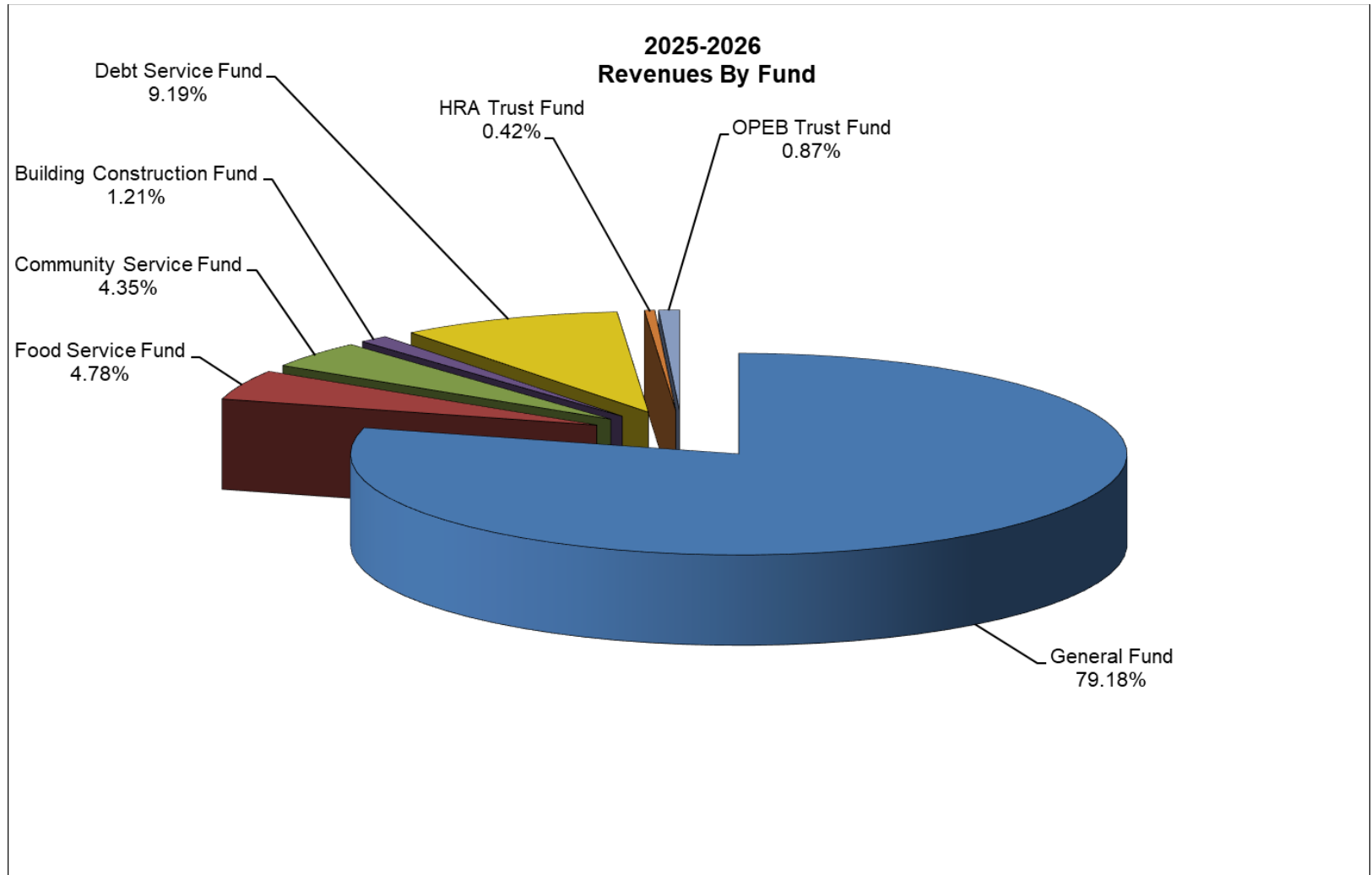
Budget Information

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

All Funds Revenue Summary

	2022-2023 Actual	2023-2024 Actual	2024-2025 Revised Budget	2025-2026 Budget
General Fund	\$73,984,831	\$80,980,042	\$80,448,480	\$79,683,410
Food Service Fund	\$3,905,746	\$4,987,107	\$4,767,971	\$4,805,919
Community Service Fund	\$4,160,988	\$4,684,522	\$4,286,554	\$4,379,790
Building Construction Fund	\$0	\$46,422,772	\$2,000,965	\$1,215,708
Debt Service Fund	\$6,089,033	\$8,083,250	\$8,997,664	\$9,248,241
HRA Trust Fund	\$402,588	\$244,036	\$251,287	\$427,653
OPEB Trust Fund	\$1,210,415	\$1,566,150	\$311,180	\$871,054
OPEB Debt Service Fund	\$1,966,831	\$22,736	\$0	\$0
Total	\$91,720,432	\$146,990,615	\$101,064,101	\$100,631,775

Revenues - All Funds

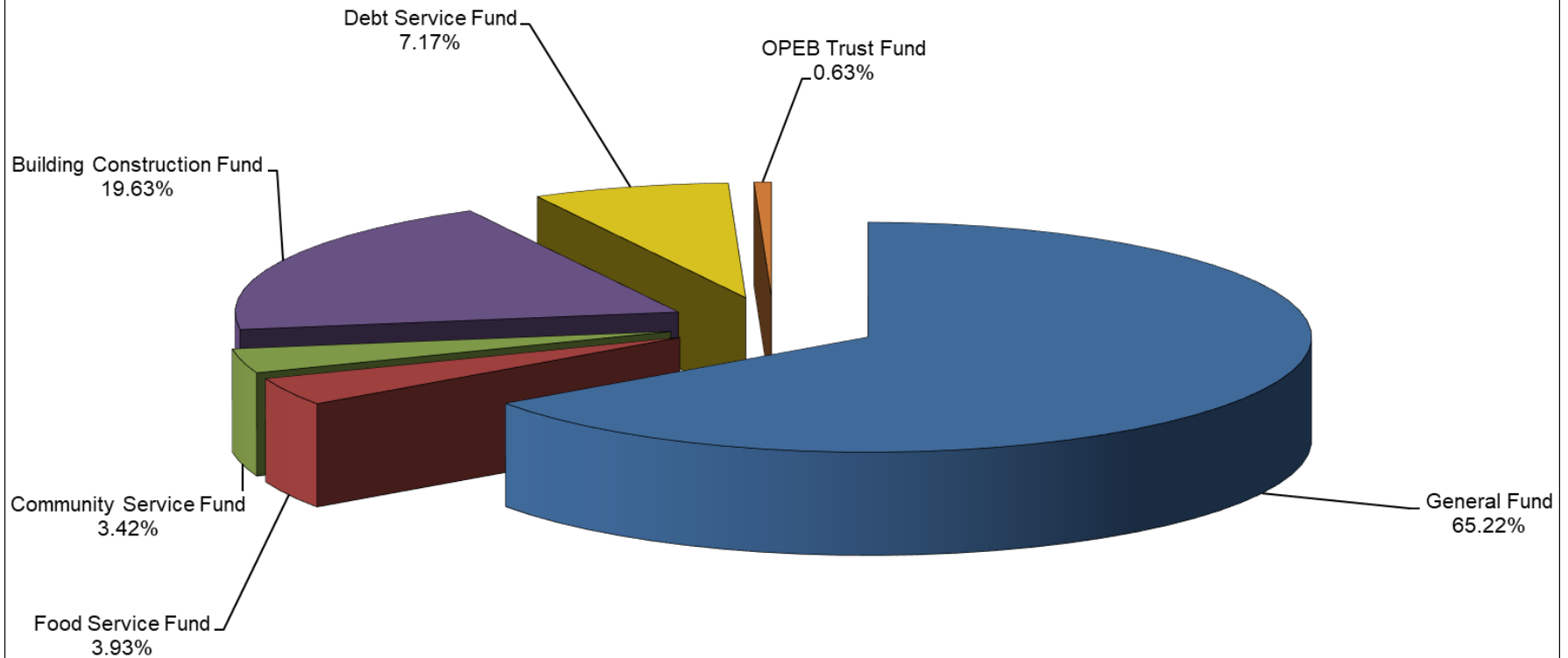


Expenditures – All Funds

	2022-2023 Actual	2023-2024 Actual	2024-2025 Revised Budget	2025-2026 Budget
General Fund	\$75,369,363	\$78,989,397	\$81,614,065	\$82,412,955
Food Service Fund	\$3,585,740	\$4,376,499	\$4,750,730	\$4,965,203
Community Service Fund	\$3,752,009	\$4,099,183	\$4,313,316	\$4,323,751
Building Construction Fund	\$42,401	\$1,133,483	\$5,768,170	\$24,805,854
Debt Service Fund	\$5,687,481	\$7,255,510	\$8,657,498	\$9,055,698
OPEB Trust Fund	\$934,524	\$755,832	\$691,274	\$800,738
OPEB Debt Service Fund	\$1,946,910	\$458,919	\$0	\$0
Total	\$91,318,428	\$97,068,823	\$105,795,053	\$126,364,199

Expenditures – All Funds

**2025-2026
Expenditures By Fund**

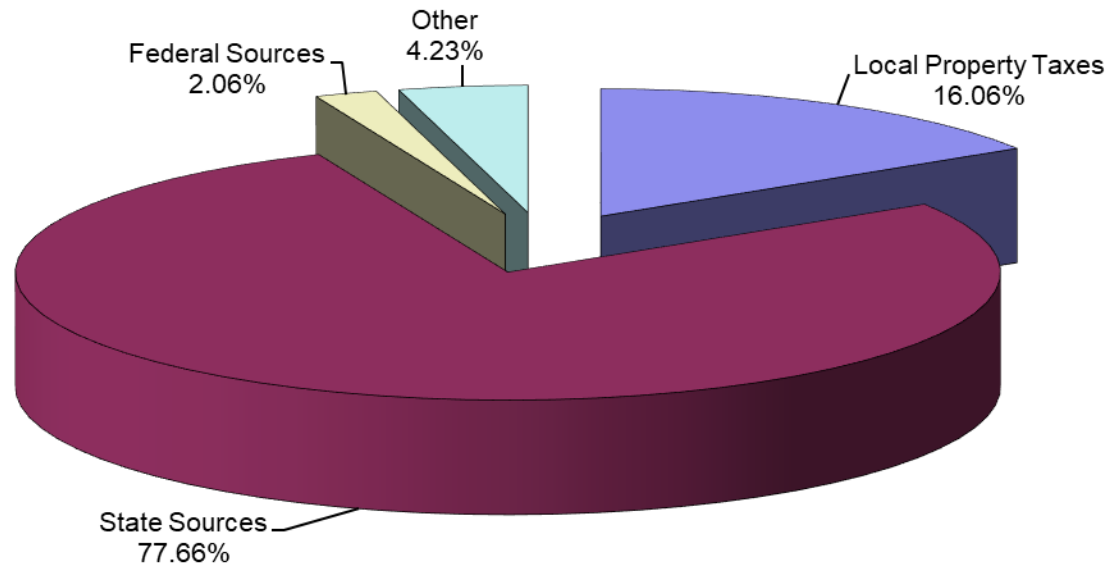


General Fund Revenues by Source

	2022-2023	2023-2024	2024-2025			
	Actual	Actual	Revised Budget	2025-2026 Budget	Amount Change	% Change
Local Property Taxes	\$11,525,163	\$13,673,770	\$12,674,582	\$12,793,291	\$118,709	0.94%
State Sources	\$54,427,728	\$60,077,882	\$62,450,884	\$61,881,408	(\$569,476)	-0.91%
Federal Sources	\$4,874,319	\$3,280,688	\$1,939,298	\$1,637,838	(\$301,460)	-15.54%
Other	\$3,157,621	\$3,947,702	\$3,383,716	\$3,370,873	(\$12,843)	-0.38%
Total	\$73,984,831	\$80,980,042	\$80,448,480	\$79,683,410	(\$765,070)	-0.95%

General Fund Revenues by Source

**2025-2026
General Fund Revenue By Source**

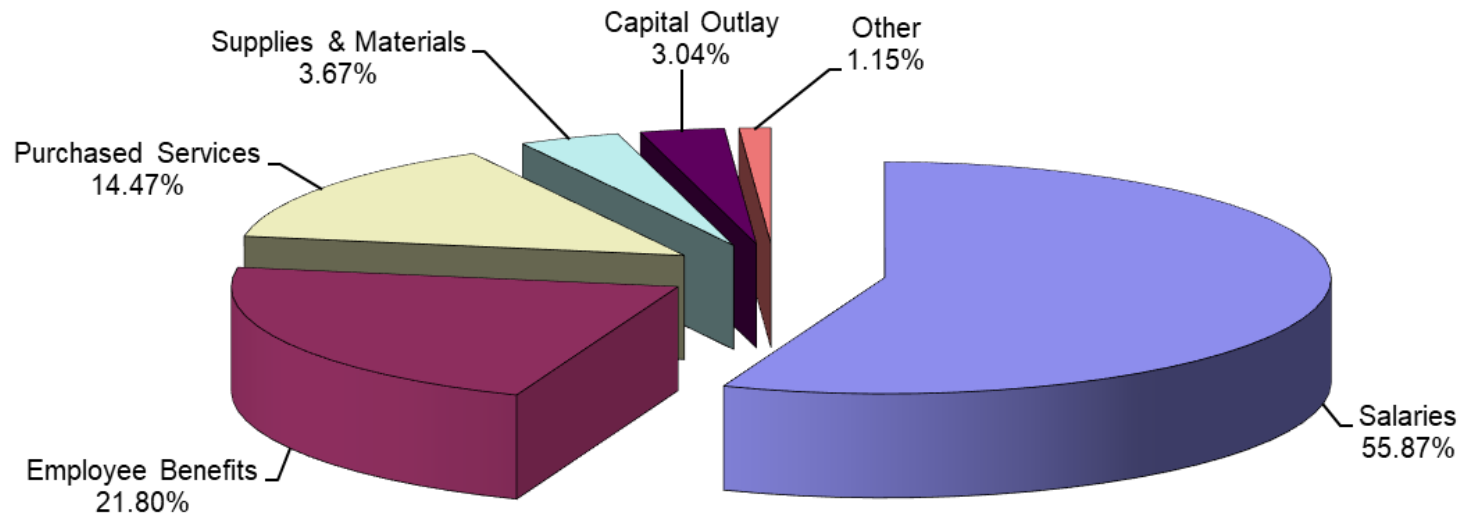


General Fund Expenditures by Object

	2022-2023	2023-2024	2024-2025			
	Actual	Actual	Revised Budget	2025-2026 Budget	Amount Change	% Change
Salaries	\$40,868,518	\$43,976,169	\$45,620,216	\$46,043,982	\$423,766	0.93%
Employee Benefits	\$14,865,267	\$16,618,549	\$17,123,216	\$17,968,587	\$845,371	4.94%
Purchased Services	\$13,701,054	\$13,264,549	\$12,309,192	\$11,927,230	(\$381,962)	-3.10%
Supplies & Materials	\$3,492,919	\$3,246,306	\$3,134,779	\$3,021,160	(\$113,619)	-3.62%
Capital Outlay	\$1,877,113	\$1,261,634	\$2,740,691	\$2,508,037	(\$232,654)	-8.49%
Other	\$564,492	\$622,190	\$685,971	\$943,959	\$257,988	37.61%
Total	\$75,369,363	\$78,989,397	\$81,614,065	\$82,412,955	\$798,890	0.98%

General Fund Expenditures by Object

**2025-2026
General Fund Expenditures By Object**





Proposed Property Tax Levy Payable 2026

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 2026

- Four main factors affect your taxes-(school portion only for this discussion)
 1. Levy total \$22,206,794.60 – a decrease of \$125,579.92 or 0.56%
 2. Assessed value of all property within the school district boundaries
 - This is referred to as the tax base
 - Referendum Market Value (RMV) increased 5.53%
 - Net Tax Capacity (NTC) increased by 4.77%
 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 is \$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 8, 2025
Comparison of Final Proposed Levy Payable in 2026 to Actual Levy Payable in 2025 by Fund Using Actual Levy Payable in 2025 as Base Year				
Category	2025 Final Levy	2026 Proposed Levy	Change from Prior Year	Percent Change
General Fund	\$12,591,827.69	\$13,283,389.33	691,561.64	5.49%
Community Education	\$ 580,422.37	\$ 509,622.53	-70,799.84	-12.20%
Debt Service	\$ 9,160,124.46	\$ 8,413,782.74	-746,341.72	-8.15%
Total Certified Levy	\$22,332,374.52	\$22,206,794.60	-125,579.92	-0.56%

Levy Overview

Payable	2025 Final Levy	2026 Proposed Levy	Change from Prior Year	Percent Change
General Fund				
Voter Approved Referendum JOBZ Exempt Equity	\$ 4,093,950.00	\$ 4,041,450.00	\$ (52,500.00)	-1.28%
Local Option Revenue	\$ 731,452.40	\$ 732,647.52	\$ 1,195.12	0.16%
Transition	\$ 3,925,010.27	\$ 3,872,897.16	\$ (52,113.11)	-1.33%
RMV Adjustments - Voter Approved	\$ 62,064.28	\$ 61,268.38	\$ (795.90)	-1.28%
RMV Adjustments - Other	\$ 72,879.99	\$ (24,772.50)	\$ (97,652.49)	-133.99%
Operating Capital	\$ 125,555.96	\$ (54,109.14)	\$ (179,665.10)	-143.10%
Lease Levy	\$ 663,305.83	\$ 622,040.65	\$ (41,265.18)	-6.22%
Long-Term Facilities Maintenance Revenue	\$ 244,637.53	\$ 261,374.20	\$ 16,736.67	6.84%
Alternative Teacher Compensation (PPD)	\$ 1,479,941.73	\$ 2,458,375.85	\$ 978,434.12	66.11%
Integration	\$ 469,011.27	\$ 452,472.02	\$ (16,539.25)	-3.53%
Safe Schools	\$ 181,795.40	\$ 183,610.12	\$ 1,814.72	1.00%
Safe Schools Intermediate	\$ 196,509.60	\$ 193,989.60	\$ (2,520.00)	-1.28%
Career Technical	\$ 20,633.51	\$ 20,368.91	\$ (264.60)	-1.28%
Reemployment Ins	\$ 280,812.49	\$ 278,491.20	\$ (2,321.29)	-0.83%
General Fund Adjustments	\$ 100,000.00	\$ 100,000.00	\$ -	0.00%
	\$ (55,732.57)	\$ 83,285.36	\$ 139,017.93	-249.44%
Total General Fund Levy	\$ 12,591,827.69	\$ 13,283,389.33	\$ 691,561.64	5.49%
Community Education				
Basic Community Education	\$ 222,339.03	\$ 197,051.24	\$ (25,287.79)	-11.37%
Early Childhood Family Education	\$ 134,769.95	\$ 111,564.52	\$ (23,205.43)	-17.22%
School-Age Care	\$ 140,000.00	\$ 140,000.00	\$ -	0.00%
Home Visiting	\$ 5,359.03	\$ 5,143.86	\$ (215.17)	-4.02%
Adults with Disabilities	\$ 3,573.06	\$ 3,149.79	\$ (423.27)	-11.85%
CE Adjustments	\$ 74,381.30	\$ 52,713.12	\$ (21,668.18)	-29.13%
Total Community Education Levy	\$ 580,422.37	\$ 509,622.53	\$ (70,799.84)	-12.20%
Debt Service				
Debt Service - Voter Approved	\$ 9,503,732.00	\$ 9,375,212.00	\$ (128,520.00)	-1.35%
Debt Service Fund Adjustments - Voter Approved	\$ 31,745.96	\$ 84,331.42	\$ 52,585.46	165.64%
Reduction for Excess Fund Balance - Voter Approved	\$ (380,854.36)	\$ (1,035,344.13)	\$ (654,489.77)	171.85%
Debt Service Fund Adjustments - Other	\$ 5,500.89	\$ (10,416.55)	\$ (15,917.44)	-289.36%
Reduction for Excess Fund Balance - Other	\$ (0.03)	\$ -	\$ 0.03	-100.00%
Debt Service- Net Offset	\$ 136,162.02	\$ -	\$ (136,162.02)	-100.00%
Reduction for Debt Service-OPEB/Pension - Other	\$ (136,162.02)	\$ -	\$ 136,162.02	-100.00%
Total Debt Service Levy	\$ 9,160,124.46	\$ 8,413,782.74	\$ (746,341.72)	-8.15%
Total Certified Levy	\$ 22,332,374.52	\$ 22,206,794.60	\$ (125,579.92)	-0.56%

Levy Highlights

- **General Fund Levy**

- Primarily driven by enrollment-based formulas and prior-year levy adjustments.
- Lower projected enrollment results in reduced levy amounts in most categories.
- Includes a new roofing levy authorized under Long-Term Facilities Maintenance (LTFM).

- **Community Education Levy**

- Decreased due to higher equalization aid and prior-year adjustments.

- **Debt Service Levy**

- Decreased due to changes in annual debt obligations.
- Further reduced by applying excess fund balance from closing out remaining debt.

Property Value Changes School District Portion

Buffalo-Hanover-Montrose School District #877			December 8, 2025
Estimated Valuations used in Tax Calculations for Final Proposed Pay 2026 Levy Combined Values for Hennepin and Wright County			
Category	Pay 2025 Final	Pay 2026 Proposed	Net Change
Referendum Market Value*	\$ 5,290,303,304	\$ 5,582,840,502	\$ 292,537,198
Net % Change in Value			5.53%
Net Tax Capacity*	\$ 61,829,298	\$ 64,779,345	\$ 2,950,047
Net % Change in Value			4.77%
*All values for taxes payable in 2026 are estimates from Hennepin and Wright County			

Property Value Changes

Tax Rate Calculations

Buffalo-Hanover-Montrose School District #877

Analysis of Impact of Proposed 2026 Tax Levy and Rates

Using Actual Levy Payable in 2025 as Base Year

Split of Taxes into Voter Approved and Other Local Levies

Tax Rate Calculations Used for Final Tax Rates	2025 Final Levy	2026 Proposed Levy
Voter Approved Levy		
Referendum Market Value Tax Rate	0.07816%	0.07131%
Net Tax Capacity Tax Rate	14.8063%	12.8970%
Other Local Levies		
Referendum Market Value Tax Rate	0.09087%	0.08190%
Net Tax Capacity Tax Rate	6.7393%	7.8893%
Totals		
Total Referendum Market Value Tax Rate	0.16903%	0.15321%
Total Net Tax Capacity Tax Rate	21.5455%	20.7864%

Impact on Taxpayers

School District Portion Only

Buffalo-Hanover-Montrose School District #877			December 8, 2025
Analysis of Impact of Final 2026 Levy and Rates			
Final Tax Statement Estimates			
Using Actual Levy Payable in 2025 as Base Year			
Tax Impact on Various Classes of Property- School Portion Only	2025 Final Levy	2026 Proposed Levy	Difference From Prior Year
Residential Homestead Property			
\$150,000	\$ 506	\$ 473	\$ (33)
\$200,000	\$ 707	\$ 663	\$ (44)
\$250,000	\$ 909	\$ 853	\$ (56)
\$300,000	\$ 1,111	\$ 1,043	\$ (68)
\$350,000	\$ 1,313	\$ 1,232	\$ (81)
\$400,000	\$ 1,515	\$ 1,422	\$ (93)
Commercial/Industrial Property			
\$150,000	\$ 738	\$ 698	\$ (40)
\$200,000	\$ 1,038	\$ 982	\$ (56)
\$250,000	\$ 1,338	\$ 1,266	\$ (72)
\$300,000	\$ 1,638	\$ 1,551	\$ (87)
Agricultural Homestead Property			
\$600,000.00 Ag Homestead+	\$ 1,077	\$ 1,012	\$ (65)
\$800,000.00 Ag Homestead+	\$ 1,594	\$ 1,477	\$ (117)
\$1,000,000.00 Ag Homestead+	\$ 2,136	\$ 1,990	\$ (146)
\$1,200,000.00 Ag Homestead+	\$ 2,682	\$ 2,507	\$ (175)

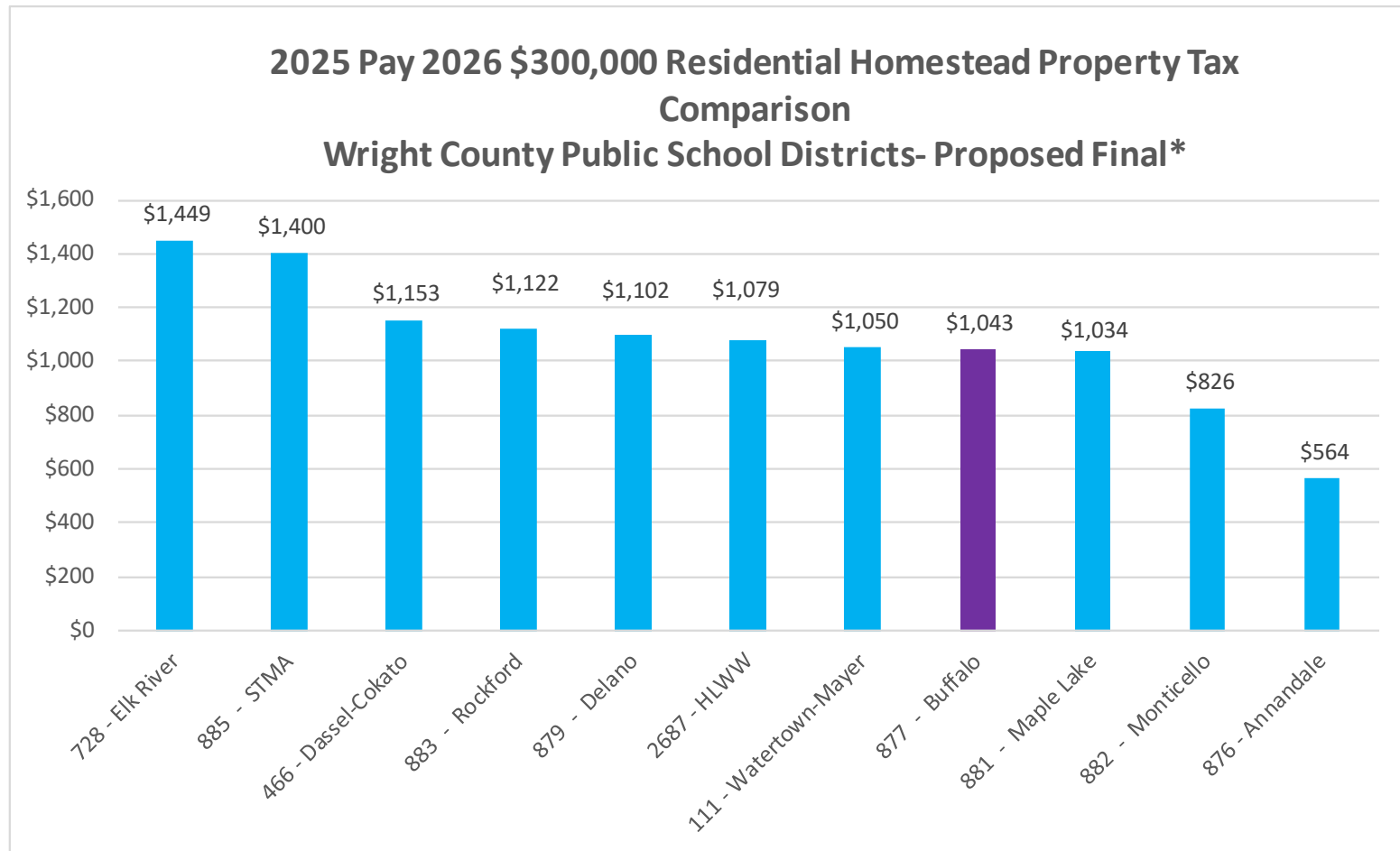
Individual Property Example

Truth In Taxation

	Wright County Parcel			Hennepin County Parcel		
	2026	2025	Net Change	2026	2025	Net Change
Estimated Market Value	\$ 277,300	\$ 273,600	\$ 3,700	\$ 543,800	\$ 525,200	\$ 18,600
EMV % Change			1.35%			3.5%
Taxable Market Value	\$ 255,707	251,674	\$ 4,033	\$ 543,800	525,200	\$ 18,600
TMV % Change			1.6%			3.5%
Market Value Exclusion	\$ 21,593	\$ 21,926	\$ (333)	\$ -	\$ -	\$ -
Voter Approved Levies						
RMV Levy	\$ 198	\$ 214	\$ (16)	\$ 388	\$ 411	\$ (23)
NTC Levy	\$ 330	\$ 373	\$ (43)	\$ 715	\$ 787	\$ (71)
Market Value Credit	\$ -		\$ -	\$ -	0	\$ -
Total Voter Approved Levy	\$ 528	\$ 587	\$ (59)	\$ 1,103	\$ 1,197	\$ (94)
Other Local Levies						
RMV Levy	\$ 227	\$ 249	\$ (22)	\$ 445	\$ 477	\$ (32)
NTC Levy	\$ 203	\$ 170	\$ 33	\$ 438	\$ 358	\$ 79
Market Value Credit	\$ -	0	\$ -	\$ -	0	\$ -
Total Other Local Levies	\$ 430	\$ 419	\$ 11	\$ 883	\$ 835	\$ 48
Voter Approved Levy	\$ 528	\$ 587	\$ (59)	\$ 1,103	\$ 1,197	\$ (94)
Other Local Levies	\$ 430	\$ 419	\$ 11	\$ 883	\$ 835	\$ 48
Total Tax Amount Proposed Final Levy	\$ 958	\$ 1,006	\$ (48)	\$ 1,986	\$ 2,033	\$ (47)

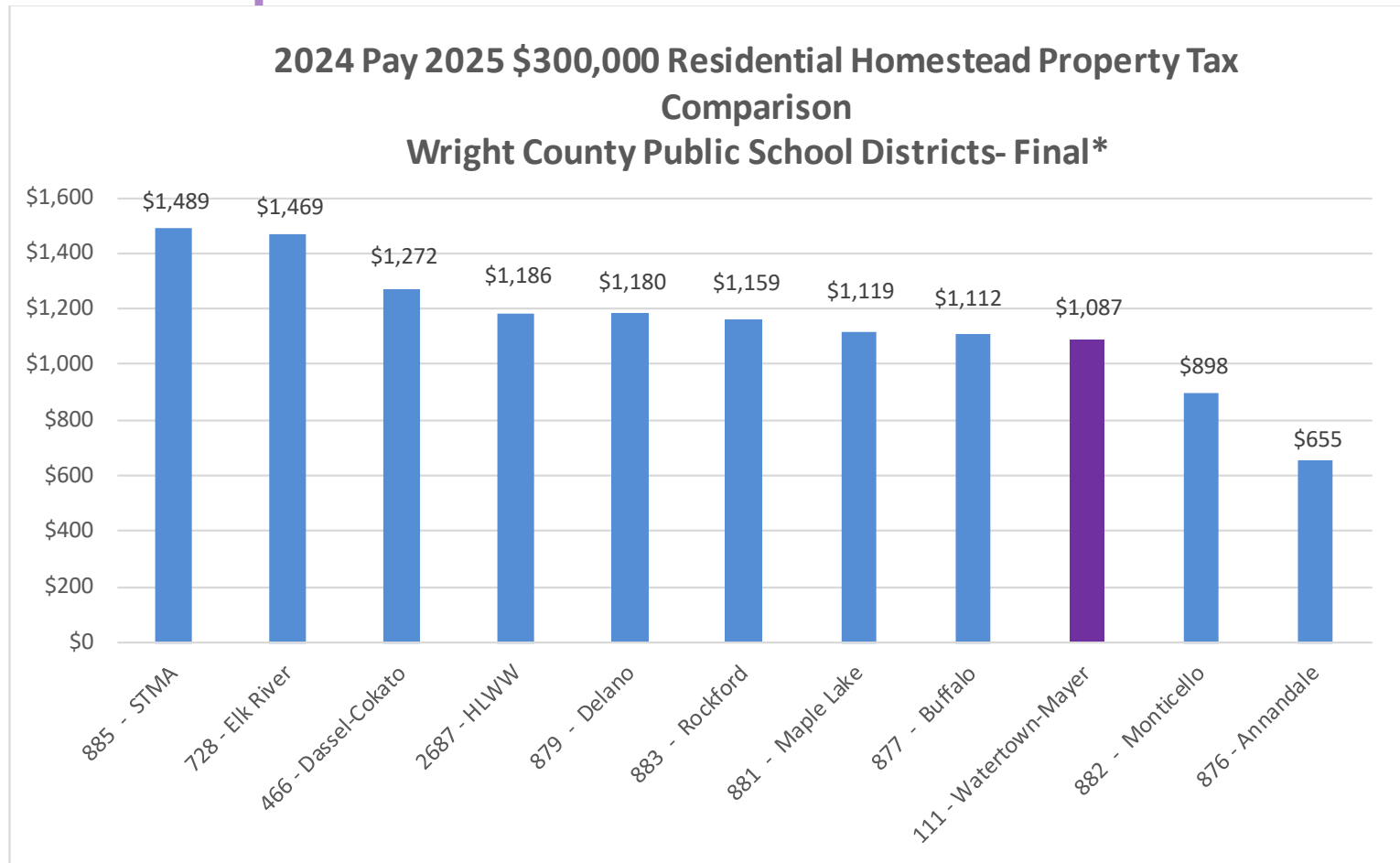
Proposed Property Tax Comparison

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>

Other Taxpayer Resources

- Minnesota Homestead Property Tax Refund
- Special Property Tax Refund Program
- Senior Citizen Property Tax Deferral
- Disabled Veteran's Homestead Property Tax Exclusion
- Blind or Disabled Special Homestead Classification
- Green Acres and Rural Preserve

Levy Certification

Recommended Levy
Certification Amount
\$22,206,794.60

Public Comments and Questions



School Board Meeting:

December 8, 2025

Subject:

Certify 2025 Payable 2026 Levy

Presenter:

**Ryan L. Tangen, Director of
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Recommendation to approve the 2025 Payable 2026 tax levy in the following amount:

General	\$13,283,389.33
Community Education	\$ 509,622.53
Debt Service	<u>\$ 8,413,782.74</u>
Total	<u>\$22,206,794.60</u>

DESCRIPTION:

The recommended levy total of \$22,206,794.60 represents a decrease of \$125,579.92, or 0.56%, compared to the prior year's levy. The district's estimated referendum market value increased by 5.53% while the estimated net tax capacity value increased by 4.77%. As a result, residential homestead property valued at \$300,000 is expected to see a decrease of \$68 per year in school district property taxes.

The General Fund levy is primarily driven by enrollment-based levies and prior-year levy adjustments. While most levy categories decreased due to lower enrollment, these reductions were offset by the new roofing levy authorized under Long-Term Facilities Maintenance (LTFM). The Community Education levy decreased due to higher equalization aid and prior-year adjustments. The Debt Service levy also decreased, reflecting changes in annual debt obligations and an offset from excess fund balance resulting from closing out remaining debt.