

School Board Meeting/Workshop:

September 25, 2023

Subject:

Levy Certification Approval

Presenter:

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

SUGGESTED SCHOOL BOARD ACTION:

Approve the proposed 2023 Payable 2024 levy certification at the "Maximum".

DESCRIPTION:

The proposed levy needs approval by September 30, 2023. Due to the number of inputs that go into the levy document, districts have the option to approve the levy at the "**Maximum**" to allow any final adjustments to be made before the levy is sent to the county auditor's office for use in preparing Truth in Taxation notices. The current projected total levy is \$19,505,045.54, a decrease of \$909,880.02 or 4.46% from the prior year's levy. These numbers are **subject to change**.

Preliminary Property Tax Levy Payable 2024

SEPTEMBER 25, 2023

BUFFALO-HANOVER-MONTROSE SCHOOLS

Main Factors Affecting Taxes Payable 2024

Most changes are driven by a decrease in student numbers

- Current levy for Pay 2024
- Adjustments from prior year levies due to enrollment and property value corrections

Change in the levy to aid ratio based on property values per student

Change in debt payments

Property Value Changes for Pay 2024

	<u>Values</u>	<u>Dollars Change</u>	<u>Percent Change</u>
Market Value:	\$ 4,912,484,998	\$ 807,460,289	19.67%
Referendum Market Value:	\$ 4,588,572,806	\$ 738,685,881	19.19%
Adjusted Net Tax Capacity:	\$ 56,652,371	\$ 9,045,336	19.00%
Sales Ratio:	90.40%		-2.60%

Referendum Market Value

Referendum Market Value

• Pay 2019	\$2,956,746,130	Increase \$186,861,555 or 6.75%
• Pay 2020	\$3,154,239,325	Increase \$197,493,195 or 6.68%
• Pay 2021	\$3,393,912,150	Increase \$239,672,825 or 7.60%
• Pay 2022	\$3,658,898,775	Increase \$264,986,625 or 7.81%
• Pay 2023	\$3,849,886,925	Increase \$190,988,150 or 5.22%
• Pay 2024	\$4,588,572,806	Increase \$738,686,881 or 19.19%

Referendum Market Value per Weighted Residential Pupil Unit

• Pay 2019	\$428,868	Increase \$ 28,346 or 7.08%
• Pay 2020	\$480,415	Increase \$ 51,548 or 12.02%
• Pay 2021	\$483,866	Increase \$ 3,451 or .72%
• Pay 2022	\$517,206	Increase \$ 33,340 or 6.89%
• Pay 2023	\$573,959	Increase \$ 56,753 or 10.97%
• Pay 2024	\$727,906	Increase \$153,947 or 26.82%

Levy & Equalization Aid

- Aid driven by Referendum Market Value (RMV) per Adjusted Pupil Unit (APU) or Adjusted net Tax Capacity (ANTC) per APU.
- Large increase in RMV and ANTC
- Decrease in APUs
- Increase in RMV and ANTC per APU

RMV Equalization Levy/Aid – Tier Comparison

	Tier 1 Levy %	Tier 2 Levy %	Tier 3 Levy %
Pay 2019	.47924500	.82693255	1.00
Pay 2020	.79423102	1.00	1.00
Pay 2021	.54453810	.93959516	1.00
Pay 2022	.58773490	.94235928	1.00
Pay 2023	.65222606	1.00	1.00
Pay 2024	.82716573	1.00	1.00

Percentage above is the levy portion

23-24 Pay 2024					
		Levy			Total
CY Revenue	Aid/Equalization	CY Levy	PY Adj	Total Levy	Revenue
General Fund					
RMV Levy					
Voter Approved Referendum	-	4,193,850.00	37,024.69	4,230,874.69	4,230,874.69
Voter approved RMVChange	-	(121,350.00)	(5,905.49)	(127,255.49)	(127,255.49)
Local Option Revenue	289,936.40	3,758,526.80	156,751.17	3,915,277.97	4,205,214.37
Equity	-	734,972.21	42,686.74	777,658.95	777,658.95
Transition	-	63,578.77	2,075.27	65,654.04	65,654.04
RMV Adjustments	-	-	-	-	-
Total Other RMV	289,936.40	4,557,077.78	201,513.18	4,758,590.96	5,048,527.36
Total Other Change	(310,349.24)	182,685.78	(13,222.14)	169,463.64	(140,885.60)
Total RMV Levy	289,936.40	\$ 8,750,927.78	\$ 238,537.87	\$ 8,989,465.65	9,279,402.05
Total RMV Change	(310,349.24)	61,335.78	(19,127.63)	42,208.15	(268,141.09)
NTC Levy					
Operating Capital	711,816.74	555,396.97	3,173.77	558,570.74	1,270,387.49
Q-Comp	878,938.58	473,274.62	(4,902.37)	468,372.25	1,347,310.83
Achievement & Integration	403,704.27	173,688.60	(2,755.36)	170,933.24	574,637.52
Safe School Levy	-	201,304.80	(12,385.44)	188,919.36	188,919.36
Safe School Levy - Intermediate	-	27,735.33	(1,393.37)	26,341.96	26,341.96
Re-employment	-	100,000.00	100,640.79	200,640.79	200,640.79
Career Technical	-	280,812.49	1,892.26	282,704.75	282,704.75
LTFMR	826,021.42	1,357,623.39	(26,499.20)	1,331,124.19	2,157,145.61
Building Lease	-	470,805.20	(26,581.75)	444,223.45	444,223.45
Other Adjustments	-	-	4,099.78	4,099.78	4,099.78
Total General NTC	2,820,481.02	3,640,641.40	35,289.11	3,675,930.51	6,496,411.53
Total NTC Change	710,700.08	(788,443.87)	189,741.45	(598,702.42)	111,997.66
Total General fund Levy	3,110,417.42	12,391,569.18	273,826.98	12,665,396.16	15,775,813.58
Total General Fund Change	400,350.84	(727,108.09)	170,613.82	(556,494.27)	(156,143.43)
Total General Fund % Change	14.77%	-5.54%	165.30%	-4.21%	-0.98%

Community Services						
Basic Community Education	295,470.34	83,023.95	212,446.39		212,446.39	295,470.34
ECFE	405,253.20	291,794.36	113,458.84	(5,741.88)	107,716.96	399,511.32
School Age Care	140,000.00		140,000.00	69,317.06	209,317.06	209,317.06
Home Visits	7,260.00	2,996.03	4,263.97	204.23	4,468.20	7,464.23
Adults with Disabilities	3,399.14		3,399.14		3,399.14	3,399.14
Abatement	-	-		-	-	-
Total Community Service	851,382.68	377,814.34	473,568.34	63,779.41	537,347.75	915,162.09
	69,799.83	118,231.64	(48,431.81)	(75,839.37)	(124,271.18)	(6,039.54)
	8.93%	45.55%	-9.28%	-54.32%	-18.78%	-0.66%
Debt Service						
Voter Approved	6,291,519.00	-	6,291,519.00	(0.31)	6,291,518.69	6,291,518.69
Other	-	-	-	10,782.94	10,782.94	10,782.94
OPEB			-	-	-	
Total Debt Service	6,291,519.00	-	6,291,519.00	10,782.63	6,302,301.63	6,302,301.63
	(1,322,265.00)	(879,251.85)	(443,013.15)	213,898.58	(229,114.57)	(1,108,366.42)
	-17.37%	-100.00%	-6.58%	-105.31%	-3.51%	-14.96%
Levy and Related Aid Total	22,644,888.28	3,488,231.76	19,156,656.52	348,389.02	19,505,045.54	22,993,277.30
Dollar change over PY	(1,579,222.41)	(360,669.36)	(1,218,553.05)	308,673.03	(909,880.02)	(1,270,549.38)
Percentage change over PY	-6.52%	-9.37%	-5.98%	777.20%	-4.46%	-5.24%

2023 Pay 2024 for Fiscal Year 2024-25

Category	2023 Final Levy	2024 Proposed Levy	Change from Prior Year	Percent Change
General Fund	\$ 13,221,890.43	\$ 12,665,396.16	-556,494.27	-4.21%
Community Education	\$ 661,618.93	\$ 537,347.75	-124,271.18	-18.78%
Debt Service	\$ 6,531,416.20	\$ 6,302,301.63	-229,114.57	-3.51%
Total Certified Levy	\$ 20,414,925.56	\$ 19,505,045.54	-909,880.02	-4.46%

Preliminary Property Tax Levy

Recommendation to approve the 2023 Payable 2024 levy certification at the “Maximum”.

Budget and Levy (TNT) Hearing will be held at 7:00 PM during the School Board Meeting on December 11, 2023, in the School Board Room located at the Discovery Elementary School, 214 1st Ave NE, Buffalo, MN.

Buffalo-Hanover-Montrose School District #877

September 25, 2023

**Analysis of Impact of Preliminary 2024 Tax Levy and Rates
Using Final Levy Payable in 2023 as Base Year**

	2023 Final Levy	2024 Proposed Levy	Change from Prior Year	Percent Change
General Fund				
Voter Approved Referendum JOBZ Exempt Equity	\$ 4,315,200.00	\$ 4,193,850.00	\$ (121,350.00)	-2.81%
Local Option Revenue	\$ 743,652.80	\$ 734,972.21	\$ (8,680.59)	-1.17%
Transition	\$ 3,565,320.76	\$ 3,758,526.80	\$ 193,206.04	5.42%
RMV Adjustments - Voter Approved	\$ 65,418.43	\$ 63,578.77	\$ (1,839.67)	-2.81%
RMV Adjustments - Other	\$ 42,930.18	\$ 37,024.69	\$ (5,905.49)	-13.76%
Operating Capital	\$ 214,735.32	\$ 201,513.18	\$ (13,222.14)	-6.16%
Lease Levy	\$ 465,057.67	\$ 555,396.97	\$ 90,339.30	19.43%
Long-Term Facilities Maintenance Revenue	\$ 465,207.55	\$ 470,805.20	\$ 5,597.65	1.20%
Alternative Teacher Compensation (PPD)	\$ 2,243,720.63	\$ 1,357,623.39	\$ (886,097.24)	-39.49%
Integration	\$ 488,156.52	\$ 473,274.62	\$ (14,881.90)	-3.05%
Safe Schools	\$ 173,986.88	\$ 173,688.60	\$ (298.28)	-0.17%
Safe Schools Intermediate	\$ 207,129.60	\$ 201,304.80	\$ (5,824.80)	-2.81%
Career Technical	\$ 28,537.86	\$ 27,735.33	\$ (802.53)	-2.81%
Reemployment Ins	\$ 257,288.56	\$ 280,812.49	\$ 23,523.93	9.14%
General Fund Adjustments	\$ 100,000.00	\$ 100,000.00	\$ -	0.00%
	\$ (154,452.34)	\$ 35,289.11	\$ 189,741.45	-122.85%
Total General Fund Levy	\$ 13,221,890.43	\$ 12,665,396.16	\$ (556,494.27)	-4.21%
Community Education				
Basic Community Education	\$ 250,120.85	\$ 212,446.39	\$ (37,674.46)	-15.06%
Early Childhood Family Education	\$ 117,586.04	\$ 113,458.84	\$ (4,127.21)	-3.51%
School-Age Care	\$ 140,000.00	\$ 140,000.00	\$ -	0.00%
Home Visiting	\$ 3,403.26	\$ 4,263.97	\$ 860.71	25.29%
Adults with Disabilities	\$ 10,890.00	\$ 3,399.14	\$ (7,490.86)	-68.79%
CE Adjustments	\$ 139,618.78	\$ 63,779.41	\$ (75,839.37)	-54.32%
Total Community Education Levy	\$ 661,618.93	\$ 537,347.75	\$ (124,271.18)	-18.78%
Debt Service				
Debt Service - Voter Approved	\$ 5,348,619.00	\$ 6,291,519.00	\$ 942,900.00	17.63%
Debt Service Fund Adjustments - Voter Approved	\$ (1,935.59)	\$ -	\$ 1,935.59	-100.00%
Reduction for Excess Fund Balance - Voter Approved	\$ (141,325.60)	\$ (0.31)	\$ 141,325.29	-100.00%
Debt Service - Other	\$ 1,385,913.15	\$ -	\$ (1,385,913.15)	-100.00%
Debt Service Fund Adjustments - Other	\$ (2.73)	\$ -	\$ 2.73	-100.00%
Reduction for Excess Fund Balance - Other	\$ (59,852.03)	\$ 10,782.94	\$ 70,634.97	-118.02%
Debt Service- Net Offset	\$ 200,270.73	\$ 103,850.67	\$ (96,420.06)	-48.14%
Debt Service-OPEB/Pension Adjustments - Other	\$ -	\$ (4,099.77)	\$ (4,099.77)	-100.00%
Reduction for Debt Service-OPEB/Pension - Other	\$ (200,270.73)	\$ (99,750.90)	\$ 100,519.83	-50.19%
Total Debt Service Levy	\$ 6,531,416.20	\$ 6,302,301.63	\$ (229,114.57)	-3.51%
Total Certified Levy	\$ 20,414,925.56	\$ 19,505,045.54	\$ (909,880.02)	-4.46%

Analysis of Impact of Preliminary 2024 Tax Levy and Rates
Preliminary Tax Statement Estimates Including Operating Referendum
Using Final Levy Payable in 2023 as Base Year

Tax Impact on Various Classes of Property- School Portion Only	2023	2024	Difference From Prior Year
	Proposed Levy	Proposed Levy	
Residential Homestead Property			
\$150,000	\$ 559	\$ 489	\$ (70)
\$200,000	\$ 772	\$ 674	\$ (98)
\$250,000	\$ 985	\$ 859	\$ (126)
\$300,000	\$ 1,198	\$ 1,044	\$ (154)
\$350,000	\$ 1,411	\$ 1,230	\$ (181)
\$400,000	\$ 1,624	\$ 1,415	\$ (209)
Commercial/Industrial Property			
\$150,000	\$ 770	\$ 665	\$ (105)
\$200,000	\$ 1,080	\$ 931	\$ (149)
\$205,000	\$ 1,111	\$ 957	\$ (154)
\$300,000	\$ 1,701	\$ 1,463	\$ (238)
Agricultural Homestead Property			
\$600,000.00 Ag Homestead+	\$ 1,519	\$ 1,311	\$ (208)
\$800,000.00 Ag Homestead+	\$ 1,732	\$ 1,489	\$ (243)
\$1,000,000.00 Ag Homestead+	\$ 1,946	\$ 1,667	\$ (279)
\$1,200,000.00 Ag Homestead+	\$ 2,160	\$ 1,845	\$ (315)

Referendum revenue aid and levy based on an estimated 5,591.80 adjusted pupil units submitted to MDE by the school district

Includes all changes for Q Comp, LTFM, and debt service

Referendum market values are based on an estimated 10.00% average increase for Wright and Hennepin Counties for taxes payable in 2024

Net Tax Capacity values are based on an estimated 10.00% average increase for Wright and Hennepin Counties for taxes payable in 2024

+ Value of \$300,000.00 was assumed for the house, garage, and 1 acre for Ag Homestead Property