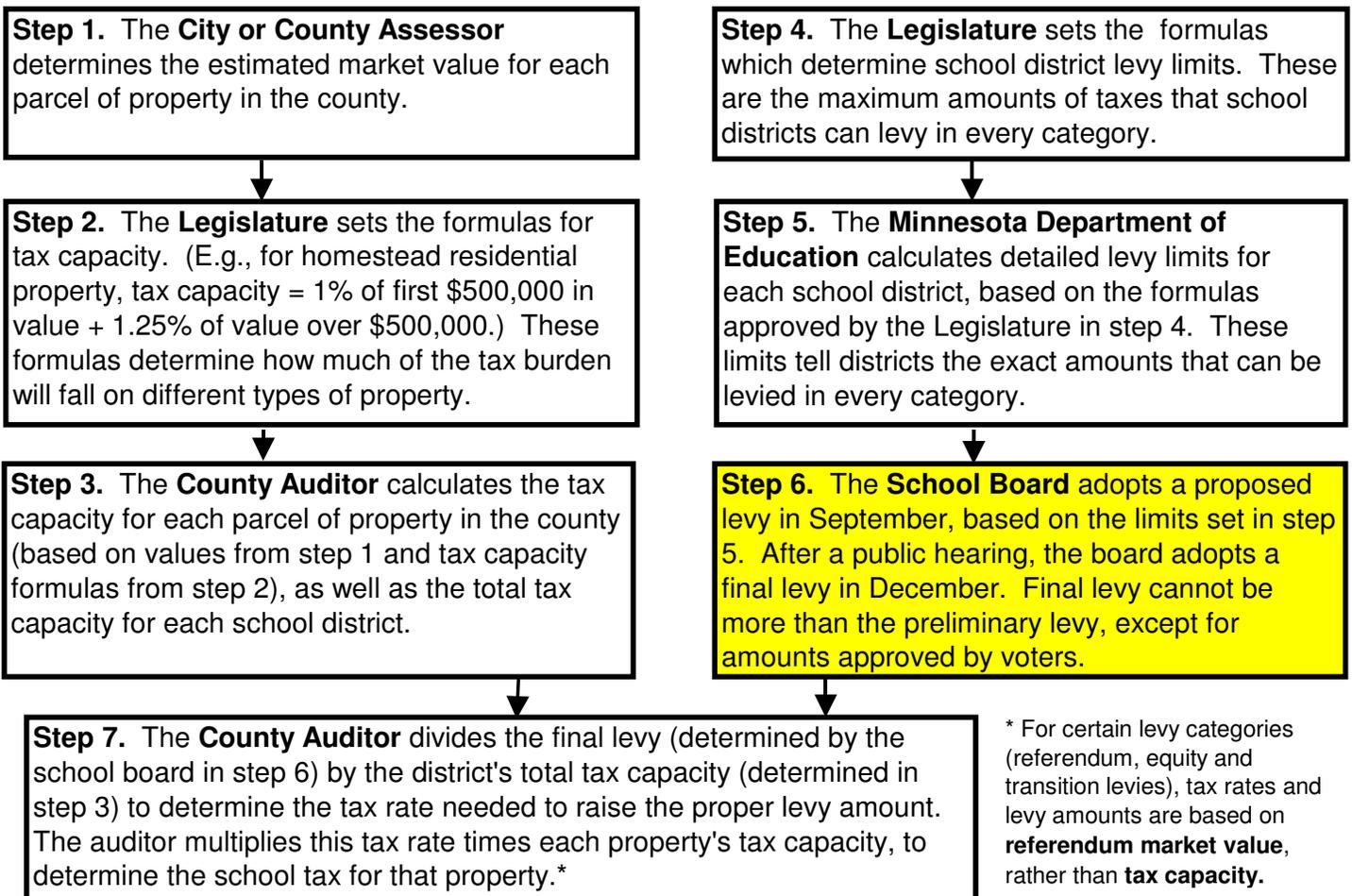


Property Tax Process

- Every owner of taxable property pays property taxes for the various “taxing jurisdictions” (county, city or township, school district, special districts) in which the property is located.
- Each taxing jurisdiction sets its own tax levy, often based on limits in state law.
- County sends out bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions.
- Each school district may levy taxes in up to 30 different categories.
- “Levy limits” (maximum levy amounts) for each category are set either by: State law, or Voter approval.
- Minnesota Department of Education (MDE) calculates detailed levy limits for each district.

Minnesota School District Property Taxes - Key Steps in the Process



Buffalo-Hanover-Montrose Schools #877
Final 2010 Payable 2011 Levy Analysis Executive Summary
As of November 8,2010

2010 Payable 2011 Levy Total Amount	\$ 13,354,077
2009 Payable 2010 Levy Total Amount	\$ 13,112,045
Net Change	<u>\$ 242,032</u>
% Change	1.85%

Key Assumptions That Affect The Levy:

1. Enrollment numbers are adjusted down to reflect more accurate enrollment projections.
2. Adjusted Net Tax Capacity is down by -13.9% from the previous year.
3. Referendum market value is down by -6.4% from the previous year.
4. Property valuations used by the county auditor for spreading the 2010 Payable 2011levy are estimated to be down approximately 8%.
5. These factors result in lowering levy components in the equalized levy categories.
6. There are a number of adjustments being made in various programs to reflect final expenditures. The leading examples of these programs would be Health and Safety, Lease levy, and School Age Child Care.
7. The district has underlevied in debt service for the previous two levy cyles. The district completed a significant alternative facilities project in 2006. The project came in under budget for that project and the reamaining balance of the funds from that project were transferred to the debt service fund. This levy reflects placing a hold on the practice of underlevying in the debt service fund.

PRELIMINARY ANALYSIS - FOR DISCUSSION ONLY

Buffalo-Hanover-Montrose School District #877

November 8, 2010

**Analysis of Impact of Proposed Final 2011 Tax Levy and Rates
Using Final Levy Payable in 2010 as Base Year**

	2010 Final Levy	2011 Truth In Taxation Proposed Levy	Change from Prior Year	Percent Change
General Fund				
Voter Approved Referendum JOBZ Nonexempt	\$ -	\$ -	\$ -	
Voter Approved Referendum JOBZ Exempt	\$ 3,064,534	\$ 2,867,137	\$ (197,397)	
Net Change in Voter Approved Levies			\$ (197,397)	
Equity	\$ 739,933	\$ 708,106	\$ (31,827)	
Economic Dev. Abatement Adj.	\$ -	\$ -	\$ -	
Transition	\$ -	\$ -	\$ -	
Adjustments	\$ -	\$ -	\$ -	
Operating Capital	\$ 699,456	\$ 605,345	\$ (94,111)	
Lease Levy	\$ 307,897	\$ 410,640	\$ 102,743	
Alt Teacher Compensation	\$ -	\$ -	\$ -	
Alternative Facilities	\$ -	\$ -	\$ -	
Integration	\$ 185,942	\$ 185,548	\$ (394)	
Safe Schools	\$ 209,623	\$ 200,155	\$ (9,469)	
Deferred Maintenance	\$ 284,235	\$ 254,406	\$ (29,829)	
Career Technical	\$ 103,764	\$ 103,764	\$ -	
Abatement	\$ 626	\$ 239	\$ (387)	
Health and Safety (includes Alt. Facilities for Pay 2008)	\$ 168,000	\$ 265,594	\$ 97,594	
Reemployment Ins	\$ 45,000	\$ 106,000	\$ 61,000	
General Fund Adjustments	\$ (135,683)	\$ (126,301)	\$ 9,382	
Total General Fund Levy	\$ 5,673,327	\$ 5,580,632	\$ (92,696)	-1.63%
Community Education				
Basic Community Education	\$ 234,085	\$ 234,085	\$ -	
Early Childhood Family Education	\$ 127,750	\$ 114,310	\$ (13,440)	
School-Age Care	\$ 160,000	\$ 170,000	\$ 10,000	
Home Visiting	\$ 5,272	\$ 5,294	\$ 22	
Adults with Disabilities	\$ 10,890	\$ 10,890	\$ -	
Adjustments	\$ 26,271	\$ 55,838	\$ 29,567	
Total Community Education Levy	\$ 564,269	\$ 590,417	\$ 26,149	4.63%
Debt Service				
Voter Approved Debt Service-JOBZ Nonexempt	\$ 5,976,498	\$ 6,140,771	\$ 164,273	
Debt Service-Other JOBZ Nonexempt	\$ 886,043	\$ 903,434	\$ 17,391	
Reduction for Excess Fund Balance-JOBZ Nonexempt-Of	\$ (107,138)	\$ (49,462)	\$ 57,676	
Debt Service-OPEB/Pension JOBZ Nonexempt	\$ 838,712	\$ 518,688	\$ (320,024)	
Debt Service - Alt. Facilities Bonds	\$ -	\$ -	\$ -	
Debt Service- JOBZ exempt	\$ -	\$ -	\$ -	
Debt Service Fund Adjustments	\$ 2,996	\$ 5,795	\$ 2,798	
Reduction for Excess Fund Balance-JOBZ Nonexempt Vo	\$ (722,662)	\$ (336,198)	\$ 386,464	
Total Debt Service Levy	\$ 6,874,449	\$ 7,183,028	\$ 308,579	4.49%
Total Certified Levy	\$ 13,112,045	\$ 13,354,077	\$ 242,032	1.85%

Tax Levy Comparison

TAX LEVY DATA									PAGE 2
									11/04/10
<u>DESCRIPTION</u>	<u>03 PAY 04</u>	<u>04 PAY 05</u>	<u>05 PAY 06</u>	<u>06 PAY 07</u>	<u>07 PAY 08</u>	<u>08 PAY 09</u>	<u>09 PAY 10</u>	<u>10 PAY 11</u>	<u>DIFFERENCE</u>
COMMUNITY EDUCATION									
BASIC	\$196,851	\$205,056	\$218,077	\$226,988	\$231,804	\$234,085	\$234,085	\$234,085	\$0
EARLY CHILD/ FAMILY	\$114,519	\$115,748	\$121,289	\$129,085	\$83,059	\$130,663	\$127,750	\$114,310	(\$13,440)
HOME VISITS	\$3,216	\$3,291	\$3,528	\$4,325	\$4,880	\$5,019	\$160,000	\$170,000	\$10,000
DISABLED ADULTS	\$10,890	\$10,890	\$10,890	\$10,890	\$10,890	\$10,890	\$5,272	\$5,294	\$22
EXTENDED DAY	\$97,308	\$90,100	\$96,138	\$99,567	\$122,521	\$140,000	\$10,890	\$10,890	\$0
ADJUSTMENTS	\$11,080	(\$30,689)	(\$3,352)	(\$1,078)	\$15,411	\$45,251	\$26,271	\$55,838	\$29,567
TOTAL COMMUNITY ED	\$433,864	\$394,396	\$446,570	\$469,777	\$468,565	\$565,908	\$564,268	\$590,417	\$26,149
DEBT									
BASIC DEBT	\$4,632,216	\$4,189,234	\$6,847,701	\$7,578,738	\$7,072,607	\$6,650,261	\$6,035,737	\$6,664,340	\$628,603
OPEB DEBT							\$838,712	\$518,688	(\$320,024)
TOTAL LEVY	\$9,065,390	\$9,369,815	\$10,203,081	\$13,073,446	\$13,089,666	\$12,896,829	\$13,112,044	\$13,354,078	\$242,034
ADJUSTED TAX CAPACITY	\$21,309,901	\$23,855,787	\$28,388,387	\$33,782,181	\$39,967,483	\$39,002,204	\$38,272,454	\$32,966,118	(\$5,306,336)
MARKET VALUE	\$1,620,769,300	\$1,885,156,901	\$2,172,432,500	\$2,540,362,199	\$2,925,188,938	\$3,172,428,046	\$3,253,117,800	\$3,082,215,100	(\$170,902,700)