

## **BOLD Schools Planning Task Force**

### **Meeting #3 – School Financing and Concept Options**

*On May 7<sup>th</sup> the third meeting of the BOLD School District Planning Task Force was held. This meeting focused on the how School Financing in the state of Minnesota works. A review and understanding of Operational funding and Building Improvement funding took up a majority of the evening. The final topic of the evening was to list out all (most) of the options the group would like to see for pricing – either operational or building or both. All handouts and a copy of the presentation are included as attachments to these meeting minutes.*

#### **1) Into – Superintendent Brandsoy**

Dale spoke shortly on the purpose of the task force – To help the Board make decisions on what to do for BOLD schools, not any one person or community within the district. He praised the work thus far, acknowledged the long meetings and importance of the commitment of the group. Dale also spoke about the tremendous work the students do and how proud he was of the success these students have from year to year.

Ryan spoke quickly on the needs list identified by ICS is available to anyone that would like to have a copy. Also, the facility report for the Elementary School is on the district web site. Here is the link:

<https://bold.k12.mn.us/wp-content/uploads/2019/05/BOLD-Elementary-Report-20190506.pdf>

The High School report will be added to the website shortly.

#### **2) ICS Credibility**

An article in the recent news was brought up by some of the task force members that referenced the involvement of ICS in a court case involving the former superintendent of Shakopee Public School. Ryan reviewed that article and the events leading up to the conviction of Rod Thompson (RT).

- a. ICS performed some work on a personal level (assisting in finishing the basement of his home) for RT in 2012. The bills that were sent to RT were never paid. ICS did not pursue the payment of those bills aggressively and ultimately never paid. Ryan acknowledged that what ICS did was wrong and absolutely should not have happened. While there were “reasons” it was difficult to ‘make’ RT pay the bills ICS was wrong in crossing the line between a professional relationship and a personal one with our client. Ryan stated that no employee of ICS can perform, assist, recommend or get involved with any personal work with any member of a client or the client’s staff or stakeholders. ICS now has a lengthy *Code of Ethics* policy to direct employees on how to handle any situation where a client may be looking for personal work to be completed with our help.

- b. Ryan reviewed a letter written by the current superintendent of Shakopee Schools stating that the relationship between ICS and the District has been reviewed by their internal staff and a third-party consultant and have found everything to be in proper order, the project was on time and under budget and the working relationship between ICS and Shakopee is continuing.
- c. Ryan showed a quote from the US District Attorney stating that ICS aided their office in the conviction of RT and is not pursuing any actions on ICS in relation to RT.
- d. Ryan then reviewed the state-wide relationships ICS has with School Districts and the work ICS is currently managing. Ryan encourage any member of the group to contact any school district where ICS is working, or has worked, and question if the work ICS has performed was done in an ethical and appropriate manner.

### **3) School Finances**

Mike Hoheisel from Baird – the District’s financial advisor – gave a presentation of Minnesota state school funding.

- a. At any one time there are always three years of school finances in review:
  - i. Auditing the previous year
  - ii. Operating the current year
  - iii. Budgeting the next year
- b. In comparison to other districts BOLD Schools is as follows:
  - 1. School portion of taxes on non- homestead Ag land valued at \$7,000/acre:
    - a. BOLD - \$5.20/acre, State Ave - \$10.97/acre
  - 2. School portion of taxes on (homestead) \$100,000 home:
    - a. BOLD - \$211.77/year, State Ave - \$369.35/year
  - 3. Operating fund levy, per Adjusted Pupil Unit:
    - a. BOLD - \$724, State Ave - \$1,211.39
- c. Mike then reviewed many facets of how BOLD compare specifically to Renville County West and Buffalo Lake-Hector-Stewart:
  - i. Enrollment
  - ii. Operational dollars (received)
  - iii. Tax Base
  - iv. Property Taxes

See the attached presentation for comparisons.
- d. The General Fund spending and habit was the next area reviewed. The recent past was a spending deficit followed by a surplus (2013-2016). The last two years are a spending deficit. It is anticipated to be a deficit for the next two years as well, assuming nothing changes. Mike discussed that if one year’s deficit spend is \$100,000, it cannot be assumed to be \$200,000 the following

year. Due to inflation and other typical increases from year to year the factor is more like 2.5%-2.7%. So, using the above example it would be \$250,000-\$270,000. Continuing on the current spending the district will be down to \$90,000 in the general fund by June 30, 2021.

- e. What are the options available to the District?
  - i. Do nothing
  - ii. Control and reduce expenditures – operationally and maintenance
  - iii. Become more efficient with spending
  - iv. Raise revenue (ask tax payers for an increase levy)
  - v. Combination of items above
- f. Mike discussed the two buckets in which money can be spent. There are facility (capital) needs and fiscal (operational) needs. The dollars need to stay within their own buckets. The district cannot use salary money on maintenance and maintenance dollars on salaries.
- g. The next part of the presentation focused on Operating Levy examples. Mike reviewed the tax base in which operating levies are spread. This type of levy would be spread equally on any property of the same value. A residential home valued at \$100,000 is the same as a business property valued at \$100,000. These values are what is on the county property value statements, not what one may sell or purchase a property for. Agricultural land, outside the house, garage and 1 acre, is not factored in the operational levy calculations. The three examples that were reviewed:
  - i. Raising \$150,000 in revenue.
    - 1. This would be an increase of \$216.02 per APPU.
    - 2. This does not take full advantage of state equalization funding.
    - 3. A property values at \$100,000 would see an increase of \$3.57 a month in taxes.
  - ii. Raising \$250,000 in revenue.
    - 1. This would be an increase of \$216.02 per APPU.
    - 2. This does not take full advantage of state equalization funding.
    - 3. A property values at \$100,000 would see an increase of \$5.95 a month in taxes.
  - iii. Raising \$319,000 in revenue.
    - 1. This would be an increase of \$216.02 per APPU.
    - 2. This amount would take full advantage of state equalization funding.
    - 3. A property values at \$100,000 would see an increase of \$7.60 a month in taxes.

h. The final part of the presentation focused on Bond Referendum examples. Mike reviewed the tax base in which bonds are spread. This type of levy would be spread different depending on the value and the classification of the property. A residential home valued at \$100,000 is different as a business property valued at \$100,000 and also different than ag land valued at \$100,000. Again, these values are what is on the county property value statements, not what one may sell or purchase a property/land for. Mike's examples include the following assumptions:

1. The overall tax base of the district will NOT increase over the term.
2. The interest rate used is .5 points ABOVE the current rates.
3. The term of the bond would be 25 years.

Also reviewed was the "Ag2School" credit given to land outside the house, garage and 1 acre. This credit is a 40% reduction in taxes paid fully by the state on any homestead or non-homestead land for a property owner within the district.

- i. A bond referendum value at \$25,000,000
  1. A residential property value at \$100,000 would see an increase of \$7.47 a month in taxes.
  2. A commercial property value at \$100,000 would see an increase of \$15.61 a month in taxes.
  3. Ag land at valued at \$7,000 an acre would see an increase of \$2.62 for homestead and \$5.24 for non-homestead per acre.
- ii. A bond referendum value at \$35,000,000
  1. A residential property value at \$100,000 would see an increase of \$11.15 a month in taxes.
  2. A commercial property value at \$100,000 would see an increase of \$23.28 a month in taxes.
  3. Ag land at valued at \$7,000 an acre would see an increase of \$3.91 for homestead and \$7.82 for non-homestead per acre.
- iii. A bond referendum value at \$45,000,000
  1. A residential property value at \$100,000 would see an increase of \$14.79 a month in taxes.
  2. A commercial property value at \$100,000 would see an increase of \$30.91 a month in taxes.
  3. Ag land at valued at \$7,000 an acre would see an increase of \$5.19 for homestead and \$10.38 for non-homestead per acre.

#### 4) Option Creation

Ryan asked for some options that he could conceptually price for the next meeting. Anything that the group would want to see; operationally, building or a combination. There was discussion that some parts of solutions have not been explored; i.e. discussion with BLHS or RCW on consolidation. Ryan stated that during the “Guiding Statement” process, next meeting, is where parts of solutions like that will be covered. This group is not “Decision Makers” this group is to provide the School Board a path for the long-term plan of the District. A *guiding statement* could read – “The combining with adjoining school districts must be explored in any solution.” Then it is the Board’s job to complete that task how they see fit.

Options for pricing:

1. Converting Bird Island Elementary to a single story facility.
2. A) A new PreK-12 Building with a Wellness Center – In Olivia on HS Site  
B) A new PreK-12 Building with a Wellness Center – On a “new” site (B.I. or other)
3. An addition to Olivia to house all students and use what is feasible of the existing building.
4. Operating levy tied to any solution.
5. Preserve the gym and a ‘wing’ in B.I. for community use.
6. Master plan of a BOLD, BLHS and RCW district.

## 5) Homework

- a. Task Force homework was to discuss this process, thoughts, ideas, concerns with other members of the public. Here are the questions, comments and responses from those conversations:
  - i. What are the current and future curriculum needs?
  - ii. Are transportation costs being reviewed?
  - iii. How/why is the condition of the buildings so bad?
  - iv. Why was the parking lot put as such a priority and why didn’t the parking lot get done 15 years ago?
  - v. Can the task force see a list of maintenance expenses over the last few years?
- b. Committee – Talk with people. Ask them their opinions of the District/Facilities.

### Next Meeting:

May 16<sup>th</sup> at 6 PM – Junior/Senior High School cafeteria in Olivia

# BOLD Facility Task Force

Spring 2019



# Agenda



- Opening Remarks - Dale B.
- ICS Credibility
- School Finance Details and Scenarios - Mike Hoheisel
- Development of Options
- Next Steps

# ICS Credibility



BREAKING TOP STORY

## Former superintendent pleads guilty to soliciting bribe from ICS Consulting

By Amanda McKnight amcknight@swpub.com Nov 15, 2018

f  
t  
e



Former Shakopee Superintendent Rod Thompson pleaded guilty Thursday to soliciting bribes.  
Photo by Rachel Minske

### Most Popular

- Shakopee man gets 248 months for distributing meth
- 25 years ago, Berenstain Bears debut at Valleyfair
- Column: Is Shakopee now a sanctuary city?
- Two stabbed in Shakopee; woman arrested
- Family of eight displaced after Shakopee fire
- Shakopee Police: Speaking your language
- Minnesota Teacher of the Year from Shakopee boycotts White House ceremony



# ICS Credibility

In the school district's current evaluation of the relationship with ICS, administrators have found:

- A preliminary review of the financials to be in good order
- The ICS team is providing high quality construction management services
- The new ownership to be very responsive in addressing the district's needs and concerns
- The district's high school expansion project is on time and under budget

The Shakopee Public School District has resumed and plans to continue the professional relationship with ICS. If you have any further questions, I would be happy to receive your call. My cell phone is 651-231-2920.

 Superintendent Mike Redmond

November 28, 2018  
RE: ICS Consulting  
To Whom It May Concern:

On Thursday, November 15, 2018 Shakopee Public Schools found itself in a very unique and challenging situation when it was revealed in federal court that a former employee of ICS was connected to the illegal activity of the district's former superintendent. At my direction, the final relationship between ICS Consulting and Shakopee Public Schools was 'paused' on November 16 to allow the two parties to communicate with one another and gather information to make sure everything involved in the current working relationship is in order.

At point forward, ICS and Shakopee Public Schools spent a great deal of time asking questions, processing answers, and laying the foundation to rebuilding our partnership and restoring trust. Arif Qurashi, President of Building Systems Holdings, Inc., the company of ICS Consulting, has been forthright and open in his communication. He committed to rebuilding trust between ICS and the Shakopee school district as well as the good name of the company he purchased in June 2017. Federal authorities charged the illegal actions of the district's former superintendent and the connection of activities to a former ICS employee occurred before June 2017. From my perspective, it is the new ownership of ICS has invested a tremendous amount of time, energy, and resources into cooperating with the federal investigation, seeking additional information, and putting better systems and internal controls. I have also found Arif to be very responsive to the concerns of the district; working proactively on the professional relationship and best interests of the district in mind.

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Sincerely,

  
Mike Redmond  
Superintendent, Shakopee Public Schools

1200 Town Square, Shakopee, MN 55379  
(651) 496-5056 • fax: (651) 496-5056  
\*Also a TTY number

AN EQUAL OPPORTUNITY EMPLOYER



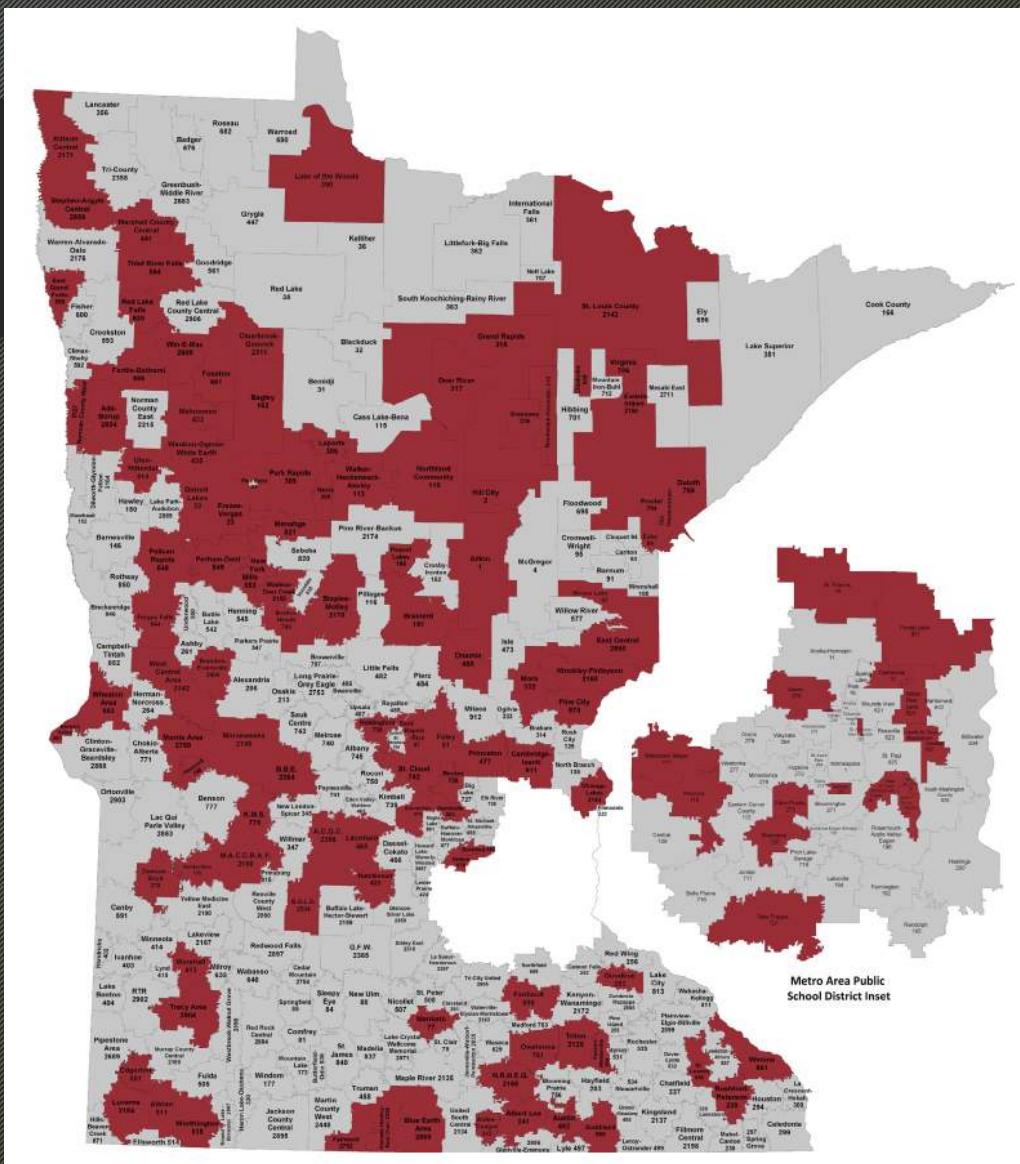
# ICS Credibility



“The United States Attorney’s Office for the District of Minnesota (the Office) sought information from ICS Consulting related to Rod Thompson, former Shakopee Schools Superintendent, that preceded ICS Consulting’s merger with Building Systems Holding.

ICS Consulting provided information that assisted the Office in prosecuting Rod Thompson. Neither ICS Consulting nor Building Systems Holding were targets of the Rod Thompson investigation, and the Office is not contemplating any criminal action against ICS Consulting or Building Systems Holding related to Rod Thompson.”

# ICS Credibility



# ICS Credibility

## 108 MN School Districts/Schools



Adrian School District #511	Fargo Public Schools	Lead-Deadwood School District - ISD #40-1	Rockford Area Schools - ISD# 883
Aitkin Public Schools - ISD #1	Faribault Public School District - ISD#656	Litchfield Public Schools	Russell-Tyler-Ruthton Schools
Albert Lea Area Schools - ISD #241	Fergus Falls School District - ISD#544	Luverne Public School District - ISD #2184	Saint Thomas Academy
Annandale Public Schools - ISD #876	Fertile-Beltrami School District - ISD #599	MACCRAY Public Schools - ISD# 2180	Sauk Rapids-Rice Public Schools
Atwater-Cosmos-Grove City Schools	Foley Public Schools - ISD# 51	Mahnomen ISD#432	Shakopee Public Schools - ISD #720
Austin Public Schools - ISD #492	Forest Lake Area Schools - ISD #831	Mankato Public Schools - ISD #77	Southern Minnesota Education Consortium (SMEC)
Becker Public School District - ISD #726	Fosston Public Schools - ISD #601	Marshall Public Schools ISD# 413	Southwest West Central Service Cooperative
BOLD Public Schools - ISD #2534	Frazee-Vergas Public School District - ISD #23	Milbank School District	St. Charles Schools - ISD #858
Brainerd Public Schools - ISD #181	Goodhue Public Schools	Minnewaska Area School District - ISD# 2149	St. Cloud Area School District - ISD #742
Brandon-Evansville ISD #2908	Granada Huntley East Chain School District - ISD #2536	Montevideo Public Schools - ISD #129	St. Francis Area Public Schools - ISD #15
Chisago Lakes Area Schools - ISD #2144	Grand Rapids and Bigfork School District - ISD #318	Monticello Public School District - ISD #882	St. Hubert School
Chisholm Public Schools - ISD #695	Greenway Public Schools - ISD #316	Moose Lake Community School - ISD #97	St. Louis County Schools - ISD# 2142
Clearbrook Gonvick School District - ISD #2311	Groton Area School District - ISD #6	Mora Public Schools - ISD #332	St. Paul Academy & Summit School
CLUES-Comunidades Latinas Unidas En Servi	Hancock Public Schools ISD 768	Nashwauk-Keewatin Public Schools - ISD #319	Staples-Motley School District - ISD #2170
Cochrane-Fountain City School District	Hermantown Public School District - ISD #700	New Prague Area Schools - ISD #721	Thompson Public School District
Cretin-Derham Hall	Hiawatha Valley Education District	New York Mills ISD #553	Ulen-Hitterdal Public School District - ISD #914
Dawson-Boyd Public Schools - ISD #378	Hill City School - ISD #2	Northland Community Schools - ISD #118	Vermillion School District
De Smet School District - ISD# 38-2	Hinckley-Finlayson Public Schools - ISD #2165	Northwest Service Cooperative	Virginia Minnesota Public Schools - ISD #706
Deer River School District - ISD #317	Holdingford Public Schools - ISD #738	Oldham-Ramona School	Waconia Public Schools - ISD #110
Delano Public Schools - ISD #879	Hot Springs School District	Osseo Area Schools - ISD# 279	Wadena-Deer Creek Public Schools - ISD #2155
Detroit Lakes Public School District - ISD #22	Howard School District - ISD# 48-3	Park Rapids Public School District - ISD #309	Walker Hackensack Akeley - ISD #113
Dickinson School District	Hutchinson Public Schools - ISD #423	Parker School District - ISD# 60-4	Watertown-Mayer Public Schools - ISD #111
East Central Schools - ISD #2580	Independent School District #2142	Pelican Rapids Public Schools - ISD #548	Waubun-Ogema-White Earth - ISD #435
East Grand Forks School District - ISD #595	Inver Grove Heights Community Schools - ISD #199	Perham-Dent Public School District - ISD #549	West St. Paul-Mendota Hts-Eagan - ISD #197
Edgerton Public School - ISD #581	Kasson-Mantorville Public Schools - ISD #204	Princeton School District - ISD #477	Wheaton Area Schools - ISD# 803
Esko Public School District - ISD #99	Killdeer Public School	Red Lake Falls School District - ISD #630	Win-E-Mac School District - ISD #2609
Eveleth-Gilbert Public Schools - ISD #2154	KMS Public Schools - ISD #775	Richfield Public Schools - ISD #280	Worthington Public Schools - ISD #518

# ICS Credibility



Current (2019) K12 MN Construction Management

64 Projects

\$400,000,000+

Current (2019) K12 MN Planning

3 May Referendums

11 November Referendums

\$500,000,000+

# *ISD 2534*

## *Bird Island – Olivia – Lake Lillian*

### *Continued Financial Analysis*

*presented by Michael Hoheisel*

Facility Task Force

May 7, 2019

*Robert W. Baird & Co. Incorporated is providing this information to you for discussion purposes. The materials do not contemplate or relate to a future issuance of municipal securities. Baird is not recommending that you take any action, and this information is not intended to be regarded as “advice” within the meaning of Section 15B of the Securities Exchange Act of 1934 or the rules thereunder.*



# Finance Planning / Timing Overview



Three accounting years at a time:

- Auditing Fiscal Year 2018-19
- Operating Fiscal Year 2019-20
- Budgeting Fiscal Year 2020-21

June 30, 2019 budget deadline for Fiscal Year 2020 budget  
(used to show lack of lead time with Legislative decisions)

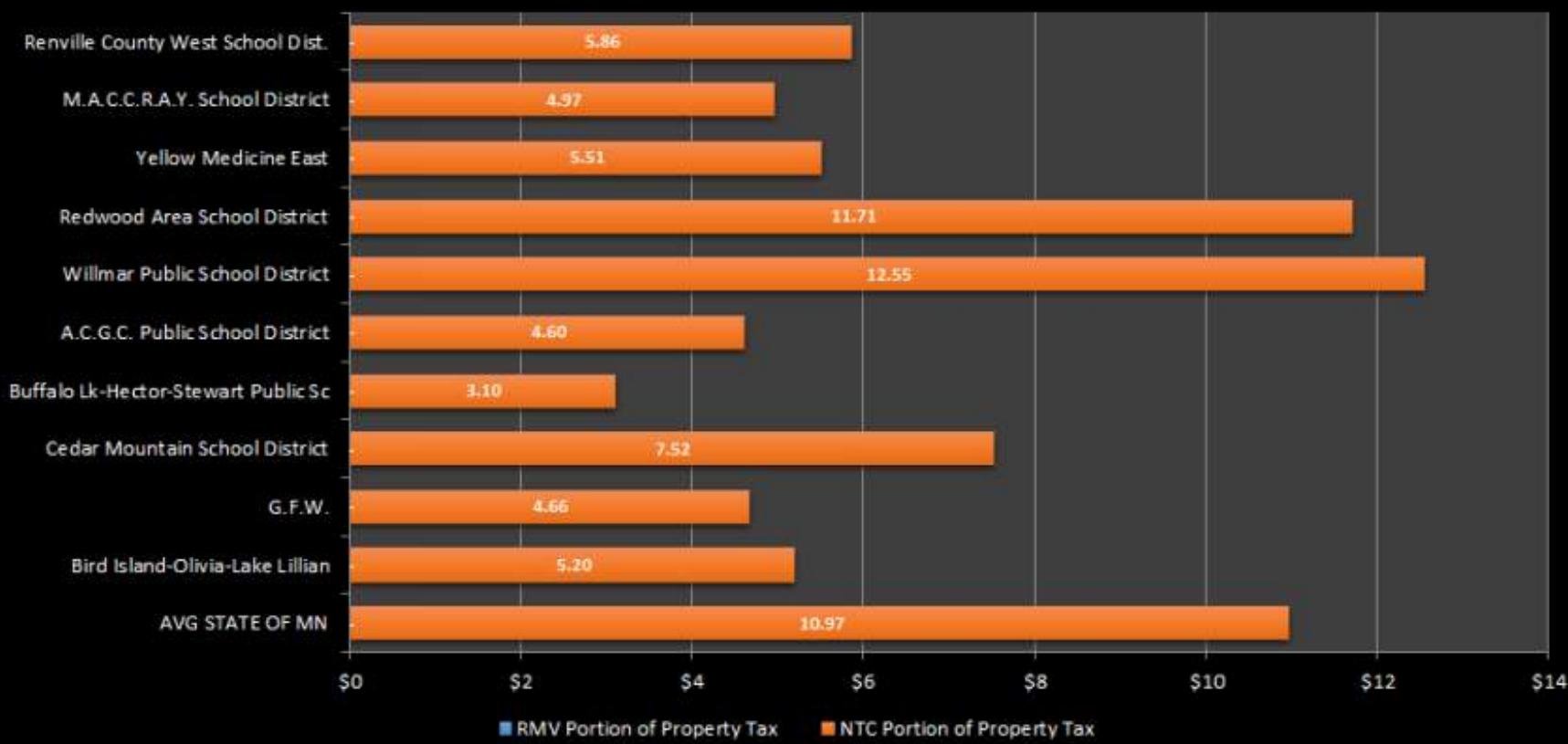
***The Levy process will begin July 1, 2019 for property tax Certification in December of 2019 with Property Taxes being Collected in 2020 for Fiscal Year 2021 Budget***



How do we compare to  
other districts?

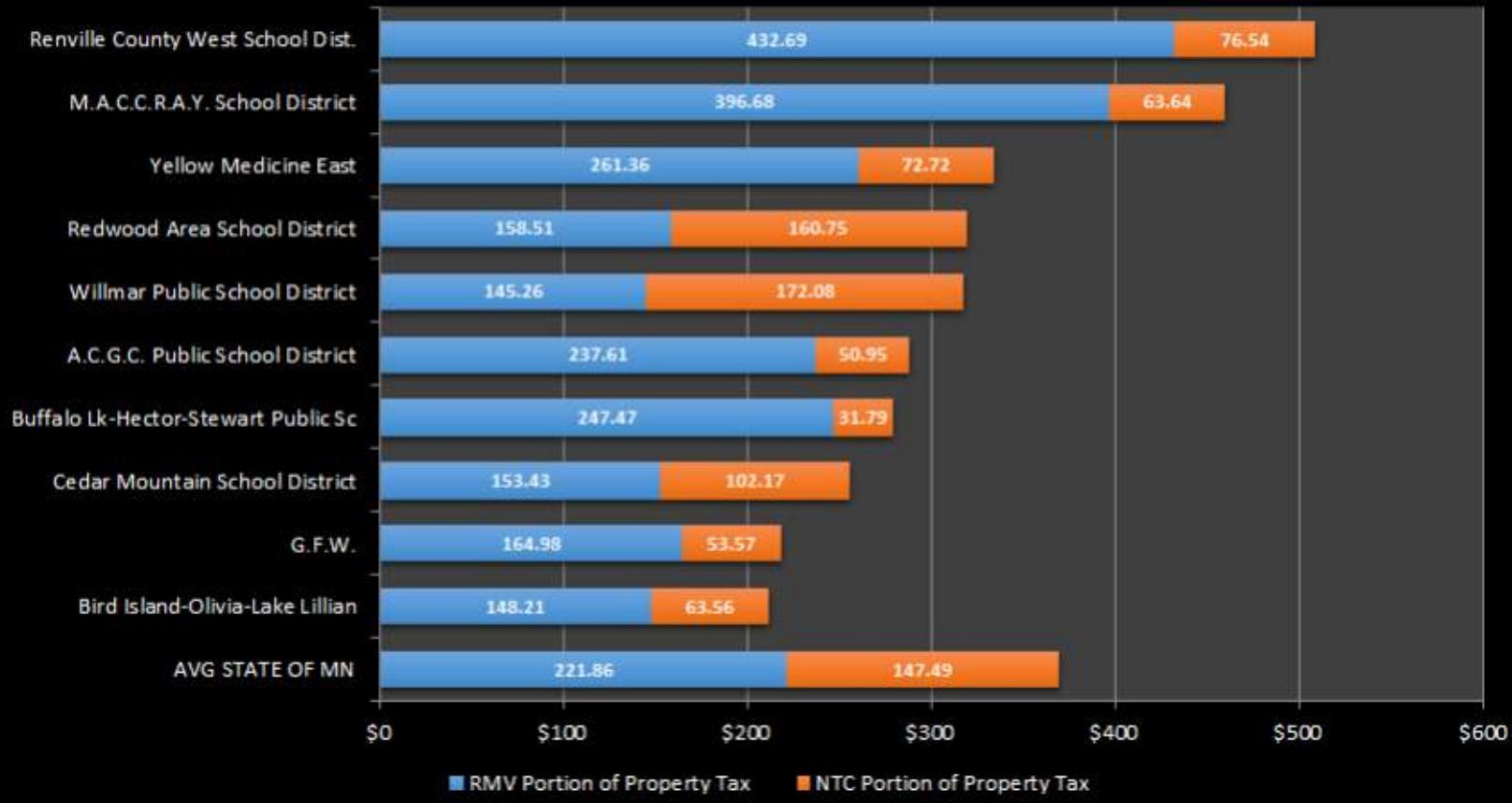
# Property Tax Comparison – School Portion Only

**School Portion of Property Taxes Payable in 2018 on a 1-acre Non-homestead Agricultural Property valued at \$7,000**



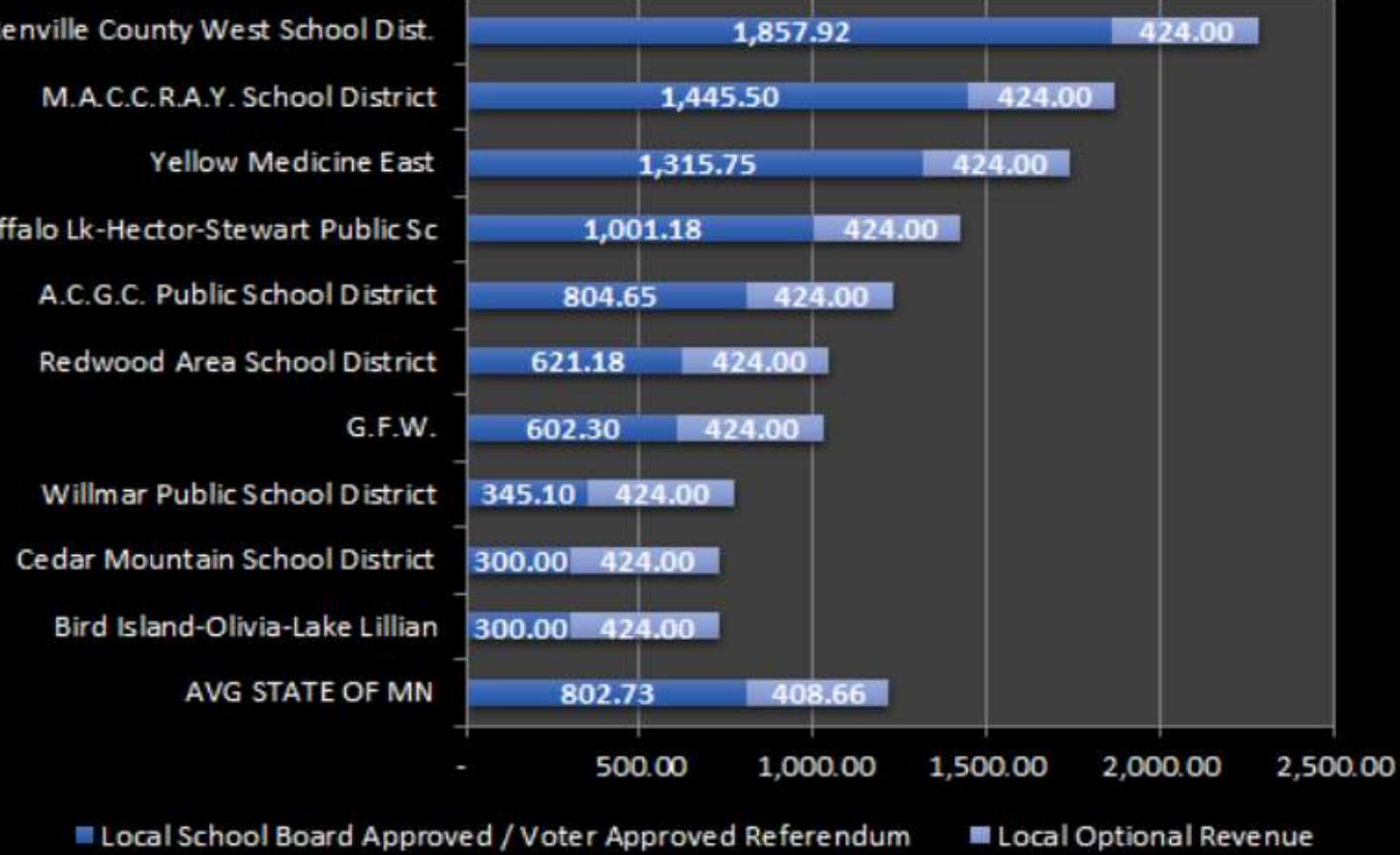
# Property Tax Comparison – School Portion Only

**School Portion of Property Taxes Payable in 2018 on a \$100,000 Homestead Residential Property**



# Operating Fund comparison

(all figures below expressed as a \$ per Adjusted Pupil Units for the 2019 Fiscal Year)





Specifically, how do we  
compare to RCW and  
BLHS?

# Specific District Comparison



Short Description	ENROLLMENT				OPERATIONAL DOLLARS					
	18-19 Resident Pupil Units	18-19 Adjusted Pupil Units	Adj PU Ranking	Open Enrollment Status	Pay 2018 \$ per Adj PU for Op Ref	Ranking	Pay 2018 \$ per Adj PU for LOR	Ranking	Total Op Ref and LOR Dollars	Ranking
ISD 2534 - BOLD	748.20	750.00	1	Gain	300.00	3	424.00	1	543,000	3
ISD 2159 - BLHS	708.20	572.00	2	Loss	1,001.18	2	424.00	1	815,203	2
ISD 2890 - RCW	665.60	557.20	3	Loss	1,857.92	1	424.00	1	1,271,486	1

Short Description	ENROLLMENT				OPERATIONAL DOLLARS					
	15-16 Resident Pupil Units	15-16 Adjusted Pupil Units	Adj PU Ranking	Open Enrollment Status	Pay 2015 \$ per Adj PU for Op Ref	Ranking	Pay 2015 \$ per Adj PU for LOR	Ranking	Total Op Ref and LOR Dollars	Ranking
ISD 2534 - BOLD	744.60	753.40	1	Gain	313.11	3	424.00	1	555,339	3
ISD 2159 - BLHS	693.80	597.20	2	Loss	1,016.00	2	424.00	1	859,968	2
ISD 2890 - RCW	627.80	536.60	3	Loss	1,889.39	1	424.00	1	1,241,365	1

# Specific District Comparison



Short Description	Tax Base				Property Taxes - \$100,000 HMSTD RES					
	Pay 18 RMV	Ranking	Pay 18 NTC	Ranking	Pay 2018 RMV Levy	Ranking	Pay 2018 NTC Levy	Ranking	Portion of Property Taxes	Ranking
ISD 2534 - BOLD	278,035,900	1	11,556,527	3	412,042	3	1,022,780	2	212	3
ISD 2159 - BLHS	226,488,500	2	12,474,698	1	560,443	2	552,048	3	279	2
ISD 2890 - RCW	221,263,700	3	12,271,333	2	957,350	1	1,307,718	1	509	1
Short Description	Tax Base				Property Taxes - \$100,000 HMSTD RES					
	Pay 15 RMV	Ranking	Pay 15 NTC	Ranking	Pay 2015 RMV Levy	Ranking	Pay 2015 NTC Levy	Ranking	Portion of Property Taxes	Ranking
ISD 2534 - BOLD	262,684,500	1	14,212,330	3	388,641	3	1,204,793	1	208	3
ISD 2159 - BLHS	213,689,600	2	15,860,857	1	585,578	2	527,299	3	297	2
ISD 2890 - RCW	200,373,200	3	15,274,223	2	1,002,299	1	980,319	2	546	1



# General Fund Spending Habit and Trend

# Historical Audited Information



## AUDITED GENERAL FUND ONLY

Fiscal Year	Actual			Over / (Under) Actual	Fund Balance	
	Actual Revenue	Expenditures	Other		(Uses Secondary Axis)	% of Expenditures
2012					4,769,572	
2013	7,021,975	7,503,534	(12,587)	(494,146)	4,275,426	56.98%
2014	7,852,291	7,563,867	(13,609)	274,815	4,550,241	60.16%
2015	7,960,559	8,576,142	(87,709)	(703,292)	3,846,949	44.86%
2016	7,991,480	7,334,359	(9,511)	647,610	4,494,559	61.28%
2017	7,752,717	8,328,346	(27,840)	(603,469)	3,891,090	46.72%
2018	8,254,206	8,973,756	(30,917)	(750,467)	3,140,623	35.00%

# Fund Balance Discussion

*(Hypothetical example below does assume a spending habit change in the near future)*



- **Ending General Fund Balance**
  - \$3,140,623 (June 30, 2018 – Fiscal Year 2018)
- **Potential Reality**
  - Fiscal Year 2019 – Deficit spend \$1,300,000
  - Fiscal Year 2020 - Deficit spending is limited to \$500,000
  - Fiscal Year 2021 – Deficit spending increases at 2.5X Level or \$1,250,000
- **End Result as of June 30, 2021**
  - Barely Positive Fund Balance of \$90,623

**IT DOES NOT TAKE LONG TO DEPLETE GENERAL FUND BALANCES**



Why is this General  
Fund spending habit  
occurring?



Regular educational  
(general fund) dollars  
cannot keep up with  
operating and facility  
needs.

# WHAT IS NEXT?



## The District has CHOICES

- Do nothing
- Control and reduce expenditures
- Find efficient and effective use of dollars
- Raise revenue (time to ask public)
- A combination of items above

## WHY DO DISTRICTS ASK FOR VOTER APPROVAL?



### Facility (Capital) Needs

- Identify and prioritize needs
- Discuss both voter approved and non-voter approved funding options
- Contemplate future voter request



### Fiscal (Operating) Needs

- Identify and prioritize needs
- Increase available dollars for programs and salaries
- Implement Technology Budget / Maintenance Budget
- Contemplate future voter request





# Operating Referendum Levy Examples

# OPERATING REFERENDUM SCENARIO #1



Enter Residential Homestead Market Value **100,000**  
PLEASE NOTE ALL TAX IMPACT CALCULATIONS WILL UTILIZE THIS FIGURE

As a brief example, what will the required Notice to Taxpayers look like?

## BALLOT QUESTION #1 - EXAMPLE

Enter New Request Portion for Operating Levy Referendum **216.02**

ONLY portion of NEW Operating Referendum Revenue	159,379.56
Loss of Equity Revenue	(9,379.29)

How much NET NEW revenue will the request bring? **150,000.27**

### Estimated District State Aid Percentages shown below

First Tier Aid % (first \$300 per Adj PU)	55.192%
Second Tier Aid % (next \$460 per Adj PU)	22.685%
Third Tier Aid % (next \$818 per Adj PU)	0.000%

Does this NEW Request Maximize the State's Aid Participation? **NO**

Effective Taxes Payable 2020		
RMV Rate:	New Authority	
	Property Value	Annual Impact
50,000	21.43	1.79
60,000	25.71	2.14
70,000	30.00	2.50
80,000	34.28	2.86
90,000	38.57	3.21
100,000	42.86	3.57
125,000	53.57	4.46
150,000	64.28	5.36
175,000	75.00	6.25
200,000	85.71	7.14
225,000	96.42	8.04

## SUMMARY OF TOTAL OPERATING REFERENDUM (EXISTING PLUS NEW) AUTHORITY

	Existing	New	Total	State Aid %
Op. Ref. Revenue per Adj. PU	<b>300.00</b>	<b>216.02</b>	<b>516.02</b>	
Operating Ref. Revenue Only	221,340.00	159,379.56	380,719.56	55.192%
Operating Ref. Aid Only	122,162.71	36,154.95	158,317.66	22.685%
Operating Ref. Levy Only	99,177.29	123,224.61	222,401.90	41.584%

**RAISE \$150,000 OF NEW MONEY**

# OPERATING REFERENDUM SCENARIO #2

Enter Residential Homestead Market Value **100,000**

*PLEASE NOTE ALL TAX IMPACT CALCULATIONS WILL UTILIZE THIS FIGURE*

As a brief example, what will the required Notice to Taxpayers look like?

## BALLOT QUESTION #1 - EXAMPLE

Enter New Request Portion for Operating Levy Referendum **360.03**

ONLY portion of NEW Operating Referendum Revenue	265,630.13
Loss of Equity Revenue	(15,622.91)

How much NET NEW revenue will the request bring?	250,007.22
--	------------

RMV Rate:	Effective Taxes Payable 2020		
	New Authority		
Property Value	Annual Impact	Monthly Impact	
50,000	35.71	2.98	
60,000	42.86	3.57	
70,000	50.00	4.17	
80,000	57.14	4.76	
90,000	64.28	5.36	
100,000	71.43	5.95	
125,000	89.28	7.44	
150,000	107.14	8.93	
175,000	124.99	10.42	
200,000	142.85	11.90	
225,000	160.71	13.39	

## Estimated District State Aid Percentages shown below

First Tier Aid % (first \$300 per Adj PU)	55.192%
Second Tier Aid % (next \$460 per Adj PU)	22.685%
Third Tier Aid % (next \$818 per Adj PU)	0.000%

Does this NEW Request Maximize the State's Aid Participation? **NO**

## SUMMARY OF TOTAL OPERATING REFERENDUM (EXISTING PLUS NEW) AUTHORITY

	Existing	New	Total	State Aid %
Op. Ref. Revenue per Adj. PU	300.00	360.03	660.03	
Operating Ref. Revenue Only	221,340.00	265,630.13	486,970.13	Current Authority
Operating Ref. Aid Only	122,162.71	60,257.69	182,420.40	New Request Only
Operating Ref. Levy Only	99,177.29	205,372.44	304,549.73	New plus Existing

**RAISE \$250,000 OF NEW MONEY**



# OPERATING REFERENDUM SCENARIO #3

Enter Residential Homestead Market Value **100,000**

*PLEASE NOTE ALL TAX IMPACT CALCULATIONS WILL UTILIZE THIS FIGURE*

As a brief example, what will the required Notice to Taxpayers look like?

## BALLOT QUESTION #1 - EXAMPLE

Enter New Request Portion for Operating Levy Referendum **460.00**

ONLY portion of NEW Operating Referendum Revenue **339,388.00**  
 Loss of Equity Revenue **(19,966.71)**

How much NET NEW revenue will the request bring? **319,421.29**

RMV Rate:	Effective Taxes Payable 2020		
	New Authority		
Property Value	Annual Impact	Monthly Impact	
50,000	45.63	3.80	
60,000	54.75	4.56	
70,000	63.88	5.32	
80,000	73.01	6.08	
90,000	82.13	6.84	
100,000	91.26	7.60	
125,000	114.07	9.51	
150,000	136.89	11.41	
175,000	159.70	13.31	
200,000	182.51	15.21	
225,000	205.33	17.11	

## Estimated District State Aid Percentages shown below

First Tier Aid % <i>(first \$300 per Adj PU)</i>	<b>55.192%</b>
Second Tier Aid % <i>(next \$460 per Adj PU)</i>	<b>22.685%</b>
Third Tier Aid % <i>(next \$818 per Adj PU)</i>	<b>0.000%</b>

Does this NEW Request Maximize the State's Aid Participation? **YES**

## SUMMARY OF TOTAL OPERATING REFERENDUM (EXISTING PLUS NEW) AUTHORITY

	Existing	New	Total	State Aid %
Op. Ref. Revenue per Adj. PU	<b>300.00</b>	<b>460.00</b>	<b>760.00</b>	
Operating Ref. Revenue Only	221,340.00	339,388.00	560,728.00	Current Authority <b>55.192%</b>
Operating Ref. Aid Only	122,162.71	76,989.52	199,152.23	New Request Only <b>22.685%</b>
Operating Ref. Levy Only	99,177.29	262,398.48	361,575.77	New plus Existing <b>35.517%</b>

**RAISE \$319,000 OF NEW MONEY**



# Further Understanding

- Small Group Discussion
- Large Group Discussion





# School Building Bond Referendum Examples

# SCHOOL BUILDING BOND REFERENDUM



## Assumptions

1. Tax impact uses Preliminary Pay 2019 Tax Base information with no assumed increase for Pay 2020 and later
2. Assumes a November 2019 School Building Bond Election
3. Dated/closing date is February 1, 2020
4. Wrapped debt payment structure with 25 year term
5. Current Tax-Exempt Borrowing Rates as of 04/17/19 plus 50 basis points

**RAISE DOLLARS for School Building Projects**

# SCHOOL BUILDING BOND REFERENDUM SCENARIOS

	Voter-Approved G.O. School Building Bonds	Voter-Approved G.O. School Building Bonds	Voter-Approved G.O. School Building Bonds
Borrowing Amount	25,000,000	35,000,000	45,000,000
FY 2021 Payment at 105%	1,382,414	2,062,246	2,737,579
True Interest Cost	4.09600%	4.09400%	4.09400%
Total P&I Paid	40,712,732	56,887,768	73,065,969
Pay 2020 NTC (based on preliminary Pay 2019 NTC)	11,071,661	11,071,661	11,071,661
Est. Tax Rate	12.4861%	18.6263%	24.7260%
<b>Types of Property</b>	<b>Estimated Market Value</b>	<b>Est. Annual Tax Impact - Taxes Payable 2020</b>	<b>Est. Annual Tax Impact - Taxes Payable 2020</b>
Residential Homestead	\$50,000	\$37.46	\$55.88
	60,000	44.95	67.05
	75,000	56.19	83.82
	90,000	76.04	113.43
	100,000	89.65	133.74
	125,000	123.61	184.40
	150,000	157.70	235.25
	200,000	225.75	336.76
	225,000	259.71	387.43
	250,000	293.80	438.28
	400,000	497.94	742.82
	500,000	624.30	931.32
Commercial / Industrial	\$100,000	\$187.29	\$279.40
	250,000	530.66	791.62
	500,000	1,154.96	1,722.94
	1,000,000	2,403.57	3,585.57

**RAISE DOLLARS for School Building Projects**

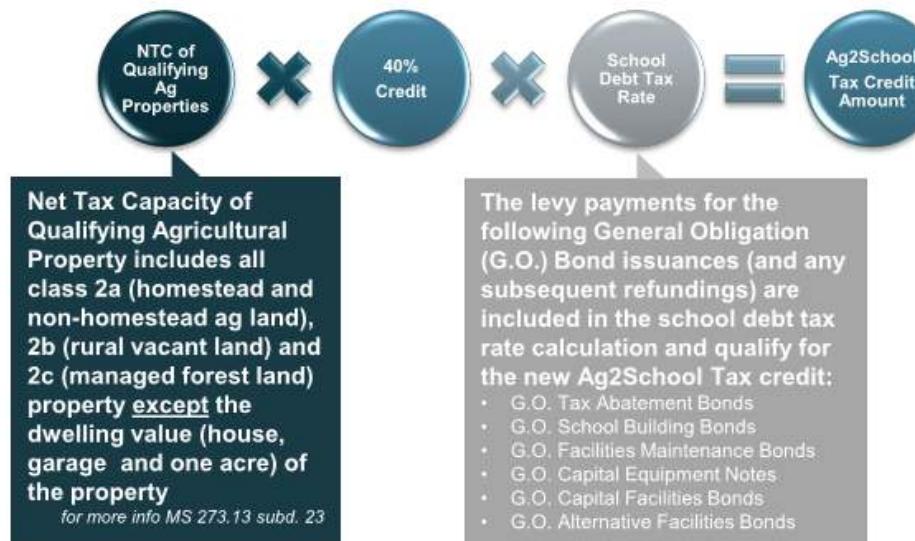


# Ag2School Tax Credit

BAIRD

What does this mean to your School District?

The Ag2School Tax Credit is one of the more notable outcomes of the 2017 special legislative session and creates a more fair State share of school facility costs by targeting property tax relief to farm property for taxes paid on school bonds.



*Future Ag2School Credit changes are being contemplated by the 2019 legislative session. Credit rates may move from 40% to 70% but predictions are still at 60% through party negotiation*



# SCHOOL BUILDING BOND REFERENDUM SCENARIOS

	Voter-Approved G.O. School Building Bonds	Voter-Approved G.O. School Building Bonds	Voter-Approved G.O. School Building Bonds
Borrowing Amount	25,000,000	35,000,000	45,000,000
FY 2021 Payment at 105%	1,382,414	2,062,246	2,737,579
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Pay 2020 NTC (based on preliminary Pay 2019 NTC)	11,071,661	11,071,661	11,071,661
Est. Tax Rate	12.4861%	18.6263%	24.7260%
<b>Types of Property</b>		<b>Estimated Market Value</b>	<b>Est. Annual Tax Impact - Taxes Payable 2020</b>
			<b>Actual Tax Impact Including Reduction for Ag2School</b>
Ag. Homestead - Total Tax Impact (assume dwelling value is \$200,000 and acreage assessed at \$7,000)	80 acres	\$753,000	\$432.89
	160 acres	1,313,000	642.66
	320 acres	2,433,000	1,186.93
	640 acres	4,673,000	2,865.05
Ag. Homestead - Tax Impact Per Acre (dollars per acre)		\$5,000	\$1.88
		6,000	2.25
		7,000	2.62
		8,000	3.00
		10,000	3.75
Agricultural Non-Homestead (dollars per acre)		\$5,000	\$3.75
		6,000	4.49
		7,000	5.24
		8,000	5.99
		10,000	7.49

**RAISE DOLLARS for School Building Projects**



# Further Understanding

- Small Group Discussion
- Large Group Discussion





FURTHER  
QUESTIONS /  
COMMENTS /  
DISCUSSION?

# Options for Consideration

- Small Group Discussion
- Large Group Discussion



# Next Steps



- Remaining Meeting Schedule
  - Thursday, May 16<sup>th</sup> 6PM
  - If needed - Wednesday, May 29<sup>th</sup> 6PM
- Homework