Outline for Working Cash Referendum Bond Policy

1. Parliamentary Items
    a. Activation (referendum passing)
    b. Deactivation/expiration (June 2018)

2. Preamble/introduction – Goals of transparency, accountability, and consistency. Some items below are noted as possible inclusion in the preamble/introduction. These would be things that are already policy and/or current practice that we don't need address, but should include by reference. Perhaps this would be best as two different items, a preamble that is part of the formal policy and an "introduction" in the form of a cover memo that puts the policy in context for people not familiar with our current policies and practices.

3. Sale of Referendum Bonds
    a. Maximum maturity – not beyond Tax Year 2017 for any Referendum Bond Sale
    b. No Balloon payments – total debt levy should be as consistent as possible year-to-year
    c. Primary sale – structured to conform to maximum borrowing capacity, but with intent to capture best rates
        i. $18,000,000 of tax exempt capital (based on depreciation)
        ii. $36,000,000 working case (limited by working cash limit)
    d. Secondary sale(s)
        i. Only if necessary (reduce/eliminate sale if it would make target above 50 percent in 2018)
        ii. Current Expected second sale in April 2014 of $20 million, and smaller third sale in April 2016 of $1 million, but dates and amounts would probably not be part of the formal policy

4. Use of Capital Funds
    a. Some codification of current process - Fall notice to board; review by FAC (if appropriate) prior to the fall notice to the board to ensure bids are secured and contracts are awarded in a timely fashion; preliminary estimates to board – approval for bid request, bid, bid approval (possibly include in preamble/introduction)
    b. Priority given to capital projects that save money (since we're trying to bend the expense curve); however:
        i. Any capital that has (significant) cost savings as its justification should pay back the capital fund
        ii. Monitoring of the savings needs to be created for each project
    c. There will be non-ROI projects that offer returns in educational value or facility quality value – those projects need to be sequenced/ordered (this is our current practice and perhaps is part of preamble/introduction)

5. Use of Operating Funds
    a. Target transfer (proposal to be discussed) – we transfer sufficient working case funds to the Education Fund every June so that it has a closing balance of 25 percent of that year's actual expenditures; provides a consistent way to look at the transfers

6. Sale of DSEB
    a. Perhaps note in the preamble/introduction that the sale of DSEB already requires public notice and allows for backdoor referendum, etc.

b. Also include something in the preamble that our current plan contemplates no sale of DSEB except for:
    i. Emergency – we need something, probably tied to emergency purchasing policy (roof collapse, tornado, etc.)
    ii. Operating – only if target for 2018 is below 25 percent using all future DSEB (hold off DSEB as long as possible) – likely only if state funding falls below forecasts
    iii. To be discussed – capital projects with a short ROI where DSEB allows sufficient cash flow to "save" money (for example the lighting upgrades that got some grant funding and resulted in $250,000 a year of savings,)

7. Reporting – details of each report and dashboard item would be procedure with input from administration, FAC, FORC, and Board.
    a. Annual Working Cash fund review report including:
        i. Amount transferred to operating to date, remaining, and projected for next year
        ii. Amount of capital used
    b. Create a dashboard that would be available on the Web site and used during annual budget, levy, and capital presentations; suggested inclusions:
        i. Expenditures/transfer rates, expected fund balance ratio at next fiscal year end, FY2018, and at five year – (i.e. summary items from PMA)
        ii. Key numbers from audit (e.g. year over year total assets to ideally show that the district is getting fiscally stronger not weaker)
        iii. Something to monitor need for operating DSEB
        iv. Something to monitor projected deficit in FY2018 and direction of that deficit (i.e., size of cliff and whether it is getting bigger or smaller)
        v. Something to monitor expense (growth) curve – not expenses, but the curve