

School Board Meeting:

July 14, 2009

Subject:

Alternate Facilities Transfer

Presenter:

Tina Burkholder

SUGGESTED SCHOOL BOARD ACTION:

Recommend board approval.

DESCRIPTION:

In December 2005, the School Board approved \$9.1 million in Alternate Facilities bonds. The bonds were used towards indoor air quality projects at Tatanka Elementary, Hanover Elementary, Montrose Elementary, and Discovery Elementary. As mentioned previously, the Alternate Facilities fund has excess funds due to some of the projects coming under budget. The intent is to give back the remaining balance to the taxpayers to reduce future property tax obligations. The remaining balance is not significant enough to add another school building to the list (for example: Parkside Elementary).

According to MN State Statute 123B.63, subdivision 4, any funds remaining in the building construction fund that are not applied to the payment of the costs of approved projects must be transferred to the district's debt service fund. The transfer normally occurs after all payments have been made and the projects are complete. The School Board already approved a transfer of \$500,000 at the December 2008 meeting. The Business Office was comfortable requesting from the MN Department of Education and the School Board to approve an early initial transfer before all vendor payments had been finalized.

Another reason for the early transfer was due to the debt service tax levy increasing \$350,000 for the 2008 Payable 2009 levy, then level off again for the next six years. The Business Office's goal is to minimize the spikes and maintain a relatively flat debt service levy. The 2009 Payable 2010 debt service levy will be reduced by final transfer amount of \$329,802.51, thus returning that money to the taxpayers by reducing future tax obligations.

To sum up, the Business Office recommends transferring the remaining \$329,802.51 of the Alternate Facilities' remaining balance to the Debt Service fund.

Attachments:

Attachment 1: Alt Fac Fund Update 070609