

School Board Workshop:

October 27, 2008

Subject:

Building Fund Update

Presenter:

Tina Burkholder
Chuck Klaassen

SUGGESTED SCHOOL BOARD ACTION:

For School Board review.

DESCRIPTION:

2003 Building Bond

The 2003 building bond project is practically complete. We were able to include additional projects over and above what was pledged to the voters such as lighting retrofits and window projects. One of the last things on the list was to start the BCMS roof project. The project was put on hold until the Hanover land negotiations were finalized. However, the negotiations to trade part of the 80 acres for a more appropriate future school site inside Hanover City limits fell through during the 2007-2008 school year.

Just recently the district sold 4 acres, including a house, of the Montrose land back to Virgil Solberg for \$137,500. This brings the remaining balance in the Building Construction fund to \$1,240,000, including the \$1.2 million designated for the BCMS roof repair in the projection column.

2005 Alternate Facilities Bond

Indoor air quality projects were completed at Tatanka Elementary, Hanover Elementary, and Montrose Elementary. Discovery Elementary was the final indoor air quality project from the 2005 alternate facilities bond and was completed this summer. After the final payments are made, it is estimated the fund will have a remaining balance a little over \$980,000. The intent is to give back the remaining balance to the taxpayers to reduce future property tax obligations.

School districts levy 105% of their annual debt payments. For example in the 2008 Payable 2009 levy, the debt service levy will be \$7,544,458. With a remaining balance almost \$1 million, the Business Office was comfortable requesting from the Department of Education an initial \$500,000 reduction of the levy. The 2008 Payable 2009 debt service levy will be reduced \$500,000, and the district will need to approve a transfer of \$500,000 from the Alternate Facilities Fund's remaining balance to the Debt Service Fund, thus returning that money to the taxpayers. Once the final vendor payments are paid during the 2008-2009 school year, a similar transfer will happen again next year.

Attachment:

Attachment 1: Bldg Fund Update 102708

Attachment 2: Alt Fac Fund Update 102708