2018 LEVY PLANNING

FEBRUARY 22, 2018

Engage, challenge, and inspire all students to create opportunities for themselves and others.

AGENDA

1. Timeline
2. Background and Historical Information
3. District Comparisons
4. Factors to Consider – Fund Balance Policy 714
5. Budget Parameters
6. Draft $ Amount and Tax Impact Scenarios (3)
7. Challenges
8. Excellence Has a Price
9. Questions

2018 LEVY TIMELINE
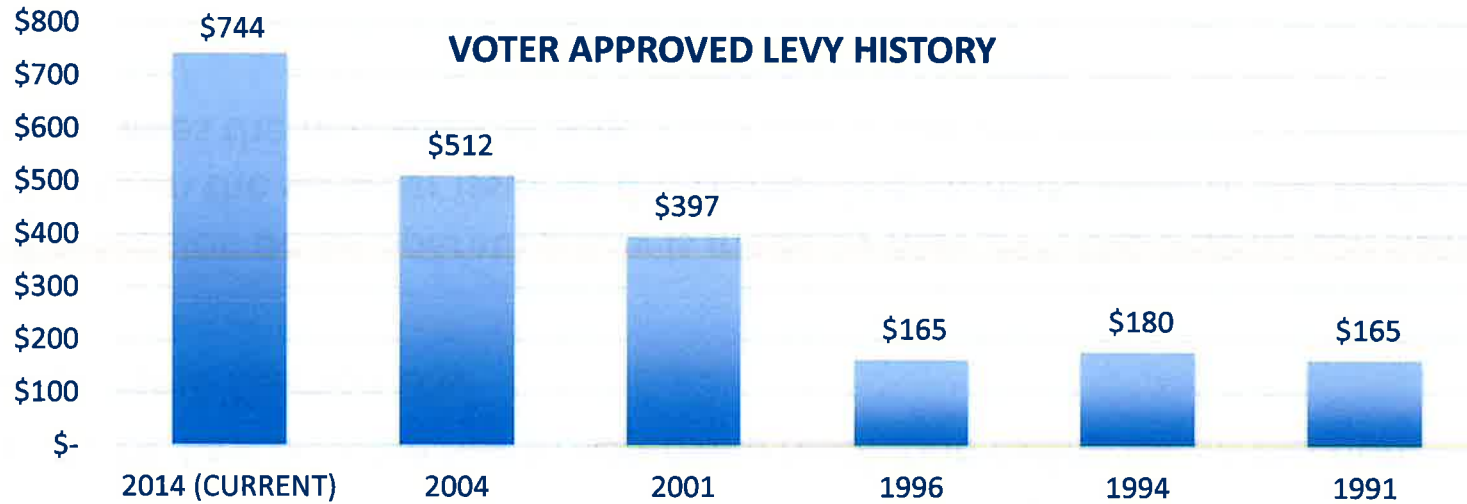
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KEY DATES

- February 22: Citizens Finance Advisory Council and School Board to begin levy discussions.
- May 24: Formal School Board approval of ballot language for November levy.
- August 24: Last possible day to approve a resolution calling for an election.
- November 6: Election Day

Note: If a decision on an operating levy is made by May 24th, the District can notify our constituents on the summer issue of the Globe. The summer issue of the Globe arrives in homes the first week of July.

BACKGROUND & HISTORICAL INFORMATION

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VOTER APPROVED LEVY HISTORY

Year	Amount
2014 (CURRENT)	$744
2004	$512
2001	$397
1996	$165
1994	$180
1991	$165

RECENT HISTORY:
2010 Building Bond: Pass
2011 Capital Projects Levy: Pass
2013 Operating Levy: Fail
2014 Operating Levy: Pass

SCHOOL DISTRICT LEVY COMPARISONS
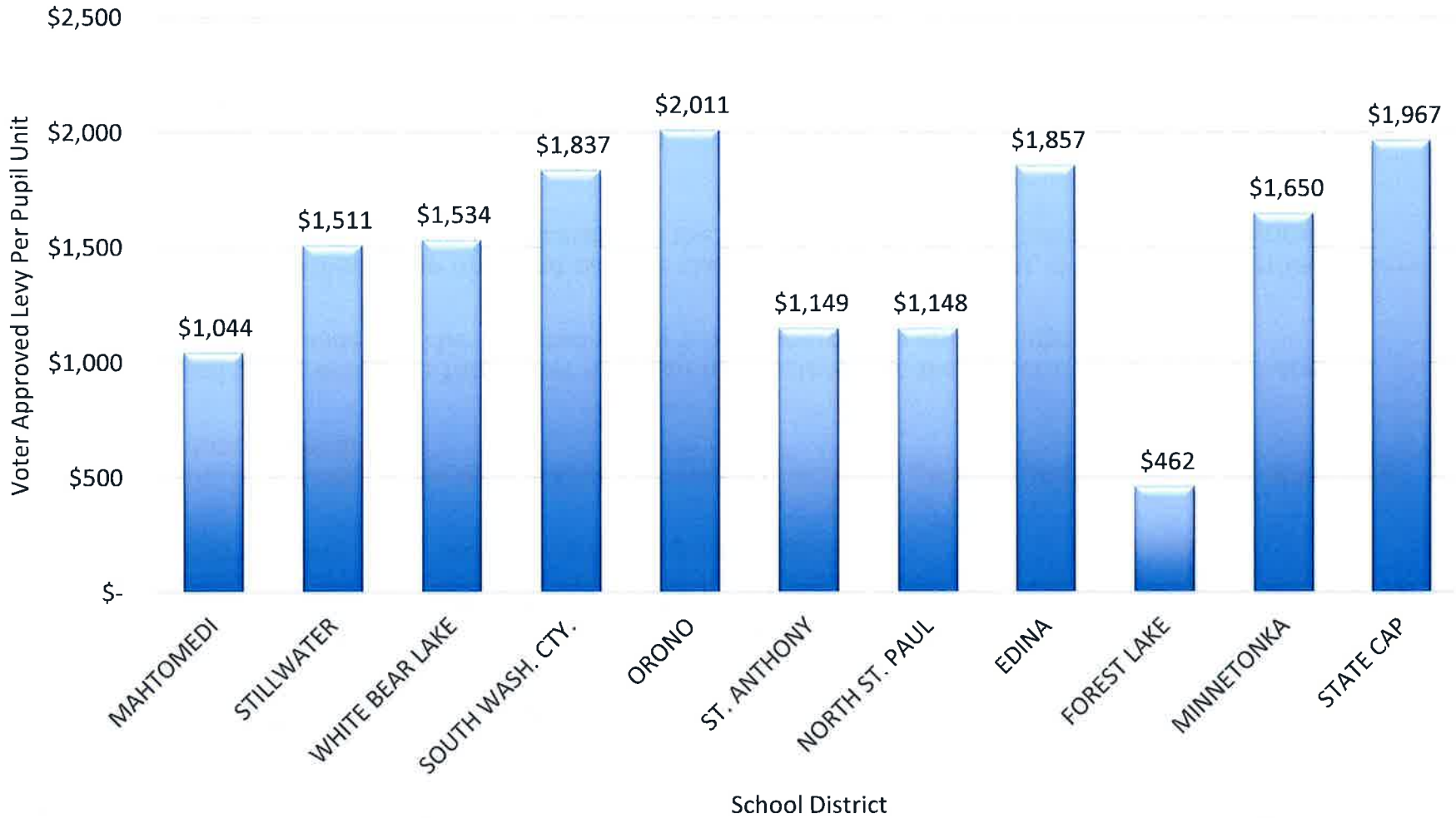
FACTORS TO CONSIDER

714 – Fund Balance Policy:

- The school board understands it is sound fiscal management for the school district to maintain an adequate operating fund balance. A fund balance should provide a sufficient reserve to eliminate any irregular uncertainty in a district's finances. The fund balance policy should be used to provide stability for District 832 students, staff, taxpayers and bond rating agencies.

- **The school board shall strive to maintain a minimum unassigned general fund balance of 8% of the total general fund expenditures.**

- The school board delegates the power to assign fund balances to the Director of Business Services. Assignments so made shall be reported to the school board in its annual financial report.

- If resources from more than one fund balance classification could be spent, the district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

- The business office shall monitor the fund balance. If the fund balance falls below 8%, the school board shall implement a procedure to stabilize the district's financial position. This may involve, but is not limited to:
    - A. No new programs will be added at the district level unless matched by a like revenue source;
    - B. Allocations such as textbooks, supplies, etc., shall be frozen; and
    - C. The district will review other measures which will not immediately affect delivery of programs but could have a cost savings. The district may take measures to either generate additional revenues or reduce expenditures through budget cuts or a combination of both.

FACTORS TO CONSIDER

714 – Fund Balance Policy:

	JUNE 30, 2016	JUNE 30, 2017	JUNE 30, 2018 (ESTIMATED)	POLICY 714 RECOMMENDED
Unassigned Fund Bal.	$3,573,902	$3,134,870	$2,300,000	
Percentage	9.6%	8.2%	5.8%	8%

8% Minimum Unassigned General Fund Balance is Important in order to:

- Maintain 1 month cash flow for budget stability.
- Establish and maintain a good credit rating for debt service.
- Limits the need for short term borrowing during state aid holdback.

Note: The District will need to establish a plan to replenish fund balance to meet 8% minimum per School Board fund balance policy 714.

BUDGET PARAMETERS

REVENUE

- The most recent legislative session ended with an approved 2 percent increase in the state aid formula allowance for the biennium. The state aid formula allowance is set by the legislature.
- We are budgeted to receive a 2 percent increase in state aid for 2018-19.
- In 2019-20 and beyond, we recommend using 1.5%, approximately $300,000 as our state aid revenue assumption.

EXPENDITURES

- On average, educational expenditures have been increasing between $550,000 and $650,000 each year.

STRUCTURAL IMBALANCE

- The difference between nominal increases in state aid revenues and increases in educational expenditures creates a structural imbalance of approximately $200,000 in the first year and $300,000 in future years.

PARAMETERS

- Administration recommends using the following parameters in determining our budget projection related to the 2018 levy:
  - ➢ Revenue: 2 percent, $400,000 new for 18-19, 1.5 percent, $300,000 new in 2019-20 and beyond.
  - ➢ Expenditures: Increases in educational expenditures of $600,000 annually

$ AMOUNT & TAX IMPACT SCENARIOS

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Scenario #1: Tiered Approach. $800,000 Additional Revenue

Referendum Market Value	Current Board/Ref Authority $1,043.74	Board/Ref Authority Taxes Payable 2019-2021		Board/Ref Authority Taxes Payable 2022-2024		Board/Ref Authority Taxes Payable 2025-2028	
		Amount $1,264.79	Change $221.05	Amount $1,485.84	Change $221.05	Amount $1,706.81	Change $221.05
$200,000	$332.72	$410.64	$72.84	$483.49	$72.84	$556.33	$72.84
$350,000	$582.26	$718.63	$127.47	$846.10	$127.47	$973.58	$127.47
$500,000	$831.81	$1,026.61	$182.11	$1,208.72	$182.11	$1,390.82	$182.11

$ AMOUNT & TAX IMPACT SCENARIOS

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Scenario #2: Tiered Approach. $1,000,000 Additional Revenue

Referendum Market Value	Current Board/Ref Authority $1,043.74	Board/Ref Authority Taxes Payable 2019-2021		Board/Ref Authority Taxes Payable 2022-2024		Board/Ref Authority Taxes Payable 2025-2028	
		Amount $1,320.05	Change $276.31	Amount $1,596.36	Change $276.31	Amount $1,872.67	Change $276.31
$200,000	$332.72	$428.85	$91.05	$519.91	$91.05	$610.96	$91.05
$350,000	$582.26	$750.50	$159.34	$909.84	$159.34	$1,069.18	$159.34
$500,000	$831.81	$1,072.14	$227.63	$1,299.77	$227.63	$1,527.40	$227.63

$ AMOUNT & TAX IMPACT SCENARIOS

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Scenario #3: Tiered Approach. $1,200,000 Additional Revenue

Referendum Market Value	Current Board/Ref Authority $1,043.74	Board/Ref Authority Taxes Payable 2019-2021		Board/Ref Authority Taxes Payable 2022-2024		Board/Ref Authority Taxes Payable 2025-2028	
		Amount $1,375.31	Change $331.57	Amount $1,706.88	Change $331.57	Amount $2,038.45	Change $331.57
$200,000	$332.72	$447.06	$109.26	$556.33	$109.26	$665.59	$109.26
$350,000	$582.26	$782.36	$191.21	$973.57	$191.21	$1,164.78	$191.21
$500,000	$831.81	$1,117.66	$273.15	$1,390.81	$273.15	$1,663.97	$273.15

CHALLENGES

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1.   FREQUENCY

| YEAR	TYPE	AMOUNT	DECRIPTION	RESULT
2010	BONDING	$45,000,000	NEW WILDWOOD, SECONDARY RENOVATIONS	PASS
2011	CAP. PROJ.	$6,200,000	CAP. PROJ. (10 YEAR)	PASS
2013	OPERATING	$330/PUPIL	OPERATING LEVY (10 YEAR)	FAIL
2014	OPERATING	$743/PUPIL	OPERATING LEVY (10 YEAR)	PASS

2.   THE FINANCIAL CASE FOR OPEN ENROLLMENT FOR TAXPAYERS
- One of the biggest reasons people choose an area to live – quality of schools!
- High quality schools help maintain home values
- Healthy schools support healthy communities as much as healthy communities support healthy schools
- Open Enrollment affords Mahtomedi students programming opportunities that otherwise wouldn't be provided

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3. Property Tax Makeup: Although Mahtomedi Schools has a lower than average voter approved property tax levy, our tax impact tends to be higher due to our property tax makeup.

4. General Fund Revenue Per ADM (Student)
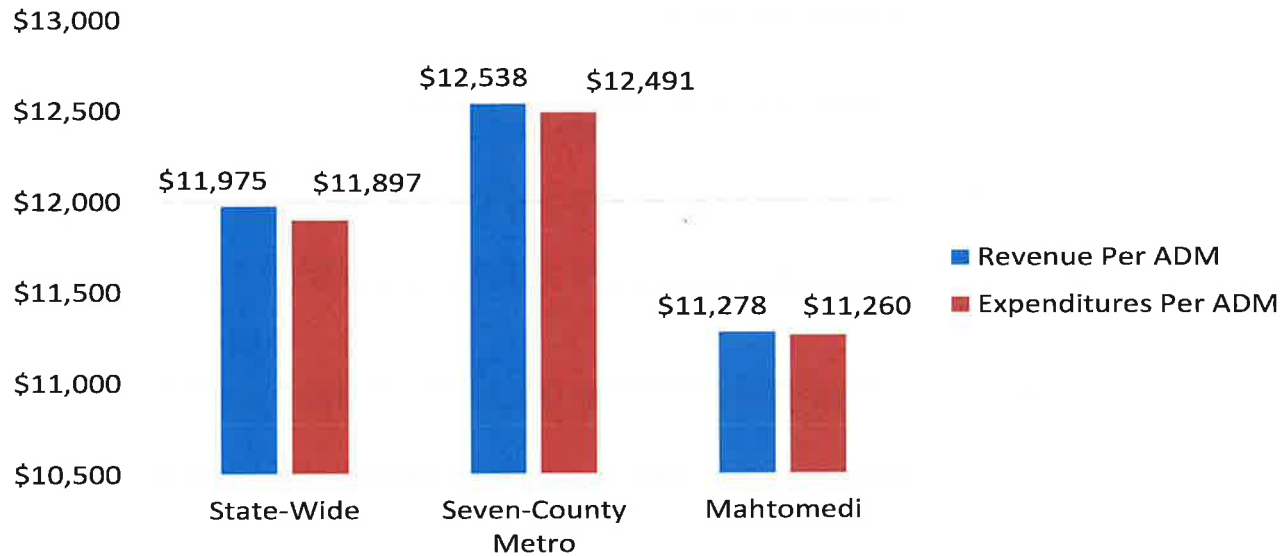
EXCELLENCE HAS A PRICE

- U.S. News & World Report named Mahtomedi High School the #3 high school in Minnesota in 2017.
- 2017 top district in Minnesota for MCA results & achievement data for Math.
- 2017 top district in Minnesota for MCA results & achievement data for Science.
- 2017 5th district in Minnesota for MCA results & achievement data for Reading.

There is a national debate about the effectiveness and the value proposition of public education in America.

Based on Mahtomedi Schools tradition of academic excellence and financial stewardship, the district is providing the community and our students with a

GREAT EDUCATION AT A GREAT VALUE.

COMMENTS OR QUESTIONS